SAUDI AUTOMOTIVE SERVICES COMPANY (SASCO)
(A SAUDI JOINT STOCK COMPANY)

THE CONSOLIDATED FINANCIAL STATEMENTS & INDEPENDENT AUDITOR’S REPORT

31 December 2023

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(A SAUDI JOINT STOCK COMPANY)

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Contents

Building a better working world

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INDEPENDENT AUDITOR'S REPORT
TO THE SHAREHOLDERS OF SAUDI AUTOMOTIVE SERVICES COMPANY (SASCO)
(A SAUDI JOINT STOCK COMPANY)

Opinion

We have audited the consolidated financial statements of Saudi Automotive Services Company (A Saudi Joint Stock Company) (the "Company") and its subsidiaries (the "Group"), which comprise the consolidated statement of financial position as at 31 December 2023, and the consolidated statement of income, the consolidated statement of comprehensive income, the consolidated statement of cash flows and the consolidated statement of changes in equity for the year then ended, and notes to the consolidated financial statements, including material accounting policy information.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at 31 December 2023, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards that are endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements that are endorsed by the Saudi Organization for Chartered and Professional Accountants.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing that are endorsed in the Kingdom of Saudi Arabia. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the International Code of Ethics for Professional Accountants (including International Independence Standards) that is endorsed in the Kingdom of Saudi Arabia that is relevant to our audit of the consolidated financial statements, and we have fulfilled our other ethical responsibilities in accordance with this Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming auditor's opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the Auditor's responsibilities for the audit of the consolidated financial statements section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the consolidated financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying consolidated financial statements.

Key audit matters

Key audit matter	How our audit addressed the key audit matter
Revenue Recognition The Group recognized revenue primarily from sales of fuel, sales of goods and rental income totaling SR 9,11 billion during the year ended 31 December 2023. The revenue from sales of fuel and sales of goods is recognized at a point in time when control of the goods is transferred to the customer, and revenue from rents is recognized over a period of time of the rent period. Revenue recognition is considered a key audit matter as it's considered by the Group management as one of the most key performance indicators. Furthermore, since majority of the Group's revenue is directly generated from cash sales, there is an increasing inherent risk of potential fraud in case of improper revenue recognition. In addition to the materiality of the amounts involved. Refer to note (4) to the consolidated financial statements for the accounting policy of revenue recognition and note (29) for revenue disclosure.	Audit procedures included, among others, the following: • Evaluated the integrity of the general IT control environment and tested the operating effectiveness of key IT application controls. • Assessed the revenue recognition policy applied by the Group for compliance with IFRS 15 requirements "Revenue from contracts with customers". • Tested, on a sample basis, transactions taking place before and after the date of the statement of financial position to evaluate whether revenue was recognized in the correct period. • Tested on sample basis, journal entries posted to the revenue accounts to identify unusual or irregular postings. • Tested, on a sample basis, daily cash deposits back to the daily sales report. • We used data analytics to sample from the entire population of journals, identifying specific transactions which did not meet our expectations based on specific criteria. For our selected sample we gained an understanding of the business rationale, corroborated the nature and amount of each posting made to source documentation and ensured each journal was appropriately authorized. • Assessed the adequacy of the relevant disclosures in the Group's consolidated financial statements.

Key audit matters (continued)

<table>
<tr><th>Key audit matter</th><th>How our audit addressed the key audit matter</th></tr>
<tr><td>Recoverability assessment of goodwill.

IAS 36 “Impairment of Assets” that is endorsed in the Kingdom of Saudi Arabia, requires goodwill and indefinite useful life of intangible assets to be tested at least annually for impairment, irrespective of whether there is any indication of impairment. Therefore, management has performed an assessment of the recoverability of the goodwill resulting from Naft acquisition.

Goodwill has been allocated to its related cash-generating units, being the acquired fuel stations of Naft, based on specific criteria used by management at acquisition. Therefore, the recoverability assessment of goodwill was performed at the level of each fuel station where goodwill has been allocated.

The recoverable amounts were determined based on value-in-use calculations derived using discounted cash flow models. The models are based on the most recent financial plans which covered 5-year projection periods with terminal values assumed thereafter.

We considered this to be a key audit matter given the judgement involved in identifying the cash generating units and the significant estimates involved in determining recoverable amounts and the uncertainty inherent in the underlying forecasts and assumptions. The key inputs to the recoverable amounts included the:

- Cash flows during the 5-year periods including the underlying assumptions.
- Terminal values.
- Discount rates.

Refer to note (3) to the consolidated financial statements for the accounting policy of impairment of non-financial assets and note (10) for the disclosure of goodwill.</td><td>Audit procedures included, among others, the following:

• Assessed the appropriateness of management's allocation of goodwill to each fuel station of the relevant cash-generating units, based on the requirements of IAS 36 ‘Impairment of Assets’, that is endorsed in the Kingdom of Saudi Arabia.

• Tested the completeness of the carrying values of the assets and liabilities, being considered as part of the impairment tests for the goodwill.

• With input from internal valuation experts, where considered necessary, we performed the following procedures on management's valuation models, as deemed appropriate:

1- Considered the consistency of certain unobservable inputs underlying the 5-year cash flows such as expected fuel volumes and future costs.

2- Compared a sample of forecast fuel prices and margins underlying the 5-year cash flows to market data.

3- Assessed the reasonableness of the approach and inputs used to determine the terminal values;

4- Tested the mathematical accuracy and logical integrity of the models;

• Assessed the adequacy of the relevant disclosures in the Group's consolidated financial statements.</td></tr>
</table>

Other information included in the Group's 2023 Annual Report
Other information consists of the information included in the Group's 2023 annual report, other than the consolidated financial statements and our auditor's report thereon. Management is responsible for the other information in its annual report. The Group's 2023 annual report is expected to be made available to us after the date of this auditor's report.

Our opinion on the consolidated financial statements does not cover the other information and we will not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

When we read the Group's 2023 annual report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.

Responsibilities of Management and Those Charged with Governance for the consolidated financial statements:
Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with International Financial Reporting Standards that are endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements that are endorsed by the Saudi Organization for Chartered and Professional Accountants and the provisions of Companies' Law and Company's By-laws, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements
Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with International Standards on Auditing that are endorsed in KSA will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements (Continued)

As part of an audit ، in accordance with the International Standards on Auditing that are endorsed in the Kingdom of Saudi Arabia, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Directors.

- Conclude on the appropriateness of the Board of Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Group's audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

INDEPENDENT AUDITOR'S REPORT
TO THE SHAREHOLDERS OF SAUDI AUTOMOTIVE SERVICES COMPANY (SASCO)
(A SAUDI JOINT STOCK COMPANY) (Continued)

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements (CONTINUED)

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

for Ernst & Young Professional Services

Fahad M. Al-Toaimi
Certified Public accountant
License No. (354)

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سجل تجاري ١٠١٠٣٨٣٨٢١
CR. 1010383821
شركة ارنست ويونغ للخدمات المهنية
(مهنية ذات مسؤولية محدودة)
Ernst & Young Professional Services
(Professional LLC)

Riyadh: 18 Ramadan 1445H
(28 March 2024)

Saudi Automotive Services Company (SASCO)
(A Saudi Joint Stock Company)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As at 31 December 2023

	Notes	***31 December 2023 SR***	*31 December 2022 (Restated – Note 39) SR*	*1 January 2022 (Restated – Note 39) SR*
ASSETS				
NON-CURRENT ASSETS				
Property, plant and equipment	6	**2,008,945,385**	1,741,039,332	1,296,793,466
Projects in progress	7	**90,688,224**	184,126,421	82,857,745
Investment properties	8	**159,787,500**	89,481,000	-
Right of use assets	9	**2,283,496,732**	2,220,556,646	1,253,692,217
Intangible assets - goodwill	10	**492,197,649**	495,348,204	4,308,993
Other intangible assets	11	**7,073,002**	3,563,911	2,233,990
Investments at fair value through other comprehensive income (FVTOCI)	12	**150,190,103**	158,212,887	187,448,198
Investments in debt instruments	13	**250,000,000**	250,000,000	-
TOTAL NON-CURRENT ASSETS		**5,442,378,595**	5,142,328,401	2,827,334,609
CURRENT ASSETS				
Inventories	14	**108,784,960**	82,574,432	51,580,925
Trade receivables	15	**126,900,662**	133,038,185	140,459,019
Prepayments and other current assets	16	**100,503,313**	97,542,789	77,245,270
Financial derivatives	17	**2,488,468**	-	-
Investments at fair value through profit or loss (FVTPL)		-	-	125,445
Bank balances and cash on hands	18	**183,153,957**	636,973,481	154,748,750
TOTAL CURRENT ASSETS		**521,831,360**	950,128,887	424,159,409
TOTAL ASSESTS		**5,964,209,955**	6,092,457,288	3,251,494,018
EQUITY AND LIABILITIES				
EQUITY				
Share capital	19	**600,000,000**	600,000,000	600,000,000
Statutory reserve	20	**83,139,272**	72,589,882	64,962,844
Retained earnings		**79,617,175**	13,370,034	12,154,629
Fair value reserve of financial assets through other comprehensive income (FVOCI)		**112,249,179**	129,879,703	128,854,625
Total equity attributable to shareholders of the Parent Company		**875,005,626**	815,839,619	805,972,098
Non-controlling interests		**126,420,844**	161,408,430	-
TOTAL EQUITY		**1,001,426,470**	977,248,049	805,972,098
LIABILITIES				
NON-CURRENT LIABILITIES				
Lease liabilities	21	**2,161,443,296**	2,113,667,861	1,174,429,630
Long-term loans	22	**1,330,262,680**	1,561,140,565	537,429,979
Employees' defined benefit liabilities	23	**44,809,348**	41,644,697	20,937,754
TOTAL NON-CURRENT LIABILITIES		**3,536,515,324**	3,716,453,123	1,732,797,363
CURRENT LIABILITIIES				
Murabaha financing & short-term loans	22	-	30,000,000	5,000,000
Current portion of long-term loans	22	**59,865,545**	51,809,756	76,808,250
Trade payables	24	**802,084,425**	777,655,481	350,084,044
Accrued expenses and other current liabilities	25	**230,946,355**	194,685,427	112,629,694
Current portion of lease liabilities	21	**280,031,377**	253,649,968	103,653,960
Dividends payable to shareholders	26	**49,704,917**	77,264,901	58,244,837
Zakat payable	27	**3,635,542**	13,690,583	6,303,772
TOTAL CURRENT LIABILITES		**1,426,268,161**	1,398,756,116	712,724,557
TOTAL LIABILITIES		**4,962,783,485**	5,115,209,239	2,445,521,920
TOTAL EQUITY AND LIABILITIES		**5,964,209,955**	6,092,457,288	3,251,494,018

Islam Mohammed Khairi Ahmed	Riyadh Bin Saleh Al Malik	Sultan Bin Mohammad Al-Hudaithi
Chief Financial Officer	Chief Executive Officer	Vice Chairman and Managing Director

The accompanying notes 1 to 45 form an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF INCOME
For the Year ended 31 December 2023

	Notes	31 December 2023 SR	31 December 2022 (Restated-Note 39) SR
Revenue	29	**9,112,927,440**	7,852,211,128
Cost of revenue	30	**(8,820,270,678)**	(7,593,463,600)
GROSS PROFIT		**292,656,762**	258,747,528
General and administrative expenses	31	**(109,659,760)**	(177,167,753)
Selling and marketing expenses		**(4,637,218)**	(4,431,958)
(provision), reversal for expected credit losses, net	15	**(9,106,342)**	4,147,766
INCOME FROM MAIN OPERATIONS		**169,253,442**	81,295,583
Finance costs	32	**(158,927,921)**	(114,968,010)
Dividends from investments at fair value through other comprehensive income (FVOCI)		**6,202,549**	2,373,600
Net profit from investments at fair value through profit or loss (FVTPL)		-	1,971,887
Other income, net	33	**119,880,328**	122,182,191
Income before Zakat		**136,408,398**	92,855,251
Zakat	27	**(6,303,847)**	(8,509,744)
INCOME FOR THE YEAR		**130,104,551**	84,345,507
Attributable to:			
Shareholders of the Parent Company	34	**105,493,896**	75,177,274
Non-controlling interests		**24,610,655**	9,168,233
		130,104,551	84,345,507
Earnings per share			
Basic and diluted earnings per share for the year attributable to shareholders of the Parent Company	34	**1.76**	1.25

Islam Mohammed Khairi Ahmed Chief Financial Officer	Riyadh Bin Saleh Al Malik Chief Executive Officer	Sultan Bin Mohammad Al-Hudaithi Vice Chairman and Managing Director

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
For the Year ended 31 December 2023

	Notes	***31 December 2023 SR***	*31 December 2022* (Restated – Note 39) *SR*
INCOME FOR THE YEAR		**130,104,551**	84,345,507
Other Comprehensive Income:			
Items that will not be reclassified subsequently to the consolidated statement of income:			
Net change in fair value of investments at fair value through other comprehensive income	12-a	**(17,630,524)**	9,095,869
Actuarial gains (losses) on remeasurement of employees' defined benefit liabilities	23	**1,704,394**	594,378
TOTAL COMPREHENSINVE INCOME FOR THE YEAR		**114,178,421**	94,035,754
ATTRIBUTABLE TO			
Shareholders of the Parent Company		**89,166,007**	84,867,521
Non-controlling interests		**25,012,414**	9,168,233
		114,178,421	94,035,754

Islam Mohammed Khairi Ahmed
Chief Financial Officer

Riyadh Bin Saleh Al Malik
Chief Executive Officer

Sultan Bin Mohammad Al-Hudaithi
Vice Chairman and Managing Director

The accompanying notes 1 to 45 form an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CASHFLOWS

