

# 2020

## Annual Report



## SAPTCO Memberships



The International Association of  
Public Transport



Arab Union of  
Land Transport



National Association for  
Pupil Transportation



International Road  
Transport Union

بِسْمِ اللَّهِ الرَّحْمَنِ الرَّحِيمِ



Custodian of the Two Holy Mosques  
**King Salman bin Abdulaziz**



His Royal Highness  
**Prince Mohammed bin Salman bin Abdulaziz**  
Crown Prince, Deputy Prime Minister, and  
Minister of Defence



**HE. Eng. Khalid Almudaifer**  
Deputy Minister of Industry and Mineral Resources for Mining Affairs  
Chairman of the Board of Directors



**Major General. Mohammed Albassami**  
Ministry of Interior Representative  
Board Member



**Eng. Khalid Alhogail**  
MD - CEO



**Mr. Abdullah Alaqeel**  
Ministry of Commerce Representative  
Vice Chairman



**Mr. Alaa Alfada**  
Ministry of Finance Representative  
Board Member  
Until 22/07/2020



**Mr. Raed Altamimi**  
Board Member



**Dr. Saud Alnimir**  
Board Member



**Eng. Mohammed Alshaikh**  
Ministry of Finance Representative  
Board Member  
From 22/07/2020



**Mr. Turki Almubarak**  
Board Member



**Mr. Musad Aldaood**  
Board Member

## Our valued shareholders,

On behalf of myself and the members of the Board of Directors, it is my pleasure to present the annual report for SAPTCO for the year ending in 31/12/2020, which reviews the most prominent business and activities of SAPTCO, its financial results and the Statutory auditor's report for the fiscal year 2020.

Undoubtedly, the year of 2020 was an exceptionally challenging year due to COVID-19, resulting in repercussions across the global economy, which caused a number of projects and activities to be suspended, especially in the transportation and tourism sector. The widely praised measures taken by the Kingdom's Government to limit spread of the virus were essential in saving lives and the economy which included total and partial curfew, suspension of travel and trips, suspension of public transport services, inter-city transportation and Hajj and Umrah activities, all of which represent the main activities of the Company. The Government has also made several initiatives to support companies affected by the pandemic to mitigate financial impacts. Consequently, the Company has taken a number of measures to help contain the effects of the pandemic and to exist with steep decline in revenues as a result of compliance with government directions. One of which is to transfer of an approved percentage of Saudi employees in companies to the social security system (SANED), the deduction of 25% of employees' salaries for six months, and deduction of board members' remuneration by 25%, for the fiscal year 2020.

SAPTCO initiated and complied with safety measures to protect its employees by placing a safety instruction posters in its stations and operational sites, as well as reducing the passengers by 50% to enforce social distancing. In spite of the economic challenges in the transport market, and during the fiscal year 2021, SAPTCO will continue its efforts to improve the performance of the Company, raise the level of operational efficiency, compensate for losses incurred, improve the quality of services provided to customers, and achieve revenue targets. Some of the most prominent achievements of the Company during 2020 include the following:

- Signing a contract for student transportation for the Royal Commission for Jubail and Yanbu in Jubail Industrial City.
- The completion of building of the maintenance facilities and accommodation centers for the Riyadh Bus Project
- Signing a contract with King Abdullah University of Science and Technology (KAUST) for student and visitor transportation.
- The launch of (REKAB) service for the employees of King Abdullah University of Science and Technology (KAUST), and linking the "REKAB" mobile application to autonomous (i.e. self-driving) shuttle buses, the first such vehicles operating in the Kingdom of Saudi Arabia..

SAPTCO has updated its strategic plan to develop the business sector with the aim of taking advantage of the growth opportunities represented by the anticipated increase in the number of pilgrims, the intensification of public transport projects within cities, and the digital transformation of the kingdom's 2030 vision programs. The transition plan focused on supporting digital transformation, asset restructuring and operational costs.

SAPTCO achieved revenues during the year 2020 of 1,170 million riyals, compared with 1,712 million riyals for 2019, representing a decrease of 31.7%. The total losses for the 2020 are 377.7 million riyals..

We are pleased to inform the shareholders of the issuance of Royal Decree No. 21505 on 19/04/1442, indicating the appointment of the Chairman and members of government representatives in the Board of Directors, for a period of three years, which will start on 01/07/1442/AH, as announced on "Tadawul" website on 22/04/1442/AH.

I would like to emphasize on the interest of the Board of Directors to adopt programs, policies and strategies that help in overcoming the challenges that the company faces, and to achieve the goals that meet the aspirations of shareholders. During the current year, a number of projects and initiatives will be implemented that will have positive results in improving the efficiency of the services provided, and activating digital services for smart transportation.

Finally, on behalf of the members of the Board of Directors, the Company's management and its employees, I would like to send my greatest thanks and appreciation to the Custodian of the Two Holy Mosques and to The Crown Prince for all the support that we have received, which helped us achieve the company's plans and programs. I also would like to express my deep gratitude to the shareholders and clients of the company for their support and confidence, which push us to make more efforts to achieve ambitions and the aspirations of the company.

Sincerely Yours,

The Chairman





# Board of Directors' Report

For the Shareholders of the  
Saudi Public Transport Company  
For the year ended on 31/12/2020



## 1) Implemented and non-implemented provisions of the Corporate Governance Regulations, and justifications thereof.

The Company prepared its own Governance Regulations that were approved by the Thirty-Second (2<sup>nd</sup>) Ordinary General Assembly of shareholders held on 9/04/1432 AH, corresponding to 03/04/2011. The Company's Governance Regulations were amended and adopted by the Thirty-Ninth Ordinary General Assembly's meeting of shareholders held on 04/12/2017, the Forty-First Ordinary General Assembly of shareholders held on 12/12/2018 and the forty-third Ordinary General Assembly of shareholders held on 27/04/2020. The Company is committed to apply all provisions contained in the Corporate Governance Regulation issued by the Capital Market Authority by the virtue of the Resolution No.: 8-16-2017 on 16/05/1438 AH, corresponding to 13/02/2017 based on the Companies Law, promulgated by the Royal Decree No. M/3 dated 28/01/1437 AH, as amended by the Board of the Capital Market Authority's Resolution No.: 3-57-2019 on 15/09/1440 AH, corresponding to 20/05/2019. The Company has applied all provisions contained therein, except for the following articles indicated in the table below:

Sr.	Article / Paragraph No.	Paragraph Status	Article / Paragraph Provision	Reasons for Non-Implementation
1	Article (41) Paragraph (E)	Indicative	The Board of Directors takes the necessary arrangements to obtain an appraisal from a competent external authority every three years.	The Board is self-evaluated and a search will be carried out regarding an appraisal from a competent external authority, if required.
2	Article (54) Paragraph (B)	Indicative	The Chairman of the Audit Committee must be an independent member.	Chairman of the Audit Committee Mr. Abdullah Al Aqeel (Non-Executive Member), Representative of the Ministry of Commerce has been nominated as a Chairman by the Committee.
3	Article (70)	Indicative	A Committee that formed according to the Board of Directors decision, in the name of Risk Management Committee.	No independent committee has been formed from the members of the Board, but the Committee was formed from the Company's employees under the presidency of the Cheif Finance Officer (CFO).
4	Article (71) & Article (72)	Indicative	Competencies of the Risk Committee and meetings of the Risk Committee.	Not applicable due to non-formation of the Risk Management Committee.
5	Article (85)	Indicative	The Company sets participation & performance development and stimulation programs for the Company's personnel	No policy was proposed and it will be studied in the future.
6	Article (87)	Indicative	The Ordinary General Assembly shall, based on a proposal from the Board of Directors, set a policy to guarantee the balance between its objectives and the objectives the society aims at.	No policy was proposed and it will be studied in the future.
7	Article (88)	Indicative	The Board of Directors sets the programs and the necessary means to introduce the Company's initiatives in the field of social work.	No indicators were proposed and they will be studied in the future.
8	Article (95)	Indicative	Formation of the Corporate Governance Committee	No independent committee has been formed, but its functions have been added to an Executive Director.

## 2) Names, qualifications, experiences, and current and previous positions of the Board and Committees' members and the Executive Management.

The table below shows the names of the members of the Board of Directors and their memberships, current and former jobs, qualifications and experiences as of 31/12/2020:

Sr.	Name	Current Jobs	Former Jobs	Qualifications	Experiences
1	HE. Eng. Khalid Almudaifer	<ul style="list-style-type: none"> <li>Deputy Minister of Industry and Mineral Resources for Mining Affairs.</li> <li>Chairman of the Board of Directors.</li> <li>Chairman of the Investment and Strategy Committee.</li> </ul>	Deputy Minister of Energy, Industry and Mineral Resources for Mining Affairs	<ul style="list-style-type: none"> <li>Bachelor of Engineering, King Fahd University of Petroleum and Minerals.</li> <li>Master of Civil Engineering, King Fahd University of Petroleum and Minerals.</li> <li>Postgraduate Diploma in Global Business, Oxford University.</li> </ul>	<ul style="list-style-type: none"> <li>Vice Chairman of Finance/ Sector Manager for Financial Management, Eastern Petrochemical Company, one of the SABIC Companies.</li> <li>Chairman of Qassim Cement Company.</li> <li>Vice President of Phosphate Unit and Vice President of Business Development 2006-2011 (Maaden).</li> <li>Chairman of the Saudi Arabian Mining Company (Maaden) and the CEO from 2011- 2018.</li> <li>Deputy Minister of Industry and Mineral Resources for Mining Affairs from 2018 to date.</li> </ul>
2	Mr. Abdullah Alaqeel	<ul style="list-style-type: none"> <li>General Counselor and Supervisor of the Office of the Minister of Commerce.</li> <li>Deputy Chairman of the Board of Directors.</li> <li>Chairman of the Audit Committee</li> </ul>	Undersecretary of the Ministry for Internal Trade – Ministry of Commerce.	<ul style="list-style-type: none"> <li>Bachelor of Administration, King Saud University, 1402 AH.</li> </ul>	<ul style="list-style-type: none"> <li>An employee in the Department of International Hotels and Exhibitions from 1402 AH to 1410 AH.</li> <li>Assistant General Director of the Ministry of Commerce branch in Al-Qassim – 1411 AH.</li> <li>Assistant General Manager of Commercial Registry 1412 AH.</li> <li>Director General of the Commercial Registry 1414 AH.</li> <li>Assistant Undersecretary for Internal Trade 1431 AH.</li> <li>Acting Assistant Undersecretary for Internal Trade 1433 AH.</li> <li>General Counselor and Supervisor of the Office of the Minister of Commerce and Investment at the Ministry of Commerce.</li> </ul>
3	Major General. Mohammed Albassami	<ul style="list-style-type: none"> <li>Director of the General Traffic Department.</li> </ul>	Director of the General Administration of Hajj and Umrah Affairs at the Ministry of Interior.	<ul style="list-style-type: none"> <li>Bachelor of Science in Security Sciences, King Fahd Security College, 1408 AH.</li> </ul>	<ul style="list-style-type: none"> <li>Riyadh Traffic Department, October 1408 AH.</li> <li>Commander of the Procession Security Unit, January 1421 AH.</li> <li>Assistant Director of Hajj and Umrah Security Department, General Security, January 1431 AH.</li> <li>Director of the Traffic Planning Division at the Traffic Department at the General Traffic Department, March 1435 AH.</li> <li>Director of the General Administration of Hajj and Umrah Affairs at the Ministry of Interior.</li> <li>Director of the General Traffic Department, effective from January 1439 AH.</li> </ul>

Sr.	Name	Current Jobs	Former Jobs	Qualifications	Experiences
4	Mr. Alaa Alfada*	<ul style="list-style-type: none"> <li>Undersecretary for Shared Services - Ministry of Industry and Mineral Resources.</li> </ul>	Assistant Undersecretary for Budget Performance and Implementation. Ministry of Finance.	<ul style="list-style-type: none"> <li>Bachelor of Management Science in Accounting, King Saud University, 2003.</li> <li>Master's Degree in the Applied Financial Sciences, Newcastle University, Australia 2009.</li> </ul>	<ul style="list-style-type: none"> <li>Financial Controller at the General Organization for Social Insurance from 2003 – 2009.</li> <li>Director of the Internal Audit Department at the Granada Investment Center from 2004 to 2006.</li> <li>General Manager of Financial Control at the General Organization for Social Insurance from 2010 to 2015.</li> <li>General Manager of Financial Affairs at the Communications and Information Technology Authority from 2015 to 2017.</li> <li>Executive Advisor for Financial Planning and Budgeting at the Ministry of Finance from 2017 to December 2019.</li> <li>Assistant Undersecretary for Budget Performance and Implementation at the Ministry of Finance from January 2019 to June 2020.</li> <li>Member of the Board of Directors in a number of Companies and Government Institutions.</li> </ul>
5	Mr. Mohammed Alshaikh**	<ul style="list-style-type: none"> <li>Deputy CEO for Portfolios - Non-Oil Revenue Development Center - Ministry of Finance.</li> </ul>	Director General of the Follow-up and Implementation Department at the Non-Oil Revenue Development Center - Ministry of Finance	<ul style="list-style-type: none"> <li>Bachelor of Science in Industrial and Systems Engineering, King Fahd University of Petroleum and Minerals – June 2009.</li> <li>MA in Engineering Management, California State University – December 2011.</li> </ul>	<ul style="list-style-type: none"> <li>SABB Management Development Program - SABB Bank from 2012 – 2013.</li> <li>Assistant Relationship Manager - SABB Bank from 2013 – 2014.</li> <li>Relationship Manager - SABB Bank from 2014 – 2016.</li> <li>Senior Relationship Manager - SABB Bank from 2016 – 2017.</li> <li>Initiatives Team Manager - Non-Oil Revenue Development Unit - Ministry of Finance from 2017 – 2018.</li> <li>General Manager of the Follow-up and Implementation Department at the Non-Oil Revenue Development Center - Ministry of Finance from 2018 – 2020.</li> <li>Vice President for Portfolios - Non-Oil Revenue Development Center from 2020 to date.</li> </ul>
6	Dr. Saud Alnimir	<ul style="list-style-type: none"> <li>Chairman of the Board of Directors of the National Consulting House Company.</li> <li>Chairman of the Remuneration &amp; Nomination Committee.</li> </ul>	Professor of Public Administration Department and Dean of the College of Administrative Sciences, King Saud University.	<ul style="list-style-type: none"> <li>Bachelor of Accounting and Business Administration, King Saud University, 1393 AH.</li> <li>Master of Public Administration, University of Missouri, USA, 1396 AH.</li> <li>PhD in Public Administration, University of Florida, USA, 1401 AH.</li> </ul>	<ul style="list-style-type: none"> <li>Teaching Assistant, Department of Business Administration, King Saud University 1393 AH.</li> <li>Assistant Professor, Department of Business Administration, King Saud University 1401 AH.</li> <li>Associate Professor, Department of Business Administration, King Saud University 1409 AH.</li> <li>Professor at the Department of Business Administration, (Excellent), King Saud University from 1416 AH to 1429 AH.</li> <li>Retired university professor, King Saud University, effective from 011429/07/ AH.</li> </ul>

Sr.	Name	Current Jobs	Former Jobs	Qualifications	Experiences
7	Mr. Musad Aldaood	<ul style="list-style-type: none"> <li>Undersecretary for Support Services - Ministry of Human Resources.</li> </ul>	Vice Chairman of Operating Sector - Riyadh Airports Company – KSA.	<ul style="list-style-type: none"> <li>Bachelor of Computer Science in Information Systems, King Saud University 1999.</li> </ul>	<ul style="list-style-type: none"> <li>Director of the Knowledge Management Center, the General Authority for Tourism and Antiquities, KSA from 2003 to 2008.</li> <li>CEO of Najm Insurance Services from 2008 to 2011.</li> <li>CEO of Tamam Facilities Cleaning and Maintenance Services from 2011 to 2017.</li> <li>Vice President of Operating Sector - Riyadh Airports Company.</li> </ul>
8	Mr. Raeeed Altamimi	Private Business	CEO of the National Medical Care Company.	<ul style="list-style-type: none"> <li>Bachelor of Medical Sciences at the University of Wales, United Kingdom 1996.</li> </ul>	<ul style="list-style-type: none"> <li>From 1996 to April 2017: An employee at the Cooperative Insurance Company.</li> <li>CEO of the Cooperative Insurance Company from April 2014 to April 2017.</li> <li>CEO of the National Medical Care Company.</li> </ul>
9	Mr. Turki Almubarak	Private Business	Part-time Financial Advisor at Al-Yamani Holding Group	<ul style="list-style-type: none"> <li>Bachelor of Financial Accounting, King Saud University, 2003.</li> </ul>	<ul style="list-style-type: none"> <li>Assistant Director of the Investment Department, Samba Financial Group from 2003 to 2004.</li> <li>Director of the Investment Department, Samba Financial Group from 2004 to 2006.</li> <li>Part-time Financial Advisor at Al-Yamani Holding Group.</li> <li>A partner &amp; administrator at Al Asnah Trading Company.</li> </ul>
10	Eng. Khalid Alhogail	MD and CEO of the Saudi Public Transport Company.	General Manager of the Saudi Public Transport Company.	<ul style="list-style-type: none"> <li>Bachelor in the Civil Engineering, King Saud University.</li> </ul>	<p><b>Current Experiences:</b></p> <ul style="list-style-type: none"> <li>Chairman of the Board of Directors of the Public Transport Company (PTC).</li> <li>Chairman of the Board of Directors of the Saudi Integrated Transport Company (SEITCO).</li> <li>Member of the Board of Directors of CAMCO.</li> <li>Chairman of the UITP-MENA.</li> <li>Vice President of the UITP-HQ in Brussels.</li> <li>Vice President of the Board of Directors of the International Public Transport Association (AULT).</li> <li>Member of the Saudi French Business Council.</li> <li>Member of the Saudi Spanish Business Council.</li> <li>Member of the Saudi Russian Business Council.</li> </ul> <p><b>Former Experiences:</b></p> <ul style="list-style-type: none"> <li>Chairman of the National Committee for Joint Stock Companies.</li> <li>Vice President of the National Committees at the Saudi Chamber Council.</li> <li>Member of the Board of Directors of the Public Transport Authority.</li> <li>Member of the Advisory Board of His Excellency the Minister of Hajj.</li> <li>Member of the International Road Transport Union (IRU).</li> <li>Member of the American National Student Transportation Association (NAPT).</li> <li>Member of the National Tourism Committee.</li> <li>Member of the Saudi Indian Business Council.</li> <li>Member of the Saudi Bahraini Business Council.</li> <li>Member of the Board of Directors of Bahrain Limo Company.</li> <li>Member of the Arab Society for Management.</li> <li>Member of the Saudi Council of Engineers.</li> <li>Member of the Saudi Management Association.</li> </ul>

\* Left the Board of Directors on 22/07/2020.

\*\* Joined the Board of Directors on 22/07/2020.

The table below shows names of the members of the Board of Directors and their current and former jobs, qualifications and experiences as of 31/12/2020:

#### B-1 Remuneration & Nomination Committee:

Sr.	Name	Current Jobs	Former Jobs	Qualifications	Experiences
1	Dr. Saud Alnimir				
2	Mr. Abdullah Alaqeel	Their current and former jobs, qualifications and experiences have been mentioned in the paragraph (A) above pertaining to the members of the Board of Directors.			
3	Mr. Raed Altamimi				
4	Mr. Turki Almubarak				

#### B-2 Audit Committee:

Sr.	Name of the Member	Current Jobs	Former Jobs	Qualifications	Experiences
1	Mr. Abdullah Alaqeel				
2	Mr. Alaa Alfada*	Their current and former jobs, qualifications and experiences have been mentioned in the paragraph (A) above pertaining to the members of the Board of Directors.			
3	Mr. Turki Almubarak**				
4	Mr. Abdulaziz Alghamdi***	Private Business	Advisor at the Ministry of Finance	Bachelor of Sharia, 1397 AH	<ul style="list-style-type: none"> <li>• Researcher and Personnel Affairs Specialist at the Ministry of Finance.</li> <li>• General Director of the Personnel Affairs Department at the Ministry of Finance.</li> <li>• General Manager of the Financial &amp; Customs Affairs in the Eastern Region.</li> <li>• General Manager of the Branch of the Ministry of Finance in the Eastern Region.</li> <li>• General Manager of the Public Domain Authority at the Ministry of Finance.</li> <li>• Consultant and member of the Preparatory Committee for the Expansion of the Grand Mosque in the Holy Mecca.</li> <li>• Adviser and supervisor of the executive committees for the expansion project of the Prophet's Mosque in Al Madinah Al Munawwarah.</li> <li>• Member of the Board of Directors of the Jeddah Development and Urban Development Company and a member of the Audit Committee and the Property Committee.</li> <li>• Member of the Board of Directors of Khuzam Real Estate Company.</li> <li>• Member of the Board of Directors of the Water and Sewerage Authority in the Eastern Region.</li> <li>• Chairman of the Primary Committee for Tax Objection in the Eastern Region.</li> </ul>
5	Mr. Mahmoud Rushdi***	Royal Court Counselor - Part-Time	Undersecretary for Foreign Trade - Ministry of Trade and Industry	<ul style="list-style-type: none"> <li>• Bachelor of Business Administration, King Abdulaziz University, 1976.</li> <li>• Master's Degree in the Industrial Marketing, University of Oklahoma 1982.</li> </ul>	<ul style="list-style-type: none"> <li>• General Manager of the Industrial Licenses, Ministry of Trade and Industry from 1990 – 2000.</li> <li>• Undersecretary of the Ministry of Foreign Trade, Ministry of Trade and Industry from 2000 – 2012.</li> <li>• Delegate in the Economic Committees with European and American Countries from 2000 – 2013.</li> </ul>

\* Left the Board of Directors on 22/07/2020 and remained a member of the Audit Committee (Member from outside the Board).

\*\* Joined the Audit Committee on 15/11/2020.

\*\*\* Member of the Audit Committee from outside the Board of Directors.

### B-3 Investment & Strategy Committee:

Sr.	Name of the Member	Current Jobs	Former Jobs	Qualifications	Experiences
1	HE. Eng. Khalid Almudaifer				
2	Major General. Mohammed Albassami	Their current and former jobs, qualifications and experiences have been mentioned in the paragraph (A) above pertaining to the members of the Board of Directors.			
3	Eng. Khalid Alhogail				
4	Mr. Abdulhadi Almansouri*	Chairman of the General Authority of Civil Aviation	Assistant Minister of Transport, Excellent Rank	Bachelor of Computer Science in 1998, King Abdul Aziz University	<ul style="list-style-type: none"> <li>Head of the Global Employment Office in Saudi Aramco from 2010 – 2012.</li> <li>Vice President of the Arab Society for Human Resources Management from 1010 – 2012.</li> <li>HR Manager at King Abdullah Center for Economic Studies and Research from 2012 – 2014.</li> <li>Vice President for Finance and Operations at King Abdullah Center for Economic Studies and Research from 2014 – 2015.</li> <li>Assistant Deputy Minister of Health for Human Resources at the Ministry from 2015.</li> <li>Undersecretary of the Saudi Ministry of Health for Human Resources from 2015 – 2016.</li> <li>Advisor to the Minister of Energy, Industry and Mineral Resources and Director of Human Resources from 2016 – 2017.</li> <li>Assistant Minister of Transport, Excellent Rank from 2018 – 2019.</li> <li>Chairman of the General Authority of Civil Aviation since May 2019.</li> </ul>

\* Left the Committee on 02/04/2020 (Member of the Investment & Strategy Committee from outside the Board of Directors).

A) The table below shows names of the Executive Management and their current and former jobs, qualifications and experiences as of 31/12/2020

Sr.	Name of the Member	Current Jobs	Former Jobs	Qualifications	Experiences
1	Eng. Khalid Alhogail	MD and CEO of the Saudi Public Transport Company.	General Manager, of the Saudi Public Transport Company.	Bachelor in the Civil Engineering, King Saud University.	<p><b>Current Experiences:</b></p> <ul style="list-style-type: none"> <li>Chairman of the Board of Directors of the Public Transport Company (PTC).</li> <li>Chairman of the Board of Directors of the Saudi Integrated Transport Company (SEITCO).</li> <li>Member of the Board of Directors of CAMCO.</li> <li>Chairman of the UITP-MENA.</li> <li>Vice President of the UITP-HQ in Brussels.</li> <li>Vice President of the Board of Directors of the International Public Transport Association (AULT).</li> <li>Member of the Saudi French Business Council.</li> <li>Member of the Saudi Spanish Business Council.</li> <li>Member of the Saudi Russian Business Council.</li> </ul> <p><b>Former Experiences:</b></p> <ul style="list-style-type: none"> <li>Chairman of the National Committee for Joint Stock Companies.</li> <li>Vice President of the National Committees at the Saudi Chamber Council.</li> <li>Member of the Board of Directors of the Public Transport Authority.</li> <li>Member of the Advisory Board of His Excellency the Minister of Hajj.</li> <li>Member of the International Road Transport Union (IRU).</li> <li>Member of the American National Student Transportation Association (NAPT).</li> <li>Member of the National Tourism Committee.</li> <li>Member of the Saudi Indian Business Council.</li> <li>Member of the Saudi Bahraini Business Council.</li> <li>Member of the Board of Directors of Bahrain Limo Company.</li> <li>Member of the Arab Society for Management.</li> <li>Member of the Saudi Council of Engineers.</li> <li>Member of the Saudi Management Association.</li> </ul>

Sr.	Name of the Member	Current Jobs	Former Jobs	Qualifications	Experiences
2	Mr. Ahmed Al Johani	Chief Business Officer, Saudi Public Transport Company	Executive Vice President, Saudi Public Transport Company	Masters in Computer Science in Information Systems	<ul style="list-style-type: none"> <li>• Director of Information Technology Sector, Saudi Public Transport Company from 2008 – 2012.</li> <li>• Vice President for Support Services, Saudi Public Transport Company from 2012 – 2016.</li> <li>• Vice President, Saudi Public Transport Company 2016 – 2018.</li> <li>• Chief Business Officer, Saudi Public Transport Company.</li> <li>• Member of the Board of Directors of the Public Transport Company (PTC).</li> <li>• Member of the Board of Directors of the Saudi Emirates Integrated Transport Company (SEITCO).</li> <li>• Chairman of the Executive Committee of the Saudi Emirates Integrated Transport Company (SEITCO).</li> </ul>
3	Mr. Abdullah Faraj*	Chief Finance Officer, Saudi Public Transport Company	CEO for Finance, Saudi Ground Services Company	<ul style="list-style-type: none"> <li>• Bachelor of Accounting from Imam Muhammad bin Saud Islamic University.</li> <li>• Master's Degree in Accounting from the American University in Washington.</li> </ul>	<ul style="list-style-type: none"> <li>• An accountant at the Ministry of Municipal and Rural Affairs</li> <li>• Director of the Internal Audit, Tawuniya Insurance Company</li> <li>• Director of Finance, Prince Sultan Bin Abdulaziz City for Humnitarian Services</li> <li>• Vice President for Financial and Administrative Affairs, Malath Insurance Company.</li> <li>• Vice President for Financial and Administrative Affairs, Solidarity Saudi Takaful Comapny.</li> <li>• Vice President for Financial and Administrative Affairs, Saudi Reinsurance Company (EAADA).</li> <li>• Head of the Internal Audit, National Commercial Bank.</li> <li>• CEO for Finance, Saudi Ground Services Company.</li> </ul>
4	Mr. Khalid Al Zahrani**	Chief Finance Officer, Saudi Public Transport Company	Chief Executive Officer - Riyadh International Convention & Exhibition Center	<ul style="list-style-type: none"> <li>• Master of Business Administration - University of Wales, Angor, United Kingdom.</li> <li>• Fifth level of the British National Vocational Qualification (NVQ) - Bahrain Training Institute.</li> <li>• Member of the British Association of Accounting Technicians (AAT).</li> </ul>	<ul style="list-style-type: none"> <li>• Chief Executive Officer - Riyadh International Convention &amp; Exhibition Center.</li> <li>• Senior Expert – Ministry of Economy &amp; Planning.</li> <li>• General Manager - Modern Electronics Company - Al Faisaliah Group.</li> <li>• Chief Finance Officer - Modern Electronics Company - Al Faisaliah Group.</li> <li>• Accounts Manager for the Central Region - Almarai Company.</li> </ul>
5	Mr. Feras Aba Al Khail***	Chief Strategy and Transformation Officer, Saudi Public Transport Company	Vice President of Marketing, Saudi Public Transport Company	<ul style="list-style-type: none"> <li>• Master in the International Marketing</li> </ul>	<ul style="list-style-type: none"> <li>• General Manager of Marketing and Corporate Communication - Saudi Exports.</li> <li>• Vice President of Marketing, Saudi Public Transport Company.</li> <li>• Chief Strategy and Transformation Officer, Saudi Public Transport Company.</li> </ul>
6	Mr. Ghassan Saktawi	Director General of the HR Sector - Saudi Public Transport Company	General Director of Human Resources, Al Salam Aircraft Company	<ul style="list-style-type: none"> <li>• Bachelor of Science in Administrative Information Systems Florida, USA.</li> <li>• Master in the Business Administration, American University.</li> </ul>	<ul style="list-style-type: none"> <li>• General Manager of Human Resources, Al Salam Aircraft Company.</li> <li>• General Manager of the HR Sector - Saudi Public Transport Company.</li> </ul>

\* Left the company on 27/06/2020

\*\* Joined the company on 01/07/2020.

\*\*\* Left the company on 30/04/2020.



### 3) Names of companies inside and outside the Kingdom in which a Board member is a member of their current or previous Board or a manager.

The table below shows names of the Companies inside and outside the Kingdom, in which a member of the Board of Directors of the Company is a member in their current and previous Boards Directors or Directors of them as of 31/12/2020:

Sr.	Name of the Member	Names of the Companies in which a member of the board of directors is a member in their current boards of directors or among the directors thereof	Inside/ Outside the Kingdom	Legal Entity (Listed Public Shareholding / Unlisted Public Shareholding / LLC)	Names of the Companies in which a member of the board of directors is a member in their former boards of directors or among the directors thereof	Inside/ Outside the Kingdom	Legal Entity (Listed JSC/ Unlisted JSC/ LLC)
1	HE. Eng. Khalid Almudaifer	Saudi Arabian Mining Company (Maaden)	Inside the Kingdom	Listed Public Shareholding	Qassim Cement Company	Inside the Kingdom	Listed Public Shareholding
					Saudi Arabian Railways Company (SAR)	Inside the Kingdom	Owned by the Public Investment Fund
2	Mr. Abdullah Alaqeel	N/A	-	-	N/A	-	-
3	Major General. Mohammed Albassami	N/A	-	-	N/A	-	-
4	Mr. Alaa Alfada*	Chemical Industries Company in Tunisia	Outside the Kingdom	Public Joint Stock Company	Major Mining Factories Company	Inside the Kingdom	Closed Joint Stock Company
		Arab Mining Company in Jordan	Outside the Kingdom	Limited Liability Company – Unlisted	Dar Al Tamleek Company	Inside the Kingdom	Limited Liability Company – Unlisted
		General Real Estate Authority	Inside the Kingdom	Government Authority	Medical Cities and Specialized Hospitals	Inside the Kingdom	Government Authority
5	Mr. Mohammed Alshaikh**	N/A	-	-	N/A	-	-
6	Dr. Saud Alnimir	National Consulting House Company	Inside the Kingdom	Licensed Financial Company	Saudi Consolidated Electricity Company from 2009 to 2017	Inside the Kingdom	Listed Public Joint Stock Company
		Alinma Bank	Inside the Kingdom	Listed Public Joint Stock Company	Solidarity Saudi Takaful Company from 2011 to 2016	Inside the Kingdom	Listed Public Joint Stock Company

7	<b>Mr. Musad Aldaood</b>	N/A	-	-	N/A	-	-
8	<b>Mr. Raed Altamimi</b>	Al Rajhi Bank from November 2017	Inside the Kingdom	Listed Publish Joint Stock Company	National Medical Care Company	Inside the Kingdom	Listed Publish Joint Stock Company
		National Gas and Manufacturing Company GASCO from November 2019	Inside the Kingdom	Listed Publish Joint Stock Company	Cooperative Insurance Company	Inside the Kingdom	Listed Publish Joint Stock Company
					Najm Insurance Services Company	Inside the Kingdom	Closed Joint Stock Company
					The Cooperative Real Estate Investment Company	Inside the Kingdom	Closed Joint Stock Company
9	<b>Mr. Turki Almubarak</b>	Yanbu Cement Company	Inside the Kingdom	Listed Joint Stock Company	N/A	-	-
10	<b>Eng. Khalid Alhogail</b>	Public Transportation Company (PTC)	Inside the Kingdom	An affiliated company to SAPTCO			
		Saudi Integrated Transport Company (SEITCO)	Inside the Kingdom	Joint Venture of SAPTCO	Saudi Bahraini Transport Company	Outside the Kingdom	An Associated Company of SAPTCO
		Capital Metro Company (CAMCO)	Inside the Kingdom	An Associated Company of SAPTCO			

\* Left the Board of Directors on 22/07/2020.

