PROSPECTUS

Prospectus of Theeb Rent a Car Company

A Saudi closed joint stock company pursuant to Ministerial Resolution No. 305/S, dated 11/10/1431H (corresponding to 20 September 2010G), and with commercial registration No. 1010150661, dated 12/04/1419H (corresponding to 6 August 1998G).

Offering of twelve million and nine hundred thousand (12,900,000) Shares representing thirty percent (30%) of the share capital of Theeb Rent a Car Company through an initial public offering at an offer price of SAR Fourty (40) per Share.

Offering Period: One (1) day, Sunday 08/08/1442H (corresponding to 21/03/2021G).

ذيب Theeb

لتأجير السيارات Rent a Car

Theeb Rent a Car Company (hereinafter referred to as the "**Company**" or "**Issuer**") is a Saudi closed joint stock company incorporated by virtue of Ministerial Resolution No. 305/S, dated 11/10/1431H (corresponding to 20 September 2010G), and with commercial registration No. 1010150661, dated 12/04/1419H (corresponding to 6 August 1998G)) issued in Riyadh at the Kingdom of Saudi Arabia (the "**Kingdom**"). The current share capital of the Company is four hundred thirty million Saudi Riyals (SAR 430,000,000), consisting of forty-three million (43,000,000) ordinary shares, with a fully paid nominal value of ten Saudi Riyals (SAR 10) per share (the "**Shares**").

The Company started its operations under Theeb Establishment for Contracting owned by Hamoud Abdullah Al-Theeb (hereinafter referred to as the "**Establishment**") under License No. 244 dated 26/12/1412H (corresponding to 4 November 1991G) issued by the Ministry of Transportation for conducting car rental activities. On 27/04/1414H (corresponding to 24 October 1993G), the Establishment opened a branch under the name "Theeb Rent A Car" registered under commercial registration number 1010116528 dated 27/04/1414H (corresponding to 24 October 1993G) to carry out car rental activities under this branch. On 19/08/1417H (corresponding to 30 December 1996G), the branch, with its rights and obligations, was converted to a limited liability company under the name "Theeb Rent A Car Company" registered in the commercial register under commercial registration No. 1010150661 dated 12/04/1419H (corresponding to 6 August 1998G) with a capital of SAR 500,000 (five hundred thousand Saudi Riyals) divided into five hundred (500) shares (four hundred (400) in-kind shares and one hundred (100) cash shares) with a nominal value of SAR 1,000 per share. The assets of the aforementioned branch were estimated at a value of SAR 400,000 (four hundred thousand Saudi Riyals). Shares were distributed to each of Hamoud Abdullah Ibrahim Al-Theeb and Muhammad Ahmad Abdullah Al-Theeb, with an ownership percentage of 40% each, and Ali Muhammad Suleiman Al-Theeb, with an ownership percentage of 20% of the Company's capital, where Hamoud Abdullah Ibrahim Al-Theeb sold two hundred (200) shares amounting to SAR 200,000 (two hundred thousand Saudi Riyals) to Muhammad Ahmad Abdullah Al-Theeb and one hundred (100) shares amounting to SAR 100,000 (one hundred thousand Saudi Riyals) to Ali Muhammad Suleiman Al-Theeb. Pursuant to the partners' decision dated 14/06/1419H (corresponding to 4 October 1998G), Ali Muhammad Suleiman Al-Theeb equally waived his entire shares in the Company, 20% of the Company's capital, to Hamoud Abdullah Ibrahim Al-Theeb and Muhammad Ahmad Abdullah Al-Theeb. Accordingly, Hamoud Abdullah Ibrahim Al-Theeb and Muhammad Ahmad Abdullah Al-Theeb owned 50% of the Company's capital each. Pursuant to the partners' decision dated 12/08/1431H (corresponding to 24 July 2010G), the Company's capital was increased from SAR 500,000 (five hundred thousand Saudi Riyals) divided into five hundred (500) shares with a nominal value of SAR (1,000) per share to SAR 153,902,000 (one hundred and fifty three million nine hundred and two thousand Saudi Riyals) divided into fifteen million three hundred ninety thousand two hundred (15,390,200) shares with a nominal value of ten (10) Saudi Riyals per share, through capitalization of SAR 93,080,000 (ninety-three million eighty thousand Saudi Riyal) from the partner's account and SAR 60,072,000 (sixty million seventy-two thousand Saudi Riyals) from the retained earnings and SAR 250,000 (two hundred fifty thousand Saudi Riyals) from the Company's statutory reserve. Hamoud Abdullah Ibrahim Al-Theeb transferred 1% of the Company's capital to Muhammad Hamoud Al-Theeb and divided 2% equally between each of Ahmed Hamoud Al-Theeb, Abdullah Hamoud Al-Theeb, Salman Hamoud Al-Theeb and Sari Hamoud Al-Theeb. Muhammad Ahmad Abdullah Al-Theeb transferred 3% of the Company's capital, divided equally between each of Naif Muhammad Al-Theeb, Nawaf Muhammad Al-Theeb and Ahmed Muhammad Al-Theeb. Pursuant to the same partner's decision, the current and new partners decided unanimously to convert the company from a limited liability company to a closed joint stock company under the name of "Theeb Rent A Car Company". On 02/08/1434H (corresponding to 11 June 2013G), the partners sold 30% of their ownership in the Company's capital to Growth Opportunities Company for Trading, so that the latter became the owner of 30% of the Company's capital. Pursuant to the Company's Extraordinary General Assembly decision dated 24/07/1441H (corresponding to 19 March 2020G), the Company's capital was increased from SAR 153,902,000 (one hundred fifty three million nine hundred and two thousand Saudi Riyals) divided into fifteen million three hundred ninety thousand and two hundred (15,390,200) ordinary Shares with a nominal value of ten (10) Saudi Riyals per share to SAR 430,000,000 (four hundred and thirty million Saudi Riyals) divided into forty-three million (43,000,000) ordinary Shares with a fully paid up nominal value of ten (10) Saudi Riyals per share, through the capitalization of SAR 220,759,923 (two hundred twenty million seven hundred and fifty-nine thousand nine hundred and twenty-three Saudi Riyals) from the retained earnings and SAR 55,338,077 (fifty-five million three hundred and thirty-eight thousand and seventy-seven Saudi Riyals) from the statutory reserve of the Company (for further details about the Company's history, see Section 4.2 (**Corporate History and Evolution of Capital**)).

The current capital of the Company is four hundred and thirty million Saudi Riyals (SAR 430,000,000), divided into forty three million (43,000,000) ordinary Shares with a fully paid nominal value of ten (10) Saudi Riyals per share.

The initial public offering of the Company's shares (the "**Offering**") will be for twelve million and nine hundred thousand (12,900,000) Shares (collectively, the "**Offer Shares**" and each an "**Offer Share**"). The Offering price will be Fourty Saudi Riyals (SAR 40) per Offer Share (the "**Offer Price**"), with each Offer Share carrying a fully paid nominal value of ten Saudi Riyals (SAR 10) per Offer Share. The Offer Shares represent thirty percent (30%) of the issued share capital of the Company. The Offering shall be restricted to the following two groups of investors (collectively, the "**Investors**"):

Tranche (A) Participating Parties: Participating parties comprising the parties entitled to participate in the book-building process, including investment funds, companies, qualified foreign investors and GCC corporate investors (collectively referred to as the "**Participating Parties**" and each a "Participating Party") as specified under the Instructions for Book-Building Process and Allocation Method in Initial Public Offerings (the "**Book-Building Instructions**") issued by the Capital Market Authority (the "**CMA**") (for further details, see Section 1 (**Definitions and Abbreviations**)). The number of Offer Shares to be provisionally allocated to the Participating Parties actually involved in the book-building process from amongst the Participating Parties (collectively, the "**Participating Entities**" and each a "**Participating Entity**") is twelve million and nine hundred thousand (12,900,000) ordinary Shares, representing one hundred percent (100%) of the Offer Shares. The final allocation will be made after the end of the Individual Investors' subscription. The Bookrunner (as defined in Section 1 (**Definitions and Abbreviations**)) shall have the right, in the event that there is sufficient demand by Individual Investors, to reduce the number of Offer Shares allocated to Participating Entities to eleven million six hundred and ten thousand (11,610,000) Offer Shares, representing ninety percent (90%) of the Offer Shares.

Tranche (B) Individual Investors: Comprising Saudi Arabian nationals, including any Saudi female divorcee or widow with minor children from a marriage to a non-Saudi person who can subscribe for her own benefit or in the names of her minor children, on the condition that she proves that she is a divorcee or widow and the mother of her Saudi Arabian minor children, as well as any non-Saudi residents and GCC natural persons having a bank account with the Receiving Agents and the right to open an investment account (the "**Individual Investors**" and each an "**Individual Investor**", and together with the Participating Entities, the "**Subscribers**"). Subscription by a person in the name of his divorced wife shall be deemed invalid and the applicant shall be subject to the sanctions prescribed by the law. If a duplicate subscription is made, the second subscription will be considered void and only the first subscription will be accepted. A maximum of one million two hundred ninety thousand (1,290,000) Offer Shares representing ten percent (10%) of the total Offer Shares shall be allocated to Individual Investors, provided that the Participating Entities shall subscribe for all shares allocated to them. In the event that the Individual Investors do not subscribe in full to the Offer Shares allocated to them, the Bookrunner may reduce the number of Offer Shares allocated to them in proportion to the number of Offer Shares subscribed by them.

The Company's current shareholders (collectively, "**Current Shareholders**") whose names appear on page (x) hold all of the Company's shares prior to the Offering. The Offer Shares are being sold by all of the Current Shareholders (collectively, the "**Selling Shareholders**") in accordance with Table 6 (**Direct Ownership Structure of the Company, Pre-and Post-Offering**). Upon completion of the Offering, the Current Shareholders will collectively own seventy percent (70%) of the Shares and will consequently retain a controlling interest in the Company. The Offering proceeds (the "**Offering Proceeds**") will, after deducting the Offering expenses, (the "**Net Offering Proceeds**") be paid to the Selling Shareholders on a pro-rata basis according to the number of Shares owned by each Selling Shareholder. The Company will not receive any part of the Offering Proceeds (for further details, see Section 8 (**Use of Proceeds**)). The Offering is fully underwritten by the Underwriter (for further details, see Section 13 (**Underwriting**)). The substantial shareholders of the Company (collectively, "**Substantial Shareholders**") each owning five percent (5%) or more of the Shares, including Hamoud Abdullah Ibrahim Al-Theeb, Mohammed Ahmed Abdullah Al-Theeb and Growth Opportunities Company for Trading, as is specified in Table 4.8 (**Details of Shareholders Directly Holding 5% or More Shares in the Company**) of this Prospectus setting out their shareholding of the Company's capital, will be subject to a lock-up period during which they will be prohibited from selling their Shares for a period of six months from the date trading of the Company's Shares starts on the Saudi Stock Exchange ("**Tadawul**" or the "**Exchange**") (the "**Lock-up Period**") as is specified on page (xii).

The Offering will commence on 08/08/1442H (corresponding to 21/03/2021G) and will remain open for a period of one (1) day (the "**Offering Period**"). Subscription to the Offer Shares by the Individual Investors can be made through any of the branches of the receiving agents (the "**Receiving Agents**") listed on page (vii) during the Offering Period or through the Internet, telephone banking, or ATMs of any of the Receiving Agents that provide any or all of these services to their customers (for further details, see Section 17 (Subscription Terms and Conditions)). Participating Parties can bid for the Offer Shares through the Bookrunner within the book-building period before the Shares are offered to the Individual Investors.

Each Individual Investor who subscribes to the Offer Shares must apply for a minimum of ten (10) Offer Shares. The maximum number of Offer Shares that can be subscribed to is two hundred and fifty thousand (250,000) Shares. Note that the minimum number of allocated Shares will be ten (10) Offer Shares per Individual Investor, and the balance of the Offer Shares, if any, will be allocated on a pro rata basis based on the number of Offer Shares applied for by each Individual Investor. In the event that the number of Individual Investors exceeds one hundred twenty-nine thousand (129,000) Individual Investors, the Company will not guarantee the minimum allocation. The Offer Shares will be allocated in accordance with the proposals made by the Company and the Financial Advisor. Excess subscription monies, if any, will be refunded to the Individual Investors without any charge or withholding by the relevant Receiving Agents. Announcement of the final allotment will be made on 16/08/1442H (corresponding to 29/03/2021G) and refund of excess subscription monies, if any, will be made no later than 16/08/1442H (corresponding to 29/03/2021G) (for further details, see "**Key Dates and Subscription Procedures**" on page (xiv) and Section 17 (**Subscription Terms and Conditions**)).

The Company has one class of ordinary Shares. Each Share entitles its holder to one vote, and each shareholder (a "**Shareholder**") has the right to attend and vote at general assembly meetings of the Company (the "**General Assembly**"). No Shareholder benefits from any preferential voting rights. The Offer Shares will entitle their holders to receive dividends declared by the Company starting from 18 December 2020G (for further details, see Section 7 (**Dividend Distribution Policy**)).

Prior to the Offering, there has been no public market for the Shares in the Kingdom or elsewhere. The Company has submitted to Tadawul the application for registration and offer of the Shares to the Capital Market Authority (the "**CMA**"), and an application for listing of the Shares on Tadawul. This Prospectus (this "Prospectus") has been approved and all required documents have been submitted to the relevant authorities. All requirements have been met and all approvals for the Offering have been obtained. It is expected that trading in the Shares will commence on the Exchange after the final allocation of the Offer Shares and satisfaction of necessary conditions and procedures (for further details, see **Key Dates and Subscription Procedures** on page (xiv)). Saudi nationals, non-Saudi nationals holding valid residency permits in the Kingdom, companies, banks, and investment funds established in the Kingdom or in countries of the Cooperation Council for the Arab States of the Gulf (the "GCC"), as well as GCC nationals will be permitted to trade in the Shares after their trading starts on the Exchange. Moreover, Qualified Foreign Investors will be permitted to trade in the Shares in accordance with Rules for Qualified Foreign Financial Institutions Investment in Listed Securities (all as defined in Section 1 (**Definitions and Abbreviations**)). Furthermore, non-Saudi nationals who are not residents in the Kingdom and institutions incorporated outside the Kingdom (collectively, the "**Foreign Investors**" and each a "**Foreign Investor**") will be permitted to make indirect investments to acquire an economic interest in the Shares by entering into Swap Agreements with a person authorized by the CMA to acquire, hold and trade in shares on the Exchange on behalf of a Foreign Investor (the "**Authorized Person**"). Under such Swap Agreements, the Authorized Person will be the registered legal owner of such Shares.

Investment in Offering Shares involves certain risks and uncertainties. For a discussion of certain factors to be carefully considered before determining to subscribe for the Offering Shares, the "**Important Notice**" on page (i) and Section 2 (**Risk Factors**) of this Prospectus should be reviewed.

Financial Advisor, Lead Manager, Lead Bookrunner and Underwriter

السعودي الفرنسي كابيتال
Saudi Fransi Capital

Bookrunner

EFG HERMES
لمجموعة المالية هيرميس

Receiving Agents

البنك السعودي الفرنسي Banque Saudi Fransi

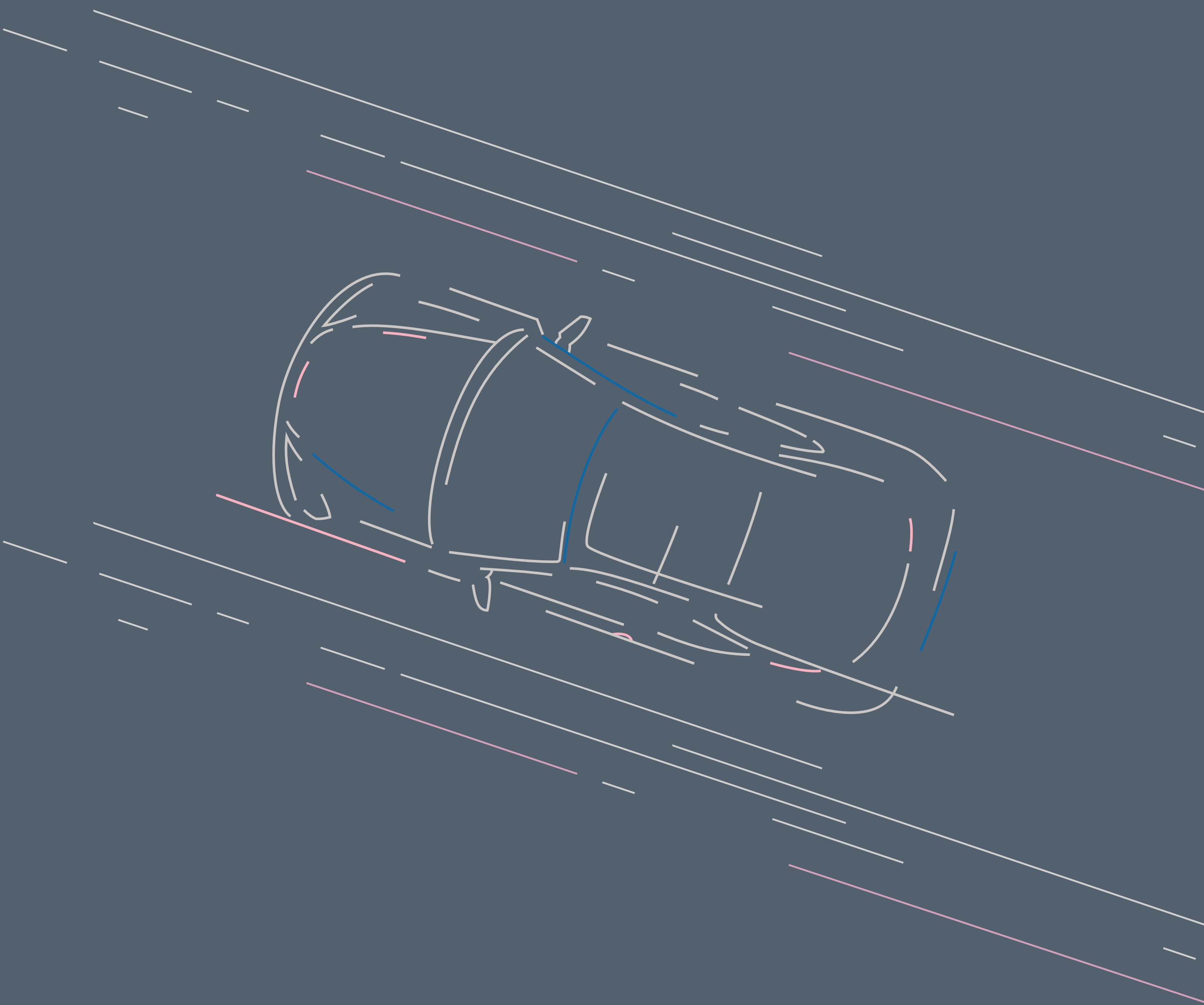
NCB الأهلي

بنك الرياض riyad bank

This Prospectus is dated 13/02/1442H (corresponding to 30/09/2020G)

ذيب
Theeb

لتأجير السيارات
Rent a Car



ذيب .. معاك
Theeb .. **Ma’ak**

IMPORTANT NOTICE

This Prospectus contains detailed information relating to the Company and the Offer Shares. When submitting an application for the Offer Shares, institutional and individual investors will be treated as applying solely on the basis of the information contained in this Prospectus, copies of which are available for collection by visiting the websites of the Company (www.theebonline.com), the CMA (www.cma.org.sa) or the Financial Advisor, (www.sfc.sa).

With respect to the Offering, Saudi Fransi Capital has been appointed by the Company as the financial advisor (the "**Financial Advisor**"), the lead manager (the "**Lead Manager**"), and the underwriter (the "**Underwriter**") (for further details, see Section 13 (**Underwriting**)). Further, Saudi Fransi Capital and EFG Hermes KSA have been appointed by the Company as bookrunners (referred to as the "**Bookrunner**").

This Prospectus includes information that has been presented in accordance with the Rules on the Offer of Securities and Continuing Obligations issued by the CMA. The Directors (as defined below), whose names appear on page (iv), collectively and individually, accept full responsibility for the accuracy of the information contained in this Prospectus, and they affirm that according to their knowledge and belief, and after undertaking all possible reasonable enquiries, there are no other facts the omissions of which would make any statement contained herein misleading.

While the Company has made all reasonable enquiries as to the accuracy of the information contained in this Prospectus as of the date hereof, a substantial portion of the information in this Prospectus relevant to the markets and industry in which the Company operates is derived from external sources. While neither the Company, the Financial Advisor nor any of the Company's other advisors, whose names appear on pages (vi) and (vii) of this Prospectus (together with the Financial Advisor, the "**Advisors**"), have any reason to believe that any of the market and industry information is materially inaccurate, neither the Company nor any of the Advisors has independently verified such information, and no representation or assurance is made with respect to the accuracy or completeness of any of this information.

The information contained in this Prospectus as of the date hereof is subject to change. In particular, the actual financial position of the Company and the value of the Offer Shares may be adversely affected by future developments, such as inflation, interest rates, taxation or other economic, political and any other factors, over which the Company has no control (for further details, see Section 2 (**Risk Factors**)). Neither the delivery of this Prospectus nor any oral or written information in relation to the Offer Shares is intended to be, or should be construed as or relied upon in any way, as a promise, affirmation or representation as to future earnings, results or events.

This Prospectus is not to be regarded as a recommendation on the part of the Company, the Directors, the Selling Shareholders, the Receiving Agents or Advisors to participate in the Offering. Moreover, the information provided in this Prospectus is of a general nature and has been prepared without taking into account individual investment objectives, the financial situation or particular investment needs of the persons who intend to invest in the Offer Shares. Prior to making an investment decision, each recipient of this Prospectus is responsible for obtaining independent professional advice from a CMA licensed financial advisor in relation to the Offering and must rely on its own examination of the Company and the appropriateness of both the investment opportunity and the information herein with regard to the recipient's individual objectives, financial situation and needs, including the merits and risks involved in investing in the Offer Shares. An investment in the Offer Shares may be appropriate for some investors but not others, and prospective investors should not rely on another party's decision whether to invest as a basis for their own examination of the investment opportunity and such investor's individual circumstances.

The Offering is directed at, and may be accepted only by:

Tranche (A): Participating Parties comprising the parties entitled to participate in the book-building process as specified under the Instructions for Book-Building Process and Allocation Method in Initial Public Offerings issued by CMA, including investment funds, Qualified Foreign Investors and companies, and GCC Corporate Investors (as defined in Section 1 (**Definitions and Abbreviations**)).

Tranche (B): Individual Investors comprising Saudi Arabian nationals, including any Saudi female divorcee or widow with minor children from a marriage to a non-Saudi person who can subscribe for her own benefit or in the names of her minor children, on the condition that she proves that she is a divorcee or widow and the mother of her minor children, as well as any non-Saudi residents and GCC natural persons having a bank account with the Receiving Agents and the right to open an investment account. Subscription by a person in the name of his divorced wife shall be deemed invalid and the applicant shall be subject to the sanctions prescribed by the law. If a duplicate subscription is made, the second subscription will be considered void and only the first subscription will be accepted.

It is expressly prohibited to distribute this Prospectus or to sell the Offer Shares to any person outside the Kingdom, other than to Qualified Foreign Investors, certain other Foreign Investors pursuant to Swap Agreements and GCC Corporate Investors, in each case subject to applicable rules and regulations. All recipients of this Prospectus must inform themselves of any legal or regulatory restrictions relevant to this Offering and the sale of the Offer Shares and to observe all such restrictions.

MARKET AND INDUSTRY DATA

The information in Section 3 (**Market Overview**) is derived from the market study report prepared by Euromonitor International Ltd (the "**Market Consultant**") exclusively for the Company in March 2020G. The Market Consultant is headquartered in London, UK. For further details about the Market Consultant, visit its website (www.euromonitor.com).

The Market Consultant does not, nor does any of its subsidiaries, affiliates, partners, shareholders, directors, managers or their relatives, own any shares or any interest of any kind in the Company. As of the date of this Prospectus, the Market Consultant has given, and not withdrawn, its written consent for the use of its name, logo, market information, and data supplied by it to the Company in the form set out in this Prospectus.

The Board of Directors believes that the information and data from third party sources contained in this Prospectus, including those provided by the Market Consultant, are reliable. However, such information and data have not been independently verified by the Company, the Directors, the Advisors or the Selling Shareholders, and thus none of them bears any liability for the accuracy or completeness of such information or data.

FINANCIAL AND STATISTICAL INFORMATION

The audited financial statements of the Company for the financial year ended 31 December 2017G, and the accompanying notes thereto, have been prepared in accordance with the accounting standards issued by the Saudi Organization for Certified Public Accountants (SOCPA) and have been audited by Aldar Audit Bureau (Abdullah Al-Basri & Co.). All the financial information for 2017G in this Prospectus has been extracted or derived from the comparative financial information for 2017G and included in the audited financial statements for the financial year ended 31 December 2018G, where the Company applied, during 2017G, the accounting standards issued by SOCPA in the comparative period in the financial statements for the year ended 31 December 2018G.

The Company's audited financial statements for the financial years ended 31 December 2018G and 2019G, and the accompanying notes, have been prepared in compliance with the International Financial Reporting Standards (IFRS) as endorsed by SOCPA and other standards and pronouncements issued by SOCPA, and audited by Aldar Audit Bureau (Abdullah Al-Basri & Co.). The reviewed interim financial statements for the three-month period ended 31 March 2020G were prepared by the Company in accordance with International Accounting Standard 34 as endorsed by SOCPA and other standards and pronouncements issued by SOCPA.

The Company prepares its financial statements in Saudi Arabian Riyals.

The financial and statistical information contained in this Prospectus is subject to rounding to nearest whole number. Accordingly, where numbers have been rounded up or down, there may be minor differences between the figures set out in this Prospectus and the audited and reviewed financial statements. In cases where amounts in this Prospectus are converted from USD to Saudi Riyals, the exchange rate shall be USD 0.27 for each Saudi Riyal.

Unless otherwise expressly provided in this Prospectus, any reference to "year" or "years" include reference to Gregorian years.

FORECASTS AND FORWARD-LOOKING STATEMENTS

Forecasts set forth in this Prospectus have been prepared on the basis of assumptions based on the Company's information according to its market experience, as well as on publicly available market information. Future operating conditions may differ from the assumptions used and consequently no affirmation, representation, or warranty is made with respect to the accuracy or completeness of any of these forecasts. The Company confirms, to the best of its reasonable knowledge, that the statements contained in this Prospectus were included after appropriate due diligence.

Certain statements in this Prospectus constitute "forward-looking statements". Such statements can generally be identified by their use of forward-looking words such as "intends", "plans", "estimates", "believes", "expects", "anticipates", "may", "will", "should", "expected", "would be" or the negative thereof or other variations of such terms or comparable terminology. These forward-looking statements reflect the current views of the Company with respect to future events but are not a guarantee of future performance. Many factors could cause the actual results, performance or achievements of the Company to be significantly different from any future results, performance or achievements that may be expressed or implied. Some of the risks and factors that could have such an effect are described in more detail (for further details, see Section 2 (**Risk Factors**)). Should any of these risks or uncertainties materialize or any underlying assumptions prove to be incorrect or inaccurate, the Company's actual results may vary materially from those described in this Prospectus as estimated, believed, expected or planned.

Subject to the requirements of the Rules on the Offer of Securities and Continuing Obligations, the Company must submit a supplementary prospectus to the CMA if, at any time after the publication of this Prospectus and before completion of the Offering, the Company becomes aware: (i) that there has been a significant change in any material information contained in this Prospectus or any document required under the Rules on the Offer of Securities and Continuing Obligations; or (ii) the occurrence of additional significant matters which would have been required to be included in this Prospectus. Except in the aforementioned circumstances, the Company does not intend to update or otherwise revise any industry or market information or forward-looking statements in this Prospectus, whether as a result of new information, future events or otherwise. As a result of the aforementioned and other risks, uncertainties and assumptions, expectations of future events and circumstances set forth in this Prospectus may not occur as expected by the Company or may not occur at all. Consequently, the prospective investors should consider all forward-looking statements in light of these explanations and should not place undue reliance on forward-looking statements.

DEFINITIONS AND ABBREVIATIONS

For an explanation of certain defined terms and abbreviations used in this Prospectus, see Section 1 (**Definitions and Abbreviations**).

CORPORATE DIRECTORY

Company's Board of Directors

The Company is managed by a Board of Directors comprised of six members in accordance with the Company's Bylaws, as is set out in the following table:

Table 1: Company's Board of Directors

Name[1]	Position	Nationality	Membership Status	Direct Share Ownership[2]		Indirect Share Ownership[1]		Date of Appointment[3]
				Pre-Offering	Post-Offering	Pre-Offering	Post-Offering	
Mohammed Ahmed Abdullah Al-Theeb	Chairman	Saudi	Non-executive	32.9%	23.03%	-	-	8 March 2018G
Hasan Samir Abdullah Al-Shuwaikh	Vice Chairman of the Board of Directors	Bahraini	Non-executive	-	-	-	-	26 September 2018G
Mohammed Hamoud Abdullah Al-Theeb	Director	Saudi	Executive	0.7%	0.49%	-	-	9 February 2015G
Selim Chidiac	Director	Swiss	Non-executive	-	-	-	-	19 March 2020G
Saleh Abdulrahman Saleh Al-Fadl	Director	Saudi	Independent	-	-	-	-	16 January 2020G
Riyadh Saleh Hamad Almalik	Director	Saudi	Independent	-	-	-	-	21 October 2020G

Source: The Company

(1) The current secretary of the Company's Board of Directors is Sadiq Ali Al-Ali, who was appointed as the secretary of the Company's Board on 13/3/1441H (corresponding to 10 November 2019G), and he does not own any shares in the Company.

(2) Ownership ratios are rounded up.

(3) Dates listed in this table are the dates of appointment in the current positions in the Board of Directors. Their respective biographies in Section 5.2.4 (**Biographies of the Directors and the Secretary**) describe the dates of their appointment, whether in the Board of Directors or in any other position.