For the Year ended 31 December 2023

	Notes	31 December 2023 SR	31 December 2022 (Restated- Note 39) SR
OPERATING ACTIVITIES			
Income before Zakat		**136,408,398**	92,855,251
Adjustments for:			
Depreciation of right of use assets	9	**233,512,822**	191,265,689
Depreciation of property, plant and equipment	6	**108,629,149**	92,271,245
Provision of employees' defined benefit liabilities	23	**8,848,301**	6,993,560
Provision of slow-moving inventories	14	-	831,341
(Reversal) provision for expected credit losses, net	15	**9,106,342**	(4,147,766)
Non-cash profits from revaluation of investment assets	8	**(70,306,500)**	-
Accrued interest on lease liabilities	32	**89,729,650**	73,206,587
Finance costs	32	**69,198,271**	41,761,423
Non-cash profits from financial derivatives	17	**(2,488,468)**	-
Net gain from investments at fair value through profit or loss (FVTPL)	12-b	-	(1,971,887)
Gains from sale and leaseback of property, plant and equipment	33	-	(95,058,304)
Gains from sale of property, plant and equipment	33	**(217,983)**	(6,643,413)
Gains from disposal of leases		**(5,549,834)**	(4,841,119)
Impairment of projects in progress	7	**2,264,254**	105,641
Impairment in Goodwill	10	**3,150,555**	-
Amortisation of other intangible assets	11	**1,153,236**	1,003,116
		583,438,193	387,631,364
Working capital adjustments:			
Trade receivables	15	**(2,968,819)**	66,628,434
Prepayments and other current assets	16	**(2,960,524)**	11,512,405
Retentions by banks for dividend distribution payable to shareholders	26	**27,559,984**	(19,020,064)
Inventories	14	**(26,210,528)**	(5,601,374)
Trade payables	24	**24,428,944**	219,769,455
Accrued expenses and other current liabilities		**34,838,182**	(29,389,669)
Cash from operations		**638,125,432**	631,530,551
Zakat paid	27	**(16,358,888)**	(5,105,566)
Employees' defined benefits liabilities paid	23	**(3,979,256)**	(7,008,949)
Net cash from operating activities		**617,787,288**	619,416,036
INVESTING ACTIVITES			
Acquisition of a subsidiary, net of cash acquired		-	(854,723,130)
Purchase of investments at fair value through profit or loss (FVTPL)	12-b	-	(1,712,699,999)
Proceeds from sale of investments at fair value through profit or loss (FVTPL)	12-b	-	1,715,429,188
Purchase of investments in debt instruments	13	-	(250,000,000)
Purchase of investments at fair value through other comprehensive income (FVOCI)	12-a	**(10,000,000)**	(317,676)
Proceeds from dividends of investments at fair value through profit or loss (FVTPL)		**6,187,356**	2,373,600
Proceeds from sale of Investments at fair value through other comprehensive income (FVTOCI)		**392,260**	39,127,136
Purchase of property, plant and equipment	6	**(86,362,933)**	(66,627,910)
Additions to projects in progress	7	**(209,509,268)**	(118,001,293)
Proceeds from sale of property, plant and equipment		**6,450,265**	13,181,255
Additions to other intangible assets	11	**(383,667)**	(2,333,038)
Net cash used in investing activities		**(293,225,987)**	(1,234,591,867)
FINANCE ACTIVITIES			
Proceeds from sale and leaseback of property, plant and equipment	36	-	381,702,607
Dividends paid to the shareholders for prior years		**(27,559,984)**	(11,711,582)
Dividends paid		**(90,000,000)**	(45,000,000)
Interest on Murabaha financing and loans paid		**(89,164,159)**	(31,992,322)
Proceeds from long term loans		**145,724,987**	1,340,000,000
Payments of long-term loans		**(368,547,083)**	(341,287,908)
Net change in Murabaha financing and short-term loans		**(30,000,000)**	25,000,000
Lease liabilities paid	21	**(291,274,602)**	(238,330,297)
Net cash from (used in) financing activities		**(750,820,841)**	1,078,380,498
INCREASE IN CASH AND CASH EQUIVALENTS		**(426,259,540)**	463,204,667
Cash and cash equivalents at beginning of the year	18	**559,708,580**	96,503,913
CASH AND EQUIVALENTS AT THE END OF THE YEAR	18	**133,449,040**	559,708,580

The accompanying notes 1 to 45 form an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CASHFLOWS (Continued)
For the Year ended 31 December 2023

	Notes	31 December 2023 SR	31 December 2022 (Restated – Note 39) SR
Significant non-cash items:			
Transfer from projects in progress to property, plant and equipment	6	**296,404,552**	33,667,084
Transfer from projects in progress to other intangible assets	11	**4,278,660**	-
Dividends declared	35	-	30,000,000
Additions to right of use assets due to sale and leaseback of property, plant, and equipment	9	-	94,480,304
Additions to lease liabilities due to sale and leaseback of property, plant, and equipment	21	-	206,392,946
Additions to right of use of assets	9	**373,260,565**	252,931,117
Additions to lease liabilities	21	**373,260,565**	252,931,117
Disposal of right of use assets from lease terminations	9	**(71,603,203)**	(53,976,696)
Disposal of lease liabilities from lease terminations	21	**(77,153,037)**	(58,817,815)

Islam Mohammed Khairi Ahmed	Riyadh Bin Saleh Al Malik	Sultan Bin Mohammad Al-Hudaithi
Chief Financial Officer	Chief Executive Officer	Vice Chairman and Managing Director

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
For the Year ended 31 December 2023

	Attributable to shareholders of the Parent Company						
	Share capital SR	*Statutory reserve SR*	*Retained Earnings SR*	*Fair value reserve of financial assets through other comprehensive income SR*	*Total SR*	*Non-controlling interests SR*	*Total Equity Ownership SR*
Balance as at 1 January 2022 – As previously reported	600,000,000	65,559,289	17,522,636	128,854,625	811,936,550	-	811,936,550
Adjustment on correction of restatement (Note 39)	-	(596,445)	(5,368,007)	-	(5,964,452)	-	(5,964,452)
As at 1 January 2022 - Restated	600,000,000	64,962,844	12,154,629	128,854,625	805,972,098	-	805,972,098
Income for the year	-	-	75,177,274	-	75,177,274	9,168,233	84,345,507
Other comprehensive income	-	-	594,378	9,095,869	9,690,247	-	9,690,247
Total comprehensive income for the year	-	-	75,771,652	9,095,869	84,867,521	9,168,233	94,035,754
Sale of investments at FVOCI	-	-	8,070,791	(8,070,791)	-	-	-
Acquisition of a subsidiary	-	-		-	-	152,240,197	152,240,197
Dividends (note 35)	-	-	(75,000,000)	-	(75,000,000)	-	(75,000,000)
Transfer to statuary reserve	-	7,627,038	(7,627,038)	-	-	-	-
Balance as at 31 December 2022- Restated (Note 39)	600,000,000	72,589,882	13,370,034	129,879,703	815,839,619	161,408,430	977,248,049
Income for the year	-	-	**105,493,896**	-	**105,493,896**	**24,610,655**	**130,104,551**
Other comprehensive income	-	-	**1,302,635**	**(17,630,524)**	**(16,327,889)**	**401,759**	**(15,926,130)**
Total comprehensive income for the year	-	-	**106,796,531**	**(17,630,524)**	**89,166,007**	**25,012,414**	**114,178,421**
Dividends (note 35)	-	-	**(30,000,000)**	-	**(30,000,000)**	**(60,000,000)**	**(90,000,000)**
Transfer to statutory reserve	-	**10,549,390**	**(10,549,390)**	-	-	-	-
Balance as at 31 December 2023	**600,000,000**	**83,139,272**	**79,617,175**	**112,249,179**	**875,005,626**	**126,420,844**	**1,001,426,470**

Islam Mohammed Khairi Ahmed	Riyadh Bin Saleh Al Malik	Sultan Bin Mohammad Al-Hudaithi
Chief Financial Officer	Chief Executive Officer	Vice Chairman and Managing Director

The accompanying notes 1 to 45 form an integral part of these consolidated financial statements.

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), P. O Box 12411, Kingdom of Saudi Arabia.

The accompanying 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 motor vehicles and travelers by establishing central workshops to provide the highest level of maintenance and repair, and establishing a network of motor vehicle service stations, as well as providing rest houses and restaurants, importing and selling foodstuffs, drinks, beverages and raw materials required, importing motor 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 motor 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 following are the details of the subsidiaries included in these consolidated financial statements under the Company's control:

Name of subsidiary	***Commercial Registration #***	***Principle activity***	***Direct & indirect shareholding (%)***	
			31 December 2023	*31 December 2022*
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 and international clubs for cars and motorcycles, local and international bodies interested in automobile affairs, issuing cars' customs traffic document (TripTiket), 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 Company Limited	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 sale 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%
SASCO Oasis Company	1010309488	Hotel's hospitality as per the license of the General Authority for Tourism and National Heritage.	**100%**	100%
Zaiti Petroleum Services Company	1010236767	Retail sale of car and motorcycle fuel (Fuel stations).	**100%**	100%

1 ACTIVITIES (CONTINUED)

Name of subsidiary	*Commercial Registration #*	*Principle field of activity*	***Direct & indirect shareholding (%)***	
			31 December 2023	*31 December 2022*
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 Limited (“Naft”)	4030060592	Operation of fuel stations and related activities.	**80%**	80%
Inaya Automatic company for car services.	7009292033	Car Washing and lubrication services	**100%**	-

(*) During the year ending 31 December 2023, the Company transformed one of its branches into a limited liability company called Inaya Automatic company for car services.

In addition to the above subsidiaries, the accompanying 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:

Branch	*Commercial Registration #*	*Commercial Registration Date*	*City*
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	1010671615	16 Rabi Al-Thani 1442H (corresponding to 13 December 2020)	Riyadh
Saudi Company for Automotive Services and Equipment SASCO	1010681876	26 Jumada Al Ula 1442H (Corresponding to 10 January 2021)	Riyadh
Saudi Company for Automotive Services and Equipment SASCO	1018000425	10 Safar 1434H (Corresponding to 23 December 2012)	Huraymila
Saudi Company for Automotive Services and Equipment SASCO	1128184243	16 Dhu Al-Qida 1441H (corresponding to 1 July 2020)	Onaizah
Saudi Company for Automotive Services and Equipment SASCO	1131306676	16 Dhu Al-Qida 1441H (corresponding to 7 July 2020)	Buraydah
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	3550122825	17 Rajab 1439H (corresponding to 3 April 2018)	Tabuk
Saudi Company for Automotive Services and Equipment SASCO	4030254775	6 Dhu Al-Qida 1434H (Corresponding to 11 September 2013)	Jeddah
Saudi Company for Automotive Services and Equipment SASCO	4030308874	29 Dhul Hijjah 1439H (corresponding to 10 September 2018)	Jeddah
Saudi Company for Automotive Services and Equipment SASCO	4031216803	29 Dhul Hijjah 1439H (corresponding to 10 September 2018)	Makkah Mukarrama
Saudi Company for Automotive Services and Equipment SASCO	4032229606	29 Dhul Hijjah 1439H (corresponding to 10 September 2018)	Taif
Saudi Company for Automotive Services and Equipment SASCO	4650202976	15 Muharram 1440H (corresponding to 26 Sept 2018)	Al Madinah Al Munawwarah
Saudi Company for Automotive Services and Equipment SASCO	5850121385	7 Safar 1440H (Corresponding to 18 October 2018)	Abha
Saudi Company for Automotive Services and Equipment SASCO	5900126408	26 Jumada Al Ula 1442H (Corresponding to 10 January 2021)	Jazan
Saudi Company for Automotive Services and Equipment SASCO	1010950315	28 Safar 1445H (Corresponding 3 September 2023)	Riyadh

2 BASIS OF PREPARATION

Statement of Compliance
These consolidated financial statements have been prepared in accordance with the International Financial Reporting Standards ("IFRS") as endorsed in KSA and other standards and pronouncements that are issued by the Saudi Organization for Chartered and Professional Accountants("SOCPA") (thereafter referred to as IFRS as endorsed in KSA).

Basis of measurement
These consolidated financial statements have been prepared under the historical cost convention, except for certain financial assets, such as "investments carried at fair value through profit or loss", "investments carried at fair value through other comprehensive income", "Financial derivative assets" and "investment properties" which are measured at fair value. Employee defined benefit liabilities are recognized at the present value of the future liabilities using the projected unit credit method. Also, these consolidated financial statements have been prepared using the accrual basis of accounting and will continue to operate on the going concern basis.

Functional and presentation currency
These financial statements are presented in Saudi Arabian Riyals ("SAR"), which is the functional and presentational currency of the Group. These financial statements have been rounded-off to the nearest Saudi Riyal, unless otherwise stated.

3 SUMMARY OF MATERIAL ACCOUNTING POLICIES

The accounting policies followed in preparing these consolidated financial statements are in line with those followed in the Group's annual consolidated financial statements for the year ended 31 December 2022, with the exception of the change in the accounting policy related to the measurement of real estate investments from the cost model to the fair value model as set out in the accounting policy for real estate investments below. This change in the accounting policy for real estate investments has not resulted in any adjustment to the comparative periods presented as disclosed in note 8 to these consolidated financial statements.

Basis of Consolidation
The consolidated financial statements comprise the financial statements of the Company and its subsidiaries controlled by the Company. The financial statements of the subsidiaries are prepared for the same reporting period as the Company, using consistent accounting policies.

Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if, and only if, the Group has:

- Power over the investee (i.e., existing rights that gives the Parent Company the current ability to direct the relevant activities of the investee)
- The Group is exposed, or has rights, to variable returns from its involvement with the investee; and
- The ability to use its power over the investee to affect its returns.

In general, there is a presumption that a majority of voting rights result in control. To support this presumption and when the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- The contractual arrangement(s) with the other vote holders of the investee,
- Rights arising from other contractual arrangements,
- The Group's voting rights and potential voting rights.

The Group re-assesses whether or not it controls an investee, if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the period are included in the consolidated financial statements from the date the Group gains control until the date the Group ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income ("OCI") are attributed to the shareholders of the Parent Company and according to the non-controlling interests, even if this resulted in in the non-controlling interests having there deficit balance.

When necessary, adjustments are made to the financial statements of a subsidiary to bring their accounting policies into line with the Group's accounting policies. All assets and liabilities as well as equity, income, expenses and cash flows relating to intra-group transactions are eliminated in full when the financial statements are consolidated.

3 SUMMARY OF MATRERIAL ACCOUNTING POLICIES (CONTINUED)

Basis of Consolidation (continued)

Changes in the controlling interest (i.e., acquisition of non-controlling interest or partial disposal of interest over a subsidiary) that do not result in a loss of control are accounted for as an equity transaction. If the Group loses control over a subsidiary, it:

- Derecognizes the assets (including goodwill) and liabilities of the subsidiary.
- Derecognizes the carrying amount of any non-controlling interests.
- Derecognizes the cumulative translation differences recorded in equity.
- Recognizes the fair value of the consideration received.
- Recognizes the fair value of any investment retained.
- Recognizes any surplus or deficit in the consolidated statement of income
- Reclassifies the Parent Company’s share of components previously recognized in OCI to statement profit or loss or retained earnings, as appropriate, as would be required if the Group had directly disposed of the related assets or liabilities.

When the Group ceases to consolidate an investment because of a loss of control, joint control or significant influence, any retained interest in the entity is re-measured to its fair value with the change in carrying amount recognized in the consolidated statement of income. This fair value becomes the carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset.