\*\* Joined the Board of Directors on 22/07/2020.

#### 4) Composition of the Board and classification of its members, as follows: Executive Directors, Non-Executive Director, Independent Director.

The Board of Directors of the Company is formed of nine members, four of which represents the Government, including the Chairman and they shall be appointed upon approval of the Prime Minister based on a suggestion from the Minister of Transport, and five members represent the Private Sector to be selected by the General Assembly of the Shareholders. The members of the Board of Directors shall be appointed for a period of three years, and they may be reappointed for further period or periods. The following table outlines the membership capacity of the members of the Board of Directors:

The table below shows the membership capacity of the members of the Board of Directors as of 31/12/2020:

Sr.	Name of the Member	Capacity	Membership Classification
1	HE. Eng. Khalid Almudaifer	Chairman of the Board of Directors	Non-Executive
2	Mr. Abdullah Alaqeel	Vice Chairman of the Board of Directors	Non-Executive
3	Major General. Mohammed Albassami	Member of the Board of Directors	Non-Executive
4	Mr. Alaa Alfada*	Member of the Board of Directors	Non-Executive
5	Mr. Mohammed Alshaikh**	Member of the Board of Directors	Non-Executive
6	Mr. Raeed Altamimi	Member of the Board of Directors	Non-Executive
7	Dr. Saud Alnimir	Member of the Board of Directors	Independent
8	Mr. Musad Aldaood	Member of the Board of Directors	Independent
9	Mr. Turki Almubarak	Member of the Board of Directors	Independent
10	Eng. Khalid Alhogail	Member of the Board of Directors	Executive

\* Left the board of Directors on 22/07/2020

\*\* Joined the board of Director on 22/07/2020.

## 5) Procedures taken by the Board to inform its members, Non-Executive Directors in particular, of shareholders' suggestions and remarks on the Company and its performance.

The Company incorporated the rights of the shareholders and the general assembly into the corporate governance guide. The shareholders' complaints and remarks are received through several means:

- Investor Protection (Complaints).
- Postal letters, phone calls, fax or via the email.
- The General Assembly' meeting of Shareholders.

The members of the Board of Directors are informed of the recommendations, proposals and remarks of the shareholders through the Board's meetings, meetings of the committees emanating from the Board of Directors and the minutes of the General Assembly' meeting of Shareholders.

## 6) A brief description of the competencies and duties of committees, such as Audit Committee, Nomination Committee and Remuneration Committee indicating their names, their chairmen, members, number of their respective meetings, dates of those meetings and members' attendance details of each meeting.

The Company's Board of Directors formed three committees from among the members of the Board of Directors and from outside the Board to follow up the Company's business in view of the Company's need and conditions, and in accordance with general procedures as set forth by the Board of Directors, in such a manner that guarantees the determination of the task of each Committee, as follows:

### 1- Remuneration & Nomination Committee

The Thirtieth Ordinary General Assembly (2<sup>nd</sup>) held on 09/04/1430 AH, corresponding to 05/04/2009, based on a proposal from the Board of Directors, set the selection rules of the members of the Remuneration & Nomination Committee and the work mechanism of such Committee, and the work regulation of the Committee has been approved in consistency with the Corporate Governance Regulation in the ninety-third meeting of the Ordinary General Assembly held on 04/12/2017, and the Regulation has been amended in the forty-third meeting of the Ordinary General Assembly of the Company's shareholders held on 27/04/2020, and the most important tasks and responsibilities of the Remuneration & Nomination Committee are summarized below:

- Preparing a clear policy for the remunerations of the members of the Board of Directors, the committees emanating from the Board and the Executive Management to be escalated to the Board of Directors for consideration to be approved by the General Assembly, provided that such policy shall take into account standards in connection with the performance, disclosure and verification of the achievement thereof.
- Clarifying the relationship between the remunerations granted and the applicable remuneration policy, and identifying any fundamental deviation from such policy.
- The periodic review of the remuneration policy and evaluating the extent of its effectiveness in achieving the attained objectives.
- Recommending the Board of Directors regarding the remunerations of the members of the Board of Directors, the committees emanating therefrom and the senior executives in the company according to the approved policy.
- Proposing clear policies and standards for the membership in the Board of Directors and the Executive Management.
- Recommending the Board of Directors regarding the nomination of members and re-nominating them according to the approved policies and standards, taking into account not to nominate any person who has been previously condemned in a crime against honesty.

- Preparing a description of the required capabilities and qualifications for the membership of the Board of Directors and occupation of the jobs in the Executive Management.
- Determining the time the member shall allocate for the works of the Board of Directors.
- The annual review of the necessary requirements, including the appropriate skills or experiences for the membership of the Board of Directors and jobs of the Executive Management.
- Reviewing the structure of the Board of Directors and the Executive Management and providing the recommendations on the changes that may be applied.
- The annual verification of the independency of the independent members and any conflict of interests in case the member holds the membership of the Board of Directors of another company.
- Providing a job description for the executive members, non-executive members, independent members and senior executives.
- Setting out the procedures related to the vacancy in any position of the members of the Board of Directors or the senior executives.
- Identifying the areas of strength and weakness in the Board of Directors, and proposing the solutions to handle them in line with the Company's interest.

#### A statement of the names and attendants of the Remuneration & Nomination Committee during 2020:

Sr.	Name	Nature of the Membership	Nos. of the meetings of the Audit Committee (6) meetings						Total
			First	Second	Third	Fourth	Fifth	Sixth	
			02/02/2020	19/04/2020	07/06/2020	06/08/2020	06/12/2020	29/12/2020	
1	Dr. Saud Alnimir	Chairman of the Committee	Attended	Attended	Attended	Attended	Attended	Attended	6
2	Mr. Abdullah Alaqeel	Member	Attended	Attended	Attended	Attended	Attended	Attended	6
3	Mr. Raed Altamimi	Member	Attended	Attended	Attended	Attended	Attended	Attended	6
4	Mr. Turki Almubarak	Member	Attended	Attended	Attended	Attended	Attended	Attended	6

#### 2- Audit Committee:

The fifteenth Ordinary General Assembly of the Company's Shareholders held on 24/11/1414 AH, corresponding to 05/05/1994, based on a proposal from the Board of Directors, issued the selection rules of the members of the Audit Committee and the work mechanism of the Committee. The Work Regulation of the Committee has been adopted in the Ordinary General Assembly's meeting of the Company's Shareholders (Thirty-Ninth) held on 04/12/2017, and the General Assembly's meeting of the Company's Shareholders (Forty-First) held on 12/12/2018, and the General Assembly's meeting of the Company's Shareholders (Forty-Third) held on 27/04/2020, and its Work Regulation has been adopted in consistency with the Governance Regulation issued by the Saudi Capital Market Authority. Among the tasks of the Audit Committee are including but not limited to overseeing the company's internal audit sector, studying the internal control system, internal audit reports, recommending to the Board of Directors the appointment of the auditors, determining their fees, following up on their work, studying the audit plan and the auditor's notes, studying the initial and annual financial statements before submitting them to the Board of Directors, recommending to the Board of Directors about them and reviewing the auditor's plan and his work, results of the reports of the supervisory authorities and verifying that the company takes the necessary measures in this regard. The most important tasks and responsibilities of the Audit Committee are summarized below:

**(A) Financial Reports:**

- Studying the initial and final financial statements of the Company before submitted to the Board of Directors, and expressing its opinion and recommendation on them to ensure their integrity, fairness and transparency.
- Expressing the technical opinion at a request from the Board of Directors, whether the Board of Directors' report and the financial statements of the Company are fair, balanced and understood, whether they include the information that enable the shareholders and investors to evaluate the financial position of the Company and its performance, work model and strategy.
- Studying any important or unfamiliar issues included in the financial reports.
- Investigating thoroughly, any issues raised by the CFO of the Company or whoever acts on his behalf, the Compliance Officer in the Company or the Auditor.
- Verifying the accounting estimates in relation to the fundamental issues contained in the financial reports.
- Studying the applicable accounting policies in the Company and expressing the opinion and recommendation for the Board of Directors in this regard.

**(B) Internal Audit:**

- Studying and reviewing the internal and financial audit systems and risk management in the Company.
- Studying the internal audit reports and following up the execution of the corrective procedures related to the received remarks.
- Controlling and supervising the internal audit performance in the Company to verify the availability of the necessary materials and their effectiveness in performing the works and tasks assigned to it.
- Recommending to the Board of Directors the appointment of the director of the Internal Audit Sector and proposing his remuneration.

**(C) Auditor:**

- Recommending the Board of Directors, the nomination of the auditors and their dismissal, determining their fees and evaluating their performance having verified their independency and reviewed their scope of work and conditions to contract with them.
- Verifying the independency of the auditor and it's neutrality and fairness and the extent of effectiveness of the audit works, taking into account the relevant rules and standards.
- Reviewing the plan of the Company's auditor and it's works, verifying the non-performance of technical or administrative works beyond the scope of the audit works, and expressing the opinion in this regard.
- Replying to the inquiries of the Company's auditor.
- Studying the auditor's report and comments on the financial statements and following up the measures taken in this regard.

**(D) Ensuring the Compliance:**

- Reviewing the reports of the supervisory authorities and verifying that the Company has taken the necessary measures in this regard.
- Verifying the Company's compliance with the relevant laws, regulations, policies and instructions.
- Reviewing the proposed contacts and transactions to be concluded by the Company with the related parties, and expressing their opinions in this regard to the Board of Directors.
- Escalating any issues it deems necessary to the Board of Directors and expressing its recommendations on the procedures to be taken.

## A statement of the names and attendants of the meetings of the Audit Committee during 2020

Sr.	Name	Nature of the Membership	Nos. of the meetings of the Audit Committee (6) meetings						Total
			First	Second	Third	Fourth	Fifth	Sixth	
			03/02/2020	23/03/2020	11/06/2020	20/08/2020	05/11/2020	07/12/2020	
1	Mr. Abdullah Alaqeel	Chairman of the Committee	Attended	Attended	Attended	Attended	Attended	Attended	6
2	Mr. Alaa Alfada*	Member	Attended	Attended	Attended	Attended	Attended	Attended	6
3	Mr. Turki Almubarak**	Not joined	Not joined	Not joined	Not joined	Not joined	Not joined	Attended	1
4	Mr. Abdulaziz Alghamdi***	Member	Attended	Attended	Attended	Attended	Attended	Attended	6
5	Mr. Mahmoud Roshdi***	Member	Attended	Attended	Attended	Attended	Attended	Attended	6

\* Left the Board of Directors on 22/07/2020 and remained as a member in the Audit Committee (a member from outside the Board of Directors).

\*\* Joined the Audit Committee on 15/11/2020.

\*\*\* A member in the Audit Committee from outside the Board of Directors.

### 3- Investment & Strategy Committee:

The tasks and responsibilities of the Committee are summarized below:

- Investing the surplus cash liquidity and the continuous review of the liquidity position according to the following conditions:
  - a. To be compatible with the Islamic Sharia.
  - b. To be subject to the quick liquidation, if needed.
  - c. To be of low risks.
  - d. The investment shall be in the local market and in the Saudi Riyals.
  - e. The investment shall be carried out by one of the financial institutions licensed to practice the profession.
  - f. The investment shall be a part of the available liquidity.
- Searching for the available investment opportunities in the local market to invest the Company's assets.
- Providing the current investments periodically and escalating the proper recommendations to the Board.
- The full disclosure of the related parties in case the investment belongs to either of them.
- Recommending the Board of Directors, the new investment projects and income diversification projects according to the Company's strategies.
- Following up the investment portfolios' performance, conducting the evaluation studies and providing the necessary recommendations.
- Following up the execution of the strategic plans of the various types of the Company.

## A statement of the names and attendants of the meetings of the Investment &amp; Strategy Committee during 2020

Sr.	Name	Nature of the Membership	Nos. of the meetings of the Investment & Strategy Committee (8) meetings								Total
			First	Second	Third	Fourth	Fifth	Sixth	Seventh	Eight	
			10/03/2020	01/04/2020	16/04/2020	08/06/2020	28/06/2020	17/08/2020	02/11/2020	15/12/2020	
1	HE. Eng. Khalid Almudaifer	Chairman of the Committee	Attended	Attended	Attended	Attended	Attended	Attended	Attended	Attended	8
2	Major General. Mohammed Albassami	Member	Attended	Attended	Attended	Attended	Attended	Attended	Attended	Attended	8
3	Mr. Musad Aldaood	Member	Attended	Attended	Attended	Attended	Attended	Attended	Attended	Attended	8
4	Mr. Abdulhadi Mansoori*	Member	Attended	Attended	Left	Left	Left	Left	Left	Left	2
5	Eng. Khalid Alhogail	Member	Attended	Attended	Attended	Attended	Attended	Attended	Attended	Attended	8

\* Left the Committee on 02/04/2020 (A member of the Investment & Strategy Committee from outside the Board of Directors).

## 7) Where applicable, the means used by the Board to assess its performance, performance of its committees and members, and the external body which conducted the assessment and its relation with the Company, if any.

The Board evaluated its performance during the financial year 2020 through a self-evaluation questionnaire that included questions related to all aspects of the work and the tasks assigned to those concerned with the evaluation in order to find out the aspects of weakness and strength and to propose treatment thereof in accordance with the Company's interest and taking into account the necessary measures according to the outputs of the evaluation process to the extent that it achieves the company's interest and its shareholders. The evaluation was not carried out by any external authority, and the Board's performance evaluation by an external party will be taken into account in the future, if necessary.

## 8) Disclose remuneration of the Board members and Executive Management as stated in Article (93) of the Corporate Governance Regulations.

### (1) Remuneration Policy of the Members of the Board of Directors and the Committees emanating from the Board:

- According to Article (22) of the Company Statutory and paragraph (Third) of the Remuneration Policy of the Members of the Board of Directors and the Senior Executives as approved by the General Assembly of the Company's Shareholders, the remuneration of the Board of Directors is determined by a lump sum as an annual remuneration for each session (attendance allowance) and to the extent provided for in the Companies Law and its regulations. This is represented by granting an annual remuneration to each member of the Board of Directors at a value of 200 thousand Riyals upon the approval of the Ordinary General Assembly of the Company's Shareholders.
- Note No. (39) included the Board of Directors' recommendation to the General Assembly to release an amount of 1.35 million Riyals as remunerations for the members of the Board of Directors for the year 2020, in accordance with the approved policies after reduction by 25% as a contribution of Board members towards reducing the financial effects of Corona pandemic on the company's results.



- For the annual remuneration of the members of the committees emanating from the Board, a maximum amount of (150) thousand Riyals to be released for the Audit Committee, and a maximum amount of (130) thousand Riyals to be released for both of the Remuneration & Nomination Committee and the Investment & Strategy Committee. The entitlement to such remuneration in full is conditional upon the achievement of the attendance percentage of the Committee's meetings that is 70% or more by each member.
- An attendance allowance remuneration of five thousand Riyals to be granted to each member for each meeting of the Board of Directors, the Committees or the General Assemblies.
- Air tickets to be secured for the members who reside outside the area in which the meetings of the Board of Directors, the Committees or the General Assemblies are held for the internal and external trips, and a delegation allowance of (1,125) Riyals per day for a period of four days for the tasks outside the Kingdom and two days for the tasks inside the Kingdom.
- A member of the Board or the Committees is granted a transport allowance of (500) Riyals per day.
- A member of the Board or the Committees is granted a boarding and lodging of (1,000) Riyals inside the Kingdom per day, and (1,500) Riyals per day outside the Kingdom.
- In all cases, the total amount received by a member of the Board of Directors, including the remunerations, financial and in-kind benefits, shall not exceed an amount of five hundred thousand Riyals annually, as indicated in the Companies Law.
- The remuneration granted are consistent with the approved remuneration policy, and the grounds and standards pertaining to the calculation and entitlement to the remunerations have been taken into account.
- \* **The Company confirms that there is no fundamental deviation from such policy.**
- No remunerations were given for any technical, administrative or consulting works to any of the members of the Board of Directors.

## **(2) Remuneration Policy of the Senior Executives:**

The remunerations granted to the senior executives are divided into the following:

- An annual remuneration approved by the Board of Directors based on a recommendation from the Remuneration and Nomination Committee, to be released according to the planned target of the Company. An annual remuneration to be provided for in some of the contracts of the Senior Executives and granted during the year.
- An annual remuneration to be granted based on the efforts exerted as per the authorities granted to the CEO of the Company by the Board of Directors, which shall be evaluated by the senior management during the financial year.
- The remuneration granted are consistent with the approved remuneration policy, and the grounds and standards pertaining to the calculation and entitlement to the remunerations have been taken into account.
- \* **The Company confirms that there is no fundamental deviation from such policy.**

The following tables indicate the salaries, allowances and remunerations that have been released for the members of the Board of Directors and five of the Senior Executives who received higher remunerations and compensations during 2020, including the CEO and the CFO:

## Disclosure of the Remunerations of the Members of the Board of Directors (Amounts in Thousand Riyals)

	Fixed Remunerations							Variable Remunerations								
	Specific amount	Attendance allowance of the Board's sessions	Total attendance allowance of the Committees' sessions	In-kind benefits	The amounts received by the members of the Board as administrators or the amounts they received for technical, administrative or consulting works	Remuneration of the chairman of the Board, Managing Director and the Secretary, if a member	Total	Percentage of the profits	Periodic remunerations	Short-term incentive plans	long-term incentive plans	Granted shares (insert the value)	Total	EOS	Gross Total	Expense Allowance
<b>First: Independent Members</b>																
1- Dr. Saud Alnimir	150	50	30	-	-	-	230	-	-	-	-	-	-	-	230	-
2-Mr. Musad Aldaood	150	50	40	-	-	-	240	-	-	-	-	-	-	-	240	-
3-Mr. Turki Almubarak	150	50	35	-	-	-	235	-	-	-	-	-	-	-	235	-
<b>Total</b>	<b>450</b>	<b>150</b>	<b>105</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>705</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>705</b>	<b>-</b>
<b>Second: Non-Executive Members</b>																
1-HE. Eng. Khalid Almudaifer	150	50	40	-	-	-	240	-	-	-	-	-	-	-	240	-
2- Mr. Abdullah Alaqeel	150	50	30	-	-	-	230	-	-	-	-	-	-	-	230	-
3-Major General. Mohammed Albassami	150	50	40	-	-	-	240	-	-	-	-	-	-	-	240	-
4-Mr. Alaa Alfada*	75	25	30	-	-	-	130	-	-	-	-	-	-	-	130	-
5-Mr. Mohammed Alshaikh**	75	20	-	-	-	-	95	-	-	-	-	-	-	-	95	-
6- Mr. Raed Altamimi	150	50	30	-	-	-	230	-	-	-	-	-	-	-	230	-
<b>Total</b>	<b>750</b>	<b>245</b>	<b>170</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,165</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,165</b>	<b>-</b>
<b>Third: Executive Members</b>																
1- Eng. Khalid Alhogail	150	50	40	-	-	-	240	-	-	-	-	-	-	-	240	-
<b>Total</b>	<b>1,350</b>	<b>445</b>	<b>315</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>2,110</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>2,110</b>	<b>-</b>

\* Left the Board of Directors on 22/07/2020.

\*\* Joined the Board of Directors on 22/07/2020.

## Remunerations of the Members of the Committees:

Member	Fixed Remunerations (Except for the Attendance Allowance of the Sessions)	Attendance Allowance of the Sessions	Total
<b>Members of the Audit Committee</b>			
1) Mr. Abdullah Alaqeel	150	30	180
2) Mr. Turki Almubarak*	25	5	30
3) Mr. Alaa Alfada**	150	30	180
4) Mr. Abdulaziz Alghamdi***	150	30	180
5) Mr. Mahmoud Roshdi ****	150	30	180
<b>Total</b>	<b>625</b>	<b>125</b>	<b>750</b>
<b>Members of the Remuneration &amp; Nomination Committee</b>			
1) Dr. Saud Alnimir	130	30	160
2) Mr. Abdullah Alaqeel	130	30	160
3) Mr. Raed Altamimi	130	30	160
4) Mr. Turki Almubarak	130	30	160
<b>Total</b>	<b>520</b>	<b>120</b>	<b>640</b>
<b>Members of the Investment &amp; Strategy Committee</b>			
1) HE. Eng. Khalid Almudaifer	130	40	170
2) Major General. Mohammed Albassami	130	40	170
3) Mr. Musad Aldaood	130	40	170
4) Mr. Abdulhadi Almansoori*****	32.5	10	42.5
5) Eng. Khalid Alhogail	130	40	170
<b>Total</b>	<b>552.5</b>	<b>170</b>	<b>722.5</b>

\* Joined the Audit Committee on 15/11/2020.

\*\* Left the Board of Directors on 22/07/2020 and remained as a member of the Audit Committee (Member from outside the Board of Directors).

\*\*\* Member of the Audit Committee from outside the Board of Directors.

\*\*\*\* Member of the Investment & Strategy Committee from outside the Board of Directors.

## Remunerations of the Senior Executives (Including the CEO & CFO)

The Remunerations & Compensations paid to (5) of the Senior Executives in the Company for the year ended on December 31, 2020

Jobs of the Senior Executives	Fixed Remunerations				Variable Remunerations						EOS	Total Remunerations of the Senior Executives, if any	Gross Total
	Salaries	Allowances	In-Kind Benefits	Total	Periodic Benefits	Profits	Short-Term Incentive Plans	Long-Term Incentive Plans	Granted Shares	Total			
(5) of the Senior Executives	4,047	1,761	487	6,295	1,890	0	2,240	0	0	4,130	24	0	10,449

**9) Any sanction, penalty, preventive measure or precautionary restriction imposed on the Company by the Authority or any other supervisory, regulatory or judiciary authority, describing reasons for non-compliance, the imposing authority and the measures undertaken to remedy and avoid such non-compliance in the future.**

There is no penalty, sanction, precautionary measure or precautionary restriction imposed on the company by the Authority or any other supervisory, regulatory or judicial authority for the fiscal year 2020. As an exception and due to the nature of the continuous operation of the company's provision of several services, financial fines have been charged by the Public Transport Authority in relation to operational matters, the total of which for the fiscal year 2020 is an amount of (21,500) Riyals, and the company is always working to reduce and handle them.

**10) Results of the annual review of effectiveness of internal control procedures of the Company and the opinion of the audit committee with respect to adequacy of Company's internal control system.**

During 2020, the Audit Committee examined the company's internal control systems (through the Internal Audit Sector) and made sure of their effectiveness. It also studied and reviewed the main operational, financial and administrative risks the company may face, analyzed them and developed the solutions and treatments required to ensure the safety of overcoming those risks. In addition to studying the strengths and weaknesses of the internal control, so that the audit processes are carried out in a periodic and continuous manner through informing the Audit Committee of the achievements of the company's Internal Audit Sector. The examination has covered all business and activities of the company and its various sectors, and the examination results of the internal control systems showed that there is no fundamental weakness in the company's internal control system. The external auditor also evaluates this system as part of reviewing the final financial statements of the company and enabling him to peruse all minutes of the Audit Committee and the reports of the Internal Audit Sector for the financial period subject to the examination.

**11) Audit Committee's recommendation on the need for appointing an internal auditor for the Company, if there is no internal auditor.**

Not applicable, as the company has an internal auditor represented in the Internal Audit Sector.

**12) The Audit committee's recommendations that are in conflict with the Board's resolutions or those which the Board disregarded, relating to appointment, dismissal, performance assessment or determining the remuneration of an external auditor, as well as justifications for those recommendations and reasons for disregarding them.**

There are no contradiction between the recommendations of the Audit Committee and the Board of Directors' Resolutions.

### 13) Details of the Company's social contributions, if any.

Since the Saudi Public Transport Company is keen on activating and achieving the social responsibility programs through its leading role in the field of transportation in the Kingdom of Saudi Arabia, the Company, during 2020, resumed the student training programs according to the cooperative training program for 2020, so that the company trained a number of (8) students during 2020. The company participates in the community programs and activities and contributes to the national and social events to provide bus transportation services to many government authorities and non-profit organizations, in addition to contributing to advertising on SAPTCO buses for those occasions.

### 14) A statement of the dates of the General Assembly meetings held during the last fiscal year and the names of the Board members who attended them.

During 2020, two General Assembly's meetings of the company's shareholders were held, details as the following:

#### A statement of the attendants of the Ordinary General Assembly held during 2020:

Sr.	Name	Attendance Register	
		Forty-Third Meeting of the Ordinary General Assembly held on 27/04/2020	Forty-Fourth Meeting of the Ordinary General Assembly held on 15/11/2020
1	HE. Eng. Khalid Almudaifer– Chairman of the Board of Directors Chairman of the Meeting	Attended	Attended
2	Mr. Abdullah Alaqeel – Vice Chairman of the Board of Directors	Attended	Attended
3	Major General. Mohammed Albassami	Attended	Attended
4	Mr. Alaa Alfada*	Attended	Left
5	Mr. Mohammed Alshaikh**	Did not Join	Attended
6	Dr. Saud Alnimir	Attended	Attended
7	Mr. Musad Aldaood	Attended	Attended
8	Mr. Raeed Altamimi	Attended	Attended
9	Mr. Turki Almubarak	Attended	Attended
10	Eng. Khalid Alhogail	Attended	Attended

\* Left the Board of Directors on 22/07/2020.

\*\* Joined the Board of Directors on 22/07/2020

**15) A description of the main types of activities of the Company and its affiliates. If there are two types or more, a statement showing each activity and its effect on the size of the Company's businesses and contributions to the results, must be attached.**

The Saudi Public Transport Company was established by the Royal Decree No. M/11 dated 07/03/1399 AH for the purpose of transporting the passengers by bus on the public road network in the Kingdom within cities, among them and outside the Kingdom, and to transport the parcels, transfer goods and carriages, school transport, transport female teachers and car rental. This was followed by another Royal Decree No.: (48/M) dated 23/12/1399 AH, which granted the Saudi Public Transport Company (Saudi joint stock company) the right to transport the passengers by buses for a period of fifteen Hijri years according to the concession agreement concluded between the Company and the Ministry of Transportation.

On 01/06/1414 AH (corresponding to 15/11/1993), the Cabinet's Resolution No. (57) was issued to approve the renewal of the concession agreement for a period of fifteen years, starting from 01/07/1414 AH. On 21/05/1429 AH (corresponding to 26/05/2008), the concession agreement was renewed for another five years, subject to renewal effective from 01/07/1429 AH (corresponding to 04/07/2008).

On 24/07/1434 AH (corresponding to 03/06/2013), the Cabinet's Resolution No. (254) was issued to extend the concession agreement concluded between the Government and the Saudi Public Transport Company, whereby the Company is committed to transport the passengers by buses on the public road network in the Kingdom within cities and among them for a period of three years, starting from 01/07/1434 AH (corresponding to 11/05/2013), provided that the competent authorities shall have the right, during such period, to reduce the spatial scope of a part of the concession agreement as per the stages of opening the tender for providing the public transport by bus among the cities in the Kingdom of Saudi Arabia.

On 29/12/1436 AH (corresponding to 12/10/2015), the Cabinet's Resolution was issued to approve the extension of the concession agreement concluded between the government and the Saudi Public Transport Company, for which the Royal Decree No. (M/48 dated 23/12/1399 AH) (corresponding to 13/11/1979) was issued for a period of five years, starting from 01/07/1437 AH (corresponding to 08/04/2016), as well as not granting the company or others any preferential competitive advantage upon opening the tender for providing the public transport service with buses among the cities of the Kingdom.

On 15/10/2020, the company received the letter of His Excellency Chairman of the Public Transport Authority regarding the concession agreement, including the Cabinet's approval (initially) of what was reached by the committee formed to deal with the situation of the company's assets, as well as extending the commitment contract for a period of one year, starting from 01/07/1442 AH through the 30/06/1443 AH, according to the provisions contained in the commitment contract concluded between the government and the company, as affirmed by the Royal Decree No. (M/48) dated 23/12/1399 AH.

The forty-fourth General Assembly of the Company's Shareholders held on 15/11/2020 approved the results of negotiations between the company and the committee formed to deal with the situation of the company's assets, and authorized the Chairman of the Board of Directors to sign on such agreement.

The Company was formed with an authorised capital of (1,000,000,000) one thousand million Saudi Riyals, which was increased to (1,250,000,000) one thousand two hundred and fifty million Saudi Riyals during 2007. The company's fleet was (3792) vehicles as of 31/12/2020.

SAPTCO has a subsidiary company, which is the Public Transport Company Ltd., whose capital is (10,000,000) Riyals, and SAPTCO owns 80% of its capital. Its main activity is supply, operation and maintenance of the buses in the city of Riyadh under the General Investment Authority's license No. 10608351147347 dated 08/11/1436 AH.

The Company's 2020 revenues are generated from the following main activities:

1. Passenger Transport Sector: It includes scheduled transport services represented by inter-city and intracity passenger transport services and the international transport. The revenues reach 362.97 million Riyals and such activity contributes at a rate of 30.57% to the company's revenues.
2. Specialized Services Sector: It includes transportation services under the lease contracts the company concludes with third parties, whether governmental or non-governmental, inside or outside the Kingdom, in addition to limousine services. The revenues reach 122.7 million Riyals and such activity contributes at a rate of 10.33% to the company's revenues.
3. Other Revenues: It includes the support units and strategic projects. The revenues reach 4.4 million Riyals and contribute at a rate of 0.37% to the company's revenues.
4. Revenues of the Public Transport Company (PTC), which is an subsidiary company and its revenues reach 697 million Riyals and contribute at a rate of 58.73% to the company's revenues.

## **16) A description of the Company's significant plans and decisions (including changes to the structure, expanding company's operations or halting them) and future expectations.**

The company has adopted the strategic transformation plan of SAPTCO through the programs and initiatives due to the importance of defining the company's direction, strategy and future goals for all its activities aimed at strengthening the financial position and increasing the market share in the transport sector, as well as meeting the clients' requirements of their various categories and achieving proper proceeds for the shareholders for the interest of the company.

