

SAUDI AUTOMOTIVE SERVICES CO. (SASCO)
(A Saudi Joint Stock Company)

INTERIM CONDENSED CONSOLIDATED FINANCIAL
STATEMENTS (UNAUDITED)
30 SEPTEMBER 2022

SAUDI AUTOMOTIVE SERVICES CO. (SASCO)

(A Saudi Joint Stock Company)

INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Unaudited)

30 September 2022

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INDEPENDENT AUDITOR'S REVIEW REPORT ON THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

To the shareholders of Saudi Automotive Services CO. (SASCO)
(A Saudi Joint Stock Company)

Introduction

We have reviewed the accompanying interim condensed consolidated statement of financial position of Saudi Automotive Services Company ("SASCO") - A Saudi Joint Stock Company- (the "Company") and its subsidiaries (collectively with the Company referred to as the "Group") as at 30 September 2022, and the related interim condensed consolidated statements of income and comprehensive income for the three-month and nine-month periods ended 30 September 2022, and the related interim condensed consolidated statements of cash flows and changes in equity for the nine-month period then ended, and a summary of significant accounting policies and other explanatory notes (collectively referred to as the "interim condensed consolidated financial statements"). Management is responsible for the preparation and presentation of these interim condensed consolidated financial statements in accordance with International Accounting Standard 34, "Interim Financial Reporting" that is endorsed in the Kingdom of Saudi Arabia. Our responsibility is to express a conclusion on these interim condensed consolidated financial statements based on our review.

Scope of review

We conducted our review in accordance with International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" endorsed in the Kingdom of Saudi Arabia. A review of financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing that are endorsed in the Kingdom of Saudi Arabia and consequently does not enable us to obtain assurance that we would become aware all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim condensed consolidated financial statements are not prepared, in all material respects, in accordance with IAS 34 "Interim Financial Reporting" as endorsed in the Kingdom of Saudi Arabia.

Other matter

The consolidated financial statements for the year ended 31 December 2021 were audited by another auditor who expressed an unqualified opinion on those consolidated financial statements on 6 Sha'aban 1443H (corresponding to 9 March 2022). Also, the interim condensed consolidated financial statements of the Group for the period ended 30 September 2021 were reviewed by another auditor who expressed an unqualified conclusion on those interim condensed consolidated financial statements on 20 Rabi Al-Awwal 1443H (corresponding to 26 October 2021).

For Ernst & Young Professional Services

Fahad M. Altoaimi
Certified Public Accountant
License No. (354)

Riyadh: 6 Rabi Al-Thani 1444H
(31 October 2022)



SAUDI AUTOMOTIVE SERVICES CO. (SASCO)

(A Saudi Joint Stock Company)

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 September 2022

		30 September 2022 (Unaudited) SR	31 December 2021 (Audited) SR
	Note		
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	7	1,722,923,142	1,296,793,466
Projects in progress	8	144,673,043	51,136,574
Investment properties	9	136,863,620	-
Right of use assets	10	2,251,599,991	1,253,692,217
Intangible assets - Goodwill	2	459,915,263	4,308,993
Other intangible assets, net		3,348,360	2,233,990
Investments at fair value through other comprehensive income (FVOCI)	11	155,429,405	187,448,198
TOTAL NON-CURRENT ASSETS		4,874,752,824	2,795,613,438
CURRENT ASSETS			
Inventory		99,942,284	72,781,388
Trade account receivables	12	221,703,258	155,643,900
Prepaid expenses and other current assets		107,559,052	93,919,115
Investments at fair value through profit or loss (FVPL)	11	127,072	125,445
Cash and cash equivalent	13	854,470,291	154,748,750
TOTAL CURRENT ASSETS		1,283,801,957	477,218,598
TOTAL ASSETS		6,158,554,781	3,272,832,036
EQUITY AND LIABILITIES			
EQUITY			
Share capital		600,000,000	600,000,000
Statutory reserve		65,559,289	65,559,289
Retained earnings		41,828,534	17,522,636
Fair value reserve of financial assets at FVOCI		125,764,438	128,854,625
TOTAL EQUITY ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY		833,152,261	811,936,550
Non-controlling interests	2	165,105,730	-
TOTAL EQUITY		998,257,991	811,936,550
LIABILITIES			
NON-CURRENT LIABILITIES			
Lease contract liabilities	14	2,135,728,357	1,174,429,630
Long-term loans	15	1,569,399,212	537,429,979
Employees' defined benefits obligations		45,091,520	20,537,754
TOTAL NON-CURRENT LIABILITIES		3,750,219,089	1,732,397,363
CURRENT LIABILITIES			
Murabaha financing & short-term loans	15	50,000,000	5,000,000
Current portion of long-term loans	15	48,870,205	76,808,250
Trade accounts payables		774,531,460	350,084,044
Accrued expenses and other current liabilities		210,285,157	104,559,252
Current portion of lease contract liabilities	14	268,689,427	127,497,968
Dividends payable to shareholders		47,699,983	58,244,837
Zakat payable	16	10,001,469	6,303,772
TOTAL CURRENT LIABILITIES		1,410,077,701	728,498,123
TOTAL LIABILITIES		5,160,296,790	2,460,895,486
TOTAL EQUITY AND LIABILITIES		6,158,554,781	3,272,832,036


 Isalm Khairi
 Chief Financial Officer


 Riyadh Bin Saleh Al Malik
 Chief Executive Officer


 Sultan Bin Mohammad Al-Hudaithi
 Vice Chairman and Managing Directors

The accompanying notes from (1) to (29) form an integrated part of these interim condensed consolidated financial statements.

SAUDI AUTOMOTIVE SERVICES CO. (SASCO)

(A Saudi Joint Stock Company)

INTERIM CONDENSED CONSOLIDATED STATEMENT OF INCOME (UNAUDITED)

For the three-month and nine-month periods ended 30 September 2022

	Note	For the three-month period ended 30 September		For the nine-month period ended 30 September	
		2022 SR	2021 SR	2022 SR	2021 SR
Revenues	17	2,240,507,072	1,140,822,056	5,578,455,198	2,847,227,772
Cost of revenues	18	(2,167,381,984)	(1,104,412,405)	(5,399,952,195)	(2,738,224,702)
GROSS PROFIT		73,125,088	36,409,651	178,503,003	109,003,070
General and administrative expenses	19	(23,967,335)	(12,428,229)	(146,739,975)	(33,751,423)
Selling and marketing expenses		(1,120,514)	(426,754)	(2,675,910)	(1,601,844)
Provision for expected credit losses		(268,962)	(695,000)	(750,000)	(1,205,000)
INCOME FROM MAIN OPERATIONS		47,768,277	22,859,668	28,337,118	72,444,803
Finance costs		(28,363,802)	(12,422,942)	(66,152,798)	(36,649,781)
(Losses) gains on valuation of investments at FVPL		(228,392)	(25,804)	1,627	1,007
Gains on sale of investments at FVPL		982,479	118,182	1,076,626	480,066
Dividends received from investments at FVPL		-	329,221	-	987,663
Other income	20	8,341,299	1,459,690	106,789,859	933,137
INCOME BEFORE ZAKAT		28,499,861	12,318,015	70,052,432	38,196,895
Zakat	16	(1,720,752)	(913,750)	(4,810,027)	(2,699,583)
INCOME FOR THE PERIOD		26,779,109	11,404,265	65,242,405	35,497,312
Attributable to:					
Equity holders of the parent		23,533,392	11,404,265	61,235,107	35,497,312
Non-controlling interests		3,245,717	-	4,007,298	-
		26,779,109	11,404,265	65,242,405	35,497,312
Earnings per share (at Saudi Riyal)					
Basic and diluted earnings per share for the period attributable to equity holders of the parent	21	0,39	0,19	1,02	0,59


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Vice Chairman and Managing
Directors

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SAUDI AUTOMOTIVE SERVICES CO. (SASCO)

(A Saudi Joint Stock Company)

INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
(UNAUDITED)