COMPANY'S REGISTERED ADDRESS AND REPRESENTATIVES

Address

Theeb Rent A Car Company
Eastern Ring Road, between Exit 12 and 13, Al Rawda District
P.O. Box 9551, Riyadh 11423
Kingdom of Saudi Arabia
Tel: +966 (11) 493 9222
Fax: +966 (11) 492 0171
Website: www.theebonline.com
E-mail: info@theeb.sa

Company's Representatives

Company's Representatives	
Hasan Sameer Abdulla Al-Shuwaikh Vice Chairman Theeb Rent A Car Company Eastern Ring Road, between Exit 12 and 13, Al Rawda District P.O. Box 9551, Riyadh 11423 Kingdom of Saudi Arabia Tel: +973 17 527 311 Ext.: 7311 Fax: +973 17 530 816 Website: www.theebonline.com E-mail: halshuwaikh@Investcorp.com	**Naif Mohammed Ahmed Al-Theeb** Chief Executive Officer Theeb Rent A Car Company Eastern Ring Road, between Exit 12 and 13, Al Rawda District P.O. Box 9551, Riyadh 11423 Kingdom of Saudi Arabia Tel: +966 (11) 290 4301 Fax: +966 (11) 492 0171 Website: www.theebonline.com E-mail: naif@theeb.sa

Secretary of the Board
Sadiq Ali Alali Secretary of the Board Theeb Rent A Car Company Eastern Ring Road, between Exit 12 and 13, Al Rawda District P.O. Box 9551, Riyadh 11423 Kingdom of Saudi Arabia Tel: +966 (11) 290 4398 Ext.: 4339 Fax: +966 (11) 492 0171 Website: www.theebonline.com E-mail: sadiq.alali@theeb.sa

Stock Exchange	
The Saudi Stock Exchange (Tadawul) Tawuniya Towers, Northern Tower King Fahad Road, Olaya 6897 Unit No. 15 P.O. Box 60612, Riyadh 12211-3388 Kingdom of Saudi Arabia Tel: +966 (11) 920001919 Fax: +966 (11) 218 9133 Website: www.tadawul.com.sa E-mail: webinfo@tadawul.com.sa	

Share Registrar	
Securities Depository Center Company (Edaa) Abraj Attuwenya King Fahad Road, Olaya 6897 Unit 11, Riyadh 12211-3388 Kingdom of Saudi Arabia Tel: +966 92 002 6000 Website: www.edaa.com.sa E-mail: cc@edaa.com.sa	

Advisors

Financial Advisor, Lead Manager, Lead Bookrunner and Underwriter	
Saudi Fransi Capital King Fahd Road 8092 P.O Box 23454 Riyadh 3735-12313 Kingdom of Saudi Arabia Tel: +966 (11) 282 6666 Fax: +966 (11) 282 6823 Website: www.sfc.sa E-mail: info@fransicapital.com.sa	
Bookrunner	
EFG Hermes KSA Group Sky Towers Northern Tower, 3rd floor King Fahd Road Olaya, Riyadh Kingdom of Saudi Arabia Tel: +966 (011) 293 8048 Fax: +966 (011) 293 8032	
Legal Advisor	
Zeyad Yousef Alsalloum and Yazeed Abdulrahman Altoaimi Company for Legal Services and Consultation Sky Towers 2nd Floor, North Tower 8899 King Fahd Road Al Olaya Riyadh 12214-2419 Kingdom of Saudi Arabia Tel: +966 (11) 202 0344, Ext.: 103 Fax: +966 (11) 229 2069 Website: www.statlawksa.com E-mail: capitalmarkets@statlawksa.com	
Professional Financial Diligence Advisor	
PricewaterhouseCoopers (PwC) - Certified Public Accountants Kingdom Tower, twenty-first floor, King Fahd Road P.O. Box 8282 Riyadh 11482 Kingdom of Saudi Arabia Tel: +966 (11) 211 0400 Fax: +966 (11) 211 0250 Website: www.pwc.com E-mail: mer_projectpace@pwc.com	
Market Study Consultant	
Euromonitor International Ltd. 60-61 Britton Street EC 1 M 5 U X London United Kingdom Tel: +44 (20) 7251 8024 Fax: +44 (20) 7108 3149 Website: www.euromonitor.com E-mail: info-mena@euromonitor.com	

Auditor for the financial years ended 31 December 2017G, 2018G and 2019G, and the three-month period ended 31 March 2020G	
Aldar Audit Bureau (Abdullah Al-Basri & Co.) Olaya General Street - Al Mousa Commercial Complex The fourth tower - the seventh floor P.O. Box 2159, Riyadh 11451, Kingdom of Saudi Arabia Tel: +966 (11) 463 0680 Fax: +966 (11) 464 5939 Website: www.grantthornton.sa E-mail: infor@sa.gt.com	

Auditor for the financial year ended 31 December 2020G, starting with the six-month period ended 30 June 2020G	
Ernst & Young & Co. (Certified Public Accountants) Faisaliya Tower – 14th Floor King Fahad Road P.O. Box: 2732, Riyadh 11461, Kingdom of Saudi Arabia Tel: +966 (11) 2159 898 Fax: +966 (11) 273 4740 Website: www.ey.com/mena E-mail: ey.ksa@sa.ey.com	

Note: All the above-mentioned Advisors and Auditors have given and, as of the date of this Prospectus, have not withdrawn their written consent to the inclusion of their respective names, addresses, logos and statements attributed to each of them in the context in which they appear in this Prospectus, and do not themselves, their employees (forming part of the engagement team serving the Company), or any of their employees' relatives have any shareholding or interest of any kind in the Company as of the date of this Prospectus which would impair their independence.

Receiving Agents	
Banque Saudi Fransi King Saud Road P.O Box 56006 Riyadh, 11554 Kingdom of Saudi Arabia Tel: +966 920000576 Fax: +966 (11) 402 7261 Website: www.alfransi.com.sa E-mail: Fransiplusadmin@alfransi.com.sa	
The National Commercial Bank King Abdul Aziz Road P.O Box 3555 Jeddah 21481 Kingdom of Saudi Arabia Tel: +966 920001000 Fax: +966 (12) 646 4466 Website: www.alahli.com E-mail: contactus@alahli.com	
Riyad Bank Eastern Ring Road P.O Box 22622 Riyadh, 11614 Kingdom of Saudi Arabia Tel: +966 (11) 401 3030 Fax: +966 (11) 403 0016 Website: www.riyadbank.com E-mail: customercare@riyadbank.com	

OFFERING SUMMARY

This Offering Summary is intended to provide a brief overview of the information contained in this Prospectus. As such, it does not contain all of the information that may be important to prospective investors. Accordingly, this summary must be read as an introduction to this Prospectus, and prospective investors should read and review this entire Prospectus in full prior to making any investment decision with respect to the Offer Shares.

In particular, it is important to carefully consider the "**Important Notice**" on page (i) and Section 2 (**Risk Factors**) prior to making any investment decision with respect to the Offer Shares.

Company Name, Description and Establishment Information	Theeb Rent A Car Company is a Saudi closed joint stock company incorporated under the Ministerial Resolution No. 305/S dated 11/10/1431H (corresponding to 20 September 2010G) under commercial registration No. 1010150661 dated 12/04/1419H (corresponding to 6 August 1998G) in Riyadh, Kingdom of Saudi Arabia. The current capital of the Company is four hundred and thirty million Saudi Riyals (SAR 430,000,000), divided into forty-three million (43,000,000) ordinary Shares with a fully paid nominal value of ten (10) Saudi Riyals per share. The Company started its operations under Theeb Establishment for Contracting owned by Hamoud Abdullah Al-Theeb (hereinafter referred to as the "**Establishment**") under License No. 244 dated 26/12/1412H (corresponding to 4 November 1991G) issued by the Ministry of Transportation for conducting car rental activities. On 27/04/1414H (corresponding to 24 October 1993G), the Establishment opened a branch under the name "Theeb Rent A Car" registered under commercial registration number 1010116528 dated 27/04/1414H (corresponding to 24 October 1993G) to carry out car rental activities under this branch. On 19/08/1417H (corresponding to 30 December 1996G), the branch, with its rights and obligations, was converted to a limited liability company under the name "Theeb Rent A Car Company" registered in the commercial register under commercial registration No. 1010150661 dated 12/04/1419H (corresponding to 6 August 1998G) with a capital of SAR 500,000 (five hundred thousand Saudi Riyals) divided into five hundred (500) shares (four hundred (400) in-kind shares and one hundred (100) cash shares with a nominal value of SAR 1,000 per share). The assets of the aforementioned branch were estimated at a value of SAR 400,000 (four hundred thousand Saudi Riyals). Shares were distributed to each of Hamoud Abdullah Ibrahim Al-Theeb and Muhammad Ahmad Abdullah Al-Theeb, with an ownership percentage of 40% each, and Ali Muhammad Suleiman Al-Theeb, with an ownership percentage of 20% of the Company's capital, where Hamoud Abdullah Ibrahim Al-Theeb sold two hundred (200) shares amounting to SAR 200,000 (two hundred thousand Saudi Riyals) to Muhammad Ahmad Abdullah Al-Theeb and one hundred (100) shares amounting to SAR 100,000 (one hundred thousand Saudi Riyals) to Ali Muhammad Suleiman Al-Theeb. Pursuant to the partners' decision dated 14/06/1419H (corresponding to 4 October 1998G), Ali Muhammad Suleiman Al-Theeb waived his entire shares in the Company, 20% of the Company's capital, to Hamoud Abdullah Ibrahim Al-Theeb and Muhammad Ahmad Abdullah Al-Theeb equally. Accordingly, Hamoud Abdullah Ibrahim Al-Theeb and Muhammad Ahmad Abdullah Al-Theeb own 50% of the Company's capital each. Pursuant to the partners' decision dated 12/08/1431H (corresponding to 24 July 2010G), the Company's capital was increased from SAR 500,000 (five hundred thousand Saudi Riyals) divided into five hundred (500) shares with a nominal value of SAR (1,000) per share to SAR 153,902,000 (one hundred and fifty three million nine hundred and two thousand Saudi Riyals) divided into fifteen million three hundred ninety thousand two hundred (15,390,200) shares with a nominal value of ten (10) Saudi Riyals per share, through capitalization of SAR 93,080,000 (ninety-three million eighty thousand Saudi Riyal) from the partner's account and SAR 60,072,000 (sixty million seventy-two thousand Saudi Riyals) from the retained earnings and SAR 250,000 (two hundred fifty thousand Saudi Riyals) from the Company's statutory reserve. Hamoud Abdullah Ibrahim Al-Theeb transferred 1% of the Company's capital to Muhammad Hamoud Al-Theeb and divided 2% equally between each of Ahmed Hamoud Al-Theeb, Abdullah Hamoud Al-Theeb, Salman Hamoud Al-Theeb and Sari Hamoud Al-Theeb. Muhammad Ahmad Abdullah Al-Theeb transferred 3% of the Company's capital, divided equally between each of Naif Muhammad Al-Theeb, Nawaf Muhammad Al-Theeb and Ahmed Muhammad Al-Theeb. Pursuant to the same partner's decision, the current and new partners decided unanimously to convert the company from a limited liability company to a closed joint stock company under the name of "Theeb Rent A Car Company". On 02/08/1434H (corresponding to 11 June 2013G), the partners sold 30% of their ownership in the Company's capital to Growth Opportunities Company for Trading, so that the latter became the owner of 30% of the Company's capital. Pursuant to the Company's Extraordinary General Assembly decision dated 24/07/1441H (corresponding to 19 March 2020G), the Company's capital was increased from SAR 153,902,000 (one hundred fifty three million nine hundred and two thousand Saudi Riyals) divided into fifteen million three hundred ninety thousand and two hundred (15,390,200) ordinary shares with a nominal value of ten (10) Saudi Riyals per share to SAR 430,000,000 (four hundred and thirty million Saudi Riyals) divided into forty-three million (43,000,000) ordinary Shares with a fully paid up nominal value of ten (10) Saudi Riyals per share, through the capitalization of SAR 220,759,923 (two hundred twenty million seven hundred and fifty-nine thousand nine hundred and twenty-three Saudi Riyals) from the retained earnings and SAR 55,338,077 (fifty-five million three hundred and thirty-eight thousand and seventy-seven Saudi Riyals) from the statutory reserve of the Company (for further details about the Company's history, see Section 4.2 (**Corporate History and Evolution of Capital**)).

Company's Activities	The activities of the Company, according to its bylaws, are as follows: 1- Leasing small and medium cars, trucks, and taxis. 2- Ownership, maintenance and development of real estate and land, construction of buildings, reinvestment through lease or sale in cash or in installments for the benefit of the Company, construction of hotels and hotel apartments or various residential units, or commercial, residential, administrative or industrial towers for investment, management or sale them for the Company with the exception of Mecca and Medina. 3- Wholesale and retail trade in new and used Vehicles, tools, equipment, machinery, spare parts, fuel and industrial equipment. 4- Commercial services. 5- Providing travel, tourism and hotel booking services. 6- Leasing heavy equipment. 7- Transporting goods and equipment against fees, and transporting passengers, cars, equipment and fuel inside the Kingdom and abroad. 8- Managing, owning, operating and maintaining gas stations, car maintenance centers, equipment, polishing services, mechanical and electrical workshops for cars and equipment and tire maintenance work. The current activities of the Company are: 1- Car rental and other related services. 2- Vehicle lease and other related services, as well as providing customized solutions to clients. 3- Sale of used vehicles owned by the Company and released from its operations of the above two business segments.
Substantial Shareholders and their Number of Shares and Shareholding Pre- and Post-Offering	Substantial Shareholders' names and ownership in the Company pre- and post-Offering are provided in the table below:

Table 2: Substantial Shareholders and their Ownership Percentages in the Company

Shareholder	Pre-Offering			Post-Offering		
	No. of Shares	Shareholding (%)[(1)]	Value of Shares (SAR)	No. of Shares	Shareholding (%)[(1)]	Value of Shares (SAR)
Hamoud Abdullah Ibrahim Al-Theeb	14,147,000	32.9%	141,470,000	9,902,900	23.0%	99,029,000
Mohammed Ahmed Abdullah Al-Theeb	14,147,000	32.9%	141,470,000	9,902,900	23.0%	99,029,000
Growth Opportunities Company for Trading	12,900,000	30.0%	129,000,000	9,030,000	21.0%	90,300,000
Total	**41,194,000**	**95.8%**	**411,940,000**	**28,835,800**	**67.1%**	**288,358,000**

Source: Company

(1) The above ownership percentages are rounded numbers.

Selling Shareholders	The following table shows the details of the Selling Shareholders, the number of their shares, and their ownership percentages in the Company before and after the Offering:

Table 3: Selling Shareholders and their Ownership Percentages in the Company

Shareholder	Pre-Offering			Post-Offering		
	No. of Shares	Shareholding (%)[1]	Value of Shares (SAR)	No. of Shares	Shareholding (%)[1]	Value of Shares (SAR)
Hamoud Abdullah Ibrahim Al-Theeb	14,147,000	32.9%	141,470,000	9,902,900	23.0%	99,029,000
Mohammed Ahmed Abdullah Al-Theeb	14,147,000	32.9%	141,470,000	9,902,900	23.0%	99,029,000
Growth Opportunities Company for Trading	12,900,000	30.0%	129,000,000	9,030,000	21.0%	90,300,000
Mohammed Hamoud Abdullah Ibrahim Al-Theeb	301,000	0.7%	3,010,000	210,700	0.5%	2,107,000
Naif Mohammed Ahmed Abdullah Al-Theeb	301,000	0.7%	3,010,000	210,700	0.5%	2,107,000
Nawaf Mohammed Ahmed Abdullah Al-Theeb	301,000	0.7%	3,010,000	210,700	0.5%	2,107,000
Ahmed Mohammed Ahmed Abdullah Al-Theeb	301,000	0.7%	3,010,000	210,700	0.5%	2,107,000
Ahmed Hamoud Abdullah Ibrahim Al-Theeb	150,500	0.35%	1,505,000	105,350	0.2%	1,053,500
Abdullah Hamoud Abdullah Ibrahim Al-Theeb	150,500	0.35%	1,505,000	105,350	0.2%	1,053,500
Salman Hamoud Abdullah Ibrahim Al-Theeb	150,500	0.35%	1,505,000	105,350	0.2%	1,053,500
Sari Hamoud Abdullah Ibrahim Al-Theeb	150,500	0.35%	1,505,000	105,350	0.2%	1,053,500
Public	0	0	0	12,900,000	30.0%	129,000,000
Total	**43,000,000**	**100.0%**	**430,000,000**	**43,000,000**	**100.0%**	**430,000,000**

Source: The Company

(1) The above ownership percentages are rounded numbers.

Company's Share Capital Pre- and Post-Offering	The Company's Share capital before the Offering is four hundred and thirty million Saudi Riyals (SAR 430,000,000) fully paid and will remain the same after the Offering.
Total Number of Issued Shares before and after Offering	Number of Company's shares before the Offering is forty-three million (43,000,000) ordinary Shares fully paid-up and will remain the same after the Offering.
Nominal Value per Share	Ten Saudi Riyals (SAR 10) per Share.
Offering	Offering will be for public subscription in the Company's Shares of twelve million nine hundred thousand (12,900,000) ordinary Shares with a fully paid up nominal value of ten Saudi Riyals (SAR 10) per share, representing 30% of the Company's capital, at an Offer Price of SAR 40 per share.
Total Number of Offer Shares	Twelve million nine hundred thousand (12,900,000) fully paid up ordinary Shares.

Percentage of Offer Shares to the Total Number of Issued Shares	The Offer Shares represent 30% of the Company's share capital.
Offer Price	SAR 40 per Offer Share.
Total Value of Offer Shares	SAR 516,000,000.
Use of Proceeds	The Net Offering Proceeds amounting to SAR 495,000,000 (after deducting the Offering expenses estimated at SAR 21,000,000), will be paid to the Selling Shareholders on a pro rata basis according to the number of Shares owned by each Selling Shareholder from the Offer Shares. The Company will not receive any part of the Offering Proceeds (for further details, see Section 8 (**Use of Proceeds**)).
Total Number of Offer Shares to be Underwritten	Twelve million nine hundred thousand (12,900,000) ordinary Shares.
Total Offering Amount to be Underwritten	SAR 516,000,000.
Categories of Targeted Investors	Subscription to the Offer Shares is restricted to the following two groups of Investors: **Tranche (A): Participating Parties:** This tranche includes parties entitled to participate in the book-building process as specified in the Book-Building Instructions, including investment funds, companies, Foreign Qualified Investors and GCC Corporate (as defined in Section 1 (**Definitions and Abbreviations**)); and **Tranche (B): Individual Investors:** This tranche includes Saudi Arabian nationals, including any Saudi female divorcee or widow with minor children from a marriage to a non-Saudi person who can subscribe for her own benefit or in the names of her minor children, on the condition that she proves that she is a divorcee or widow and the mother of her minor children, as well as any natural non-Saudi person who is a residents or GCC citizens who have a bank account with one of the Receiving Agents and are entitled to open an investment account. Subscription by a person in the name of his divorced wife shall be deemed invalid and the applicant shall be subject to the sanctions prescribed by the law. If a duplicate subscription is made, the second subscription will be considered void and only the first subscription will be accepted.
Total Offer Shares Available for Each of the Targeted Investors' Categories	
Number of Offer Shares Available to Participating Parties	Twelve million nine hundred thousand (12,900,000) ordinary Shares, representing (100%) of the total number of Offer Shares. If there is sufficient demand by Individual Investors, and the Participating Entities subscribe to all the Offer Shares allocated to them, the Lead Manager shall have the right to reduce the Offer Shares allocated to Participating Entities to eleven million six hundred and ten thousand (11,610,000) ordinary Shares, representing (90%) of the total Offer Shares.
Number of Offer Shares Available to Individual Investors	A maximum of one million two hundred and ninety thousand (1,290,000) ordinary Shares, representing 10% of the total Offer Shares.
Subscription Method for Each of the Targeted Investors' Categories	
Subscription Method for Participating Entities	Participating Entities as identified in Section 1 (**Definitions and Abbreviations**) may apply for subscription during the book-building process by filling out the Application Form that will be provided by the Bookrunner to the Participating Entities during the book-building process. After provisional allocation, the Participating Entities shall complete the Subscription Application Forms that will be made available to them by the Bookrunner in accordance with the instructions mentioned in Section 17 (**Subscription Terms and Conditions**).
Subscription Method for Individual Investors	Subscription Application Forms will be available during the Offering Period at the Lead Manager and at Receiving Agents' branches. Subscription Application Forms shall be completed in accordance with the instructions mentioned in Section 17 (**Subscription Terms and Conditions**). Individual Investors who have recently participated in recent initial public offerings can also subscribe through the Internet, telephone banking, or automated teller machines ("ATMs") of any of the Receiving Agents' branches that offer any or all such services to its customers, provided that: (i) the Individual Investor shall have a bank account at a Receiving Agent which offers such services; and (ii) there should have been no changes in the personal information or data of the Individual Investor since his subscription in a recent initial public offering.
Minimum Number of Offer Shares to be Applied for byEach of the Targeted Investors' Categories:	
Minimum Number of Offer Shares to be Applied for by Participating Entities	One hundred thousand (100,000) Offer Shares.
Minimum Number of Offer Shares to be Applied for by Individual Investors	Ten (10) Offer Shares.

Minimum Amount of Offer Shares to be Applied for by Each of the Targeted Investors' Categories:	
Minimum Subscription Amount for Participating Entities	SAR 4,000,000.
Minimum Subscription Amount for Individual Investors	SAR 400.
Maximum Number of Offer Shares to be Applied for by Each of the Targeted Investors' Categories:	
Maximum Number of Offer Shares to be Applied for by Participating Entities	Two million one hundred forty-nine thousand nine hundred and ninety-nine (2,149,999) Offer Shares, and, in relation to public funds only, no more than the maximum number of Offer Shares to be calculated for each participating public fund pursuant to the Book-Building Instructions.
Maximum Number of Offer Shares to be Applied for by Individual Investors	Two hundred and fifty thousand (250,000) Offer Shares.
Maximum Subscription Amount to be Applied for by Each of the Targeted Investors' Categories:	
Maximum Subscription Amount for Individual Investors	SAR 10,000,000.
Maximum Subscription Amount for Participating Entities	SAR 85,999,960.
Allocation and Refund of Excess Subscription Amount Method for Each of the Targeted Investors' Categories:	
Allocation of Offer Shares to Individual Investors	Allocation of the Offer Shares to Individual Investors is expected to be completed no later than 16/08/1442H (corresponding to 29/03/2021G). The minimum allocation per Individual Investor is ten (10) Offer Shares, and the maximum allocation per Individual Investor is two hundred and fifty thousand (250,000) Offer Shares, with any remaining Offer Shares, if any, being allocated on a pro rata basis of the number of Offer Shares applied for by that Individual Investor to the total Offer Shares. In the event that the number of Individual Investors exceeds one hundred and twenty nine thousand (129,000) Individual Investors, the Company will not guarantee the minimum allocation of ten (10) Offer Shares per Individual Investor and the allocation will be determined at the discretion of the Company and the Financial Advisor.
Allocation of Offer Shares to Participating Entities	Final allocation of the Offer Shares to Participating Entities shall be made through the Bookrunner after the completion of the Individual Investors subscription process as the Financial Advisor deems appropriate in coordination with the Issuer. The number of Offer Shares to be provisionally allocated to Participating Entities is twelve million nine hundred thousand (12,900,000) Shares representing (100%) of the total Offer Shares. If there is sufficient demand by Individual Investors of Offer Shares, the Bookrunner shall have the right to reduce the number of Offer Shares allocated to Participating Entities to eleven million six hundred and ten thousand (11,610,000) Offer Shares representing (90%) of the total Offer Shares as a minimum upon completion of the Individual Investors' subscription.
Refund of Excess Subscription Monies	Excess subscription monies, if any, will be refunded to Subscribers without withholding any charge or commission by the Bookrunner or the Receiving Agents, as applicable. Announcement of the final allotment will be made on 16/08/1442H (corresponding to 29/03/2021G) and refund of excess subs cription monies will be made no later than 16/08/1442H (corresponding to 29/03/2021G) (for further details, see **Key Dates and Subscription Procedures** on page (xiv) and Section 17 (**Subscription Terms and Conditions**)).
Offering Period for Individual Investors	The Offering will commence on 08/08/1442H (corresponding to 21/03/2021G) and will remain open for a period of one (1) day. (for further details, see **Key Dates and Subscription Procedures** on page (xiv).
Entitlement to Dividends	The Offer Shares will entitle their holders to receive any dividends declared by the Company starting from 18 December 2020G (for further details, see Section 7 (**Dividend Distribution Policy**)).
Voting Rights	The Company has one class of Shares only. None of the Shares carries any preferential voting rights. Each Share entitles its holder to one vote and each Shareholder has the right to attend and vote at the meetings of the General Assembly. A Shareholder has the right to delegate another Shareholder, but not a Director or employees of the Company, to attend the General Assembly meetings (for further details, see Section 12.14 (**Share Description**)).
Restrictions on the Shares (Lock-up Period)	The Substantial Shareholders are subject to a Lock-up Period of six (6) months from the date on which trading of the Offer Shares commences on the Exchange. They may not dispose of any of their Shares during such period. After the Lock-up Period expires, the Substantial Shareholders may dispose of their Shares without a prior approval of CMA.

Listing of Shares	Prior to the Offering, the Company's Shares have never been listed in the Kingdom or elsewhere. An application has been made by the Company to the CMA for registration and offer of the Shares in accordance with the Rules on the Offer of Securities and Continuing Obligations. The Company also submitted an application to the Exchange for listing its Shares on the Exchange in accordance with the Listing Rules. All the relevant approvals required to conduct the Offering have been granted. All supporting documents requested by CMA have been met. It is expected that trading in the Shares will commence on the Exchange after the final allocation of the Offer Shares (for further details, see **Key Dates and Subscription Procedures** on page (xiv)).
Risk Factors	There are certain risks related to the investment in the Offer Shares. These risks can be categorized into: (i) risks related to the operations of the Company; (ii) risks related to the market, industry and regulatory environment, and (iii) risks related to the Shares. These risks are described in Section 2 (**Risk Factors**) and should be considered carefully prior to any investment decision being made in relation to the Offer Shares.
Offering Expenses	The Selling Shareholders will bear all Offering expenses and costs estimated at around SAR 21,000,000. These expenses and costs will be deducted from the Offering Proceeds and include the fees of the Financial Advisor, the Lead Manager, the Bookrunner, the Underwriter, the Legal Advisors, the Financial Due Diligence Advisor and the Market Consultant, in addition to the fees of the Receiving Agents, and marketing, printing and distribution expenses and other relevant expenses.
Underwriter	**Saudi Fransi Capital** King Fahad Road 8092 P.O. Box 23454 Riyadh 3735-12313 Tel: +966 (11) 282 6666 Fax: +966 (11) 282 6823 Website: www.sfc.sa E-mail: info@fransicapital.com.sa

Note: The "**Important Notice**" on page (i) and Section 2 (**Risk Factors**) should be read thoroughly prior to an investment decision being made with respect to the Offer Shares under this Prospectus.

KEY DATES AND SUBSCRIPTION PROCEDURES

Table 4: Expected Offering Timetable

Expected Offering Timetable	Date
Offering Period for Participating Entities	Sunday, 23/07/1442H (corresponding to 07/03/2021G), until the end of Monday, 02/08/1442H (corresponding to 15/03/2021G).
Deadline for Submission of Subscription Application Forms Based on the Number of the Offer Shares Provisionally Allocated for the Participating Entities	Thursday, 05/08/1442H (corresponding to 18/03/2021G).
Offering Period for Individual Investors	One (1) day on Sunday, 08/08/1442H (corresponding to 21/03/2021G).
Deadline for Payment of the Subscription Amount by Participating Entities Based on their Provisionally Allocated Offer Shares	Friday, 06/08/1442H (corresponding to 19/03/2021G).
Deadline for Submission of Subscription Application Forms and Payment of the Subscription Amount by Individual Investors	Sunday, 08/08/1442H (corresponding to 21/03/2021G).
Announcement of the Final Allotment of the Offer Shares	Monday, 16/08/1442H (corresponding to 29/03/2021G).
Refund of Excess Subscription Monies (if any)	Monday, 16/08/1442H (corresponding to 29/03/2021G).
Expected Commencement Date for Trading the Shares on the Exchange	Trading of the Company's Shares on the Exchange is expected to start after completion of all the relevant legal requirements and procedures. The trading commencement date of the Shares will be announced in local newspapers and Tadawul's website (www.tadawul.com.sa).

Note: The above timetable and dates therein are indicative. Actual dates will be communicated through announcements in local daily newspapers in the Kingdom and on the websites of Tadawul (www.tadawul.com.sa), the Financial Advisor (www.sfc.com), and the Company (www.theebonline.com).

How to Apply for the Offer Shares

Subscription to the Offer Shares is restricted to the following two groups of Investors:

- **Tranche (A)**: Participating Parties comprising the parties entitled to participate in the book-building process, including investment funds, companies, Qualified Foreign Investors and GCC Corporate Investors (as defined in Section 1 (**Definitions and Abbreviations**)).
- **Tranche (B)**: Individual Investors comprising individuals holding the Saudi Arabian nationality, including any Saudi female divorcee or widow with minor children from a marriage to a non-Saudi person who can subscribe for her own benefit or in the names of her minor children, on the condition that she proves that she is a divorcee or widow and the mother of her minor children, as well as any non-Saudi residents and GCC natural persons having a bank account and having the right to open an investment account with the Receiving Agents. Subscription by a person in the name of his divorced wife shall be deemed invalid and the applicant shall be subject to the sanctions prescribed by the law. If a duplicate subscription is made, the second subscription will be considered void and only the first subscription will be accepted.

(a) Participating Parties

Participating Parties may apply for subscription during the book-building process period in a way specified by the Financial Advisor and obtain the Bid Forms from the Bookrunner after provisional allocation. The Bookrunner shall, after the approval of the CMA, offer the Offer Shares to the Participating Parties only during the book-building period. Subscriptions by the Participating Entities shall commence during the Offering Period, which also includes the Individual Investors, according to the terms and conditions detailed in the Subscription Application Forms. A signed and sealed Subscription Application Form must be submitted to the Bookrunner representing a legally binding agreement between the Company and the relevant Participating Entity submitting the same.

(b) Individual Investors

Subscription Application Forms for Individual Investors will be available during the Offering Period at the branches of the Receiving Agents. Individual Investors can also subscribe through the internet, telephone banking, or ATMs of any of the Receiving Agents that provide some or all of these channels to Individual Investors who have recently participated in recent initial public offerings, provided that:

- the Individual Investor must have a bank account at the Receiving Agent which offers such services; and
- there should have been no changes in the personal information or data of the Individual Investor (by way of exclusion or addition of any member of his/her family) since he/she last participated in an initial public offering.

Subscription Application Forms must be filled out according to the instructions mentioned in Section 17 (**Subscription Terms and Conditions**). An applicant must complete all the relevant sections in the Subscription Application Form. The Company reserves the right to reject any Subscription Application Form, in part or in whole, if any of the subscription terms and conditions is not met. After being submitted, the Subscription Application Form cannot be amended or withdrawn. Upon submission, the Subscription Application Form shall be considered to be a legally binding agreement by the relevant Investor and the Selling Shareholders (for further details, see Section 17 (**Subscription Terms and Conditions**)).

Excess subscription monies, if any, will be refunded to the primary Individual Investor's account held with the Receiving Agent from which the subscription amount has been debited in the first place, without withholding any charge or commission by the Lead Manager or the Receiving Agents. Excess subscription monies shall not be refunded in cash or to third-party accounts.

For further details regarding subscription by Individual Investors and the Participating Parties, see Section 17 (**Subscription Terms and Conditions**).

SUMMARY OF KEY INFORMATION

This summary of key information is intended to give an overview of the information contained in this Prospectus. However, it does not contain all the information that may be important to prospective investors. Accordingly, this summary must be treated as an introduction to this Prospectus, and persons who wish to subscribe for the Offer Shares are advised to read the entire Prospectus in full so that any decision to invest in the Offer Shares by prospective investors should be based on the consideration of this Prospectus as a whole. In particular, it is important for an investor to carefully consider the "**Important Notice**" on page (i) and Section 2 (**Risk Factors**) prior to making an investment decision with respect to the Offer Shares. The definitions and abbreviations used in this Prospectus shall have the same meanings as given to them in Section 1 (**Definitions and Abbreviations**) and elsewhere in this Prospectus.

OVERVIEW OF THE COMPANY

History of the Company

Theeb Rent A Car is a Saudi closed joint stock company incorporated under the Ministerial Resolution No. 305/S dated 11/10/1431H (corresponding to 20 September 2010G) under commercial registration No. 1010150661 dated 12/04/1419H (corresponding to 6 August 1998G) in Riyadh, Kingdom of Saudi Arabia. The current capital of the Company is four hundred and thirty million Saudi Riyals (SAR 430,000,000), divided into forty-three million (43,000,000) ordinary Shares with a fully paid nominal value of ten (10) Saudi Riyals per share.

The Company started its operation under Theeb Establishment for Contracting owned by Hamoud Abdullah Al-Theeb (hereinafter referred to as the "Establishment") under License No. 244 dated 26/12/1412H (corresponding to 4 November 1991G) issued by the Ministry of Transportation for conducting car rental activities. On 27/4/1414H (corresponding to 24 October 1993G), the Establishment opened a branch under the name "Theeb Rent A Car" registered under commercial registration number 1010116528 dated 27/4/1414H (corresponding to 24 October 1993G) to carry out car rental activities under this branch.