SAPTCO has developed a strategic plan for business sectors to take advantage of the growth opportunities such as the expected increase in the number of Umrah and Hajj pilgrims, intensification of the public transport projects within the cities and the digital transformation. The company is also working on the opportunities in the transport-related digital services.

SAPTCO's transformation plan coincided with the restructuring of the operational assets and operational costs, in addition to the administrative and operational restructuring of the company. The fleet has been also increased by purchasing new operational assets, therefore a (531) vehicles were purchased during 2020.

## **17) Information on any risks facing the Company (operational, financial or market related) and the policy of managing and monitoring these risks.**

### **Risk Management:**

#### **1- Operational & Market Risks:**

The company is subject to the risks of transport activity, represented in the instability, unrest, spread of the diseases and epidemics, changing currency exchange rates for Hajj and Umrah customers and the entry of new competitors in the transport market. An internal committee has been formed of the company's employees representing all sectors to set the control procedures that mitigate the risks the company faces.

- The risks arising from operating the Haramain Train (Makkah - Jeddah - Medina) and operating the North Railway, which connects the downtown of the Kingdom to the north in its first phase.
- The risks associated with the expected increase in the operational costs for the next year 2021, as a result of the increase in the fuel prices, in addition to the expected decrease in the revenues associated with imposing fees on the expatriate workers and their dependents.

- The risks associated with the impact of Corona pandemic.
- The Cabinet's approval issued on 29/12/1436 AH, corresponding to 12/10/2015 to extend the concession agreement concluded between the government and the company (to transport the passengers by buses on the Kingdom's public road network within and between cities), for which the Royal Decree No. (M/48 dated 23/12/1399 AH) was issued for a period of five years, effective from 01/07/1437 AH, indicating that the company will not be given a competitive advantage upon completion of the studies necessary to provide the public transport service by buses between the cities of the Kingdom.
- On 27/02/1442 AH (corresponding to 14/10/2020), the company received the letter of His Excellency the Chairman of the Authority concerning the commitment contract, including the Cabinet's approval (initially) of what has been reached by the committee formed to handle the situation of the company's assets as per the following items:
  - All fixed assets, buildings, stations, workshops and garages established by the Company under the concession agreement on the lands handed over to it by the State, which were allocated to the public transportation, shall be returned to the State upon termination of the concession agreement.
  - The company shall continue to use the plots located in the Holy Mecca, Madinah Al-Munawwarah and Dammam, on which workshops and garages are established, for a period of five years (the utilization period) effective from the expiry date of the commitment contract without applying Article 30 of the list of conditions of the commitment contract for the collective passenger transportation by buses. Upon expiry of the utilization period, the ownership of all fixed establishments built on the aforementioned lands shall be returned to the State without any compensation to the company.
  - Except for the above-mentioned, the Company shall remain the owner of all its other assets.
  - The concession agreement shall be extended for a period of one year effective from 01/07/1442 AH (corresponding to 13/02/2021), so that the services shall remain during the transitional period.
  - Such agreement, upon completion of all the necessary statutory procedures to enforce the requirements hereof, shall be considered as a final settlement between the State and the company with regard to Article 30 of the list of conditions of the commitment conditions for the collective passenger transportation by buses.

## **2- Financial Risks**

The company is committed to invest cash with local banks of strong credit ratings. The company enjoys a strong financial position, and the company is not substantially exposed to fluctuations in foreign exchange rates within the framework of its normal business, as most of the transactions are carried out in the Saudi Riyals and dollar at a fixed exchange rate against the Saudi Riyals.

## **3- Credit Risks**

Credit risks are the inability of one party to fulfill its obligations that results in the other party incurring a financial loss. The company limits its credit risk with respect to the agents by setting credit limits for each agent and monitoring the outstanding receivables.

## **4- Liquidity Risks:**

The company limits the liquidity risk by monitoring it regularly to ensure the availability of the sufficient and necessary liquidity to meet any future obligations.



**18) A summary in a form of a table or graph showing the Company's assets, liabilities and results of the last five fiscal years or since the incorporation date, whichever is shorter.**

The tables below outlines a summary of both of the statement of financial position and statement of income for the past five years:

**A comparative statement of the financial position (Summary) for the past five years**

(Amounts in the

Thousand Riyals)

Description	2020	2019	2018	2017	2016
<b>Current Assets</b>	1,160,052	851,507	819,450	964,195	1,094,765
<b>Non-Current Assets</b>	3,537,658	3,242,692	2,287,962	1,944,467	1,697,482
<b>Total Assets</b>	4,697,710	4,094,199	3,107,412	2,908,662	2,792,247
<b>Total Liabilities</b>	859,921	1,006,953	764,115	505,010	438,940
<b>Murabaha Finance - Non-Current Portion</b>	943,763	336,663	164,749	171,575	137,981
<b>An advance payment from a client - Non-Current Portion</b>	1,437,950	959,078	420,609	449,421	459,506
<b>EOSB for the Employees</b>	145,612	137,516	157,488	152,417	145,385
<b>Deferred Revenues - Non-Current Portion</b>	4,675	5,313	7,682	5,024	4,701
<b>Lease Contract Liabilities - Non-Current Portion</b>	31,041	8,529	-	-	-
<b>Total Non-Current Liabilities</b>	2,563,041	1,447,099	750,528	778,437	747,573
<b>Total Liabilities</b>	3,422,962	2,454,052	1,514,643	1,283,447	1,186,513
<b>Capital</b>	1,250,000	1,250,000	1,250,000	1,250,000	1,250,000
<b>Statutory Reserve</b>	-	183,471	179,939	177,897	170,006
<b>Conventional Reserve</b>	42,730	42,730	42,730	42,730	42,730
<b>Retained Earnings</b>	(22,067)	163,801	130,562	176,048	170,462
<b>Investments Revaluation Reserve</b>	-	(6,495)	(18,502)	(26,982)	(30,159)
<b>Non-Controlling Equities</b>	4,085	6,640	8,040	5,522	2,695
<b>Total Equities</b>	1,274,748	1,640,147	1,592,769	1,625,215	1,605,734
<b>Total Liabilities &amp; Equities</b>	4,697,710	4,094,199	3,107,412	2,908,662	2,792,247

Remark: The data include the results of the Saudi Public Transport Company and its subsidiary company (Public Transport Company).

**A comparative of income statement (Summary) for the past five years**

(Amounts in the Thousand Riyals)

Description	2020	2019	2018	2017	2016
Revenues of the Main Business	1,169,662	1,711,891	1,455,453	1,127,530	1,151,641
Total Costs	(1,543,485)	(1,677,761)	(1,482,570)	(1,108,327)	(1,062,288)
Other Revenues	12,683	16,693	68,622	71,880	55,706
Deterioration Loss in the Investment Value in the Associated Company	244	1,728	(8,295)	-	-
Minority Equity Share in the Net Loss of a Subsidiary	(2,555)	(1,400)	2,518	2,827	(1,583)
Zakat	(14,264)	(17,227)	(12,795)	(12,173)	(12,574)
Net profit during the year	(377,715)	33,924	22,933	81,737	130,902

Remark: The data include the results of the Saudi Public Transport Company and its subsidiary company (Public Transport Company).

**19) Geographical analysis of revenues of the Company and its affiliates.**

The table below shows the geographical analysis of the company's total revenues (in thousands of Riyals) as of 31/12/2020:

(Thousands of Riyals)

Description	Total Revenues of the Middle Region	Total Revenues of the Eastern Region	Total Revenues of the Western Region	Total Revenues of the South Region	Total Revenues of the PTC	Total Revenues of the Company
Total Revenues	191,206	50,509	207,375	40,991	697,185	1,187,266

**20) Any material differences in the operational results compared to the previous year's results or any expectations announced by the Company.**

Regarding the comparison of the operating results for the fiscal year 2020 to the previous year, the company's operating revenues decreased during 2020 compared to the previous year by an amount of (542.23) million Riyals at a rate of (31.67%), which led to a decrease in the total operational profit during 2020 compared to the previous year by (339.51) million and a percentage (154.77%). In addition, the operating expenses decreased in 2020 by an amount of (202.72) million Riyals compared to the previous year; i.e. by (13.58%). While the net (losses) achieved by the company during 2020 amounted to (377.72) million Riyals compared to a net profit of 33.92 million Riyals for the previous fiscal year, a decrease of (411.64) million Riyals and a percentage (1213.42%) from the profits of the previous year.

The table below shows the operational results of 2020 compared to the previous year 2020

Description	2020	2019	Changes + or (-)	Change Rate (%)
Operational Revenues	1,169,662	1,711,891	(542,229)	- 31.67 %
Operational Expenses	1,289,806	1,492,525	(202,719)	- 13.58 %
Total Profit from the Operation	(120,144)	219,366	(339,510)	- 154.77 %
Expenses of the Main Business	181,216	170,096	11,120	6.54 %
Profit (Loss) from the Main Operations	(301,360)	49,270	(350,630)	- 711.65 %
Other Revenues/ Expenses	(62,091)	1,881	(63,972)	- 3400.96 %
Less: Zakat or Tax	14,264	17,227	(2,963)	- 17.2 %
Net Profit (Loss)	(377,715)	33,924	(411,639)	- 1213.42 %

## 21) Any inconsistency with the standards approved by the Saudi Organization for Certified Public Accountants

There is no difference from the accounting standards approved by the Saudi Organization for Certified Public Accountants regarding the review and evaluation of the company's financial statements.

## 22) Name of each affiliate company, its capital, the Company's ownership percentage, main scope of business, country of operation and country of incorporation.

There is one subsidiary company (Public Transport Company Limited Company), two associated companies (Saudi Arabia Bahrain Integrated Transport Company Limited) and (Capital Metro Company Ltd. - CAMCO) and a joint venue (Saudi Emirates Integrated Transport Company Ltd. – SEITCO), and their details are as follows:

Company's Name	Saudi Bahrain Integrated Transport Company Limited	Saudi Emirates Integrated Transport Company Ltd.	Public Transport Company Limited Company	Capital Metro Company Ltd. – CAMCO
<b>Capital</b>	(10,000,000) SAR	(100,000) SAR	(10,000,000) SAR	(18,000,000) SAR
<b>Ownership Percentage</b>	40% of the Capital	50% of the Capital	80% of the Capital	20% of the Capital
<b>Principal Activity</b>	Transport passengers by busses between the Kingdom of Saudi Arabia and Kingdom of Bahrain through King Fahd Bridge (KSA – Bahrain) and transport of the luggage and parcels and all public-transport related activities (under liquidation)*	The Saudi Arabia Bahrain Integrated Transport Company Limited provides school transport services and owns vehicles, including buses, corporate fleet management and transportation services by cars.	Supply, operation and maintenance of the buses in the City of Riyadh according to the General Investment Authority's license No. 10608351147347 dated 08/11/1436 AH	Road construction and maintenance works according to the General Investment Authority's license No. 10206381177142 dated 03/11/1438 AH
<b>The Country where the operations are being carried out</b>	Kingdom of Bahrain	Kingdom of Saudi Arabia	Kingdom of Saudi Arabia	Kingdom of Saudi Arabia
<b>The Country of Establishment</b>	Kingdom of Saudi Arabia (under the commercial registration No.: 2050016546) and Kingdom of Bahrain (under the commercial registration No. (17777)	Kingdom of Saudi Arabia (under the commercial registration No.: 1010403688)	Kingdom of Saudi Arabia (under the commercial registration No.: 1010429250)	Kingdom of Saudi Arabia (under the commercial registration No.: 1010611311)

\* The Extraordinary General Assembly of Partners decided on 31/12/2015 to liquidate the Company and complete its legal procedures, but the liquidation has not been completed up to date.

## 23) Details of shares and debt instruments issued by each affiliate company.

### 1. The Saudi Bahraini Company:

The capital of the Saudi Bahraini Transport Company consists of ten thousand shares, the value of which is one thousand Saudi Riyals each. The Saudi Public Transport Company owns (4,000) shares of (4) million Saudi Riyals; i.e. 40% of the capital of the Saudi Bahraini Transport Company that is determined by SAR (10,000,000) Saudi Riyals. There are no debt instruments issued to the Saudi Bahraini Company.

Extraordinary General Assembly of Partners of the Saudi Bahraini Transport Company Ltd. decided in its meeting held on 31/12/2015 to dissolve and liquidate the Company and appoint a liquidator to do so, and the Company does not expect that the liquidation would have a fundamental impact on the financial statements.

### 2. Saudi Emirates Integrated Transport Company Ltd.

The capital of the Saudi Emirates Integrated Transport Company Ltd. consists of one hundred cash shares, the value of which is one thousand Saudi Riyals per each. The Saudi Public Transport Company owns fifty shares of (50,000) Saudi Riyals; i.e. 50% of the capital of the Saudi Emirates Intergrated Transport Company Ltd. There are no debt instruments issued to the Saudi Emirates Intergrated Transport Company.

### 3. Public Transport Company Limited Company:

The capital of the Public Transport Company Limited Company consists of (1,000,000) shares, the value of which is ten Saudi Riyals each. The Saudi Public Transport Company owns (800,000) shares of (8,000,000) Saudi Riyals; i.e. 80% of the capital of the Public Transport Company Limited. There are no debt instruments issued to the Public Transport Company.

### 4. Capital Metro Company Ltd. – CAMCO:

The capital of the Capital Metro Company Ltd. – CAMCO consists of (18,000) shares, the value of which is (1,000) Saudi Riyals each. The Saudi Public Transport Company owns (3,600) shares of (3,600,000) Saudi Riyals; i.e. 20% of the capital of the Capital Metro Company Ltd. There are no debt instruments issued to the Capital Metro Company Ltd.

## 24) A descriptions of dividends distribution policy.

The net annual profits of the company are distributed after deducting all overhead expenses and other costs, including the depreciation reserve, as follows:

1. (10%) of the net profits shall be retained to form the statutory reserve, and the Ordinary General Assembly may decide to cease such retention whenever the said reserve reaches (30%) of the paid capital.
2. The Ordinary General Assembly, based on the proposal of the Board of Directors, shall retain (5%) of the net profits to form a concensual reserve to be allocated for a specific purpose or purposes as determined by the Board of Directors, and such retention may be ceased whenever it reaches (25%) of the capital.
3. The Ordinary General Assembly, based on the proposal of the Board of Directors, may decide to create other reserves to the extent that achieves the interests of the company or guarantees the distribution of fixed profits as possible to the shareholders. The aforementioned Assembly may also deduct amounts from the net profits to establish social institutions for the company's employees or to assist existing institutions.
4. The remainder to be distributed to the shareholders by a percentage not less than (5%) of the Company's paid capital.
5. The remainder to be distributed to the shareholders as an additional share in the profits, or it may be maintained as retained earnings.
6. The Board of Directors of the Company recommended not to distribute cash profits to the shareholders for 2020.

**25) A description of any interest in a class of voting shares held by persons (other than the company's directors, Senior Executives and their relatives) who have notified the Company of their holdings pursuant to Article (45) of the Listing Rules, along with any change to such rights during the last fiscal year.**

There are no shares of special priority in voting, or any debt instruments belonging to members of the Board of Directors, Senior Executives and their relatives or any third party as the Company currently does not have debt instruments convertible into shares.

**26) A description of any interest, contractual securities or rights issue of the Board members, Senior Executives and their relatives on the shares or debt instruments of the Company or its affiliates, and any change on such interest or rights during the last fiscal year.**

(1) A description of any interest belonging to any members of the Board of Directors and their relatives in the shares or debt instruments of the Company or its subsidiaries:

The table below shows the interest of the members of the Board of Directors in the shares or debt instruments of the Company:

Sr.	Name of the holder of the interest	At the Beginning of the Year 2020		At the End of the Year 2020		Net Change	Change Ratio
		Nos. of Shares	Debt Instruments	Nos. of Shares	Debt Instruments		
1	HE. Eng. Khalid Almudaifer	-	-	-	-	-	0 %
2	Mr. Abdullah Alaqeel	-	-	-	-	-	0 %
3	Major General. Mohammed Albassami	-	-	-	-	-	0 %
4	Mr. Alaa Alfada*	-	-	-	-	-	0 %
5	Mr. Mohammed Alshaikh**	-	-	-	-	-	0 %
6	Dr. Saud Alnimir	-	-	-	-	-	0 %
7	Mr. Musad Aldaood	-	-	-	-	-	0 %
8	Mr. Raeed Altamimi	-	-	-	-	-	0 %
9	Mr. Turki Almubarak	1000	-	1000	-	-	0 %
10	Eng. Khalid Alhogail	1000	-	1000	-	-	0 %

\* Left the Board of Directors on 22/07/2015.

\*\* Joined the Board of Directors on 22/07/2015.

(2) A description of any interest belonging to the Senior Executives and their relatives in the shares or debt instruments of the Company or its subsidiaries:

The table below shows the interest of the Senior Executives in the shares or debt instruments of the Company:

Sr.	Name of the holder of the interest	At the Beginning of the Year 2020		At the End of the Year 2020		Net Change	Change Ratio
		Nos. of Shares	Debt Instruments	Nos. of Shares	Debt Instruments		
1	Eng. Khalid Alhogail	1000	-	1000	-	-	0 %

**27) Information on any loans (payable upon request or not), a statement of the total indebtedness of the Company and its affiliates, any amounts paid by the Company in repayment of loans during the year, the amount of the principal debts, the creditor's name, the loan term and the remaining amount. In case there are no loans, a declaration thereof shall be presented.**

These contracts represent Islamic Murabaha contracts from some local banks to purchase vehicles for the company, to be repaid in monthly installments for a period of three or five years. The repayment guarantees of the loan are represented in the company's signing on promissory orders that were handed over to the bank. The company entered into an Islamic Murabaha financing agreement with Al-Rajhi Bank, the Saudi British Bank (SABB), Arab National Bank and Samba Financial Group to purchase buses, as follows:

- An Islamic Murabaha agreement was signed with the Arab National Bank on 08/01/2017 to purchase (100) buses, Mercedes Travigo 2017 model. The principal loan amount was (117.9) million Riyals to be repaid over three years from the date of receiving the buses, so that the first installment was paid on 01/02/2017 and the last installment was paid on 01/01/2020.
- An Islamic Murabaha agreement was signed with the Saudi British Bank (SABB) on 08/05/2017 to purchase (120) buses, King Long 2017 model. The principal loan amount was (43.1) million Riyals to be repaid over three years from the date of receiving the buses, so that the first installment was paid on 08/06/2017 and the last installment was paid on 10/05/2020.
- An Islamic Murabaha agreement was signed with the Al-Rajhi Bank on 23/05/2017 to purchase (352) buses, King Long 2017 model. The principal loan amount was (124.9) million Riyals to be repaid over three years from the date of receiving the buses, so that the first installment was paid on 02/07/2017 and the last installment was paid on 07/06/2020.
- An Islamic Murabaha agreement was signed with the Al-Rajhi Bank on 01/01/2018 to purchase (50) buses, Travego model. The principal loan amount was (61.5) million Riyals to be repaid over five years from the date of receiving the buses, so that the first installment was paid on 01/02/2018 and the last installment will be paid on 01/01/2023.
- An Islamic Murabaha agreement was signed with the Al-Rajhi Bank on 10/05/2018 to purchase (350) buses, King Long 2019 model. The principal loan amount was (136.6) million Riyals to be repaid over five years from the date of receiving the buses, so that the first installment was paid on 01/02/2018 and the last installment will be paid on 10/05/2023.

- An Islamic Murabaha agreement was signed with Samba Financial Group on 17/06/2019 to purchase (200) buses, King Long 2020 model (YMQ6128YS). The principal loan amount was (83) million Riyals to be repaid over five years from the date of receiving the buses, so that the first installment was paid on 13/08/2019 and the last installment will be paid on 07/07/2024.
- An Islamic Murabaha agreement was signed with the Al-Rajhi Bank on 26/08/2020 to purchase (448) buses, King Long 2021 model. The principal loan amount was (101) million Riyals to be repaid over five years from the date of receiving the buses, so that the first installment was paid on 27/09/2020 and the last installment will be paid on 26/08/2025.

**A- The table below shows the Parent Company's current Loans position as of 31/12/2020:**

(Amount in Thousand Riyals)

Name of the Bank	Value in 2019	Addition during 2020	Repaid during 2020	Remaining as of 31/12/2020
<b>Alrajhi Bank</b>	155,526	101,000	64,905	191,621
<b>Arab National Bank</b>	3,275	-	3,275	-
<b>Saudi British Bank (SABB)</b>	5,988	-	5,988	-
<b>Samba Financial Group</b>	76,083	-	16,501	59,582
<b>Total Loans of the Parent Company</b>	<b>240,872</b>	<b>101,000</b>	<b>90,669</b>	<b>251,203</b>

Remark: This does not includes the loan-related finance cost.

**B- Operational Loans of the Parent Company from the Banks:**

During 2020, the Company received, in accordance with the facility contracts concluded with the local banks, monthly, quarterly and semi-annually operational loans, and details of the operational loans are as follows:

Name of the Bank	Date of Borrowing	Loan Value as of 31/12/2020
<b>Samba Financial Group</b>	01/04/2020	50,018
<b>Saudi British Bank (SABB)</b>	30/03/2020	50,014
<b>Riyadh Bank</b>	02/04/2020	30,163
<b>Al Bilad Bank</b>	29/03/2020	20,100
<b>Total</b>		<b>150,295</b>

**C- The table below shows the current position (loans) of the subsidiary (Public Transport Company) as of 31/12/2020:**

(Amount in Thousand Riyals)

Name of the Bank	Value in 2019	A new loan added during 2020	What has been repaid during 2020	The remaining until 31/12/2020
<b>Arab National Bank</b>	519,181	909,074	619,181	809,074
<b>Total Loans</b>	<b>519,181</b>	<b>909,074</b>	<b>619,181</b>	<b>809,074</b>

Remark: This does not includes the loan-related finance cost.

(Amount in Thousand Riyals)

<b>The Gross Total of the Loans of the Parent Company &amp; its Subsidiary</b>	<b>1,210,572</b>
--	------------------

**29) A description of the classes and number of any convertible debt instruments, contractual securities, right issue or similar rights issued or granted by the Company during the fiscal year, as well as stating any compensation obtained by the Company in this regard.**

There are no debt instruments convertible into shares, or any option rights, subscription right notes or similar rights issued or granted by the company during the fiscal year.

**30) A description of any redemption, purchase or cancellation by the Company of any redeemable debt instruments and the value of such securities outstanding, distinguishing between those listed securities purchased by the Company and those purchased by its affiliates.**

There are no recovery, purchase or cancellation by the Company of any redeemable debt instruments of the company or its subsidiaries.

**31) The number of Board meetings held during the last financial year, their dates and the attendance record of each meeting listing the names of the attendees.**

The Board of Directors of the Company held (8) meetings during the fiscal year 2020, and the attendance was as follows;

**Attendance Register of the Board of Directors' Meetings during 2020**

Sr.	Name of the Member	First Meeting No. 347 23/02/2020	Second Meeting No. 348 23/03/2020	Third Meeting No. 349 20/04/2020	Fourth Meeting No. 350 08/06/2020	Fifth Meeting No. 351 25/08/2020	Sixth Meeting No. 352 19/09/2020	Seventh Meeting No. 353 7/12/2020	Eighth Meeting No. 354 21/12/2020	Total
1	HE. Eng. Khalid Almudaifer	Attended	Attended	Attended	Attended	Attended	Attended	Attended	Attended	8
2	Mr. Abdullah Alaqeel	Attended	Attended	Attended	Attended	Attended	Attended	Attended	Attended	8
3	Major General Mohammed Albassami	Attended	Attended	Attended	Attended	Attended	Attended	Attended	Attended	8
4	Mr. Alaa Alfada*	Attended	Attended	Attended	Attended	Left	Left	Left	Left	4
5	Mr. Mohammed Alshaikh**	Did not join	Did not join	Did not join	Did not join	Attended	Attended	Did not attend	Attended	3
6	Dr. Saud Alnimir	Attended	Attended	Attended	Attended	Attended	Attended	Attended	Attended	8
7	Mr. Musad Aldaood	Attended	Attended	Attended	Attended	Attended	Attended	Attended	Attended	8
8	Mr. Raed Altamimi	Attended	Attended	Attended	Attended	Attended	Attended	Attended	Attended	8
9	Mr. Turki Almubarak	Attended	Attended	Attended	Attended	Attended	Attended	Attended	Attended	8
10	Eng. Khalid Alhogail	Attended	Attended	Attended	Attended	Attended	Attended	Attended	Attended	8

\* Left the Board of Directors on 22/07/2020.

\*\* Joined the Board of Directors on 22/07/2020.



### **32) The number of the Company's requests of shareholders registry, dates and reasons thereof**

The of shareholders register has been requested during the fiscal year 2020 (4) times, and the requests were as follows:

<b>Sr.</b>	<b>Date of Request</b>	<b>Reason of the Request</b>
1	15/04/2020	Company's Procedures
2	27/04/2020	Company's Procedures
3	01/10/2020	Company's Procedures
4	15/11/2020	General Assembly

### **33) A description of any transaction between the Company and any Related Party.**

The related party to the company includes (a member of the Board of Directors, Senior Executives, a shareholder or an individual), in addition to the subsidiary (the Public Transport Company), the two associated companies (the Saudi Bahraini Transport Company Ltd.) and (Capital Metro Company Ltd. – CAMCO) and the joint venture (Saudi Emirates Integrated Transport Company Ltd. - SEITCO).

Work and contracts have been executed during the fiscal year 2020 between the Saudi Public Transport Company - SAPTCO and the Saudi Emirati Integrated Transport Company - SEITCO, where Khalid Alhogail is a related party; a member of the Board of Directors (Executive), and he has an indirect interest therein, as he is the Chairman of the Board of Directors of the Saudi-Emirati Integrated Transport Company Ltd. (SEITCO), which the company owns 50% of its capital, through executing an agreement and other services for an amount of (2.6) million Riyals, which were carried out within the normal business and without any preferential conditions.

### **34) Information relating to any businesses or contracts to which the Company is a party, and in which a Director of the Company, a Senior Executive or any person related to any of them is, or was, interested, including names of the person in relation with such business and contract, in addition to the nature, conditions, durations and amount of the business or contract. If there are no businesses or contracts, the Company must submit a statement thereof.**

There is no information related to any business or contracts to which the company is a party, and the Board of Directors acknowledges that there is no contract in which the company is a party or in which there was a substantial interest for a member of the Board of Directors, CEO, CFO or any related party.

### **35) A description of any arrangements or agreements under which a Director or a Senior Executive of the Company has waived any remunerations.**

There have been no arrangements or agreement, whereby a member of the Company's Board of Directors or a Senior Executive waived any salary or compensation.

### 36) A description of any arrangements or agreements under which a shareholder of the Company has waived any rights to dividends.

There have been no arrangements or agreement, whereby one of the Company's shareholders waived any rights to the profits.

### 37) A statement of the value of any paid and outstanding statutory payments on account of any Zakat, Taxes, fees or any other charges that have not been paid until the end of the annual financial period, with a brief description and reasons therefor

The table below shows the statutory payments paid and due to the various authorities in the State as of 31/12/2020 (Amount in Thousand Riyals)

Description	Due until the expiry of the annual financial period without been paid		Paid	
	2020	2019	2020	2019
Zakat & Tax	36,746	29,447	30,567	48,697
Public Institution for Social Security	1,310	1,984	16,002	24,545
Visa & Passport Cost		-	3,477	4,434
Labor Office Fees		1,000	42,276	45,759
<b>Total</b>	<b>38,056</b>	<b>32,431</b>	<b>92,322</b>	<b>123,435</b>

These amounts represent the Zakat, tax, social insurances, passport fees and labor office fees that have been paid during 2020, while the amounts payable on the Company are those payable as of December 31, 2020. Noting that, the Zakat returns have been submitted for 2013 through 2019, and the payable amounts have been paid accordingly. The social insurances represent the insurance amount payable on the Company for December 2020, and they have been paid during the first half of January 2021, while the passport and labor office fees represent the issuance fees of the work permits and visa and renewal fees of the Company's employees.

### 38) A statement as to the value of any investments made or any reserves setup for the benefit of the employees of the Company.

There are no investments or reserves that have been created for the interest of the Company's employees.

### **39) Declarations that:**

The Board of Directors of the Saudi Public Transport Company acknowledges of the following:

1. The records of accounts have been properly prepared.
2. Internal control system is built on sound basis and is effectively implemented.
3. There are no significant doubts concerning the Company's ability to continue carrying out its activity.

### **40) If the external auditor's report contains reservations on the annual financial statements, the Board's report must highlight them mentioning their reasons and any relevant information.**

The Auditor's report did not involves any reservations to the annual financial statements.

### **41) If the Board recommends replacing the external auditor before the end of the term for which it is appointed, the report shall indicate this, mentioning the reasons for the replacement recommendation.**

The Board of Directors did not recommend replacement of the company external auditor before the expiry of three consecutive financial years.

### **42) Disclose details of treasury shares maintained by the Company, and details of utilizing such shares.**

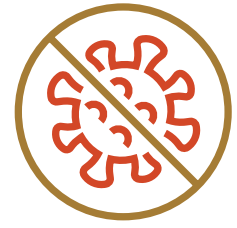
There are no treasury shares kept with the Company.



A person wearing a full-body white protective suit and yellow gloves is working in a laboratory or industrial setting. The background is dark blue with some structural elements. The text is overlaid on a light brown rectangular box.

**SAPTCO's protective  
measures against  
COVID-19 pandemic**

# How did SAPTCO deal with COVID-19 pandemic?



Since the emergence of the COVID-19 Corona virus pandemic, SAPTCO formed a supreme committee to manage the crisis, headed by the CEO, Engineer Khalid Al-Hogail, with the aim of addressing the repercussions of the pandemic, establishing plans for the continuity of the company's business after the crisis, and adhering to the precautionary measures applied by the government.







## Public Transportation:

- Suspending all services in line with the decisions of government authorities.
- Reducing the passengers per bus by 50% after resuming the service.
- Accepting online and card payments instead of cash.
- Sterilizing buses after each trip to maintain passenger safety.
- Displaying guidance notices for passengers inside buses.
- Adhering to all precautionary measures recommended by the Ministry of Health



## Intercity Transportation:

- Suspending all services in accordance with the decisions of government authorities.
- Reducing the passenger carrying capacity on each bus by 50% after resuming the service.
- Accepting online payments instead of cash.
- Sterilizing buses after each trip to maintain passenger safety.
- Displaying guidance notices for passengers inside buses.
- Adhering to all precautionary measures recommended by the Ministry of Health
- Placing social distancing marks, signs and tapes in departure and arrival halls at all bus stations and at ticketing counters in stations, advising visitors to maintain social distancing.
- Providing sterilizers on all buses.
- Using social distancing tapes in station halls, to advise visitors to avoid sitting on the excluded waiting seats, to maintain social distancing.
- Using social distancing on buses, to maintain social distancing.
- Providing buses with thermometers.
- Providing buses and waiting halls with sterilizers.



## International Transportation:

- Suspending all international transportation in accordance with the decisions of government authorities.





## Specialized Services:

- Suspend receiving pilgrims and visitors from outside the Kingdom, according to the directives of government authorities.
- Sterilizing buses regularly.
- Adhering to the recommended precautionary procedures and authorized protocols.
- Providing advisory signs for passengers on buses.
- Providing sterilizers on buses.
- Providing electronic payments instead of cash payment.