For the three-month and nine-month periods ended 30 September 2022

	<i>Note</i>	<i>For the three-month period ended 30 September</i>		<i>For the nine-month period ended 30 September</i>	
		<i>2022</i>	<i>2021</i>	<i>2022</i>	<i>2021</i>
		<i>SR</i>	<i>SR</i>	<i>SR</i>	<i>SR</i>
INCOME FOR THE PERIOD		26,779,109	11,404,265	65,242,405	35,497,312
OTHER COMPREHENSIVE INCOME:					
<i>Items not to be reclassified subsequently to statement of income:</i>					
Net change in fair value of investments at FVOCI	11	182,724	965,497	4,980,604	1,059,079
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		26,961,833	12,369,762	70,223,009	36,556,391
Attributable to:					
Equity holders of the parent		23,716,116	12,369,762	66,215,711	36,556,391
Non-controlling interests		3,245,717	-	4,007,298	-
		26,961,833	12,369,762	70,223,009	36,556,391


Ismail Khairi
Chief Financial Officer


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SAUDI AUTOMOTIVE SERVICES CO. (SASCO)
(A Saudi Joint Stock Company)

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASHFLOWS (UNAUDITED)
For the nine-month period ended 30 September 2022

	<i>Note</i>	<i>For the nine-month period ended 30 September</i>	
		<i>2022 SR</i>	<i>2021 SR</i>
OPERATING ACTIVITIES			
Income before zakat		70,052,432	38,196,895
Adjustments to:			
Depreciation of right of use assets	10	134,697,589	77,494,612
Depreciation of property, plant and equipment	7	65,561,903	48,089,088
Depreciation of investment properties	9	465,046	-
Provision for employees' defined benefits obligations		5,236,910	2,437,033
Provision for slow moving inventory		5,833,918	-
Provision for expected credit losses	12	750,000	1,205,000
Provision for customs claims		500,266	303,655
Accrued interest on lease contract liabilities	14	56,234,228	33,842,051
Finance cost		9,918,570	2,807,730
Gain from valuation of investments at FVPL		(1,627)	(1,007)
Realized gain on sale of investments at FVPL		(1,076,627)	(480,066)
Gain from sale and leaseback of property, plant and equipment	20	(95,373,174)	-
Gain from sale of property, plant and equipment	20	(5,282,612)	(1,229,325)
Gain from disposal of lease contracts	10	(5,145,507)	-
Impairment of projects in progress	8	83,146	-
Amortization of intangible assets		741,596	1,012,537
		<u>243,196,057</u>	<u>203,678,203</u>
Working Capital Adjustments:			
Trade account receivables		(10,249,524)	(68,055,680)
Prepaid expenses and other current assets		18,169,986	22,562,207
Inventory		(6,771,340)	(33,005,513)
Trade accounts payables		217,145,698	182,112,578
Accrued expenses and other current liabilities		55,014,059	(75,641,101)
Zakat paid	16	(1,425,156)	(2,895,374)
Employees' defined benefits obligations paid		(1,999,854)	(1,160,155)
Net cash from operating activities		<u>513,079,926</u>	<u>227,595,165</u>
INVESTING ACTIVITIES			
Acquisition of a subsidiary, net of cash	2	(854,723,130)	-
Purchase of investments at FVPL	11	(1,445,699,999)	(455,000,000)
Proceeds from sale of investments at FVPL	11	1,446,776,627	455,631,709
Proceeds from sale of investments at FVOCI		38,016,999	-
Purchase of property, plant and equipment		(42,935,153)	(39,940,661)
Additions to projects in progress		(91,156,025)	(70,581,209)
Proceeds from sale of property, plant and equipment		13,645,949	4,526,024
Additions to intangible assets		(1,855,966)	(238,927)
Net cash used in investing activities		<u>(937,930,698)</u>	<u>(105,603,064)</u>
FINANCING ACTIVITIES			
Proceeds from sale and lease-back of property, plant and equipment	25	381,702,607	-
Dividends paid to the shareholders for prior years		(10,544,854)	-
Dividends paid	22	(45,000,000)	(12,000,000)
Finance costs paid		(57,500,088)	(36,390,678)
Net change in long-term loans		1,004,031,188	31,351,903
Net change in Murabaha financing and short-term loans		45,000,000	(46,247,830)
Lease contract liabilities paid	14	(193,116,540)	(51,808,850)
Net cash from (used in) financing activities		<u>1,124,572,313</u>	<u>(115,095,455)</u>
Increase in cash and cash equivalent		699,721,541	6,896,646
Cash and cash equivalent at the beginning of the period		154,748,750	104,284,916
Cash and cash equivalent at the end of the period		<u>854,470,291</u>	<u>111,181,562</u>

The accompanying notes from (1) to (29) form an integrated part of these interim condensed consolidated financial statements.

SAUDI AUTOMOTIVE SERVICES CO. (SASCO)

(A Saudi Joint Stock Company)


INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASHFLOWS (UNAUDITED)
(CONTINUED)

For the nine-month period ended 30 September 2022

	<i>Note</i>	<i>For the nine-month period ended 30 September</i>	
		<i>2022</i>	<i>2021</i>
		<i>SR</i>	<i>SR</i>
<u>NON-CASH ITEMS</u>			
Transfer from projects in progress to property, plant and equipment	8	14,576,518	57,466,799
Gain on valuation of investments at FVPL	11	1,632	(26,811)
Dividends to shareholders		-	(18,000,000)
Addition to right of use assets related to sale and lease-back	25	94,480,304	-
Addition to lease contract liabilities related to sale and lease-back	25	206,392,946	-
Addition to right of use assets	10	215,192,321	-
Addition to lease contract liabilities	14	215,192,321	-
Disposal of right of use assets	10	(41,762,655)	-
Disposal of lease contract liabilities	14	(46,908,162)	-


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SAUDI AUTOMOTIVE SERVICES CO. (SASCO)
(A Saudi Joint Stock Company)

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (UNAUDITED)

For the nine-months period ended 30 September 2022

Attributable to the equity holders of the parent

	Share capital SR	Statutory reserve SR	Retained earnings SR	Fair value reserve of financial assets at FVOCI SR	Total SR	Non- Controlling Interests SR	Total equity SR
Balance as at 1 January 2021 (audited)	600,000,000	60,474,991	15,573,005	128,699,734	804,749,730	-	804,749,730
Income for the period	-	-	35,497,312	-	35,497,312	-	35,497,312
Other comprehensive income	-	-	-	1,059,079	1,059,079	-	1,059,079
Total other comprehensive income for the period	-	-	35,497,312	1,059,079	36,556,391	-	36,556,391
Dividends (note 22)	-	-	(30,000,000)	-	(30,000,000)	-	(30,000,000)
Balance as at 30 September 2021 (unaudited)	600,000,000	60,474,991	21,072,317	129,758,813	811,306,121	-	811,306,121
Balance as at 1 January 2022 (audited)	600,000,000	65,559,289	17,522,636	128,854,625	811,936,550	-	811,936,550
Income for the period	-	-	61,235,107	-	61,235,107	4,007,298	65,242,405
Other comprehensive income	-	-	-	4,980,604	4,980,604	-	4,980,604
Total other comprehensive income for the period	-	-	61,235,107	4,980,604	66,215,711	4,007,298	70,223,009
Disposal of investments at FVOCI	-	-	8,070,791	(8,070,791)	-	-	-
Dividends (note 22)	-	-	(45,000,000)	-	(45,000,000)	-	(45,000,000)
Acquisition of a subsidiary (note 2)	-	-	-	-	-	161,098,432	161,098,432
Balance as at 30 September 2022 (unaudited)	600,000,000	65,559,289	41,828,534	125,764,438	833,152,261	165,105,730	998,257,991



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SAUDI AUTOMOTIVE SERVICES CO. (SASCO)

(A Saudi Joint Stock Company)

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

30 September 2022

1. ACTIVITIES

The Saudi Automotive Services Company (SASCO) (the “Company” or the “Parent Company”), is a Saudi joint stock company incorporated in Riyadh, Kingdom of Saudi Arabia pursuant to Ministerial Resolution No. (563) dated 23 Dhu al-Hijjah 1402H (corresponding to 12 October 1982), under the Commercial Registration No. 1010054361 dated 28 Rajab 1404H (corresponding to 30 April 1984). The Company’s head office is located in Riyadh, King Abdulaziz district, Makkah Al Mukarramah Road (Khurais), PO Box 12411, Kingdom of Saudi Arabia.