On 19/08/1417H (corresponding to 30 December 1996G), the branch, with its rights and obligations, was converted to a limited liability company under the name "Theeb Rent A Car Company" registered in the commercial register under commercial registration No. 1010150661 dated 12/04/1419H (corresponding to 6 August 1998G) with a capital of five hundred thousand Saudi Riyals (SAR 500,000) divided into five hundred (500) shares (four hundred (400) in-kind shares and one hundred (100) cash shares with a nominal value) of SAR 1,000 per share. The assets of the aforementioned branch were estimated at a value of four hundred thousand Saudi Riyals (SAR 400,000). Shares were distributed to each of Hamoud Abdullah Ibrahim Al-Theeb and Muhammad Ahmad Abdullah Al-Theeb, with an ownership percentage of 40% each, and Ali Muhammad Suleiman Al-Theeb, with an ownership percentage of 20% of the Company's capital, where Hamoud Abdullah Ibrahim Al-Theeb sold two hundred (200) shares amounting to two hundred thousand Saudi Riyals (SAR 200,000) to Muhammad Ahmad Abdullah Al-Theeb and one hundred (100) shares amounting to one hundred thousand Saudi Riyals (SAR 100,000) to Ali Muhammad Suleiman Al-Theeb.

Pursuant to the partners' decision dated 14/06/1419H (corresponding to 4 October 1998G), Ali Muhammad Suleiman Al-Theeb waived his entire shares in the Company, 20% of the Company's capital, equally to Hamoud Abdullah Ibrahim Al-Theeb and Muhammad Ahmad Abdullah Al-Theeb. Accordingly, Hamoud Abdullah Ibrahim Al-Theeb and Muhammad Ahmad Abdullah Al-Theeb owned 50% of the Company's share capital each.

Pursuant to the partners' decision dated 12/08/1431H (corresponding to 24 July 2010G), the Company's capital was increased from five hundred thousand Saudi Riyals (SAR 500,000) divided into five hundred (500) shares with a nominal value of one thousand (SAR 1,000) per share to one hundred and fifty three million nine hundred and two thousand Saudi Riyals (SAR 153,902,000) divided into fifteen million three hundred ninety thousand two hundred (15,390,200) shares with a nominal value of ten (10) Saudi Riyals per share, through capitalization of SAR 93,080,000 (ninety-three million eighty thousand Saudi Riyal) from the partner's account and sixty million seventy-two thousand Saudi Riyals (SAR 60,072,000) from the retained earnings and two hundred fifty thousand Saudi Riyals (SAR 250,000) from the Company's statutory reserve. Hamoud Abdullah Ibrahim Al-Theeb transferred 1% of the Company's capital to Muhammad Hamoud Al-Theeb and divided 2% equally between each of Ahmed Hamoud Al-Theeb, Abdullah Hamoud Al-Theeb, Salman Hamoud Al-Theeb and Sari Hamoud Al-Theeb. Muhammad Ahmad Abdullah Al-Theeb transferred 3% of the Company's capital, divided equally between each of Naif Muhammad Al-Theeb, Nawaf Muhammad Al-Theeb and Ahmed Muhammad Al-Theeb. Pursuant to the same partner's decision, the current and new partners decided unanimously to convert the company from a limited liability company to a closed joint stock company under the name of "Theeb Rent A Car Company".

On 2/8/1434H (corresponding to 11 June 2013G), the partners sold 30% of their ownership in the Company's capital to Growth Opportunities Company for Trading, so that the latter became the owner of 30% of the Company's capital.

Pursuant to the Company's Extraordinary General Assembly decision dated 24/7/1441H (corresponding to 19 March 2020G), the Company's share capital was increased from one hundred fifty three million nine hundred and two thousand Saudi Riyals (SAR 153,902,000) divided into fifteen million three hundred ninety thousand and two hundred (15,390,200) ordinary shares with a nominal value of ten (10) Saudi Riyals per share to four hundred and thirty million Saudi Riyals (SAR 430,000,000) divided into forty-three million (43,000,000) ordinary Shares with a fully paid up nominal value of ten (10) Saudi Riyals per share, through the capitalization of two hundred twenty million seven hundred and fifty-nine thousand nine hundred and twenty-three Saudi Riyals (SAR 220,759,923) from the retained earnings and fifty-five million three hundred and thirty-eight thousand and seventy-seven Saudi Riyals (SAR 55,338,077) from the statutory reserve of the Company (for further details about the Company's history, see Section 4.2 (**Corporate History and Evolution of Capital**)).

Overview of the Company's Business

Theeb Rent a Car is one of the largest car rental companies in the Kingdom, with almost 30 years of experience, a diversified customer base and fleet of approximately 19,000 vehicles as of 31 March 2020G. The Company is one of the leading car rental companies in the Kingdom, covering the Central, Western, Eastern, Northern and Southern regions from 48 car rental branches, ten vehicle maintenance centers, and two used vehicle sales branches. The Company's core activities consist of the following business segments (for further details, see Section 4.6 (**Overview of the Company's Business**)):

- car rental and provision of other related services;
- vehicle lease and providing other related services, in addition to providing customized solutions to vehicle lease customers; and
- sale of used vehicles owned by the Company and released from its operations of the above two business segments.

As of 31 March 2020G, the Company had 1,320 employees across the Kingdom (for further details, see Section 5.8 (**Employees**)).

The Company achieved revenues of SAR 197.6 million in the three-month period ended 31 March 2020G, compared to SAR 141.6 million in the three-month period ended 31 March 2019G, SAR 631.1 million in the financial year ended 31 December 2019G and SAR 532.6 million in the financial year ended 31 December 2018G. Net income for the three-month period ended 31 March 2020G was SAR 34 million, compared to SAR 18.1 million for the three-month period ended 31 March 2019G, SAR 118.8 million for the financial year ended 31 December 2019G and SAR 60.1 million for the financial year ended 31 December 2018G. As of 31 March 2020G, total shareholders' equity amounted to SAR 467.4 million (with a share capital of SAR 430 million, a statutory reserve of SAR 3.4 million, and retained earnings of SAR 34 million), compared to an amount of SAR 451.4 million as of 31 December 2019G (with a share capital of SAR 153.9 million, a statutory reserve of SAR 55.3 million, and retained earnings of SAR 242.1 million), SAR 383.8 million as of 31 December 2018G, and a total assets of SAR 1,294.6 million as of 31 March 2020G, compared to SAR 1,271.6 million as of 31 December 2019G and SAR 892.3 million as of 31 December 2018G.

Company Structure

The Company does not have any direct or indirect ownership in any subsidiary, and it has many branches.

The following table sets out the details of the Company's branches:

Table 5: Details of the Company's Branches as of 31 March 2020G

Branch Name	City	Location
Al Taawan Branch	Riyadh	Al Taawan District
Al-Suwaidi Branch		Al-Suwaidi District
Al-Shifa Branch		Nammar District
Alyasmin Branch		Alyasmin District
Riyadh Showroom - Al Rawdah Branch		Al Rawdah District
Al-Malaz Branch		Al-Malaz District
Umm al-Hamam Branch		Eastern Umm al-Hamam District
King Khalid International Airport Branch (Domestic Flight Terminal)		Domestic Flight Terminal at King Khalid Airport
Al-Orouba Branch		Western Umm al-Hamam District
Yarmouk Branch		Yarmouk District
King Khalid International Airport Branch (International Flight Terminal)		International Flight Terminal, King Khalid Airport
Laban Suburb Branch		Laban Suburb
Buraidah Branch	Buraidah	Al-Noor District
Prince Nayef bin Abdulaziz International Airport Branch		Prince Nayef bin Abdulaziz International Airport
Hail Airport Branch	Hail	Hail Airport
Dammam Branch	Dammam	Ettisalat District
King Fahd International Airport Branch		King Fahd International Airport
North Al Khobar Branch	Al Khobar	Northern Al Khobar District
South Al Khobar Branch		Al Aziziyah District
Jubail Branch	Jubail	First Industrial Support Zone
Khalidia Branch - Al-Ahsa	Al-Ahsa	Khalidia District
Al Mubarraz Branch - Al-Ahsa		Al Mubarraz District
Makkah Branch	Makkah	Alshoqya District
Quraish Street Branch	Jeddah	Al-Bawadi District
Tahlia Branch (Prince Muhammad Bin Abdulaziz Street)		Al Aziziyah District
Al-Baghdadia Branch		Al-Baghdadia District
Madinah Road Branch		As Salamah District
Al-Faiha Branch		Al-Faiha District
Al Samer Branch		Al Samer District
Al-Amal Branch		Al-Nuzha District
Taif Branch	Taif	Al Ruddaf District
Taif International Airport Branch		Taif International Airport
Prince Muhammad bin Abdulaziz Airport Branch	Madina	Prince Mohammed bin Abdulaziz Airport
Madinah Branch		Al Iskan District

Branch Name	City	Location
Yanbu Branch	Yanbu	Al-Yamamah District
Prince Abdul Mohsen bin Abdulaziz Airport Branch		Prince Abdul Mohsen bin Abdulaziz Airport
Al-Ula Branch	Al-Ula	Madinah Road
Tabuk Branch	Tabuk	Sultana District
Prince Sultan bin Abdulaziz Airport Branch		Prince Sultan bin Abdulaziz Airport
Neom Bay Airport Branch	Neom	Neom Bay Airport
Abha Branch	Abha	Airport Road
Abha International Airport Branch		Abha International Airport
Military City Branch	Khamis Mushait	al-Wakwak District
King Saud Domestic Airport Branch	Al-Bahah	King Saud Domestic Airport
Al-Baha Branch		Al-Nuzha District
Jazan Regional Airport Branch	Jazan	Jazan Regional Airport
Najran Branch	Najran	Alaraysah District
Najran Regional Airport Branch		Najran Regional Airport

Source: The Company

The following table sets out the direct ownership structure of the Company before and after the Offering:

Table 6: Direct Ownership Structure of the Company, Pre-and Post-Offering

Shareholder	Pre-Offering			Post-Offering		
	No. of Shares	Shareholding (%)(1)	Value of Shares (SAR)	No. of Shares	Shareholding (%)(1)	Value of Shares (SAR)
Hamoud Abdullah Ibrahim Al-Theeb	14,147,000	32.9%	141,470,000	9,902,900	23.0%	99,029,000
Mohammed Ahmed Abdullah Al-Theeb	14,147,000	32.9%	141,470,000	9,902,900	23.0%	99,029,000
Growth Opportunities Company for Trading	12,900,000	30.0%	129,000,000	9,030,000	21.0%	90,300,000
Mohammed Hamoud Abdullah Ibrahim Al-Theeb	301,000	0.7%	3,010,000	210,700	0.5%	2,107,000
Naif Mohammed Ahmed Abdullah Al-Theeb	301,000	0.7%	3,010,000	210,700	0.5%	2,107,000
Nawaf Mohammed Ahmed Abdullah Al-Theeb	301,000	0.7%	3,010,000	210,700	0.5%	2,107,000
Ahmed Mohammed Ahmed Abdullah Al-Theeb	301,000	0.7%	3,010,000	210,700	0.5%	2,107,000
Ahmed Hamoud Abdullah Ibrahim Al-Theeb	150,500	0.35%	1,505,000	105,350	0.2%	1,053,500
Abdullah Hamoud Abdullah Ibrahim Al-Theeb	150,500	0.35%	1,505,000	105,350	0.2%	1,053,500
Salman Hamoud Abdullah Ibrahim Al-Theeb	150,500	0.35%	1,505,000	105,350	0.2%	1,053,500
Sari Hamoud Abdullah Ibrahim Al-Theeb	150,500	0.35%	1,505,000	105,350	0.2%	1,053,500
Public	-	-	-	12,900,000	30.0%	129,000,000
Total	**43,000,000**	**100.0%**	**430,000,000**	**43,000,000**	**100.0%**	**430,000,000**

Source: The Company

(1) The above ownership percentages are rounded numbers.

Company's Vision, Mission and Strategy

Vision

The Company aims at achieving leadership and excellence in all car rental and vehicle lease services in the Kingdom of Saudi Arabia.

Mission

The Company seeks to gain customer satisfaction and trust and to continuously develop car rental and vehicle lease services by providing various and distinct packages that serve all the needs of its customers.

Strategy

The Company seeks to continue growth in car rental services by opening new branches, whether in airports, inside cities, or in new mega projects in which the need for car rental is likely to increase, and to continue to grow its customer base and expand the range of its services, and develop customer service by introducing various initiatives that include enhancing the electronic services provided by the Company and benefiting from the growth aspect in the e-commerce and logistics service sector. The Company also aims to constantly optimize its fleet and vehicle models to deliver the desired models to meet customers' needs. The Company also seeks to drive growth in leasing commercial vehicles with a vehicle lease system, and to benefit from its experience in delivering commercial vehicles and to win more customers in certain sectors such as employee transportation service companies. In addition, the Company intends to develop sales of used vehicles in its rental activities, including expanding the range of online sale channels.

Company's Competitive Advantages

Theeb Rent A Car is a leading company in the car rental industry in the Kingdom, with nearly 30 years of experience in the Kingdom. There are many factors that enable the Company to compete with its current and potential competitors and give it strong attributes for sustainable growth. These factors include diversified business model, which is based on a well-balanced and complementary revenue base across the car rental and vehicle lease sectors, in addition to a wide network of branches in strategic locations across the Kingdom, including international and regional airports. The Company has a leading brand in the Kingdom and strong relationships with suppliers, financing agencies, and a network of service providers and car agencies in the Kingdom, which contributes to supporting the continuous renewal of the Company's fleet as well as the Company's priority (compared to its competitors) in procuring some new models of cars. The Company also relies on an ambitious and experienced management team with a proven track record of operational success and deep knowledge of the sector.

Market Information

The data and information related to the car rental sector, the vehicle lease sector and the market for selling new and used vehicles in the Kingdom as included in this Prospectus are derived from the report prepared by the Market Consultant. However, there is no reason to believe that this information is inaccurate or incorrect. Accordingly, the Board of Directors, Shareholders and Advisors did not independently verify the accuracy of such data and information and there is no guarantee of their accuracy or completeness.

Overview of the Saudi Economy

The Kingdom has the largest economy in the MENA region in terms of economic size, with a GDP of approximately SAR 2,973 billion as of 31 December 2019G. The Kingdom has an economy that comprises of a significant oil sector, representing 31.2% of GDP, and a non-oil sector representing 68.1%.

Following the declining oil prices since 2014G, the Kingdom's economy has faced adverse challenges. However, as a result of the expanding non-oil sector, coupled with improving oil markets, the Kingdom has returned to economic growth. GDP levels in 2018G have surpassed their 2014G threshold. Overall, the Kingdom's GDP has been growing at a cumulative annual growth rate ("**CAGR**") of 0.9% between 2014G and 2019G.

Driving this growth in GDP is the expansion in the non-oil and government sectors of the economy. This is a consequence of the socio-economic reforms currently underway in the Kingdom such as the National Transformation Plan ("**NTP**") and the Vision 2030 initiative. These changes to the local social structure, such as allowing women to drive, coupled with economic reforms such as streamlining procedures to start new businesses, opening market to the foreign investors or encouraging privatization by selling shares in utilities, and infrastructure assets, are designed to integrate the Kingdom into the global economy. One of the Kingdom's main objective is to attract Foreign Direct Investment ("**FDI**") that will eventually fuel growth in the non-oil sector of the economy.

Overview of the Car Rental Sector

The car rental sector consists of car rental services conducted on a daily, weekly or monthly basis. The rental period usually does not exceed 12 months. The car rental market includes individual clients who rent cars for personal purposes and companies that rent cars for business purposes. Cars rented for the purpose of providing an alternative car from insurance agencies to affected clients (while the owned car is repaired) also form part of the car rental market.

In 2019G, the total value of the car rental market in the Kingdom was SAR 3,986.2 million. The market value increased by a CAGR of 1.2% during the period 2014G - 2019G.

The following table shows the car rental market in the Kingdom in 2014G-2019G:

Table 7: Car Rental Market in the Kingdom in 2014G - 2019G

	2014G	2015G	2016G	2017G	2018G	2019G	CAGR (2014G - 2019G)
Car Rental ('000 cars)	157.9	162.0	169.4	184.7	191.1	199.0	4.7%
Car Rental (SAR Million)	3,750.0	3,834.6	3,816.2	3,818.9	3,799.5	3,986.2	1.2%

Source: Euromonitor International.

Overview of the Vehicle Lease Sector

The vehicle lease sector consists of vehicle leasing services conducted on a contractual basis, spanning from two to five years. The vehicle lease market includes a diverse customer segment, such as medium-sized companies, for-profit and non-profit companies, and government agencies (such as ministries and authorities). All these customer types have different needs in terms of fleet size, mix, brand, etc. and a different sales approach is applied to them accordingly.

The total value of the vehicle leasing market in the Kingdom was SAR 2,953.8 million in 2019G. The market value increased at a CAGR of 8.2% during the period 2014G - 2019G.

The following table shows the vehicle leasing market in the Kingdom in 2014G-2019G:

Table 8: Vehicle Leasing Market in the Kingdom in 2014G -2019G

	2014G	2015G	2016G	2017G	2018G	2019G	CAGR (2014G - 2019G)
Vehicle Leasing ('000 cars)	105.9	105.6	106.5	108.4	122.0	147.5	6.9%
Vehicle Leasing (SAR million)	1,988.0	2,009.3	2,052.0	2,116.0	2,412.2	2,953.8	8.2%

Source: Euromonitor International

Overview of the Used Vehicle Sale Sector

Used vehicle market references the sale of vehicles that have been already sold and registered at least once. As there is no official price list, buyers and sellers of used vehicles usually agree on the market value specific to the condition of the vehicle, which is typically driven by several components, including, but not limited to, age, mileage, optional equipment and technical condition.

The following table shows the new and used vehicle market in the Kingdom in 2014G-2019G:

Table 9: New and Used Vehicle Market in the Kingdom in 2014G-2019G

('000 vehicles)	2014G	2015G	2016G	2017G	2018G	2019G	CAGR, 2014G-2019G
New Vehicle Sales	863.2	852.3	666.4	513.2	415.7	459.1	(11.9%)
Used Vehicle Sales	478.5	573.6	826.9	1,031.9	1,171.1	1,184.8	19.9%

Source: Euromonitor International

Summary of Financial Information and KPIs

The financial information and key performance indicators set forth below should be read together with the Company's audited financial statements for the financial years ended 31 December 2017G, 2018G and 2019G, and reviewed interim financial statements for the three-month period ended 31 March 2020G, including all the related notes, which have been included in Section 19 (**Financial Statements and Auditors' Report**).

Table 10: Summary of Financial Information

SAR'000	2017G Audited	2018G Audited	2019G Audited	Q1 of the Financial Year 2020G
Statement of Profit or Loss				
Revenues	535.506	532.598	631.140	197.597
Cost of Revenue	(425.004)	(389.983)	(410.446)	(137.380)
Gross Profit	**110.502**	**142.615**	**220.694**	**60.217**
Selling and Marketing Expenses	(26.930)	(27.280)	(33.513)	(8.464)
General and Administrative Expenses	(24.303)	(23.518)	(30.625)	(7.369)
Expected Credit Losses	(16.061)	(8.425)	(8.004)	(3.566)
Other Revenues	2.337	2.109	2.879	296
Income from Main Operations	**45.543**	**85.501**	**151.432**	**41.114**
Finance Costs	(15.804)	(16.495)	(24.518)	(7.494)
Income Before Zakat	**29.739**	**69.005**	**126.914**	**33.620**
Zakat	(1.015)	(2.023)	(4.114)	440
Zakat Differences for Previous Years	-	(6.888)	(4.014)	-
Net Income for the Period	**28.724**	**60.095**	**118.786**	**34.060**
Items that will not be Reclassified to Profit or Loss: Actuarial (Losses) / Profits on Employee Benefit Liabilities	1.409	921	(1.777)	-
Comprehensive Income for the Period	**30.133**	**61.016**	**117.608**	**34.060**
Balance Sheet				
Total Non-Current Assets	608.654	750.853	1.074.456	1.025.048
Total Current Assets	131.666	141.413	197.141	269.514
Total Assets	**740.320**	**892.265**	**1.271.598**	**1.294.562**
Total Non-Current Liabilities	114.225	149.502	368.040	350.426
Total Current Liabilities	275.096	358.977	452.184	476.703
Total Liabilities	**389.321**	**508.500**	**820.224**	**827.129**
Total Shareholders' Equity	351.000	383.765	451.374	467.434
Total Liabilities and Shareholders' Equity	**740.320**	**892.265**	**1.271.598**	**1.294.562**
Statement of Cash Flow				
Net Cash Used in Operating Activities	120.322	(21.155)	(128.853)	46.800
Net Cash Used in Investing Activities	(4.071)	(18.599)	(3.966)	(852)
Net Cash from Financing Activities	(116.920)	41.376	158.665	(39.525)
Net Change in Cash and Cash Equivalents During the Period	**(669)**	**1.622**	**25.847**	**6.423**
Cash and Cash Equivalents at Period Beginning	32.171	31.502	33.124	58.970
Cash and Cash Equivalents at Period End	**31.502**	**33.124**	**58.970**	**65.393**

Source: Audited financial statements for the financial years ended 31 December 2017G, 2018G and 2019G, and the reviewed interim financial statements for the three-month period ended 31 March 2020G

Table 11: KPIs

SAR'000	2017G Audited	2018G Audited	2019G Audited	Q1 of the Financial Year 2020G
KPIs				
As Percentage of Revenue				
Gross Profit Margin	20.6%	26.8%	35.0%	30.5%
Selling and Marketing Expenses	5.0%	5.1%	5.3%	4.3%
General and Administrative Expenses	4.5%	4.4%	4.9%	3.7%
Net Income	5.4%	11.3%	18.8%	17.2%
Car Rental Services				
Rental Fleet at the End of the Year (Number of Vehicles)	8.210	8.430	10.670	10.335
Average Daily Fleet (Number of Vehicles)	9.093	7.473	8.963	9.797
Average Annual Revenue of a Car (SAR)	34.772	38.061	38.982	9.035
Rental Fleet Utilisation Ratio	69.4%	72.4%	73.5%	70.5%
Vehicle Lease Services				
Number of Vehicles Leased at the End of the Period	4.075	5.735	8.431	8.541
Weighted Average Number of Leased Vehicles (Based on the Number of Operating Days in Proportion to the Number of Days of the Year)	3.156	4.702	6.464	7.902
Average Annual Vehicle Lease Revenue (SAR)	26.295	29.006	29.573	7.558
Used Vehicles Sales				
Number of Used Vehicles Sold	5.552	4.180	3.173	1.585
Average Used Vehicles Sales Revenue (SAR)	24.557	26.745	28.551	31.138

Source: Management Information

SUMMARY OF RISK FACTORS

Prior to making an investment decision with respect to the Offer Shares, prospective investors should carefully consider all the information contained in this Prospectus, particularly the risks stated below, which are described in detail in Section 2 (**Risk Factors**).

Risks Related to the Operations of the Company

- Risks Related to Growing Importance of Internet Bookings for Car Rentals
- Risks Related to Structural Changes in the Transportation Industry
- Risks Related to Concentration of Revenue in Top Five Branches
- Risks Related to the Company's Inability to Implement its Growth Strategy in the Future
- Risks Related to Seasonal Factors
- The Risks Related to Epidemics
- Risks Related to the Company's Reputation and the Quality of the Services Provided
- Risks Related to Closure of Some of the Company's Branches
- Risks Related to Inaccurate Estimates of Costs for Rental and Lease Pricing Purposes
- Risks Related to Inaccurate Estimates of Future Demand Levels of Car Rental
- Risks Related to Vehicles Purchase
- Risks Related to the Company's Selling of Vehicles upon Retirement
- Risks Related to the Opening of New Car Rental Branches
- Risks Related to Leasing Real Estate Properties
- Risks Related to Airport Branch Leases
- Risks Related to Related Party Transactions and Agreements
- Risks Related to the Participation by Some of Directors and Senior Executives in Competing Businesses with the Company's Business
- Risks Related to Loss of Major Vehicle Lease Customers
- Risks Related to Inability to Adequately Maintain the Confidentiality and Integrity of Customer and Employee Data
- Risks Related to Credit Card and Mada Card Payments
- Credit Risk Related to Collecting Receivables from the Company's Customers
- Risks Related to Financing
- Risks Related to Personal Guarantees Provided by Shareholders
- Risks Related to Adverse Changes in Interest Rate
- Risks of Reliance on Senior Management and Key Personnel
- Risks Related to Failure to Attract and Retain Qualified Employees
- Risks Related to Employee Misconduct and/or Errors
- Risks Related to Reliance on Information Technology Infrastructure
- Risks Related to Adequacy and Unavailability of Insurance Coverage
- Risks Related to Litigation
- Risks Related to Developing and Maintaining Favourable Brand Recognition
- Risks Related to Marketing Activities
- Risks Related to Protection of Intellectual Property Rights
- Risks Related to Potential Tax and Zakat Liability
- Risks Related to Newly Implemented Corporate Governance Rules
- Risks Related to Failure by the Audit Committee and the Nomination and Remuneration Committee to Perform their Duties as Required
- Risks Related to Lack of Experience in Managing a Publicly Listed Company

Risks Related to the Market, Industry, and Regulatory Environment

- Risks Related to Consumer Spending due to Weak Economic Conditions
- Risks Related to Political Instability and Security Concerns in the MENA Region
- Risks Related to Force Majeure and Natural Disasters
- Risks Related to Competition and Market Share of the Company
- Risks Related to Changes in the Regulatory Environment
- Risks Related to Value Added Tax
- Risks Related to Changes in Energy Prices
- Risks Related to Exchange Rates
- Risk Related to Licences and Approvals
- Risks Related to Change in the Mechanism of Calculating Zakat and Income Tax
- Risks Related to the Increase in Government Fees Applicable to Non-Saudi Employees
- Risks Related to Non-Compliance with the Saudisation Requirements

Risks Related to Offer Shares

- Risks Related to Post-Offering Effective Control by the Current Shareholders
- Risks Related to Absence of a Prior Market for the Shares
- Risks Related to Selling a Large Number of Shares in the Market
- Risks Related to Issuance of New Shares Post Offering
- Risks Related to Fluctuation in the Market Price of the Shares
- Risks Related to Distribution of Dividends and Restrictions Imposed on Distribution of Dividends by Financers

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TABLES

EXHIBITS

1. DEFINITIONS AND ABBREVIATIONS

Admission	Admission of the Shares to listing on the Exchange in accordance with the Listing Rules and, where the context requires, an application to the Exchange for listing of securities.
Advisors	Advisors of the Company in relation to the Offering, whose names appear on pages (vi) and (vii) of this Prospectus.
Application Form	The application form to be used by the Participating Entities to subscribe for the Offer Shares during the book-building period. This term includes (as the case may be) the supplementary application form when changing the price range.
Audit Committee	The Audit Committee of the Company.
Auditors	It means collectively: (1) Aldar Audit Bureau (Abdullah Al Basri & Co.) for the audited financial statements for the financial years ended 31 December 2017G, 2018G and 2019G, and the reviewed interim financial statements for the three-month period ended 31 March 2020G; and (2) Ernst & Young & Co. (Certified Public Accountants) for the financial year ended 31 December 2020G, starting with the Unaudited Interim Condensed financial statements for the six-month period ended 30 June 2020G.
Authorized Person	A person authorized by the CMA to carry out activities related to securities.
Beneficial Ownership	A person shall be treated as a beneficial owner of shares if such person has the ultimate beneficial ownership or control of the shares, whether through a chain of companies or otherwise.
Board of Directors or Board	The Board of Directors of the Company.
Book-Building Instructions	The Instructions for Book-Building Process and Allocation Method in Initial Public Offerings, issued pursuant to CMA Board Resolution No. 2-94-2016, dated 15/10/1437H (corresponding to 20 July 2016G), as amended by CMA Board Resolution No. 3-102-2019, dated 18/01/1441H (corresponding to 17 September 2019G).
Bookrunner	Saudi Fransi Capital and EFG Hermes KSA.
Business Day	Any day (other than Fridays, Saturdays and official holidays) on which the Receiving Agents are open for business in the Kingdom.
Bylaws	The Bylaws of the Company, which are summarized in Section 12.13 (**Summary of Bylaws**).
car	Any vehicle used for the purpose of transportation for passengers only.
Chairman	The Chairman of the Board of Directors.
Chief Executive Officer	The Chief Executive Officer of the Company.
CMA	The Capital Market Authority of the Kingdom.
CML	The Capital Market Law issued under Royal Decree M/30, dated 2/6/1424H (corresponding to 31 July 2003G), as amended.
Committees	The Audit Committee, and the Nomination and Remuneration Committee of the Company.
Companies Law	The Companies Law, issued under Royal Decree No. (M/3), dated 28/1/1437H (corresponding to 10 November 2015G), as amended.
Company or Issuer	Theeb Rent a Car Company.
Control	"Control" means the ability to, directly or indirectly, influence the acts or decisions of another person, individually or collectively with a relative or affiliate, through (a) holding 30% or more of the voting rights in the Company or (b) the right to appoint 30% or more of the administrative staff; and the word "controller" shall be construed accordingly.
Corporate Governance Regulations	The Corporate Governance Regulations, issued pursuant to the CMA Board's Resolution No. 8-16-2017, dated 16/5/1438H (corresponding to 13 February 2017G), and amended pursuant to the CMA Board's Resolution No. 3-57-2019, dated 15/9/1440H (corresponding to 20 May 2019G), as may be amended.
Current Shareholders	The Shareholders whose names and shareholding percentages are set out in Table 6 (**Direct Ownership Structure of the Company, Pre-and Post-Offering**).
Directors (and each individually a Director)	The members of the Company's Board of Directors appointed by the General Assembly and whose names appear in Section 5 (**Organizational Structure and Corporate Governance**).
Exchange or Tadawul	The Saudi Stock Exchange (Tadawul).
Extraordinary General Assembly	An Extraordinary General Assembly of the Company's Shareholders convened in accordance with the Bylaws.
Financial Advisor	Saudi Fransi Capital.
Financial Due Diligence Advisor	PricewaterhouseCoopers (Public Accountants).