In addition, any amounts previously recognized in OCI in respect of that entity are accounted for as if the Group had of the related assets or liabilities directly disposed. This may mean that amounts previously recognized in OCI are reclassified to the consolidated statement of comprehensive income.

Non-controlling interests represent the interest in subsidiaries that are not owned by the Group. For each business combination, the Group elects whether to measure the non-controlling interests in the acquiree at fair value or at the proportionate share of the acquiree’s identifiable net assets. Transactions with non-controlling interest parties are treated as transactions with parties external to the Group.

Bank balances and cash on hands

Cash balances and cash on hands in the consolidated statement of financial position comprise cash at banks and on hands and other high liquidity short-term investments with a maturity of three months or less, which are subject to an insignificant risk of changes in value.

Current Versus Non-Current Classification

The Group presents assets and liabilities in the statement of financial position based on current/non-current classification.

An asset is current when it is:

- Expected to be realized or intended to be sold or consumed in the normal operating cycle,
- Held primarily for the purpose of trading.
- Expected to be realized within twelve months after the reporting period, or
- Bank balances and cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current

A liability is current when it is:

- Expected to be settled in the entity's normal operating cycle.
- Held primarily for the purpose of trading,
- Due to be settled within twelve months after the reporting period or there is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

The Company classifies all other liabilities as non-current.

3 SUMMERY OF MATRERIAL ACCOUNTING POLICIES (CONTINUED)

Current Versus Non-Current Classification (continued)

Financial instruments
A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

Financial assets
The Group's financial assets include trade and other receivables, short-term investments, investments at fair value through other comprehensive income, investments at fair value through profit or loss, investments in debt instruments and amounts due from related parties.

The classification of financial assets at initial recognition depends on the financial asset’s contractual cash flow characteristics and the Group’s business model for managing them.

The Group classifies its financial assets under the following categories:
Classification

- Financial assets designated at amortized cost.
- Financial assets designated at fair value through other comprehensive income.
- Financial assets designated at fair value through profit or loss.

Trade receivables issued are initially recognized when they are originated. Trade receivables that do not contain a significant financing component or for which the Group uses the practical expedient are measured at the transaction price determined under IFRS (15). All other financial assets are initially recognized when the Group becomes a party to the contractual provisions of the instrument at fair value plus or minus, in the case of financial assets not at fair value through profit or loss, transaction costs.

A financial asset shall be measured at fair value through other comprehensive income if both of the following conditions are met:

a) The financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets.
b) The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

A financial asset shall be measured at fair value through profit or loss unless it is measured at amortized cost or at fair value through other comprehensive income. However, an entity may make an irrevocable selection at initial recognition for particular investments in equity instruments that would otherwise be measured at fair value through profit or loss to present subsequent changes in fair value in other comprehensive income.
The Company reclassifies financial assets only when its business model for managing those financial assets change.

Initial measurement
Except for trade receivables, at initial recognition, an entity shall measure a financial asset at its fair value plus or minus, in the case of a financial asset not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition or issue of the financial asset.

Trade receivables that do not contain a significant financing component or for which the Company has applied the practical expedient are measured at the transaction price determined under IFRS 15.

Subsequent measurement

Financial assets at amortized cost
The Company measures financial assets at amortized cost whether the financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows. The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at amortized cost are subsequently measured using the Effective Interest rate (“EIR”) method and are subject to impairment. Interest received is recognized as part of finance income in the consolidated statement of comprehensive income. Gains and losses are recognized in profit or loss when the asset is derecognized, modified or impaired.

3 SUMMERY OF MATRERIAL ACCOUNTING POLICIES (CONTINUED)

Financial instruments (continued)

Financial assets (continued)

Financial assets designated at fair value through other comprehensive income (equity instruments)
Upon initial recognition, the Group can classify irrevocably its equity investments as equity instruments designated at FVOCI when they meet the definition of equity under IAS (32) Financial Instruments: Presentation and are not held for trading. The classification is determined on an instrument-by instrument basis.

Gains and losses on these financial assets are never recycled to profit or loss. Dividends are recognized as other income in the consolidated statement of income when the right of payment has been established, except when the Company benefits from such proceeds as a recovery of part of the cost of the financial asset, in which case, such gains are recorded in OCI. Equity instruments designated at fair value through OCI are not subject to impairment assessment. The Company has decided, irrevocably, to classify certain investments at fair value through other comprehensive income in this category.

Derecognition
A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognized (i.e. removed from the Company's statement of financial position) when:

- The rights to receive cash flows from the asset have expired; or

- The Company has transferred its right to receive cash flows from the asset or has assumed an obligation to fully pay it to a third party under a 'pass-through' arrangement and either:

  a) The Company has transferred substantially all the risks and rewards of the asset, or
  b) The Company has neither transferred nor retained substantially all the risks and rewards of the asset but has transferred control of the asset.

Impairment
The Group considers the probability of default upon initial recognition of assets and whether there has been a significant increase in credit risk on an ongoing basis throughout each reporting period. To assess whether there is a significant increase in credit risk the Group compares the risk of a default occurring on the asset as at the reporting date with the risk of default as at the date of initial recognition. The Group considers available reasonable and supportive forwarding-looking information.

For equity instruments measured at FVOCI, impairment losses (and reversal of impairment losses) are not reported separately from other changes in fair value. For debt instruments measured at FVOCI, impairment gains or losses are recognized in the consolidated statement of profit or loss, consolidated statement of income, and consolidated statement of comprehensive income.

For trade receivables only, the Group recognizes expected credit losses for trade receivables based on the simplified approach under IFRS (9). The simplified approach to the recognition of expected losses does not require the Group to track the changes in credit risk; rather, the Group recognizes a loss allowance based on lifetime expected credit losses at each reporting date from the date of the trade receivable. The Group has recognized provisions based on historical credit losses, adjusted for specific future factors for debtors and the economic environment.

Evidence that financial assets are impaired may include indications that a debtor or a group of debtors is experiencing significant financial difficulty, default or delinquency in profit or principal payments, the probability that they will enter bankruptcy or other financial reorganization and where observable data indicates that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

3 SUMMERY OF MATRERIAL ACCOUNTING POLICIES (CONTINUED)

Financial instruments (continued)

Financial assets (continued)
Expected credit losses are initially measured at the difference between the present value of the contractual cash flows that are due to the Group under the contract, and the cash flows that the Group expects to receive. The Group assesses all information available, including past due cases, credit ratings, the existence of third-party insurance, and forward looking macro-economic factors in the measurement of the expected credit losses associated with its assets carried at amortized cost. The Group measures expected credit loss by considering the risk of default over the contract period and incorporates forward-looking information into its measurement.

Financial Labilities
The Group's financial liabilities include trade and other payables, term loans, and Murabaha from various financial institutions, contract liabilities and amounts due to related parties which are subsequently measured at amortized cost.

Classification
An entity shall classify all financial liabilities as subsequently measured at amortized cost, except for:
a) Financial liabilities at fair value through profit or loss. Such liabilities, including derivatives that are liabilities, shall be subsequently measured at fair value.
b) Financial liabilities that arise when a transfer of a financial asset does not qualify for derecognition or when the continuing involvement approach applies.

Initial measurement
At initial recognition, an entity shall measure a financial liability at its fair value plus or minus, in the case of a financial liability not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition or issue of the financial liability.

Subsequent measurement
After initial recognition, all financial liabilities, including the short-term loans, and Murabaha from various financial institutions are measured at amortized cost. In case of long-term interest-bearing loans, EIR method will be applied.

Derecognition
A financial liability is derecognized when the obligation under the liability is discharged, cancelled or expired. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the de-recognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognized in the consolidated statement of income.

Offsetting of financial instruments
Financial assets and financial liabilities are offset, and the net amount is reported in the statement of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realize the assets and settle the liabilities simultaneously.

Derivative financial instruments
The derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently remeasured at fair value.

Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative.

Inventories
Inventories are measured at lower of cost and net realizable value. Cost is determined using the weighted average cost method. The cost of inventory includes the purchase price plus all expenses incurred in bringing the inventory to its present location and condition. Net realizable value is the estimated selling price in the ordinary course of business, less selling expenses. A provision is offset for obsolete, slow moving and damaged inventories when necessary.

3 SUMMERY OF MATRERIAL ACCOUNTING POLICIES (CONTINUED)

Investment properties

Investment property comprises completed property that is 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 fair value which reflects the prevailing market conditions at the reporting date. Gains or losses resulting from changes in the fair value of real estate investments are included in the profit or loss of the period in which they arise. The fair value is determined based on an annual calendar by an accredited external evaluator applying the recommended valuation method.

Transfers are made from (or to) investment property only when there is a change in use. For transfers from investment properties to property, plant and equipment, the deemed cost for subsequent accounting is the fair value at the date of the 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 up to the date of change in use.

Investment properties are derecognized either when Investment properties are disposed of or when Investment properties are permanently withdrawn from use and no future economic benefits is expected from its disposal. The difference between the net disposal proceeds and the carrying amount of the investment property is recognized in the consolidated statement of income in the period of derecognition.

Leases

The Group assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

The Group as a lessee

The Group applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Group recognizes lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

Right of use assets

The Group recognizes right of use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, adjusted for any re-measurement of lease liabilities.

The cost of right-of-use assets includes the amount of lease liabilities recognized, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets.

If ownership of the leased asset transfers to the Group at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset.

The right-of-use assets are also subject to impairment Refer to the accounting policies in section (Impairment of non-financial assets).

Lease liabilities

At the commencement date of the lease, the Group recognizes lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for terminating the lease, if the lease term reflects the Group exercising the option to terminate. The variable lease payments that do not depend on an index or a rate are recognized as expense in the period on which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Group uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is re-measured if there is a modification, a change in the lease term, a change in the in-substance fixed lease payments or a change in the assessment to the option purchase the underlying asset.

3 SUMMARY OF MATRERIAL ACCOUNTING POLICIES (CONTINUED)

Leases (continued)

Lease liabilities (continued)

The Group has classified the cash payments of principal and finance cost components relating to leases as financing activities.

Short term leases and leases of low-value assets
The Group applies the short-term lease recognition exemption to its short-term leases of commercial buildings, accommodations and offices (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases of commercial buildings, accommodations and offices that are considered of low value.
Lease payments of short-term leases and leases of low value assets are recognized as expense on a straight-line basis over the lease term.

The Group as a Lessor
Leases in which the Group does not transfer substantially all the risks and benefits associated with ownership of an asset are classified as operating leases. Rental income is accounted for on a straight-line basis over the lease term and is included under revenue in profit or loss in the statement of income due to its operating nature. Initial direct costs incurred during the negotiation and arrangement of an operating lease are added to the carrying amount of the leased asset and recognized over the lease term on the same basis as rental income. Contingent rents are recognized as revenue in the period in which they are earned.

Property, plant and equipment
Property, Plant and equipment are stated at cost, net of accumulated depreciation and accumulated impairment losses, if any. Such cost includes the cost of replacing a part of the property, plant and equipment and borrowing costs (if any) for long-term projects if the recognition criteria are met. When significant parts of property, plant and equipment are required to be replaced at intervals, the Group depreciates them separately based on their finite useful lives. Likewise, when a major inspection is performed, its cost is recognized in the carrying amount of the property and equipment as a replacement if the recognition criteria are met. All other repair and maintenance costs are recognized in statement of income as incurred.

Depreciation is calculated on a straight-line basis over the estimated useful lives of the assets as follows:

Item	***Years***	***Item***	***Years***
Buildings	33 – 50	fixtures and Furniture	10
Equipment and machinery	10	Computers	6
Motor vehicles	5 - 14 with 20% residual value	Electronic devices	10
Communication devices and phones	4	billboards	6
Leasehold improvements	25 years or over lease term, whichever is shorter		

An item of property, plant and equipment is derecognized upon disposal or when no future economic benefits are expected from its use. Any gain or loss arising on derecognition of any asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the consolidated statement of income when the asset is derecognized. The residual values, useful lives and methods of depreciation of property, plant and equipment are reviewed at each financial year end and adjusted prospectively, if appropriate.

3 SUMMARY OF MATRERIAL ACCOUNTING POLICIES (CONTINUED)

Projects in progress
Projects under construction are stated at cost and are not depreciated. Depreciation of projects under construction begins when the assets are ready for their intended use and have been transferred to property, plant and equipment. Murabaha financing expenses and loans used to finance the construction of qualifying assets are capitalized over the period of time required to complete and prepare the asset for its intended use. The interest financing leases related to projects under construction is also capitalized.

During the year, SOCPA in their clarifications published a reply that depreciation on right of use assets (related to Lands) during the period of construction of project in progress has to be expensed and not capitalized. Accordingly, management has reassessed the accounting policy to align with the SOCPA clarification. Previously, the Group had capitalized the depreciation of lands right of use assets during the period of construction of project in progress. Consequently, a retrospective restatement has been done to align with SOCPA clarification, refer to note 39.

Intangible Assets
Intangible assets acquired separately, are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less any accumulated amortization and accumulated impairment losses, if any.

The useful lives of intangible assets are classified to be either finite or infinite. Intangible assets with finite lives are amortized over their estimated useful lives and reviewed for impairment whenever there is an indication of such impairment. The amortization period and the amortization method for the intangible assets with finite lives are reviewed at least once at each financial year-end. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are considered to modify the amortization period or method, as appropriate, and are treated as changes in accounting estimates.

The amortization expenses of intangible assets with finite lives is recognized in the consolidated statement of income as an expense in consistency with the function of the intangible assets.

Amortization of intangible assets that consist of IT software is calculated on a straight-line basis over the useful life of the asset which is 2-5 years.

Gains or losses arising from derecognizing an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in consolidated statement of income when the asset is derecognized.

Impairment of non-financial assets
At each reporting date, the Group reviews the carrying amount of its non-financial assets to ensure that there is any indication of impairment. If such an indication exists, then the asset's recoverable amount is estimated.

The recoverable amount of an asset or cash-generating unit is the greater of its present value or its fair value less costs to sell. In assessing the present value, the estimated future cash flows are discounted to their present value using a pre-Zakat discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generate cash flows from continuous use that are largely separate of the cash flows of other assets or groups of assets (cash-generating units). If there is an indication that an asset may be impaired, then the recoverable amount is determined for the CGU to which the asset belongs. An impairment loss is recognized if the carrying amount of an asset or a cash-generating unit exceeds its recoverable amount. Impairment losses are recognized in the consolidated statement of income. Impairment losses recognized in respect of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to the units, and then to reduce the carrying amount of other assets in the unit (group of units) on a pro rata basis.

For non-financial assets, except goodwill, an assessment is made at each reporting date to determine whether there is an indication that previously recognized impairment losses no longer exist or have decreased. If such indication exists, the Group estimates the asset's or CGU's recoverable amount. A previously recognized impairment losses are reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the

last impairment loss was recognized. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognized for the asset in prior years.