## Human Resources:

- Reducing the financial burden on the company by transferring the approved percentage of Saudi employees to "SANED system".
- Assuring employee participation in decision-making to combat COVID-19 pandemic.
- Conducting awareness campaigns for employees to follow the precautionary measures.
- Enable employees to work remotely and from home during the COVID-19 Corona virus pandemic period and organize their return according to the procedures approved by government authorities



## Marketing and Corporate Communication:

- The coverage of Al Ekhbariya news channel of SAPTCO operations in the public transport station in Riyadh, and SAPTCO precautionary measures to combat COVID-19 pandemic.
- The coverage of Al Arabiya channel for the return of SAPTCO services at the public transport station in Riyadh.
- Printing health advisory posters inside stations and buses.
- Posting precautionary tweets on Twitter, advising the public to adhere to precautionary measures and social distancing.
- Print and distribute brochures inside stations to encourage customers to adhere to precautionary measures to limit the spread of the coronavirus.





The image shows the interior of a train carriage. The seats are upholstered in orange and black leather. There are overhead luggage racks with green LED lights. The floor is dark. The text "SAPTCO Services & Operations" is overlaid on the image.

# SAPTCO Services & Operations

# SAPTCO Services & Operations

Upon the issuance of Royal Decree No. (M / 11), dated 7/3/1399, which aimed to establish the Saudi Public Transport Company, as a Saudi joint stock company, efforts began to establish the concept of public transport in the Kingdom, and this was followed by another Royal Decree No. (M / 48) dated 23/12/1399, the company was granted the concession to transport passengers by bus within and between cities for fifteen Hijri years.



In order to provide the necessary financial resources, and according to the company's Articles of Association, the amount of 1,000,000,000 (one billion) Saudi riyals, has been allocated as the Company's capital. In 2007, the capital was increased to 1,250,000,000 (one billion, two hundred and fifty million) Saudi riyals. The main tasks of the company are to transport passengers by buses on the public road network within and between cities.

**The company's vehicle fleet consists of**

# 3,792 vehicles,

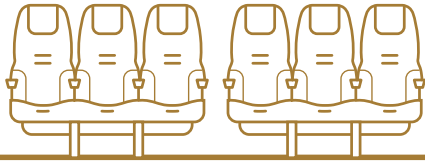
of various types and specifications, and is equipped with the latest technology and vehicle tracking systems.



# First: Passenger Buses

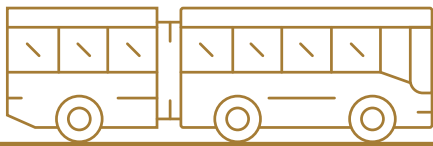
## 1 - Urban Transport

Urban Public Transport is the transport of passengers on specific lines on the network of roads inside cities, at a specified price. Prices may be unified for all lines, or they may be different depending on the line and type of service.



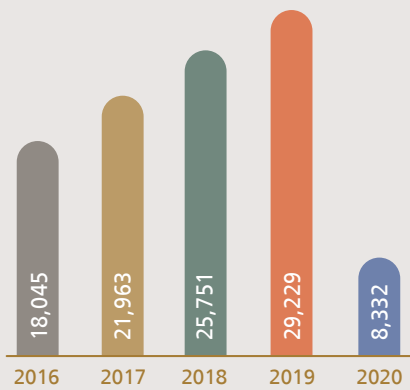
**8,332,814**

Number of passengers

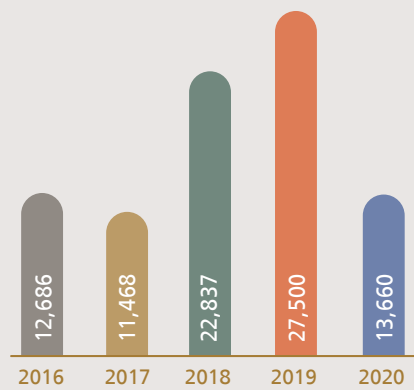


**13,660,619**

Kilometers traveled



Number of passengers inside cities, from 2016 - 2020 in thousands

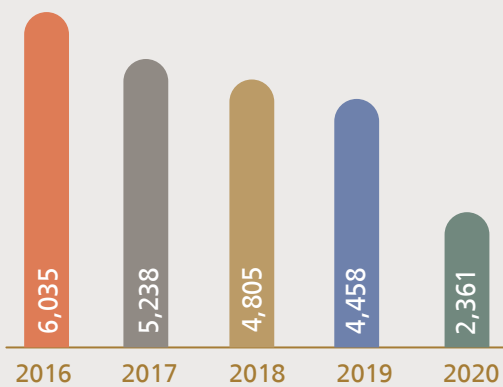
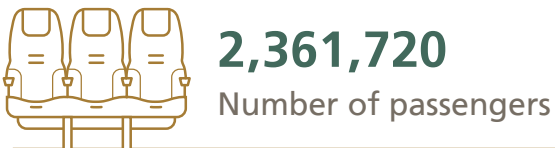


Kilometers traveled inside cities, from 2016 - 2020 in thousands

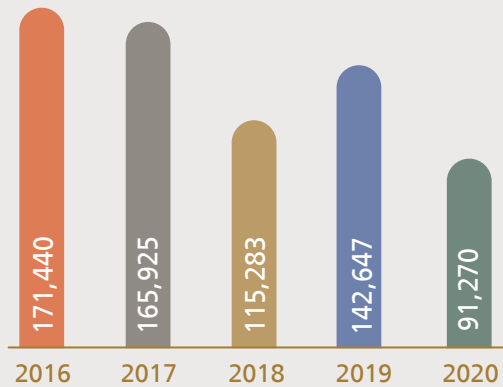


## 2 - Intercity Transport

Intercity Transport refers to bus transportation between cities, with a scheduled network of lines connecting cities, towns and villages through 13 main stations and over 150 agents spread throughout the Kingdom of Saudi Arabia.



Number of passengers between cities, from 2016 - 2020 in thousands



Kilometers traveled between cities, from 2016 - 2020 in thousands

### 3 - International Transport Services:

SAPTCO offers international transportation to passengers via modern, advanced, and safety equipped fleet of buses from cities in the kingdom to a number of the neighboring Gulf and Arab countries including United Arab Emirates, Bahrain, Egypt and Sudan.



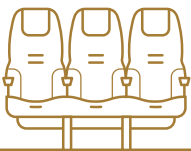
**4**  
Countries



**18**  
daily trips



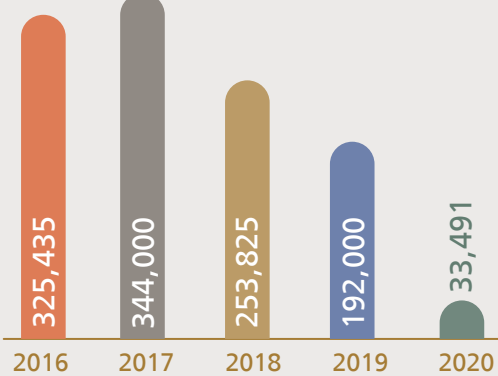
**14**  
lines



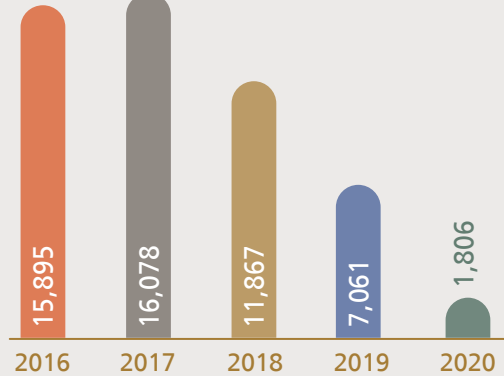
**33,491**  
passengers



**1,806,272**  
Kilometers traveled



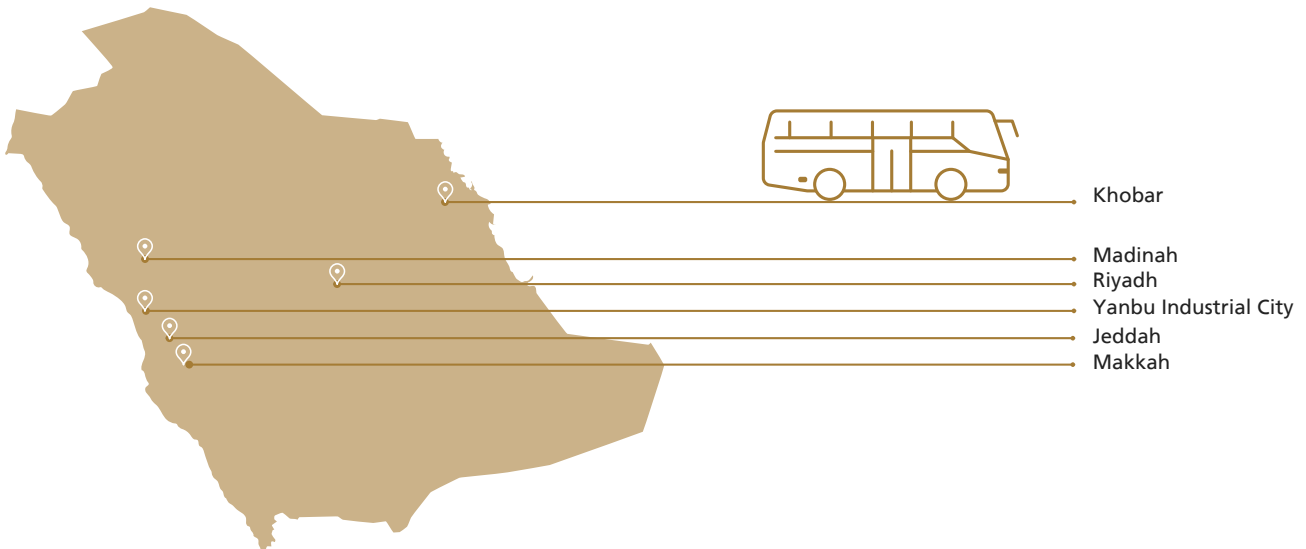
Number of passengers between countries, from 2016 - 2020 in thousands:



Kilometers traveled between countries, from 2016 - 2020 in thousands:

## 4 - VIP services :

SAPTCO provides distinctive VIP Express services with more comfort and entertainment, in terms of luggage, drinks and snacks services during the trip, with an advanced entertainment system on the bus for an enjoyable trip and a high-quality service.



### With VIP EXPRESS



Snacks



Hot drinks



Screen TV service



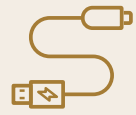
Luxury seat



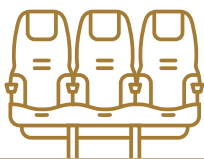
Direct trips



Wi-Fi



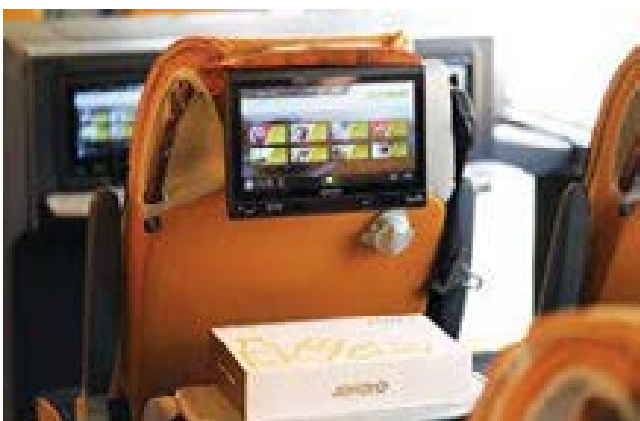
Charging points



**91,049**  
passengers



**2,495,475**  
Kilometers traveled





## Second: Specialized Services

### 1 - Lease Services

The bus lease service is for direct beneficiaries or special programs organizers, to transport local and foreign umrah pilgrims and visitors between Makkah and Madinah, or for providing private tours to touristic or archaeological sites across the Kingdom of Saudi Arabia. Lease services can be on a daily or hourly basis.



Lease services on a daily or hourly basis



Providing lease services for tourism, school and university trips



Lease services for trips between cities.



Tailored services according to the customer's preferences



Transportation of Pilgrims to Holy Sites (Al-Haram, Mina, Arafat and Muzdalifah)

### Key Achievements:

- Providing transportation services for visitors to Riyadh Season.
- Providing transportation services for visitors to Diriyah season.
- Providing transportation service for teams participating in international sports events.
- Providing transportation services for visitors of Winter Tantara Festival.
- Providing transportation services for visitors of "The Soul of Saudi Arabia Festival".



## 2 - Lease Services to holy places:

It is a service for transporting pilgrims to Hajj sites in Makkah (Al-Haram, Mina, Arafat and Muzdalifah). SAPTCO plays an important role in transporting pilgrims at all stages to facilitate their comfortable mobilization and conveniently performing their Hajj.



Lease service during days of Hajj peak to Arafah and Hajj



Transfer of pilgrims to Makkah from Jeddah and Madinah airport



SAPTCO was honored to transport pilgrims during the pilgrimage season of 1441

### 3 - Lease Services for transportation of worshipers:

It is a service of transporting pilgrims and visitors from and to hotels and accommodations to Al-Haram to perform prayers and Hajj, according to the procedures regulating the service by the concerned authorities.



#### Key Achievements

SAPTCO contributed to the transportation of pilgrims who were allowed to perform Umrah during this year.

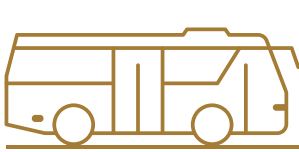
### 4 - SAPTCO services provided to Umrah visitors

It is a complete service that includes transportation, accommodation and catering

#### Key Achievements

SAPTCO was honored to transport pilgrims during the pilgrimage season of 1441

## 5 - Lease Services of international transportation



Umrah and international Site-seeing Tours



Transportation for Pilgrims



Transportation from and to neighboring countries



### Key Achievements

Conducting tourist tours inside Bahrain for passengers arriving by cruise ships

## 7 - Ongoing contracts

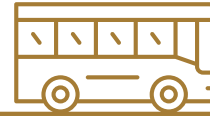
Contracting with companies, government agencies and universities to transfer their employees



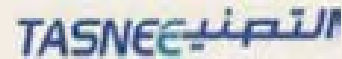
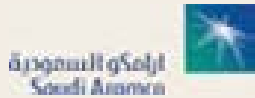
Transfer of employees



School and university transport and the transfer of trainees



### Some of our Customers:



المؤسسة العامة لتحلية المياه المالحة  
Saline Water Conversion Corporation



### Key Achievements

- The signing of a 5-year contract to transport students for the Royal Commission for Jubail and Yanbu in Jubail Industrial City.
- Signing a contract for the transportation of employees of the Saline Water Conversion Corporation.
- The signing of a one-year contract for transfer of female students of Tabuk University.
- Signing a contract to transport Aramco employees.

## 8 - Limousine services

Offering the Premium Limousine Driver Service with the highest levels of comfort, entertainment and safety in a diverse fleet of luxury, family, and economic cars through long-term contracts.



### Services



Conferences  
& Exhibitions



Individual  
pilgrims



Renting a car  
with a  
chauffeur



**168**

vehicles  
available

### Key Achievements

SAPTCO signed a contract with the King Abdullah University of Science and Technology (KAUST) to provide transportation services for university employees and visitors.



## Third: Digital transformation

It's one of SAPTCO smart mobility initiatives to keep up with Vision of 2030 in order to raise the quality of life and lifestyle by providing digital services in the kingdom.

### 1 - Smart participatory mobility service "REKAB"

It is a new and advanced service for urban transportation, via shared buses equipped with the latest technology that will provide you safety and comfort. With REKAB service, you will be able to order a car, whenever you want, that will come to your place, wherever you are.



More than  
**4,500**  
users



Customer rating  
of the service  
**4.8** out of 5



More than  
**350,000**  
service requests



### Key Achievements

- More than 350,000 service requests has been submitted.
- Customer rating of the service: 4.8 out of 5





## 2 - Autonomous (self-driving) vehicles

### Key Achievements

Launching the first self-driving vehicles in the Kingdom of Saudi Arabia in cooperation with King Abdullah University of Science and Technology.



## Technical Affairs:

The Technical Affairs sector assumes all the tasks related to the engineering and maintenance of the company's fleet, and to ensure the best readiness for the fleet, which will reflect positively on meeting both internal and external company requirements. The Technical Affairs Sector is administratively directed by the General Manager of the Technical Affairs Sector and has three major departments:



### Maintenance Department

It is the department concerned with preparing vehicles, implementing regular and preventive maintenance programs, and increasing the fleet's efficiency through a series of programs aimed at maintaining the level of effectiveness of the entire fleet of the company.



### Planning and scheduling department

It is the department concerned with technical studies, specifications of vehicles, analysis of technical offers, follow-up of buses, and the quality of their maintenance.



### Warehouse and Supplies department

It is the department concerned with supplying maintenance and operations departments in all areas across the kingdom with spare parts, oil and all maintenance requirements.



### Different types of workshops



### Mobile workshops



## Key Achievements

- Supporting the company's fleet by purchasing 531 new vehicles.
- Providing one new crane.
- Providing 2 new fully-equipped mobile workshops.
- Supporting SAPTCO Academy by providing a bus for training purposes
- Implementing a bus storage program during the period when bus services were cancelled due to the COVID-19 coronavirus pandemic

## Human Resources:

The human resources sector is a sponsor of investment in the company's human capital by determining the amount of resources necessary to meet the company's human requirements for performing functions and implementing work plans that achieve sectoral and institutional goals. The sector provides all the necessary services for employees, takes care of their affairs and creates an attractive and appropriate work environment for them. Sector departments are as follows: employment, training and development, strategy and organizational development, and personnel matters.

### Distribution of manpower according to the job categories:



## Key Achievements

- The documentation of all employees in accordance with the requirements of the General Organization for Social Insurance.
- The automation of a number of human resources services through the shared services system (Incentives and Compensation System).
- The automation of the annual performance evaluation process for employees.

## Marketing and corporate communication sector

Marketing and corporate communication is the means by which SAPTCO can communicate with its clients, customers and employees. Some recent examples of such marketing and corporate communication include:

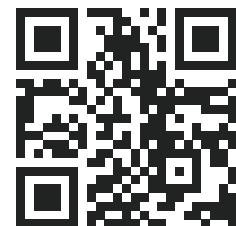
### The launch of Rekab services:



### Visual production:



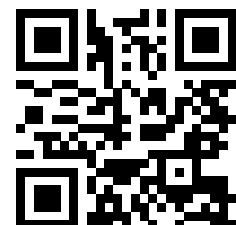
Introductory clips about SAPTCO fleet



SAPTCO in 40 years

### Captain Hafila (Bus Captain):

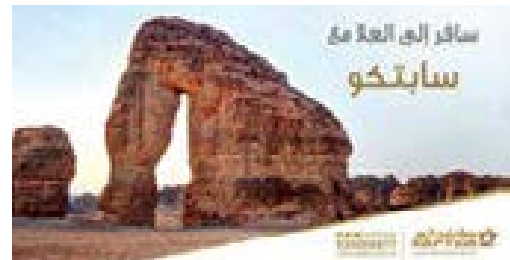
Participation in the "Yes We Can" program, which was shown on the Saudi channel with a special episode entitled Captain Hafila (Bus Captain), which was filmed in Riyadh and SAPTCO Academy Center (Plus News Media Coverage of SAPTCO's precautions against Covid-19).



## Examples of advertising campaigns:



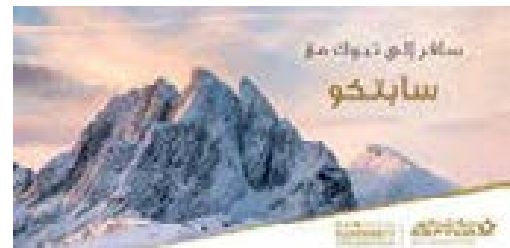
The campaign of Abha



The campaign of Hail Season



The campaign of Winter at Tantora.



The campaign of Tabuk

## Examples of sponsorship and other notable events



Aviation Forum



Breast Cancer



The opening of the new building of SAPTCO Headquarters



Creating SAPTCO brand guidelines



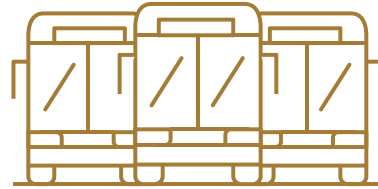
SAPTCO Identity throughout its Business Environment



## Saudi Emirates Integrated Transport Limited (SEITCO)

### Educational transportation services

The provision of school transport services (safe transportation of students by bus), to and from schools, in accordance with global educational transport standards.



The company owns

**2,757**

buses



### Key Achievements

- Nearly 200,000 male and female students were transferred daily, before applying the precautionary measures for the Coronavirus and before suspending the attendance of students at schools.
- Conducting more than seven thousand trips daily trips to transport students.



شركة المواصلات العامة  
Public Transportation Co



Public Transportation Co (PTC) is a joint venture company owned 80% by SAPTCO and 20% by the French transport company RATP Dev. PTC will operate and maintain the entire bus network in Riyadh, part of the King Abdulaziz Project for Public Transport in Riyadh.

Carrying out the contract to supply, operate, maintain and manage the Riyadh buses network, as part of the King Abdulaziz Public Transport Project for Riyadh PTC is a joint venture company owned 80% by SAPTCO and 20% by the French transport company RATP Dev. PTC will operate and maintain the entire bus network in Riyadh, part of the King Abdulaziz Project for Public Transport in Riyadh.

Carrying out the contract to supply, operate, maintain and manage the Riyadh buses network, as part of the King Abdulaziz Public Transport Project for Riyadh

Coverage areas **inside the city of Riyadh**



**2**  
centers for accommodation, maintenance and housing for workers



**4**  
rapid transport tracks (Bus rapid transit)



**100**  
lines



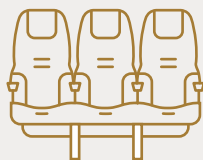
**4,000**  
Employees



**1,000**  
Buses



Inclusive access for people with disabilities



**120**  
million passengers

**2021**  
Launch year





## Key Achievements

- The company owns the entire fleet of the King Abdulaziz Project for Public Transport in Riyadh.
- The completion of building of the maintenance & accommodation center in west Riyadh, with all its facilities, in terms of the administrative building, parking lots, maintenance workshops, automatic bus wash machine and refueling stations
- Strengthening the workforce by appointing females in various departments
- Training more than 900 bus drivers to operate the first phase of the project.





## Capital Metro Company (CAMCO)

CAMCO is a joint venture company owned 80% by the French transport company RATP Dev and 20% by SAIPCO. CAMCO will operate and maintain lines 1 and 2 of the six-line Riyadh Metro system, part of the King Abdulaziz Project for Public Transport in Riyadh.

### Highlights of Riyadh Metro:

Project Duration



Number of tracks



Stations



Employees



Accommodation centers



Number of trains



## Key Achievements

- Expansion of the CAMCO's operational headquarters and establishment of a staff training center to conduct training courses and award qualifications.
- Training of Saudi engineers and technicians for the tasks of operating and maintenance of trains.
- The CAMCO company logo was revised to show the combined expertise from its shareholders, RATP Dev and SAPTCO





**Consolidated Financial  
Statements and Independent  
Auditor's Report for the  
Year Ended 31 December 2020**

**(Saudi Joint Stock Company)**

**CONSOLIDATED FINANCIAL STATEMENTS**

**AND INDEPENDENT AUDITOR'S REPORT**

**FOR THE YEAR ENDED 31 December 2020**

## **INDEX**

Independent auditor's report

Consolidated statement of income

Consolidated statement of comprehensive income

Consolidated statement of financial position

Consolidated statement of changes in equity

Consolidated statement of cash flows

Notes to the consolidated financial statements



**Ernst & Young & Co. (Certified Public Accountants)** Registration No. 45/11/323  
**General Partnership** C.R. No. 1010383821  
**Head Office**  
Al Faisaliah Office Tower, 14<sup>th</sup> Floor  
King Fahad Road  
P.O. Box 2732  
Riyadh 11461  
Kingdom of Saudi Arabia  
Tel: +966 11 215 9898  
+966 11 273 4740  
Fax: +966 11 273 4730  
ey.ksa@sa.ey.com  
ey.com/mena

## INDEPENDENT AUDITOR'S REPORT

To the Shareholders of Saudi Public Transport Company  
(A Saudi Joint Stock Company)

### Opinion:

We have audited the consolidated financial statements of Saudi Public Transport Company – A Saudi Joint Stock Company – (the “Company”) and its Subsidiary (the “Group”), which comprise the consolidated statement of financial position as at 31 December 2020, and the consolidated statement of income, consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

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 2020, 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 Certified Public Accountants.

### Basis for Opinion:

We conducted our audit in accordance with International Standards on Auditing (“ISAs”) that are endorsed in KSA. 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 professional code of conduct and ethics endorsed in the Kingdom of Saudi Arabia that are relevant to our audit of the consolidated financial statements, and we have fulfilled our other ethical responsibilities in accordance with these requirements. 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 our 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.





**Ernst & Young & Co. (Certified Public Accountants)** Registration No. 45/11/323  
**General Partnership** C.R. No. 1010383821  
**Head Office**  
 Al Faisaliah Office Tower, 14<sup>th</sup> Floor  
 King Fahad Road  
 P.O. Box 2732  
 Riyadh 11461  
 Kingdom of Saudi Arabia

Tel: +966 11 215 9898  
 +966 11 273 4740  
 Fax: +966 11 273 4730

ey.ksa@sa.ey.com  
 ey.com/mena

## INDEPENDENT AUDITOR’S REPORT – CONTINUED

To the Shareholders of Saudi Public Transport Company  
 (A Saudi Joint Stock Company)

### Key Audit Matters - Continued

Key Audit Matter	How our audit addressed the key audit matter
<p><b><u>Impairment of property, plant, equipment, buses and trucks</u></b></p> <p>The carrying value of property, plant equipment, buses and trucks of the Group represent a significant part of the total assets of the Group (25%) for an amount of SR 1,173 million as of 31 December 2020.</p> <p>The carrying values of these assets are reviewed annually by management for potential indicators of impairment. For assets where such indicators exist, management has performed detailed impairment reviews.</p> <p>As part of the Group’s process to review the indication of impairment of its assets, the management has considered internal and external factors, such as the following:</p> <ul style="list-style-type: none"> <li>• Observable indications that the asset’s values have significantly declined.</li> <li>• Significant changes with an adverse effect on the Group, in the technological, market, economic or legal environment in which the Group operates.</li> <li>• Evidence is available of obsolescence or physical damage of the assets.</li> <li>• Significant changes with an adverse effect to the assets, which include the assets becoming idle, plans to discontinue its operation and plans to dispose of an asset.</li> <li>• Reassessment of the useful lives of the assets.</li> <li>• Operating loss of the assets.</li> </ul>	<p>The procedures we performed included, among others, the following:</p> <ul style="list-style-type: none"> <li>• Obtained and reviewed the management report that relates to the assessment of impairment of the Group’s assets.</li> <li>• Reviewed, on a sample basis, the assets’ inspection reports that are prepared by the Group’s Technical Department, to assess the physical condition of the assets.</li> <li>• Reviewed internal reports (including Board of Directors minutes of meetings) to consider any future plans for the assets.</li> <li>• Reviewed the operating profit or loss statement for each operating segment during the year.</li> <li>• Obtained and discussed with management and evaluated the key assumptions underlying management’s assessment of potential impairment of assets.</li> <li>• Tested management’s assumptions used in the value in use calculations and assessed the historical accuracy of management’s estimates.</li> <li>• Involved our valuation expert to assist us in the evaluation of the discount rates used by the Group, performed sensitivity analyses on certain key assumptions to assess the range of acceptable valuations. They have also checked the arithmetical correctness of the discounted cashflows model.</li> </ul>



**Ernst & Young & Co. (Certified Public Accountants)** Registration No. 45/11/323  
**General Partnership** C.R. No. 1010383821  
**Head Office**  
 Al Faisaliah Office Tower, 14<sup>th</sup> Floor  
 King Fahad Road  
 P.O. Box 2732  
 Riyadh 11461  
 Kingdom of Saudi Arabia

Tel: +966 11 215 9898  
 +966 11 273 4740  
 Fax: +966 11 273 4730

ey.ksa@sa.ey.com  
 ey.com/mena

## INDEPENDENT AUDITOR'S REPORT – CONTINUED

To the Shareholders of Saudi Public Transport Company  
 (A Saudi Joint Stock Company)

### Key Audit Matters – Continued

Key Audit Matter	How our audit addressed the key audit matter
<p><b><u>Impairment of property, plant, equipment, buses and trucks – Continued</u></b></p> <p>We considered this as a key audit matter because the assessment is complex and involves a significant degree of management judgement in determining the key assumptions. Furthermore, there is an increased risk of impairment due to the deteriorated market outlook for the transportation sector due to the measures undertaken by the Government to reduce the spread of the pandemic.</p> <p>Refer to note 3 to the consolidated financial statements for the accounting policy that relates to impairment of non-financial assets, note 4 for significant accounting estimates and judgements and note 13 for the disclosure of property, plant and equipment.</p>	
<p><b><u>Revenue Recognition</u></b></p> <p>For the year ended 31 December 2020, the Group's operating revenue was SR 1,170 million. Passenger transports sales are recognized as revenue when related services are provided.</p> <p>The Group satisfies a performance obligation and recognises revenue over time, if one of the following criteria is met: a) the Group's performance does not create an asset with an alternate use to the Group and the Group has an enforceable right to payment for performance completed to date; b) the Group's performance creates or enhances an asset that the customer controls as the asset is created or enhanced; or c) the customer simultaneously receives and consumes the benefits provided by the Group's performance as the Group performs.</p>	<p>Our audit procedures to assess revenue recognition included the following:</p> <ul style="list-style-type: none"> <li>Assessing the design, implementation and operating effectiveness of management's processes for automated controls and key application controls which govern revenue recognition, including access controls, controls over program changes, interfaces between different systems and key manual internal controls over revenue recognition.</li> <li>Performing analytical procedures on revenue and deferred transportation revenue by developing an expectation for each type of revenue using independent inputs and information generated from the Group's IT systems and comparing such expectations with recorded revenue.</li> </ul>



**Ernst & Young & Co. (Certified Public Accountants)** Registration No. 45/11/323  
**General Partnership** C.R. No. 1010383821  
**Head Office**  
 Al Faisaliah Office Tower, 14<sup>th</sup> Floor  
 King Fahad Road  
 P.O. Box 2732  
 Riyadh 11461  
 Kingdom of Saudi Arabia

Tel: +966 11 215 9898  
 +966 11 273 4740  
 Fax: +966 11 273 4730

ey.ksa@sa.ey.com  
 ey.com/mena

**INDEPENDENT AUDITOR’S REPORT – Continued**  
 To the Shareholders of Saudi Public Transport Company  
 (A Saudi Joint Stock Company)

**Key Audit Matters – Continued**

Key Audit Matter	How our audit addressed the key audit matter
<p><b><u>Revenue Recognition- Continued</u></b></p> <p>For performance obligations where one of the conditions is not met, revenue is recognised at the point in time at which the performance obligation is satisfied. When the Group satisfies a performance obligation by delivering the promised services it creates a contract-based asset on the amount of consideration earned by the performance. Where the amount of consideration received from a customer exceeds the amount of revenue recognised, this gives rise to a contract liability.</p> <p>We identified revenue recognition as a key audit matter because it requires the management to exercise judgement over the appropriateness of the accounting treatment for each individual part of the contract or arrangement.</p> <p>Refer to Note 3 to the consolidated financial statements for the accounting policy that relates to revenue, Note 4 for significant accounting estimates and judgements and Note 6 for the disclosure of revenues.</p>	<p>Inspecting underlying documentation for any journal entries which were considered to be material or met other specified risk-based criteria on a sample basis.</p> <p>Inspecting the key terms and conditions of contracts with major customers, on a sample basis, to assess if there were any terms and conditions that may have affected the accounting treatment of the contracts revenue.</p>

**Other information included in the Group’s 2020 Annual Report**

Other information consists of the information included in the Group’s 2020 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 2020 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 2020 annual report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.