The accompanying interim condensed consolidated financial statements include the financial statements of the Company and its subsidiaries (collectively with the Company referred to as the “Group”). The main activity of the Group is to provide services to vehicles and travelers by establishing central workshops to provide the highest level of maintenance and repair and establishing a network of vehicle service stations, as well as providing rest houses and restaurants, importing and selling foodstuffs, drinks, beverages and raw materials required therefor, importing vehicles and spare parts of all kinds for the Group’s business and trading in them after obtaining the necessary licenses, carrying out all types of contracting for establishment, management, maintenance and operation of residential and commercial buildings, contracting for maintenance of vehicles and equipment for individuals and companies, and participation with bodies or companies that carry out activities similar to the Group’s activity or merging with them or establishing subsidiaries owned by the Group or with others.

The details of the subsidiaries controlled by the Company are as follows:

<i>Subsidiary</i>	<i>Commercial Registration #</i>	<i>Main activities</i>	<i>Direct & indirect ownership (%)</i>	
			<i>30 September 2022</i>	<i>31 December 2021</i>
Fleet Transportation Company	1010283443	Water transportation and distribution, road transportation of goods, transportation of refrigerated and frozen goods, transportation of goods and equipment, transportation of liquids and gases and transportation of cars.	100%	100%
Saudi Automobile Club Company	1010197186	Participation in the local international clubs for cars and motorcycles, universities and local and international bodies interested in automobile affairs, issuing cars’ customs traffic document (TripTik), international driving licenses, establishing, managing, maintaining and operating motorsports and motorcycle circuits, and holding races and events related to motorsports and motorcycles.	100%	100%
Automobile and Equipment Investment Limited Company	1010284946	Establishing workshops for repairing cars and heavy equipment, car service stations and travelers on the main roads between the cities of the Kingdom to provide fuel and oils, maintain cars and heavy equipment, establishing rest houses, motels and restaurants, providing food meals, drinks and beverages, washing and lubricating cars and equipment, importing and selling equipment and tools, and constructing roads and bridges.	100%	100%
The First Palm Company	1010356035	General contracting for buildings (construction, repair, demolition, restoration), construction, management and operation, maintenance of residential and commercial buildings and road works.	100%	100%
SASCO Palm Company	1010302217	Catering, retail of food and beverages in kiosks and markets, groceries, refrigerated food stores, frozen food stores, distribution centers for food and beverages and dry food stores.	100%	100%

SAUDI AUTOMOTIVE SERVICES CO. (SASCO)

(A Saudi Joint Stock Company)

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED) (CONTINUED)

30 September 2022

1. ACTIVITIES (continued)

The details of the subsidiaries controlled by the Company are as follows (Continued):

<i>Subsidiary</i>	<i>Commercial Registration #</i>	<i>Main activities</i>	<i>Direct & indirect ownership (%)</i>	
			<i>30 September 2022</i>	<i>31 December 2021</i>
SASCO Oasis Company	1010309488	Hotels as per the license of the General Authority for Tourism and National Heritage.	100%	100%
Zaiti Petroleum Services Company	1010236767	Retail of car and motorcycle fuel (gas stations).	100%	100%
SASCO Investment franchise company	1010434138	Providing marketing services on behalf of third parties.	100%	100%
Nakhla Properties Company	1010647886	Management and rental of owned or leased (residential) properties, management and rental of owned or leased (non-residential) properties and management activities of properties against commission.	100%	100%
North Front Real Estate Company	1010671792	Buying, selling and zoning lands and real estate, off-plan sale activities, managing and renting owned and leased (residential) properties, managing and renting owned and leased (non-residential) properties, management activities of properties against commission and real estate registration service.	100%	100%
NAFT services company (Note 2)	4030060592	Operation of gas station and related activities.	80%	-

In addition to the above subsidiaries, the accompanying interim condensed consolidated financial statements include the assets, liabilities, and operating results of the main commercial registration of the Company and all the following sub-commercial registrations:

<i>Branch</i>	<i>Commercial Registration #</i>	<i>Commercial Registration Date</i>	<i>City</i>
Saudi Company for Automotive Services and Equipment SASCO	1010358658	10 Safar 1434H (Corresponding to 10 January 2013)	Riyadh
Saudi Company for Automotive Services and Equipment SASCO	1010671614	16 Rabi al-Thani 1442H (corresponding to 13 December 2020)	Riyadh
Saudi Company for Automotive Services and Equipment SASCO	1010671615	16 Rabi al-Thani 1442H (Corresponding to 13 December 2020)	Riyadh
Saudi Company for Automotive Services and Equipment SASCO	1010681876	26 Jumada al-Awwal 1442H (Corresponding to 10 January 2021)	Riyadh
Saudi Company for Automotive Services and Equipment SASCO	1010950315	17 Rajab 1439H (corresponding to 12 April 2018)	Riyadh
Saudi Company for Automotive Services and Equipment SASCO	1018000425	10 Safar 1434H (Corresponding to 23 December 2012)	Huraymila

SAUDI AUTOMOTIVE SERVICES CO. (SASCO)

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NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

(CONTINUED)

30 September 2022

1. ACTIVITIES (continued)

<i>Branch</i>	<i>Commercial Registration #</i>	<i>Commercial Registration Date</i>	<i>City</i>
Saudi Company for Automotive Services and Equipment SASCO	1128184243	16 Dhu Al-Qada 1441H (corresponding to 7 July 2020)	Onaizah
Saudi Company for Automotive Services and Equipment SASCO	1131306676	16 Dhu Al-Qada 1441H (corresponding to 7 July 2020)	Buraydah
Saudi Company for Automotive Services and Equipment SASCO	2031100039	17 Rajab 1439H (Corresponding to 3 April 2018)	Al-Ahsa
Saudi Company for Automotive Services and Equipment SASCO	2050093628	6 Shawwal 1434H (Corresponding to 13 August 2013)	Dammam
Saudi Company for Automotive Services and Equipment SASCO	2055123121	17 Rajab 1439H (Corresponding to 3 April 2018)	Al Jubail
Saudi Company for Automotive Services and Equipment SASCO	2511108346	17 Rajab 1439H (Corresponding to 3 April 2018)	Hafar Al Batin
Saudi Company for Automotive Services and Equipment SASCO	3550122825	17 Rajab 1439H (Corresponding to 3 April 2018)	Tabuk
Saudi Company for Automotive Services and Equipment SASCO	4030254775	6 Dhu Al-Qada 1434H (Corresponding to 11 September 2013)	Jeddah
Saudi Company for Automotive Services and Equipment SASCO	4030308874	29 Dhu Al-Hajjah 1439H (Corresponding to 10 September 2018)	Jeddah
Saudi Company for Automotive Services and Equipment SASCO	4031216803	29 Dhu Al-Hajjah 1439H (Corresponding to 10 September 2018)	Mecca
Saudi Company for Automotive Services and Equipment SASCO	4032229606	29 Dhu Al-Hajjah 1439H (Corresponding to 10 September 2018)	Taif
Saudi Company for Automotive Services and Equipment SASCO	4650202976	15 Muharram 1440H (Corresponding to 26 September 2018)	Madina El Monawara
Saudi Company for Automotive and Equipment Services	5850121385	7 Safar 1440H (Corresponding to 18 October 2018)	Abha
Saudi Company for Automotive services and equipment SASCO	5900126408	26 Jumada al-Awwal 1442H (Corresponding to 10 January 2021)	Jazan

2. BUSINESS COMBINATION

On 7 April 2022, the Company acquired 80% of the voting shares in Naft Services Company Limited, a limited liability company based in Jeddah, Kingdom of Saudi Arabia and specialized in operating gas stations and related activities. The Company acquired Naft Services Company Limited as part of its business strategy to expand in gas station operation and related activities.