3 SUMMARY OF MATRERIAL ACCOUNTING POLICIES (CONTINUED)

Business combination and goodwill
Business combinations are accounted for using the acquisition method. The cost of acquisition is measured as the aggregate of the consideration transferred, measured at fair value at the acquisition date and the amount of any non-controlling interests in the acquiree. For each business combination, the Group elects whether to measure the non-controlling interests in the acquiree either at fair value or at the percentage share of the acquiree's identifiable net assets. Acquisition costs incurred are expensed and included in general and administrative expenses.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives within other financial instruments in host contracts by the acquiree.

Any contingent consideration to be transferred by the acquirer will be recognized at fair value at the acquisition date. Contingent consideration that is classified as an equity is not remeasured and subsequent settlement is recognized within equity. Contingent consideration classified as an asset or liability that is a financial instrument and within the scope of IFRS (9) “Financial Instruments”, is measured at fair value with the changes in fair value recognized in the consolidated statement of income in accordance with IFRS (9). All other contingent consideration that is not within the scope of IFRS (9) is measured at fair value at each reporting date with changes in fair value recognized in the consolidated statement of income.

Goodwill is initially measured at cost (being the excess of the aggregate of the consideration transferred and the amount recognized for non-controlling interests and any previously owned interests over the net identifiable assets acquired and liabilities assumed). If the fair value of the net assets acquired is in excess of the aggregate consideration transferred, The Group re-assesses whether it has correctly identified all of the assets acquired and all of the liabilities assumed and reviews the procedures used to measure the amounts to be recognized at the acquisition date. If the reassessment still results in an excess of the fair value of net assets acquired over the aggregate consideration transferred, then the gains are recognized in the consolidated statement of income.

After the initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each unit or a group of CGUs that are expected to benefit from the business combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units. Where goodwill has been allocated to a CGU and part of the operation within unit is disposed of, the goodwill associated with the disposed operation is included in the carrying amount of the operation when determining the gains or losses on disposal operation. Goodwill disposed of in this circumstance is measured and where goodwill has been allocated to a CGU and part of the operation within unit is disposed of, the goodwill associated with the disposed operation is included in the carrying amount of the operation when determining the gains or losses on disposal operation. Goodwill disposed of in this circumstance is measured based on the relative values of the operation disposed of and the portion of the cash-generating unit retained.

Dividends
The Group recognizes obligations to pay cash or non-cash dividends to shareholders when the distribution is approved and is no longer at the discretion of the Group. Final dividends are recognized as liabilities at the time of their approval by the General Assembly. Interim dividends
are recorded when approved by the Board of Directors. A corresponding amount is recognized directly in statement of changes in equity.

Zakat
The Company and its subsidiaries are subject to the Zakat regulations issued by Zakat, Tax and Customs Authority (“ZATCA”) in the Kingdom of Saudi Arabia and are subject to interpretations issued by ZATCA. The management establishes provisions where appropriate on the basis of amounts expected to be paid to ZATCA and periodically evaluates positions taken in the Zakat returns with respect to situations in which applicable Zakat regulations is subject to interpretation. The zakat provision is charged to the consolidated statement of income. Additional zakat liability, if any, related to prior years’ assessments arising from ZATCA are accounted for in the period in which the assessments are finalized.

3 SUMMARY OF MATRERIAL ACCOUNTING POLICIES (CONTINUED)

Zakat (continued)

Value-Added Tax (“VAT”)
Expenses and assets are recognized after deducting the total value added tax, unless VAT incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case VAT is recognized as part of the cost of acquisition of the asset or as part of the expense item as applicable; and receivables and payables that are stated with the amount of VAT included. The net amount of value added tax recoverable from, or payable to, the taxation authorities is included as part of receivables or payables in the consolidated statement of financial position.

Accruals
Liabilities are recognized for amounts to be paid in future for goods or services received, whether billed by the supplier or not.

Provisions, Contingent Assets and Contingent liabilities
Provisions are recognized when the Group has present obligations (legal or constructive) as a result of past events, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of obligation. When the Group expects some or all of a provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognized as a separate asset, but only when the reimbursement is virtually certain. The expense relating to a provision is presented in the statement of income net of any reimbursement. If the effect of the time value of money is material, provisions are discounted using a current rate that reflects, when appropriate, the risks specific to the liability. When discount is used, the increase in the provision due to the passage of time is recognized as finance cost.

<u>Onerous contracts</u>
If the Group has a contract that is onerous, the present obligation under the contract is recognized and measured as a provision. However, before a separate provision for an onerous contract is established, the Group recognizes any impairment loss that has occurred on assets dedicated to that contract.

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 unavoidable costs under a contract reflect the net cost of exiting from the contract, which is the lower of the cost of fulfilling it and any compensation or penalties arising from failure to fulfil it.

<u>Contingent liabilities recognized in a business combination</u>
A contingent liability recognized in a business combination is initially measured at its fair value. Subsequently, it is measured at the higher of the amount that would be recognized in accordance with the requirements for provisions above or the amount initially recognized less (when appropriate) cumulative amortization recognized in accordance with the requirements for revenue recognition.

Employees' defined benefits

<u>Short term employees’ benefits</u>
Short-term employees' benefits are expensed as the related services are provided. A liability is recognized for the amount expected to be paid if the Group has a present legal or constructive obligation to pay this amount as a result of past services provided by the employee and the obligation can be estimated reliably.

<u>Defined Contribution Plans</u>
Retirement benefit in the form of General Organization of Social Insurance (GOSI) is a defined contribution plan. The Group has no obligations, other than the contributions payable to the GOSI. The Group recognizes contributions payable to the GOSI as an expense when fall due.

<u>Defined benefit plans</u>
A defined benefit plan is a post-employment benefit plan other than a defined contribution plan. The net pension liability recognized in the consolidated statement of financial position in respect of defined benefit post-employment plans is the present value of the projected defined benefit liability at the consolidated statement of financial position date. The defined benefit liability is calculated annually by qualified actuaries using projected credit unit method. Re-measurement amounts, if any, are recognized and reported within other reserves under the consolidated statement of changes in equity with corresponding debit or credit to the consolidated statement of comprehensive income that comprises of actuarial gains and losses on the defined benefits liability.

3 SUMMARY OF MATRERIAL ACCOUNTING POLICIES (CONTINUED)

Employees' defined benefits (continued)

Fair Value Measurement
Fair value is the price that would be received to sell assets or paid to transfer liabilities 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 assets or transfer the liabilities takes place either:

- In the principal market for the assets or liabilities; Or
- In the absence of a principal market, in the most advantageous accessible market for the assets or liabilities.

The principal or the most advantageous market must be accessible by the Group.

The fair value of the assets or a liabilities is measured using the assumptions that market participants would use when pricing the assets or liabilities, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial assets considers a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

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

All assets and liabilities for which fair value is measured or disclosed in the financial statements are classified within fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1: Quoted (unadjusted or repriced) market prices in active markets for identical assets or liabilities
- Level 2: Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- Level 3: Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

For assets and liabilities that are recognized in the financial statements on a recurring basis, the Group determines whether transfers have occurred between levels in fair value hierarchy by re-assessing classification (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period

Revenue
The Group recognizes revenues based on a five-step model as set out in IFRS (15):

Step 1. Identify the contract(s) with a customer: A contract is defined as an agreement between two or more parties that creates enforceable rights and obligations and set out the criteria for every contract that must be met.

Step 2. Identify the performance obligations in the contract: A performance obligation is a promise in a contract with a customer to transfer a good or service to the customer.

Step 3. Determine the transaction price; The transaction price is the amount of consideration to which the Group expects to be entitled in exchange for transferring promised goods or services to a customer, excluding amounts collected on behalf of third parties.

Step 4. Allocate the transaction price to the performance obligations in the contract: For contracts that have more than one performance obligation, the Group will allocate the transaction price to each performance obligation in an amount to which the Group expects to be entitled in exchange for satisfying each performance obligation.

Step 5. Recognize revenues when (or as) the entity satisfies a performance obligation.

Revenue from fuel sales
Revenues are recognized at a point in time when fuel is sold to the customer at an amount that reflects the consideration to which the Group is expected to be entitled in exchange for the fuel. The Group concluded that in general it is the principal in its sale agreements as it usually controls goods before delivery to the customer.

3 SUMMARY OF MATRERIAL ACCOUNTING POLICIES (CONTINUED)

Revenue (continued)

Sale of goods
Revenue is recognized when control of the goods has transferred to the customer, recovery of consideration is probable, the associated costs and potential return of the goods can be estimated reliably, there is no continuing management involvement with the goods and the amount of revenue can be measured reliably. Revenues are measured net of returns, trade discounts and volume discounts.

Rendering of the services
The Group is engaged in providing services related to vehicle inspection, transportation and distribution of refined petroleum products, and it recognizes the revenues of these services upon completion of their provision, given that the duration of services is generally short in nature.

Revenue from rental
The Group leases sections of the stations and is recognized as rental income over the lease term.

Other income is recognized when earned.

Costs and expenses
Expenses are recognized when incurred based on the accrual basis of accounting. Expenses are classified as:
a) Cost of revenue: It includes costs directly related to the sales of goods and rendering of services, i.e. directly related to recognized revenue.
b) Sales and Marketing: It represents the Company's efforts related to the marketing and sales department.
c) General and administrative expenses: All other expenses, except direct costs, are classified as general and administrative expenses
d) Allocations between costs of revenue, selling and distribution and general and administrative expenses, when required, are made on a consistent basis.

Finance revenue and finance costs
Finance revenue includes Interest income which is recognized as it accrues in the consolidated statement of income, using the effective Interest method.

Finance costs consist of financial charges related to Murabaha and term loans which are recognized in the consolidated statement of income. Borrowing costs that are not directly attributable to the acquisition, construction or production of a qualifying asset are recognized in the consolidated statement of income using the effective interest method.

Foreign currency
The consolidated financial statements of the Group are presented in SR which is the functional currency of the Group. For each entity, the Group determines the functional currency and the items included in the financial statements of each entity using this functional currency. The Group uses the direct method of consolidation, when selling a foreign currency, gains or losses reclassified to the consolidated statement of income are presented in the amount arising from the use of this method.

Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange prevailing at the consolidated financial statements date. All differences are recognized in the consolidated statement of income. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions.

Segmental Information
An operating segment is a component of the Group that engages in business activities from which it may earn revenue and incur expenses, including revenue and expenses related to transactions with any of the Group's other components. All operating segments' operating results are reviewed by the Group's Chief Operating Decision maker to make decisions about resources to be allocated to the segment and to assess its performance, and for which separate financial information is available.

4 ACCOUNTING STANDARDS

NEW STANDARDS ISSUED, AND STANDARDS ISSUED AND EFFECTIVE

Following are the standards and amendments effective on 1 January 2023 or after (unless otherwise stated) and do not have a material impact on the Group's consolidated financial statements. The Group has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective .

IFRS 17 Insurance Contracts

IFRS 17 Insurance Contracts is a comprehensive new accounting standard for insurance contracts covering recognition and measurement, presentation and disclosure. IFRS 17 replaces IFRS 4 Insurance Contracts; IFRS 17 applies to all types of insurance contracts (i.e., life, non-life, direct insurance and re-insurance), regardless of the type of entity that issues them, as well as certain guarantees and financial instruments with discretionary participation features. A few scope exceptions will apply. The overall objective of IFRS 17 is to provide a comprehensive accounting model for insurance contracts that is more useful and consistent for insurers, covering all relevant accounting aspects. IFRS 17 is based on a general model, supplemented by:

- A specific adaptation for contracts with direct participation features (the variable fee approach)
- A simplified approach (the premium allocation approach) mainly for short-duration contracts

The new standard had no impact on the Group's consolidated financial statements.

Definition of Accounting Estimates – Amendments to IAS 8

The amendments to IAS 8 clarify the distinction between changes in accounting estimates, changes in accounting policies and the correction of errors. They also clarify how entities use measurement techniques and inputs to develop accounting estimates.

The amendments had no impact on the Group's consolidated financial statements.

Disclosure of Accounting Policies – Amendments to IAS 1 and IFRS Practice Statement 2

The amendments to IAS 1 and IFRS Practice Statement 2 Making Materiality Judgements provide guidance and examples to help entities apply materiality judgements to accounting policy disclosures. The amendments aim to help entities provide accounting policy disclosures that are more useful by replacing the requirement for entities to disclose their 'significant' accounting policies with a requirement to disclose their 'material' accounting policies and adding guidance on how entities apply the concept of materiality in making decisions about accounting policy disclosures.

The amendments have had an impact on the Group's disclosures of accounting policies, but not on the measurement, recognition or presentation of any items in the Group's consolidated financial statements.

Deferred Tax related to Assets and Liabilities arising from a Single Transaction – Amendments to IAS 12

The amendments to IAS 12 Income Tax narrow the scope of the initial recognition exception, so that it no longer applies to transactions that give rise to equal taxable and deductible temporary differences such as leases and decommissioning liabilities.

The amendments had no impact on the Group's consolidated financial statements.

NEW STANDARDS ISSUED, AND STANDARDS ISSUED BUT NOT YET EFFECTIVE

The new amended, issued standards and interpretations, which are not effective yet as at 31 December 2023, have not been adopted early by the Group and will be adopted on their effective date as applicable. The adoption of these standards and interpretations is not expected to have any material impact on the Group on the effective date.

Standard, Amendment or Interpretation	**Effective date**
- Amendments to IAS (1): Classification of Liabilities as Current or Non-current	1 January 2024
- Amendment to IFRS 16: Lease Liability in Sale and Leaseback Transactions	1 January 2024
- Disclosures: Supplier Finance Arrangements - Amendments to IAS 7 and IFRS 7	1 January 2024
- Lack of exchangeability – Amendments to IAS 21	1 January 2025

5 SIGNIFICANT ACCOUNTING JUDGMENTS, ESTIMATES AND ASSUMPTIONS

In preparing these consolidated financial statements, management has made judgments, estimates and assumptions that affect the application of the Group’s accounting policies and the reported amounts of assets, liabilities, income, expenses and accompanying disclosures. Uncertainty about assumptions and estimates may result in outcomes that require a material adjustment to the carrying amount of the assets or liabilities affected in future periods.

Core estimates and assumptions are reviewed on an on-going basis. Adjustments to estimates are recognized prospectively.

Estimates and Assumptions
The key assumptions concerning the future and other key sources of estimation uncertainty at the date of preparing the consolidated financial statements, that have a material impact of causing a material adjustment to the carrying amount of assets and liabilities within the next financial year, are described below. The Group used its assumptions and estimates on parameters available when the consolidated financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising that are beyond the control of the Group. Such changes are reflected in the assumptions when they occur.