Financial Institutions	Banks and financial services companies.
Financial Statements	The audited financial statements of the Company for the financial year ended 31 December 2017G, and the accompanying notes thereto, which have been prepared in accordance with the accounting standards issued by SOCPA, audited by Aldar Audit Bureau (Abdullah Al-Basri & Co.) as the Company's auditors for the financial years ended 31 December 2017G, 31 December 2018G, 31 December 2019G and for the three months ended 31 March 2019G and 2020G, the Company's audited financial statements for the financial years ended 31 December 2018G and 2019G, and the accompanying notes thereto, which have been prepared in accordance with the IFRS endorsed by SOCPA and other standards and pronouncements issued by SOCPA, audited by Aldar Audit Bureau (Abdullah Al-Basri & Co.) as well, and the reviewed interim financial statements for the three-month period ended 31 March 2020G, and the accompanying notes thereto, which have been prepared in accordance with International Accounting Standard 34, as endorsed by SOCPA and other standards and pronouncements issued by SOCPA.
Financial Year	The Company's financial year starting from 1 January to 31 December of each financial year.
Foreign Investment Law	The Foreign Investment Law issued pursuant to Royal Decree No. M/1 dated 5/1/1421H (corresponding to 10 April 2000G) and the Council of Ministers' Resolution No. 1 dated 5/1/1421H (corresponding to 10 April 2000G).
Foreign Investors	Non-GCC individuals living outside the Kingdom and non-GCC institutions registered outside the Kingdom who have the right to invest indirectly to acquire an economic benefit in the Offer Shares by entering into Swap Agreements with Authorized Persons to purchase shares listed on the Exchange.
G	Gregorian calendar.
GCC	The Cooperation Council for the Arab States of the Gulf, consisting of: the Kingdom of Bahrain, State of Kuwait, Sultanate of Oman, State of Qatar, Kingdom of Saudi Arabia and United Arab Emirates.
GCC Corporate Investors	Any company with the majority of its share capital being owned by GCC nationals or governments and having the nationality of a GCC State according to the definition mentioned in the Resolution of the Supreme Council of GCC issued in the 15th session and approved by the Council of Ministers' Resolution No. 16 dated 20/01/1418H, as well as GCC funds with the majority of its capital being owned by GCC citizens or governments.
GDP	Gross Domestic Product (the broadest quantitative measure of a nation's total economic activity, which represents the monetary value of all goods and services produced within a nation's geographical borders over a specified period of time).
GDP per Capita	GDP per capita is a measure of average income per person in a country (it divides the GDP by the population).
General Assembly	An Extraordinary General Assembly and/or an Ordinary General Assembly; "General Assembly" shall mean any general assembly of the Company.
GOSI	The General Organization of Social Insurance in the Kingdom.
Government	The Government of the Kingdom (and "Governmental" shall be interpreted accordingly).
Growth Opportunities	Growth Opportunities Company for Trading is a Saudi limited liability company and a Substantial Shareholder in the Company.
H	Hijri calendar.
IFRS	The International Financial Reporting Standards issued by the International Accounting Standards Board, and endorsed by SOCPA in addition to some requirements and disclosures added to some standards by SOCPA, and other standards and pronouncements. These standards and pronouncements include those standards and technical releases that are issued by SOCPA for matters not covered by IFRS, such as those related to Zakat.
Individual Investors	Individuals holding the Saudi Arabian nationality, including any Saudi female divorcee or widow with minor children from a marriage to a non-Saudi person who can subscribe for her own benefit or in the names of her minor children, on the condition that she proves that she is a divorcee or widow and the mother of her minor children, as well as any non-Saudi national and GCC natural persons having a bank account and having the right to open an investment account with the Receiving Agents.
Investment Funds Regulations	The Investment Funds Regulations issued pursuant to the CMA Board's Resolution No. 1-219-2006, dated 3 December 1427H (corresponding to 24 December 2006G), based on the Capital Market Law promulgated by Royal Decree No. M/30, dated 02/06/1424H, as amended by the CMA Board's Resolution No. 1-61-2016 on 16/8/1437H (corresponding to 23 May 2016G).
Investors	The Participating Parties and Individual Investors.
Kingdom	Kingdom of Saudi Arabia.
Labour Law	The Saudi Arabian Labour Law issued under Royal Decree No. M/51, dated 23/8/1426H (corresponding to 27 September 2005G), as amended.
Lead Manager	Saudi Fransi Capital.
lease	It is one of the Company's main business sectors through which it leases passenger cars and commercial vehicles on an annual basis.
Legal Advisor	The Law Firm of AlSalloum and AlToaimi.

Listing Rules	The Listing Rules approved by the CMA Board Resolution No. 3-123-2017, dated 09/04/1439H (corresponding to 27 December 2017G) and amended by the CMA Board Resolution No. 1-104-2019 dated 01/02/1441H (corresponding to 30 September 2019G).
Lock-up Period	A six-month period during which the Substantial Shareholders may not dispose of any of their Shares from the date on which trading of the Shares commences on the Exchange.
Main Market	The market in which the registered and offered Shares are traded under Chapter 4 of the Rules on the Offer of Securities and Continuing Obligations.
Management	The Senior Executives of the Company.
Market Consultant	Euromonitor International Ltd.
MHRSD	The Saudi Arabian Ministry of Human Resources and Social Development.
MoC	The Saudi Arabian Ministry of Commerce.
Net Offering Proceeds	The Offering Proceeds net of expenses related to the Offering.
Nitaqat Program	A program developed by the Ministry of Human Resources and Social Development (previously the Ministry of Labour) under the Minister of Human Resources and Social Development (previously the Minister of Labour) Resolution No. 4040 dated 10/12/1432H (corresponding to 10 September 2011G) based on the CoM Resolution No. 50 dated 21/05/1415H (corresponding to 27 October 1994G) to provide incentives for establishments to employ Saudi citizens. This program evaluates the performance of any establishment based on specific ranges, which are platinum, green (divided into three categories: low, medium and high green), yellow and red. Enterprises that are classified within the platinum and green bands are considered complying with the Saudisation requirements, which qualifies them to obtain some specific privileges, such as enabling them to obtain and renew visas for foreign employees or enabling them to change the profession of foreign employees (except for professions restricted to Saudi citizens). Enterprises that are classified within yellow or red bands (depending on the extent of non-compliance with Saudisation requirements) are not compliant with the Saudisation requirements and are subject to some penalizing measures against them, such as limiting their ability to renew work visas for foreign employees or even preventing them from obtaining or renewing work visas for foreign employees.
Nominal Value	SAR 10 per share.
Nomination and Remuneration Committee	The Nomination and Remuneration Committee of the Company.
Offer Price	SAR 40 per Share.
Offer Shares	12,900,000 ordinary Shares, representing 30% of the Company's share capital.
Offering	The initial public offering of 12,900,000 ordinary Shares with a fully paid-up nominal value of ten (10) Saudi Riyals per share, representing (30%) of the Company's share capital, and at an Offer Price of SAR 40 per share.
Offering Period	One (1) day on Sunday, 08/08/1442H (corresponding to 21/03/2021G).
Offering Proceeds	The total value of the Shares subscribed for in the Offering.
Ordinary General Assembly	An Ordinary General Assembly of the Company's Shareholders convened in accordance with the Bylaws.
Participating Entities	Entities involved in the book-building process from amongst the Participating Parties.
Participating Parties	In accordance with the Book-Building Instructions, the parties entitled to participate in the book-building process, as follows: 1- public and private funds that invest in securities listed on the Exchange, if permissible under the terms and conditions of such funds, in compliance with the provisions and restrictions set forth in the Investment Funds Regulations and the Book-Building Instructions; 2- Persons authorized by the CMA to trade in securities as principals, in compliance with the provisions of the Prudential Rules upon submission of a Subscription Application; 3- clients of a person authorized by the CMA to conduct management activities in accordance with the provisions and restrictions set forth in the Book-Building Instructions; 4- legal persons allowed to open an investment account in the Kingdom and an account with the Depositary Center, including foreign legal persons who are allowed to invest on the Exchange, in accordance with the Controls on Investment by Listed Companies in Exchange-Listed Securities set forth in CMA Circular No. 6/05158, dated 11/8/1435H (corresponding to 9 June 2014G), issued pursuant to CMA Board Resolution No. 9-28-2014, dated 20/7/1435H (corresponding to 19 May 2014G); 5- Governmental entities, any supranational authority recognised by the CMA, the Exchange, or any other stock exchange recognised by the CMA or the Depositary Center; 6- Government-owned companies, whether investing directly or through a portfolio manager; and 7- GCC companies, and GCC funds if permissible under the terms and conditions of such funds.
Person	A natural or a legal person qualified as such under the laws of the Kingdom.

Prospectus	This document prepared by the Company in relation to the Offering.
Prudential Rules	The Prudential Rules issued pursuant to the CMA Board's Resolution No. 1-40-2012, dated 17/2/1434H (corresponding to 30 December 2012G), as amended.
Public	Persons other than the following: 1- Affiliates of the Issuer; 2- Substantial Shareholders of the Issuer; 3- Directors and Senior Executives of the Issuer; 4- Directors and senior executives of the Issuer's affiliates; 5- Directors and senior executives of the Issuer's Substantial Shareholders; 6- Any relatives of the persons referred to in (1, 2, 3, 4, or 5) above; 7- Any company controlled by any person referred to in clause (1, 2, 3, 4, 5 or 6) above; or 8- Persons acting in concert, with a collective shareholding of (5%) or more of the class of shares to be listed.
QFI or Qualified Foreign Investors	A qualified foreign investor who is qualified to invest in shares of Saudi companies in accordance with the QFI Rules.
QFI Rules	The Rules for Qualified Foreign Financial Institutions Investment in Listed Securities issued pursuant to the CMA Board's Resolution No. 1-42-2015, dated 15/7/1436H (corresponding to 4 May 2015G) and amended pursuant to the CMA Board's Resolution No. 3-65-2019, dated 14/10/1440H (corresponding to 17 July 2019G).
Receiving Agents	The Receiving Agents whose names appear on page (vii)of this Prospectus.
Related Party	It includes, in this Prospectus, the term "Related Party" or "Related Parties" in accordance with Glossary of Defined Terms Used in the Regulations & Rules of the Capital Market Authority issued by CMA Board Resolution No. 4-11-2004 dated 20/08/1425H (corresponding to 4 October 2004G), as amended by CMA Board Resolution 2-86-2020 dated 19/1/1442H (corresponding to 7 September 2020G) as follows: 1- Affiliates of the Issuer; 2- Substantial Shareholders of the Issuer; 3- Directors and Senior Executives of the Issuer; 4- Directors and senior executives of an affiliate of the Issuer; 5- Directors and senior executives of the Issuer's Substantial Shareholders; 6- Any relatives of the persons described in paragraphs (1), (2), (3), (4), or (5) above; or 7- Any company controlled by any person described in paragraphs (1), (2), (3), (4), (5) or (6).
Relatives	Husbands and wives and minor children.
rental	It is one of the Company's main business sectors through which it leases passenger cars and commercial vehicles on a daily, weekly or monthly basis.
Risk Factors	A group of potential influences that should be understood and hedged against prior to Offer Shares being subscribed for.
Rules on the Offer of Securities and Continuing Obligations	The Rules on the Offer of Securities and Continuing Obligations issued by the CMA Board pursuant to Resolution No. 3-123-2017 dated 09/04/1439H (corresponding to 27 December 2017G) in accordance with the Capital Market Law promulgated by Royal Decree No. M/30 dated 02/06/1424H, and amended by the CMA Board's Resolution No. 1104-2019 dated 01/02/1441H (corresponding to 30 September 2019G).
SAIBOR	The reference price of the interbank lending cost in Saudi Riyals.
SAMA	The Saudi Arabian Monetary Authority
SAR	The Saudi Arabian Riyal, which is the lawful currency of the Kingdom.
Saudisation	It is the process of replacing a resident non-Saudi person with a Saudi citizen in a specific job, provided that the citizen has the capabilities, qualifications and competencies required to perform this job.
Secretary	The Secretary of the Board of Directors.
Selling Shareholders	The Shareholders whose names and shareholding percentages are set out in Table 6 (**Direct Ownership Structure of the Company, Pre-and Post-Offering**) who will sell part of their Shares in the Offering.
Senior Executives	The members of the Company's senior management whose names appear in Table 5.5 (**Details of Senior Executives**).
Shareholder	Any holder of Shares in the Company.
Shares	43,000,000 ordinary shares of the Company, with a fully paid nominal value of SAR 10 per share.
SOCPA	The Saudi Organization for Certified Public Accountants.
Subscribers	The Participating Entities and Individual Investors.
Subscription Application	The application submitted by the Participating Entities to the Bookrunner for subscription to the Offer Shares not later than the last day of the book-building period. This term includes, when applicable, the appended applications when the price range is changed.

Subscription Application Form	The subscription application form to be used by Participating Entities and Individual Investors (as the case may be) to subscribe for the Offer Shares.
Substantial Shareholder	A person who owns 5% or more of the Company's share capital.
Swap Agreements (SWAPs)	A swap agreement between non-Saudi individuals residing outside the Kingdom and institutions registered outside the Kingdom except for foreign legal investors in accordance with the Rules for Qualified Foreign Financial Institutions Investment in Listed Securities and foreign strategic investors in accordance with the Instructions for the Foreign Strategic Investors Ownership in Listed Companies to acquire the economic benefits of shares and persons authorized by CMA to purchase, own and trade in shares listed in Tadawul for the benefit of Foreign Investors. Under the Swap Agreements, Authorized Persons will be registered as legal owners of these shares.
Underwriter	Saudi Fransi Capital.
Underwriting Agreement	The Underwriting Agreement entered into between the Company and the Selling Shareholders and the Underwriter in connection with the Offering.
used vehicle sales	It is one of the Company's main business sectors through which it sells used vehicles from its own fleet after the end of their operational cycles, which range from two to five years.
Value Added Tax (VAT)	The Council of Ministers decided on 2 Jumada Al-Awwal 1438H to approve the Unified GCC Value Added Tax Agreement, which came into effect on 1 January 2018G, as a new tax to be added to the system of taxes and other duties to be applied by specific sectors in the Kingdom and in the other GCC countries. The amount of this tax was initially 5%, and a number of products (such as basic food, and health care and education services) are exempted from such tax. As of 1 July 2020G, VAT has been further increased to 15% by the Ministry of Finance.
vehicle	Any means of transportation for passengers or goods, whether cars or trucks, regardless of their size or cargo capacity.
Vision 2030	The National Strategic Economic Program, which aims to reduce dependence on the oil and petrochemical industry, diversify the Saudi economy, and develop public services.

2. RISK FACTORS

Prospective investors should carefully consider the risk factors set out below and the other information contained in this Prospectus prior to making an investment decision with respect to the Offer Shares. The risks and uncertainties described below are those that the Company currently believes could affect the Company and any investment in the Offer Shares. However, the risks listed below do not necessarily comprise all those affecting the Company or associated with an investment in the Offer Shares. There may be additional risks and uncertainties that the Company is currently not aware of, or that the Company currently believes are immaterial. The occurrence of any such risks and uncertainties may materially and adversely affect the Company's business, financial condition, results of operations and/or prospects. As a result, the price of the Shares may decline, the Company's ability to pay dividends to investors could be impaired and investors may lose all or part of their investment.

The Company's Directors confirm that, to the best of their knowledge and belief, there are no other material risks as of the date of this Prospectus besides those mentioned in this Section that may affect investors' decisions to invest in the Offer Shares. All prospective investors considering investing in the Offer Shares should assess the risks related to them, the Offering in general, and the economic and regulatory environment in which the Company operates.

An investment in the Offer Shares is only suitable for investors who are able to evaluate the risks and the benefits of such investment and who have sufficient resources to bear any loss resulting from such investment. Prospective investors who have doubts about which actions to take should refer to a financial adviser licenced by the CMA for advice about investing in the Offer Shares.

The risks described below are not presented in any assumed order of priority that can reflect their importance and their expected impact on the Company. Other risks unknown to the Company may also occur, or which the Company considers immaterial at the present time and may have the same effects or consequences mentioned in this Prospectus. Accordingly, the risks described in this Section or in any other section of this Prospectus may not: (a) include all risks that may affect the Company or its operations, activities, assets, or the markets in which it operates, and/or (b) include all of the risks relating to investment in the Offer Shares.

2.1 Risks Related to the Operations of the Company

2.1.1 Risks Related to Growing Importance of Internet Bookings for Car Rentals

Internet bookings for car rental reservations is one of the most important sales channels transforming the customer experience and increasing price pressure in the car rental industry due to increased competitive transparency. 11%, 12%, 16% and 15% of the Company's car rental reservations were made via the Internet during the financial years ended 31 December 2017G, 2018G and 2019G, and the threemonth period ended 31 March 2020G, respectively. The Internet's popularity is due, among other things, to its ease of use (including for last minute bookings) and the fact that it enables price and service comparisons. This led to increasing the intensity of competition. The Company's success depends on its ability to take advantage of this sales channel of growing importance and offer customers a convenient way to book cars over the Internet at price points that will appeal to them. If the Company does not timely and adequately react to the growing importance of internet bookings for car rentals or relative technical changes and does not take appropriate measures accordingly, it may experience reduced demand and pricing for its vehicles and services, which will have a material adverse effect on its business, financial condition, results of operations and prospects.

2.1.2 Risks Related to Structural Changes in the Transportation Industry

The transportation industry in general is evolving and is facing substantial structural changes. Public transportation projects, such as Riyadh Metro in Riyadh or Haramain High Speed Railway, or companies offering new mobility business models, including ride-hailing applications such as Uber or Careem, or autonomous vehicles, may in turn affect demand for rental vehicles and result in modifying customer preferences and usages. Some of these companies may have access to substantial capital, innovative technologies or have the ability to launch new services at a relatively low cost. To the extent competitors can improve transportation efficiency, alter customer driving patterns, offer more competitive prices, more effectively utilise mobile platforms, or undertake more aggressive marketing campaigns, the Company could experience heightened pricing competition and/or loss of rental volume. Therefore, the Company's ability to continually improve its current processes and offering in response to the structural changes in the transportation industry in general, as well as in response to changes in technology is essential in maintaining its competitive position and current levels of customer satisfaction. A failure to have a systematic and comprehensive process to address such changes may result in loss of competitive differentiation, departure of key partners, and negative impact on the Company's profitability, market share, and ability to achieve growth targets, which will have a material adverse effect on the Company's business, financial condition, results of operations and prospects.

2.1.3 Risks Related to Concentration of Revenue in Top Five Branches

Revenues generated from car rental services amounted to around 59.0%, 53.4%, 55.4% and 44.8% respectively, as of the years ended 31 December 2017G, 2018G, 219G, and the three-month period ended 31 March 2020G, respectively, of the Company's total revenue. For the financial years ended 31 December 2017G, 2018G, 2019G and the three-month period ended 31 March 2020G, revenues generated from the Company's top five branches (Terminal Five branch in Riyadh Airport, main branch – Exhibition, Dammam Airport, Madinah Road, Jeddah and Abha Airport) amounted to SAR 130.5 million, SAR 127.9 million, SAR 153.7 million and SAR 35.7 million, respectively, representing 40.1%, 43.9% and 42.8% and 17.9% of the Company's total revenue for the same periods. The Company owns one of such branches and leases four of them. There can be no assurance that the Company will be able to renew such leases upon their expiration on acceptable terms or at all (see also Section 2.1.14 (**Risks Related to Leasing Real Estate Properties**) below). The Company may be forced to close one or more branches due to regulatory matters, such as loss or non-renewal of required permits or licences (see also Section 2.2.9 (**Risk Related to Licences and Approvals**)). A potential loss of any of its top five car rental branches would have a material adverse effect on the Company's business, financial condition, results of operations and prospects.

In addition, car rental revenue in the Central Province amounted to 47.6%, 48.8%, 49.7% and 50.7% of the total car rental revenue for the financial years ended 31 December 2017G, 2018G, 2019G and the three-month period ended 31 March 2020G, respectively, while amounting in Makkah AlMukarramah and Al-Mad⊠nah Al-Munawwarah to 25.2%, 18.5%, 19.8% and 19.9% for the same period, and in the Eastern Province to 12.8%, 14.0%, 15.0% and 13.8%, and in the Southern Province to 3.7%, 4.0%, 3.3% and 15.3% of the total car rental revenue for the same periods. There is no guarantee that the Company will be able to maintain its growing revenues from these geographical areas or diversify its revenues to include other geographical areas, and if the revenues from such areas substantially decreased, this would have a material and adverse impact on the Company's business, financial position, results of operations and prospects.

2.1.4 Risks Related to the Company's Inability to Implement its Growth Strategy in the Future

The Company regularly evaluates its expansion plans, including opening new branches and increasing its fleet size. This expansion entails risks, including, but not limited to, the Company's ability to obtain additional financing contracts and their relative potential impacts on the financial condition of the Company, integrating new vehicles into its operations, managing the expansion process efficiently, responding to market trends in the car rental and vehicle lease sectors in a timely and cost-effective manner, and attracting and training the Company's key managers and employees to manage its fleet. The Company's failure to expand and implement its growth strategy or to manage the expansion process in the required manner would have a material adverse effect on the Company's business, financial condition, results of operations and prospects.

2.1.5 Risks Related to Seasonal Factors

The Company's business is, to a certain extent, affected by seasonality during the year. High demand for car rentals usually coincides with public holidays, such as the Eid holidays due to higher levels of travel in the Kingdom, as well as specific events, such as Riyadh Season. Any occurrence that disrupts rental activity during such high rental periods, such as bad weather or a widespread outbreak of epidemics, could result in lower revenues and profitability of the Company, which would have a material adverse effect on the Company's business, financial condition, results of operations and prospects.

2.1.6 The Risks Related to Epidemics

The outbreak of infectious diseases or any risks threatening public health have a material and adverse impact on the Company's business.

In December 2019G, a novel strain of coronavirus disease (COVID-19) was first reported in Wuhan, Hubei Province, China. This disease has spread in most countries of the world, causing many countries, including the Kingdom, to take various measures to limit the spread of the coronavirus, including imposition of temporary restrictions, such as travel bans, curfews, banned movement between the cities within the Kingdom and restriction of activities that do not allow social distancing, along with requiring people coming from other countries to stay in quarantine for a certain period of time. Accordingly, the demand for car rental was affected, as the fleet occupancy rate decreased from 74.4% and 74.9% in January and February 2020G, respectively, to 61.6% in March in the same year, and this percentage may further decline in the future due to the falling demand for car rental in the event of an outbreak of the virus and continued restrictions imposed to limit its spread.

In addition to the decrease demand for car rentals, the Company's ability to sell its used vehicles may be affected by the coronavirus pandemic, or the Company may have to sell them at prices below their fair market price, leading to lower expected revenues from the sale of used vehicles. As per the Company's estimates, the impact of the coronavirus on the Company's revenue, during the last 19 days of March 2020G, amounted to SAR 7.4 million. Moreover, imposed restrictions have limited the movement of the Company's employees, which resulted in temporary closure of the Company's car rental branches and of its maintenance centres, leading to a decrease in the number of rental cars. The Company's supply chain has also been affected by the coronavirus impact on car agents in the Kingdom and on overseas manufacturers of fleet vehicles and spare parts. There are also risks associated with the Company's employees getting infected with the virus, which may lead to restrictions on their movements and work, and thus affect the daily operations of the Company. In particular, the Company closed a branch in Tabuk for eight days due to the infection of a group of branch employees with the virus. There are also risks related to the collection of debts owed by its clients due to the pandemic or to the demand by vehicle lease clients in particular to reduce prices during the pandemic period given their inability to fully benefit from the leased vehicles, as well as the Company's demand to reduce its lease payments to lessors and owners of properties leased by the Company, or to renegotiate with them to terminate those contracts due to the impact on demand during the pandemic period.

The scale of the Coronavirus impact on the Company's business will depend on the development of current events and new information that may appear in relation to the second wave of the virus and the necessary measures to contain it or remedy its impact, including regulatory changes or changes to Government fees that the Company may have to pay. In case of further spread of the virus and continued restrictions imposed to limit its spread, this will have a material and adverse impact on the Company's business, financial position, results of operations and future growth.

2.1.7 Risks Related to the Company's Reputation and the Quality of the Services Provided

Since its establishment, the Company has been endeavoring to build a positive brand association by enhancing the quality of services it provides to its customers. This depends on several factors, including the ease of e-booking of vehicles, the availability of multiple types of vehicles, the maintenance of vehicles in a good condition, and the good post-rental services, such as roadside assistance, accident handling and vehicle replacement when necessary. Therefore, the Company's failure to provide these services to its customers or maintain their quality would have a material adverse effect on the Company's brand and reputation.

In addition, the Company's inability to provide high-quality services may expose it to negative publicity, which may harm its reputation and lead to a decrease in customer appetite for or reluctance of its vehicles, or in some cases it may expose it to lawsuits. The Company's reputation may be affected if it is unable to maintain the quality of the services provided to its customers, which would have a material adverse effect on the Company's business, financial condition, results of operations and prospects.

2.1.8 Risks Related to Closure of Some of the Company's Branches

None of the Company branches has been closed in the three-month period ended 31 March 2020G, whereas the Company closed 11 branches in 2017G, 2018G and 2019G, respectively (five branches closed in 2017G, five branches closed in 2018G and one branch in 2019G), driven by the decrease in their revenues due to the increased departures of expat residents from the Kingdom for increased cost of living and imposition of additional fees on expat residents in 2017G and 2018G, as well as the decrease in revenues from Government entities due to the decreased demand in that period. If the Company is forced to close more branches in the future, this would have a material adverse effect on the Company's business, financial condition, results of operations and prospects.

2.1.9 Risks Related to Inaccurate Estimates of Costs for Rental and Lease Pricing Purposes

The Company prices its rental and lease offerings based on, among other things, certain future costs, such as the vehicle maintenance costs. In case such judgments and estimates turn out to be inaccurate, and the actual costs are higher than the estimates and assessments used for pricing purposes, this would decrease the Company's profitability and have a material adverse effect on the Company's business, financial condition, results of operations and prospects, especially in the lease vehicle segment where lease contracts are on average of three-year duration without the possibility for the Company to increase lease payments in case of higher than estimated costs.

2.1.10 Risks Related to Inaccurate Estimates of Future Demand Levels of Car Rental

Car costs typically represent the Company's largest expense and car purchases are typically made weeks in advance of the expected use of the car in the car rental services. Accordingly, the accurate estimate by the Company's management of future levels of car rental services and consumer preferences with respect to the type of cars used in its rental operations is essential for the success of the Company's business. For example, to the extent the Company does not purchase a sufficient number of cars, or the right types of cars, to meet customer demand, it may lose revenue or market share to its competitors. However, if the Company purchases too many cars, its vehicle utilization could be adversely affected and it may not be able to dispose of excess vehicles in a timely and cost-effective manner. The Company's failure to accurately estimate future levels of car rental services and to determine the appropriate number or type of cars to be used in its rental operations may result in obsolescence and excessive aging of fleet, the inability to sell fleet at adequate prices, inefficient fleet utilization, increased fleet costs, lower customer satisfaction, and other unfavourable consequences, which will have a material adverse effect on the Company's business, financial condition, results of operations and prospects.

2.1.11 Risks Related to Vehicles Purchase

The Company's fleet is composed of vehicles purchased from car agencies in the Kingdom. During the financial years ended 31 December 2017G, 2018G and 2019G and the three-month period ended 31 March 2020G, the Company acquired approximately 81.7%, 80.6%, 80.8% and 88.6%, respectively, of its fleet from local car agencies representing Hyundai, Toyota, Nissan, General Motors, and Isuzu. Sales to the car rental industry have been relatively less profitable for car agencies due to sales incentive and other discount programs. Any of these car agencies may decide to significantly curtail sales to the car rental industry as a result of a number of factors. For example, sales of vehicles to rental companies may be less profitable than other sales channels, or sales of vehicles to rental companies may not suit the marketing strategy of the car agencies. The Company may face challenges in purchasing fleet vehicles. Fleet supply costs could increase if car agencies implement strategies to limit sales to the car rental industry or improve the profitability of such sales (e.g., by offering lower discounts), and there can be no assurance that the Company will be able to pass on such increased costs to its rental customers or that some of its competitors will not continue to benefit from sales incentives and other discount programs. If the Company is unable to obtain favourable pricing and other terms when it acquires vehicles and is unable to pass on increased costs to customers, the Company's business, financial condition, results of operations and prospects will be materially adversely affected.

2.1.12 Risks Related to the Company's Selling of Vehicles upon Retirement

The Company's fleet is not covered by a buy-back commitment from car agencies and, as a result, sale of the Company's vehicles after being retired from operations (ranging from two to five years) is exposed to the trends and, particularly, usual pricing uncertainties of the used vehicle market. The sale price of vehicles (either through an auction or the Company's showrooms) could be less than the previously estimated residual value. In the financial years ended 31 December 2017G and 2018G, revenue from used vehicles sold was 11.2% and 1%, respectively, lower than their net book value, while revenues from the used vehicles sold in the financial year ended 31 December 2019G were 6.8% higher than their net book value. In the three-month period ended 31 March 2020G, revenues from the used vehicles sold were 12.2% higher than their net book value. Moreover, the Company's ability to sell its vehicles in the used vehicle market could become severely limited as a result of a number of factors, including the economic environment, model changes, legal requirements (e.g., changes to car sale laws and regulations or vehicle taxes), inventory levels, new car pricing, fuel costs and custom tariffs. A decline in used vehicle prices or a lack of liquidity in the used vehicle market may severely hinder the Company's ability to resell its vehicles without a financial loss and will adversely affect the Company's business, financial condition, results of operations and prospects.

2.1.13 Risks Related to the Opening of New Car Rental Branches

The Company either opens new branches in facilities ready for use or it leases an empty plot of land and constructs its car rental facilities there. The opening of new branches is subject to a number of risks, such as obtaining a number of approvals and permits, especially for any facilities that it constructs on its own. The Company cannot assure that it will obtain any such approvals and permits and complete all the necessary steps for opening new branches, including but not limited to the following:

- accurately estimating market size and potential, intensity of competition and general economic and business conditions;
- obtaining required governmental and local authority permits and approvals (for example, the Company rented ready built facilities in Al-Khobar in 2017G for one of its car rental branches but it was unable to obtain all the permits and licences required to start business operations there and as a result the Company terminated the lease without opening for business there (see also Section 2.2.9 (**Risk Related to Licences and Approvals**));
- securing necessary financing for any new branch that the Company constructs (see also Section 2.1.22 (**Risks Related to Financing**));
- entering into and efficiently manage construction contracts for any new branch that the Company constructs;
- successfully integrating the new car rental branch within its network; and
- hiring, training and retaining qualified personnel for each new branch.

If the Company is unable to open new car rental branches on schedule, attract customers for the new car rental branches, integrate and manage efficiently the new car rental branches, or otherwise achieve the expected benefits of the new car rental branches, as well as to replace or refurbish obsolete car rental branches in a timely manner, the Company's ability to increase its revenues and operating income could be negatively impacted, having a material adverse effect on its business, financial condition, results of operations and prospects.

2.1.14 Risks Related to Leasing Real Estate Properties

As of 31 March 2020G, the Company had 48 car rental branches, 44 of which have been constructed on leased lands and properties (representing 92% of the total branches). The leases generally have initial terms of five to ten years and typically provide for renewal options for similar periods by mutual agreement on the renewal terms, including rental value. It should be noted that one agreement is in the process of execution (for further information on leases, see Appendix B, Table B.1 (Details of Lease Agreements Concluded by the Company)). The Company may fail to negotiate renewal of leases on commercially acceptable terms or at all. As a result, the Company may be forced to renew leases on onerous terms or close car rental branches in desirable locations and it would lose the use of the facilities that it constructed at its own cost on leased land.

In addition, the Company generally cannot terminate these leases before the end of the initial lease term. As a result, if the Company closes a car rental branch, it will be obligated to perform its contractual obligations, including payment of rent for the balance of the lease term, as well as other capex expenditures.

Moreover, total lease expenses amounted to SAR 27.5 million and SAR 28.3 million in the financial years ended 31 December 2017G and 2018G, respectively, representing 6.4% and 7.1% of the total operating costs in the same period. The depreciation of the right to use assets and rental expenses amounted to SAR 29.7 million (including right to use) and SAR 7.9 million in the financial year ended 31 December 2019G and the three-month period ended 31 March 2020G, respectively, representing 7.2% and 7.3% of the total cost of revenue in the same period. If the Company is unable to generate sufficient cash flows from operating activities, and sufficient funds are not otherwise available to it from borrowings under its financing agreements or other sources, the Company may not be able to service its lease commitments. The occurrence of any of the above factors will have a material adverse effect on the Company's business, financial condition, results of operations or prospects.