This acquisition transaction has been accounted under the purchase acquisition accounting method. The fair values of assets acquired, and liabilities assumed as at the date of acquisition were as follows:

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2. BUSINESS COMBINATION (continued)

	7 April 2022 SR
Assets	
Property, plant and equipment	616,960,036
Projects in progress	17,040,108
Investment properties	137,328,666
Right of use assets	823,118,487
Investments at fair value through other comprehensive income	1,110,137
Inventory	26,223,474
Account receivables, prepaid expenses, and other current assets	86,869,758
Cash and cash equivalents	245,276,870
Total Assets	1,953,927,536
Liabilities	
Lease liabilities	823,118,487
Employees 'defined benefits obligations	21,316,710
Trade accounts payable and other current liabilities	263,411,051
Accrued revenues	36,606,493
Zakat payable	3,982,633
Total Liabilities	1,148,435,374
Net Assets at fair value	805,492,162

The amount of the consideration paid related to the acquisition was SR 1,100,000,000, which was financed through long-term loans (note 15) and the sale and leaseback of some stations (note 25). The consideration paid was allocated as follows:

Purchase consideration	1,100,000,000
Less: net assets acquired at fair value- 100%	(805,492,162)
Add: non-controlling interest- 20%	161,098,432
Goodwill from acquisition	455,606,270

Cashflows analysis from acquisition:

Net cash from acquisition	245,276,870
Paid amount	(1,100,000,000)
Net cashflows from acquisition	(854,723,130)

The fair value of net assets has been determined based on provisional valuation conducted by Estnad Real Estate Valuation with license number "1210000037" accredited by the "Saudi Authority for Accredited Valuers" which has experience in evaluating such assets and liabilities. The Company is working on having an independent valuation for the acquired lands and buildings; however, the valuation process was not completed at the date of interim condensed consolidated financial statements.

The net assets recognized in theses interim condensed consolidated financial statements for the period ended 30 September 2022 were determined based on the Company's valuation.

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2. BUSINESS COMBINATION (continued)

The movement in the carrying value of the goodwill at the beginning and end of the reporting period is as follows:

	<i>Goodwill</i> <i>SR</i>
<i>Total book value:</i>	
Aa at 1 January 2022 (audited)	4,308,993
Acquisition of a subsidiary during the period	455,606,270
As at 30 September 2022 (unaudited)	459,915,263
<i>Total Impairment:</i>	
As at 1 January 2022 (audited)	-
Impairment during the period	-
As at 30 September 2022 (unaudited)	-
<i>Net book value:</i>	
As at 1 January 2022 (audited)	4,308,993
As at 30 September 2022 (unaudited)	459,915,263

3. BASIS OF PREPARATION

The interim condensed consolidated financial statements have been prepared in accordance with International Accounting Standard 34 "Interim Financial Reporting" ("IAS 34") as endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements endorsed by the Saudi Organization for Chartered and Professional Accountants. The interim condensed consolidated financial statements do not include all information and disclosures required for a complete set of annual consolidated financial statements and should be read in conjunction with the Group's annual consolidated financial statements for the year ended 31 December 2021.

The interim period is considered an integral part of the full financial year, but the results of operations for the interim periods may not fairly indicate the results of operations for the full year.

4. BASIS OF MEASUREMENT

The interim condensed consolidated financial statements have been prepared on the historical cost basis, except for certain financial assets such as "investments at FVPL and FVOCI" which are measured at fair value. Employers' defined benefit obligations are recognized at the current value of the future liabilities using projected credit unit method. Further, these interim condensed consolidated financial statements have been prepared using accrual basis of accounting.

Functional and presentation currency

These interim condensed consolidated financial statements are presented in Saudi Riyals ("SR") which is the functional and presentation currency of the Group.

5. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies used in the preparation of these interim condensed consolidated financial statements are consistent with those used in the preparation of the Group's annual consolidated financial statements for the year ended 31 December 2021, except for the application of new accounting policy below effective during 2022.

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5. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Investment properties

Investment properties comprise of completed properties that are held to earn rentals or for capital appreciation or both. Investment properties are measured initially at cost, including transaction costs. Transaction costs include transfer costs, taxes and professional fees for legal services to bring the property to the condition necessary for it to be capable of operating. Subsequent to initial recognition, investment properties are stated at cost less accumulated depreciation and impairment, if any. Transfers are made to (or from) investment property only when there is a change in use. For a transfer from investment properties to owner-occupied properties, the deemed cost for subsequent accounting is the fair value at the date of change in use. If owner-occupied property becomes an investment property, the Group accounts for such property in accordance with the policy stated under property, plant and equipment until change in use.

Investment properties are derecognised either when they have been disposed off or when they are permanently withdrawn from use and no future economic benefit is expected from their disposal. The difference between the net disposal proceeds and the carrying amount of investment properties is recognised in the statement of income in the period of derecognition.

Standards and amendments for the first time

The Group applied for the first-time certain standards and amendments, which are effective for annual periods beginning on or after 1 January 2022 which had no material impact on the Group's interim condensed consolidated financial statements.

Onerous Contracts – Costs of Fulfilling a Contract – Amendments to IAS 37

An onerous contract is a contract under which the unavoidable costs (i.e., the costs that the Group cannot avoid because it has the contract) of meeting the obligations under the contract exceed the economic benefits expected to be received under it.

The amendments specify that when assessing whether a contract is onerous or loss-making, an entity needs to include costs that relate directly to a contract to provide goods or services include both incremental costs (e.g., the costs of direct labour and materials) and an allocation of costs directly related to contract activities (e.g., depreciation of equipment used to fulfil the contract as well as costs of contract management and supervision). General and administrative costs do not relate directly to a contract and are excluded unless they are explicitly chargeable to the counterparty under the contract.

Reference to the Conceptual Framework – Amendments to IFRS 3

The amendments replace a reference to a previous version of the IASB's Conceptual Framework with a reference to the current version issued in March 2018 without significantly changing its requirements.

The amendments also add an exception to the recognition principle of IFRS 3 to avoid the issue of potential 'day 2' gains or losses arising for liabilities and contingent liabilities that would be within the scope of IAS 37 Provisions, Contingent Liabilities and Contingent Assets or IFRIC 21 Levies, if incurred separately. The exception requires entities to apply the criteria in IAS 37 or IFRIC 21, respectively, instead of the Conceptual Framework, to determine whether a present obligation exists at the acquisition date. At the same time, the amendments add a new paragraph to IFRS 3 to clarify that contingent assets do not qualify for recognition at the acquisition date.

Property, Plant and Equipment: Proceeds before Intended Use – Amendments to IAS 16

The amendments prohibit entities deducting from the cost of an item of property, plant and equipment, any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognizes the proceeds from selling such items, and the costs of producing those items, in profit or loss.

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5. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Standards and amendments for the first time (continued)

IFRS 1 First-time Adoption of International Financial Reporting Standards – Subsidiary as a first-time adopter

The amendment permits a subsidiary that elects to apply paragraph D16(a) of IFRS 1 to measure cumulative translation differences using the amounts reported by the parent, based on the parent's date of transition to IFRS. This is if no adjustments have been made to the procedures for consolidation and the effect of the business combination in which the parent acquired the subsidiary. This amendment is also applied to an associate or joint venture that elects to apply paragraph D16(a) of IFRS 1.

IFRS 9 Financial Instruments – Fees in the '10 per cent' test for derecognition of financial liabilities

The amendment clarifies the fees that an entity includes when assessing whether the terms of a new or modified financial liability are substantially different from the terms of the original financial liability. These fees include only those paid or received between the borrower and the lender, including fees paid or received by either the borrower or lender on the other's behalf. There is no similar amendment proposed for IAS 39 Financial Instruments: Recognition and Measurement.

Standards issued but not yet effective

The International Accounting Standard Board (IASB) has issued following accounting standards, amendments, which will be effective from periods after 1 January 2022. The Group has opted not to early adopt these pronouncements and they do not have a significant impact on the interim condensed consolidated financial statements of the Group.

Amendments to IAS 1, 'Presentation of financial statements', on classification of liabilities

These narrow-scope amendments to IAS 1, 'Presentation of financial statements', clarify that liabilities are classified as either current or noncurrent, depending on the rights that exist at the end of the reporting period. Classification is unaffected by the expectations of the entity or events after the reporting date (for example, the receipt of a waiver or a breach of covenant). The amendment also clarifies what IAS 1 means when it refers to the 'settlement' of a liability.

Right to defer settlement

The Board decided that if an entity's right to defer settlement of a liability is subject to the entity complying with specified conditions, the entity has a right to defer settlement of the liability at the end of the reporting period if it complies with those conditions at that date.