Impairment of non-financial assets
An impairment exists when the carrying value of an asset or cash generating units (CGU) exceeds its recoverable amount, which is the higher of its fair value less costs to sell and the present value. The fair value less costs to sell 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 selling the asset. The present value is based on a Discounted Cash Flow ("DCF") model. 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 asset of the CGU being tested for impairment. The recoverable amount is 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.

Expected Credit Losses (ECLs) 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.

Employee' defined benefits liabilities
Employee' defined benefits liabilities are determined using actuarial valuations. An actuarial valuation involves making various assumptions, which may differ from actual developments in the future. These assumptions 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 defined benefit liability is highly sensitive to changes in these assumptions. All assumptions are reviewed annually.

Useful lives and residual values of property and equipment
Management reviews the useful lives and residual values of property and equipment annually. Any change in the estimated useful life or depreciation pattern will be accounted for prospectively. During 2023, the residual value has been adjusted for a number of motor vehicles under property, plant, and equipment to become 20% of the residual value. This adjustment was accounted for prospectively.

Fair value measurement of financial instruments
When the fair values of financial assets and financial liabilities recorded in the consolidated statement of financial position cannot be measured based on quoted prices in active markets, their fair value is determined using valuation techniques including the discounted cash flow (“DCF”) model. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgement is required in establishing fair values. Judgements include considerations of inputs such as liquidity risk, credit risk and volatility. Changes in assumptions relating to these factors could affect the reported fair value of financial instrument Changes in assumptions relating to these Judgements could affect the reported fair value of financial instruments.

5 SIGNIFICANT ACCOUNTING JUDGMENTS, ESTIMATES AND ASSUMPTIONS (CONTINUED)

Leases - Estimating the incremental borrowing rate
The Group cannot readily determine the interest rate implicit in the lease, therefore, it uses its incremental borrowing rate (IBR) to measure lease liabilities. The IBR is the rate of interest that the Group would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. The IBR therefore reflects what the Group would have to pay, which requires estimation when no observable rates are available (e.g., subsidiaries that do not enter into financing transactions) or when they need to be adjusted to reflect the terms and conditions of the lease (for example, when leases are not in the subsidiary's functional currency). The Group estimates the IBR using observable inputs (such as market interest rates) when available and is required to make certain entity-specific estimates (e.g., credit rating of a subsidiary).

Going Concern
The consolidated financial statements have been prepared on a going concern basis. 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 uncertainty that may cast significant doubt on the Group's ability to continue as a going concern.

Judgments

Determining the lease term of contract with renewal and termination options – The Group as a lessee
The Group determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised.

The Group has several leases that include renewal and termination options. The Group applies judgements in evaluating whether it is reasonably certain whether or not to exercise the option to renew or terminate the lease. That is, it considers all relevant factors that create an economic incentive for it to exercise either the renewal or termination. After the commencement date, the Group reassesses the lease term if there is a significant event or change in circumstances that is within its control and affects its ability to exercise or not to exercise the option to renew or to terminate (e.g., construction of significant leasehold improvements or significant customization to the leased asset).

Property Lease Classification – The Group as a Lessee
The Group has entered into leases for its properties. The Group has determined, based on an evaluation of the terms and conditions of the arrangements, such as the lease term not constituting a major part of the useful life of the commercial property and the present value of the minimum lease payments not amounting to substantially all of the fair value of the commercial property that it retains substantially all the risks and benefits incidental to ownership of these properties and accounts for the contracts as operating leases.

6 PROPERTY, PLANT AND EQUIPMENT

	*Lands** *SR*	*Buildings** *SR*	*Equipment and machinery SR*	*Motors vehicles SR*	*Communication devices and phones SR*	*fixtures and Furniture SR*	*Computers SR*	*Electronic Devices SR*	*Billboards SR*	*Leasehold improvements SR*	***TOTAL For the year ended 31 December 2023 SR***	*TOTAL For the year ended 31 December 2022 SR*
Cost:												
At the beginning of the year	773,357,222	833,278,822	186,775,223	133,498,386	1,561,163	48,984,671	28,133,680	39,877,005	33,459,389	355,509,289	**2,434,434,850**	1,769,958,614
Additions from the acquisition of a subsidiary	-	-	-	-	-	-	-	-	-	-	-	921,481,093
Additions during the year	25,800,000	1,253,499	6,059,772	28,497,918	-	1,858,298	737,954	1,710,700	2,113,549	18,331,243	**86,362,933**	66,627,910
Transferred from projects in progress (note 7)	-	66,705,920	23,478,633	2,743,600	-	4,319,144	16,459,086	9,188,041	4,381,137	169,128,990	**296,404,551**	33,667,084
Disposals	-	(154,989)	(7,954,790)	(7,046,306)	(1,144,299)	(4,155,174)	(3,716,025)	(3,027,474)	(1,999,975)	(5,695,251)	**(34,894,283)**	(161,009,584)
Disposals from exiting leased stations	-	-	-	-	-	-	-	-	-	(62,495)	**(62,495)**	(4,377,906)
Disposals of sale and leaseback (Note 36)	-	-	-	-	-	-	-	-	-	-	-	(191,912,361)
At the end of the year	799,157,222	901,083,252	208,358,838	157,693,598	416,864	51,006,939	41,614,695	47,748,272	37,954,100	537,211,776	**2,782,245,556**	2,434,434,850
Depreciation:												
At the beginning of the year	-	325,616,654	92,389,629	59,947,693	1,275,369	34,101,349	15,525,120	24,751,124	19,917,760	119,870,820	**693,395,518**	473,165,148
Additions from the acquisition of a subsidiary	-	-	-	-	-	-	-	-	-	-	-	300,964,567
Charge for the year	-	29,961,990	18,410,414	9,734,140	59,355	4,543,183	4,131,825	3,363,615	3,592,708	34,831,919	**108,629,149**	92,271,245
Disposals	-	(140,657)	(4,834,023)	(6,144,067)	(1,144,133)	(4,103,414)	(3,646,754)	(2,894,154)	(1,859,794)	(3,945,848)	**(28,712,844)**	(151,708,676)
Disposals from exiting leased stations	-	-	-	-	-	-	-	-	-	(11,652)	**(11,652)**	(4,116,066)
Disposals of sale and leaseback of property, plant and equipment (Note 36)	-	-	-	-	-	-	-	-	-	-	-	(17,180,700)
At the end of the year	-	355,437,987	105,966,020	63,537,766	190,591	34,541,118	16,010,191	25,220,585	21,650,674	150,745,239	**773,300,171**	693,395,518
Net Book Value:												
As at 31 December 2023	**799,157,222**	**545,645,265**	**102,392,818**	**94,155,832**	**226,273**	**16,465,821**	**25,604,504**	**22,527,687**	**16,303,426**	**386,466,537**	**2,008,945,385**	
As at 31 December 2022	773,357,222	507,662,050	96,507,650	73,551,953	285,794	12,760,197	12,616,313	15,125,337	13,541,629	235,631,187		1,741,039,332

(*) As of 31 December 2023, Property, plant and equipment did not include any assets mortgaged in favor of banks as collateral for loans and banking facilities provided by them (31 December 2022: SR 99,384,518) (note 20).

6 PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

Depreciation expense was charged to the consolidated statement of income as follows:

	31 December 2023 SR	*31 December 2022 SR*
Cost of revenue (note 30)	**104,305,510**	89,433,875
General and administrative expenses (note 31)	**4,323,639**	2,837,370
	108,629,149	92,271,245

7 PROJECTS IN PROGRESS

This item represents the cost of establishing the Company's head Office building and establishing and developing projects related to fuel stations in various regions in the Kingdom of Saudi Arabia. This item includes costs of contractors in addition to expenses of project management, finance costs, and other miscellaneous expenses qualified for capitalization.

The movement of the projects in progress during the year is as follows:

	31 December 2023 SR	*31 December 2022 (Restated- Note 39) SR*	*01 January 2022 (Restated- Note 39) SR*
At the beginning of the year	**184,126,421**	82,857,745	65,744,738
Additions from the acquisition of a subsidiary	**-**	17,040,108	-
Additions during the year	**182,120,818**	102,941,350	126,497,286
Lease liabilities' interest ("a")	**6,603,861**	7,595,008	5,907,008
Loans and Murabaha interest ("b")	**20,784,589**	7,464,935	3,249,440
Transferred to property, plant and equipment (note 6 "c")	**(296,404,551)**	(33,667,084)	(118,540,727)
Transferred to other intangible assets	**(4,278,660)**	-	-
Impairment of projects in progress ("d")	**(2,264,254)**	(105,641)	-
At the end of the year	**90,688,224**	184,126,421	82,857,745

a) This represents interests on payments of lease liabilities capitalized on construction work in progress (note 21).

b) This represents finance costs qualified for capitalization. The rate used to determine finance costs qualified for capitalization is the weighted average rate 7,5% (2022: 5,4%) of borrowing costs on the Group's outstanding loans during the year and used to finance these projects.

c) Transfers to property, plant and equipment mainly represent the cost of constructing new stations in all regions of KSA.

d) The Group regularly inspects the completion percentage of projects. During the last inspection of these projects, an impairment at an amount of SR 2.3 million was recorded in the value of projects in progress as of 31 December 2023 (2022: SR 0,1 M).

8 INVESTMENT PROPERTIES

The group investment properties consist of a land in Makkah valued at SR 159,787,500 as of 31 December 2023 (2022: SAR 89,481,000).

Set out below is the movement of the investments in lands for the two years ended 31 December:

	31 December 2023 SR	*31 December 2022 SR*
Cost:		
At the beginning of the year	**89,481,000**	89,481,000
Remeasurement recognized in profit or loss	**70,306,500**	-
At the end of the year	**159,787,500**	89,481,000

During the year ended 31 December 2023, the Group elected to value investment properties at fair value in accordance with IAS 40 instead of the cost model applied previously. No adjustment to investment properties balances for the comparative period arose as a result of this change in the accounting policy as those investments were recognized at fair value as at 31 December 2022 as a result of acquisition through the business consolidation of NAFT Services Company Limited (a subsidiary).

The fair value of the land was determined based on the valuations conducted by the Estnad Office, an independent and accredited valuation expert, with license number 1210000037 by Saudi Organization for Accredited Valuers. The fair value measurement was classified under the third level based on the valuation techniques applied.

Below is the valuation technique used and the main inputs for valuation of investment properties:

	Valuation technique	***Significant non-observable inputs***	***Scope***
Properties (Commercial)	Comparable value approach	Price per square meter	SR 11,000 - SR 16,000 per square meter
		Fair value	SR 159.7 million

9 RIGHT OF USE ASSETS

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

	31 December 2023 SR	*31 December 2022 Restated SR*
Cost:		
At the beginning of the year	**2,750,375,640**	1,647,399,912
Additions from the acquisition of a subsidiary, net	**-**	823,118,487
Additions	**373,260,565**	252,931,117
Additions due to sale and leaseback of property, plant and equipment	**-**	94,480,304
Adjustments to modified leases	**(5,204,454)**	41,576,906
Disposals	**(111,956,125)**	(109,131,086)
At the end of the year	**3,006,475,626**	2,750,375,640
Accumulated depreciation		
At the beginning of the year	**529,818,994**	393,707,695
Charge for the year (note 30,31)	**233,512,822**	191,265,689
Disposals	**(40,352,922)**	(55,154,390)
At the end of the year	**722,978,894**	529,818,994
Carrying value	**2,283,496,732**	2,220,556,646

a) During the year ended 31 December 2023, the Group terminated some leases for a number of stations before the end of their terms. Consequently, these disposals resulted in gains of SR 5,549,833 (2022: SR 4,841,119), which were recognized in the consolidated statement of income.

b) Lease adjustments represent changes made to lease payments and terms agreed upon with the lessors.

c) There were no leases which included guaranties of residual value committed by the Group.

d) Uncapitalized depreciation was charged to the consolidated statement of income under cost of revenue.

The following are the amounts recognized in the consolidated statement of income:

	31 December 2023 SR	*31 December 2022 Restated SR*
Depreciation expense of right-of-use assets	**233,512,822**	191,265,689
Interest expense on lease liabilities (note 21)	**89,729,650**	73,206,587
Variable lease payments	**54,874,870**	41,221,747
	378,117,342	305,694,023

10 INTANGIBLE ASSETS - GOODWILL

Goodwill resulted from the acquisition of Zaiti Petroleum Services Company during 2015 and NAFT Services Company Limited ("NAFT") during 2022. The Carrying amount of goodwill is as follows:

	Naft Services Company Limited (“Naft”)	*Zaiti Petroleum Services Company*	***31 December 2023 SR***	*31 December 2022 SR*
Cost:				
As at the beginning of the year	491,039,211	4,308,993	**495,348,204**	4,308,993
Acquisition of a subsidiary	-	-	-	491,039,211
Impairment in Goodwill	(3,150,555)	-	**(3,150,555)**	-
As at the end of the year	487,888,656	4,308,993	**492,197,649**	495,348,204

Goodwill impairment

International Accounting Standard (36) "Impairment of Assets" requires that goodwill impairment testing be performed on an annual basis regardless of whether or not there is any indication of impairment of goodwill. Goodwill is assigned to the business units of the group that represent the cash-generating units in which the goodwill is managed. Cash-generating units represent each oil station separately acquired in prior year. At the time of acquisition, goodwill was distributed based on the Group's valuation of stations representing cash-generating units.

Goodwill impairment test

The Group performed its annual impairment test in December 2023 and 2022. The Group considers the relationship between market value and book value, among other factors, when reviewing for indicators of impairment. As at 31 December 2023, the recoverable amount of the CGUs was less than the carrying value, indicating a potential decline in goodwill. The recoverable value is determined on the basis of present value calculations, which use cash flow projections over five years in accordance with financial budgets approved by management. Off-balance sheet cash flows are extrapolated using the company's estimated growth rate. Management believes that the assumptions regarding the growth rate are no more than the average long-term growth rates of the company's activities.

Key assumptions for the current value calculations are set out below.

	%
Discount rates	**7,14**
Average annual growth rate for sales	**2.5- 3**
Terminal growth rate	**2**

The discount rates used are pre-zakat and reflect specific risks relating to the subsidiary. Management has determined the estimated gross margin based on the current fixed profit margin (0.15 halalas per liter).

Sensitivity to changes in assumptions
With regard to the assessment of current value for the subsidiary, any adverse changes in key assumptions would result in an impairment loss. The key assumptions, where reasonably possible changes could result in impairment, are the terminal growth rates and the discount rates used.