**Ernst & Young & Co. (Certified Public Accountants)** Registration No. 45/11/323  
**General Partnership** C.R. No. 1010383821  
**Head Office**  
 Al Faisaliah Office Tower, 14<sup>th</sup> Floor  
 King Fahad Road  
 P.O. Box 2732  
 Riyadh 11461  
 Kingdom of Saudi Arabia

Tel: +966 11 215 9898  
 +966 11 273 4740  
 Fax: +966 11 273 4730

ey.ksa@sa.ey.com  
 ey.com/mena

## INDEPENDENT AUDITOR'S REPORT – CONTINUED

To the Shareholders of Saudi Public Transport Company  
 (A Saudi Joint Stock Company)

### 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 issued by the Saudi Organization for Certified Public Accountants and the provisions of Companies' Law and the 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 the Kingdom of Saudi Arabia 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.

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



**Ernst & Young & Co. (Certified Public Accountants)** Registration No. 45/11/323  
**General Partnership** C.R. No. 1010383821  
**Head Office**  
Al Faisaliah Office Tower, 14<sup>th</sup> Floor  
King Fahad Road  
P.O. Box 2732  
Riyadh 11461  
Kingdom of Saudi Arabia  
Tel: +966 11 215 9898  
+966 11 273 4740  
Fax: +966 11 273 4730  
ey.ksa@sa.ey.com  
ey.com/mena

## **INDEPENDENT AUDITOR'S REPORT – CONTINUED**

To the Shareholders of Saudi Public Transport Company  
(A Saudi Joint Stock Company)

### **Auditor's Responsibilities for the Audit of the Consolidated Financial Statements - continued:**

- Conclude on the appropriateness of management's 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 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.

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, related safeguards.



**Ernst & Young & Co. (Certified Public Accountants)** Registration No. 4511023  
 General Partnership C.R. No. 101080421  
 Head Office  
 Al Faisaliah Office Tower, 14<sup>th</sup> Floor  
 King Fahad Road  
 P.O. Box 2792  
 Riyadh 11481  
 Kingdom of Saudi Arabia

Tel: +966 11 210 6000  
 +966 11 273 4340  
 Fax: +966 11 273 4730

ey.ksa@us.ey.com  
 ey.com/ksa

**INDEPENDENT AUDITOR'S REPORT – CONTINUED**  
 To the Shareholders of Saudi Public Transport Company  
 (A Saudi Joint Stock Company)

**Auditor's Responsibilities for the Audit of the Consolidated Financial Statements - continued:**

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 auditor's 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


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

Riyadh: 29 Jannata Al-Akhira 1442H  
 (11 February 2021)



SAUDI PUBLIC TRANSPORT COMPANY AND ITS SUBSIDIARY  
(SAUDI JOINT STOCK COMPANY)  
CONSOLIDATED STATEMENT OF INCOME  
FOR THE YEAR ENDED 31 December 2020

	Note	2020 SR'000	2019 SR'000
Revenue	4	1,109,642	1,711,891
Cost of revenue	5	(1,289,846)	(1,407,525)
<b>Gross (loss) profit</b>		<b>(179,144)</b>	<b>219,266</b>
Selling and distribution expenses	8	(34,679)	(47,048)
Administrative expenses	9	(103,832)	(123,648)
Impairment of assets held for sale	22	(42,765)	-
<b>Operating (loss) profit</b>		<b>(291,360)</b>	<b>49,270</b>
Share in (loss) profits of a joint venture	19	(44,041)	18,741
Share in profits of an associate	16	344	1,728
Finance income	21a, 23	4,677	1,465
Finance costs	26	(35,654)	(36,746)
Other income	10	12,683	16,693
<b>(Loss) income before zakat and income tax</b>		<b>(363,451)</b>	<b>31,151</b>
Zakat and income tax	11	(14,299)	(17,427)
<b>(Loss) income for the year</b>		<b>(377,750)</b>	<b>13,724</b>
<b>(Loss) income for the year attributable to:</b>			
Shareholders of the Parent Company		(375,160)	35,324
Non-controlling interest		(2,590)	(1,600)
		<b>(377,750)</b>	<b>13,724</b>
<b>(Loss) earnings per share (in Saudi Riyals)</b>			
► Basic and diluted, from the (loss) income for the year attributable to shareholders of the parent company	17	(1.00)	0.28

  
CFO - Corporate Finance

  
CEO


  
Auditor/Chief Member of the Board of Directors

The accompanying notes 1 to 43 form an integral part of these consolidated financial statements.

SAUDI PUBLIC TRANSPORT COMPANY AND ITS SUBSIDIARY  
(SAUDI JOINT STOCK COMPANY)  
CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME  
FOR THE YEAR ENDED 31 December 2020

	Note	2020 SR'000	2019 SR'000
(Loss) income for the year		(377,713)	33,924
<b>Other comprehensive income</b>			
<i>Other comprehensive income not to be reclassified to the consolidated statement of income in subsequent periods:</i>			
- Re-measurement gains on defined benefits liability	28	1,553	1,447
- Net change in fair value of investments in equity instruments at FVOCI	17	16,762	12,607
<b>Total other comprehensive income for the year</b>		<b>12,314</b>	<b>11,454</b>
<b>Total comprehensive (loss) income for the year</b>		<b>(365,399)</b>	<b>47,278</b>
<b>Total comprehensive (loss) income for the year attributable to Shareholders of the Parent Company</b>		<b>(362,844)</b>	<b>48,778</b>
<b>Non-controlling interest</b>		<b>(2,555)</b>	<b>(1,500)</b>
		<b>(365,399)</b>	<b>47,278</b>

  
EVP Corporate Finance

  
CEO

  
Authorized Member of the Board of Directors

The accompanying notes 1 to 40 form an integral part of these consolidated financial statements



**SAUDI PUBLIC TRANSPORT COMPANY AND ITS SUBSIDIARY  
(SAUDI JOINT STOCK COMPANY)**

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION  
AS AT 31 December 2020**

		31 December 2020	31 December 2019
	Note	SAR'000	SAR'000
<b>Assets</b>			
<b>Non-current assets</b>			
Property, plant, equipment, buses and trucks	13	1,172,844	1,759,766
Intangible assets	14	584,158	345,953
Investment properties	15	307,122	307,122
Amounts due from a related party – non-current portion	13	45,493	67,143
Investments in associates and a joint venture	16	94,311	138,252
Investments in equity instruments at FVOCI	17	-	90,181
Unbilled receivables – non-current portion	19	1,529,587	1,052,945
Other non-current assets		4,487	5,306
<b>Total non-current assets</b>		<b>3,687,699</b>	<b>3,767,665</b>
<b>Current assets</b>			
Inventories	18	18,067	30,752
Trade receivables, unbilled receivables and other receivables	19	683,076	297,543
Amounts due from a related party – current portion	13	48,242	34,310
Prepayments and other current assets	20	32,066	138,562
Cash and cash equivalents	21	351,983	238,438
		<b>1,133,434</b>	<b>699,597</b>
Assets held for sale	22	7,034	-
<b>Total current assets</b>		<b>1,140,468</b>	<b>699,597</b>
<b>Total asset</b>		<b>4,828,167</b>	<b>4,467,262</b>
<b>Equity and liabilities</b>			
<b>Equity</b>			
Issued capital	23	1,250,000	1,250,000
Statutory reserve	24	-	182,471
Conservation reserve	25	45,739	45,739
Investments revaluation reserve	17	-	16,495
(Accumulated Losses) Retained earnings		(22,867)	363,801
<b>Equity attributable to shareholders of the parent company</b>		<b>1,270,672</b>	<b>1,658,507</b>
Non-controlling interest	27	4,062	6,640
<b>Total equity</b>		<b>1,274,734</b>	<b>1,665,147</b>
<b>Non-current liabilities</b>			
Murahaba financing – non-current portion	26	945,763	334,643
Lease liabilities – non-current portion	27	31,840	8,329
Employee defined benefits obligation	28	195,612	137,216
Advances from a customer – non-current portion	29	1,437,958	939,678
Deferred revenue – non-current portion	30	6,779	5,115
<b>Total non-current liabilities</b>		<b>2,568,041</b>	<b>1,465,099</b>
<b>Current liabilities</b>			
Murahaba financing – current portion	26	116,514	84,309
Short term Murahaba financing	26	150,295	539,183
Lease liabilities – current portion	27	1,429	1,779
Trade and other payables	11	397,326	545,156
Due to non-controlling interests of the subsidiary	33	6,483	12,118
Accrued and other liabilities	32	123,169	179,595
Deferred revenue – current portion	30	19,736	16,567
Advances from a customer – current portion	29	118,197	48,001
Zakat and income tax payable	11	36,746	29,447
<b>Total current liabilities</b>		<b>859,921</b>	<b>1,006,951</b>
<b>Total liabilities</b>		<b>3,427,962</b>	<b>2,472,051</b>
<b>Total liabilities and equity</b>		<b>4,697,719</b>	<b>4,394,199</b>

  
CFO

  
CEO

  
A legitimate member of the  
Board of Directors

The accompanying notes 1 to 43 form an integral part of these consolidated financial statements.

**RAIL PUBLIC TRANSPORT COMPANY LIMITED SUMMARY**  
 (AS AT 30/09/2020 AND 31/12/2020)

**CONSOLIDATED STATEMENT OF FINANCES IN EQUITY**  
 FOR THE YEAR ENDED 31 December 2020

**Attributable to Equity Holders of the Parent Company**

	Reserve capital €27,000	Reserves €20,471	Financial assets €42,730	Investments evaluation reserves €28,802	Retained earnings €28,802	Total €208,100	Non-controlling interest €2,000	Total equity €210,100
As at 30 December 2019	1,250,000	161,471	42,730	18,202	181,802	1,634,207	4,000	1,638,207
Loss for the year	-	-	-	-	(271,100)	(271,100)	(2,000)	(273,100)
Other comprehensive income for the year	-	-	-	16,700	1,000	17,700	-	17,700
<b>Total comprehensive income</b>	-	-	-	16,700	(270,100)	(253,400)	(2,000)	(255,400)
Transfer from investments evaluation reserves (note 17)	-	-	-	(1,100)	1,100	-	-	-
Transfer to retained earnings (consolidated interest absorption of losses (note 24))	-	(161,471)	-	-	161,471	-	-	-
<b>As at 31 December 2020</b>	1,250,000	-	42,730	-	(25,000)	1,077,730	4,000	1,077,730

	Reserve capital €27,000	Reserves €20,471	Financial assets €42,730	Investments evaluation reserves €28,802	Retained earnings €28,802	Total €208,100	Non-controlling interest €2,000	Total equity €210,100
As at 31 December 2019	1,250,000	179,000	42,730	18,202	228,802	1,768,738	4,000	1,772,738
Income for the year	-	-	-	-	29,000	29,000	10,000	39,000
Other comprehensive income for the year	-	-	-	13,000	1,000	14,000	-	14,000
<b>Total comprehensive income</b>	-	-	-	13,000	30,000	43,000	(1,000)	42,000
Transfer to retained earnings (note 24)	-	3,000	-	-	(3,000)	-	-	-
<b>As at 31 December 2020</b>	1,250,000	182,000	42,730	18,202	225,802	1,811,738	4,000	1,815,738

  
 CFO

  
 CFO

  
 Chairman

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

**SAUDI PUBLIC TRANSPORT COMPANY AND ITS SUBSIDIARY  
(A SAUDI JOINT STOCK COMPANY)**

**CONSOLIDATED STATEMENT OF CASH FLOWS**

**FOR THE YEAR ENDED 31 December 2020**

	2020 SAR'000	2019 SAR'000
<b>OPERATING ACTIVITIES</b>		
(Loss) income before zakat and income tax	(362,481)	51,153
<i>Adjustments to reconcile income before zakat and income tax to net cash flows</i>		
Depreciation and amortization	197,220	183,231
Impairment of trade receivables, unbilled receivables and other receivables	20,646	14,872
Impairment of assets held for sale	42,705	-
Impairment of non-moving inventories	8,353	8,914
Share in (losses) profits of a joint venture	44,041	(18,741)
Share in profits of an associate	(244)	(1,720)
Amortisation of deferred revenue	(685)	(1,125)
Finance costs	35,604	36,746
Finance income	(4,677)	(1,465)
Changes in employees' defined benefit obligation	21,804	19,173
Gain on sale of property, plant and equipment	(13)	(7,564)
	<u>383</u>	<u>283,414</u>
Working capital adjustments:		
Inventories, net	4,330	2,161
Trade receivables, unbilled receivables and other receivables	(692,799)	(662,976)
Amounts due from a related party	10,996	(27,702)
Prepayments and other current assets	87,938	(17,137)
Trade and other payables	(57,836)	22,379
Due to non-controlling interests of the subsidiary	(5,635)	(1,309)
Accrued expenses and other liabilities	(6,172)	6,268
Deferred revenues	2,286	1,314
Advances from a customer	548,168	548,473
Cash (used in) from operations	(107,209)	137,165
Zakat and income tax paid	(6,964)	(7,207)
Employee defined benefit liability paid	(11,387)	(37,698)
<b>Net cash flows (used in) from operating activities</b>	<u>(125,560)</u>	<u>112,261</u>
<b>INVESTING ACTIVITIES</b>		
Investment in an associate	-	-
Proceeds from sale of finance income	2,763	1,463
Proceeds from sale of assets held for sale	-	14,000
Addition to investments in equity instruments at FVOCI	(62,519)	(96,645)
Proceeds from investments in equity instruments at FVOCI	144,382	96,421
Proceeds from sale of property, plant and equipment	14	42,570
Purchase of intangible assets	(241,363)	(282,679)
Purchase of property, plant, equipment, buses, and trucks	(120,837)	(114,767)
<b>Net cash flows used in investing activities</b>	<u>(268,679)</u>	<u>(339,624)</u>
<b>FINANCING ACTIVITIES</b>		
Proceeds from murabahah financing	1,241,748	879,490
Repayment of murabahah financing	(792,229)	(215,835)
Payment of finance cost	(25,181)	(34,828)
Payment of lease liabilities	(8,014)	(4,807)
<b>Net cash flows from financing activities</b>	<u>407,324</u>	<u>579,990</u>
<b>Net increase in cash and cash equivalents</b>	<u>13,145</u>	<u>92,890</u>
Cash and cash equivalents at 1 January	<u>338,438</u>	<u>245,548</u>
<b>Cash and cash equivalents at 31 December</b>	<u>351,583</u>	<u>338,438</u>
<b>SIGNIFICANT NON-CASH TRANSACTIONS:</b>		
Net movement in fair value of investments in equity instruments at FVOCI	10,763	12,007
Initial recognition of right-of-use-assets	29,722	15,173

  
EVP Corporate Finance

  
CFO

  
Authorizing Member of the  
Board of Directors

The accompanying notes 1 to 43 form an integral part of these consolidated financial statements.

**SAUDI PUBLIC TRANSPORT COMPANY AND ITS SUBSIDIARY  
(SAUDI JOINT STOCK COMPANY)**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
AS AT 31 December 2020**

**1. CORPORATE INFORMATION**

Saudi Public Transport Company (the “Company”, “SAPTCO”, or the “Parent Company”) is a Saudi Joint Stock Company, registered in Riyadh, Kingdom of Saudi Arabia (“KSA”) and formed under the Royal Decree No. M/11 dated on 7 Rabi Al-Awwal 1399H (corresponding to 5 February 1979) whose shares are publicly traded on the Saudi Stock Exchange. The formation was declared pursuant to the resolution of his Excellency, The Minister of Commerce, No. 254 dated 14 Sha’aban 1399H (corresponding to 9 July 1979). The Company operates under commercial registration number 1010024335 issued on 5 Ramadan 1399H (corresponding to 29 July 1979). The Company’s head office’s address is Al-Nakheel neighborhood, Al-Takhasusi Street, Building No. 7995, P.O. Box 10667 Riyadh 11443, KSA.

The principal activities of the Company are passenger’s buses transport both intra and inter-city throughout and outside the Kingdom of Saudi Arabia, as well as transfer of non-postal parcels, cargo, school transport, teachers transport, car rental and private transport, operating and maintaining of trains, metros, motor vehicles and trucks, organising tours, transporting pilgrims and visitors inside and outside of the Kingdom of Saudi Arabia and importing spare parts and chemical detergents of vehicles.

A Royal Decree No. (M/48) dated 22 Thul-Hijjah 1399H (corresponding to 12 November 1979) was issued to grant Saudi Public Transport Company a franchise contract whereby the Company commits to transport passengers on public roads network both intra and inter-city throughout the Kingdom of Saudi Arabia for a period of fifteen Hijri years.

The Council of Ministers in its resolution No. (57) issued on 1 Jumada Al-Thani 1414H (corresponding to 15 November 1993) approved the renewal of the franchise contract for a period of fifteen years starting from 1 Rajab 1414H. On 21 Jumada Al-Ula 1429H (corresponding to 26 May 2008), the contract was renewed for another renewable five-year period starting from 1 Rajab 1429H (corresponding to 4 July 2008).

The Council of Ministers in its resolution No. (254) issued on 24 Rajab 1434H (corresponding to 3 June 2013) approved the extension of the franchise contract signed between the Government and Saudi Public Transport Company (SAPTCO), whereby the Company is committed to carry passengers by buses within and between cities in the Kingdom for a period of three years starting 1 Rajab 1434H (corresponding to 11 May 2013). The concerned governmental authorities shall have the right during that period to partially reduce the spatial coverage of the franchise contract based on the phases of issuing new tender for providing public transportation between the cities inside the Kingdom of Saudi Arabia.

On 29 Thul-Hijja 1436H (corresponding to 12 October 2015), the Council of Ministers approved the extension of the franchise contract, signed between the Government and Saudi Public Transport Company (SAPTCO) by virtue of the Royal Decree (No M/48 dated 23 Thul-Hijjah 1399H), for a period of five years starting 1 Rajab 1437H (corresponding to 8 April 2016), and without giving the Company or any other Company any competitive advantage when issuing tenders for providing public transportation services between the cities of the Kingdom. The Company shall then disclose the implications of the terms and conditions of the franchise contract signed between the Government and the Company in light of the option to be adopted by the competent authorities after the end of the franchise period. On 27 Safar 1442 H (corresponding to 14 October 2020), the Company received a letter from the General Authority for Transport regarding the franchise contract included therein the approval of the Council of Ministers (initial approval) on what the assigned committee has reach to regarding Company’s assets which includes an extension of the franchise contract for a year from 1 Rajab 1442 H (corresponding to 13 February 2021) and the required terms for the final settlements by the Company regarding to the franchise contract as announced in the Company’s website and its announcements in Tadawul.

Accordingly, Board of Directors presented the terms mentioned in the approval of the Council of Ministers to Company’s shareholders on the Ordinary General Assembly meeting that held on 29 Rabi’ Al Awwal 1442 H (corresponding to 15 November 2020). Therefore, the Ordinary General Assembly has approved on the conclusion mentioned on the letter based on the agreement and the terms and conditions of the franchise contract.

The company has determined the impact of what is stated in the franchise contract and its terms signed between the government and the company and in light of what has been reached by the committee formed to study the status of the company’s assets, which will result in an increase in the group’s total depreciation by SR 27 million distributed over SR 10.2 million for the year 2020, SR 10.2 million for the year 2021 and SR 6.6 million distributed over the next five years.

The Company has invested in the following subsidiary, which is included in these consolidated financial statements:

Subsidiary	Year of incorporation	Ownership Percentage		Principal Activity	Country of Incorporation
		31 December 2020	31 December 2019		
Public Transportation Company (“PTC”)	2014	80%	80%	Executing King Abdulaziz Project for Public Transport in Riyadh	Kingdom of Saudi Arabia

Public Transportation Company (“PTC”) is a Limited Liability Company registered in Riyadh, the Kingdom of Saudi Arabia under commercial registration number 1010429250 dated 8 Rabi’e Al-Awwal 1436H (corresponding to 31 December 2014). The Company is engaged in importing, operating and maintaining of buses in Riyadh according to license issued by the Saudi Arabian General Investment Authority (SAGIA) No. 10608351147347 dated on 8 Thul-Qadah 1435H (corresponding to 4 September 2014).

**SAUDI PUBLIC TRANSPORT COMPANY AND ITS SUBSIDIARY  
(SAUDI JOINT STOCK COMPANY)**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS – CONTINUED  
AS AT 31 December 2020**

**1. CORPORATE INFORMATION – CONTINUED**

The Company has also invested in the following associates and joint venture:

Investment in associates and a joint venture	Relationship	Ownership Percentage		Principal Activity	Country of Incorporation
		31 December 2020	31 December 2019		
Saudi Bahraini Transport Company*	Associate	40%	40%	Transportation activities	Kingdom of Saudi Arabia – Kingdom of Bahrain
Capital Metro Company Limited	Associate	20%	20%	Road construction works and maintenance	Kingdom of Saudi Arabia
Saudi Emirates Integrated Transport Company	Joint venture	50%	50%	Educational transportation services	Kingdom of Saudi Arabia

\*The Saudi Bahraini Transport Company is under liquidation since 31 December 2015.

**2. BASIS OF PREPARATION AND CONSOLIDATION**

**2.1 BASIS OF PREPARATION**

These consolidated financial statements of the Group have been prepared in accordance with International Financial Reporting Standards (“IFRS”) as endorsed in KSA and other standards and pronouncements that are endorsed by the Saudi Organization for Certified Public Accountants (“SOCPA”) (collectively referred to as “IFRS as endorsed in KSA”).

These consolidated financial statements have been prepared under the historical cost convention, except for investments in equity instruments at FVOCI which are measured at fair value, and defined benefit obligations which are recognised at the present value of future obligations using the Projected Unit Credit method (PUC).

The consolidated financial statements are presented in Saudi Riyals (SR), which is also the Group’s functional currency. All amounts have been rounded to the nearest thousand (“SR’000”), unless otherwise indicated.

**2.2 BASIS OF CONSOLIDATION**

The consolidated financial statements comprise the financial statements of the Company and its subsidiary (collectively, the “Group”), as at 31 December 2020. Control is achieved when the Group is exposed or has rights to the 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 re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to the 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 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.

Specifically, the Group controls an investee if, and only if, the Group has:

- ▶ Power over the investee (i.e., existing rights that give it the current ability to direct the relevant activities of the investee);
- ▶ Exposure to risks, and 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.

Generally, there is a presumption that a majority of voting rights results 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.

Income and each component of other comprehensive income are attributed to the shareholders of the Parent Company and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group’s accounting policies. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

**SAUDI PUBLIC TRANSPORT COMPANY AND ITS SUBSIDIARY  
(SAUDI JOINT STOCK COMPANY)**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS – CONTINUED  
AS AT 31 December 2020**

**3. SIGNIFICANT ACCOUNTING POLICIES**

The following are the significant accounting policies applied by the Group in preparing its consolidated financial statements:

**3.1 Investment in associates and a joint venture**

An associate is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee, but is not control or joint control over those policies.

A joint venture is a type of joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint venture. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control.

The considerations made in determining significant influence or joint control are similar to those necessary to determine control over subsidiaries.

The Group's investments in its associates and joint venture are accounted for using the equity method.

Under the equity method, the investment in an associate or a joint venture is initially recognised at cost. The carrying amount of the investment is adjusted to recognise changes in the Group's share of net assets of the associate or joint venture since the acquisition date. Goodwill relating to the associate or joint venture is included in the carrying amount of the investment and is not tested for impairment separately. The consolidated statement of income reflects the Group's share of the results of operations of the associate or joint venture. Any change in OCI of those investees is presented as part of the Group's OCI. In addition, when there has been a change recognised directly in the equity of the associate or joint venture, the Group recognises its share of any changes, when applicable, in the statement of changes in equity.

The aggregate of the Group's share of profit or loss of an associate and a joint venture is shown on the face of the consolidated statement of income outside operating profit and represents profit or loss after tax and non-controlling interests in the subsidiaries of the associate or joint venture.

The financial statements of the associates or joint venture are prepared for the same reporting period as the Group. When necessary, adjustments are made to bring the accounting policies in line with those of the Group.

After application of the equity method, the Group determines whether it is necessary to recognise an impairment loss on its investment in its associate or joint venture. At each reporting date, the Group determines whether there is an objective evidence that the investment in an associate or a joint venture is impaired. If there is such evidence, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate or joint venture and its carrying value, and then recognises the loss within 'Share of profit of an associate and a joint venture' in the consolidated statement of income.

Upon loss of significant influence over the associate or joint control over the joint venture, the Group measures and recognises any retained investment at its fair value. Any difference between the carrying amount of the associate or joint venture upon loss of significant influence or joint control and the fair value of the retained investment and proceeds from disposal is recognised in the consolidated statement of income.

**3.2 Current versus non-current classification**

The Group presents assets and liabilities in the consolidated statement of financial position based on current/non-current classification. An asset is current when:

- ▶ 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 Cash or 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 normal operating cycle;
- ▶ Held primarily for the purpose of trading;
- ▶ It is 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 Group classifies all other liabilities as non-current.

### 3. SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

#### 3.3 Fair value measurement

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

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

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

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

A fair value measurement of a non-financial asset takes into account 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 are 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 categorized within the fair value hierarchy. This is described, as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- ▶ Level 1 — Quoted (unadjusted) 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 consolidated financial statements at fair value on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by re-assessing categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

For the purpose of fair value disclosures, the Group has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy, as explained above.

#### 3.4 Revenue Recognition

IFRS 15 outlines a single comprehensive model of accounting for revenue arising from contracts with customers.

IFRS 15 establishes a new five-step model, that will apply to revenue arising from contracts with customers as below:

##### *Revenue from contracts with customers*

- 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 sets 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 a contract that has more than one performance obligation, the Group allocates the transaction price to each performance obligation in an amount that depicts the amount of consideration to which the Group expects to be entitled in exchange for satisfying each performance obligation.
- Step 5: Recognise revenue when (or as) the entity satisfies a performance obligation.

The Group satisfies a performance obligation and recognises revenue over time, if one of the following criteria is met:

- a) The Group's performance does not create an asset with an alternate use to the Group and the Group has an enforceable right to payment for performance completed to date.
- b) The Group performance creates or enhances an asset that customer controls same as the asset is created or enhanced.
- c) The customer simultaneously receives and consumes the benefits provided by the Group's performance as the Group performs.

**SAUDI PUBLIC TRANSPORT COMPANY AND ITS SUBSIDIARY  
(SAUDI JOINT STOCK COMPANY)**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS – CONTINUED  
AS AT 31 December 2020**

**3. SIGNIFICANT ACCOUNTING POLICIES – CONTINUED**

**3.4 Revenue Recognition – Continued**

For performance obligation where one of the above conditions are not met, revenue is recognised at the point in time at which the performance obligation is satisfied.

When the Group satisfies a performance obligation by delivering the promised services it creates a contract-based asset on the amount of consideration earned by the performance. Where the amount of consideration received from a customer exceeds the amount of revenue recognised this gives rise to a contract liability.

Revenue is measured at the fair value of the consideration received or receivable, taking into account contractually defined terms of payment and excluding taxes or duty. The group assesses its revenue arrangements against specific criteria in order to determine if it is acting as principal or agent.

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured.

**A) Rendering of Services**

The Group is involved in providing transportation services inside and outside Kingdom of Saudi Arabia, as well as performing related services. If the services under a single arrangement are rendered in different reporting periods, then the consideration is allocated on the standalone selling price basis between the different services.

Some tickets are not used for travel and cannot be refunded. This is often referred to as tickets breakage. If the Group expects to be entitled to breakage, then the estimated amount is recognised as revenue, to the extent it is highly probable that there will be no significant revenue reversal. However, if the Group cannot estimate this breakage with sufficient confidence that there will be no significant revenue reversal, then any related revenue is recognised only when the likelihood of the customer exercising its remaining rights becomes remote.

Revenue is recognised when services are rendered to the customers. Rental income is recognised on straight line basis over the terms of respective agreements. Other income is recognised when earned.

The Group also provides a number of ancillary services either as part of ticket fare or at an extra charge e.g. extra baggage, WIFI services, meal arrangements, etc. The Group determines that these ancillary services are not distinct from the transportation services and hence accounts for its transportation services as a single performance obligation.

The Group also sells tickets on behalf of other companies through its stations. The Group has concluded that it acts as an agent in respect of such sales. Accordingly, revenue is recognised only to the extent of Group's commission on such sale.

The Group generates revenue from the following revenue streams:

- passenger transport
- transportation of cargo
- revenue sharing arrangements with international transport companies
- sales through government agencies
- Service concession arrangements with third parties

Revenue over time is recognised for each performance obligation by measuring progress towards satisfying the performance obligation. Any non-cash revenue is measured at its fair value, which, if cannot be reasonably estimated, is measured with reference to stand-alone selling price of goods or services promised to the customers in exchange for the consideration.

A contract modification exists when the parties to a contract approve a modification that creates new or changes existing rights and obligations of the parties to the contract. Revenue recognition under the existing contract is continued until the contract modification is approved.

**B) Revenue from passenger transport**

Revenue from passenger transport mainly includes cash collected from passengers at the time of purchase of tickets and is recognised based on the utilization of tickets by passengers. A deferred revenue is recognised for tickets purchased in advance till the date of travel or expiry of tickets.

**C) Revenue from transportation of cargo**

Revenue is recognised at a point in time by reference to the satisfaction of performance obligation of the Group towards its customers. i.e. delivery of cargo to the designated location. Accordingly, revenue is recognised based on receipt of acknowledgement certificate of successful delivery of cargo at designated premises.

The cost of rebates and/or discounts provided to the customers is taken into account at the time of recognising revenue and revenue is recognised net of these variable considerations.

The Group includes the variable considerations in the transaction price at the Group's best estimate. The estimated amount is recognised as revenue, to the extent it is highly probable that there will be no significant revenue reversal.

**D) Revenue sharing arrangements with international companies**

The Group has entered into revenue sharing contracts with International transport companies. Under this contract, the total combined revenue of the Group and the other Company earned during the month is shared equally between both the parties in accordance with respective contract terms. Any excess/short revenue booked earlier is adjusted on the date of settlement.



### 3. SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

#### 3.4 Revenue recognition – Continued

##### *E) Sales through agencies*

The Group acts as a principal in these arrangements. Accordingly, revenue is recognised on gross basis i.e., amount charged to the ultimate customer. The commission charged by the agencies is accounted for as expenses.

##### *F) Service concession arrangement*

The subsidiary Public Transportation Company ("PTC", "the Operator") entered into a contract with Al Riyadh Development Authority ("ADA", "the Grantor") on 20 November 2014 (corresponding to 27 Muharram 1437H) for executing King Abdul-Aziz Project for public transport in Riyadh. The contract period is twelve years. Under the arrangement, the Operator will procure buses, construct depots, and manage operations (i.e. running of buses - transporting public in various transport lines) and management of transport lines for ADA. The contract is divided into two phases, i.e., mobilisation phase and operational phase. At the end of the concession period, the whole infrastructure along with other assets will become the property of the Grantor and the Group will have no further involvement in its operation or maintenance requirements. The rights of the Grantor to terminate the agreement include poor performance by the Operator and in the event of a material breach in the terms of the agreement.