Existence at the end of the reporting period

The amendments also clarify that the requirement for the right to exist at the end of the reporting period applies regardless of whether the lender tests for compliance at that date or at a later date.

Effective date is annual periods beginning on or after 1 January 2023.

Narrow scope amendments to IAS 1, Practice statement 2 and IAS 8

The amendments aim to improve accounting policy disclosures and to help users of the financial statements to distinguish between changes in accounting estimates and changes in accounting policies.

Effective date is annual periods beginning on or after 1 January 2023.

IFRS 17, 'Insurance contracts', as amended in June 2020

The amendment relates to insurers' transition to the new Standard only—it does not affect any other requirements in IFRS 17. IFRS 17 and IFRS 9 Financial Instruments have different transition requirements. For some insurers, these differences can cause temporary accounting mismatches between financial assets and insurance contract liabilities in the comparative information they present in their financial statements when applying IFRS 17 and IFRS 9 for the first time. The amendment will help insurers to avoid these temporary accounting mismatches and, therefore, will improve the usefulness of comparative information for investors. It does this by providing insurers with an option for the presentation of comparative information about financial assets.

Effective date is annual periods beginning on or after 1 January 2023.

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5. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Standards issued but not yet effective (continued)

Definition of Accounting Estimates - Amendments to IAS 8

The amendments clarify the distinction between changes in accounting estimates and changes in accounting policies and the correction of errors. Also, they clarify how entities use measurement techniques and inputs to develop accounting estimates.

Effective date is annual periods beginning on or after 1 January 2023.

Amendment to IAS 12- deferred tax related to assets and liabilities arising from a single transaction

These amendments require companies to recognise deferred tax on transactions that, on initial recognition give rise to equal amounts of taxable and deductible temporary differences.

Effective date is annual periods beginning on or after 1 January 2023.

6. SIGNIFICANT JUDGEMENTS, ASSUMPTIONS AND ESTIMATES

In preparing these interim condensed consolidated financial statements, management has made estimates and assumptions that affect the application of the Group's accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. The differences arising on revisions to estimates are recognized prospectively.

The significant judgments made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those applied to the Group's annual condensed consolidated financial statements.

Fair value Measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability; or
- In the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or the most advantageous market must be accessible by the Group. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest. A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits from the asset's highest and best use or by selling it to another market participant that would utilize the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

Impairment of non-financial assets

Impairment exists when the carrying value of an asset or cash generating unit ("CGU") exceeds the recoverable amount, which is the higher of the fair value less costs to sell and value in use. The fair value less costs of disposal calculation is based on available data from binding sales transactions, conducted at arm's length, for similar assets or observable market prices less incremental costs for disposing of the asset. The value in use calculation is based on Discounted Cash Flow model ("DCF"). The cash flows are derived from the budget for the next five years and do not include restructuring activities that the Group is not yet committed to or significant future investments that will enhance the performance of the assets of the CGU being tested. The recoverable amount is most sensitive to the discount rate used for the DCF model as well as the expected future cash-inflows and the growth rate used for extrapolation purposes.

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6. SIGNIFICANT JUDGEMENTS, ASSUMPTIONS AND ESTIMATES (continued)

Impairment of trade receivables

The Group has applied the standard's simplified approach of impairment in accordance with IFRS 9 and has calculated ECLs based on lifetime expected credit losses. The Group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

Provision for employees' end of service benefits

The employees' defined benefit obligations (DBO) are determined using actuarial valuations. An actuarial valuation involves making various assumptions, which may differ from actual developments in the future. These include the determination of the discount rate, future salary increases, mortality rates and future pension increases. Due to the complexity of the valuation, the underlying assumptions, and its long-term nature, a DBO is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting period.

Useful lives and residual values of property and equipment

The useful life of each item of the Group's property, plant and equipment is estimated based on the period during which the asset is expected to be available for use. This estimate is based on a collective evaluation of practices in similar businesses, internal technical evaluation, past experience with similar assets and application of judgments when the asset becomes available for use and computation of the depreciation cost installment.

The estimated useful life of each asset is periodically reviewed and updated in the event that expectations differ from previous estimates as a result of normal depreciation of the asset, technical and commercial obsolescence, legal or other restrictions on the use of the asset. Any change in the estimated useful life or depreciation pattern will be accounted for prospectively.

Going concern

The Group's management has made an assessment of the Group's ability to continue as a going concern and is satisfied that the Group has the resources to continue in business for the foreseeable future. Furthermore, the management is not aware of any material uncertainties that may cast significant doubt upon the Group's ability to continue as a going concern. Accordingly, the accompanying interim condensed consolidated financial statements have been prepared in accordance with the going concern assumption.

7. PROPERTY, PLANT AND EQUIPMENT

Depreciation is calculated under the straight-line method over the estimated useful lives as follows:

<u>Item</u>	<u>Years</u>	<u>Item</u>	<u>Years</u>
Buildings	33 – 50	Fixtures and furniture	10
Equipment and machinery	10	Computers	6
Vehicles	5- 14	Electrical devices	10
Communication devices and phones	4	Billboards	6
Leasehold improvements	The shorter of 25 years or over the rental period		

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7. PROPERTY, PLANT AND EQUIPMENT (continued)

	Lands SR	Buildings SR	Equipments and machinery SR	Vehicles SR	Communi- cation devices and phones SR	fixtures and Furniture SR	Computers SR	Electrical devices SR	Billboards SR	Leasehold improvements SR	Total for the nine- month period ended 30 September 2022 SR	Total for year ended 31 December 2021 SR
Cost:												
At the beginning of the period / year	457,057,660	754,569,895	138,914,121	62,431,016	1,316,144	21,537,624	23,506,065	39,322,750	33,746,790	237,556,549	1,769,958,614	1,619,794,217
Additions from acquisition of a subsidiary (note 2)	442,191,679	106,859,667	67,801,610	49,231,957	-	41,272,694	-	-	-	198,592,064	905,949,671	-
Additions during the period / year	-	1,917,762	8,031,002	12,959,621	28,000	2,818,780	3,143,593	2,319,904	1,992,550	9,723,941	42,935,153	58,535,594
Transfers from projects in progress (note 8)	-	8,811,129	107,540	35,500	-	18,000	253,828	209,914	161,984	4,978,623	14,576,518	118,540,727
Disposals	-	(6,083,799)	(23,823,620)	(4,242,309)	(28,206)	(15,537,630)	(199,886)	(1,126,483)	(1,328,552)	(99,999,336)	(152,369,821)	(26,911,924)
Disposals from sale and leaseback (note 25)	(121,334,378)	(53,889,937)	(5,631,528)	-	-	(260,615)	(389,964)	(1,304,293)	(1,825,378)	(7,276,267)	(191,912,360)	-
At the end of the period / year	777,914,961	812,184,717	185,399,125	120,415,785	1,315,938	49,848,853	26,313,636	39,421,792	32,747,394	343,575,574	2,389,137,775	1,769,958,614
Depreciation:												
At the beginning of the period/ year	-	256,704,385	55,068,693	24,424,631	1,290,808	14,378,194	13,113,075	23,740,606	19,285,075	65,159,681	473,165,148	429,977,851
Additions from acquisition of a subsidiary, (note 2)	-	43,354,779	47,048,471	35,936,396	-	32,073,384	-	-	-	130,576,605	288,989,635	-
Charge of the period / year	-	20,564,451	11,967,414	6,568,074	6,012	3,045,400	1,977,577	2,519,274	2,608,519	16,305,182	65,561,903	65,443,729
Disposals	-	(4,456,534)	(21,671,644)	(3,709,084)	(28,200)	(14,888,423)	(178,993)	(1,036,978)	(1,213,146)	(96,823,482)	(144,006,484)	(22,256,432)
Disposals from sale and leaseback (note 25)	-	(9,964,760)	(3,100,940)	-	-	(132,809)	(187,250)	(779,527)	(1,192,625)	(2,137,658)	(17,495,569)	-
At the end of the period / year	-	306,202,321	89,311,994	63,220,017	1,268,620	34,475,746	14,724,409	24,443,375	19,487,823	113,080,328	666,214,633	473,165,148
Net book value:												
At 30 September 2022	777,914,961	505,982,396	96,087,131	57,195,768	47,318	15,373,107	11,589,227	14,978,417	13,259,571	230,495,246	1,722,923,142	-
At 31 December 2021	457,057,660	497,865,510	83,845,428	38,006,385	25,336	7,159,430	10,392,990	15,582,144	14,461,715	17,396,869	1,296,793,467	1,296,793,466

The above property, plant and equipment includes lands and buildings amounting to SR 106,960,642 (31 December 2021: SR 107,686,159) mortgaged to local banks as securities to loans and bank facilities provided by these banks (note 15).