11 OTHER INTANGIBLE ASSETS

Intangible assets mainly include accounting and operating software's operating in stations; the following is the movement of intangible assets during the year:

	31 December 2023 SR	*31 December 2022 SR*
Cost:		
As at the beginning of the year	**14,508,458**	12,186,490
Additions	**383,667**	2,333,038
Transferred from projects in progress	**4,278,660**	**-**
Disposals	**-**	(11,070)
As at the end of the year	**19,170,785**	14,508,458
Accumulated amortization:		
As at the beginning of the year	**10,944,547**	9,952,500
Amortization for the year	**1,153,236**	1,003,116
Disposals	**-**	(11,069)
As at the end of the year	**12,097,783**	10,944,547
Net book value:		
Balance as at 31 December	**7,073,002**	3,563,911

12 INVESTMENTS

A) Investments at fair value through other comprehensive income (FVOCI)

The Group has made long term investments in the below mentioned companies, which do not give control or the right to make decisions in the investee. The Group has classified these investments as investments at FVOCI in accordance with the Group's business model for such investments.

Company	***% of Ownership***	***Country of Incorporation***	***31 December 2023 SR***	*31 December 2022 SR*
Middle East Battery Company	12.79%	Kingdom of Saudi Arabia	**134,959,443**	156,730,962
Mutual Funds - Osool and Bakheet	-	Kingdom of Saudi Arabia	**13,871,662**	**-**
Investment in SABB portfolio		Kingdom of Saudi Arabia	**-**	323,891
National Tourism Company	0.36%	Kingdom of Saudi Arabia	**1,233,998**	1,033,034
Racing Co. Ltd.	25%	Kingdom of Saudi Arabia	**125,000**	125,000
			150,190,103	158,212,887

The movement of the investments at FVOCI is as follows:

	31 December 2023 SR	*31 December 2022 SR*
At the beginning of the year	**158,212,887**	187,448,198
Additions from the acquisition of a subsidiary	**-**	1,110,137
Additions during the year	**10,000,000**	317,676
Transferred to investments at FVTPL	**-**	(631,857)
Disposals during the year	**(392,260)**	(39,127,136)
Change in fair value during the year	**(17,630,524)**	9,095,869
At the end of the year	**150,190,103**	158,212,887

12 INVESTMENTS (CONTINUED)

b) Investments at fair value through profit or loss
The Group has made investments in locally managed mutual Funds in (investment disposed in the current year), which do not give control or decision-making rights in the investee. The Group has classified these investments at fair value through profit or loss in accordance with the Group's business model for such investments.

Investee	*Country of Incorporation*	***31 December 2023 SR***	*31 December 2022 SR*
Mutual funds – Al Jazira Bank	Kingdom of Saudi Arabia	-	-

The movement in FVTPL investments was as follows:

	31 December 2023 SR	*31 December 2022 SR*
At the beginning of the year	-	125,445
Transferred from investments at fair value through other comprehensive income (FVOCI)	-	631,857
Investments in mutual funds (Al Rajhi bank and Al Jazira Bank)	-	1,712,699,999
Disposals during the year	-	(1,715,429,188)
Realized gains during the year	-	1,971,887
Change in fair value during the year	-	-
At the end of the year	-	-

13 INVESTMENTS IN DEBT INSTRUMENTS

	31 December 2023 SR	*31 December 2022 SR*
Debt instruments with fixed interest (Sukuk) - at amortized cost	**250,000,000**	250,000,000

It consists of investing in Sukuk issued by Riyad Bank with a credit rating of BBB+. Sukuk carry an average interest rate of 5.25% as at 31 December 2023 (31 December 2022: Nil). The details of these investments are as follows:

	Maturity Date	***Nominal value***	***Credit Rating***
Investment in Sukuk - Riyadh Bank	17 September 2027	**150,000,000**	BBB+
Investment in Sukuk - Riyadh Bank	17 September 2027	**100,000,000**	BBB+

14 INVENTORIES

	31 December 2023 SR	*31 December 2022 SR*
Fuel and petroleum materials	**70,329,120**	56,435,544
Catering supplies	**29,711,217**	35,442,249
Spare parts and consumables	**6,673,776**	2,986,551
Customs traffic document (TripTik) and international licenses	**2,070,847**	1,784,690
	108,784,960	96,649,034
Less: provision for slow-moving and obsolete items	-	(14,074,602)
Balance as at the end of the year	**108,784,960**	82,574,432

14 INVENTORIES (CONTINUED)

The movement in the provision for obsolete and slow-moving inventories was as follows:

	31 December 2023 SR	*31 December 2022 SR*
At the beginning of the year	**14,074,602**	8,535,943
Related to acquisition of subsidiary	-	4,707,318
Charge for the year	**1,120,602**	831,341
Write-off of obsolete goods	**(15,195,204)**	-
	-	14,074,602

15 TRADE RECEIVABLES

	31 December 2023 SR	*31 December 2022 SR*
Trade receivables	**158,785,751**	167,427,313
Provision for expected credit losses	**(31,885,089)**	(34,389,128)
	126,900,662	133,038,185

Movement in the provision for Expected credit loss during the year was as follows:

	31 December 2023 SR	*31 December 2022 SR*
At the beginning of the year	**34,389,128**	21,565,176
Related to acquisition of subsidiary	-	73,676,725
Provision for expected credit losses	**11,922,345**	6,793,539
Reversal of a provision during the year	**(2,816,003)**	(10,941,305)
Written-off during the year	**(11,610,381)**	(56,705,007)
At the end of the year	**31,885,089**	34,389,128

Trade receivables comprise interest free net receivables due from customers with no credit rating. All the unimpaired trade receivables are expected, on the basis of past experience, to be fully recoverable. It is not the practice of the Group to obtain collaterals over receivables and vast majority are, therefore, unsecured.

Ageing analysis of trade receivables

Below are the details of expected credit losses of trade receivables as at 31 December:

Year	***Total SR***	***Less than 90 days SR***	***91-180 days SR***	***181-360 days SR***	***More than 360 days SR***
31 December 2023	**158,785,751**	**55,900,600**	**29,053,950**	**30,471,561**	**43,359,640**
Expected credit losses (“ECL”)	**(31,885,089)**	**(689,360)**	**(824,020)**	**(2,385,881)**	**(27,985,828)**
Expected credit loss rate	**20.08%**	**1.23%**	**2.84%**	**7.83%**	**64.54%**
31 December 2022	167,427,313	58,812,583	30,074,454	25,495,411	53,044,865
Expected credit losses (“ECL”)	(34,389,128)	(67,389)	(217,448)	(307,491)	(33,796,800)
Expected credit loss rate	20.5%	0.1%	0.7%	1.2%	63.7%

Refer to note (41) for information about expected credit losses exposure of the Group's trade receivables.

16 PREPAYMENTS AND OTHER CURRENT ASSETS

	31 December 2023 SR	*31 December 2022 SR*
Prepayments	**35,960,212**	41,136,730
Advances to suppliers	**23,279,153**	21,029,778
Other receivables ("a")	**9,617,461**	9,617,461
Refundable deposits	**8,921,251**	6,554,626
Discounts due from goods vendors	**6,431,895**	4,276,035
Employee advances and loans	**5,380,969**	3,753,295
Prepaid rentals	**5,294,529**	3,229,974
Letters of guarantee cash margin	**750,000**	750,000
Due from related parties (note 28)	**36,472**	60,563
Others	**4,831,371**	7,134,327
	100,503,313	97,542,789

a) The balance of other receivables represents an amount of SR 8,2 million (2022: SR 8,2 million) against a claim for the right to use a land, owned by the Group, from the Ministry of Housing, about which the judgement was in favor of the Group. The Group lodged another case against the Ministry to repossess the land used by it and the case is still under consideration as of 31st December 2023.

17 DERIVATIVE FINANCIAL INSTRUMENTS

At 31 December 2023, the Group had an interest rate swap financial derivative agreement (the "Agreement") with a local financial institution in order to reduce its exposure to interest rate risk against long-term financing.

The below table summarizes the fair values of derivatives:

Derivative financial instrument	***Fair Value SR***
31 December 2023	
Interest rate swaps	**2,488,468**
31 December 2022	
Interest rate swaps	-

The following table summarizes the amounts recognized in the statement of profit and loss:

	31 December 2023 SR	*31 December 2022 SR*
Changes in fair value, net	**2,488,468**	-
Net financial derivatives carried at fair value through profit or loss	**2,488,468**	-

18 BANK BALANCES AND CASH ON HANDS

	31 December 2023 SR	*31 December 2022 SR*
Short-term deposits	**-**	400,000,000
Bank balances	**177,080,483**	228,697,485
Cash on hands	**6,073,474**	8,275,996
Bank Balances and Cash on hands	**183,153,957**	636,973,481
Less: Retentions by banks for dividend distribution payable to shareholders	**(49,704,917)**	(77,264,901)
Cash and cash equivalents	**133,449,040**	559,708,580

19 CAPITAL

The authorized, issued and fully paid share capital consists of 60 million shares with value SR 10 each (2022: 60 million shares with value SR 10 each).

20 STATUTORY RESERVE

In accordance with the Company's By-laws and the Regulations for Companies in the Kingdom of Saudi Arabia, the Company is required to transfer 10% of net income for the year to the statutory reserve until it equals at least 30% of its share capital. Thus, the Company is required to transfer 10% of its net income to the statutory reserve. The reserve is not available for distribution.

21 LEASE LIABILITIES

The Group has leases related to fuel filing stations for which lease terms usually range between 5 years to 25 years. The Group's liabilities under its leases are secured by the lessor's title deeds to the leased lands. In general, there are various leases that include extension and termination options and variable lease payments. The movement of lease liabilities during the year is as follows:

	31 December 2023 SR	*31 December 2022 SR*
At the beginning of the year	**2,367,317,829**	1,278,083,590
Additions	**373,260,565**	252,931,117
Adjustments to modified leases	**(5,204,454)**	41,576,906
Additions from the acquisition of a subsidiary	**-**	823,118,487
Additions due to sale and leaseback of property, plant and equipment (note 36)	**-**	206,392,946
Accrued interest	**89,729,650**	73,206,587
lease interest charged to projects in progress (note 7)	**6,603,861**	7,595,008
Disposals	**(77,153,037)**	(58,817,815)
Amounts paid	**(291,274,602)**	(238,330,297)
Lease contract modifications	**(1,804,233)**	
Transferred to accrued lease payments	**(20,000,906)**	(18,438,700)
At the end of the year	**2,441,474,673**	2,367,317,829
Less: Current portion	**(280,031,377)**	(253,649,968)
Non-Current portion	**2,161,443,296**	2,113,667,861

The maturity analysis of lease liabilities is disclosed in note 41.

22 LOANS

Long-Term Loans

During the year 2023, the Group obtained term loans in the form of Murabaha financing with a total value of SR 145.6 million (2022: SR 1.34 billion) for the purpose of financing some projects under construction.

The interest is due according to SIBOR plus profit margin according to the interest rates prevailing in the market.

The loan agreements contain covenants, mainly relating to certain leverage ratio, total debt to equity ratio, and other commitments. Under the terms of these agreements, the banks have the right to demand immediate repayment of the loans if any of the covenants are not met. The Group didn't comply with certain covenants as at 31 December 2023, and obtained a written waiver of covenants letters from banks before the end of the year as a result of incompliance.

22 LOANS (CONTINUED)

Long-Term Loans (continued)

The movement in the long-term loans during the year was as follows:

	31 December 2023 SR	*31 December 2022 SR*
At the beginning of the year	**1,612,950,321**	614,238,229
Proceeds during for the year	**145,724,987**	1,340,000,000
Paid during the year	**(368,547,083)**	(341,287,908)
At the end of the year	**1,390,128,225**	1,612,950,321

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

Consumption in future.

	31 December 2023 SR	*31 December 2022 SR*
Total instalments	**1,415,046,388**	1,635,081,580
Less: Finance cost	**(24,918,163)**	(22,131,259)
Due amounts	**1,390,128,225**	1,612,950,321
Current portion	**59,865,545**	51,809,756
Non-Current portion	**1,330,262,680**	1,561,140,565
	1,390,128,225	1,612,950,321

Murabaha financing & short-term loans

These item represents working capital facilities obtained during the year from local banks. These facilities carry variable interest rates according to prevailing market rates at an average rate according to SIBOR plus a profit margin according to market interest rates.

23 EMPLOYEES' DEFINED BENEFIT LIABILITIES

	31 December 2023 SR	*31 December 2022* SR
Defined benefit liability	**44,809,348**	41,644,697

The Group grants employee defined benefits ("Benefit Plan") to its employees taking into consideration the local labor law requirements in the Kingdom of Saudi Arabia. The benefit provided by this benefit plan is a lump sum based on the employees' final salaries and allowances and their cumulative years of service at the date of the termination of employment.

The benefit liability recognized in the consolidated statement of financial position in respect of defined terminal benefit plan is the present value of the defined benefit liability at the reporting date.

The defined benefit is calculated regularly by qualified actuaries using projected credit unit method. The present value of the defined benefit liability is determined by discounting the estimated future cash outflows using yields on high-quality corporate bonds that are denominated in the currency in which the benefits will be paid.

Re-measurement amounts of actuarial gains and losses on the defined benefit liability, if any, are recognized and reported within re-measurements of employees' terminal benefits in the consolidated statement of comprehensive income and cumulative actuarial gains or losses in the consolidated statement of changes in equity.

The Group's plan is exposed to actuarial risk including:

- Discount Rate Risk: the decrease in the discount rate would increase employees' defined benefit liabilities.
- Salary change risk: The present value of the terminal benefits provision is calculated on the basis of future salaries of plan participants, and therefore the increase in salaries will increase the value of the employees' defined benefits liabilities.