2.1.15 Risks Related to Airport Branch Leases

As of 31 March 2020G, the Company had 14 branches in the Kingdom's airports, strategically covering international airports (Riyadh (two branches), Dammam, Abha, Madinah, Taif, and Al-Qassim), in addition to domestic airports (Al-Baha, Hail, Jizan, Najran, Yanbu, Tabuk and Neom), compared to 13, 11, and 13 branches in the Kingdom's airports in the years ended 31 December 2017G, 2018G and 2019G, respectively. The airport branches are of paramount importance to the Company, given that the Company's airport branches accounted for approximately 42.1%, 43.0%, 42.5% and 38.8% of the car rental revenue in the financial years ended 31 December 2017G, 2018G, 2019G and the three-month period ended 31 March 2020G, respectively, and 24.8%, 23.0%, 23.6% and 17.4% of the Company's total revenue, respectively, during the same periods. The Company's airport branches are also subject to tenders, so the risk of failure to renew their leases upon expiry of the original lease term is greater than for other leases. For example, the Company lost King Abdulaziz International Airport tender in Jeddah in 2017G and as a result the lease has not been renewed. The Company's loss of any of its airport branches, particularly the key airport branches such as Terminal five Branch in Riyadh airport, Dammam airport and Abha airport, will lead to a decrease in the Company's revenues and cash flow, which would have a material and adverse impact on the Company's business, financial position, and results of operations or prospects.

2.1.16 Risks Related to Related Party Transactions and Agreements

In its ordinary course of business, the Company enters into agreements with certain related parties, including companies fully or partly owned by Directors and their relatives (see Section 12.9 (**Related Party Contracts and Transactions**)). Most such transactions are entered into without framework agreements governing the contractual relationship between the parties. As an exception, there are three transactions agreed upon in written contracts (which are concluded with Atoz Petroleum Company, Mohammed bin Ahmed Al Theeb and Investcorp Saudi Arabia Financial Investments Company). There are transactions in which some Directors have a direct or indirect interest. All the Company's transactions and agreements with the related parties are concluded on an arm's length basis and the General Assembly approved all such transactions and agreements currently in place at its meeting held on 24/7/1441H (corresponding to 19 March 2020G).

The total amounts payable to related parties by the Company were SAR 0.08 million, SAR 0.10 million, SAR 0.03 million, and SAR 0.4 million during the financial years ended 31 December 2017G, 2018G and 2019G, and the three-month period ended 31 March 2020G, respectively, comprising 0.14%, 0.15%, 0.04% and 0.4%, respectively, of the Company's total liabilities in the same periods. The total value of revenues from transactions with related parties amounted to SAR 0.7 million, SAR 3.2 million, SAR 11.9 million, and SAR 2.2 million during the financial years ended 31 December 2017G, 2018G and 2019G and the three-month period ended 31 March 2020G, respectively, comprising 0.1%, 0.6%, 1.9% and 1.1%, respectively, of total revenues of the Company in the same periods.

In the event that contracts and transactions with related parties are not executed in accordance with framework agreements, not concluded on an arm's length basis, or not approved by not approved by the General Assembly, this will have an adverse effect on the Company's business, financial condition, results of operations and prospects.

2.1.17 Risks Related to the Participation by Some of Directors and Senior Executives in Competing Businesses with the Company's Business

Some of the Directors and Senior Executives engage in competing businesses with the Company, either through their membership in boards of directors or through acquisitions in businesses similar to or directly or indirectly competing with the Company's business. In particular, the Director, Mohammed Ahmed Abdullah Al Theeb, and the CEO, Naif Mohammed Ahmed Al Theeb, are members of the board of directors of the Al-Theeb Sons Company or own shares in it, either directly or indirectly. Al Theeb Sons carries out a competitive activity with the Company, i.e., the sale of new and used Vehicles, which creates a conflict of interest between the Company's business on the one hand and the business of the CEO and Directors on the other hand. Participation by the Director, Mohammed Ahmed Abdullah Al Theeb, and the CEO, Naif Mohammed Ahmed Al Theeb, in competing activites via Al Theeb Sons, was approved by the General Assembly at its meeting held on 2/5/1442H (corresponding to 17 December 2020G). (for further information about the business of Directors and Senior Executives that competes with the Company business, see Section 5.7 (**Conflicts of Interest**)).

Some executives and Directors can have access to the Company's internal information. They may use that information for their own interests or in contradiction with the Company's interests and objectives. If the executives or Directors who have interests in conflict with the Company's interest have a negative impact on the Company's decisions, or if they use the information available to them about the Company in a way that harms its interests, it will have a material adverse effect on the Company's business, financial condition, results of operations and prospects.

As of the date of this Prospectus, none of the Directors or Senior Executives entered into any agreement, arrangement or understanding that is subject to any obligation that prevents them from competing with the Company or any similar obligation in relation to the Company's business. However, the participation of Directors in the competitive business with the Company is subject to the General Assembly approval under Article 46 of the Corporate Governance Regulations and Article 72 of the Companies Law.

2.1.18 Risks Related to Loss of Major Vehicle Lease Customers

The revenues from the Company's top five vehicle lease customers represented in aggregate approximately 5.3%, 8.0%, 7.6% and 7.5% of the total revenues in the financial years ended 31 December 2017G, 2018G and 2019G, and the 3-month period ended on 13 March 2020G, respectively, while the revenues generated from leases represented 15.5%, 25.6%, 30.3% and 30.2%, respectively, of the total revenues of the Company in that period (for further information on the Company's major customers, see Section 4.6.1.2(b) (**Lease Customers**)). The Company's revenues could be negatively affected if it lost such major vehicle lease customers, or if there is a reduction in business with such customers. Contractual relationships with the Company's major customers do not guarantee sales volumes or longevity and the Company's relationship with such customers could change at any time. Most of the Company's contracts with its major vehicle lease customers are of three years on average, to be renewed by mutual agreement. Moreover, the Company may fail to maintain its corporate customers in general, or any of its customers in particular, resulting in a loss of significant share of the Company's revenues without the same being offset by the other customers. This will have an adverse effect on the Company's business, financial condition, results of operations and prospects.

2.1.19 Risks Related to Inability to Adequately Maintain the Confidentiality and Integrity of Customer and Employee Data

In its ordinary course of business, the Company collects, transfers and treats customer and employee information, whether maintained by the Company or other parties with which the Company contracts to obtain its services, customer and employee data, ID cards numbers, birth dates and other private data. Some of this data is private and may be a target of some external parties, such as individual criminals, organised criminal groups, "cyber hackers", and current or former disgruntled employees, and others. The Company's inability to maintain the confidentiality and integrity of customer and employee data would lead to a change in the behaviour of existing or potential customers in a manner that affects the Company's ability to retain its existing customers and attract new ones, which would have a material adverse effect on the Company's business, financial condition, results of operations and prospects.

The commitment to changing privacy and security laws may also lead to an increase in the cost due to the necessary changes in the laws and because of imposing new restrictions or controls on the Company's business models and developing new administrative processes. These laws, conditions and regulations may impose further restrictions on the Company's collection of identity data in one or more of its databases, and their disclosure and utilization. Failure to adhere to the privacy laws, general requirements of the sector, or any security breach that involves theft, loss, or disclosure of personal, sensitive or confidential data without permission may impose fines, penalties, and lawsuits against the Company, which would have a material adverse effect on the Company's business, financial condition, results of operations and prospects.

2.1.20 Risks Related to Credit Card and Mada Card Payments

The Company accepts payments in cash inside its branches or electronically through credit cards or Mada cards via point of sale systems. With regard to payment with credit cards and Mada cards, the Company pays specific fees to the concerned Financial Institutions, which may rise from time to time. If the Company encounters problems with point of sale devices and software or its ability to process payments via any payment system for credit cards or Mada cards, this will impair the Company's ability to collect revenue from rental operations. The occurrence of any of these factors will have a material adverse effect on the Company's business, financial condition, results of operations and prospects.

2.1.21 Credit Risk Related to Collecting Receivables from the Company's Customers

The Company may face difficulties in its ability to effectively collect accounts receivable. As of 31 December 2017G, 2018G and 2019G, and 31 March 2020G, the Company's accounts receivable 90 days past their due date were 34.9%, 46%, 50% and 50.5%, respectively, of its accounts receivable, corresponding to SAR 28 million, SAR 39.7 million, SAR 59.2 million, and SAR 69 million, respectively. The Company's accounts receivable that were over one year past their due date were 43.6%, 30.9%, 29.1% and 15.9% of its accounts receivable as of 31 December 2017G, 2018G and 2019G, and 31 March 2020G, respectively. Provisions for doubtful debts amounted to SAR 21.7 million, SAR 21.6 million, SAR 28.1 million and SAR 31 million as of 31 December 2017G, 2018G and 2019G, and 31 March 2020G, respectively, but there is no guarantee that such amounts are sufficient, especially in light of the debt due to the Company amounting to about SAR 13.7 million and SAR 15.2 million as of 31 December 2019G and 31 March 2020G, respectively, that passed over its due date over one year and the Company did not create a provision therefor in its financial statements. If any of the Company's debtors experience difficulties in their businesses and financial condition, they may fail to pay their debts to the Company when due, become insolvent or declare bankruptcy. Any failure to pay such debts or the bankruptcy or insolvency of the Company's customers, particularly its major customers, will have a material adverse effect on the Company's business, financial condition, results of operations and prospects.

2.1.22 Risks Related to Financing

To fund its operations, the Company relies on obtaining financing facilities from commercial banks. It had total indebtedness of SAR 274 million, SAR 359 million, SAR 605 million and SAR 604.6 million, representing 36.7%, 40.2%, 47.6%, and 47% of its total assets, for the financial years ended 31 December 2017G, 2018G and 2019G and the three-month period ended 31 March 2020G, respectively. The terms of the Company's outstanding financing facilities impair its ability to effect certain transactions, such as adding further indebtedness or distributing dividends above specific rates. For example, financing agreements concluded with Saudi British Bank, SAMBA Financial Group, Bank Aljazira, Al Rajhi Bank, The National Commercial Bank and Riyad Bank contain restrictions on the Company not to distribute more than 50% from the Company's net profit unless it obtains an approval from the lender. All the facility agreements signed with the above banks restrict the Company from making any change to its ownership structure except with the prior approval of the banks. The financing agreements with The National Commercial Bank have expired and the Company is in the process of renewing them.

A breach of any such covenants may result in the acceleration of the Company's other debt. In the event of any default under the Company's financing agreements, the lenders could elect to terminate lending commitments and declare all outstanding loans, together with accrued and unpaid commissions and any fees and other obligations, to be due and payable. In the event the lenders accelerate the repayment of the indebtedness due to them, the Company may not have sufficient assets to repay such indebtedness, which could force the Company into bankruptcy or liquidation. Moreover, financing agreements with The National Commercial Bank, Al-Rajhi Bank and the Saudi British Bank give creditors the right to terminate the agreements and demand the Company to pay the debt immediately without cause. In addition, the lenders could exercise their rights to liquidate guarantees provided in connection with the Company's financing facilities (for further information on such essential guarantees, warranties and conditions of the Company's Financing Agreements, see Section 12.6 (**Financing Agreements**)). The occurrence of any of the above will have a material adverse effect on Company's business, financial condition, results of operations and prospects.

The Company also issued promissory notes for car agencies within the framework of vehicle sales agreements between the Company and those agencies. As of the date of this Prospectus, the total value of outdtanding notes is SAR 104.4 million. Breach of any of these agreements may lead to car agencies presenting for payment the promissory notes issued by the Company. The Company may not have enough assets to pay them, which would have a material adverse effect on Company's business, financial condition, results of operations and/or prospects.

The Company also relies on several factors in expanding its business, most importantly its ability to secure sources of financing through internal and external monetary sources. The Company utilises loans granted to it on favourable terms by Saudi banks for the purpose of opening branches and purchasing new vehicles to expand its fleet. In the event that these loans are not available or fail to continue or are not granted under the same conditions by the banks, or if the Company becomes subject to a higher cost of financing or is unable to secure adequate alternative financing sources in a timely manner and on favourable terms, the Company may not be able to expand its business, which would have a material adverse effect on Company's business, financial condition, results of operations and/or prospects.

Moreover, the Company's indebtedness, combined with its other existing and any future financial obligations and contractual commitments, could have other important negative consequences, such as:

- allocating a substantial portion of the Company's cash flow from operations to payments on its indebtedness, thereby reducing funds available for working capital, capital expenditures, acquisitions, selling and marketing efforts, and other purposes (as of 31 March 2020G, the Company had letters of guarantees commitments of SAR 34.5 million, relating to tender and performance guarantees for new contracts (for further information, see Section 6.5.19 (**Non-Current Assets**));
- increasing the Company's vulnerability to adverse economic and industry conditions, which could place it at a competitive disadvantage compared to its competitors that have proportionately less indebtedness;
- limiting the Company's flexibility in planning for, or reacting to, changes in its business and the car rental and vehicle lease industries; and
- limiting the Company's ability to sustain its operations or achieve its planned rate of growth, including limiting its ability to make investments into new geographic areas in the Kingdom and purchasing of new vehicles to support the growth of its business.

The above factors will have a material adverse effect on the Company's business, financial condition, results of operations and prospects.

2.1.23 Risks Related to Personal Guarantees Provided by Shareholders

Hamoud Abdullah Al-Theeb (a Shareholder), Mohammed Ahmed Al Theeb (a Shareholder and Board Chairman), Naif Mohammed Al Theeb (a Shareholder and CEO), Mohammed Hamoud Al-Theeb (a Shareholder and Director) provided personal guarantees in the amount of SAR 1,733 million to guarantee the obligations of the Company under the financing agreements concluded with Al Rajhi Bank, Alinma Bank, Bank Aljazira, Riyad Bank, SAMBA Financial Group, Saudi British Bank, and The National Commercial Bank, as well as to car agencies. The Company has not yet obtained written consent from such banks and car agencies to waive such personal guarantees. In the event that the banks and car agencies do not agree to waive such guarantees upon the completion of the Offering, and do not waive the request of such guarantees upon the renewal of the relevant financing agreements or in connection with the purchase of new vehicles, and if neither Hamoud Abdullah Al-Theeb, Mohammed Ahmed Al Theeb, Naif Mohammed Al Theeb, nor Mohammed Hamoud Al-Theeb agrees to continue to provide such guarantees in future, banks and car agencies may request additional guarantees, which the Company may not be able to provide without incurring or increasing the cost of financing or at all. Moreover, banks and car agencies may refuse to provide financing on appropriate terms or at all or to sell vehicles, as applicable, which will have a material adverse effect on the Company's business, financial condition, results of operations and prospects (for further information on these guarantees, see Section 12.6 (**Financing Agreements**)).

2.1.24 Risks Related to Adverse Changes in Interest Rate

In its business, the Company relies on financing facilities obtained from commercial banks. Therefore, the finance cost is largely affected by interest rates, which in turn are deemed highly sensitive to a number of factors that are not in the control of the Company, including government, monetary and tax policies as well as domestic and international economic and political circumstances. They may lead to an increase in interest rates and related financing costs which may result in reducing the Company's profitability and cash flow. The hedging agreements that the Company has in place for the interest rate fluctuations cover only 24.8% of the amounts outstanding under its various financing facilities entered into as of 31 March 2020G and are therefore insufficient to eliminate the Company's exposure to the interest rate fluctuations. Accordingly, adverse fluctuations in interest rates will have a material adverse effect on the Company's business, financial condition, results of operations and prospects.

2.1.25 Risks of Reliance on Senior Management and Key Personnel

The Company's success depends upon the continued service and performance of its senior management and other key personnel on whom the Company depends due to their extensive experience in the industry and contribution to its operations. In particular, the Company relies on certain key individuals who have valuable experience in the car rental and vehicle lease industries and who have made substantial contributions to the development of its operations. The Company may not be able to retain its key personnel with the skills and technical knowledge necessary for the Company. The positions of COO and Business Development and Digital Transformation Manager are still vacant, and the Company has not yet made appointments to either of them until the date of this Prospectus.

The loss of the services of members of the Company's senior management or key employees could prevent or delay the implementation and completion of its strategic objectives, could divert management's attention to seek certain qualified replacements or could adversely affect its ability to manage its business effectively. Each member of senior management or key employees may resign at any time. If the Company loses the ability to hire and retain key executives and employees with high levels of skills in appropriate domains, it would have an adverse effect on the Company's business, financial condition, results of operations and/or prospects.

2.1.26 Risks Related to Failure to Attract and Retain Qualified Employees

There is intense competition to attract qualified employees in both of car rental and vehicle lease sectors, especially sales personnel with technical skills and knowledge required by the Company. The Company may need to invest financial and human resources to attract and retain new employees and it may not realise returns on these investments. The Company's failure to attract and retain qualified employees in the future will negatively affect its ability to effectively and efficiently manage its business, which would have an adverse impact on the Company's business, financial position, results of operations and prospects.

2.1.27 Risks Related to Employee Misconduct and/or Errors

Employee misconduct or errors could result in violation of law by the Company, which would lead to sanctions being imposed on the Company by the competent authorities. Such sanctions would vary according to the misconduct or error and would result in the Company incurring financial expenditures. It may lead to fines of up to SAR 5,000 per case or severely damage the Company's reputation. For example, these fines may be imposed as a result of failure to set the general conditions of the lease contract in a place clearly visible to clients (i.e., in a place that is easy for clients to find and read), a requirement for presentation of documents other than proof of identity and driving license, or insufficient parking lots for cars used in the activity and stacking vehicles in a place not designated as such, or driving a car without insurance coverage. Such misconduct or errors may be due to lack of commitment to applicable laws or internal controls and procedures, including failure to document transactions properly in accordance with the Company's standardised documentation and processes (or a failure to take appropriate legal advice in relation to nonstandard documentation, as required by the Company's internal policies) or to obtain proper internal authorisation or permission, which will lead the Company to bear the total cost of the relevant transactions. If employees commit any of these misconduct or errors, it will materially and adversely affect the Company's business, financial condition, results of operations and prospects.

2.1.28 Risks Related to Reliance on Information Technology Infrastructure

The Company depends on the information technology systems at its car rental branches, for billing and financial reporting, for vehicle fleet management and servicing, and for digital marketing and public information. For efficiency of its operations, the Company depends on effectiveness and efficiency of these systems.

The Company's information technology systems may be negatively impacted by computer viruses, natural disasters, hacker attacks, hardware or software malfunctions, electrical current fluctuation, cyberterrorism, and other similar factors. Additionally, a breach of the Company's cyber security measures could result in the loss, destruction or theft of confidential or proprietary data, which could cause the Company to bear liability or incur material losses to customers, suppliers or parties dealing with the Company.

Cyber-attacks and other cyber incidents are occurring more frequently, and are constantly evolving in nature and sophistication. The Company's failure to maintain appropriate cyber security measures and keep abreast of new and evolving threats may make its systems vulnerable. The vulnerability of the Company's information system, any failure of such system or the Company's failure to detect or respond to information system incidents in a timely manner will have a material adverse effect on the Company's business, financial condition, results of operations and/or prospects. Similar risks exist with respect to third parties who may possess the Company's confidential data, such as its information technology support providers, professional advisors and banks and Financial Institutions with whom the Company deals.

2.1.29 Risks Related to Adequacy and Unavailability of Insurance Coverage

The Company maintains a variety of insurance policies to cover its operations, including to cover its vehicle fleet for risk such as traffic accidents, fire, theft or robbery. The insurance coverage may not be sufficient in all cases or may not cover all the risks that the Company would be exposed to. The Company has 14 different insurance policies, which are all valid as of the date of this Prospectus. Uninsured losses may occur, or their amount may exceed the insurance coverage. In addition, the Company's insurance policies include exceptions or limitations to coverage under which certain types of loss, damage and liability are not covered by the insurance, for example, losses resulting from natural disasters, wars and otherwise. In these cases, it could incur losses that could have an adverse effect on its business and results of operations. In addition, the Company's inability to renew its existing levels of coverage on commercially acceptable terms, or at all, or in case of changes in insurance prices or lack or the unavailability of adequate insurance for the various areas at its business will have a material adverse effect on the Company's business, financial condition, results of operations and prospects.

Moreover, the Company generally proposes ancillary products to its customers, such as Theeb extra insurance against damage and theft without payment of deductibles by customers, according to which the Company waives or limits its right to hold its customers financially liable for damage to the vehicle. The purchasing of this type of product, which is made for an additional fee or premium, transfers the customer's total or partial cost liability to the Company, further exposing the Company to potential losses in case such additional fees collected from customers are not sufficient to offset the value of damaged vehicles (for further details on insurance policies, see Section 12.7 (**Insurance Policies**)).

2.1.30 Risks Related to Litigation

The Company may become involved in lawsuits and regulatory actions related to its business operations with multiple parties, including suppliers, customers, employees, or regulatory authorities. The Company may also be the claimant in such lawsuits or litigations. Any unfavourable outcome in such litigation and regulatory proceedings would have a material adverse effect on the Company's business, financial condition, results of operations and prospects. In addition, regardless of the outcome of any litigation or regulatory proceedings, these proceedings could result in substantial costs and may require that the Company devote substantial resources to defend against these claims, which would have a material adverse effect on the Company's business, financial condition, and results of operations and prospects.

There are several ongoing lawsuits between the Company (both as plaintiff and defendant) and a number of parties, all of whom are private parties. No provisions have been created as of the date of this Prospectus for the disputed amounts in the proceedings against the Company, totalling SAR 165,000. Moreover, these disputed amounts are not covered by any insurance policy (for further details on the Company's litigation, see Section 12.12 (**Litigation**)).

2.1.31 Risks Related to Developing and Maintaining Favourable Brand Recognition

The Company's business is heavily dependent upon the favourable brand recognition that its "Theeb" brand has in the Kingdom. It invests in its "Theeb" brand and incurs expenses to promote it, including through partnerships and advertising campaigns. Factors affecting brand recognition are often outside the Company's control and its efforts to maintain or enhance favourable brand recognition, such as marketing and advertising campaigns, may not have their desired effects. Moreover, unfavourable publicity concerning the "Theeb" brand or the car rental industry in general, whether on the Internet, social media or otherwise, could damage the brand and accordingly have a material adverse effect on the Company's business, results of operations, financial condition or prospects.

2.1.32 Risks Related to Marketing Activities

The Company plans to devote resources of SAR 2 million to SAR 3 million annually (approximately 1% of its operating expenses) to marketing and public relations programs that inform consumers about the Company's vehicles and services offering. Marketing plans usually take relatively longer time to accomplish its desired goals, which may lead the Company to increase its spending on this area. However, success or adequacy of these marketing and public relation programs is not guaranteed, and therefore the Company may have to intensify or replace these programs with other ones, thus incurring additional financial costs. The Company must also keep pace with a rapidly changing media environment and advertising and marketing channels. If the Company's allocated costs for marketing programs are insufficient to realise the intended objectives or if the Company's marketing and public relations efforts are not effective and commensurate with the current media environment, then the Company's brand recognition, competitive position, reputation and market share may suffer. This, in turn, could lead to lower sales and profits, which will have a material adverse effect on the Company's business, financial condition, results of operations and prospects.

2.1.33 Risks Related to Protection of Intellectual Property Rights

As of the date of this Prospectus, the "Theeb" trademark has been registered in the Kingdom (for further details, see Section 12.11.1 (**Trademarks**)). Policing unauthorised use and other violations of the Company's intellectual property rights is difficult. If the Company were to fail to successfully protect its intellectual property rights for any reason, or if any third party misappropriates or infringes the Company's intellectual property, the value of the Company's brand may be harmed. Any damage to the Company's reputation will result in a decrease demand for its products, which will have an adverse effect on the Company's business, financial condition, results of operations and prospects.

The Company may also from time to time be required to renew the registration of these trademarks or initiate litigation to enforce the Company's trademarks and other intellectual property. Third parties may also assert that the Company has infringed, or misappropriated its intellectual property rights, which could lead to litigation against the Company. Litigation to validate the Company's intellectual property is inherently uncertain and could divert the attention of management, or result in substantial costs and diversion of resources, which will negatively affect the Company's revenues and profitability regardless of whether the Company is able to successfully enforce or defend its intellectual property rights. Any of the above will have a material adverse effect on the Company's business, financial condition, results of operations and prospects.

2.1.34 Risks Related to Potential Tax and Zakat Liability

The Company has submitted Zakat returns, paid Zakat dues within stipulated times, and received certificates from the General Authority of Zakat and Tax ("GAZT") for all the financial years up to 2019G. Moreover, the Company received final Zakat assessments for all the financial years up to 2011G. The Company paid all of Zakat liabilities up to 2011G. On 4 August 2019G, the Company received the final Zakat assessment from GAZT for the financial years from 2012G to 2017G, totalling SAR 21.0 million, of which the Company paid SAR 7.8 million, with SAR 13.9 million remainining due. The Company filed appeals with the GAZT on 26 September 2019G against such assessments within the statutory period. Most of the Company's appeals were rejected by GAZT, and were, therefore, referred to the Tax Violations and Disputes Resolution Committee. Based on the assessment by the Company's management, the Company has a provision of only SAR 11.74 million against such assessments for the financial year ended 31 December 2018G. The Company has submitted a request to GAZT to settle the objections for the period from 2012G to 2017G by paying an amount of SAR 4.20 million. GAZT did not respond to this request as of the date of this Prospectus. Therefore, the final amount of potential Zakat liability for the financial years ended 31 December 2012G to 2017G is uncertain (see Section 11 (**Declarations**) of this Prospectus).

On 5 March 2020G, the GAZT issued a preliminary assessment relating to the Zakat return for the financial year ended 31 December 2018G, which showed additional Zakat differences of SAR 4.0 million. As a result, the Company added SAR 4 million in the 2019G Zakat provision. On 10 April 2020G, the Company received a final Zakat assessment for the financial year ended 31 December 2018G, which showed Zakat differences of only SAR 2.2 million, and the Company submitted its objection to this assessment on 6 June 2020G. In light of such objection, GAZT amended its 2018G final assessment to an additional Zakat difference of SAR 1.8 million. The Company filed an objection with the General Secretariat of Tax Committees (GSTC) regarding this amount on 23 July 2020G.

The GAZT neither asked for any additional requests or amendments to the Zakat assessments for the financial year ended 31 December 2019G, and the Company has not yet received Zakat assessments for such period. In the event that the GAZT imposes an assessment on the Company and require the payment of additional Zakat amounts for the years in which the Company did not receive final assessments, it will have a material adverse effect on the Company's business, financial condition, results of operations and prospects. The Selling Shareholders will be liable, each according to its share, for any additional claims that may be filed by GAZT for the preceding years until the Company has been listed on the Exchange and the Selling Shareholders' undertakings have been obtained accordingly.

Moreover, the Company received a correspondence from GAZT on 20 January 2021G regarding the ownership of shares by Growth Opportunities Company for Trading, one of the shareholders in the Company, that there are certain possible taxes on the company. GAZT's view based on certain assumptions, is that the Company is partially subject to income tax. In the above-mentioned correspondence, GAZT assumed that the above-mentioned shareholder is fully owned directly or indirectly by non-GCC nationals and accordingly, the total amount of income tax exposure as stated by GAZT is SR 29.76 million for income tax and withholding tax exposure was set out by GAZT at SR 3.94 million, covering the years from 2013G to 2018G and are excluding delay and other related fines. As at the date of the approval of the interim condensed financial statements for the nine months ended 30 September 2020G by the Board of Directors (15/2/2021G), no official assessment has been received from GAZT. Additional potential exposure for the year ended 31 December 2019G and for the period ended 30 September 2020G could arise if GAZT imposes the above-mentioned principle to all assessment years. Discussions with GAZT in connection with the above matter are still on-going and are in an early stage and the outcome of the above matter is still uncertain. If the GAZT imposes any material additional tax liabilities on the Company, in addition to any relevant fines and delay penalties, it could have a material adverse effect on the Company's business, financial condition, results of operations and prospects. Growth Opportunities Company for Trading will be liable for any related tax liabilities that may be imposed by the GAZT on the Company in connection with its ownership of Shares in the Company for the years preceding the listing of the Company's Shares and an undertaking from Growth Opportunities Trading Company to that effect has been obtained accordingly. For more information on the ownership structure of Growth Opportunities Company for Trading, see Appendix A of this Prospectus.

2.1.35 Risks Related to Newly Implemented Corporate Governance Rules

The Board of Directors has adopted an internal corporate governance manual, effective from 21/7/1441H (corresponding to 16 March 2020G). Such manual includes, among others, rules and procedures related to corporate governance derived from the Corporate Governance Regulations issued by CMA. The Company's success in proper implementation of corporate governance rules and procedures will depend on the extent of comprehension and understanding of these rules and proper execution of such rules and procedures by the Board of Directors, its committees and Senior Executives, especially with regards to training related to the board and its committees thereof, independence requirements, rules related to conflict of interests and Related Parties' transactions. Failure to comply with these provisions, particularly the mandatory provisions of the Corporate Governance Regulations issued by CMA would subject the Company to regulatory penalties and would have a material adverse effect on the Company's operations, financial position, results of operations and prospects.

2.1.36 Risks Related to Failure by the Audit Committee and the Nomination and Remuneration Committee to Perform their Duties as Required

In 2020G, the Audit Committee was formed by virtue of a resolution issued by the General Assembly Meeting held on 24/7/1441H (corresponding to 19 March 2020G), whereas the Nomination and Remuneration Committee was formed by virtue of a resolution issued by the General Assembly Meeting held on 21/7/1441H (corresponding to 16 March 2020G) and their charters were adopted in their formation resolutions in accordance with the internal corporate governance manual (for further details, see Section 5.3 (**Board of Directors Committees**)). Any failure by members of these committees to perform their duties and adopt a work approach that ensures protection of the interest of the Company and its Shareholders may affect corporate governance compliance, the continuous disclosure requirements issued by CMA and the Board of Directors' ability to monitor the Company's business through these committees, which will have a material adverse effect on the Company's business, financial condition, results of operations and prospects. In view of the recent formation of these committees and the Company's internal governance system, besides failure of the aforementioned committees to hold meetings since their formation, the inability of the members of these committees and independent members to carry out the tasks assigned thereto and to follow a work methodology that ensures the protection of the interests of the Company and its Shareholders may affect the application of the governance system and efficiency of the Company's Board control over the effective management of its business through these committees. This may lead to the Company becoming non-compliant with the continuous disclosure requirements after listing on the one hand, and operational, management and financial risks on the other hand. Accordingly, this would have a material and adverse impact on the Company's business, results of operations, financial position and prospects.

2.1.37 Risks Related to Lack of Experience in Managing a Publicly Listed Company

The Senior Executives have limited or no experience in managing a publicly listed company and complying with the laws and regulations pertaining to such companies. This will require that Senior Executives, in particular, obtain internal or external training in managing a listed joint stock company, in addition to the Company's compliance with the relevant laws, regulations and disclosure requirements, which may reduce the time that Senior Executives devote to managing the daily business of the Company. Failure to comply with the laws, regulations and relative disclosure requirements imposed on listed companies will expose the Company to regulatory sanctions and fines, which will have a material adverse effect on the Company's business, financial condition, results of operations and prospects.

2.2 Risks Related to the Market, Industry, and Regulatory Environment

2.2.1 Risks Related to Consumer Spending due to Weak Economic Conditions

Any substantial deterioration in general economic conditions, decreases in wages, reduction in availability of consumer credit, decrease in consumer spending, increase in fuel prices, reduction in business and leisure travel, increases in interest and tax rates, including value added tax, or political events that diminish consumer spending and confidence could negatively impact the car rental industry and the revenue that the Company can generate. In addition, certain competitors may react to such conditions by reducing prices and promoting such reductions, putting further pressure on the Company, resulting in a material adverse effect on the Company's business, financial condition, results of operations and prospects.

2.2.2 Risks Related to Political Instability and Security Concerns in the Middle East Region

The Company's assets, operations, and customer base are situated in the Kingdom. The wider Middle East Region is subject to a number of geopolitical and security risks that may impact the GCC countries, including the Kingdom.

Moreover, as the political, economic and social environments in the Middle East Region remain subject to continuing changes, investments in the Middle East Region are characterised by uncertainty. Any unexpected changes in the political, social, or economic conditions in the Middle East Region may have a material adverse effect on the markets in which the Company operates, its ability to retain and attract customers in such regions and investments that the Company has made or may make in the future, which in turn will have a material adverse effect on the Company's business, financial condition, results of operations and prospects.