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8. PROJECTS IN PROGRESS

This represents the cost of establishing and developing projects related to gas stations in various regions in the Kingdom of Saudi Arabia. The movement of the projects in progress during the period/year is as follows:

	30 September 2022 SR	31 December 2021 SR
At the beginning of the period/year	51,136,574	44,544,275
Additions from acquisition of a subsidiary (note 2)	17,040,108	-
Additions during the period/year	91,156,025	125,133,026
Transferred to property, plant and equipment (note 7)	(14,576,518)	(118,540,727)
Impairment of projects in progress	(83,146)	-
At the end of the period/year	144,673,043	51,136,574

9. INVESTMENT PROPERTIES

This represents investment properties acquired through the acquisition of Naft Services Company Limited (Note 2). Below is the movement in investment properties during the period:

	Lands SR	Buildings SR	Total 30 September 2022 SR
Cost:			
Additions from acquisition of a subsidiary (note 2)	126,139,536	22,959,818	149,099,354
Accumulated depreciation:			
Additions from acquisition of a subsidiary (note 2)	-	11,770,688	11,770,688
Charge for the period	-	465,046	465,046
At the end of the period/ year	-	12,235,734	12,235,734
As at 30 September 2022	126,139,536	10,724,084	136,863,620

10. RIGHT OF USE ASSETS

The Group has lease agreements related to gas stations for which lease terms usually range between 5-25 years. The Group's obligations under lease contracts are secured by the lessor's title deeds for the leased land and buildings. In general, there are several leases that include extension and termination options and variable rental payments. The movement of right of use assets during the period/year is as follows:

	30 September 2022 SR	31 December 2021 SR
Cost:		
At the beginning of the period/year	1,647,399,912	1,516,979,153
Additions from acquisition of a subsidiary, net (note 2)	823,118,487	-
Additions	215,192,321	203,023,501
Additions related to sale and lease-back of property, plant and equipment (note 25)	94,480,304	-
Adjustments to modified contracts	41,576,906	-
Disposals	(94,064,127)	(72,602,742)
At the end of the period/year	2,727,703,803	1,647,399,912
Accumulated depreciation:		
At the beginning of the period/year	393,707,695	328,216,140
Charge for the period/year	134,697,589	101,458,140
Disposals	(52,301,472)	(35,966,585)
At the end of the period/year	476,103,812	393,707,695
Net Book value	2,251,599,991	1,253,692,217

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10. RIGHT OF USE ASSETS (continued)

During the period ended 30 September 2022, the Company canceled some lease contracts for a number of stations before the expiry of their terms. Therefore, these disposals resulted in profit amounting to SR 5,145,507 in the interim condensed consolidated statement of income.

11. INVESTMENTS

A) Investment in equity instruments carried at fair value through other comprehensive income ("FVOCI")

The Company has made long term investments in the below mentioned entities, which do not give the Company's control or right to make decisions. The Company has classified these investments as investment at FVOCI in accordance with the management's policy.

Company	Ownership percentage	Country of incorporation	30 September 2022 SR	31 December 2021 SR
Middle East Battery Company	12.79%	Saudi Arabia	152,434,290	152,434,290
Investment in SABB portfolio	-	Saudi Arabia	2,326,868	34,345,661
National Tourism Company	0.36%	Saudi Arabia	543,247	543,247
Racing Co. Ltd.	25%	Saudi Arabia	125,000	125,000
			155,429,405	187,448,198

The movement of the investments in equity instruments carried at FVOCI is as follows:

	30 September 2022 SR	31 December 2021 SR
At the beginning of the period / year	187,448,198	186,661,451
Additions during the period / year	1,017,602	-
Disposals during the period / year	(38,016,999)	-
Net gain from revaluation of investments in equity instruments carried at FVOCI	4,980,604	786,747
At the end of the period / year	155,429,405	187,448,198

B) Investments at fair value through profit or loss ("FVPL")

The Company has invested in the following mutual funds, which do not give the Company's control or right to make decisions. The Company has classified these investments as investment at FVPL as per the management's policy.

Investee	Country	30 September 2022 SR	31 December 2021 SR
Mutual funds – Al Jazira Bank	Saudi Arabia	127,072	125,445
		127,072	125,445

The movement of the investments at FVPL is as follows:

	30 September 2022 SR	31 December 2021 SR
At the beginning of the period / year	125,445	275,766
Additions during the period / year	1,445,699,999	705,000,000
Disposals during period / year	(1,446,776,627)	(705,150,321)
Realized gains from sale of a portfolio – Al Rajhi bank	1,076,628	-
Unrealized gains from revaluation of financial instruments at FVPL	1,627	-
At the end of the period / year	127,072	125,445

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12. TRADE ACCOUNTS RECEIVABLE

	30 September 2022 SR	31 December 2021 SR
Trade receivables	322,886,669	169,698,237
Provision for expected credit losses	(101,183,411)	(14,054,337)
	<u>221,703,258</u>	<u>155,643,900</u>

The movement in the provision for expected credit losses during the period / year was follows:

	30 September 2022 SR	31 December 2021 SR
At the beginning of the period / year	14,054,337	12,329,337
Relates to acquisition of a subsidiary (note 2)	86,379,074	-
Charged during the period / year	750,000	1,725,000
At the end of the period / year	<u>101,183,411</u>	<u>14,054,337</u>

13. CASH AND CASH EQUIVALENT

	30 September 2022 SR	31 December 2021 SR
Short term deposits*	550,000,000	-
Bank balances	296,589,253	148,150,973
Cash on hand	7,881,038	6,597,777
	<u>854,470,291</u>	<u>154,748,750</u>

* Short Term deposits are highly liquid deposits with a maturity period of three months, and carry an average interest rate of 2.5%

14. LEASE CONTRACT LIABILITIES

The Group has lease agreements related to gas stations for which lease periods usually range between 5-25 years. The Group's lease obligations are secured by the lessor's title deeds to the leased lands. In general, there are various lease contracts that include extension and termination options and variable lease payments. The movement of lease liabilities during the period/year is as follows:

	30 September 2022 SR	31 December 2021 SR
At the beginning of the period/year	1,301,927,598	1,206,406,247
Additions	215,192,321	203,023,501
Adjustments on modified lease contracts	41,576,906	-
Additions from an acquisition of a subsidiary (note 2)	823,118,487	-
Additions from sale and lease-back of property, plant and equipment (note 25)	206,392,946	-
Accrued commission	56,234,228	46,140,397
Disposals	(46,908,162)	(25,850,581)
Lease payments	(193,116,540)	(127,791,966)
At the end of the period/year	<u>2,404,417,784</u>	<u>1,301,927,598</u>
Less: current portion	<u>(268,689,427)</u>	<u>(127,497,968)</u>
Non-current portion	<u>2,135,728,357</u>	<u>1,174,429,630</u>

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15. Loans

Long-term loans

During the period, the Group has obtained term loans in the form of Murabaha financing with total value of SR 1,34 billion (during the year ended 31 December 2021: SR 217 million) for the purpose of financing the acquisition of a subsidiary company (note 2) as well as financing certain projects in progress. Murabaha commission is payable according to the prevailing market rates at an average rate of 1.1% + SIBOR. These loans are secured by mortgages on plots of land and buildings (note 7), in addition to being secured by promissory notes.

Loan agreements include covenants to mainly maintain certain percentages of gearing ratio and total debt to equity and other covenants. Under the terms of these agreements, banks have the right to request immediate repayment of loans in the event of not fulfilling any of those covenants. The Company is in compliance with the loan covenants as at the end of the period.