23 EMPLOYEES' DEFINED BENEFIT LIABILITIES (CONTINUED)

Employees' Terminal benefits expense:

	31 December 2023 SR	*31 December 2022 SR*
Current service cost	**7,144,428**	6,087,127
Financial charges related to employees' terminal benefit plans	**1,703,873**	906,433
Total benefit expense	**8,848,301**	6,993,560

Actuarial gains(losses)

Actuarial gains (losses) charged to the consolidated statement of comprehensive income:

	31 December 2023 SR	*31 December 2022 SR*
Actuarial gains (losses) on employees' defined benefit liabilities	**1,704,394**	594,378

Movement of present value of employees' terminal benefits liabilities for the two years ended 31 December:

	31 December 2023 SR	*31 December 2022 SR*
As at the beginning of the year	**41,644,697**	20,937,754
Additions due to acquisition of subsidiary	**-**	21,316,710
Employees' terminal benefits expense	**8,848,301**	6,993,560
Benefits paid	**(3,979,256)**	(7,008,949)
Actuarial (Gains) losses from employees' terminal benefits	**(1,704,394)**	(594,378)
As at the end of the year	**44,809,348**	41,644,697

Key actuarial assumptions

	31 December 2023 SR	*31 December 2022 SR*
Salary Growth Rate	**3.8%**	2.7%
Discount rate	**4.43%**	4.35%
Number of employees covered under terminal benefits plan	**3,950**	4,137

Sensitivity analysis

A quantitative sensitivity analysis for significant assumption on the employees' terminal benefits liabilities as at 31 December:

Assumptions	***Salary Growth Rate***		***Discount rate***	
Sensitivity Level	***Increase by 50 basis points SR***	***Decrease by 50 basis points SR***	***Increase by 50 basis points SR***	***Decrease by 50 basis points SR***
2023	**45,767,762**	**44,076,291**	**43,913,374**	**45,705,322**
2022	44,733,747	38,150,359	38,150,828	44,734,735

The sensitivity analysis above was performed based on a method by which the impact on employees' terminal benefits liabilities is expected due to reasonable changes in principal assumptions which take place at the end of the reporting period. The sensitivity analyses are based on a change in a significant assumption, keeping all other assumptions constant. The sensitivity analyses may not be representative of an actual change in the defined benefit liability as it is unlikely that changes in assumptions would occur in isolation from one another.

23 EMPLOYEES' DEFINED BENEFIT LIABILITIES (CONTINUED)

The below represents the amounts expected to be paid or compensation of employee terminal benefits planned for the next years:

	31 December 2023 SR	*31 December 2022 SR*
Within 12 months (next current period)	**4,831,164**	3,395,676
Two to five years	**30,863,538**	20,758,015
More than five years	**43,825,381**	40,403,209

24 TRADE PAYABLES

	31 December 2023 SR	*31 December 2022 SR*
Vendors of fuel and petroleum materials	**734,048,874**	721,614,509
Vendors of goods and services	**68,035,551**	56,040,972
	802,084,425	777,655,481

25 ACCRUED EXPENSES AND OTHER CURRENT LIABILITIES

	31 December 2023 SR	*31 December 2022 SR*
Deferred revenue	**110,155,640**	73,555,161
Accrued expenses	**32,939,439**	40,328,828
Accrued finance costs	**24,918,163**	22,131,259
Accrued lease payments	**28,155,499**	18,438,700
Performance securities	**14,873,128**	13,353,102
Value added tax payable, net	**4,099,057**	7,019,832
Deposits for others	**7,790,861**	6,418,346
Amounts due to related parties (note 28)	**69,000**	41,000
Others	**7,945,568**	13,399,199
	230,946,355	194,685,427

26 DIVIDENDS PAYABLE TO SHAREHOLDERS

	31 December 2023 SR	*31 December 2022 SR*
Dividends	**27,228,924**	54,747,431
Shares sold in Auction	**16,585,123**	16,626,600
Underwriting surplus - at incorporation	**2,233,200**	2,233,200
Surplus due to Capital decrease	**2,119,778**	2,119,778
Underwriting surplus - second installment	**1,537,892**	1,537,892
	49,704,917	77,264,901

27 ZAKAT

Charge during the year

The Zakat charge during the year as follow:

	31 December 2023 SR	*31 December 2022 SR*
Zakat expense for the year	**4,103,847**	6,216,462
Prior year adjustments	**2,200,000**	2.293,282
	6,303,847	8,509,744

Zakat provision has been calculated as the following:

	31 December 2023 SR	*31 December 2022 SR*
Equity	**859,535,116**	799,936,550
Opening provisions and other adjustments	**4,224,291,546**	4,050,790,556
Book value of long-term assets	**(5,192,378,595)**	(4,913,409,889)
	(108,551,933)	(62,682,783)
Income subject to zakat for the year	**154,363,042**	248,658,499
Zakat base	**154,363,042**	248,658,499

Movement in provision during the year

The movements in provision for Zakat during the year was as follows:

	31 December 2023 SR	*31 December 2022 SR*
At the beginning of the year	**13,690,583**	6,303,772
Related to acquisition of subsidiary	**-**	3,982,633
Charge during the year	**6,303,847**	8,509,744
Paid during the year	**(16,358,888)**	(5,105,566)
At the end of the year	**3,635,542**	13,690,583

The Company submits its zakat returns of the Group on a consolidated basis of the Company and its subsidiaries, except for "Naft". The Group has submitted its zakat returns to Zakat, Tax and Customs Authority (“ZATCA”) for all previous years up to 2022.

Zakat status - SASCO

The Company has submitted its zakat returns to Zakat, Tax and Customs Authority (“ZATCA”) for all previous years up to 2022. The Company received Zakat assessments from ZATCA up to 2008, ZATCA also raised Zakat assessments for the years from 2014 to 2018, resulting in additional Zakat liabilities/claims of SR 12.3 million. The company lodged an objection to all of these additional claims. However, the company's objection was rejected by ZATCA, and accordingly, the company booked additional zakat provision during the years 2021 and 2022 in the amount of SR 10.1 million and the full amount of the remaining additional zakat claims of SR 2.2 million during the year 2023.

Zakat status - NAFT

The Company filed its zakat declarations with ZATCA for all the years up to 2022. ZATCA raised Zakat assessments up to 2016. The final assessments for all years have not yet been raised by ZATCA .

28 RELATED PARTY TRANSACTIONS AND BALANCES

The Group's related parties consist of major shareholders, key management personnel, companies in which the Group, shareholders, Board of directors or key management personnel have control or common control or significant influence. In the normal course of business, the Group transacts with related parties. These translations represent mutual services with these entities.

Below are the details of significant transactions and related balances:

a) Amounts due from related parties

			Amounts of transactions		*Balance*	
Related Party	***Relationship***	***Nature of transaction***	***2023 SR***	*2022 SR*	***2023 SR***	*2022 SR*
Najmat Al Mada'in Company - Najamt Projects	Affiliated Company	Sale of fuel	**52,911**	53,056	**7,784**	12,592
Entertainment Gate Company	Affiliated Company	Sale of fuel and lease of residential rooms	**90,487**	89,250	**3,526**	10,772
Ibrahim Al Hadithi for Investment Company	Affiliated Company	Sale of fuel	**168,069**	257,979	**23,607**	32,852
Zawaya Real Estate Company	Affiliated Company	Sale of fuel	**16,610**	14,795	**1,555**	4,347
Nahaz Investment Company	Affiliated Company	Sale of fuel	**53,686**	60,636	**-**	-
Arzaq Agricultural Company	Affiliated Company	Sale of fuel	**36,920**	44,340	**-**	-
					36,472	60,563

b) Amounts due to related parties

			Amounts of transactions		*Balance*	
Related Party	***Relationship***	***Nature of transaction***	***2023 SR***	*2022 SR*	***2023 SR***	*2022 SR*
Nahaz Investment Company	Affiliated Company	lease of an administrative building and stations	**2,163,658**	2,187,000	**69,000**	41,000
Najmat Al Mada'in Real Estate Company	Affiliated Company	lease of stations	**1,650,000**	1,650,000	**-**	-
					69,000	41,000

28 RELATED PARTY TRANSACTIONS AND BALANCES (CONTINUED)

Benefits and Remuneration of key management personnel

Senior management consists of key management personnel of the Group who have powers and responsibilities of planning, directing, oversighting and controlling the Group's activities. Benefits and Remuneration of key management personnel comprise the following:

	Amounts of transactions	
	31 December 2023 SR	*31 December 2022 SR*
Benefits and Remuneration of the Group's key management personnel relating to the acquisition of "Naft"	**-**	24,500,000
Salaries, allowances, and incentives of non-executive board members	**1,155,000**	1,329,000
Senior management salaries and benefits	**11,555,269**	7,888,423

Terms and conditions relating to related party balances

Outstanding balances with related parties at the year-end are unsecured, interest free, settled in cash within 12 months from the consolidated statement of financial position date. There has been no guarantee provided or received for any related party receivables or payables. For the years ended 31 December 2023 and 2022, the Group has not recorded any impairment of receivables relating to amounts owed by related parties. This assessment is undertaken at each reporting period by examining the financial position of the related party and the market in which the related party operates.

29 REVENUE

	31 December 2023 SR	*31 December 2022 SR*
Fuel revenue	**8,496,674,023**	7,271,225,498
Leasing revenue	**285,566,445**	235,074,560
Catering revenue	**246,174,389**	227,931,684
Others	**84,512,583**	117,979,386
	9,112,927,440	7,852,211,128
Timing of revenue recognition		
Over a period of time	**285,566,445**	235,074,560
At a point in time	**8,827,360,995**	7,617,136,568
	9,112,927,440	7,852,211,128

30 COST OF REVENUE

	31 December 2023 SR	*31 December 2022 (Restated- Note 39) SR*
Direct materials	**8,094,924,142**	7,002,557,230
Depreciation of right to use asset (note 9)	**233,242,173**	191,265,689
Employees' costs	**215,914,114**	182,397,450
Depreciation of property, plant, and equipment (note 6)	**104,305,510**	89,433,875
lease of stations	**52,572,502**	34,018,220
Repair and maintenance	**25,608,227**	21,618,491
Utilities	**24,113,145**	22,434,497
Bank charges	**18,002,439**	10,203,151
Professional fees	**1,524,245**	1,434,814
Amortization of intangible assets	**490,461**	447,350
Others	**49,573,720**	37,652,833
	8,820,270,678	7,593,463,600

31 GENERAL AND ADMINISTRATIVE EXPENSES

	31 December 2023 SR	*31 December 2022 SR*
Salaries, wages and employees' benefits	**81,051,169**	66,495,837
Professional and consultancy fees	**8,660,904**	6,755,909
Depreciation of property, plant and equipment (note 6)	**4,323,639**	2,837,370
Bank charges	**1,760,935**	5,746,406
Repair and maintenance expenses	**1,362,173**	2,211,446
Amortization of intangible assets	**662,775**	555,766
Electricity and water	**562,449**	577,897
Depreciation of right to use asset (note 9)	**270,649**	-
lease of stations	**242,462**	-
Impairment in Goodwill	**3,150,555**	-
Commissions, real estate consultation fees relating to the acquisition of "NAFT"	**-**	55,000,000
Benefits and remuneration of the Group's Key management personnel (note 28)	**-**	24,500,000
Provision for customs claims	**-**	811,836
Others	**7,612,050**	11,675,286
	109,659,760	177,167,753

32 FINANCE COSTS

	31 December 2023 SR	*31 December 2022 SR*
Interest on Lease liabilities	**89,729,650**	73,206,587
Interest on Murabaha financing and loans	**69,198,271**	41,761,423
	158,927,921	114,968,010

33 OTHER INCOME, NET

	31 December 2023 SR	*31 December 2022 SR*
Non-cash gains from revaluation of fair value investment properties	**70,306,500**	-
Deposits and investments in debt instruments	**30,794,427**	10,349,348
Reversal of provisions	**4,860,117**	-
Profit from financial derivatives	**2,488,468**	-
Gain from sale and leaseback of property, plant and equipment (note 34)	**-**	*95,058,304*
Gains from sale of property, plant and equipment	**217,983**	6,643,413
Gains from sale of activity*	**-**	5,186,578
Others	**11,212,833**	4,944,548
	119,880,328	122,182,191

34 EARNINGS PER SHARE

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

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

	31 December 2023 SR	*31 December 2022 (Restated- Note 39) SR*
Income for the year attributable to the shareholders of the Parent Company	**105,493,896**	75,177,274
Weighted average number of outstanding shares	**60,000,000**	60,000,000
Basic and diluted earnings per share	**1.76**	1.25

35 DIVIDENDS

2023:
On 26 Rabi Al-Awwal 1445 H (corresponding to 11 October 2023), the Board of Directors resolved to distribute interim dividends for the first half of 2023 at an amount of SR 30 million (SR 0.50 per share).

2022:
The shareholders' general assembly, in its meeting held on 15 Duh Al-Qi'dah 1443H (corresponding to 14 June 2022), approved cash dividends of SR 15 million (at SR 0.25 per share) for the year 2021. The Company's Ordinary General Assembly also authorized the Board of Directors to distribute interim dividends on a quarterly or semi-annual basis for the fiscal year 2022.

The Board of Directors has resolved on 8 Safar 1444H (corresponding to 4 September 2022) to distribute interim dividends for the first half of the year 2022 an amount of SR 30 million (at SR 0.50 per share).

The Board of Directors resolved on 24 Jumada Al Ula 1444H (corresponding to 18 December 2022) to distribute interim dividends for the third quarter of the year 2022 an amount of SR 30 million (at SR 0.50 per share).

36 SALE AND LEASE-BACK OF PROPERTY, PLANT AND EQUIPMENT

	31 December 2023 SR	*31 December 2022 SR*
Cash proceeds from the sale and leaseback of property, plant and equipment	-	381,702,607
Book value of property, plant and equipment (note 6)	-	(174,731,661)
	-	206,970,946
Additions to the right of use assets due to leaseback (note 9)	-	94,480,304
Gain from sale and leaseback of property, plant and equipment (Note 33)	-	(95,058,304)
	-	206,392,946

37 SEGMENTAL INFORMATION

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

Retail and operation:	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.
Others:	This segment represents the activity of investing in other companies, securities, and activities of granting the right to use SASCO trademark.