Based on the arrangement with ADA, the Operator has an unconditional right to receive cash during the mobilisation and operational phase and it does not have any right to use the infrastructure to recover cash from public. The Group recognises the financial assets arising from a service concession arrangement when it has an unconditional contractual right to receive cash from the Grantor for the construction or upgrade services provided. Such financial assets are measured at fair value on initial recognition and classified as loans and receivables.

The Operator does not have the right to recognise public service infrastructure (i.e. assets under the infrastructure) as its property, plant and equipment as the Operator is considered to have a right of access rather than a right of use. Accordingly, expenses incurred during mobilisation phase on existing or updated infrastructure are expensed out.

During the mobilisation phase, revenue is accounted for based on satisfaction of respective performance obligations within the contract. Revenue under the mobilisation phase is recognised using input method by applying a reasonable margin to the cost incurred upon satisfaction of related performance obligation.

During the operation phase, revenue under transportation services is recognised based on kilometers agreed as considered in the price chart. For other performance obligations during operation phase, revenue is recorded based on satisfaction of respective performance obligations within the contract.

##### *G) Finance income*

Finance income is recorded using the effective interest rate (EIR). The EIR is the rate that exactly discounts the estimated future cash receipts over the expected life of the financial instrument or a shorter period, where appropriate, to the net carrying amount of the financial asset. Interest income is included in finance income in the consolidated statement of income.

##### *H) Dividends*

Dividends are recognised when the Group's right to receive the payment is established, which is generally when the shareholders approve the dividends.

#### 3.5 Foreign currencies

The Group's consolidated financial statements are presented in Saudi Riyal, which is also the parent company's functional currency.

Transactions and balances

Transactions in foreign currencies are initially recorded by the Group's entities at their respective functional currency spot rates at the date the transaction first qualifies for recognition.

Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency spot rates of exchange ruling at the reporting date. All differences arising on settlement or translation of monetary items are taken to 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 as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined. The gain or loss arising on translation of non-monetary items measured at fair value is treated in line with the recognition of gain or loss on the change in fair value of the item (i.e., the translation differences on items whose fair value gain or loss is recognised in OCI or the consolidated statement of income are also recognised in OCI or the consolidated statement of income, respectively).

#### 3.6 Zakat

Zakat is provided for in accordance with the regulations of General Authority for Zakat and Tax (the "GAZT") in KSA. The provision for zakat is charged to the consolidated statement of income. Any differences between the provision and the final assessment is recorded when the final assessment is approved.

**SAUDI PUBLIC TRANSPORT COMPANY AND ITS SUBSIDIARY  
(SAUDI JOINT STOCK COMPANY)**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS – CONTINUED  
AS AT 31 December 2020**

**3. SIGNIFICANT ACCOUNTING POLICIES – CONTINUED**

**3.7 Income tax**

Non-Saudi shareholder of the subsidiary is subject to corporate income tax in the Kingdom of Saudi Arabia based on his share of the results, which is included as an expense in the consolidated statement of income.

Deferred tax is provided using the liability method on temporary differences between tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date.

Deferred tax liabilities are recognised for all taxable temporary differences, except:

- Where the deferred tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction affects neither the accounting profit nor taxable income or loss; and
- In respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint arrangements, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised, except:

- Where the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable income ; and
- In respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint arrangements, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are re-assessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date. Deferred tax relating to items outside the consolidated statement of income is recognised outside the consolidated statement of income. Deferred tax items are recognised in correlation to the underlying transaction either in the consolidated statement of other comprehensive income or directly in equity.

Deferred tax assets and liabilities are offset, if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes related to the same taxable entity and the same taxation authority.

**3.8 Withholding tax**

The Group withholds taxes on certain transactions with non-resident parties in the Kingdom of Saudi Arabia as required by Saudi Arabian Income tax Law.

**3.9 Property, plant and equipment, buses and trucks**

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

Depreciation is calculated on a straight-line basis over the useful life of the asset as follows:

<u>Asset categories</u>	<u>Useful lives</u>
Buildings and buildings improvements	3 to 33 years
Buses, trucks and trailers	6 to 12 years
Plant and equipment	2 to 20 years
Furniture and fixtures	3 to 10 years
Motor vehicles	3 to 6 years

No depreciation is charged on land.

An item of property, plant and equipment and any significant component initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognizing the 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 de-recognised. The residual values, useful lives and methods of depreciation of property, plant and equipment are reviewed at each financial period end and adjusted prospectively, if appropriate.

Projects under construction are stated at cost incurred until the asset is ready for its intended use, thereafter, this cost is capitalised on the related assets. This includes the cost of contractors, materials, services and capital advances.

### **3. SIGNIFICANT ACCOUNTING POLICIES – CONTINUED**

#### **3.10 Lessee**

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.

##### **3.10.1 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 recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

##### **i) Right of Use Assets**

The Group recognises 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, and adjusted for any re-measurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Unless the Group is reasonably certain to obtain ownership of the leased asset at the end of the lease term, the recognised right-of-use assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term.

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.

##### **ii) Lease liabilities**

At the commencement date of the lease, the Group recognises 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. Variable lease payments that do not depend on an index or a rate are recognised as expenses (unless they are incurred to produce inventories) in the period in which the event or condition that triggers the payment occurs.

##### **3.10.2 Group as a lessor**

Leases in which the Group does not transfer substantially all the risks and rewards incidental to ownership of an asset are classified as operating leases. Operating lease income is recognized in the consolidated statement of profit or loss on a straight-line basis over the lease term. Any benefits granted as an incentive to enter into an operating lease, are distributed in a straight-line basis over the lease term. Total benefits from incentives are recognized as a reduction in rental income on a straight-line basis, unless there is another basis that better represents the period of time in which the economic benefits of the leased asset are exhausted.

The amounts due from the finance leases are recorded as lease receivables at an amount equal to the net investment of the Group in the lease. The lease payments to be received are distributed into two components: (1) a reimbursement of the original amount (2) a financing income to compensate the Group for its investment and services. The additional costs directly attributable to negotiating the lease contract are included in the amounts due, which in return, will reduce the finance income portion from the contract.

#### **3.11 Investment properties**

Properties held for rental or capital appreciation purposes are classified as investment properties. Investment properties are measured initially at cost including transaction costs less any accumulated depreciation and any accumulated impairment losses.

Depreciation is charged on straight-line bases over the estimated useful lives. No depreciation is charged on land.

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

Transfers are made to (or from) investment property only when there is a change in use. For a transfer from investment property to owner-occupied property, the deemed cost for subsequent accounting is the fair value at the date of change in use. If owner-occupied property becomes an Investments property, the Group accounts for this property in accordance with the policy stated under property and plant equipment up to the date of change in use.

**SAUDI PUBLIC TRANSPORT COMPANY AND ITS SUBSIDIARY  
(SAUDI JOINT STOCK COMPANY)**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS – CONTINUED  
AS AT 31 December 2020**

**3. SIGNIFICANT ACCOUNTING POLICIES – CONTINUED**

**3.12 Intangible assets**

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is their fair value at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortization and accumulated impairment losses. Internally generated intangibles, excluding capitalised development costs, are not capitalised and the related expenditure is reflected in consolidated statement of income in the period in which the expenditure is incurred.

The useful lives of intangible assets are assessed as either finite or indefinite.

Intangible assets with finite lives are amortized over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortization period and the amortization method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting period. 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 amortisation period or method, as appropriate, and are treated as changes in accounting estimates. The amortisation expense on intangible assets with finite lives is recognised in the consolidated statement of income in the expense category consistent with the function of the intangible asset.

Intangible assets with indefinite useful lives are not amortized, but are tested for impairment annually, either individually or at the cash-generating unit level. The assessment of indefinite life is reviewed annually to determine whether the indefinite life continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis.

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

*Software*

Software is carried at cost less any accumulated amortization and accumulated impairment losses. Historical cost includes expenditure that is directly attributable to the acquisition of the item.

Amortisation is charged to the consolidated statement of income, using the straight-line method to allocate the costs of the related assets less their residual values over the following estimated economic useful lives:

Software                    10 years

**3.13 Borrowing costs**

General and specific borrowing and murabaha financing costs that are directly attributable to the acquisition, construction or production of qualifying assets are capitalised during the period of time that is required to complete and prepare the asset for its intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted for the borrowing costs eligible for capitalization. Other borrowing costs are expensed in the period in which they are incurred in the consolidated statement of income.

**3.14 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.

*Recognition*

Financial assets and financial liabilities are recognised in the consolidated statement of financial position when the Group becomes a party to the financial instrument.

*Classification*

The Group classifies its financial assets and financial liabilities under the following measurement categories: i) those to be measured subsequently at fair value, either through other comprehensive income (“FVOCI”) or through profit or loss (“FVTPL”); and ii) those to be measured at amortised cost.

Classification of financial assets depends on the business model for managing the financial assets and the contractual terms of the cash flows. Financial liabilities are classified as those to be measured at amortised cost unless they are designated as those to be measured subsequently at fair value through profit or loss (FVTPL). For assets and liabilities measured at fair value, gains and losses are either recorded in profit or loss or other comprehensive income.

The Group reclassifies financial assets when and only when its business model for managing those assets changes. Financial liabilities are not reclassified.

The Group has implemented the following classifications:

<b>Financial Statements Item</b>	<b>IFRS 9 Classification</b>
Investments held at Fair value through OCI	Fair value through OCI
Investments in Murabaha deposits	Amortised cost
Trade receivables, unbilled receivables and other receivables	Amortised cost
Cash and cash equivalents	Amortised cost
Amounts due from a related party	Amortised cost
Murabaha financing	Amortised cost
Trade and other payables	Amortised cost
Due to non-controlling interests of the subsidiary	Amortised cost

### 3. SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

#### 3.14 Financial instruments – continued

##### a) Financial assets (continued)

###### *Initial recognition and measurement*

Financial assets are classified, at initial recognition, as subsequently measured at amortised cost, fair value through other comprehensive income (OCI), and fair value through profit or loss.

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. With the exception of trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient, the Group initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient are measured at the transaction price determined under IFRS 15 Revenue from contracts with customers.

In order for a financial asset to be classified and measured at amortised cost or fair value through OCI, it needs to give rise to cash flows that are 'solely payments of principal and interest (SPPI)' on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level. Financial assets with cash flows that are not SPPI are classified and measured at fair value through profit or loss, irrespective of the business model.

The Group's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both.

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the marketplace (regular way trades) are recognised on the trade date, i.e., the date that the Group commits to purchase or sell the asset.

###### *Subsequent measurement*

For purposes of subsequent measurement, financial assets are classified in four categories:

- Financial assets at amortised cost (debt instruments)
- Financial assets at fair value through OCI with recycling of cumulative gains and losses (debt instruments)
- Financial assets designated at fair value through OCI with no recycling of cumulative gains and losses upon derecognition (equity instruments)
- Financial assets at fair value through profit or loss

###### *Financial assets at amortised cost (debt instruments)*

Financial assets at amortised cost are subsequently measured using the effective interest (EIR) method and are subject to impairment. Gains and losses are recognised in consolidated statement of profit or loss when the asset is derecognised, modified or impaired. This category is relevant to the Group. The Group's financial assets at amortised cost includes trade receivables, loans to employees and due from related parties included under other non-current financial assets.

###### *Financial assets at fair value through OCI (debt instruments)*

For debt instruments at fair value through OCI, interest income, foreign exchange revaluation and impairment losses or reversals are recognised in the consolidated statement of profit or loss and computed in the same manner as for financial assets measured at amortised cost. The remaining fair value changes are recognised in OCI. Upon derecognition, the cumulative fair value change recognised in OCI is recycled to profit or loss.

Currently, the Group's does not have any debt instruments designated at fair value through OCI.

###### *Financial assets designated at fair value through OCI (equity instruments)*

Upon initial recognition, the Group can elect to classify irrevocably its equity investments as equity instruments designated at fair value through OCI 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 recognised as other income in the consolidated statement of profit or loss when the right of payment has been established, except when the Group 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.

**SAUDI PUBLIC TRANSPORT COMPANY AND ITS SUBSIDIARY  
(SAUDI JOINT STOCK COMPANY)**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS – CONTINUED  
AS AT 31 December 2020**

**3. SIGNIFICANT ACCOUNTING POLICIES – CONTINUED**

**3.14 Financial instruments – continued**

**a) Financial assets (continued)**

***Financial assets at fair value through profit or loss***

Financial assets at fair value through profit or loss are carried in the consolidated statement of financial position at fair value with net changes in fair value recognised in the consolidated statement of profit or loss.

Currently, the Group does not have any financial assets designated at fair value through profit or loss.

***Derecognition***

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

- The rights to receive cash flows from the asset have expired; or
- The Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if, and to what extent, it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Group continues to recognise the transferred asset to the extent of its continuing involvement. In that case, the Group also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained. Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

***Impairment***

The Group recognises an allowance for expected credit losses (ECL) for all debt instruments not held at fair value through profit or loss. For trade receivables and contract assets, the Group applies a simplified approach in calculating ECL. Therefore, the Group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECL 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.

The Group considers a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

**a) Financial liabilities**

***Initial recognition and measurement***

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, borrowings or murabaha financing, or payables, as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings, murabaha financing and payables, net of directly attributable transaction costs. The Group's financial liabilities include trade and other payables, loans and borrowings including bank overdrafts, and derivative financial instruments.

***Subsequent measurement***

For purposes of subsequent measurement, financial liabilities are classified in two categories:

- Financial liabilities at fair value through profit or loss; and
- Financial liabilities at amortised cost (lease liabilities, borrowing and murabaha financing).

***Financial liabilities at fair value through profit or loss***

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss.

Financial liabilities are classified as fair value through profit or loss if they are incurred for the purpose of repurchasing in the near term. This category also includes derivative financial instruments entered into by the Group that are not designated as hedging instruments in hedge relationships as defined by International Financial Reporting Standard 9 (Financial Instruments) ('IFRS 9'). Separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments.

Gains or losses on liabilities held for trading are recognised in the consolidated statement of profit or loss.

Financial liabilities designated upon initial recognition at fair value through profit or loss are designated at the initial date of recognition, and only if the criteria in IFRS 9 are satisfied. The Group has not designated any financial liability as at fair value through profit or loss.

### 3. SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

#### 3.14 Financial instruments – continued

##### b) *Financial liabilities*

###### Financial liabilities at amortised cost (lease liabilities and borrowing)

This category is relevant to the Group. After initial recognition, lease liabilities and interest-bearing loans, borrowing and murabaha financing are subsequently measured at amortised cost using the Effective Interest Rate (EIR) method. Gains and losses as a result of unwinding of interest cost through EIR amortization process and on de-recognition of financial liabilities are recognized in the consolidated statement of profit or loss.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the consolidated statement of profit or loss. This category generally applies to lease liabilities and borrowings.

###### **Derecognition**

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. 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 derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the consolidated statement of profit or loss.

###### *c) Offsetting of financial instruments*

Financial assets and financial liabilities are offset, and the net amount is reported in the consolidated 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 realise the assets and settle the liabilities simultaneously.

###### *d) Financial guarantee contracts*

The Group has given guarantees for indebtedness of its subsidiary and joint venture. As financial guarantees provided by the Group are for the subsidiary and joint venture, the Group does not charge any premium/commission in respect of these guarantees. Under IFRS 9, the Group is required to initially measure these guarantees at fair value. The fair value has been determined based on market data for similar nature of guarantee contracts. The fair value of financial guarantee on initial recognition reflects the life time expected credit losses at that time.

On the date of transition to IFRS, the Group has opted for deemed cost exemption in relation to its investments in associate and joint venture. Accordingly, any gain/loss arising due to fair valuation of guarantees issued on behalf of the Group's companies has been adjusted from retained earnings. Commission income on the Group's guarantees is amortised over the tenure of such guarantees.

###### *e) Interest free loans to the Group's Companies*

Loans to the Group's companies at low or no interest are initially measured at their fair values. The present value of the future cash flows of these loans is discounted at a market interest rate - and the interest income is recognised subsequently under the effective interest rate method. Any difference between the amount lent and the fair value of the instrument on initial recognition is recognised as a gain or a loss unless it qualifies for recognition as an asset or a liability.

#### 3.15 Impairment of non-financial assets

The Group assesses, at each reporting date, whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Group estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's (CGU) fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate reflects current market assessments of the time value of money and the risk specific to the asset. In determining fair value less costs to sell, recent market transactions are taken into account, if available. If no such transactions can be identified, an appropriate valuation model is used.

The Group bases its impairment calculation on detailed budgets and forecast calculations, which are prepared separately for each of the Group's CGUs to which the individual assets are allocated. These budgets and forecast calculations are generally covering a period of five years. A long-term growth rate is calculated and applied to projected future cash flows after the fifth year.

Impairment losses of continuing operations are recognized in the consolidated statement of income in those expense categories consistent with the function of the impaired asset.

**SAUDI PUBLIC TRANSPORT COMPANY AND ITS SUBSIDIARY  
(SAUDI JOINT STOCK COMPANY)**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS – CONTINUED  
AS AT 31 December 2020**

**3. SIGNIFICANT ACCOUNTING POLICIES – CONTINUED**

**3.15 Impairment of non-financial assets – continued**

For assets excluding goodwill, an assessment is made at each reporting date whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the Group's estimates the asset's or CGU's recoverable amount. A previously recognised impairment loss is 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 recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceeds the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior periods. Such reversal of entry is recognised in the consolidated statement of profit and loss unless the asset is included at a re-estimated amount, and in this case the reversal of the entry is treated as an increase in the valuation.

**3.16 Cash and cash equivalents**

Cash and cash equivalents in the consolidated statement of financial position comprise cash at banks and on hand and short-term deposits with a maturity of three months or less, which are subject to an insignificant risk of changes in value.

For the purpose of the consolidated statement of cash flows, cash and cash equivalents consist of cash and short-term deposits as defined above, net of outstanding bank overdrafts (if any) as they are considered an integral part of the Group's cash management.

**3.17 Dividends**

The Group recognises a liability to make cash or non-cash distributions to equity holders when the distribution is authorised and the distribution is no longer at the discretion of the Group.

As per the companies' laws of Saudi Arabia, final dividends are recognised as a liability at the time of their approval by the General Assembly. Dividends are recorded as and when approved by the Board of Directors. A corresponding amount is recognised directly in equity.

**3.18 Provisions**

*General*

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, 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 the obligation. When the Group expects some or all of a provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognised as a separate asset, but only when the reimbursement is virtually certain. The expense relating to a provision is presented in the consolidated statement of income net of any reimbursement.

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

**3.19 Employee benefits**

The Group has defined benefit plans with General Organization for Social Insurance "GOSI" where the group and the employees contribute fixed percentage of their salary toward the retirement of its employees. The Group operates defined benefit plans, under the Saudi Arabian Labor Law based on employees' accumulated periods of service at the consolidated statements of financial position.

The cost of providing benefits under the defined benefit plan is determined using the projected unit method.

Re-measurements, comprising of actuarial gains and losses, the effect of the asset ceiling (excluding amounts included in net interest on the net defined benefit liability) and the return on plan assets (excluding amounts included in net interest on the net defined benefit liability), are recognized immediately in the consolidated statement of financial position with a corresponding debit or credit to retained earnings through OCI in the year end in which they occur. Remeasurement are not reclassified to profit or loss in subsequent periods.

Past service costs are recognized in profit or loss on the earlier of:

- The date of the plan amendment or curtailment, and
- The date that the Group recognises related restructuring costs

The net interest cost is calculated by applying the discount rate to the net defined benefit liabilities or assets. The Group recognizes the following changes in the net defined benefit obligation under "general and administrative expenses" in the consolidated statement of income:

- Service costs comprising current service costs, past-service costs, gains and losses on curtailments and non-routine settlements, and
- Net interest expense or income.

**3.20 Government grants**

Government grants are recognised where there is reasonable assurance that the grant will be received and all attached conditions will be complied with. When the grant relates to an expense item, it is recognised as income on a systematic basis over the periods that the related costs, for which it is intended to compensate are expensed. Group is applying the systematic basis for the grant received from the Royal Commission for Riyadh ("Commission's Projects and Planning Center") which relates to the application software of alternative bus service in Riyadh.



### **3. SIGNIFICANT ACCOUNTING POLICIES – CONTINUED**

#### **3.21 Assets held for sale**

The Group classifies current assets as held for sale if their carrying amounts will be recovered principally through a sale transaction rather than through continuing use. Current assets held for sale are measured at the lower of their carrying amount and fair value less costs to sell.

The criteria for held for sale classification is regarded as met only when the sale is highly probable and the asset is available for immediate sale in its present condition. Actions required to complete the sale should indicate that it is unlikely that significant changes to the sale will be made or that the decision to sell will be withdrawn. Management must be committed to the plan to sell the asset and the sale expected to be completed within one year from the date of the classification.

#### **3.22 Inventories**

Inventories are measured at the lower of cost and net realisable value with due allowance for any obsolete or slow-moving items. Cost is determined using the weighted average method.

Cost includes expenditure incurred in acquiring the inventories and costs incurred in bringing them to their existing location and condition. Net realisable value is based on estimated selling price less any further costs expected to be incurred on disposal.

### **4. SIGNIFICANT ACCOUNTING JUDGMENTS, ESTIMATES AND ASSUMPTIONS**

The preparation of the Group's consolidated financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the assets or liabilities affected in future periods.

#### **4.1 Assumptions and Estimation Uncertainties**

In the process of applying the Group's accounting policies, management has made the following judgements, which have the most significant effect on the amounts recognised in the consolidated financial statements. The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, which have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

#### **4.2 Impairment of Accounts Receivable**

The Group reviews its trade receivables at each reporting date to assess whether an allowance for bad and doubtful debts should be recorded in the consolidated statement of income. In particular, judgement by management is required in the estimation of the amount and timing of future cash flows when determining the level of allowance required. Such estimates are based on assumptions about a number of factors and actual results may differ, resulting in future changes to the provision.

#### **4.3 Impairment of Inventories**

Inventories are stated at the lower of cost and net realizable value. When inventories become old or obsolete, an estimate is made of their net realisable value. For individually significant amounts, this estimation is performed on an individual basis. Amounts which are not individually significant, but which are old or obsolete, are assessed collectively and a provision applied according to the inventory type and the degree of ageing or obsolescence, based on historical selling prices.

#### **4.4 Revenue Recognition**

The application of IFRS 15 has required management to make the following judgements:

##### *Satisfaction of performance obligations*

The Group is required to assess each of its contracts with customers to determine whether performance obligations are satisfied over time or at a point in time in order to determine the appropriate method of recognising revenue. The Group has assessed that based on the agreements entered into with the customers, the Group does not create an asset with an alternative use to the Group and usually has an enforceable right to payment for performance completed to date. In these circumstances, the Group recognises revenue over time. Where this is not the case, revenue is recognised at a point in time.

In addition, the application of IFRS 15 has resulted in the following estimation process:

##### *Allocation of transaction price to performance obligation in contracts with customers*

The Group has elected to apply the input method in allocating the transaction price to performance obligations where revenue is recognised over time. The Group considers that the use of the input method, which requires revenue recognition on the basis of the Group's efforts to the satisfaction of performance obligation, provides the best reference of revenue actually earned. In applying the input method, the Group estimates the efforts or inputs to the satisfaction of a performance obligation. In addition to the cost of meeting contractual obligations to the customers, these estimates mainly include the time elapsed for service contracts.

#### **4.5 Estimates and Assumptions**

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, which have a risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

The Group based 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.

**SAUDI PUBLIC TRANSPORT COMPANY AND ITS SUBSIDIARY  
(SAUDI JOINT STOCK COMPANY)**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS – CONTINUED  
AS AT 31 December 2020**

**4. SIGNIFICANT ACCOUNTING JUDGMENTS, ESTIMATES AND ASSUMPTIONS - CONTINUED**

**4.6 Impairment of non-financial assets**

Impairment exists when the carrying value of an asset or cash generating unit (“CGU”) exceeds the recoverable amount, which is the higher of the fair value less costs to sell and value in use. The fair value less costs of disposal is based on available data from binding sales transactions, conducted at arm’s length, for similar assets or observable market prices less incremental costs for disposing of the asset.

The value in use calculation is based on a Discounted Cash Flow (“DCF”) model, where applicable. The cash flows are derived from the budget for the next five years and do not include restructuring activities that the Group is not yet committed to or significant future investments that will enhance the performance of the assets of the CGU being tested. The recoverable amount is 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.

**4.7 Employees’ defined benefit plans**

The cost of employees’ defined benefit obligation and other post-employment benefits are determined using actuarial valuations. An actuarial valuation involves making various assumptions, which may differ from actual developments in the future. These include the determination of the discount rate, future salary increases, mortality rates. Due to the complexity of the valuation, the underlying assumptions and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.

**4.8 Fair value measurement of financial instruments**

When the fair value of financial assets recorded in the consolidated statement of financial position cannot be measured based on quoted prices in active markets, their fair value is measured using valuation techniques including the 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 instruments.

**4.9 Contingent liabilities**

As disclosed in note 38 to these consolidated financial statements, the Group is exposed to various contingent liabilities in the normal course of business. Management evaluates the status of these exposures on a regular basis to assess the probability of the Group incurring related liabilities. However, provisions are only made in the consolidated financial statements where, based on the managements’ evaluation, a present obligation has been established.

**4.10 Economic useful lives of property, plant, equipment, buses and trucks and intangible assets**

The Group’s management determines the estimated useful lives of its property, plant, and equipment and intangibles for calculating depreciation /amortisation. This estimate is determined after considering the expected usage of the asset or physical wear and tear. The Group periodically reviews estimated useful lives and the depreciation /amortisation method to ensure that the method and period of depreciation /amortisation are consistent with the expected pattern of economic benefits from these assets.

**5. NEW STANDARDS, AMENMENTS AND INTERPRETAIONS**

**5.1 Amendments to IAS 1 and IAS 8: Definition of Material**

In October 2019, the IASB issued amendments to IAS 1 Presentation of Financial Statements and IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors to align the definition of ‘material’ across the standards and to clarify certain aspects of the definition. The new definition states that, ‘Information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity.

The amendments are effective for annual reporting periods beginning on or after 1 January 2020. The amendments to the definition of material has no significant impact on the Group’s consolidated financial statements.

**5.2 Amendments to IFRS 3: Definition of a Business**

In October 2018, the IASB issued amendments to the definition of a business in IFRS 3 Business Combinations to help entities determine whether an acquired set of activities and assets is a business or not. They clarify the minimum requirements for a business, remove the assessment of whether market participants are capable of replacing any missing elements, add guidance to help entities assess whether an acquired process is substantive, narrow the definitions of a business and of outputs, and introduce an optional fair value concentration test. New illustrative examples were provided along with the amendments.

The amendments are effective for annual reporting periods beginning on or after 1 January 2020. The amendments to the definition of business has no significant impact on the Group’s consolidated financial statements.

**SAUDI PUBLIC TRANSPORT COMPANY AND ITS SUBSIDIARY  
(SAUDI JOINT STOCK COMPANY)**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS – CONTINUED  
AS AT 31 December 2020**

**6. REVENUE**

	<b>(2020)</b> <b>SR'000</b>	2019 SR'000
Revenue from King Abdulaziz Project for public transportation in Riyadh	<b>710,542</b>	674,977
Passenger transport	<b>301,967</b>	610,342
Revenue from specialized services	<b>108,949</b>	369,933
Government subsidy revenue (*)	<b>48,204</b>	56,639
	<b><u>1,169,662</u></b>	<u>1,711,891</u>
<b>Point of revenue recognition:</b>		
Services provided at point of time	<b>459,120</b>	1,036,914
Service provided during the period	<b>710,542</b>	674,977
	<b><u>1,169,662</u></b>	<u>1,711,891</u>
<b>Services provided to:</b>		
Government	<b>838,279</b>	1,001,667
Privet	<b>331,383</b>	710,224
	<b><u>1,169,662</u></b>	<u>1,711,891</u>

(\*) During 2018, the Royal Commission for Riyadh (“Commission’s Projects and Planning Center”) and Saudi Public Transport Company (SAPTCO) (“Operator”) agreed to implement the alternative bus service in Riyadh as an alternative service provided by the existing local buses in the Riyadh city for two years, including the provision of materials, equipment, workers and any matters technically and practically required for the implementation of the project.

The operation start date is 11 Jumada Althani 1439H (corresponding to February 27, 2018) for transport on service runways and stop points in Riyadh city, which is to be determined by approval of the Public Transport Authority. The total of the annual support amount (SR 36,505,676) is disbursed in equal monthly installments. Due to the ends of the agreement, during month of March 2020, the Group agreed with the Royal Commission for Riyadh to continue to implementing, where King Abdulaziz Project for Public Transport has not started yet. Due to the suspension of transportation during the second quarter of the current year, the Group did not record the support revenues. During May of the current year the Group agreed with the Authority to continue providing the service in accordance to the terms and condition mentioned in the agreement, duration of the extension is not yet finalized. During November of current year, all service provided has been approved to be billed starting from July.

Management believes that there are no unfulfilled terms or contingent liabilities related to this subsidy.

During 2018, Jeddah Municipality and SAPTCO agreed to implement the alternative bus service project in Jeddah for a period of five years, including the provision of materials, equipment, workers and all matters technically and practically required for implementing the project.

The operation start date is 11 Jumada Althani 1439H (corresponding to February 27, 2018) for transport on service runways and stop points in Jeddah city, which is to be determined by approval of the Public Transport Authority. The total amount of the annual subsidy (SR 20,132,728) is to be disbursed in equal monthly installments. Due to the suspension of transportation during the second quarter of the current year, the Group has not recorded support revenue for the period.

Management believes that there are no unfulfilled terms or contingent liabilities related to this subsidy.

**7. COST OF REVENUE**

	<b>2020</b> <b>SR'000</b>	2019 SR'000
Mobilization phase expenses for King Abdulaziz Project for public transportation in Riyadh	<b>660,047</b>	612,893
Salaries and related cost	<b>250,533</b>	397,191
Depreciation expenses (note 13)	<b>179,557</b>	173,974
Bus repairs and maintenance	<b>58,210</b>	119,319
Visa and iqama fees	<b>46,416</b>	53,340
Contractual services	<b>32,452</b>	42,615
Maintenance and general fees	<b>17,332</b>	22,559
Rent	<b>12,249</b>	17,445
Impairment of slow-moving inventories	<b>8,353</b>	8,934
Amortisation (note 14)	<b>8,338</b>	5,131
Property insurance expenses	<b>3,748</b>	19,616
Passenger services	<b>1,317</b>	4,646
Other expenses	<b>11,254</b>	14,862
	<b><u>1,289,806</u></b>	<u>1,492,525</u>

**SAUDI PUBLIC TRANSPORT COMPANY AND ITS SUBSIDIARY  
(SAUDI JOINT STOCK COMPANY)**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS – CONTINUED  
AS AT 31 December 2020**

**8. SELLING AND DISTRIBUTION EXPENSES**

	2020 SR'000	2019 SR'000
Impairment of accounts receivable	18,573	14,872
Domestic agents' commissions	10,886	24,377
Advertising and promotion	4,258	3,875
International agents' commissions	576	2,518
Advertising	386	1,406
	<u>34,679</u>	<u>47,048</u>

**9. ADMINISTRATIVE EXPENSES**

	2020 SR'000	2019 SR'000
Salaries and related cost	45,231	54,360
Management advisory fees	13,165	31,049
Repair and maintenance expenses	11,202	285
IT services	8,959	10,599
Amortization (note 14)	5,068	2,161
Depreciation (note 13)	4,257	3,965
Contractual services	3,922	5,034
Board and committee expenses, remunerations and allowances (Note 33)	3,904	3,371
Internet and telephone expenses	2,761	4,338
Rent	1,542	2,908
Visa and iqama fees	999	1,843
Property insurance	359	606
Other expenses	2,463	2,529
	<u>103,832</u>	<u>123,048</u>

**10. OTHER INCOME**

	2020 SR'000	2019 SR'000
Settlement of insurance claims	5,316	804
Rental income	2,364	2,788
Drivers renting	1,333	-
Penalties on suppliers	1,191	1,321
Gains on sale of scrap	431	760
Advertising revenue on intra-city transport busses	220	99
Gain on disposal of Property, plant, equipment, buses and trucks	13	7,563
Third-party vehicle maintenance revenue	-	2,390
Other income	1,815	968
	<u>12,683</u>	<u>16,693</u>

**11. ZAKAT AND INCOME TAX**

*A) Zakat*

*Charge for the year*

Zakat charge for the year is SR 14 million (31 December 2019: SR 17.2 million).