The movement of the long-term loans during the period/year is as follows:

	30 September 2022 SR	31 December 2021 SR
At the beginning of the period / year	614,238,229	955,071,340
Proceeds during the period / year	1,340,000,000	217,362,391
Repayments during the period / year	(335,968,812)	(558,195,502)
At the end of the period / year	<u>1,618,269,417</u>	<u>614,238,229</u>

The following table summarizes the total remaining instalments of the Group's long term-loans:

	30 September 2022 SR	31 December 2021 SR
Total instalments	1,630,461,537	620,592,048
Less: finance cost	(12,192,120)	(6,353,819)
Due amounts	<u>1,618,269,417</u>	<u>614,238,229</u>
Current portion	48,870,205	76,808,250
Non-current portion	<u>1,569,399,212</u>	<u>537,429,979</u>
	<u>1,618,269,417</u>	<u>614,238,229</u>

Short-term loans

These represent working capital facilities obtained during the period from local banks. These facilities carry variable interest rate at prevailing market rates at an average rate of 1. 8% + SIBOR.

16. ZAKAT

Charge for the period/year

Zakat charge of the period/year consists of the following:

	30 September 2022 SR	31 December 2021 SR
Provision for the current period / year	4,810,027	1,466,564
Prior years provision	-	2,146,769
	<u>4,810,027</u>	<u>3,613,333</u>

The Company submits its zakat returns of the Group on a consolidated basis. The Group has submitted its zakat returns to the Zakat, Tax and Customs Authority ("ZATCA") for all previous years up to 2021.

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16. ZAKAT (continued)

Movement of zakat provision during the period/year

The movement of zakat provision during the period / year is as follows:

	30 September 2022 SR	31 December 2021 SR
At the beginning of the period / year	6,303,772	5,585,813
Related to acquisition of a subsidiary (note 2)	312,826	-
Provided for the period / year	4,810,027	3,613,333
Paid during the period / year	(1,425,156)	(2,895,374)
At the end of the period / year	10,001,469	6,303,772

Zakat status - SASCO

The Company has received its zakat assessments for all previous years up to 2008. The ZATCA has raised zakat assessments for the years 2014 to 2018, resulting in additional zakat liabilities amounting to SR 12.3 million. The Company filed an appeal against these assessments with the General Secretariat of Tax Committees (GSTC). This appeal is still pending with the GSTC and has not been decided upon until the date of these interim condensed consolidated financial statements. Management believes its zakat position is appropriate, and this will not lead to any further provisions. Final assessments have not yet been raised by the ZATCA for the years 2009 up to 2013 and for the years 2019 up to 2021.

Zakat status - NAFT

The company submitted its zakat return to ZATCA for all years up to 2021. ZATCA has issued the zakat assessments for all previous years up to 2016. Final assessments for the remaining years have not yet been made by ZATCA.

17. REVENUE

	For the three-month periods ended 30 September		For the nine-month periods ended 30 September	
	2022 SR	2021 SR	2022 SR	2021 SR
Fuel sale	2,085,055,059	1,031,340,251	5,157,244,239	2,538,301,628
Catering sale	62,765,491	47,466,699	170,014,366	135,767,686
Rental income	63,445,055	36,872,580	167,437,816	107,277,019
Others	29,241,467	25,142,526	83,758,777	65,881,439
	2,240,507,072	1,140,822,056	5,578,455,198	2,847,227,772

18. COST OF REVENUE

	For the three-month periods ended 30 September		For the nine-month periods ended 30 September	
	2022 SR	2021 SR	2022 SR	2021 SR
Direct material	2,000,555,221	1,004,618,815	4,977,616,003	2,459,177,045
Deprecation of right of use assets	58,165,968	25,947,213	134,697,589	76,943,165
Employees' costs	51,571,317	24,515,642	130,534,503	82,861,104
Deprecation of property, plant and equipment	22,461,867	16,481,653	62,209,567	46,894,729
Public utilities	9,171,412	6,943,750	26,991,044	20,154,449
Rent of stations and offices	6,048,480	7,812,544	26,016,142	25,670,345
Repair and maintenance	4,500,549	8,942,714	11,327,464	14,757,020
Amortization of intangible assets	2,083,463	1,323,422	3,242,669	1,567,795
Deprecation of investment properties	241,350	-	465,046	-
Others	12,582,357	7,826,652	26,852,168	10,199,050
	2,167,381,984	1,104,412,405	5,399,952,195	2,738,224,702

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19. GENERAL AND ADMINISTRATIVE EXPENSES

As set out in Note (2), and as a result of acquiring 80% in the shares of Naft Services Company Limited, the Company incurred general and administrative expenses related to the acquisition of SR 80 million. These expenses mainly consist of an amount of SR 55.5 million related to commissions, real estate consultancy fees, accountants, and appraisers' fees, along with other legal and professional expenses. It also consists of bonuses and incentives for the Group's key management personnel amounting to SR 24.5 million.

20. OTHER REVENUE (EXPENSES), NET

	<i>For the three-month periods ended 30 September</i>		<i>For the nine-month periods ended 30 September</i>	
	<i>2022</i>	<i>2021</i>	<i>2022</i>	<i>2021</i>
	<i>SR</i>	<i>SR</i>	<i>SR</i>	<i>SR</i>
Gains from sale and lease-back of property, plant and equipment (note 25)	-	-	95,373,174	-
Gains from sale of property, plant and equipment	4,868,870	691,242	5,282,612	1,229,325
Others	3,472,429	768,448	6,134,073	(296,188)
	<u>8,341,299</u>	<u>1,459,690</u>	<u>106,789,859</u>	<u>933,137</u>

21- EARNINGS PER SHARE

Basic and diluted EPS is calculated by dividing the income for the period attributable to ordinary equity holders of the Company by the weighted average number of outstanding ordinary shares issued and paid during the period plus the weighted average number of ordinary shares to be issued when all dilutive potential ordinary shares are converted into ordinary shares. Diluted earnings per share are calculated, same as the ordinary or basic share profit, as the Company does not have any convertible bonds or diluted instruments to exercise.

The following table shows income data from key operations, income and shares used to calculate basic and diluted earnings per share for the period:

	<i>For the three-month periods ended 30 September</i>		<i>For the nine-month periods ended 30 September</i>	
	<i>2022</i>	<i>2021</i>	<i>2022</i>	<i>2021</i>
	<i>SR</i>	<i>SR</i>	<i>SR</i>	<i>SR</i>
Income for the period attributable to equity holders of the parent	23,533,392	11,404,265	61,235,107	35,497,312
Weighted average number of outstanding shares	60,000,000	60,000,000	60,000,000	60,000,000
Basic and diluted earnings per share	<u>0.39</u>	<u>0.19</u>	<u>1.02</u>	<u>0.59</u>

22. DIVIDENDS

2022:

The shareholders' general assembly, in its meeting held on 15 Duh Al-Qi'dah 1443H (corresponding to 14 June 2022), approved additional cash dividends of SR 15 million (at SR 0.25 per share) for the year 2021.

The board of directors has resolved on 8 Safar 1443H (corresponding to 4 September 2022) to distribute interim dividends for the first half of the year 2022 for an amount of SR 30 million (at SR 0.5 per share).

2021:

The shareholders' general assembly, in its meeting held on 6 Dhul Qi'dah 1442 H (corresponding to 16 June 2021), approved cash dividends of SR 12 million (SR 0.20 per share) for the year 2020.

The board of directors has resolved on 1 Safar 1443 H (corresponding to 8 September 2021) and 23 Jumada al-Awwal 1443 H (corresponding to 27 December 2021), to distribute interim dividends for the year 2021 of SR 18 million (at 0.30 SR per share) and SR 12 million (at 0.20 SR per share), respectively.

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23. FAIR VALUE MEASUREMENT OF FINANCIAL ASSETS AND LIABILITIES

Fair value is the price to be received when an asset is sold or paid when liabilities are transferred under a regular transaction between market participants on the date of measurement. Financial instruments consist of financial assets and liabilities. The Group's financial assets consist of bank balances, investments and trade receivables, while its financial liabilities consist of term loans, trade payables and amounts due to shareholders.