2.2.3 Risks Related to Force Majeure and Natural Disasters

Weather conditions and climate change in the Kingdom, particularly the regions where the Company operates, such as excessive cold or heat, floods, storms, or other natural disasters or calamities could damage the Company's vehicles. Moreover, climate change could increase the severity of adverse weather events. Extreme weather, regardless of its cause, could affect the Company's business due to:

- damage to infrastructure or the Company's facilities;

- damage to the Company's assets, particularly vehicles;
- disruption of car rental channels; or
- less efficient or nonroutine operating practices necessitated by unexpected adverse events.

Any of these factors will have a material adverse effect on the Company's business, financial condition, results of operations and/or prospects.

2.2.4 Risks Related to Competition and Market Share of the Company

The Company competes in the Kingdom with other car rental and vehicle lease companies, where the competitive factors include price, vehicle quality, brand identification, geographic presence, innovation and customer service. Moreover, technology has enabled cost-conscious customers to more easily compare rates available from car rental companies. If the Company tries to increase its pricing, its competitors may seek to compete aggressively on the basis of pricing. The Company may not be able to maintain or enhance its market position or its total share of the car rental market, given that some of the Company's competitors have greater financial and marketing resources than the Company. In addition, increased competition may result in lower prices, more offers and sale incentives, as well as lower gross profit margins, and higher sale and marketing expense on account of expansion of marketing channels. The Company's competitors, including new entrants, may reduce prices in order to, among other things, attempt to gain a competitive advantage, capture market share or compensate for declines in rental activity, or they may offer vehicles with better market acceptance or better quality. Because of this, the Company may not be able to successfully maintain or increase its market penetration or its overall share of the car rental and vehicle lease markets. If the Company fails to address these competitive challenges, it will have a material adverse effect on the Company's business, financial condition, results of operations and prospects.

2.2.5 Risks Related to Changes in the Regulatory Environment

The car rental and vehicle lease industries are subject to numerous laws and regulations in the Kingdom, which may materially affect or restrict the Company's business and operations or may increase its costs in the future. The Company may be subject to fines or penalties, which may reach fifty thousand Saudi Riyals for each case (for example, failure to keep tax invoices, books, records and accounting documents during the regulatory period and submit the same GAZT during the specified period) in case of failure to comply with these laws or regulations or to fulfil licensing requirements, which may change from time to time, resulting in the Company incurring higher costs or suffering reputational harm, which would reduce the Company's competitive position and demand for its products. For example, any new requirement regarding the minimum space or minimum number of parking lots for the Company's car rental branches may result in the Company having to incur additional expenditures or close some if its branches. Moreover, the Company's loss or failure to obtain necessary permits could delay or prevent it from meeting customer demand, introducing new products, or implementing its growth plan, which would have a material adverse effect on the Company's business, financial condition, results of operations and prospects.

The Company's operations are also subject to regulations administered by the Presidency of Meteorology and Environment, which, among other things, pertain to the impact of materials on the environment and the handling and disposition of waste. Failure to comply with these regulations can have unfavourable consequences, including penalties which may exceed one hundred thousand Saudi Riyals and reputational harm. Future discovery of contamination of property underlying or in the vicinity of the Company's facilities could cause it to incur additional expenses, which would have a material adverse effect on the Company's business, financial condition, results of operations and prospects.

Moreover, legal requirements may change and are subject to interpretation and clarification. This may require the Company to incur significant expenditure, modify its business practices to comply with existing or future laws and regulations, or restrict the Company's ability to conduct business, which will have a material adverse effect on the Company's business, financial condition, results of operations and prospects.

2.2.6 Risks Related to Value Added Tax

The Kingdom issued the Value Added Tax (VAT) Law which became effective on 1 January 2018G. This law imposed a value added tax of 5% on a number of products and services, as specified in the law. The Ministry of Finance recently announced, on 11 May 2020G, an additional increase in VAT to reach 15% as of 1 July 2020G. Since this law and the announced VAT increase were recently issued, any violation or misuse thereof by the Company's management or employees may increase the operational costs and expenses that the Company will incur or expose the Company to fines which may reach fifty thousand Saudi Riyals or penalties or damage to its reputation. Moreover, this increase and any possible increase in VAT could reduce demand for the Company's products and services or decreased profitability of the Company if it is unable to pass on such VAT increase to its customers. The occurrence of any of the above will have a material adverse effect on the Company's business, financial condition, results of operations and prospects.

2.2.7 Risks Related to Changes in Energy Prices

The Company is sensitive to increases in Diesel and Gasoline prices as the vehicles used by its customers depend on them. The Ministry of Energy issued a statement, dated 24/3/1439H (corresponding to 12 December 2017G), on Fiscal Balance Programme Plan to reform prices of energy products. It resulted in an increase in prices of Gasoline 91, Gasoline 95, Diesel for industry and facilities, Diesel for transportation and Kerosene as of 14/4/1439H (corresponding to 1 January 2018G). The prices of energy products are adjusted monthly in accordance with the procedures for the governance of adjusting the prices of energy and water products. Any further increases in Diesel and Gasoline prices could impact the behaviour of the Company's customers who could look for transportation alternatives to renting or leasing vehicles, which will have a material adverse effect on the Company's operations, financial position, results of operations and prospects.

2.2.8 Risks Related to Exchange Rates

The Company's purchases are sourced locally from many Saudi companies, which purchases are in turn exposed to other currencies, including USD (such as local car agencies selling vehicles to the Company). As part of the Kingdom's policy, SAR, as of the date of this Prospectus, is pegged to the USD at an exchange rate of SAR 3.75 for USD 1. However, there are no guarantees that the SAR exchange rate will continue to be pegged against USD. As the Company continues to expand its vehicle fleet, the Company's exposure to USD and other currencies may increase. Accordingly, the Company may experience a significant increase in the costs of its operations. Such an increase could have a material adverse effect on the Company's business, financial condition, results of operations and prospects.

2.2.9 Risk Related to Licences and Approvals

In order to carry out and expand its business, the Company needs to maintain or obtain a variety of licences, certificates, permits and approvals from regulatory, legal, administrative, tax, Zakat and other authorities and agencies in the Kingdom, in particular a municipality licence for the conduct of commercial activities, a civil defence licence for each of the Company's facilities, and licences from the Ministry of Transportation to practice car rental activities. The processes for obtaining these licences, certificates, permits and approvals are often lengthy and may be terminated or suspended if the licensee fails to comply with certain requirements. As of 1 September 2020G, the Company had 20 expired or non-obtained licences out of 118 operating licences required to operate its facilities in the Kingdom, including the following: one licence from the Ministry of Municipality and Rural Affairs, 18 certificates from the General Directorate of Civil Defence, and one licence from the Ministry of Transportation related to car rental activities (for further information on government licences, certificates, permits and approvals, see Section 12.4 (**Government Consents, Licences and Certificates**)). The Company may be subject to penalties and fines if it continues to carry out its activities without renewing the above licences. Furthermore, when renewing or modifying the scope of a licence, certificate or permit, the relevant authority may not renew or modify the licence, certificate or permit and may impose conditions that will adversely affect the Company's performance, if it did renew or modify the licence, certificate or permit. If the Company is unable to maintain, obtain, or renew the relevant licences, permits and approvals, its ability to achieve its strategic objectives would be impaired, it may be forced to close down its establishments and facilities for which operating licences are missing or incur financial penalties, which may reach five thousand Saudi Riyals for each case (for example, operating car rental services through a branch not licensed by Transport General Authority), which will have a material adverse effect on the Company's business, financial condition, results of operations or prospects.

2.2.10 Risks Related to Change in the Mechanism of Calculating Zakat and Income Tax

GAZT issued the Circular No. 6768/16/1438 dated 5/4/1438H (corresponding to 4 December 2016G) which obliges Saudi companies listed on the Exchange to calculate income and Zakat based on the shareholders' nationality and actual ownership between Saudi and Gulf citizens and others as provided for in "Tadawulaty" at the end of the year. Prior to the issuance of this Circular, companies listed in the Exchange were generally subject to the payment of Zakat or tax on the basis of ownership of their founders in accordance with their bylaws. The effect of listed shares was not taken into consideration when determining the Zakat pool. This Circular was to be applied in the year ended 31 December 2016G and the following years. However, GAZT issued its Letter No. 12097/16/1438 dated 19/4/1438H (corresponding to 17 January 2017G), which requires postponing the implementation of the Circular to be effective on 31 December 2017G and the coming years. Until GAZT issues its directives regarding the mechanisms and procedures for implementing this Circular, the implementation of this Circular, including the final requirements that must be fulfilled, is still under consideration, as is the case with the rules that impose income tax on all non-Gulf residents owning shares in Saudi listed companies, which apply withholding tax to dividends of non-resident shareholders, regardless of their nationalities. The Company has not evaluated the financial impact of this Circular nor taken adequate steps to ensure compliance with it. In the event that the financial impact of this Circular, if applied, is significant, or if the Company incurs additional costs to take the necessary steps to ensure compliance with it, this will have an adverse effect on the Company's business, financial condition, results of operations and prospects (for further information, see Section 2.1.34 (**Risks Related to Potential Tax and Zakat Liability**)).

2.2.11 Risks Related to the Increase in Government Fees Applicable to Non-Saudi Employees

The Government has approved a number of resolutions intended to implement comprehensive reforms in the Saudi Arabian labour market, with additional fees being imposed on each non-Saudi employee hired by Saudi institutions and enterprises as of 14/4/1439H (corresponding to 1 January 2018G), and on the increased fees for residence permit issuance and renewal fees of non-Saudi employee families which came into force as of 7/10/1438H (corresponding to 1 July 2017G), noting that they will increase gradually from SAR 4,800 to SAR 9,600 per annum during the current year 2020G. Such announced increases will increase the government fees paid by the Company for its non-Saudi employees in general. The fees were SAR 8.7 million for the financial year ended 31 December 2019G, compared to SAR 5.3 million for the financial year ended 31 December 2018G, and are expected to reach SAR 10.5 million for the financial year ended 31 December 2020G. In addition, such increase in residence permit issuance and renewal fees may increase the cost of living. This could result in a non-Saudi employee seeking an employment opportunity in other countries with a lower cost of living. In such case, it will be difficult for the Company to retain its non-Saudi employees and the Company may be forced to incur additional government fees related to issuance and renewal of residence permits for non-Saudi employees and their family members. This will have a material adverse effect on the Company's business, financial condition, results of operations and prospects.

2.2.12 Risks Related to Non-Compliance with the Saudisation Requirements

Compliance with Saudisation requirements is a Saudi regulatory requirement necessitating that all companies active in the Kingdom, including the Company, employ and maintain a certain ratio of Saudi personnel among their staff. The percentage of Saudi workers varies on the basis of the company's activities. The Company is currently committed to the Saudisation requirements and is classified in "high green" category in Nitaqat as of the date of this Prospectus.

In case of non-compliance with the applicable Saudisation requirements, such as employing non-Saudi employee as a receptionist or human resource director, the Company would face penalties, which may reach twenty thousand Saudi Riyals and their multiples, or sanctions by governmental authorities, such as suspension of work visa requests and of transfers of sponsorship for non–Saudi employees, exclusion from government tenders and government loans, and the Company may not be able to continue to recruit or maintain the employment of the required percentage of Saudisation. In addition, the Company may not be able to hire the required workforce or recruit the required number of Saudi nationals or foreign workers without incurring additional costs. In particular, the Company relies on several qualified non-Saudi employees with relevant industry experience running the operations of the Company, including the CFO and the Executive Director – Corporate Operations of the Company, as well as the IT Manager, Business Development and Digital Transformation Manager, and the Internal Audit Manager. Any changes in local regulations which adversely impact expatriates may cause an out flux of these expatriate workers from the Kingdom and may result in a possible disruption in operations. Moreover, the Company is sensitive to the costs of salaries and related benefits, which amounted to SAR 79.2 million, SAR 83.3 million, SAR 98 million, and SAR 26 million in the financial years ended 31 December 2017G, 2018G and 2019G, and the threemonth period ended 31 March 2020G, respectively (representing approximately 18.6%, 21.4%, 23.9% 21.9% of its operating costs for the period). There may be a significant increase in costs of salaries in the event that the Company hired larger number of Saudi employees. The occurrence of any of the above would have a material adverse effect on the Company's business, financial condition, results of operations and prospects (for further details, see Section 5.8.2 (**Saudisation**)).

2.3 Risks Related to the Offer Shares

2.3.1 Risks Related to Post–Offering Effective Control by the Current Shareholders

Following the Offering, the Selling Shareholders will own 70% of the Company's issued Shares. As a result, the Selling Shareholders will have the ability to significantly influence the Company's business through their ability to control decisions and actions that require Shareholders' approval, including, without limitation, the election of Directors, significant corporate transactions, dividend distributions and capital adjustments. If circumstances were to arise where the interests of the Current Shareholders conflicted with the interests of minority Shareholders (including the Subscribers), the minority Shareholders might be disadvantaged and the Selling Shareholders might otherwise exercise their control over the Company in a manner that will materially adversely affect the Company's business, financial condition, results of operations or prospects.

2.3.2 Risks Related to Absence of a Prior Market for the Shares

The Company's Shares have not been offered or traded in a public share market. There is currently no public market for the Company's Shares, and there is no guarantee that an active and liquid market for the Shares will develop or be sustained after the Offering. If an active and liquid market is not developed or maintained, the price of the Shares will be adversely affected, or will lead to a complete or partial loss of Subscribers' funds in the Company, which will adversely and substantially affect expected returns for Subscribers.

2.3.3 Risks Related to Selling a Large Number of Shares in the Market

Sales of a substantial number of the Shares in the public market following the completion of the Offering, or the perception that these sales will occur, could adversely affect the market price of the Shares. Upon the successful completion of the Offering, Hamoud Abdullah Al-Theeb, Mohammed Ahmed Al Theeb, and Growth Opportunities Company for Trading (owning 23.0%, 23.0%, and 21.0% respectively, of the Company shares following offering) will be subject to the Lockup Period of six months following the Offering during which they may not dispose of any Shares. The sale of a substantial number of Shares by any of them following the expiration of the Lockup Period, or the perception that such sales could occur, will adversely affect the share price in the market.

2.3.4 Risks Related to Issuance of New Shares Post Offering

The Company does not intend currently to issue additional Shares following the end of the Offering. If and when the Company decides to raise additional capital by issuing new Shares, the newly issued Shares will adversely affect the share price in the market and will dilute the shareholder ownership percentage in the Company, if they do not subscribe to such newly issued Shares.

2.3.5 Risks Related to Fluctuation in the Market Price of the Shares

The Offer Price has been determined based upon several factors, including the past performance of the Company, the prospects for the Company's businesses, the industry in which it operates, the markets in which it competes and an assessment of the Company's management, operations and financial results. The Subscribers may not be able to sell the Offer Shares at the Offer Price or at higher price or may not be able to sell them at all. The Company's share price may be highly volatile and may not be stable due to several factors, including:

- market volatility and fluctuations in the price of vehicles and of the fleet acquisition or resale costs;
- negative variations in the Company's operating performance and improvement of the performance of its competitors;
- actual or anticipated fluctuations in its quarterly or annual operating results;
- publication of negative research reports by securities analysts about the Company, its competitors or the car rental or lease industries;
- the public's negative reaction to its press releases and its other public announcements;
- resignation or retirement of key personnel;
- important and strategic decisions by the Company or its competitors, and changes in business strategy, in case these decisions and changes cause adverse impacts;
- press reports, whether or not factual, about the Company or the car rental or lease industries in the Kingdom;
- changes in the regulatory environment affecting the Company or the car rental or lease industries;
- changes in adopted accounting rules and policies;
- significant terrorist acts, acts of war or periods of civil unrest or elsewhere;
- natural disasters, a widespread outbreak of a contagious disease and other calamities;
- changes to the policy of pegging the exchange rate between the SAR and the U.S. Dollar; and
- changes in general market and economic conditions.

The realisation of any of these risks or other factors could cause the market price of the Shares to decline significantly.

The stock market in general experiences from time to time extreme price and increased fluctuations. Periodic and/or continuing market fluctuations could result in extreme volatility in the price of the Shares, which could cause a decline in the value of the Shares, with price volatility being worse if the trading volume of the Shares is low, which will have an adverse effect on the Subscribers' investments in the Company's shares, or may give rise to a complete or partial loss of their investments in the Company.

2.3.6 Risks Related to Distribution of Dividends and Restrictions Imposed on Distribution of Dividends by Financers

Future distribution of dividends depends on, amongst other things, several factors, including future earnings, financial condition, cash flows, working capital requirements, capital expenditures and distributable reserves of the Company. Moreover, the Company may not be able to distribute dividends to the Shareholders, and the Board of Directors may not recommend or the Shareholders may not approve the distribution of dividends. In addition, profit distribution is subject to restrictions set out in the financing agreement entered into with the financers. For example, the financing agreement with Saudi British Bank, SAMBA Financial Group, Bank Aljazira, Al Rajhi Bank, and The National Commercial Bank contains restrictions under which the Company may not distribute dividends exceeding 50% of the net profit unless it has obtained the approval of the bank (for further information, see Section 12.6 (**Financing Agreements**)). The Company may be subject to the terms of its future credit financing agreements to make dividend payments. The Company may incur expenses or liabilities that would reduce the cash available for the distribution of dividends. If the Company does not pay dividends to the Shareholders, they will not receive any return on investment in the Shares unless they sell the Shares at a price higher than the price at the time of purchase, which will adversely and substantially affect the expected returns for the Subscribers. For further details regarding the dividends policy of the Company, see Section 7 (**Dividend Distribution Policy**).

3. MARKET OVERVIEW

The information in this Section is based on an independent market study report developed by the Market Consultant (Euromonitor International Ltd) exclusively for the Company on March 2020G. The Company has contracted Euromonitor International Ltd to develop a market study report covering the car rental, vehicle lease and used vehicle sales sector in the Kingdom. Euromonitor International Ltd is an independent company based in United Kingdom, that provides independent strategic market research. The Market Consultant was established in 1972G (for further information about the Market Consultant, see www.euromonitor.com).

The Market Consultant does not, nor do any of its affiliates, subsidiaries, sister companies, partners, shareholders, members of its board of directors, executives or their relatives, own any shares or interest of any kind in the Company. The Market Consultant has given its written approval on the use of its name, the market information and data provided by it to the Company in the manner set out in this Prospectus, and such approval has not been withdrawn as of the date of this Prospectus.

All data, analysis and research estimates in this Section are based on research work conducted between January 2020G and March 2020G including: (a) desk research to collect publicly available secondary sources of data, including statistics on macroeconomic indicators, demographics, consumption and production from entities such as the General Authority for Statistics (GASTAT), Saudi Arabian Monetary Agency (SAMA), Euromonitor's internal database (Passport), trade press, company and third-party reports; and (b) trade survey analysis on the opinions and perspectives of a sample of car rental and leasing companies and used Vehicles agents in the Kingdom. All sources were analysed and validated to build an industry consensus on market size and historic trends. It is noted that Theeb Rent A Car Company provided their 2019G audited sales data for Saudi Arabia which was used to calculate their share of the total market.

The Company and its Directors believe that the information and data from other sources contained in this Prospectus, including those provided by the Market Consultant, are reliable. However, neither the Company nor the Directors, Managers, or other Advisors have independently checked or verified the accuracy or completeness of such information contained in this Section, and none of them shall assume any responsibility as to such information. Some of the data contained in this Section dates to 2018G and no updated data is available as of the date of this Prospectus in connection thereto.

3.1 Macro-Economic Overview

3.1.1 Economic Aspects

The Kingdom has the largest economy in the MENA region in terms of economic size, with a GDP of approximately SAR 2,973 billion as of 2019G. The Kingdom has an economy that comprises of a significant oil sector- representing 31.2% of GDP and a non-oil sector representing 68.1% of GDP.

Following the declining oil prices since 2014G, the Kingdom's economy has faced adverse challenges. However, as a result of the expanding non-oil sector, coupled with improving oil markets, the Kingdom has returned to economic growth. GDP levels in 2018G have surpassed their 2014G threshold. Overall, the Kingdom's GDP has been growing at a compound annual growth rate ("**CAGR**") of 0.9% between 2014G and 2019G.

This growth in GDP is driven by the expansion in the non-oil and Government sectors of the economy. This is a consequence of the socio-economic reforms currently underway in the Kingdom such as the National Transformation Plan ("**NTP**") and the Vision 2030 Initiative. The changes to the local social structure, such as allowing women to drive, coupled with economic reforms such as streamlining procedures to start new businesses, opening the market to foreign investors, encouraging privatization by selling shares in utilities, and infrastructure assets, are designed to integrate the Kingdom into the global economy. One of the Kingdom's main objective is to attract foreign direct investment ("**FDI**") that will eventually fuel growth in the non-oil sector of the economy.

The following table shows the Kingdom's macroeconomic indicators from 2014G to 2019G:

Table 3.1: The Kingdom's Macro-Economic Indicators (2014G-2019G)

SAR Billion	2014G	2015G	2016G	2017G	2018G	2019G[1]	CAGR (2014G-2019G)
GDP	2,836.3	2,453.5	2,418.5	2,582.2	2,949.5	2,973.6	0.9%
Oil Sector GDP	1,197.4	659.7	595.5	735.3	985.9	926.3	(5.0%)
Non-Oil Sector GDP	1,615.4	1,767.8	1,797.2	1,823.5	1,944.2	2,026.1	4.6%
Private Sector GDP	1,149.6	1,213.5	1,227.5	1,247.5	1,300.9	1,354.3	3.3%
Government Sector GDP	465.7	554.3	569.6	576.1	643.3	671.7	7.6%
Import Duties	23.5	26.0	25.9	23.4	19.4	21.2	(2.0%)

Source: Euromonitor International, national statistics (General Authority for Statistics)

(1) Preliminary official data

Due to decline of 51.1% in oil revenues between 2014G and 2015G, the Government budget deficit widened between 2014G and 2015G from (3.5%) to (15.8%) of GDP respectively. In 2016G, further reduction in global oil prices led to the continuation of the drop in overall Government revenues. However, in 2016G the Kingdom's Government announced the implementation of budget control measures to limit the deficit, as well diversifying away the Kingdom's economy of its dependence on oil by kickstarting initiatives such as the NTP and Vision 2030.

The following table shows the Kingdom's Government revenues and expenditure in 2014G-2019G.

Table 3.2: The Kingdom's Government Revenues and Expenditure (2014G-2019G)

SAR Billion	2014G	2015G	2016G	2017G	2018G	2019G[1]	CAGR (2014G-2019G)
Average OPEC Basket Oil Price (USD)	96.3	49.5	40.8	52.5	69.8	64.1	(7.8%)
YoY Change (%)	-	(48.6%)	(17.6%)	28.7%	33.0%	(8.2%)	-
Oil Revenues	913.3	446.4	333.7	435.9	611.2	661.9	(6.2%)
YoY Change (%)	-	(51.1%)	(25.3%)	30.6%	40.2%	8.3%	-
Non-Oil Revenues	126.8	166.3	185.8	255.6	294.4	313.4	19.8%
YoY Change (%)	-	31.1%	11.7%	37.6%	15.2%	6.5%	-
Total Revenue	1,040.1	612.7	519.5	691.5	905.6	975.3	(1.3%)
Government Expenditure[1]	1,140.6	1,001.3	830.5	930.0	1,079.5	1,106.0	(0.6%)
Government Surplus/ Deficit	(100.5)	(388.6)	(311.1)	(238.5)	(173.9)	(131.0)	7.0%
Government Deficit as a % of GDP	(3.5%)	(15.8%)	(12.9%)	(9.2%)	(5.9%)	(4.4%)	4.4%

Source: Saudi Arabia Ministry of Finance, OPEC (The Organization of the Petroleum Exporting Countries)

(1) Preliminary official data

The oil market began stabilizing after its low point in 2016G with OPEC basket oil prices rebounding from the low average annual price per barrel of USD 40.8/bbl in 2016G towards USD 64.1 in 2019G. From 2016G-2019G the Kingdom's Government increased its expenditure, which represented a positive economic stimulus that accelerated GDP recovery as well as revitalised the private sector.

From 2016G onwards, the Kingdom's austerity measures resulted in the deficit reducing from (15.8%) in 2015G to (4.4%) in 2019G. As oil revenues have gradually been recovering, the budget deficit has further reduced in 2019G. The recovery has allowed the Kingdom's Government to increase Government spending in order to fund initiatives to accelerate the Kingdom's transition from its dependence on oil. Non-oil revenue grew at a CAGR of 19.8% between 2014G and 2019G.

In order to diversify the economy away from its dependence on oil revenues, the Kingdom's Government introduced a number of initiatives to open up the economy to foreign investors. In this light, the Saudi Arabian General Investment Authority has lifted restrictions on foreign ownership in sectors such as recruitment services, real estate brokerage, media services, or land transport. In terms of FDI inflow and stock between 2016G and 2018G, the Saudi and UAE economies dominate the GCC region. Even though the Kingdom suffered a decline of (81%) in FDI inflows between 2016G and 2017G, the Kingdom's FDI inflows showed signs of recovery in 2018G, up to SAR 12.0 billion.

The following table shows the foreign direct investments in the Kingdom, United Arab Emirates, and rest of Gulf Cooperation Council (GCC) in 2016G-2018G:

Table 3.3: Foreign Direct Investments in the Kingdom, United Arab Emirates, and Rest of Gulf Cooperation Council (2016G-2018G)

SAR Billion	2016G	2017G	2018G
The Kingdom			
FDI Inward Flow	27.9	5.3	12.0
YoY Change (%)		(81.0%)	126.4%
FDI Stock	868.1	853.3	865.4
United Arab Emirates			
FDI Inward Flow	36.0	38.8	38.9
YoY Change (%)		7.8%	0.3%
FDI Stock	448.4	487.3	526.2
Rest of GCC			
FDI Inward Flow	13.9	21.3	14.5
YoY Change (%)		53.2%	(31.9%)
FDI Stock	360.2	381.1	396.6

Source: Euromonitor International (2019G), United Nations Conference on Trade and Development (UNCTAD)

The Kingdom's FDI stock levels rank amongst the top 20 countries in the world as per data from the Organization for Economic Co-operation and Development (“**OECD**”). FDI stock levels represent the total level of direct investment in an economy over a specified time period (Source: OECD, Benchmark Definition of Foreign Direct Investment - 4th Edition). The Kingdom maintained its FDI stock levels between 2016G and 2018G, while the United Arab Emirates and the rest of the Gulf Cooperation Council countries registered increases in their FDI stock levels at a CAGR of 8.3% and 4.9% respectively over the same period.

3.1.2 Demographics

The Kingdom is the largest and most populous country in the GCC region. Its land mass occupies 2.2 million km2 of the Arabian Peninsula with the largest population amongst its GCC counterparts of 34.3 million people in 2019G. Due to labour laws such as Nitaqat program (“**Saudisation**”) and a significantly larger population, the Kingdom has less expat penetration compared to the rest of the GCC.

The Kingdom has a young, growing population with 31.2% of the population aged below 20 years and a further 36.2% of the population aged between 20 and 39 years. This in turn means that most of the population will play a key role in the transformation of the socio-economic landscape of the Kingdom. As the younger segments of the population approach working age, rural residents are leaving their town and villages and moving to the larger cities such as Riyadh, Jeddah, and Dammam in search of opportunities. This in turn will accelerate the urbanization of these cities and other metropolitan areas in the Kingdom.

The following table shows the Kingdom's population break-down by age and gender in 2017G-2019G:

Table 3.4: The Kingdom's Population Break-Down by Age and Gender (2017G-2019G)

Age	2017G				2018G				2019G			
	M	F	Total (million)	% of Pop.	M	F	Total (million)	% of Pop.	M	F	Total (million)	% of Pop.
0-19	5.4	5.2	10.6	32.0%	5.4	5.2	10.6	31.5%	5.4	5.3	10.7	31.2%
20-39	7.1	5.2	12.3	37.2%	7.1	5.2	12.3	36.5%	7.1	5.2	12.4	36.2%
40-59	5.5	2.9	8.5	25.7%	5.8	3.0	8.9	26.4%	6.1	3.2	9.2	26.8%
60+	1.0	0.8	1.8	5.4%	1.1	0.8	1.9	5.6%	1.1	0.8	1.9	5.5%
Total	**19.0**	**14.1**	**33.1**	**100%**	**19.4**	**14.3**	**33.7**	**100%**	**19.8**	**14.5**	**34.3**	**100%**

Source: Euromonitor International, Passport Database

The Kingdom's population has been increasing at a pace of 2.1% p.a. between 2014G and 2019G. People aged between 20 and 39 years represent 36.2% (2019G). People below 40 years represent 67.4% of the total population of the Kingdom, which creates significant growth opportunities for several sectors, especially consumer products and services.

The following table shows the Kingdom's population break-down by nationality and gender in 2014G-2019G:

Table 3.5: The Kingdom's Population Break-Down by Nationality and Gender (2014G-2019G)

Million	2014G	2015G	2016G	2017G	2018G	2019G
Male	17.5	18.0	18.5	19.0	19.4	19.8
Saudi	60.1%	56.5%	56.0%	55.6%	54.9%	n/a
Non-Saudi	39.9%	43.5%	44.0%	44.4%	45.1%	n/a
Female	13.4	13.7	13.9	14.1	14.3	14.5
Saudi	76.3%	73.5%	72.8%	72.5%	71.8%	n/a
Non-Saudi	23.7%	26.5%	27.2%	27.5%	28.2%	n/a
Total	**30.9**	**31.7**	**32.4**	**33.1**	**33.7**	**34.3**

Source: Euromonitor International, Passport Database. National statistics (General Authority for Statistics)/UN.

3.1.3 Labour Market

Population growth and a stable economy has allowed the Saudi labour market to grow and encompass Saudis as well as expatriates while maintain unemployment rates at relatively low rates. The number of unemployed females declined from 34.5% in 2016G to 32.5% in 2018G due to the social reforms launched by the Government to give more job opportunities to women in the Kingdom. Higher employment of women in the Kingdom, is likely to lead to higher household income levels and drive higher consumer demand for products and services.

The following table shows the Kingdom's employment statistics by nationality in 2016G-2019G:

Table 3.6: The Kingdom's Employment Statistics by Nationality (2016G-2019G)

Million	2016G	2017G	2018G	2019G
Number of Employed Saudi Nationals(1)	3.1	3.2	3.1	n/a
Number of Employed Non-Saudi Nationals(1)	10.8	10.4	9.4	n/a
Saudi National Unemployment Rate	12.3%	12.8%	12.7%	n/a
Male	5.9%	7.5%	6.6%	n/a
Female	34.5%	31.0%	32.5%	n/a
Overall Unemployment Rate in the Kingdom	5.6%	5.9%	6.0%	5.7%
Male	2.7%	2.9%	3.0%	2.7%
Female	20.1%	21.1%	22.4%	21.1%

Source: Euromonitor International, Number of employed Saudi nationals, Number of employed non-Saudi nationals, Saudi national unemployment rate is sourced from National Statistics (Saudi General Authority for Statistics)

(1) Data do not include employees in the security and military sectors and non-registered in the records of GOSI, MCS.

3.1.4 Household Income

The number of high- and middle-income Saudi households has been rising at a CAGR of 7.6% and 2.5% respectively, while the number of low-income households has been declining at a CAGR of 1.2% between 2014G and 2019G. These changes in the make-up of Saudi households is due to the integration of women into the workforce, resulting in single income households becoming dual or multiple income households.