*Movement in zakat provision*

The movement in zakat provision was as follows:

	31 December 2020 SR'000	31 December 2019 SR'000
At the beginning of year	29,447	18,982
Charged during the year	14,054	17,221
Payment during the year	(6,824)	(6,756)
At the end of the year	<u>36,677</u>	<u>29,447</u>

**SAUDI PUBLIC TRANSPORT COMPANY AND ITS SUBSIDIARY  
(SAUDI JOINT STOCK COMPANY)**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS – CONTINUED  
AS AT 31 December 2020**

**11. ZAKAT AND INCOME TAX – CONTINUED**

Zakat has been calculated based on Zakat base for the Company and its subsidiary separately. The Company has filed zakat returns for the years 2005 to 2019 and received required zakat certificates up to 2019. The General Authority for Zakat and Tax (“GAZT”) has issued its zakat assessments for the Company up to 2018. The Group has paid the zakat payable under the amended assessment and cleared its Zakat assessment for all the year up to the 2018.

**B) Income tax**

**Charge for the year**

Income tax charge for the year is SR 210 thousand (31 December 2019: SR 6 thousand).

**Movement in income tax provision**

The movement in income tax provision was as follows:

	<b>31 December 2020</b>	31 December 2019
	<b>SR’000</b>	SR’000
At the beginning of the year	-	447
Charged during the year	<b>210</b>	6
Payments during the year	<b>(141)</b>	(453)
At the end of the year	<b>69</b>	-

The subsidiary company submitted the zakat and tax returns to the General Authority of Zakat and Income (“GAZT”) until 2019. No Zakat assessment has yet been made by the GAZT.

**12. Earnings per share (EPS)**

Basic and diluted earnings per share (EPS) is calculated by dividing the income for the year attributable to ordinary equity holders of the parent by the weighted average number of the outstanding ordinary shares during the year.

The following table reflects the income and share data used in the basic and diluted EPS calculations:

	<b>2020</b>	2019
	<b>SR’000</b>	SR’000
(Loss) income attributable to ordinary equity holders of the parent for basic earnings	<b>(375,160)</b>	35,324
	<b>2020</b>	2019
Weighted average number of ordinary shares for basic EPS	<b>125,000,000</b>	125,000,000
	<b>2020</b>	2019
Basic and diluted (loss) earnings per share	<b>(3.00)</b>	0.28

**SAUDI PUBLIC TRANSPORT COMPANY AND ITS SUBSIDIARY  
(SAUDI JOINT STOCK COMPANY)**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS – CONTINUED  
AS AT 31 December 2020**

**13. PROPERTY, PLANT, EQUIPMENT, BUSES AND TRUCKS**

	<b>31 December 2020 SR'000</b>	31 December 2019 SR'000
Property, plant and equipment, buses and trucks (note: 13.2)	<b>1,148,279</b>	1,233,638
Projects and buses in progress (note 13.1)	<b>24,265</b>	22,128
	<b><u>1,172,544</u></b>	<b><u>1,255,766</u></b>

**13.1 PROJECTS AND BUSES IN PROGRESS**

Projects and buses in progress include advances to suppliers for the construction and development of buildings, furniture, buses and other office equipment. The movement in the projects in progress during the year was as follows:

	<b>31 December 2020 SR'000</b>	31 December 2019 SR'000
<b>At the beginning of the year</b>	<b>22,128</b>	36,818
Additions during the year	<b>23,625</b>	16,705
Transfers during the year	<b>(11,242)</b>	(20,085)
Transfers of intangible assets during the year (note 14)	<b>(10,246)</b>	(11,310)
<b>At the end of the year</b>	<b><u>24,265</u></b>	<b><u>22,128</u></b>

**SAUDI PUBLIC TRANSPORT COMPANY AND ITS SUBSIDIARY**  
**(SAUDI JOINT STOCK COMPANY)**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS – CONTINUED**  
**AS AT 31 December 2020**

**13.2 PROPERTY, PLANT, EQUIPMENT, BUSES AND TRUCKS – CONTINUED**

<b>Cost</b>	<b>Land SR'000</b>	<b>Buildings SR'000</b>	<b>Buses, trucks and trailers SR'000</b>	<b>Furniture &amp; Fixtures SR'000</b>	<b>Motor vehicles SR'000</b>	<b>Plant and equipment SR'000</b>	<b>Right of use assets (note 13.2.1) SR'000</b>	<b>Total SR'000</b>
<b>Balance as at 1 January 2019</b>	90,264	525,151	1,877,116	19,200	85,745	96,030	-	2,693,506
Additions during the year	-	305	91,865	660	3,104	2,124	15,175	113,233
Transfers during the year	-	10,755	(21)	-	5,774	3,577	-	20,085
Disposal during the year	-	(88)	(180,354)	(3)	(22,070)	(40)	(592)	(203,147)
<b>Balance as at 31 December 2019</b>	90,264	536,123	1,788,606	19,857	72,553	101,691	14,583	2,623,677
Additions during the year	-	484	97,954	2,050	3,616	3,108	29,722	136,934
Transfers during the year	-	10,943	-	-	299	-	-	11,242
Transfers of assets held for sale (note 22)	-	-	(148,973)	-	-	-	-	(148,973)
Disposal during the year	-	-	-	-	(63)	-	-	(63)
<b>Balance as at 31 December 2020</b>	<b>90,264</b>	<b>547,550</b>	<b>1,737,587</b>	<b>21,907</b>	<b>76,405</b>	<b>104,799</b>	<b>44,305</b>	<b>2,622,817</b>
<b>Accumulated depreciation</b>								
<b>Balance as at 1 January 2019</b>	-	359,424	885,747	12,271	65,464	57,334	-	1,380,240
Depreciation during the year	-	12,296	145,795	1,445	7,331	7,499	3,573	177,939
Disposals during the year	-	-	(149,414)	-	(18,726)	-	-	(168,140)
<b>Balance as at 31 December 2019</b>	-	371,720	882,128	13,716	54,069	64,833	3,573	1,390,039
Depreciation during the year	-	21,899	141,262	1,737	6,747	7,325	4,844	183,814
Disposal during the year	-	-	-	-	(62)	-	-	(62)
Transfers of assets held for sale (note 22)	-	-	(99,253)	-	-	-	-	(99,253)
<b>Balance as at 31 December 2020</b>	<b>-</b>	<b>393,619</b>	<b>924,137</b>	<b>15,453</b>	<b>60,754</b>	<b>72,158</b>	<b>8,417</b>	<b>1,474,538</b>
<b>NET BOOK VALUE</b>								
<b>As at 31 December 2020</b>	<b>90,264</b>	<b>153,931</b>	<b>813,450</b>	<b>6,454</b>	<b>15,651</b>	<b>32,641</b>	<b>35,888</b>	<b>1,148,279</b>
As at 31 December 2019	90,264	164,403	906,478	6,141	18,484	36,858	11,010	1,233,638

**SAUDI PUBLIC TRANSPORT COMPANY AND ITS SUBSIDIARY  
(SAUDI JOINT STOCK COMPANY)**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED  
As at 31 December 2020**

**13. PROPERTY, PLANT, EQUIPMENT, BUSES AND TRUCKS – CONTINUED**

a) Depreciation charge for the year is allocated as follows:

	<u>2020</u> <u>SR'000</u>	<u>2019</u> <u>SR'000</u>
Cost of revenue (note 7)	179,557	173,974
Administrative expenses (note 9)	4,257	3,965
	<u>183,814</u>	<u>177,939</u>

**13.2.1 Right of use assets**

The group has lease contracts for buildings (workshops and sites). The terms of the lease contracts range from two years to 10 years. The group depreciates these contracts over the terms of the contract using the straight-line method.

The Group also has some rental contracts for residential buildings of 12 months or less and low value contracts. The Group applies an exemption from recognition for these short-term contracts and contracts for low value. The Group has recognized a rental expense of SAR 5 million for these contracts for the year ending 31 December 2020 (31 December 2019: SAR 10 million).

**14. INTANGIBLE ASSETS**

	<u>2020</u> <u>SR'000</u>	<u>2019</u> <u>SR'000</u>
Software and licenses (A)	35,804	36,135
Other intangible assets (B)	548,354	309,820
	<u>584,158</u>	<u>345,955</u>

**(A) Software and licenses**

	<u>SR'000</u>
<b>Cost</b>	
Balance as at 1 January 2019	64,359
Additions	8
Transfers from projects in progress	11,303
Balance as at 31 December 2019	75,670
Additions	2,829
Transfers from projects in progress	10,246
<b>Balance as at 31 December 2020</b>	<u>88,745</u>
<b>Accumulated amortisation</b>	
Balance as at 1 January 2019	
Additions	32,243
Transfers	7,292
Balance as at 31 December 2019	39,535
Additions	13,406
<b>Balance as at 31 December 2020</b>	<u>52,941</u>
<b>NET BOOK VALUE</b>	
<b>As at 31 December 2020</b>	<u>35,804</u>
As at 31 December 2019	<u>36,135</u>



**SAUDI PUBLIC TRANSPORT COMPANY AND ITS SUBSIDIARY  
(SAUDI JOINT STOCK COMPANY)**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED  
As at 31 December 2020**

**14. INTANGIBLE ASSETS – CONTINUED**

Amortization charge for the year is allocated as follows:

	<b>2020</b>	2019
	<b>SR'000</b>	SR'000
Cost of revenue (note 7)	8,338	5,131
Administrative expenses (note 9)	5,068	2,161
	<b>13,406</b>	<b>7,292</b>

**(B) Other intangible assets**

Intangible assets represent the subsidiary's right to the residual value of the project's buses and garages after the completion of the project. Under the contract, the grantor has an option to purchase these buses and garages at their net book value. If this option is not exercised, the subsidiary has the right to retain these buses.

**15. INVESTMENT PROPERTIES**

The Group's investment properties consist of lands in the Kingdom of Saudi Arabia amounting to SR 307.122 million as at 31 December 2020 and 31 December 2019. Management has intention to hold these properties for the purposes of capital appreciation. These properties are carried at cost less impairment, if any.

The fair value of investment property was determined by external independent valuers. Lands were valued by "Olaat Valuation Company", license number (1210000397), having appropriate recognized professional qualifications and recent experience in the location and category of the property being valued. The independent valuers determine the fair value of the Group's investment property portfolio on an annual basis or as and when required by management. The recent fair valuation was performed as at 31 December 2020, and they have determined the fair value to be SR 412.8 million.

The above investment properties are measured at fair value using the market approach, which is a valuation technique that uses pricing and other relevant information generated by market transactions including similar or comparable assets and adjusted to reflect differences in size, location, frontage/visibility, supply and utilization, and are classified under Level 3 using significant unobservable inputs.

The Group has no restrictions on the realisability of its investment properties and no contractual obligations to purchase, construct or develop investment properties or for repairs, maintenance and enhancements.

**16. INVESTMENT IN ASSOCIATES AND A JOINT VENTURE**

	<b>31</b>	31
	<b>December</b>	December
	<b>2020</b>	2019
	<b>SR'000</b>	SR'000
Share in a joint venture (a)	<b>94,311</b>	138,352
Share in an associate (CAMCO) (B)	-	-
Share in an associate (Saudi Bahraini Transport Company) (C)	-	-
	<b>94,311</b>	<b>138,352</b>

**SAUDI PUBLIC TRANSPORT COMPANY AND ITS SUBSIDIARY  
(SAUDI JOINT STOCK COMPANY)**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED  
As at 31 December 2020**

**16. INVESTMENT IN ASSOCIATES AND A JOINT VENTURE - CONTINUED**

(A) The movement in investment in the joint venture during the year is as follows:

	<b>31 December 2020 SR'000</b>	<b>31 December 2019 SR'000</b>
At the beginning of the year	<b>138,352</b>	114,636
Share of earnings	<b>(44,041)</b>	18,741
Addition (note 33)	-	4,975
At the end of the year	<b>94,311</b>	138,352

Saudi Emirates Integrated Transport Company ("SEITCO") is a joint venture in which the Group has joint control and a 50% ownership interest. SEITCO is engaged in providing school transport services, owning vehicles including buses, managing companies' vehicle fleet and providing transport by vehicles. SEITCO started its activities during the third quarter of 2014. In accordance with SEITCO's articles of association, the Group and the other investor in the joint venture have agreed to distribute dividends, net of the statutory reserve in accordance with their capital structure, which is currently 50% of each, respectively.

The Group's share in SEITCO is accounted for using the equity method in these consolidated financial statements based on SEITCO's financial statements.

The following table summarizes the financial information of SEITCO:

	<b>31 December 2020 SR'000</b>	<b>31 December 2019 SR'000</b>
<b>Assets</b>		
Current assets	<b>98,472</b>	279,281
Non-current assets	<b>285,457</b>	319,222
Total Assets	<b>383,929</b>	598,503
<b>Liabilities</b>		
Current liabilities	<b>110,912</b>	196,259
Non-current liabilities	<b>78,427</b>	120,675
Total Liabilities	<b>189,339</b>	316,934
<b>Revenues</b>	<b>65,736</b>	305,278
Cost of revenue	<b>(139,870)</b>	(250,455)
Gross (loss) profit	<b>(74,134)</b>	54,823
General and administration expenses	<b>(8,744)</b>	(11,765)
(Loss) income before zakat	<b>(82,878)</b>	43,058

No dividends were distributed by SEITCO during the years ended 31 December 2020 and 31 December 2019.

**SAUDI PUBLIC TRANSPORT COMPANY AND ITS SUBSIDIARY  
(SAUDI JOINT STOCK COMPANY)**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED  
As at 31 December 2020**

**16. INVESTMENT IN ASSOCIATES AND A JOINT VENTURE - CONTINUED**

**(B) The balance of investment in associate was as follows:**

	<b>31 December 2020 SR'000</b>	31 December 2019 SR'000
At the beginning of the year	<b>(2,968)</b>	(4,696)
Investment during the year	-	-
Share in losses for the year	<b>244</b>	1,728
At the end of the year	<b>(2,724)</b>	(2,968)

On 2 Rabea Al Awal 1439H (corresponding to 20 November 2017), the Saudi Public Transport Company has entered into as a new partner in the Capital Metro Company Limited (CAMCO) through an acquisition of 3,600 new shares issued by CAMCO amounting t SR 3,600 thousand, which accounts for 20% of the company's capital. The contribution to the Company's capital was made on 24 Rabi Thani 1439H (corresponding to 11 January 2019).

CAMCO is an associate, established in accordance with the Saudi Regulations with a capital of SR 18 million divided into 18,000 shares of SR1,000 each. The purpose of the company is constructions and road maintenance.

The Group's share in CAMCO is accounted for using the equity method. CAMCO has not started its commercial operations yet.

The credit balance of investment in an associate has been classified under current liabilities as provision against loss in an associate under accrued expenses as the Company has guaranteed the obligation of the associate company.

**The following table summarizes the financial information of CAMCO:**

	<b>31 December 2020 SR'000</b>	31 December 2019 SR'000
Assets		
Current assets	<b>301,083</b>	151,658
Non-current assets	<b>18,387</b>	9,938
<b>Total Assets</b>	<b>319,470</b>	161,596
Liabilities		
Current liabilities	<b>256,247</b>	100,263
Non-current liabilities	<b>75,120</b>	76,165
<b>TOTAL LIABILITIES</b>	<b>331,367</b>	176,428
Revenues	<b>243,936</b>	185,321
Cost of revenue	<b>(219,287)</b>	(167,329)
Gross profit	<b>24,649</b>	17,992
General and administration expenses	<b>(10,620)</b>	(12,141)
Income before zakat	<b>3,329</b>	5,851

**SAUDI PUBLIC TRANSPORT COMPANY AND ITS SUBSIDIARY  
(SAUDI JOINT STOCK COMPANY)**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED  
As at 31 December 2020**

**16. INVESTMENT IN ASSOCIATES AND A JOINT VENTURE - CONTINUED**

(C) The balance of investment in associate was as follows:

	<b>31 December 2020 SR'000</b>	31 December 2019 SR'000
At the beginning of the year	7,459	7,459
Less: Impairment of investment	<b>(7,459)</b>	<b>(7,459)</b>
At the end of the year	<b>-</b>	<b>-</b>

The Group has a 40% interest in Saudi Bahraini Transport Company, a limited liability Company, registered in the Kingdom of Saudi Arabia. The Group's interest in the associate is accounted for using the equity method in the consolidated financial statements. The associate's audited financial statements have not been issued for 2014-2020 up to the reporting date. On 31 December 2015, the Partner's Extraordinary General Assembly of Saudi Bahraini Transport Company agreed on dissolving and liquidating the Company and nominating a liquidator. Accordingly, all of the investment has been written down, as the Group is unable to estimate the recoverable amount of this investment.

**17. INVESTMENTS CLASSIFIED AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME "FVOCI"**

Investments classified as fair value through other comprehensive income "FVOCI" include financial assets that are invested in equity shares of companies. The Group considers these investments to be strategic in nature. Fair value of these quoted securities are determined by reference to published price quotations in an active market.

	<b>31 December 2020 SR'000</b>	31 December 2019 SR'000
At the beginning of the year	90,101	77,870
Additions	63,519	90,645
Disposals	<b>(164,383)</b>	<b>(90,421)</b>
Changes in fair value	<b>10,763</b>	12,007
At the end of the year	<b>-</b>	90,101

**Movement in fair value of equity instruments**

	<b>31 December 2020 SR'000</b>	31 December 2019 SR'000
At the beginning of the year	<b>(6,495)</b>	(18,502)
Change in fair value	10,763	12,007
Transfer of realized gain from investment revaluation reserve to retained earnings	<b>(4,268)</b>	-
At end of the year	<b>-</b>	<b>(6,495)</b>

During the year, the Company sold all of these investments.

**SAUDI PUBLIC TRANSPORT COMPANY AND ITS SUBSIDIARY  
(SAUDI JOINT STOCK COMPANY)**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED  
As at 31 December 2020**

**18. INVENTORIES**

	<b>31 December 2020 SR'000</b>	31 December 2019 SR'000
Spare parts inventories	64,274	68,604
Less: Provision for slow moving inventories	<u>(46,205)</u>	<u>(37,852)</u>
	<b><u>18,069</u></b>	<b><u>30,752</u></b>

During 2020, an amount of SR 28,2 million (2019: SR 68,4 million) was recognized as an expense for inventory. These expenses are recognized in the cost of sales in the consolidated income statement.

The following is an analysis of the slow moving inventory movement for the year ended December 31:

	<b>31 December 2020 SR'000</b>	31 December 2019 SR'000
Balance at the beginning of the year	37,852	28,918
Charged during the year (note 7)	<u>8,353</u>	<u>8,934</u>
	<b><u>46,205</u></b>	<b><u>37,852</u></b>

**19. TRADE RECEIVABLES, UNBILLED RECEIVABLES AND OTHER RECEIVABLES**

	<b>31 December 2020 SR'000</b>	31 December 2019 SR'000
<b>Trade receivables:</b>		
Government and quasi government institutions	198,350	187,026
Private sector	<u>43,753</u>	<u>45,050</u>
<b>Total trade receivables</b>	<b>242,103</b>	232,076
Less: Impairment of accounts receivable	<u>(46,939)</u>	<u>(43,957)</u>
<b>Trade receivables, net</b>	<b>195,164</b>	188,119
Unbilled receivables – current portion	482,391	110,269
Employee receivables	<u>5,501</u>	<u>9,157</u>
<b>Trade receivables, net</b>	<b>683,056</b>	307,545
<b>Unbilled receivables – non-current portion</b>	<b><u>1,329,587</u></b>	<b><u>1,032,945</u></b>

The Group's receivables are generally non-interest bearing and on terms of 90 days. On 31 December 2020, trade receivables of SR 46.94 million (31 December 2019: SR 43.96 million) were impaired (Note 37).

**Movement in allowance for impairment is as follows:**

	<b>31 December 2020 SR'000</b>	31 December 2019 SR'000
At the beginning of the year	43,957	32,333
Charge for the year	20,646	11,624
Written-off during the year	<u>(17,664)</u>	<u>-</u>
At the end of the year	<b><u>46,939</u></b>	<b><u>43,957</u></b>

**SAUDI PUBLIC TRANSPORT COMPANY AND ITS SUBSIDIARY  
(SAUDI JOINT STOCK COMPANY)**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED  
As at 31 December 2020**

**20. PREPAYMENTS AND OTHER CURRENT ASSETS**

	<b>31 December 2020 SR'000</b>	31 December 2019 SR'000
Input VAT, net	39,568	61,429
Advances to suppliers	3,460	58,192
Prepaid rent	3,355	5,612
Other receivables	9,192	18,677
	<u>55,575</u>	<u>143,910</u>
Less: Impairment	<u>(3,509)</u>	<u>(5,348)</u>
	<u>52,066</u>	<u>138,562</u>

**21. CASH AND CASH EQUIVALENTS**

	<b>31 December 2020 SR'000</b>	31 December 2019 SR'000
Cash in Hand	641	1,104
Cash at Bank	149,135	218,230
Short term investments *	201,807	119,104
<b>Cash and cash equivalents</b>	<u>351,583</u>	<u>338,438</u>

(\* ) These investments were deposited with banks for maturity of 3 months or less.

**22. ASSETS HELD FOR SALE**

During the year ended 31 December 2020, the Group's management has decided to sell certain fixed assets (buses) used for passenger transport. Accordingly, these assets have been reclassified as assets held for sale. Its expected to result in a loss of SR 42.705 million representing the difference between the recoverable value and the net book value of those fixed assets, thus, differences were recognized as impairment losses of assets in the consolidated statement of income.

**23. ISSUED CAPITAL**

The Group's issued and fully paid share capital as at 31 December 2020, amounting to SR 1,250 million (31 December 2019: SR 1,250 million), consists of 125 million shares (31 December 2019: 125 million shares), of SR10 each.

**24. STATUTORY RESERVE**

In accordance with the Saudi Arabian Companies law and Company's by-laws, the Group must transfer 10% of its net income in each year to the statutory reserve. As per the Company's by-laws, the Company may resolve to discontinue such transfers when the reserve equals 30% of the capital. The reserve is not available for dividend distribution.

The Board of Directors, in its meeting held on 22 Rabi` Al Thani 1442H (corresponding to December 7, 2020), approved to absorb part of the accumulated losses of the company by transferring amount of SR 184 million from the statutory reserve of the company. The accumulated losses as of 31 December 2020 represent 1.14% of the company's share capital.

**25. CONSENSUAL RESERVE**

In accordance with the Company's by-laws and based on the Board's suggestion, the general assembly shall transfer 5% from the net income for the year to the consensual reserve until this reserve equals 25% of the share capital. This reserve may be used for purposes as approved by the Board of Directors. The Board of Directors has not proposed this transfer during the year.

**SAUDI PUBLIC TRANSPORT COMPANY AND ITS SUBSIDIARY  
(SAUDI JOINT STOCK COMPANY)**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED  
As at 31 December 2020**

**26. MURABAHA FINANCING**

**A) Long-term murabaha financing**

	<b>31 December 2020 SR'000</b>	31 December 2019 SR'000
Murabaha financing	<b>1,060,277</b>	420,872
Less: Current portion	<b>(116,514)</b>	(84,209)
Non-current portion	<b>943,763</b>	336,663

The Group has entered into borrowing arrangements with banks to obtain Murabaha facilities. These loans have been availed during 2017 to 2020 and have a maturity of three to five years from the date of the loan agreement and are secured by promissory notes bearing prevailing commission rates ranging between 1%-2% plus SIBOR. The Group has obtained these loans in order to finance the procurement of buses.

During the year ended 31 December 2020, the Subsidiary entered into an agreement with a local bank to restructure short-term Murabaha financing amounted to SR 499 million, to be long-term Murabaha financing and increase the bank facilities to SAR 800 million due in quarterly installments for a period of 7 years and is secured by promissory notes bearing prevailing commission rates 1.5% plus SIBOR.

**B) Short-term murabaha financing**

During year 2020, the Company obtained short-term credit facilities from local banks amounted to SR 150 million fully withdrawn in the form of a Murabaha loan. In addition, during 2019 the Subsidiary has obtained short-term credit facilities from local banks amounted to SR 700 million and amounted SR 403 million were withdrawn during 2020 in the form of a Murabaha loan to finance the procurement of buses. These Banking facilities is secured by promissory notes.

**27. LEASE LIABILITES**

Following is the movement on lease liabilities during 2020 and 2019:

	<b>31 December 2020 SR'000</b>	31 December 2019 SR'000
Balance as at January	<b>10,308</b>	13,758
Addition during the year*	<b>30,197</b>	-
Payments during the year	<b>(10,019)</b>	(5,502)
Annual interest costs	<b>2,005</b>	2,052
<b>Balance as at 31 December</b>	<b>32,491</b>	10,308
<b>Current</b>	<b>1,450</b>	1,779
<b>Non – current</b>	<b>31,041</b>	8,529

\* Additions during the year mainly represent discounted future payments of the new head office building lease contract, which ends in 2030.

**28. EMPLOYEES' DEFINED BENEFIT OBLIGATION**

	<b>31 December 2020 SR'000</b>	31 December 2019 SR'000
Opening balance - present value of defined benefit obligation	<b>137,516</b>	157,488
Current service cost	<b>18,495</b>	18,204
Benefits paid	<b>(11,387)</b>	(37,698)
Interest cost	<b>2,541</b>	5,621
Curtailement gains	<b>-</b>	(4,652)
Re-measurement of defined benefit liability	<b>(1,553)</b>	(1,447)
<b>Closing balance - present value of defined benefit obligation</b>	<b>145,612</b>	137,516

**SAUDI PUBLIC TRANSPORT COMPANY AND ITS SUBSIDIARY  
(SAUDI JOINT STOCK COMPANY)**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED  
As at 31 December 2020**

**28. EMPLOYEE DEFINED BENEFIT LIABILITIES OBLIGATION - CONTINUED**

**Employee benefit expense**

	<b>2020</b>	2019
	<b>SR'000</b>	SR'000
Current service cost	<b>18,495</b>	18,204
Interest cost on benefit obligation	<b>2,541</b>	5,621
Curtailment gains	-	(4,652)
<b>Total benefit expense</b>	<b>21,036</b>	19,173

Re-measurement gains recognized in other comprehensive income:

	<b>2020</b>	2019
	<b>SR'000</b>	SR'000
<b>Re-measurement (gains) on defined benefit plan:</b>		
Financial assumptions	<b>9,181</b>	(1,353)
Experience adjustments	<b>(10,734)</b>	(94)
<b>Total re-measurement recognized in other comprehensive income:</b>	<b>(1,553)</b>	(1,447)

The weighted average duration of the defined benefit obligation as of 31 December 2020 is 7.69 years (31 December 2019 is 7.19 years). An analysis of the maturity of the undiscounted benefit payments as of 31 December 2020 is shown below:

	<b>31 December</b>	31 December
	<b>2020</b>	2019
	<b>SR'000</b>	SR'000
Within 1 year	<b>15,252</b>	17,160
After one year but not more than five years	<b>34,608</b>	45,288
More than five years	<b>118,471</b>	104,474
	<b>168,331</b>	166,922

The significant assumptions used in determining defined benefits liabilities are shown below:

<b>Principal actuarial assumptions</b>	<b>31 December</b>	31 December
	<b>2020</b>	2019
Financial assumptions:		
- Discount rate - present value of the defined benefit obligation	<b>1,50%</b>	2.55%
- Discount rate - expenses in the consolidated statement of income	<b>2,55%</b>	4.35%
- Future salary increment	<b>1,50%</b>	1.7%
- Withdrawal rate	<b>Moderate</b>	Moderate



**SAUDI PUBLIC TRANSPORT COMPANY AND ITS SUBSIDIARY  
(SAUDI JOINT STOCK COMPANY)**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED  
As at 31 December 2020**

**28. EMPLOYEE DEFINED BENEFIT OBLIGATION - CONTINUED**

Demographic assumptions:

- Retirement age	<b>60 years</b>	60 years
- Withdrawal rate:		
a) Service up to 6 years	<b>10.3%</b>	10.50%
b) Service 7 to 25 years	<b>9%</b>	7.50%
c) Service more than 25 years	<b>2%</b>	3%

The mortality rate used is the Group's reinsurance mortality rate. The average rate for the next year is 0.36%.

A quantitative sensitivity analysis of significant assumptions on the defined benefit plans are shown below:

	<b>31 December 2020</b>	31 December 2019
	<b>Effect on defined benefit obligation</b>	Effect on defined benefit obligation
<b>Discount rate</b>		
1% increase	<b>10,309</b>	<b>9,465</b>
1% decrease	<b>(11,872)</b>	<b>(10,848)</b>
<b>Future salary increment</b>		
1% increase	<b>12,492</b>	<b>(11,553)</b>
1% decrease	<b>(11,041)</b>	<b>10,253</b>
<b>Withdrawal rate</b>		
1% increase	<b>281</b>	<b>263</b>
1% decrease	<b>(281)</b>	<b>(264)</b>
<b>Mortality rate</b>		
1% increase	<b>(5)</b>	<b>(6)</b>
1% decrease	<b>5</b>	<b>6</b>

**29. ADVANCE FROM A CUSTOMER**

During 2015, the Subsidiary received an amount of SR 471 million as an advance payment for executing King Abdulaziz Project for Public Transport in Riyadh. The advance payment represents 6% of the total contract value. During 2019, the Subsidiary received an amount of SR 550 million as a second advance payment for executing the Project. The second advance payment represents 7% of the total contract value. During the current period, the Subsidiary received an amount of SR 550 million as a third advance payment for executing the Project. The third advance payment represents 7% of the total contract value.

**30. DEFERRED REVENUE**

	<b>31 December 2020</b>	31 December 2019
	<b>SR'000</b>	SR'000
Passenger advance revenues	<b>18,804</b>	15,665
Deferred capital income	<b>5,627</b>	6,215
	<b>24,431</b>	21,880
Current portion	<b>19,756</b>	16,567
Non-current portion	<b>4,675</b>	5,313
	<b>24,431</b>	21,880

**SAUDI PUBLIC TRANSPORT COMPANY AND ITS SUBSIDIARY  
(SAUDI JOINT STOCK COMPANY)**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED  
As at 31 December 2020**

**31. TRADE AND OTHER PAYABLES**

	<b>31 December 2020 SR'000</b>	31 December 2019 SR'000
Trade payables	142,933	184,667
Dividends payable	86,960	89,576
Accident insurance costs	47,372	58,681
Retentions payable	10,055	10,113
Value added tax payable	-	2,119
	<b>287,320</b>	<b>345,156</b>

Trade payables pertains to the Group's obligation to local suppliers. The normal trade credit terms of trade and other payables of the Group are expected to be settled on 30-60 day term.