	Retail and operation SR	***Saudi Club SR***	***Transportation Fleet SR***	***Others SR***	***Eliminations SR***	***TOTAL SR***
For the year ended 31 December 2023						
Revenue	**9,082,521,123**	**21,598,094**	**8,808,223**	**-**	**-**	**9,112,927,440**
Inter-segment revenue	**40,018,732**	**-**	**42,571,946**	**-**	**(82,590,678)**	**-**
Depreciation of property, plant and equipment	**101,878,145**	**60,328**	**6,690,676**	**-**	**-**	**108,629,149**
Depreciation of right of use of assets	**231,857,197**	**-**	**1,655,625**	**-**	**-**	**223,886,991**
Cost of Revenue	**8,849,203,359**	**11,390,685**	**42,267,312**	**-**	**(82,590,678)**	**8,820,270,678**
Gross Profit	**282,962,326**	**10,207,409**	**9,112,858**	**-**	**-**	**302,282,593**
For the year ended 31 December 2022 (Restated-Note 39)						
Revenue	7,833,606,609	11,097,142	7,507,377	-	-	7,852,211,128
Inter-segment revenue	33,905,415	-	37,719,974	-	(71,625,389)	-
Depreciation of property, plant and equipment	87,187,548	45,394	5,038,303	-	-	92,271,245
Depreciation of right of use of assets	190,494,601	-	771,088	-	-	191,265,689
Cost of Revenue	7,623,495,254	6,911,982	34,681,753	-	(71,625,389)	7,593,463,600
Gross Profit	258,056,456	3,581,509	10,545,599	-	-	272,183,564

37 SEGMENTAL INFORMATION (CONTINUED)

	Retail and operation SR	***Saudi Club SR***	***Transportation Fleet SR***	***Others SR***	***Eliminations SR***	***TOTAL SR***
As at 31 December 2023						
Assets	**6,286,820,235**	**32,431,363**	**172,515,951**	**181,819,894**	**(709,380,488)**	**5,964,206,955**
Property, plant and equipment	**1,904,889,975**	**370,587**	**83,019,724**	**20,665,099**	**-**	**2,008,945,385**
Right-of-use assets	**2,268,757,569**	**-**	**14,739,163**	**-**	**-**	**2,283,496,732**
Liabilities	**5,293,167,511**	**4,118,423**	**107,434,738**	**91,785**	**(442,028,972)**	**4,962,783,485**
As at 31 December 2022 (Restated- Note 39)						
Assets	6,513,236,693	24,014,017	146,767,358	197,899,429	(789,460,209)	6,092,457,288
Property, plant and equipment	1,648,206,603	335,577	71,832,053	20,665,099	-	1,741,039,332
Right-of-use assets	2,219,294,641	-	1,262,005	-	-	2,220,556,646
Liabilities	5,414,234,246	4,358,157	90,738,362	-	(394,121,526)	5,115,209,239

The Group's assets are located in the Kingdom of Saudi Arabia, where it carries out all its activities and thus represents the only geographical segment of the Group.

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

	31 December 2023 SR	*31 December 2022 (Restated- Note 39) SR*
Gross Profit	**292,656,762**	258,747,528
Un-allocated items:		
Selling and marketing expenses	**(4,637,219)**	(4,431,958)
General and Administrative expenses	**(109,659,760)**	(177,167,753)
Finance costs	**(158,927,921)**	(114,968,010)
Provision for expected credit losses	**(9,106,341)**	4,147,766
Net gains from investments at FVTPL	**-**	1,971,887
Dividends income from investment at FVOCI	**6,202,549**	2,373,600
Other income, net	**119,593,199**	122,182,191
Total un-allocated amounts	**(156,248,364)**	(165,892,277)
Income before zakat	**136,408,398**	92,855,251

38 CAPITAL COMMITMENTS AND CONTINGENT LIABILITIES

Capital Commitments

The Group has capital commitments of SR 48.1 million (31 December 2022: SR 54,2 million) mainly related to establishing and developing projects of fuel stations.

Contingent Liabilities

a) As at 31 3ecember 2023, the Group has bank letters of guarantee amounting to SR 2.9 billion (31 December 2022: SR 2.1 billion). 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 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 2.5 million (2022: SR 2,1 million) as at the date of these consolidated financial statements.

c) The Group has one lawsuit case lodged against the Ministry of Housing in relation with a land owned by the Group. Part of this land was used by the Ministry to build a residential compound (note 15).

39 PRIOR YEARS ADJUSTMENTS

The Group, in its normal course of business, obtains lands/buildings on leases and constructs stations on them. Since the adoption of IFRS 16, the Group had been capitalising the depreciation of right-of-use assets related to the lands to the cost of buildings during the time of construction. This treatment was in line with the generally accepted practice. In November 2023, SOCPA published a clarification related to the capitalisation of depreciation of right of use assets, in relation to leased land, to the cost of building during the construction period surfaced as a result of an enquiry it received. consequently, the Group applied the SOCPA's clarification retrospectively by restating prior years. Hence, cost of revenue was understated during those years. Based on the surfaced clarification, the Group has accounted for the effect of this clarification in these consolidated financial statements in accordance with IAS 8, Accounting Policies, Changes in Accounting Estimates and Errors.

The resultant impact of the abovef mentioned restatement on each of the impacted consolidated financial statements line items for the prior periods is reflected in the table below:

Effect on the statement of financial position as of 1 January 2022	***As previously reported SR***	***Restatement SR***	***As restated SR***
Projects under Constructions	88,822,197	(5,964,452)	82,857,745
Retained earnings	17,522,636	(5,368,007)	12,154,629
Statutory reserve	65,559,289	(596,445)	64,962,844

Effect on the statement of financial position as of 31 December 2022	***As previously reported SR***	***Restatement SR***	***As restated SR***
Projects under Constructions	203,526,909	(19,400,488)	184,126,421
Retained earnings	30,830,473	(17,460,439)	13,370,034
Statutory reserve	74,529,931	(1,940,049)	72,589,882

Effect on the statement of profit or loss for the year ended 31 December 2022	***As previously reported SR***	***Restatement SR***	***As restated SR***
Cost of revenue	7,580,027,564	13,436,036	7,593,463,600
Basic and diluted earnings per share	1.50	(0.25)	1.25

40 CAPITAL MANAGEMENT

The Group's policy is to maintain a strong capital base to maintain investor, creditor and market confidence and sustain future development of the business. The Board of Directors monitors the return on capital, determined by the Group based on the output of operating activities divided by total shareholders' equity and non- controlling interests. There were no changes in the Group's approach to capital management during the year. The Board of Directors also monitors the level of dividends to ordinary shareholders and capital management. Neither the Group nor any of its subsidiaries are subject to externally imposed capital requirements. Net debt is calculated as loans, trade receivables , accrued expenses and other current liabilities (as listed in the consolidated statement of financial position) minus cash and equivalents.

Equity comprises all components of equity.

40 CAPITAL MANAGEMENT (CONTINUED)

The Group's net debt rate to its equity as 31 December was as the following:

	31 December 2023 SR	*31 December 2022 SR*
Total debt	**2,472,863,922**	2,692,556,130
Less: Bank balances and cash on hands	**(183,153,957)**	(636,973,481)
Net debt	**2,289,709,965**	2,055,582,649
Total Equity	**1,030,452,789**	996,648,537
Gearing ratio	**2.22**	2.06

41 FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

Financial instruments risk management objective and policies

Senior management is responsible for risk management. Financial instruments carried in the consolidated statement of financial position include bank balances, short term deposits, investments, trade receivable, due from/to related parties, term loans, and trade payables. Recognition methods have been disclosed in the accounting policies under each related item. Financial assets and financial liabilities are offset, and the net amount reported in the consolidated statement of financial position if there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, or to realize the assets and settle the liabilities simultaneously.

Market risk

Market risk is the risk that changes in market prices, such as foreign equity prices, foreign currency exchange risk and interest risk will affect the Group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return.

Equity price risk

The Group's non-listed equity investments are susceptible to market price risk arising from uncertainties about future values of the investment securities. The Group manages the equity price risk through diversification and by placing limits on individual and total equity instruments. Reports on the equity portfolio are submitted to the Group's senior management on a regular basis. The Group's Board of Directors reviews and approves all equity investment decisions.

Currency risk

The Currency risk is the risk that the value of financial instruments will fluctuate due to changes in foreign exchange rates. The Group 's transactions are principally performed in Saudi Riyals and United States Dollar. Since the exchange rate of SR is pegged against USD, the Group is not exposed to significant risk.

Management monitors fluctuations in foreign currency rates closely.

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group's exposure to the risk of changes in market interest rates relates primarily to the Group's long-term loan liabilities with floating interest rates. The Group manages interest rate risk through improvement of available funds, decrease of term loans and use of selected hedging.

41 FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (CONTINUED)

Interest rate risk (Continued)

Interest rate sensitivity analysis
The table below shows the sensitivity to any potential change reasonably in interest rates to that portion of loans and affected loans. With all other variables held constant, the Group's profit before zakat is affected through the impact on floating rate loans, as follows:

	100 basis points increase SR	*100 base points decrease SR*
2023	**(13,901,282)**	**13,901,282**
2022	(16,129,503)	16,129,503

Credit risk
Credit risk is the risk that a counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Group is exposed to credit risk from its trade receivables, bank balances and due from related parties as at 31 December:

	2023 SR	*2022 SR*
Bank Balances	**177,080,483**	628,697,485
Trade receivables	**126,900,662**	133,038,185
Amounts due from related parties	**36,472**	60,563
	304,017,617	761,796,233

The carrying amounts of financial assets represent the maximum credit exposure.

Bank balances and short-term deposits
the Group keeps it cash surplus with banks in Kingdom Saudi Arabia with strong credit ratings. Therefore, the credit risk related to bank balances and short-term deposits are considered by management as insignificant.

Trade Receivables
Customer credit risk is managed subject to the Group's established policy, procedures and control relating to customer credit risk management. Credit quality of the customer assessed based on an extensive credit rating scorecard and individual credit limits defined in accordance with this assessment.

The Group measures trade receivables less the provision for expected credit losses. For trade receivables, the Group applies a simplified approach in calculating expected credit losses (ECLs).

Therefore, the Group does not track changes in credit risk, but instead recognizes a loss allowance based on lifetime ECLs at each reporting date. 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 (note 13).

As at 31 December 2023, more than 89% (2022: 89%) of the Group's customers are companies and governmental bodies. Expected credit loss at an amount of SR 13,4 million has been recognized (2022: SR 8,5 million).

During the process of monitoring credit risk of customers, such customers are grouped as per their credit characteristics, whether they are individuals, corporate, or governmental bodies, as well as their geographical locations, type of business, transaction dates with the Group, and existence of historical financial difficulties.

Amounts due from related parties
The Group has not recorded any impairment of receivables relating to amounts due from related parties. This assessment is undertaken at each reporting period by examining the financial position of the related party and the market in which the related party operates. there are no significant transactions with related parties as at 31 December 2023 and 31 December 2022.

Liquidity risk
Liquidity risk is the risk that the Group will encounter difficulty in raising funds to meet commitments associated with financial instruments. Liquidity risk may result from inability to sell financial assets quickly at an amount close to its fair value. Liquidity risk is managed by monitoring on a regular basis that sufficient funds are available through committed credit facilities to meet any future commitments.

41 FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (CONTINUED)

Liquidity risk (Continued)

The Group's objective is to maintain a balance between continuity of funding and flexibility through the use of bank overdrafts and bank loans.

The table below summarizes the maturity profile of the Group's financial liabilities based on undiscounted contractual payments as at 31 December:

2023	***Within 1 year SR***	***1 to 5 years SR***	***More than five years SR***	***TOTAL SR***
Term loans and Murabaha financing	**59,865,545**	**976,854,500**	**353,408,180**	**1,390,128,225**
Trade payables	**802,084,425**	**-**	**-**	**802,084,425**
Accrued expenses and other current liabilities	**230,946,355**	**-**	**-**	**230,946,355**
Lease liabilities	**267,188,725**	**1,434,289,156**	**1,264,878,455**	**2,966,356,336**
Dividends payable to shareholders	**49,704,917**	**-**	**-**	**49,704,917**
	1,409,789,967	**2,411,143,656**	**1,618,286,635**	**5,439,220,258**

2022	*Within 1 year SR*	*1 to 5 years SR*	*More than five years SR*	*TOTAL SR*
Term loans and Murabaha financing	81,809,756	740,578,655	820,561,910	1,642,950,321
Trade payables	777,655,481	-	-	777,655,481
Accrued expenses and other current liabilities	194,685,427	-	-	194,685,427
Lease liabilities	291,282,800	1,319,168,228	1,111,836,753	2,722,287,781
Dividends payable to shareholders	77,264,901	-	-	77,264,901
	1,422,698,365	2,059,746,883	1,932,398,663	5,414,843,911

As at 31 December 2023, the Group has available cash facilities amounting to SR 1,3 billion (31 December 2022: SR 1,1 billion) representing unwithdrawn cash from cash loan facilities granted.

42 FAIR VALUE MEASUREMENT OF FINANCIAL INSTRUMENTS

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. Financial instruments comprise financial assets and financial liabilities. The Group's financial assets consist of bank balances, cash on hands, short term deposits, investments, trade receivables and due from related parties, while its financial liabilities consist of term loans, trade payables, and due to related parties.

The management concluded that fair value of bank balances and cash on hands, short-term deposits, trade receivables, due from related parties, trade payables and due to related parties significantly approximate their carrying amounts due to the short-term maturities of these instruments. For term loans, and investment in debt instruments, the fair value doesn't significantly differ from the carrying amount in the consolidated financial statements as profit rates prevailing in markets for identical financial instruments do not differ from the contractual rates.

42 FAIR VALUE MEASUREMENT OF FINANCIAL INSTRUMENTS (CONTINUED)

Financial assets and liabilities measured at fair value.

	Levels of fair value		
31 December 2023	*Level 1*	*Level 2*	*Level 3*
Financial assets			
Investments at fair value through other comprehensive income (FVOCI)	-	-	**150,190,103**
31 December 2022			
Financial assets			
Investments at fair value through other comprehensive income (FVOCI)	-	-	158,212,887

The investment at FVOCI is classified within Level 3 of the fair value levels and measured by management at fair value using the two income methods (discounted cash flows) and market (Price-to-earnings ratio) methods.

The financial liabilities and assets as at 31 December are as follows:

Financial assets	***31 December 2023 SR***	*31 December 2022 SR*
Investments at fair value through other comprehensive income (FVOCI)	**150,190,103**	158,212,887
Financial assets carried at amortized cost		
Trade receivables	**126,900,662**	133,038,185
Investments in debt instruments	**250,000,000**	250,000,000
Amounts due from related parties	**36,472**	60,563
Total financial assets carried at amortized cost	**376,937,134**	383,098,748
Total financial assets	**527,127,237**	541,311,635
Total current financial assets	**126,900,662**	133,098,748
Total non-current financial assets	**400,226,575**	408,212,887
	527,127,237	541,311,635

Financial liabilities	***31 December 2023 SR***	*31 December 2022 SR*
Financial liabilities carried at amortized cost		
Trade payables	**802,084,425**	777,655,481
Term loans	**1,390,128,225**	1,642,950,321
Amounts due to related parties	**69,000**	41,000
Accrued expenses	**230,877,355**	121,089,266
Dividends payable to shareholders	**49,704,917**	77,264,901
Total financial assets carried at amortized cost	**2,472,863,922**	2,619,000,969
Total current financial liabilities	**1,141,601,242**	1,057,860,404
Total non-current financial liabilities	**1,330,262,680**	1,561,140,565
	2,471,863,922	2,619,000,969

43 SUBSEQUENT EVENTS

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

44 COMPARATIVE FIGURES

In addition to prior year adjustment disclosed in note 39 above, certain prior year figures have been reclassified to conform to the current period presentation.

45 APPROVAL OF THE CONSOLIDATED FINANCIAL STATEMENTS

The consolidated financial statements have been approved by the Board of Directors on 11 Ramadan 1445H (corresponding to 21 March 2024).