The following table shows the Kingdom's households segmented by income brackets in 2014G-2019G:

Table 3.7: The Kingdom's Households Segmented by Income Brackets (2014G-2019G)

'000 Households	2014G	2015G	2016G	2017G	2018G	2019G	CAGR (2014G-2019G)
Low Income Households (HH Income <94K SAR per Annum)	1,704.9	1,606.6	1,595.7	1,623.2	1,580.8	1,607.7	(1.2%)
Proportion to Total Number of Households	30.8%	28.2%	27.4%	27.3%	26.1%	26.0%	-
Middle Income Households (94K to 281K SAR per Annum)	3,108.2	3,237.0	3,319.6	3,384.7	3,455.9	3,509.3	2.5%
Total Number of Households	56.1%	56.9%	56.9%	56.9%	57.0%	56.9%	-
High Income Households (>281K SAR per Annum)	730.5	849.7	913.9	944.9	1,029.5	1,055.9	7.6%
Proportion to Total Number of Households	13.2%	14.9%	15.7%	15.9%	17.0%	17.1%	-
Total Number of Households	**5,543.6**	**5,693.2**	**5,829.2**	**5,952.8**	**6,066.2**	**6,172.9**	**2.2%**

Source: Euromonitor International, General Authority for Statistics

3.1.5 Transportation Sector in the Kingdom

The transportation sector in the Kingdom offers different travel modes for domestic (i.e., residents of the Kingdom) and inbound visitors (i.e., non-residents) to tour within the Kingdom, mainly by road, air, and rail:

1- **Road Transport:** With more than 66.1 thousand kilometres of total road length available in the Kingdom (Source: Ministry of Transportation, published in Statistical Yearbook 2018G by General Authority for Statistics), roads are the most utilised mean of transportation.

2- **Air Transport:** The Kingdom has both international and domestic airports, building up a network of 35 airports. According to the General Authority of Civil Aviation (Saudi Airports Traffic bulletin 2014G, and Saudi Airports Traffic bulletin 2018G), air traffic increased by 7.0% (in terms of flights) from 2016G to 2018G.

3- **Rail Transport:** Passengers carried over railways 134.7 million (2018G). The main operational rail lines in the Kingdom are the Riyadh-Dammam line, and the Haramain Railway that links Islam's holiest cities. The Riyadh-Dammam line transported ~1.8 million passengers in 2018G (Source: Arab News, "How Saudi Arabia is improving its railways", published 4th of March, 2019G), while the Haramain railway transported 250 thousand passengers in its first fourth months of operation in Q3 of 2018G (Source: International Railway Journal, "Haramain high-speed carries 250,000 passengers in first four months", published 27th of February, 2019G). The Kingdom has recently announced large scale transportation infrastructure projects which are meant to inter-link the largest cities such as the Land Bridge between Dammam and Jeddah as well as the GCC railway project. However, due to a lack in mobility options across the Kingdom, currently automobiles remain the dominant mode of ground transportation throughout the Kingdom.

3.1.6 "Vision 2030" and Supporting Programs

With the aim of boosting the national economy, the Kingdom released its long-term economic blueprint, the "Vision 2030". Different goals are expected to be achieved, with both direct and indirect impact on the car rental and vehicle lease market, as follow:

- to have three cities in the Kingdom recognised in the top-ranked 100 cities worldwide;
- to improve household spending on cultural and entertainment activities in Saudi Arabia from 2.9% to 6.0%;
- to increase women participation in workforce from 22.0% to 30.0%; and
- to raise Saudi Arabia's position from 49 to 25 in the Logistics Performance Index.

The Government developed 13 Vision Realization Programs to deliver its strategic objectives. These programs identify on a yearly basis the different initiatives required and develop delivery plans with measurable metrics to track performance.

3.1.7 Recent Regulatory Changes

Several regulations have been introduced recently in the Kingdom with impact on the transportation market. The overall stricter rules limit flexibility to operate car rental business and have led to closure of smaller outlets:

- **Nitaqat Program**: The Ministry of Human Resources and Social Development introduced the "Nitaqat" Program to increase Saudisation by limiting the work at car rental outlets only to Saudi Nationals (applies only to front desk staffs). The initiative was reinforced with the announcement of Vision 2030 in 2016G, with the effective deadline for car rental outlets as of March 2018G to comply.
- **Minimum Fleet Size Requirement**: The Public Transport Authority set categories for car rental companies and enacted regulations that define the vehicle fleet requirements according to each category
- **Branch Facility Management**: The Ministry of Municipality and Rural Affairs released a new proposal in 2019G to set up broader requirements applicable to car rental branches revolving around their facility management, structuring, security control and safety maintenance.
- **Truck Leasing**: The PTA announced in 2018G new limitations for truck leasing, requiring trucks to be leased only for maximum of five years (from their manufacturing date) upon entering into transport operation, with no trucks having more than 20 years in transport operation from their manufacturing date.

3.2 Industry Overview

Although car rental and vehicle lease offer a similar service for customers to pay and use vehicles owned by another party, they differ significantly in their timescale of use; car rental is characterised to be over a short-term period (typically up to 12 months), while vehicle leasing is known to be over a long-term (typically more than 12 months). Once leased vehicles reach the end of their operational use (two-to-five-year age), they are sold in the used vehicle market.

Many of the larger car rental and vehicle leasing companies currently operate across both segments with similar steps as part of the value chain, which requires similar capabilities and know-how in fleet management. However, as their market dynamics are different, after the initial overview of the 3.2.1 (**Industry Value Chain**) each segment will be treated separately in three Sections as follow: 3.3 (**Car Rental Market**), 3.4 (**Vehicle Leasing Market**), and 3.5 (**Used Vehicle Market**).

3.2.1 Industry Value Chain

The car rental and vehicle lease value chain in the Kingdom involves five steps:

- **Vehicle Manufacturing**: It involves vehicle manufacturers and sale companies such as Toyota in Japan and Ford in the United States, and they are referred to as OEMs. Rental and leasing companies are a vital sales channel for OEMs and their agents due to the constant need to renew the vehicle fleet.
- **Vehicle Acquisition**: Rental and leasing companies typically purchase the vehicles via local car agents/ retailers such as Abdullatif Jameel Automotive Group that offers Toyota and Lexus. In some cases, vehicles are purchased directly from the original manufacturer.
- **Vehicle Financing**: Vehicle purchasing is typically capital intensive, and financed via cash from operations or car agent instalments or bank loans. Borrowing plays a critical role in the business profitability. Rental and leasing companies and long-term finance companies generally borrow the necessary funds, often in long-term loan facilities, at a cost-effective level from Financial Institutions such as banks for the acquisition of vehicles. The financing facilities may vary in terms and length depending on use (e.g. limited to a segment of leasing business).
- **Vehicle Rental and Leasing Operations**: Vehicle rental and leasing companies provide varied transport services and solutions to meet the needs of individuals or companies. Although services provided in rental and lease segments, they differ in terms of the sales approach and general operations.
- **Vehicle Disposal**: Sale of used vehicles is a critical step of the value chain for the car rental and vehicle lease segments, and is the last step of vehicle lifecycle. Vehicle age, mileage and general conditions, as well as conditions of vehicles for sale are key for determining the vehicle price for sale (for further information, refer to Section 3.5 (**Used Vehicle Market**) for details).

3.3 Car Rental Market

Car rental is the hiring of a vehicle for a maximum period of 12 months, which is made on a daily, weekly or monthly basis from customers who require cars for a multi-trip use that is usually fulfilled by taxis or ride hailing services on a short distance. Rent-a-car companies generally offer a large selection of rental fleets from different models.

Rented cars may be returned at the same or a different location. Most rent-a-car companies typically have several branches and counters responsible for sales, to assist the customer with reservation, pick-up and after-sale service. Reservations are made either directly at the branch or may come in through online, mobile or phone channels in advance. The key focus of the business operations is to offer attractive vehicle fleet and to maintain a balanced distribution of fleets across the branch network to ensure a high utilization rate.

3.3.1 Market Segmentation

Car rental companies in the Kingdom usually serve three different segments, each with its unique characteristics and growth drivers: (i) leisure travel, (ii) business travel, and (iii) insurance replacement car rental.

- **Leisure Car Rental**: It includes car rental services for personal trips or holidays, visiting friends/family or any other non-work-related activity.
- **Business Car Rental**: It covers car rental services for business purposes, arranged by the drivers themselves or their workplace.
- **Insurance Replacement Car Rental**: It includes rentals that are paid for by an insurance company as a replacement vehicle for consumers or businesses, while their own car is repaired following an accident.

3.3.2 Market Characteristics

The Kingdom's car rental market is characterised by the following main attributes:

- **Domestic, and Leisure-Focused Customer Base**: Unlike other globally developed markets (e.g. Europe, United States, etc.), the distinctive characteristics about the Saudi Arabian rental industry is that it is primarily dominated by individuals, rather than corporates, and by domestic travellers rather than international expatriate travellers. Therefore, rental companies experience a large diverse customer base, mainly serving the domestic market.
- **Accessibility and Availability are Key**: Car rental customers can typically book a car through multiple channels, such as visiting branches or booking online. Rental services are still currently anchored to the store experience. Especially younger consumers increasingly value the convenience of online booking and with rise of ride hailing services such as Uber and Careem, rent-a-car companies are investing in online capabilities to meet changing customer expectations towards rental experience. The availability of cars and ease of accessibility represent two important factors for customer attraction.
- **Price Sensitivity**: Car rental customers are relatively price sensitive. Therefore, rental companies monitor and adjust their prices based on demand, seasonality and events, and overall market conditions.
- **Seasonality and Events**: The demand for car rental is dependent on religious/ public holidays (e.g., Eid al-Fitr, Eid al-Adha) and other celebrations (e.g., Riyadh Season) that include performance arts, theme parks, sport events, Public and Private Conferences and Events, etc. to encourage domestic tourism and attract foreign visitors. These events shift in time period from one year to another and do not happen simultaneously, thus rental companies require to balance cars availability and appropriate utilization rates to accommodate for seasonality. The high rental demand in seasonal peaks typically offers a frequent opportunity for rent-a-car companies to raise their prices.
- **Value-Added Services**: Upon car booking/ collection, the customer can choose from a range of value-added services as well as supplemental insurance (e.g. collision damage waiver), which is one of the key additional revenue streams for Rent-a-Car companies. In addition, other auxiliaries such as unlimited mileage and/ or divers, etc. as an optional service at additional cost improve the customer value proposition and provide relevant revenue and profit opportunities for rent-a-car companies.
- **Barriers to Entry**: the Saudi Arabian car rental market presents several barriers to entry for both domestic and international players:
  - **Restrictive Airport Branches**: As airports offer limited car rental branches, they are usually allocated to rent-a-car companies through a tendering process, which makes them costly. Rent-a-car companies usually pay higher costs for running a branch in an airport location, driven by higher than average rents, two-to-five-year contracts, and revenue-sharing contract arrangements with the airports. Therefore, only rental companies with the necessary scale can typically afford to operate in an airport location.
  - **Relationship with Car Agents**: Rent-a-car companies are highly reliant on car agents for the on-time provision of cars at competitive prices and in a timely manner.

- **Financing**: Rent-a-car companies require to fund the consistent fleet inventories, which requires continuous financing from different sources such as cash from operations or bank loans or car agent instalments.
- **Customer Loyalty Programs**: In addition to the quality of cars and of the after-sale support, established rent-a-car companies offer loyalty programs (potentially in partnership with airline or other service providers) and/or periodic promotions (e.g., discounts on travel packages) to retain their customers.
- **Regulation**: Rent-a-car companies shall comply with the recent laws and regulations imposed by the relevant government entities (see Section 3.1.7 (**Recent Regulatory Changes**) for more details).

3.3.3 Estimated Market Size

The car rental market in Saudi Arabia was valued in total at SAR 3,986.2 million in 2019G. The value of the market grew at a CAGR of 1.2% over 2014G-2019G.

The following table shows the Kingdom's car rental market in 2014G-2019G:

Table 3.8: The Kingdom's Car Rental Market (2014G-2019G)

	2014G	2015G	2016G	2017G	2018G	2019G	CAGR (2014G-2019G)
Car Rental ('000 cars)	157.9	162.0	169.4	184.7	191.1	199.0	4.7%
Car Rental (SAR million)	3,750.0	3,834.6	3,816.2	3,818.9	3,799.5	3,986.2	1.2%
Leisure	2,052.1	2,105.5	2,102.3	2,147.0	2,125.6	2,219.1	1.6%
Business	1,654.3	1,684.2	1,668.9	1,625.6	1,627.8	1,718.1	0.8%
Insurance Replacement	43.6	44.9	45.0	46.3	46.1	48.9	2.3%

Source: Euromonitor International.

3.3.4 Historical Developments

Over recent years, the car rental market in the Kingdom has been impacted by the following trends:

Tourism: Despite the slower development of domestic traveling, which declined from 18.0 million trips in 2016G to 15.6 million in 2019G, the domestic tourism expenditure has surged by 19.0% over the same period positively reflecting on the car rental market performance. Tourism sector is anticipated to remain an important driver fuelled also by the entertainment reforms and opening up the country to international tourism.

The following table shows the Kingdom's tourism trips by type in 2014G-2019G:

Table 3.9: The Kingdom's Tourism Trips by Type (2014G-2019G)

SAR million	2014G	2015G	2016G	2017G	2018G	2019G	CAGR 2014G-2019G
Number of Domestic Trips (Million)	31.6	33.6	35.7	43.7	37.9	39.3	4.5%
YoY Change (%)	-	6.3%	6.3%	22.4%	(13.3%)	3.7%	-
Number of Inbound Trips	18.3	18.0	18.0	16.1	15.3	15.6	(3.1%)
YoY Change (%)	-	(1.6%)	0.0%	(10.6%)	(5.0%)	2.0%	-
Total Number of Trips (Million)	49.8	51.6	53.8	59.8	53.2	54.9	2.0%
YoY Change (%)	-	3.6%	4.3%	11.2%	(11.0%)	3.2%	-

Source: Euromonitor International, Passport Database from the World Tourism Organization (UNWTO, General Authority for Statistics and trade sources)

The following table shows the Kingdom's tourism expenditure by type in 2014G-2019G:

Table 3.10: The Kingdom's Tourism Expenditure by Type (2014G-2019G)

SAR million	2014G	2015G	2016G	2017G	2018G	2019G	CAGR 2014G-2019G
Domestic Tourism Expenditure	40.4	41.8	41.6	46.1	47.3	49.5	4.1%
YoY Change (%)	-	3.5%	(0.5%)	10.8%	2.6%	4.7%	-
Inbound Tourism Expenditure	54.3	82.5	93.4	97.5	95.1	100.2	13.0%
YoY Change (%)	-	51.9%	13.2%	4.4%	(2.5%)	5.4%	-
Domestic and Inbound	94.8	124.3	135.1	143.6	142.4	149.7	9.6%
YoY Change (%)	-	31.1%	8.7%	6.3%	(0.8%)	5.1%	-

Source: Euromonitor International, Passport Database from trade sources/national statistics (General Authority for Statistics)

- **Entertainment Reforms**: According to the Saudi Vision 2030 program (Source: Government Vision 2030), the Kingdom has started working on developing its entertainment sector. More than 5,000 events were featured in the country by the General Authority of Entertainment (GEA) in 2018G (Source: Government Vision 2030).
- **Infrastructure Development**: Car rental demand is also closely linked to the new infrastructural and transport developments. New airports and terminals have been developed to support the growing number of passengers, such as the new T5 terminal in King Khalid Airport in Riyadh and opening of King Abdulaziz International Airport.
- **Women Driving**: The women driving ban was lifted by royal decree in September 2017G, and the first driving licence was issued in June 2018G with the aim of increasing women's participation in the workspace. Seven driving schools for women and 22 centres to replace international valid licences have opened.

3.4 Vehicle Leasing Market

Vehicle leasing offers business customers (business-to-business) the right to use a vehicle for a fixed period, at an agreed fee. After the primary term (usually from two to five years), the vehicle must either be returned to the leasing company or purchased for the residual value.

There are two type of lease: (1) operational lease and (2) financial lease.

- **Operational Lease**: The lessor (most often an independent lease company or a car agent) conveys a vehicle to the lessee in an agreement. In exchange, the lessor receives monthly payments which are affected by factors such as initial value of the vehicle, amount of the first deposit, interest rate and the residual value in the end of the lease period. At the expiry of the agreement, the lessee hands over the vehicle to the lessor.
- **Financial Lease**: The lessor (most often an independent bank or original equipment manufacturer affiliate) conveys a vehicle to the lessee in an agreement that provides for that the customer pays the full value of the vehicle within a stipulated period. At the expiry of the agreement, the lessee becomes the owner of the vehicle. The lessee retains the overall financial risk for the vehicle.

The characteristics of operational lease have several advantages over financial lease and outright purchase to the customer:

- lower monthly payment in case of operating lease payment compared to financial lease;
- vehicle fleet is renewed more frequently. Using new vehicles enables to have manufacturer's warranty during the most period of use;
- no residual value risk exposure and the leased vehicle does not need to be sold by the lessee; and
- offers a VAT beneficial solution in comparison to purchasing as not the full VAT amount needs to be paid upfront.

Within this framework, the vehicle operation-related costs are included in monthly lease payments, including e.g. annual technical inspection maintenance, repairs, purchase of new tires, spare parts and insurance. This offers a high-level transparency on the vehicle fleet costs.

The leasing process either goes through public tenders (i.e., open bids among leasing providers, e.g. in the case of public entities or larger corporates) or direct orders from private entities. A key account manager is usually involved with large accounts as well as several sales coordinators to accommodate customers' demands, in terms of number and type of vehicle, exterior (e.g. colour) and interior appearance, number of back-up vehicles for replacement in case of break-down, etc. Leasing companies are in some instances also required to have onsite workshop facilities to support the client with fast service, maintenance and repair.

Vehicle lease companies serve business customer types, including small-to-medium enterprises, profit and non-profit corporates and government entities (e.g. Ministries, Authorities, Royal Commissions). All these customer types have different needs in terms of fleet size, mix, brand, etc. and a different sales approach is applied with them accordingly.

3.4.1 Market Characteristics

The Kingdom's vehicle leasing market is characterised by the following main attributes:

- **High Revenue Visibility Due to Long Tenure of Contracts**: Vehicle lease customers usually commit to a leasing contract with a fixed amount and a fixed period, which is typically two to five years. Therefore, revenues and cash inflows are highly predictable.
- **Quick Customer Support is Key**: Vehicle lease customers are particularly sensitive to the ability of the lease company in providing punctual and high-quality maintenance across the country (e.g. mobile workshops) as well as a vehicle replacement if necessary.
- **Customization**: Especially large-scale customers value the ability of the lessor to timely configure the vehicle at their discretion, fitting the specific requirements of their business.
- **Client Relationship**: Vehicle lease customers typically demand a single point of contact and a fleet coordinator is usually offered to customers leasing hundred or more vehicles.
- **Price Sensitivity**: Competitive pricing for both, the vehicle and the service fees, is a key selling proposition for vehivle lease customers. Therefore, leasing companies monitor and adjust their prices for singular tenders.
- **Barriers to Entry**: The Kingdom's vehicle lease market presents a number of barriers to entry for both domestic and international players:
  - **Sales and Distribution**: Leasing companies are highly reliant on the density and accessibility of sales network to ensure customer attraction.
  - **Maintenance/ Supplier Network**: Leasing companies are highly reliant on the density and quality of partner outlets for support service such as maintenance and provision of spare parts.
  - **Economies of Scale**: The larger the fleet of leasing company vehicles, the greater its ability to negotiate vehicle purchase prices from suppliers.
  - **Brand Awareness**: Reputation of leasing provider as trustworthy and transparent partner plays a key role in attract new customers.
  - **Vehicle Financing**: Financing is a key component in leasing business, as the service requires prompt provision of the fleet once the contract becomes effective.

3.4.2 Estimated Market Size

The Saudi Arabian vehicle leasing market reached a value of SAR 2,953.8 million in 2019G. The value of the market grew at a CAGR of 8.2% over 2014G-2019G.

The following table shows the Kingdom's vehicle leasing market in 2014G-2019G:

Table 3.11: The Kingdom's Vehicle Leasing Market (2014G-2019G)

	2014G	2015G	2016G	2017G	2018G	2019G	CAGR (2014G-2019G)
Vehicle Leasing ('000 Cars)	105.9	105.6	106.5	108.4	122.0	147.5	6.9%
Vehicle Leasing (SAR Million)	1,988.0	2,009.3	2,052.0	2,116.0	2,412.2	2,953.8	8.2%

Source: Euromonitor International from official statistics, trade associations, trade press, company research, trade interviews, trade sources.

3.4.3 Historical Trends

Over recent years, the vehicle lease market in the Kingdom has been impacted by the following trends:

- **Introduction of VAT**: The implementation of VAT on new vehicle sales in January 2018G increased costs for vehicle buyers by 5%. The payment of a moderate to significant VAT amount upfront, upon vehicle purchase, could be perceived as an additional stimulus for vehicle leasing adoption.
- **Replacing Purchase with Operational Lease**: The Kingdom witnessed an increased conversion rate from outright purchase and financial leasing to operational leasing, in particular the Saudi Government (e.g. ministries or authorities) and semi-Government entities. The transition of these entities from the procurement process to the operating lease process aims to improve their budget. This trend also serves the aim to meet the Vision 2030 objective of improving the effectiveness of financial planning and Government spending.

- **Giga-/Mega-Projects Impact**: The Kingdom is currently witnessing a large variety and volume of development projects, known as "Giga-/Mega-projects". These projects create new jobs, drive construction activities and open other business opportunities across the country, which in turn increases demand for corporate mobility.

3.5 Used Vehicle Market

Used vehicle market references the sale of used vehicles which have been already sold and registered at least once. As there is no official price list, buyers and sellers of used vehicles usually agree on the market value specific to the condition of the vehicle, which is typically driven by several components, including, but not limited to, vehicle age and mileage.

Used vehicle prices are driven by a combination of factors, including new vehicle sales, the overall quality of used vehicles put on sale, the age of vehicle and any after-sale service. Despite in other markets (e.g. Europe) rent-a-car companies and leasing companies often have a buy-back agreement in place with original equipment manufacturers or car agents, the practice is less frequent in the Kingdom, as rent-a-car companies and leasing companies are mostly able to sell used vehicles at higher margins than buy-back agreements.

The following table shows the Kingdom's new and used vehicles market in 2014G-2019G:

Table 3.12: The Kingdom's Sale of New and Used Vehicles Market (2014G-2019G)

SAR Million	2014G	2015G	2016G	2017G	2018G	2019G	CAGR 2014G-2019G
Sales of New Vehicle	863.2	852.3	666.4	513.2	415.7	459.1	(11.9%)
Sales of Used Vehicle	478.5	573.6	826.9	1,031.9	1,171.1	1,184.8	19.9%

Source: Euromonitor International

3.5.1 Market Segmentation

The sales channels used can both be traditional and online channels:

- **Traditional Channels**: They include showrooms and owned or third-party auction platforms.
- **Online Channels**: They include proprietary websites, marketplaces, or online auctions. Typically, medium commercial vehicles require a dedicated re-marketing channel as they target a different buyer segment than light commercial vehicles.

Vehicles' end customers and users can be both, either individuals or companies (large corporates or small and medium enterprises).

The Kingdom's used vehicle sales typically follow one of the five main routes to market:

- **Third-Party Auction Platform**: Vehicles are sold through an event organised by a third-party, wherein potential buyers place a competitive bid in either an open or closed format to buy the vehicle. However, as of the date of this Prospectus, this approach is not very common in the Kingdom.
- **Proprietary Auction Platform**: Vehicles are sold through an event organised directly by a rent-a-car company or a leasing company, wherein potential buyers place a competitive bid in either an open or closed format to buy the vehicle.
- **Listing on Online Marketplaces**: Vehicles are sold through an online platform, wherein potential buyers can review a listing and place a competitive bid to buy the vehicle. Several websites in the Kingdom offer this service such as Haraj.com, Saudisale.com, etc. where buyers can obtain online all the vehicle information (such as brand, model year, picture, etc.) before offering a bid.
- **Direct Sales to Consumers**: Vehicles are sold directly to a consumer or business through exclusive showrooms. This allows rent-a-car companies and leasing companies to increase their net margins by bypassing third party platforms.
- **Sales to Markets Outside Saudi Arabia**: Vehicles can be sold directly or through car agents to neighbouring countries, helping to selectively optimise proceeds from used vehicle sales on relevant car makes and models.

3.5.2 Market Characteristics

The used vehicle market in the Kingdom is characterised by the following main attributes:

- **Local Used Vehicles Sales and Remarketing Expertise**: Used vehicles can be sold through different remarketing channels. As the market is concentrated with car agents' groups, there are no original equipment manufacturers buy-backs in place or independent pricing guides from third parties established, rent-a-car companies and leasing companies require local expertise to sell their used vehicles. The absence of a remarketing structure for the resale of used vehicles incountry could represent a further barrier to entry for global players.
- **Resale Showrooms and Relationship with Car Agents**: Local expertise and relationship with car agents represent a strong value added due to the currently weak remarketing structure. Moreover, having own showrooms also allows to better negotiate contractual terms and optimise sales proceeds.

3.5.3 Market Developments

Over the years, the used vehicle market in the Kingdom has been impacted by the following trends:

- **Move to Used Vehicle Purchases**: There has been a gradual shift from new car sales to used vehicle purchases across the Kingdom in the light of the general economic slowdown resulted from falling oil prices in international markets over 2016G (see Section 3.1 (**Macro-Economic Overview**) for more details). This coupled with the introduction of Value Added Tax (the 5% levy introduced in January 2018G) resulted in reduced consumer confidence and propensity to spend on new vehicles and greater demand for used Vehicles.
- **Growth of the Leasing Segment**: Growth of the leasing segment increased the volume of used vehicles in the three-to-five years old cars segment.
- **Digitalization**: Growing acceptance and use of online marketplaces and used vehicle platforms.

3.6 Competitive Landscape

The Kingdom's car rental and vehicle leasing market comprises of:

- **Local Players**: Such as Theeb, Al Wefaq and Shary, which typically have a high brand awareness within the country due to their strong regional presence and local focus.
- **International Players**: Such as Budget, Avis and Hertz, which typically have a strong brand name. International companies typically operate in franchise agreements with local businesses.

The rental segment is more fragmented, including small businesses dispersed across the Kingdom, while the leasing segment is more concentrated around the key major players:

- **Rental Market**: Most Saudi Arabian car rental operators are engaged in both car rental and vehicle leasing activities, including players such as Theeb Rent a Car Co and United International Transport Co. The market is relatively fragmented between local players and international players. Local players typically have high brand awareness in the country due to their strong regional presence and local focus.

The following table shows the market shares in Kingdom's car rental market based on value sales in 2019G:

Table 3.13: Market Shares in Kingdom's Car Rental Market Based on Value Sales (2019G)

Rank	Company Name	Market Share
1	Theeb Rent a Car Co (Theeb)	8.8%
2	Al Wefaq Rent a Car Co (Al Wefaq)	6.9%
3	United International Transport Co (Budget Rent a Car)	6.9%
5	Arabian Hala Co Ltd (Avis)	4.6%
6	Key Car Rental Ltd (Key Car Rental)	3.5%
7	Seera Group (LUMI)	3.2%
8	Hanco Rent a Car Ltd (Hanco Rent A Car)	2.1%
	Others	64.1%

Source: Euromonitor International

- **Leasing Market**: The Kingdom's vehicle leasing market is mainly dominated by top five players which capture together 48.8% of the value market share, with United International Transport Co having the largest share of 17.3%. The rest of the market is distributed across other lessors or car agents like Shary, and Seera. The market is relatively concentrated, compared to the rental market, with top players (i.e., companies with +2% of market share) accounting for 70.9% of the market.

The following table shows the market shares in Kingdom's vehicle leasing market based on value sales in 2019G:

Table 3.14: Market Shares in Kingdom's Vehicle Leasing Market Based on Value of Sales (2019G)

Rank	Company Name	Market Share
1	United International Transport Co (Budget Rent a Car)	17.3%
2	Al Jazirah Vehicles Agencies Co Ltd (Ford Dealer)	8.6%
3	Hanco Rent a Car Ltd (Hanco Rent A Car)	8.2%
4	Al-Jazira Equipment Co Ltd (Autoworld)	8.2%
5	Theeb Rent a Car Co (Theeb)	6.5%
6	Shary Rent A Car (Shary)	6.2%
7	Seera Group (LUMI)	5.1%
8	Abdullatif Alissa Group Holding Co (Best Rent-a-Car)	4.7%
9	Hertz Saudi Arabia (Hertz Rent A Car)	3.9%
10	Arabian Hala Co Ltd (Avis)	2.3%
	Others	29.1%

Source: Euromonitor International.

4. BUSINESS DESCRIPTION

4.1 Overview

Theeb Rent A Car Company is a Saudi closed joint stock company registered under commercial registration No. 1010150661 dated 12/4/1419H (corresponding to 6 August 1998G) and formed pursuant to Ministerial Resolution No. 305/Q, dated 11/10/1431H (corresponding to 20 September 2010G). The Company's capital is SAR 430,000,000 divided into 43,000,000 ordinary Shares with a fully paid nominal value of SAR 10 per Share. The Company's head and registered office is located in Riyadh, Al Rawdah District, Eastern Ring Road, between exits 12 and 13, P.O. Box 9551, Riyadh 11423, Kingdom of Saudi Arabia.

As per its Bylaws, the Company's main activities include renting of cars and commercial vehicles; wholesale and retail trading in new and used vehicles, vehicles' spare parts, and industrial equipment; owning real estate and constructing buildings thereon for rent or sale; owning, management, and operation of gas stations and vehicle maintenance centres, providing commercial services, travel, tourism and hotel reservation services, renting heavy equipment, transporting goods and services in return for fees and the transporting passengers, cars, equipment and fuel on land roads.

With almost 30 years of experience, a diversified customer base and average fleet of approximately 19,000 vehicles in the financial year ended 31 December 2019G, the Company is one of the leading car rental companies in the Kingdom, covering the Central, Western, Eastern, Northern and Southern regions from 48 car rental branches, ten vehicle maintenance centres, and two used vehicle sales branches as of 31 March 2020G. The Company's core activities consist of the following business segments (for further details, see Section 4.6 (**Overview of the Company's Business**)):

a. car rental and provision of other related services;
b. vehicle lease and provision of other related services, in addition to providing customised solutions for vehicle lease customers; and
c. sale of used vehicles owned by the Company and released from its operations of the above two business segments.

As of 31 March 2020G, the Company had a total of 1,320 employees across the Kingdom (for further details, see Section 5.8 (**Employees**)).

The Company generated revenue of SAR 197.6 million in three-month period ended 31 March 2020G, and SAR 631.1 million in the financial year ended 31 December 2019G, compared to SAR 532.6 million in the financial year ended 31 December 2018G. The net income for the three-month period ended 31 March 2020G was SAR 34 million, and SAR 118.8 million in the financial year ended 31 December 2019G, compared to 60.1 million for the financial year ended 31 December 2018G. As of 31 March 2020G, the Company's total equity was SAR 467.4 million (share capital of SAR 430 million, statutory reserve of SAR 3.4 million and retained earnings of SAR 34 million), compared to SAR 451.4 million (share capital of SAR 153.9 million, statutory reserve of SAR 55.3 million and retained earnings of SAR 242.1 million) as of 31 December 2019G, and SAR 383.8 million as of 31 December 2018G, with total assets of SAR 1294.5 million as of 31 March 2020G, compared to SAR 1,271.6 as of 31 December 2019G, compared to SAR 892.3 million as of 31 December 2018G.

4.2 Corporate History and Evolution of Capital

The Company started operations under Theeb Establishment for Contracting owned by Hamoud Abdullah Al-Theeb (the "Establishment") and pursuant to Licence No. 244 dated 26/12/1412H (corresponding to 4 November 1991G) issued by the Ministry of Transportation for conducting car rental activities. On 27/4/1414H (corresponding to 24 October 1993G), the Establishment opened a branch named "Theeb Rent A Car" registered under commercial registration No. 1010116528 dated 27/04/1414H (corresponding to 24 October 1993G) for conducting its car rental activities under such branch.