**32. ACCRUED EXPENSES AND OTHER LIABILITIES**

	<b>31 December 2020 SR'000</b>	31 December 2019 SR'000
Accrued expenses	59,182	63,838
Employee benefits	42,638	40,821
Other payables	21,340	24,936
	<b>123,160</b>	<b>129,595</b>

**33. RELATED PARTY TRANSACTIONS AND BALANCES**

**Subsidiary, associate and joint venture**

The details and nature of the relationship between the Group's subsidiary, associate and joint venture are mentioned in Note 1 to these consolidated financial statements.

**Terms and conditions of transactions with related parties**

The sales to and purchases from related parties are made on terms equivalent to those that prevail in arm's length transactions. Outstanding balances at the year-end are unsecured and interest free and settlement occurs in cash. There have been no guarantees provided or received for any related party receivables or payables.

SAUDI PUBLIC TRANSPORT COMPANY AND ITS SUBSIDIARY  
(SAUDI JOINT STOCK COMPANY)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED  
As at 31 December 2020

33. RELATED PARTY TRANSACTIONS AND BALANCES - CONTINUED

		Finance income* SR'000	Share of profits (losses) SR'000	Purchase of buses* SR'000	Rent SR'000	Services provided SR'000	Amounts owed by related parties SR'000
<b>Joint ventures *:</b>							
Saudi Emirates Intergrated Transport Company (SEETCO)	<b>31 December 2020</b>	1,975	(44,041)	-	800	209	<u>92,827</u>
	31 December 2019	-	18,741	33,626	-	4,859	<u>102,732</u>
<b>Associate:</b>							
Capital Metro Company Ltd (CAMCO)	<b>31 December 2020</b>	-	244	-	-	244	<u>884</u>
Capital Metro Company Ltd (CAMCO)	31 December 2019	-	1,728	-	-	791	<u>623</u>
<b>Due to non- controlling interests of the subsidiary:</b>							
RATP Development (French company)	<b>31 December 2020</b>	-	-	-	-	6,408	<u>2,349</u>
	31 December 2019	-	-	-	-	8,492	<u>12,013</u>
RATP Dev Saudi Arabia LLC	<b>31 December 2020</b>	-	-	-	-	45,451	<u>4,134</u>
	31 December 2019	-	-	-	-	40,465	<u>105</u>
<b>Total amounts due to non- controlling interests of the subsidiary:</b>							
	<b>31 December 2020</b>						<u>6,483</u>
	31 December 2019						<u>12,118</u>

**SAUDI PUBLIC TRANSPORT COMPANY AND ITS SUBSIDIARY  
(SAUDI JOINT STOCK COMPANY)**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED  
As at 31 December 2020**

**33. RELATED PARTY TRANSACTIONS AND BALANCES - CONTINUED**

\* During 2014, the Company has funded the operations of the Saudi Emirates Integrated Transport Co., Ltd. ("SEITCO") in an amount of SR 30 million. This amount is not subject to any interest and is repayable within four years effective from July 2015. SEITCO has paid SR 1.9 million. However, the partners agreed to reschedule the payments to be during 2020 and 2021. These loans are recorded at fair value based on prevailing market rate of interest, which resulted in an addition of the discount to the investment amount. The interest income on such loans has been taken to the consolidated statement of income.

In addition, during 2016, the Company has provided two additional finances totaling to SR 40 million to finance the operation of transportation contracts to government schools. This amount doesn't carry any interest and it will be recovered upon receiving the accruals of SEITCO. Subsequently, the Company and SEITCO reached an agreement to schedule payment to specific payments during 2021 - 2023. Thus, these loans are recorded at fair value based on market rate of interest that resulted in an addition of the discount to the investment amount. The financing income on this loan has been included in the consolidated statement of income.

During 2019, the Company sold 350 buses to SEITCO for SR 32 million to be paid in annual installments. This process has been recorded at fair value based on market rate of interest that resulted in an addition of the discount to the investment amount. The financing income on this loan has been included in the consolidated statement of income.

**Compensations of the key management personnel of the Group**

	<b>2020</b>	2019
	<b>SR'000</b>	SR'000
<i>Transactions with key management personnel</i>		
Board and committee expenses, remunerations and allowances (Note 7)	<b>3,904</b>	3,371
Compensations of the Group's key management personnel (*)	<b>14,184</b>	15,151

(\*) Compensations of key management personnel of the Group were as follows:

	<b>2020</b>	2019
	<b>SR'000</b>	SR'000
Short-term employees' benefits	<b>10,425</b>	14,664
Post-employment benefits	<b>3,759</b>	487
<b>Total compensations paid to key management personnel</b>	<b>14,184</b>	15,151

The amounts disclosed in the table are the amounts recognized as an expense during the reporting period related to key management personnel.

**34. SEGMENT INFORMATION**

For management purposes, the Group is organized into business units based on their operations and has the following reportable segments:

- ▶ Passenger Transport - It includes scheduled transport services, representing passenger transport services inside and outside the Kingdom of Saudi Arabia, as well as international transport services. It also includes the cargo operations. This is considered one of largest segments of the Company.
- ▶ Specialized Services - It includes transport services under lease agreements entered into by the Company with third parties, whether government or non-government parties, inside or outside the Kingdom of Saudi Arabia. It also includes Limo services.
- ▶ Public Transportation Project - It includes the financial results of the Public Transportation Company, which is engaged in execution of King Abdul-Aziz Project for Public Transport in Riyadh, as stated in Note 1.
- ▶ Head Office - It includes the headquarter of the Company, and financial information about support unit activities.

These operating segments are identified based on internal reports that the entity regularly reviews by the decision maker (deputy executive director of the operational sector) for allocating resources to segments and assessing their performance "management method". The management method is based on how the management organizes the segments within the entity for making operating decisions and assessing performance. The management of SAPTCO, at the end of every reporting period, reviews the above segments for setting quantitative thresholds as well as criteria for presenting the revenues and expenses of each segment.

The activities of the Group and its subsidiaries are primarily conducted in the Kingdom of Saudi Arabia.

Inter-segment and inter business units' revenues are eliminated upon consolidation and reflected in the "adjustments and eliminations" column.

**SAUDI PUBLIC TRANSPORT COMPANY AND ITS SUBSIDIARY  
(SAUDI JOINT STOCK COMPANY)**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED**

As at 31 December 2020

**34. SEGMENT INFORMATION - CONTINUED**

Management monitors the operating results of segments separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on net income and is measured consistently with the consolidated statement of income in the consolidated financial statements.

The Group has no significant customer that contributes 10% or more to the Group's revenues, except for certain government agencies which in aggregate account for 10% of the Group's revenue.

The Group's revenues are affected by seasons with high operating rates. These seasons are during the period of Hajj, summer vacation, holy month of Ramadan and public holidays.

The financial information included for these segments is as follows:

	Passenger transport	Specialized services	Head office	Public Transport Project	Total segments	Adjustments and eliminations	Consolidated
	SR'000	SR'000	SR'000	SR'000	SR'000	SR'000	SR'000
<b>For year ended 31 December 2020</b>							
Total revenue from external customers(note 6)	350,171	108,949	-	710,542	1,169,662	-	1,169,662
Total Revenue between segments	5,128	-	-	-	5,128	(5,128)	-
Cost of revenue	(361,713)	(268,046)	-	(686,351)	(1,316,110)	26,304	(1,289,806)
Gross loss	(6,414)	(159,097)	-	24,191	(141,320)	21,176	(120,144)
Share in results of a joint venture	-	-	(44,041)	-	(44,041)	-	(44,041)
Share in results of an associate	-	-	244	-	244	-	244
Loss before zakat	<u>(88,644)</u>	<u>(198,268)</u>	<u>(74,535)</u>	<u>(12,160)</u>	<u>(373,607)</u>	<u>10,156</u>	<u>(363,451)</u>
	Passenger transport	Specialized services	Head office	Public Transport Project	Total segments	Adjustments and eliminations	Consolidated
	SR'000	SR'000	SR'000	SR'000	SR'000	SR'000	SR'000
<b>For year ended 31 December 2019</b>							
Total revenue from external customers(note 6)	666,981	369,933	-	674,977	1,711,891	-	1,711,891
Total Revenue between segments	5,639	-	-	-	5,639	(5,639)	-
Cost of revenue	(553,855)	(328,413)	-	(647,856)	(1,530,124)	37,599	(1,492,525)
Gross profit	118,765	41,520	-	27,121	187,406	31,960	219,366
Share in results of a joint venture	-	-	18,741	-	18,741	-	18,741
Share in results of an associate	-	-	1,728	-	1,728	-	1,728
Profit (loss) before zakat	<u>23,622</u>	<u>6,053</u>	<u>22,870</u>	<u>(6,970)</u>	<u>45,575</u>	<u>5,576</u>	<u>51,151</u>
	Passenger transport	Specialized services	Head office	Public Transport Project	Total segments	Adjustments and eliminations	Consolidated
	SR'000	SR'000	SR'000	SR'000	SR'000	SR'000	SR'000
<b>As at 31 December 2020</b>							
<b>Total Assets</b>	549,931	819,404	802,817	2,557,446	4,729,598	(31,888)	4,697,710
<b>Total Liabilities</b>	279,431	277,453	344,551	2,566,591	3,468,026	(45,064)	3,422,962
Other disclosures:							
Property, plant and equipment, busses and trucks, net	384,970	691,341	92,938	3,295	1,172,548	-	1,172,548
Investments in associates and joint venture	-	-	94,311	-	94,311	-	94,311
Capital additions	43,705	109,733	4,292	241,363	399,093	-	399,093

**SAUDI PUBLIC TRANSPORT COMPANY AND ITS SUBSIDIARY  
(SAUDI JOINT STOCK COMPANY)**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED**

As at 31 December 2020

**34. SEGMENT INFORMATION - CONTINUED**

As at 31 December 2019	Passenger transport SR'000	Specialized services SR'000	Head office SR'000	Public Transport Project SR'000	Total segments SR'000	Adjustments and eliminations SR'000	Consolidated SR'000
Total Assets	568,117	912,558	877,094	1,753,553	4,111,322	(17,123)	4,094,199
Total Liabilities	281,980	266,742	172,540	1,749,925	2,471,187	(17,135)	2,454,052
Other disclosures:							
Property, plant and equipment, busses and trucks, net	410,107	754,379	88,653	2,627	1,255,766	-	1,255,766
Investments in associates and joint venture	-	-	135,333	-	135,333	3,019	138,352
Capital additions	37,575	86,609	5,754	279,880	409,818	-	409,818

**35. NON-CONTROLLING INTEREST OF THE SUBSIDIARY**

Summarized financial information related to the subsidiary having non-controlling interests, as shown in note 1, is as follows:

	31 December 2020 SR'000	31 December 2019 SR'000
Non-controlling interest %	20%	20%
Assets		
Current assets	668,893	416,318
Non-current assets	1,888,553	1,337,234
<b>Total assets</b>	<b>2,557,446</b>	<b>1,753,552</b>
Liabilities		
Current liabilities	356,013	609,774
Non-current liabilities	2,210,578	1,140,150
<b>Total liabilities</b>	<b>2,566,591</b>	<b>1,749,924</b>
Revenues	710,542	674,976
Loss	(12,773)	(14,236)
Total comprehensive loss	(12,773)	(14,236)
Cash flows (used in) from:		
Operating activities	(106,567)	(115,592)
Financing activities	289,892	469,186
	<b>183,325</b>	<b>353,594</b>
Share of NCI in net assets	4,085	6,640
Share of NCI in net loss	(2,555)	(1,400)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED  
As at 31 December 2020

36. FINANCIAL INSTRUMENTS - FAIR VALUE

The Group's financial instruments consist of cash and cash equivalents, investments in Murabaha deposits, trade receivables, due from related party, investments in equity instruments designated as at FVOCI, trade and other payables, and Murabaha financing.

The management assessed that the carrying amount of the cash and cash equivalents, trade receivables, trade payables, and other current liabilities approximate their fair value due to the short-term maturities.

Management assessed that the carrying value of Murabaha finance and term loans with fixed and variable interest rate approximates their fair values due to the fact that they bear interest rates that reflect current market interest rates for similar financing and loans. As a result, the value of the future discounted cash flows on financing and loans are not significantly different from their current carrying amount.

The following table shows the carrying amount and fair value of financial assets and financial liabilities, including their level in the fair value hierarchy. It does not include fair value information for financial assets and financial liabilities not measured at fair value if the carrying amount is a reasonable approximation of the fair value.

Fair value hierarchy

	Carrying amount SR'000	Level 1 SR'000	Level 2 SR'000	Level 3 SR'000	Total fair value SR'000
<b>31 December 2020</b>					
<b>Measured at fair value</b>					
Financial assets at FVOCI	-	-	-	-	-
	Carrying amount SR'000	Level 1 SR'000	Level 2 SR'000	Level 3 SR'000	Total fair value SR'000
31 December 2019					
Measured at fair value					
Financial assets at FVOCI	90,101	90,101	-	-	90,101

There were no transfers between fair value measurement levels in 2020 and 2019. No transfers between any levels of the fair value hierarchy took place in the comparative period.

37. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The main purpose of the Group's financial instruments is to raise finance for the Group's operations.

The Group's activities expose it to a variety of financial risks that include liquidity risk, market risk, and credit risk comprising currency risk and fair value risk. The Group's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance.

*Liquidity risk*

Liquidity risk is the risk that the Group will encounter difficulty in raising funds to meet associated with financial instruments.

The Group's approach to managing liquidity is to ensure that it will have sufficient liquidity and finance to meet its liabilities when they are due.

**SAUDI PUBLIC TRANSPORT COMPANY AND ITS SUBSIDIARY  
(SAUDI JOINT STOCK COMPANY)**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED**

As at 31 December 2020

**37 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES - Continued**

*Liquidity risk - continued*

The tables below summarise the maturity profile of the Group's financial liabilities as based on contractual undiscounted payments:

	31 December 2020				Total
	On demand	< 1 year	1 to < 2 years	> 2 years	
<i>Financial liabilities</i>					
Trade and other payables	137,070	140,204	10,046	-	287,320
Murabaha financing	-	104,944	263,302	607,363	975,609
Short-term murabaha financing	-	150,699	-	-	150,699
Lease liabilities	-	1,750	5,550	34,300	41,600
	<b>137,070</b>	<b>397,597</b>	<b>278,898</b>	<b>641,663</b>	<b>1,455,228</b>

	31 December 2019				Total
	On demand	< 1 year	1 to < 2 years	> 2 years	
<i>Financial liabilities</i>					
Trade and other payables	136,033	153,183	13,057	42,883	345,156
Murabaha financing	-	84,209	137,461	199,202	420,872
Short-term murabaha financing	-	339,181	-	-	339,181
Lease liabilities	-	2,420	1,750	9,450	13,620
	<b>136,033</b>	<b>578,993</b>	<b>152,268</b>	<b>251,535</b>	<b>1,118,829</b>

*Market risk*

Market risk is the risk of loss of future profits, fair values or future cash flows that may result from changes in the price of a financial instrument. The value of a financial instrument may change as a result of changes in equity prices and foreign currency exchange rates.

*Equity price risk*

The Group's investments in listed and unlisted equity securities 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 placing limits on individual and total equity instruments. Reports on the equity portfolio are submitted to the Group's management on a regular basis. The Group's Investment Committee reviews and approves all equity investment decisions.

Investments in equity instruments designated as at FVOCI are subject to price risk due to the changes in market value of instruments, arising either from specific factors of individual instruments or their issuers or factors affecting all instruments traded in the market. The Group's market risk policy requires it to manage such risks by setting and monitoring objectives and constraints on investments; diversification plan; and limits on investment in each industry or sector.

No sensitivity analysis to equity price risk is presented as the company sold its investments during the year.



**SAUDI PUBLIC TRANSPORT COMPANY AND ITS SUBSIDIARY  
(SAUDI JOINT STOCK COMPANY)**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED  
AS AT 31 December 2020**

**37 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES - Continued**

*Foreign currency risk*

Currency risk is the risk that the value of financial instruments will fluctuate due to change in foreign exchange rates. The Company is subject to fluctuations in foreign exchange rates in the normal course of its business. The Group uses foreign currencies, mainly US Dollar, and Euro. The Group is not exposed to significant currency risk with respect to US Dollar as the Saudi Riyal is pegged to the US Dollar, and transactions denominated in other currencies are not considered to represent significant currency risk. However, the Euro is subject to higher exchange fluctuations than the US Dollar.

No sensitivity to foreign currency risk is presented due to its minimal effect on the financial statements.

*Credit risk*

Credit risk is the risk that one party will fail to discharge an obligation and will cause the other party to incur a financial loss. The Group's exposure to credit risk is mainly influenced by the individual characteristics of each customer, which the Group seeks to manage its credit risk with respect to customers by setting credit limits for individual customers and by monitoring outstanding receivables. However, management also considers the factors that may influence the credit risk of its customer base, including the default risk associated with the industry and country in which customers operate. Owing to the nature of the Group's business, significant portion of revenue is collected in cash due to which the Group is not significantly exposed to credit risks.

Concentrations arise when a number of counterparties are engaged in similar business activities, or activities in the same geographic region, or have similar economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economic, political or other conditions.

At the consolidated statement of financial position date, no significant concentrations of credit risk were identified by the management, except for transactions with government institutions.

The following is an analysis of information about credit risk exposure on the Group's trade receivables using the provision matrix:

	<b>31 December 2020</b>				
	<b>Trade Receivables</b>				
	<b>Total</b>	<b>&lt; 90 days</b>	<b>90 to &lt; 1 year</b>	<b>1 to 2 years</b>	<b>&gt; 2 years</b>
	<b>SR'000</b>	<b>SR'000</b>	<b>SR'000</b>	<b>SR'000</b>	<b>SR'000</b>
<b>Expected Credit loss percentage</b>		<b>1%</b>	<b>3%</b>	<b>12%</b>	<b>97%</b>
The carrying value of trade receivables	242,103	12,436	99,796	96,582	33,287
Expected credit loss as of 31 December 2020	46,939	67	2,569	12,061	32,242
	<b>31 December 2019</b>				
	<b>Trade Receivables</b>				
	<b>Total</b>	<b>&lt; 90 days</b>	<b>90 to &lt; 1 year</b>	<b>1 to 2 years</b>	<b>&gt; 2 years</b>
	<b>SR'000</b>	<b>SR'000</b>	<b>SR'000</b>	<b>SR'000</b>	<b>SR'000</b>
<b>Expected Credit loss percentage</b>		<b>1.31%</b>	<b>5%</b>	<b>19%</b>	<b>78%</b>
The carrying value of trade receivables	232,076	75,860	93,535	17,589	45,092
Expected credit loss as of 31 December 2019	43,957	997	4,655	3,317	34,988

The credit quality of trade and other receivables was determined as follows:

High credit grade pertains to receivables with no default; medium grade pertains to receivables up to 3 defaults; and low grade pertains to receivables with more than 3 defaults. All receivables classified neither past due nor impaired in the table above are graded "high".

The maximum exposure to credit risk at the reporting date is the carrying value of each class of financial assets.

**SAUDI PUBLIC TRANSPORT COMPANY AND ITS SUBSIDIARY  
(SAUDI JOINT STOCK COMPANY)**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED  
AS AT 31 December 2020**

**37 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES - Continued**

*Capital management*

The Company's policy is to maintain a strong capital base so as to maintain partners, creditors and market confidence and to sustain future development of business. Management monitors the return on capital, as well as the level of dividends to ordinary shareholders.

The group manages its capital for collateral of:

- Its ability to continue according to the going concern.
- Efficiently and optimally finance their working capital and strategic investment requirements.
- Maximizing returns to shareholders to the greatest extent possible.
- Maintain an adequate combination of debt and equity.

The company monitors capital using a turnover ratio, which is net debt divided by total equity plus debt. The company includes within the debt the current and non-current portion of the loans.

To calculate net debt, the company adds interest-bearing term loans, trade and other creditors, and deducts bank balances, cash on hand, short-term deposits and discontinued operations.

	<b>31 December 2020</b>	31 December 2019
	<b>SR'000</b>	SR'000
Murabaha financing current and non-current portion	<b>1,210,572</b>	760,053
Accounts payable, accrued expenses and other liabilities	<b>410,480</b>	474,751
Less: Cash and cash equivalents	<b>(351,583)</b>	(338,438)
Net debt	<b>1,269,469</b>	896,366
Equity	<b>1,274,748</b>	1,640,147
<b>Equity and net debt</b>	<b>2,544,217</b>	2,536,513
Debt ratios	<b>50%</b>	35%

No changes were made in the Group's objectives, policies or processes for the year ended 31 December 2020 and 2019.

The Group has no externally imposed capital requirements as of 31 December 2020 and 2019.

**38. CAPITAL COMMITMENTS AND CONTINGENCIES**

**A) Contingencies**

As at 31 December 2020, the Group's bankers have issued, on its behalf during the normal course of business, guarantees, acceptances and letters of credit limited to SR 2,072 million (31 December 2019: SR 1,450 million).

**B)** The Group has contingent liabilities from time to time relating to certain disputed matters, including claims from and against contractors, litigation and arbitration proceedings involving a variety of cases. These contingent liabilities arose in the normal course of business. No significant obligations are expected to be incurred from these potential claims.

**C) Amendment to public transport project contract**

The subsidiary's management is in discussions with the Al Riyadh Development Authority (the Grantor) regarding amendments to certain items (variation orders) received from the Authority for the contract of King Abdulaziz project for public transport in Riyadh, which will result in a change to performance obligations and estimated margin of each performance obligation if a settlement is reached and agreed upon with the Grantor. Management believes the outcome of these discussions will be, to a large extent, in favor of the Company.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED  
AS AT 31 December 2020**

**39. DIVIDENDS**

The Board of Directors recommended, in its meeting held on 26 Jumada al-Alkhirah 1442 H (corresponding to 8 February 2021), to not distributing cash dividends for the financial year 2020. The Board of Directors also recommended Board of Directors' remuneration of SR 1,35 million to the members of the Board of Directors, in accordance with the approved policies after it was reduced by 25% As a contribution from the members of the Board of Directors in mitigating the financial impacts of the pandemic on the company's business.

The Ordinary General Assembly approved, in its meeting held on 4 Ramadan 1441H (Corresponding to 27 April 2020), the Board of Directors' recommendation for not distributing cash dividends for the financial year 2019. The Ordinary General Assembly also approved Board of Directors' remuneration of SR 1.8 million.

**40 IMPACT OF NOVEL CORONAVIRUS (COVID-19) OUTBREAK**

A novel strain of coronavirus (COVID-19) was first identified at the end of December 2019, and in March 2020 was declared as a pandemic by the World Health Organization (WHO). COVID-19 continues to spread throughout in nearly all parts of the world, including the Kingdom of Saudi Arabia and resulted in travel restrictions and curfew in cities which led to a slowdown of economic activities and shutdowns of many sectors at global and local levels. In addition, suspension of schools impacted the results of the Joint Venture for the period.

The extent to which coronavirus pandemic impacts the Company's business, operations, and financial results, is uncertain and depends on many factors and future developments, which the Company may not be able to estimate reliably during the current period. These factors include the virus transmission rate, the duration of the outbreak, precautionary actions that may be taken by governmental authorities to reduce the spread of the epidemic and the impact of those actions on economic activity, and how much our customers and businesses are affected by the pandemic and other factors.

Whilst it is challenging now, to predict the full extent and duration of its business and economic impact, the Company's management carried out an impact assessment on the overall Company's operations and business aspects including factors like travel restrictions, services demand, etc. and concluded that, as of the issuance date of these consolidated financial statements, no significant changes are required to the judgements and key estimates. During the second quarter of the current year, the operations started gradual in transport services between cities and within cities with social distancing controls, which cause a reduces in the operation capacity by 50%, in addition to the continued suspension of passenger transport services for visit and Umrah, international transport services, Hajj and educational transport, which are among the main services provided by the company. Also, the management has taken several measures to mitigate the effects of the pandemic, including taking advantage of some government agencies' initiatives to stimulate the private sector. The company has also made several initiatives to reduce employee costs and service contracts, and it is still working to monitor and rationalize expenses in a way that does not affect the company's operational ability. Also, the company's management evaluated the cash flow situation, including the available banking facilities, and the readiness of operational processes when fully permitted by the relevant authorities. The impact of the measures on its company's annual revenue was a 55% decrease compared to the normal operation. However, in light of the current lack of clarity, any future change in assumptions and estimates may result in a material adjustment to the carrying values of the assets or liabilities affected by this in future periods. Given the rapidly evolving situation and the accompanying uncertainty, management will continue to evaluate the resulting impact in accordance with future developments.

**41. APPROVAL OF THE CONSOLIDATED FINANCIAL STATEMENTS**

These consolidated financial statements have been approved by the Board of Directors during its meeting held on 26 Jumada al-Alkhirah 1442H (corresponding to 8 February 2021).

**42. COMPARATIVE FIGURES**

Certain comparative figures of prior year have been reclassified, in which SAR 5 million was reclassified from administrative expenses to cost of revenue, to conform to the current year presentation.

**43. EVENTS AFTER THE REPORTING PERIOD**

In the opinion of management, there have been no significant events subsequent to the reporting date of these consolidated financial statements and before the issuance date of the auditor's report that would have material impact on the statement of financial position of the Company.





# Company Business Results 2016 - 2020

## Comparative statement of the balance sheet as of December 31 for the last five years (in thousands of Saudi riyals)

Description	2020	2019	2018	2017	2016
<b>Current assets</b>					
Cash and cash equivalents	351,583	338,438	241,848	574,285	667,287
Amounts due from a related party - current portion	48,262	36,210	47,091	52,497	50,119
Investments in Murabaha contracts	-	-	-	-	101,492
Accounts receivable and advances	735,122	446,107	474,664	289,200	225,982
Inventory and Spare parts	18,069	30,752	41,847	48,213	49,885
Assets held for sale	7,016	0	14,000	-	-
<b>Total current assets</b>	<b>1,160,052</b>	<b>851,507</b>	<b>819,450</b>	<b>964,195</b>	<b>1,094,765</b>
<b>Non-current assets</b>					
Investments in an associate and a joint venture	94,311	138,352	114,636	71,855	28,541
Investments in equity instruments designated at fair value Through other comprehensive income	-	90,101	77,869	117,729	114,552
Amounts due from related party - non-current portion	45,449	67,145	27,939	20,040	21,833
Property, machinery and equipment	1,172,544	1,255,766	1,352,013	1,395,901	1,198,797
Intangible assets	584,158	345,955	63,277	24,060	18,059
Investments Property	307,122	307,122	307,122	307,122	307,122
Unbilled receivables - non-current portion	1,329,587	1,032,945	338,164	-	-
Other non-current assets	4,487	5,306	6,942	7,760	8,578
<b>Total non-current assets</b>	<b>3,537,658</b>	<b>3,242,692</b>	<b>2,287,962</b>	<b>1,944,467</b>	<b>1,697,482</b>
<b>Total assets</b>	<b>4,697,710</b>	<b>4,094,199</b>	<b>3,107,412</b>	<b>2,908,662</b>	<b>2,792,247</b>
<b>Liabilities and shareholder equity</b>					
<b>Current liabilities</b>					
Accounts payable and accruals	410,480	474,751	447,632	273,328	275,091
Lease liabilities- Current portion	1,450	1,779	-	-	-
Murabaha loan - current portion	266,809	423,390	230,701	186,574	109,392
Advance payment from client - rolling part	118,197	48,901	38,897	10,085	-
Deferred revenue - current portion	19,756	16,567	14,008	12,589	12,247
Amounts owed to the non-controlling Interest of a subsidiary	6,483	12,118	13,448	4,879	24,915
Provision for zakat and tax	36,746	29,447	19,429	17,555	17,295
<b>Total current liabilities</b>	<b>859,921</b>	<b>1,006,953</b>	<b>764,115</b>	<b>505,010</b>	<b>438,940</b>

Description	2020	2019	2018	2017	2016
<b>Non-current liabilities</b>					
Murabaha term loan	943,763	336,663	164,749	171,575	137,981
Employees defined benefits obligation	145,612	137,516	157,488	152,417	145,385
Lease Liabilities- non-current portion	31,041	8,529	-	-	-
Deferred revenue - non-current portion	4,675	5,313	7,682	5,024	4,701
Advance payment from client - non-current portion	1,437,950	959,078	420,609	449,421	459,506
Total non-current liabilities	2,563,041	1,447,099	750,528	778,437	747,573
<b>Total liabilities</b>	<b>3,422,962</b>	<b>2,454,052</b>	<b>1,514,643</b>	<b>1,283,447</b>	<b>1,186,513</b>
<b>Equity</b>					
Capital	1,250,000	1,250,000	1,250,000	1,250,000	1,250,000
Statutory reserve	-	183,471	179,939	177,897	170,006
Consensual reserve	42,730	42,730	42,730	42,730	42,730
Retained earnings	(22,067)	163,801	130,562	176,048	170,462
Investment revaluation reserve	0	(6,495)	(18,502)	(26,982)	(30,159)
Total equity attributable to the shareholders of the parent company	1,270,663	1,633,507	1,584,729	1,619,693	1,603,039
Non-controlling Interest	4,085	6,640	8,040	5,522	2,695
<b>Total liabilities and equity</b>	<b>4,697,710</b>	<b>4,094,199</b>	<b>3,107,412</b>	<b>2,908,662</b>	<b>2,792,247</b>

Note: The data include the results of the Saudi Public Transport Company and its subsidiary (Public Transport Company).

#### Comparative statement of the income statement as on December 31 for the last five years (in thousands of Saudi riyals)

Description	2020	2019	2018	2017	2016
Revenues	1,169,662	1,711,891	1,455,453	1,127,530	1,151,641
Cost of revenue	1,289,806	1,492,525	1,283,520	955,998	910,792
Gross profit (loss)	(120,144)	219,366	171,933	171,532	240,849
Administrative expenses	103,832	123,048	117,774	100,925	99,749
Selling and distribution expenses	34,679	47,048	33,570	32,258	43,541
Impairment in the value of assets held for sale	42,705	0	27,478	-	-
Net profit (loss) from operating activities	(301,360)	49,270	(6,889)	38,349	97,559
Finance costs	35,654	36,746	20,228	19,146	8,206
Share in the profits (losses) of the associate	244	1,728	(8,295)	-	-
Share in the profit (loss) of a joint venture	(44,041)	18,741	42,781	43,314	15,215
Other income	12,683	16,693	24,686	22,120	23,699
Financing income	4,677	1,465	3,673	9,273	15,209
Net profit (loss) before zakat and income tax	(363,451)	51,151	35,728	93,910	143,476
Zakat and income tax	14,264	17,227	12,795	12,173	12,574
<b>Net profit for the year</b>	<b>(377,715)</b>	<b>33,924</b>	<b>22,933</b>	<b>81,737</b>	<b>130,902</b>

Note: The data include the results of the Saudi Public Transport Company and its subsidiary (Public Transport Company).







   SAPTCOSA

**920000877**

[www.saptco.com.sa](http://www.saptco.com.sa)