Management found that the fair value of bank balances, trade receivables and payables and the amounts due to shareholders approximate their book value due to the short-term maturity of these instruments. As for term loans, the fair value is not significantly different from the book value included in the interim condensed consolidated financial statements because the current Murabaha rates prevailing in the market for similar financial instruments are not significantly different from the contracted prices.

24. SEGMENT INFORMATION

The Group has the following strategic sections representing its reporting sectors. These sectors offer various services and are separately managed because they have different economic characteristics – such as sales growth trend, return rates and level of capital investment and also have different marketing strategies.

Retail and operating	This segment represents the activities of operating stations from the sale of fuels, the sale of food and beverages, and operation of residential and commercial buildings.
Saudi Club	This segment represents the issuance of customs traffic document (TripTik), international driving licenses, and sports activities.
Transportation Fleet	This segment represents transportation services of liquid and dry materials.
Other	This segment represents the activity of investing in other companies, securities, and activities from granting the right to use SASCO trademark.

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24. SEGMENT INFORMATION (continued)

For the three-month period ended 30 September 2022

	Retail and operating SR	Saudi Club SR	Transportation Fleet SR	Other SR	Inter-segment eliminations SR	Total SR
Revenue from external customers	2,235,801,295	2,783,943	1,921,834	-	-	2,240,507,072
Inter-segment revenue	8,946,831	-	9,376,195	-	(18,323,026)	-
Depreciation of property, plant and equipment	20,863,118	11,603	1,485,066	-	-	22,359,787
Depreciation of investment properties	241,350	-	-	-	-	241,350
Depreciation of right of use assets	56,806,828	-	192,772	-	-	56,999,600
Cost of revenue	2,175,022,095	1,772,170	8,910,745	-	(18,323,026)	2,167,381,984
Gross profit	69,726,031	1,011,773	2,387,284	-	-	73,125,088

For the three-month period ended 30 September 2021

Revenue	1,136,283,615	2,871,682	1,666,759	-	-	1,140,822,056
Inter-segment revenue	4,772,968	-	167,557,389	-	(172,330,357)	-
Depreciation of property, plant and equipment	15,701,831	9,588	1,198,964	-	-	16,910,383
Depreciation of right of use assets	26,129,009	-	-	-	-	26,129,009
Cost of revenue	1,108,442,483	1,600,019	166,700,261	-	(172,330,358)	1,104,412,403
Gross profit	32,614,100	1,271,663	2,523,888	-	-	36,409,651

For the nine-month period ended 30 September 2022

Revenue from external customers	5,565,077,605	7,918,862	5,458,731	-	-	5,578,455,198
Inter-segment revenue	25,122,813	-	27,422,748	-	(52,545,561)	-
Depreciation of property, plant and equipment	61,302,053	30,990	4,228,860	-	-	65,561,903
Depreciation of investment properties	465,046	-	-	-	-	465,046
Depreciation of right of use assets	134,119,273	-	578,316	-	-	134,697,589
Cost of revenue	5,421,588,105	5,289,475	25,620,176	-	(52,545,561)	5,399,952,195
Gross profit	168,612,313	2,629,387	7,261,303	-	-	178,503,003

For the nine-month period ended 30 September 2021

Revenue from external customers	2,835,740,504	6,750,849	4,736,419	-	-	2,847,227,772
Inter-segment revenue	18,404,370	-	287,120,520	-	(305,524,890)	-
Depreciation of property, plant and equipment	44,604,462	27,020	3,457,606	-	-	48,089,088
Depreciation of right of use assets	77,494,612	-	-	-	-	77,494,612
Cost of revenue	2,754,553,667	4,238,261	284,957,664	-	(305,524,890)	2,738,224,702
Gross profit	99,591,207	2,512,588	6,899,275	-	-	109,003,070

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24. SEGMENT INFORMATION (continued)

	Retail and operating SR	Saudi Club SR	Transportation Fleet SR	Others SR	Inter-segment eliminations SR	Total SR
As at 30 September 2022 (unaudited)						
Assets	11,099,055,770	43,672,353	304,794,010	344,651,512	(5,633,618,864)	6,158,554,781
Property, plant and equipment	1,646,395,965	345,776	55,516,302	20,665,099	-	1,722,923,142
Investment properties	136,863,620	-	-	-	-	136,863,620
Right of use assets	2,250,145,214	-	1,454,777	-	-	2,251,599,991
Liabilities	10,119,793,846	24,424,593	251,770,578	25,833	(5,235,718,060)	5,160,296,790
As at 31 December 2021 (audited)						
Assets	3,369,983,972	31,124,270	98,879,767	344,666,518	(571,822,491)	3,272,832,036
Property, plant and equipment	1,228,022,497	200,097	47,905,773	20,665,099	-	1,296,793,466
Right of use assets	1,251,659,124	-	2,033,093	-	-	1,253,692,217
Liabilities	2,613,295,223	13,294,799	52,627,851	-	(218,322,387)	2,460,895,486

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24. SEGMENT INFORMATION (continued)

Reconciliation of information related to the gross profit of the segments to the income before zakat of the Group:

	<i>For the three-month periods ended 30 September</i>		<i>For the nine-month periods ended 30 September</i>	
	<i>2022</i>	<i>2021</i>	<i>2022</i>	<i>2021</i>
	<i>SR</i>	<i>SR</i>	<i>SR</i>	<i>SR</i>
Gross profit	73,125,088	36,409,651	178,503,003	109,003,070
Un-allocated items:				
Selling and marketing expenses	(1,120,514)	(426,754)	(2,675,910)	(1,601,844)
General and administrative expenses	(23,967,335)	(12,428,229)	(146,739,975)	(33,751,423)
Financial costs	(28,363,802)	(12,422,942)	(66,152,798)	(36,649,781)
Provision for expected credit losses	(268,962)	(695,000)	(750,000)	(1,205,000)
Gain from valuation of investments at FVPL	(228,392)	(25,804)	1,627	1,007
Gains from sale of investments at FVPL	982,479	118,182	1,076,626	480,066
Dividends received from investments at FVPL	-	329,221	-	987,663
Other income	8,341,299	1,459,690	106,789,859	933,137
Total un-allocated amounts	(44,625,227)	(24,091,636)	(108,450,571)	(70,806,175)
Income before zakat	28,499,861	12,318,015	70,052,432	38,196,895

25. SALE AND LEASE-BACK OF PROPERTY, PLANT AND EQUIPMENT

During the nine-month period ended 30 September 2022, the Company sold and leased back nine gas stations for the purpose of financing the acquisition of a subsidiary (note 2). The profit from this transaction is recognized in the interim condensed consolidated statement of comprehensive income as follows:

	<i>30 September 2022</i>
	<i>SR</i>
Cash proceeds from the sale and lease-back of property, plant and equipment	381,702,607
Book value of property, plant and equipment (note 7)	(174,416,791)
	207,285,816
Additions to the right of use as a result of the leaseback	94,480,304
Gain from the sale and lease-back of property, plant and equipment (note 20)	(95,373,174)
Addition to lease contract liabilities as a result of lease-back (note 14)	206,392,946

26. CAPITAL COMMITMENTS AND CONTINGENT LIABILITIES

Capital commitments

The Group has capital commitments of SR 61.8 million (31 December 2021: SR 48.7 million) mainly related to the cost of establishing and developing projects of gas stations and the continuation of the new head office construction.

Contingent obligations

A- As at 30 September 2022, the Group has bank letters of guarantee amounting to SR 2.02 billion (31 December 2021: SR 917 million). Those have been issued in the normal course of business of the Group.

B- The Group has several lawsuit cases filed against it, related to the supply of labor and certain leased lands. These cases have not yet been finalized and the expected outcome cannot be determined reliably. Accordingly, a provision has been made against potential liabilities of such lawsuits amounting to SR 10.1 million as at the date of these interim condensed consolidated financial statements.

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27. SUBSEQUENT EVENTS

No significant events have occurred subsequent to the date of these interim condensed consolidated financial statements and before the issuance of these interim condensed consolidated financial statements, which require adjustment to, or disclosure thereto.

28. COMPARATIVE FIGURES

Certain comparative figures for the previous period have been reclassified in order to conform with the current period's classification.

29. APPROVAL OF THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

These interim condensed consolidated financial statements were approved on 1 Rabi Al-Thani 1444H (corresponding to 26 October 2022).