On 19/08/1417H (corresponding to 30 December 1996G), the branch, along with its rights and liabilities, was converted to a limited liability company under the name of "Theeb Rent A Car Company" with a capital of SAR 500,000 divided into 500 shares (400 in-kind shares and 100 cash shares) with a nominal value of SAR 1,000 per share and registered in Riyadh under commercial registration No. 1010150661, dated 12/4/1419H (corresponding to 6 August 1998G), as the assets of the branch were valued at SAR 400,000. The shares of the Company upon incorporation were distributed as follows:

Table 4.1: The Shareholders of the Company as of 23/9/1416H (Corresponding to 12 February 1996G)

Shareholder	Number of Shares		Nominal Value of the Shares	Ownership Percentage
	Cash	In-Kind		
Hamoud Abdullah Ibrahim Al-Theeb	100	100	200,000	40%
Mohammed Ahmed Abdullah AlTheeb	-	200	200,000	40%
Ali Mohammed Suliaman Al-Theeb	-	100	100,000	20%
Total	**100**	**400**	**500,000**	**100%**

Source: The Company

In accordance with the Shareholders' Resolution dated 14/6/1419H (corresponding to 4 October 1998G), Ali Mohammed Sulaiman Al-Theeb transferred his entire shares of 20% to Hamoud Abdullah Al-Theeb and Mohammed Ahmed AlTheeb equally. The shares of the Company after such transfer were distributed as follows:

Table 4.2: The Shareholders of the Company as of 14/6/1419H (Corresponding to 4 October 1998G)

Shareholder	Number of Shares	Nominal Value of the Shares	Ownership Percentage
Hamoud Abdullah Ibrahim Al-Theeb	250	250,000	50%
Mohammed Ahmed Abdullah AlTheeb	250	250,000	50%
Total	**500**	**500,000**	**100%**

Source: The Company

In accordance with the Shareholders' Resolution dated 12/8/1431H (corresponding to 24 July 2010G), the capital of the Company was increased from SAR 500,000 divided into 500 shares with a nominal value of SAR 1,000 per share, to SAR 153,902,000 divided into 15,390,200 ordinary shares with a nominal value of SAR 10 per share, through capitalization of: (i) SAR 93,080,000 from the shareholders' account; (ii) SAR 60,072,000 from the retained earnings; and (iii) SAR 250,000 from the Company's statuary reserve. Moreover, the shareholders (Hamoud Abdullah Al-Theeb and Mohammed Ahmed Al Theeb) transferred part of their shares to other new shareholders. Under the same Shareholders' Resolution, the shareholders unanimously decided to convert the Company into a joint stock company named Theeb Rent A Car Company. After such conversion, transfer of shares and capital increase, the shares of the Company were distributed as follows:

Table 4.3: The Shareholders of the Company as of 12/8/1431H (Corresponding to 24 July 2010G)

Shareholder	Number of Shares	Nominal Value of the Shares	Ownership Percentage
Hamoud Abdullah Ibrahim Al-Theeb	7,233,394	72,333,940	47%
Mohammed Ahmed Abdullah AlTheeb	7,233,394	72,333,940	47%
Naif Mohammed Ahmed Al Theeb(1)	153,902	1,539,020	1%
Nawaf Mohammed Ahmed Al Theeb(1)	153,902	1,539,020	1%
Mohammed Hamoud Abdullah Al-Theeb(1)	153,902	1,539,020	1%
Ahmed Mohammed Ahmed Al Theeb(1)	153,902	1,539,020	1%
Ahmed Hamoud Abdullah Al-Theeb(1)	76,951	769,510	0.5%
Abdullah Hamoud Abdullah Al-Theeb(1)	76,951	769,510	0.5%
Salman Hamoud Abdullah Al-Theeb(1)	76,951	769,510	0.5%
Sari Hamoud Abdullah Al-Theeb(1)	76,951	769,510	0.5%
Total	**15,390,200**	**153,902,000**	**100%**

Source: The Company

(1) New shareholder.

On 2/8/1434H (corresponding to 11 June 2013G), the shareholders sold 4,617,060 shares (representing 30% of the total shares in the Company) to Growth Opportunities Company for Trading, which is itself 95% owned by Gulf Growth Holding Company 1 W.L.L and 5% owned by Gulf Opportunities Holding Company 1 W.L.L. Moreover, the Company's Shareholders entered into an agreement to manage Shareholders' affairs in an organised manner and in line with the Company's interest and to coordinate initial public offering of the Company's shares after a specific period of time. This agreement will expire and will be ineffective after the completion of the Offering. After such transfer, the shares of the Company were distributed as follows:

Table 4.4: The Shareholders of the Company as of 02/08/1434H (Corresponding to 11 June 2013G)

Shareholder	Number of Shares	Nominal Value of the Shares	Ownership Percentage
Hamoud Abdullah Ibrahim Al-Theeb	5,063,376	50,633,760	32.9%
Mohammed Ahmed Abdullah Al-Theeb	5,063,376	50,633,760	32.9%
Growth Opportunities Company for Trading	4,617,060	46,170,600	30.0%
Naif Mohammed Ahmed Al Theeb	107,731	1,077,310	0.7%
Nawaf Mohammed Ahmed Al Theeb	107,731	1,077,310	0.7%
Mohammed Hamoud Abdullah Al-Theeb	107,731	1,077,310	0.7%
Ahmed Mohammed Ahmed Al Theeb	107,731	1,077,310	0.7%
Ahmed Hamoud Abdullah Al-Theeb	53,866	538,660	0.4%
Abdullah Hamoud Abdullah Al-Theeb	53,866	538,660	0.4%
Salman Hamoud Abdullah Al-Theeb	53,866	538,660	0.4%
Sari Hamoud Abdullah Al-Theeb	53,866	538,660	0.4%
Total	**15,390,200**	**153,902,000**	**100%**

Source: The Company

In accordance with the Extraordinary General Assembly dated 24/07/1441H (corresponding to 19 March 2020G), the capital of the Company was increased from SAR 153,902,000 with a nominal value of SAR 10 per share, to SAR 430,000,000 divided into 43,000,000 ordinary Shares with a nominal value of SAR 10 per share, through capitalization of: (i) SAR 220,759,923 from the retained earnings, and (ii) SAR 55,338,077 from the Company's statuary reserve. After such conversion and as of the date of this Prospectus, the shares of the Company were distributed as follows:

Table 4.5: The Shareholders of the Company as of the Date of this Prospectus

Shareholder	Number of Shares	Nominal Value of the Shares	Ownership Percentage
Hamoud Abdullah Ibrahim Al-Theeb	14,147,000	141,470,000	32.9%
Mohammed Ahmed Abdullah Al-Theeb	14,147,000	141,470,000	32.9%
Growth Opportunities Company for Trading	12,900,000	129,000,000	30.0%
Naif Mohammed Ahmed Al Theeb	301,000	3,010,000	0.7%
Nawaf Mohammed Ahmed Al Theeb	301,000	3,010,000	0.7%
Mohammed Hamoud Abdullah Al-Theeb	301,000	3,010,000	0.7%
Ahmed Mohammed Ahmed Al Theeb	301,000	3,010,000	0.7%
Ahmed Hamoud Abdullah Al-Theeb	150,500	1,505,000	0.35%
Abdullah Hamoud Abdullah Al-Theeb	150,500	1,505,000	0.35%
Salman Hamoud Abdullah Al-Theeb	150,500	1,505,000	0.35%
Sari Hamoud Abdullah Al-Theeb	150,500	1,505,000	0.35%
Total	**43,000,000**	**430,000,000**	**100%**

Source: The Company

The key historical changes and events are summarised as follows:

Table 4.6: The Key Historical Changes and Events

Date	Change
1993G	▶ Opening of a car rental branch named "Theeb Rent A Car Company" by Theeb Establishment for Constructions owned by Hamoud Abdullah Al-Theeb
1996G	▶ The branch was converted into a limited liability company under the name of "Theeb Rent A Car Company" in Riyadh with a capital of SAR 500,000; first location opened outside Riyadh (in Jeddah)
1998G	▶ Opening of the head office and main showroom in Riyadh and used vehicle sales showroom. ▶ Opening of the first airport location (Dammam Airport)
1999G	▶ First owned large scale workshop opened in Riyadh covering 5,000 square meters
2010G	▶ The capital of the Company was increased from SAR 500,000 to SAR 153,902,000, through capitalizing the shareholders' account and the Company's retained earnings and statutory reserve ▶ The Company was converted to a "closed joint stock company"
2012G	▶ Implementation of the new operations enterprise resource planning (ERP) and unification of branches and fleet through one integrated system
2013G	▶ Growth Opportunities Company for Trading acquires 30% of the total shares in the Company
2014G	▶ Lease operations started
2017G	▶ First lease agreement signed for heavy commercial vehicles. ▶ Re-branding of the Company's logo
2018G	▶ ISO Certificate 9001: 2015
2020G	▶ The Company's share capital was increased from SAR 153,902,000 to SAR 430,000,000, through capitalizing the Company's retained earnings and statutory reserve

Source: The Company

4.3 Current Shareholding Structure

4.3.1 Overview

The current capital of the Company is SAR 430,000,000 divided into 43,000,000 ordinary Shares with a fully paid nominal value of SAR 10 per Share.

The following table sets out the ownership and capital structure of the Company before and after the Offering:

Table 4.7: Direct Ownership Structure of the Company Pre-and Post-Offering

Shareholder	Ownership (Pre-Offering)(1)			Ownership (Post-Offering)(1)		
	Number of Shares	Ownership (%)(2)	Nominal Value (SAR)	Number of Shares	Ownership (%)(2)	Nominal Value (SAR)
Hamoud Abdullah Ibrahim Al-Theeb	14,147,000	32.90%	141,470,000	9,902,900	23.03%	99,029,000
Mohammed Ahmed Abdullah Al-Theeb	14,147,000	32.90%	141,470,000	9,902,900	23.03%	99,029,000
Growth Opportunities Company for Trading	12,900,000	30.00%	129,000,000	9,030,000	21.00%	90,300,000
Naif Mohammed Ahmed Al Theeb	301,000	0.70%	3,010,000	210,700	0.49%	2,107,000
Nawaf Mohammed Ahmed Al Theeb	301,000	0.70%	3,010,000	210,700	0.49%	2,107,000
Mohammed Hamoud Abdullah Al-Theeb	301,000	0.70%	3,010,000	210,700	0.49%	2,107,000
Ahmed Mohammed Ahmed Al Theeb	301,000	0.70%	3,010,000	210,700	0.49%	2,107,000
Ahmed Hamoud Abdullah Al-Theeb	150,500	0.35%	1,505,000	105,350	0.25%	1,053,500
Abdullah Hamoud Abdullah Al-Theeb	150,500	0.35%	1,505,000	105,350	0.25%	1,053,500
Salman Hamoud Abdullah Al-Theeb	150,500	0.35%	1,505,000	105,350	0.25%	1,053,500
Sari Hamoud Abdullah Al-Theeb	150,500	0.35%	1,505,000	105,350	0.25%	1,053,500
Public	0	0	0	12,900,000	30.0%	129,000,000
Total	**43,000,000**	**100.0%**	**430,000,000**	**43,000,000**	**100.0%**	**430,000,000**

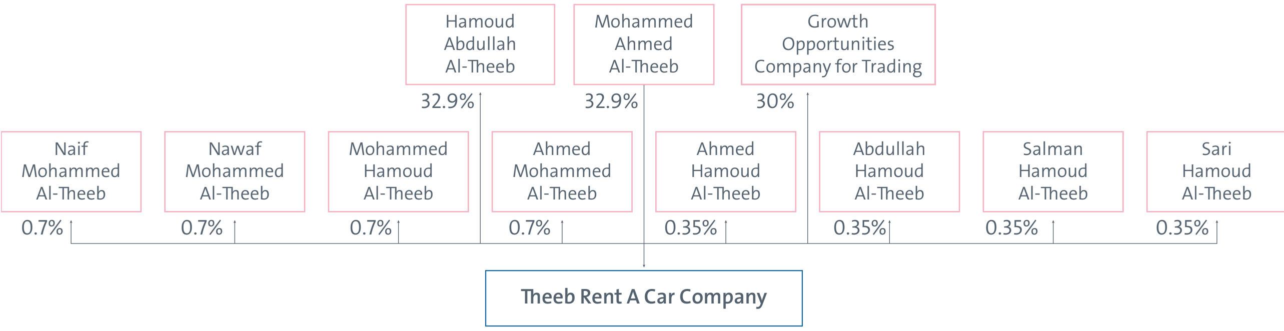
Source: The Company

(1) The ownership set out in the table is direct ownership, and none of the shareholders has indirect ownership in the Company.

(2) Ownership percentages are rounded.

The following chart shows the Company's ownership structure as of the date of this Prospectus:

Exhibit 4.1: The Company's Ownership Structure as of the Date of this Prospectus



Note: The above ownership structure is presented in a simplified manner. For more information on the ownership structure of Growth Opportunities Company for Trading, see Appendix A of this Prospectus.

The following tables set out the details of Shareholders directly or beneficially holding 5% or more of the Shares in the Company as of the date of this Prospectus:

Table 4.8: Details of Shareholders Directly Holding 5% or More Shares in the Company

Shareholder	Pre-Offering			Post-Offering		
	No. of Shares	Ownership (%)[1]	Ownership (SAR)	No. of Shares	Ownership (%)[1]	Value of Shares (SAR)
Hamoud Abdullah Ibrahim Al-Theeb	14,147,000	32.90%	141,470,000	9,902,900	23,03%	99,029,000
Mohammed Ahmed Abdullah AlTheeb	14,147,000	32.90%	141,470,000	9,902,900	23,03%	99,029,000
Growth Opportunities Company for Trading	12,900,000	30.00%	129,000,000	9,030,000	21,00%	90,300,000
Total	**41,194,000**	**95.8%**	**411,940,000**	**28,835,800**	**67,1%**	**288,358,000**

Source: The Company

(1) The ownership percentages are rounded.

Table 4.9: Details of Shareholders Beneficially Holding 5% or More Shares in the Company

Shareholder	Pre-Offering			Post-Offering		
	No. of Shares	Ownership (%)[1]	Value of Shares (SAR)	No. of Shares	Ownership (%)[1]	Value of Shares (SAR)
Gulf Growth Holding Company[1] W.L.L.2.	12,255,000	28.5%	122,550,000	8,578,500	19.95%	85,785,000
Total	**12,255,000**	**28.5%**	**122,550,000**	**8,578,500**	**19.95%**	**85,785,000**

Source: The Company

(1) The ownership percentages are rounded.

(2) Gulf Growth Holding Company 1 W.L.L, which owns 95% of the Growth Opportunities Company for Trading, is an SPV used in the legal structure of Investcorp Gulf Opportunity Fund I and Investcorp Islamic Gulf Opportunity Fund I. Through the legal structures of Investcorp Gulf Opportunity Fund I and Investcorp Islamic Gulf Opportunity Fund I, their unitholders are deemed, according to applicable Saudi law, to be the beneficial owners of Shares in the Company. There are no unitholders in Investcorp Gulf Opportunity Fund I or Investcorp Islamic Gulf Opportunity Fund I beneficially owning 5% or more of the Shares in the Company. For further details, see Section 4.3.2.3 (**Growth Opportunities Company for Trading**) in Appendix A of this Prospectus.

4.3.2 Overview of Substantial Current Shareholders

This Section sets out the details of Shareholders in the Company directly holding 5% or more of the Shares as of the date of this Prospectus:

4.3.2.1 Hamoud Abdullah Al-Theeb

Hamoud Abdullah Al-Theeb was born on 1/7/1376H (corresponding to 31 January 1957G). He holds a Diploma in Surveying from the Institute of Public Administration in Riyadh, Saudi Arabia obtained in 1976G.

He has been the Chairman of the Board of Hamoud Al-Theeb Holding Company, a closed joint stock company specializing in general contracting, since 2014G. He has been also the Chairman of the Board of Madareem Crown Hotel, a limited liability company specializing in hospitality, since 2006G.

4.3.2.2 Mohammed Ahmed Al-Theeb

Mohammed Ahmed Al-Theeb was born on 1/7/1374H (corresponding to 23 February 1955G). He holds a high school degree from Al Fatah School, Amman, Jordan, obtained in 1970G.

He has been the Chairman of the Board of Mohamed Ahmed Al-Theeb Company for Contracting, a closed joint stock company specializing in contracting, since 2018G. He has been also the Chairman of the Board of Al-Theeb Sons Company for Real Estate Management, a joint stock company specializing in real estate, since 2018G.

4.3.2.3 Growth Opportunities Company for Trading

Growth Opportunities Company for Trading ("**Growth Opportunities**") is a Saudi limited liability company registered under commercial registration No. 1010378325, dated 30/7/1434H (corresponding to 8 June 2013G). The head office of the Growth Opportunities is located in Alfaisaliah Tower, P.O. Box 61992, Riyadh 11575, Kingdom of Saudi Arabia. The current share capital of Growth Opportunities is SAR 100,000, divided into 1,000 shares with a nominal value of SAR 100 per share.

The principal activities of Growth Opportunities are implementing general constructions contracts, maintenance and services of import, export and marketing. As of the date of this Prospectus, Growth Opportunities operates primarily as a holding company having 12,900,000 Shares in the Company (representing 30% of its capital). There are no operating revenues or operating activities attributed to Growth Opportunities.

The following table sets out the ownership structure of Growth Opportunities as of the date of this Prospectus:

Table 4.10: Ownership Structure of Growth Opportunities Company for Trading as of the Date of this Prospectus

Shareholder	No. of Shares	Nominal Value (SAR)	Value of Shares (SAR)	Ownership Percentage
Gulf Growth Holding Company 1 W.L.L.	950	100	95,000	95%
Gulf Opportunities Holding Company 1 W.L.L.	50	100	5,000	5%
Total	**1,000**	**100**	**100,000**	**100%**

Source: The Company

Descriptions of Growth Opportunities' shareholders are set out below:

Gulf Growth Holding Company 1 W.L.L.

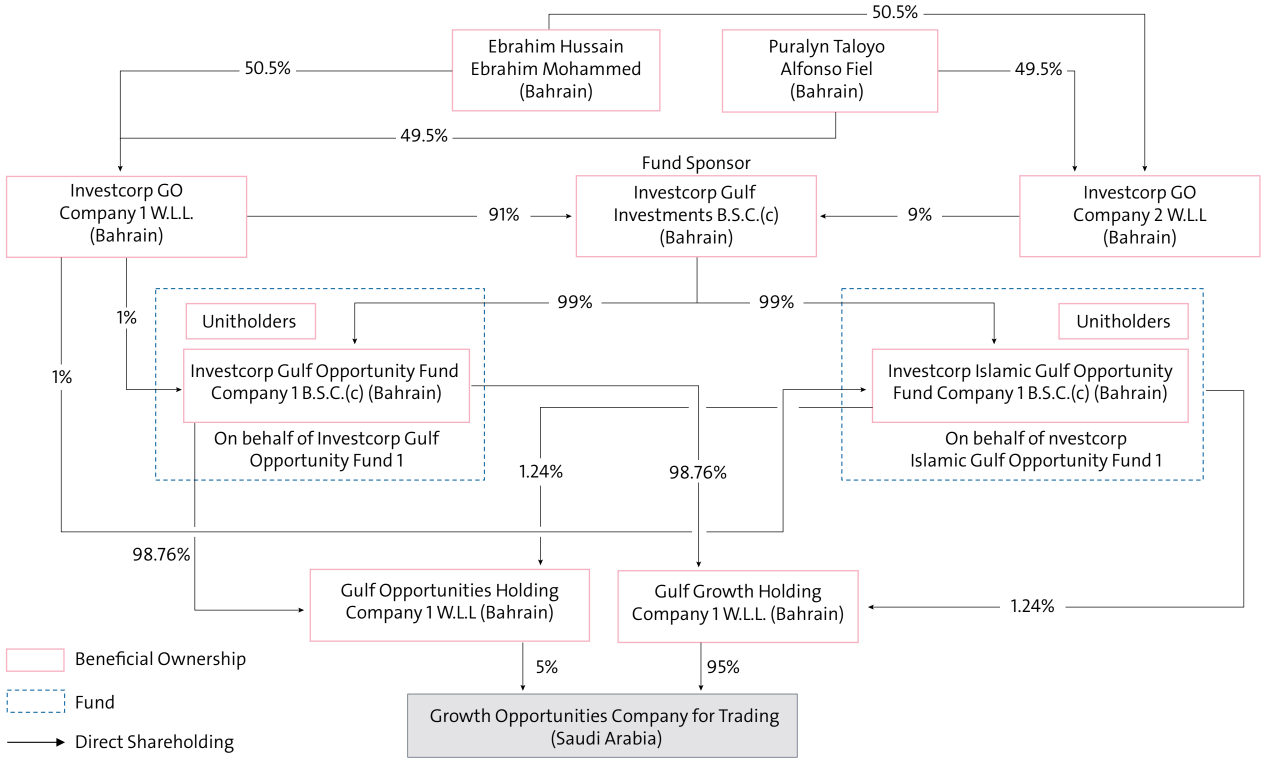
Gulf Growth Holding Company 1 W.L.L. is a Bahraini Limited Liability Company, registered in the Kingdom of Bahrain under commercial registration No. 85191-1, dated 21 April 2013G. The head office of the Gulf Growth Holding Company 1 W.L.L. is located in Flat 32, Building 499, Road 1706, Diplomatic Area 317, Kingdom of Bahrain. The current share capital of the company is BHD 250,000 (equivalent to SAR 2,500,000) divided into 5,000 shares with a fully paid up nominal value of BHD 50 (equivalent to SAR 500) per share. Gulf Growth Holding Company 1 W.L.L. is holding a 95% interest in Growth Opportunities.

Gulf Opportunities Holding Company 1 W.L.L.

Gulf Opportunities Holding Company 1 W.L.L. is a Bahraini Limited Liability Company, registered in the Kingdom of Bahrain under commercial registration No. 85193-1, dated 21 April 2013G. The head office of Gulf Opportunities Holding Company 1 W.L.L. is located in Flat 31, Building 499, Road 1706, Diplomatic Area 317, Kingdom of Bahrain. The current share capital of the company is BHD 250,000 (equivalent to SAR 2,500,000) divided into 5,000 shares with a fully paid up nominal value of BHD 50 (equivalent to SAR 500) per share. Gulf Opportunities Holding Company 1 W.L.L. is holding a 5% interest in Growth Opportunities.

The following structure summarises the ownership structure of Growth Opportunities as of the date of this Prospectus:

Exhibit 4.2: The Ownership Structure of Growth Opportunities as of the Date of this Prospectus



Further descriptions of Growth Opportunities' shareholders are set out in Section A1 in Appendix A for Gulf Growth Holding Company 1 W.L.L. and Section A2 in Appendix A for Gulf Opportunities Holding Company 1 W.L.L.

4.3.3 Organizational Description of the Company and its Subsidiaries

The Company does not have any subsidiaries, either directly or indirectly.

4.4 Vision, Mission and Strategy

4.4.1 Vision

The Company aims at achieving leadership and excellence in all car rental and vehicle lease services in the Kingdom of Saudi Arabia.

4.4.2 Mission

The Company seeks to gain customer satisfaction and trust and to continuously develop car rental and vehicle lease services by providing various and distinct packages that serve all the needs of its customers.

4.4.3 Strategy

4.4.3.1 Continue Growth of Car Rental Services

The Company intends to:

- Expand rental business across the Kingdom by opening new branches in airports, cities and mega development and construction projects with potential for additional rental demand. The Company evaluates the strategic fit, attractive and economically sound potential for any new branch opening decision.
- Focus on customer experience improvement by providing an IT platform for automated services offering and enhancing its marketing activities. Marketing activities will include focus on customised rental offering to improve its visibility with existing and potential customers by raising customer reach and leveraging high brand awareness and recognition. The Company targets several segments in individual and corporate customers base, such as capturing growth in women segment, travellers in domestic / international airports to gain a higher market share compared to its competitors.

- Continue to constantly optimise its fleet mix and vehicle categories to deliver popular and marketable vehicle models to meet customers' needs, including based on various seasons.

4.4.3.2 Continue Growth of Vehicle Lease Services

The Company aims to:

- Continue growing its customer base in the current three regions (Central, Western, and Eastern) and expand its activities to Northern and Southern regions, including in new mega projects with potential for additional lease demand. Since the leasing business builds on the longstanding fleet management experience and customer relationships, the Company has started to leverage its recently opened branch at NEOM, as a dedicated part of its business development activity for lead generation in the Northern region.
- Focus on customer experience improvement by engaging into various initiatives that include improvement of the Company's IT platform for automated services offering, and enhancement of its sales activities by focusing on product offering tailored to each client's needs. In order to support this growth, the Company is constantly reviewing the possibility of introduction of new supplementary services. In addition, the Company carefully targets customers that match desired customer profiles and fleet size, and aims to grow its business in several end-user industries, such as contracting and distribution businesses, in addition to governmental institutions.
- Drive growth in commercial vehicles leasing (i.e., vehicles that are mainly used for goods transportation). The Company intends to leverage its expertise in offering commercial vehicles and to win further customers in various sectors, such as logistics, e-commerce, staff and school transportation, and fast moving consumer goods (FMCG), which are moving towards outsourcing transportation to sub-contractors and are experiencing an overall shift from vehicle ownership to vehicle leasing.

4.4.3.3 Use Technology to Improve Clients' Experience

The Company's believes that its technological capabilities are key for the high satisfaction levels of customers and thus continuously invests in improving its IT systems and infrastructure. The Company intends to utilise the latest technologies to optimise its digital and mobile strategy for faster and simpler service rendering to increase attractiveness of its offering to individual and corporate clients. In order to identify areas for further improvements, the Company continuously monitors regional and global market developments in IT-related services which could be of relevance (see Section 4.6.5 (**Information Technology Systems**)).

4.4.3.4 Pursue Operational Excellence

The Company is focused on continuous improvement in all key aspects of its business. The Company strives to optimise operational processes to improve overall customer service, reduce costs, and increase efficiency. To this end, the Company aims to:

- Manage its fleet and maintain the balance between vehicle availability and utilization. Therefore, the Company selects its fleet with a focus on desirable vehicle models, with economical maintenance costs.
- Harmonise and further improve operations across branches. The Company is focused on continuous performance improvement within all branches through adopting several initiatives such as standardizing policies and procedures and vehicle allocation, monitoring fleet levels and further automation of its processes. On a regular basis, the management team reviews the financial and operational performance of all branches through daily reporting and regularly evaluates operating hours, staffing levels, and fleet utilization by vehicle category, and makes adjustments when appropriate.
- Continue improving its organizational efficiency and corporate governance through better policies and control procedures. The Company fosters the professional development of its employees to leverage its human resources, and to develop and continuously enhance a performance-oriented culture and inculcate its corporate values.
- Further optimise used vehicle sales operations and monetization. In particular, the Company plans to expand online sales channels via additional auction platforms. While the focus of Company's operations with regards to remarketing of used vehicles is on the wholesalers in the Kingdom, the Company may also explore new sales channels and promote used vehicles' sale to end users at its corporate clients to increase its profit margins on used vehicle sales.

4.5 Competitive Advantages

There are many factors that enable the Company to compete with its current and potential competitors and provide it with strong attributes for sustainable growth. These factors include:

- **Diversified Revenues**: The Company's business model is based on a well-balanced and complementary revenue base across car rental and vehicle leasing. Since the launch of vehicle leasing in 2014G, the Company has a broad customer base, with approximately 30.2%, 44.8% and 25% of its operating revenues coming from lease, rental and sale of used vehicles, respectively, in the three-month period ended 31 March 2020G (for further details, see Section 4.6.1 (**Business Segments**)).
- **Branch Network and Strategic Locations**: As of 31 March 2020G, the Company had a broad network of 48 branches across the Kingdom, covering major provinces and the international and regional airports, allowing market coverage and easy accessibility for its customers. Seven branches are located at international airports in the Kingdom (Riyadh (two branches), Dammam, Abha, Al Madina Al Munawara, Al Taif and Al-Qasim), seven branches are located at regional airports (Al Baha, Hail, Jizan, Najran, Yanbu, Tabuk and Neom). The Company's extensive network of rental locations create a competitive advantage by: (i) coverage of key metropolitan areas and customer proximity; and (ii) airport locations are important for travellers as the number of rental desks are typically limited and are subject to competitive bidding (see Section 4.6.1.1 (**Car Rental Services**)).
- **Theeb Membership Program**: The Company's membership program was introduced in early 2000's. Since then, the member base has been growing consistently and the members of the program reached over 245,000 customers as of 31 March 2020G. The program has ameliorated over the years to adapt to the changing competitive landscape and individual customer needs. The program offers a range of additional benefits to the customers that make the program attractive. See Section 4.6.1.1(c)(i) (**Individual Customers**) for more details.
- **Highly Recognised Local Brand**: The Company has established itself as a leading brand in the Kingdom. Moreover, the Company has received several awards and accolades; among others the Enterprise Agility award as the best car rental company in the Kingdom in 2018G, highlighting the Company's recognition in the Kingdom(for further details, see Section 4.6.8 (**Awards**)).
- **Strong Relationships with Car Agents in the Kingdom**: Such relationships support the Company's continuous fleet renewal and introduction of new model year vehicles on a priority basis as compared to the Company's competitors. Furthermore, they ensure that appropriate supply of vehicles is available at the required time, and that the purchase prices take into consideration volume discounts that allow the Company to maximise its profit margin.
- **Long-Lasting Relationships with Suppliers and Service Network**: Drawing on almost three decades of experience, the Company has a deep understanding of the suppliers' services (e.g. insurance providers, spare parts suppliers, etc.) and has established strong relationship with its suppliers that help the Company optimise its operating cost.
- **Relationships with Financiers**: The Company depends on its strong relationship with commercial banks in the Kingdom to obtain financing facilities to fund its business.
- **Highly Experienced Management Team**: The Company's senior management team comprises of experienced executives with a long track record of operational success and in-depth knowledge across industry and functional domains. To complement the local and industry expertise, the Company has expanded its leadership team in 2018G and 2019G. Some of the senior management team members have been with the Company for more than five years.

4.6 Overview of the Company's Business

The Company is one of the largest car rental companies in the Kingdom. The Company's brand name "Theeb" is one of the most recognised brand names in the car rental and lease markets in the Kingdom. This reflects the Company's leadership in quality services and products, since 1991G for its car rental services and since 2014G for its lease services. The Company has an extensive network of airport and city branches in the Kingdom. In addition, the Company sells used vehicles reaching the end of their life cycle from its operations.

4.6.1 Business Segments

The Company's business consists of three reportable business segments:

- car rental and provision of other related services;
- vehicle lease and provision of other related services, in addition to providing customised solutions for vehicle lease customers; and
- sale of used vehicle owned by the Company and released from its operations of the above two business segments.

In the financial years ended 31 December 2017G, 2018G and 2019G, and the three-month period ended 31 March 2020G, the revenue from the car rental services represented 59.0%, 53.4%, 55.4% and 44.8%, respectively, of the Company's total revenue for the same period, and the revenue from the vehicle lease services represented 15.5%, 25.6%, 30.3% and 30.2%, respectively, of the Company's total revenue for the same period. The revenue from the sale of used vehicles represented 25.5%, 21.0%, 14.4% and 25%, respectively, of the Company's total revenue for the same period.

4.6.1.1 Car Rental Services

Since its incorporation, the Company provides car rental services for its retail and corporate customers on a daily, weekly and monthly basis.

(a) Services Offering

(i) Basic Services

The Company offers, under its "Theeb" brand, a wide variety of recent models of passenger cars and commercial vehicles for rental on a daily, weekly or monthly basis.

The car rental packages include vehicle maintenance and roadside assistance, vehicle insurance, accident assistance as well as limited daily free kilometres.

(ii) Extra Services

In addition to its basic services, the Company also offer the following extra services:

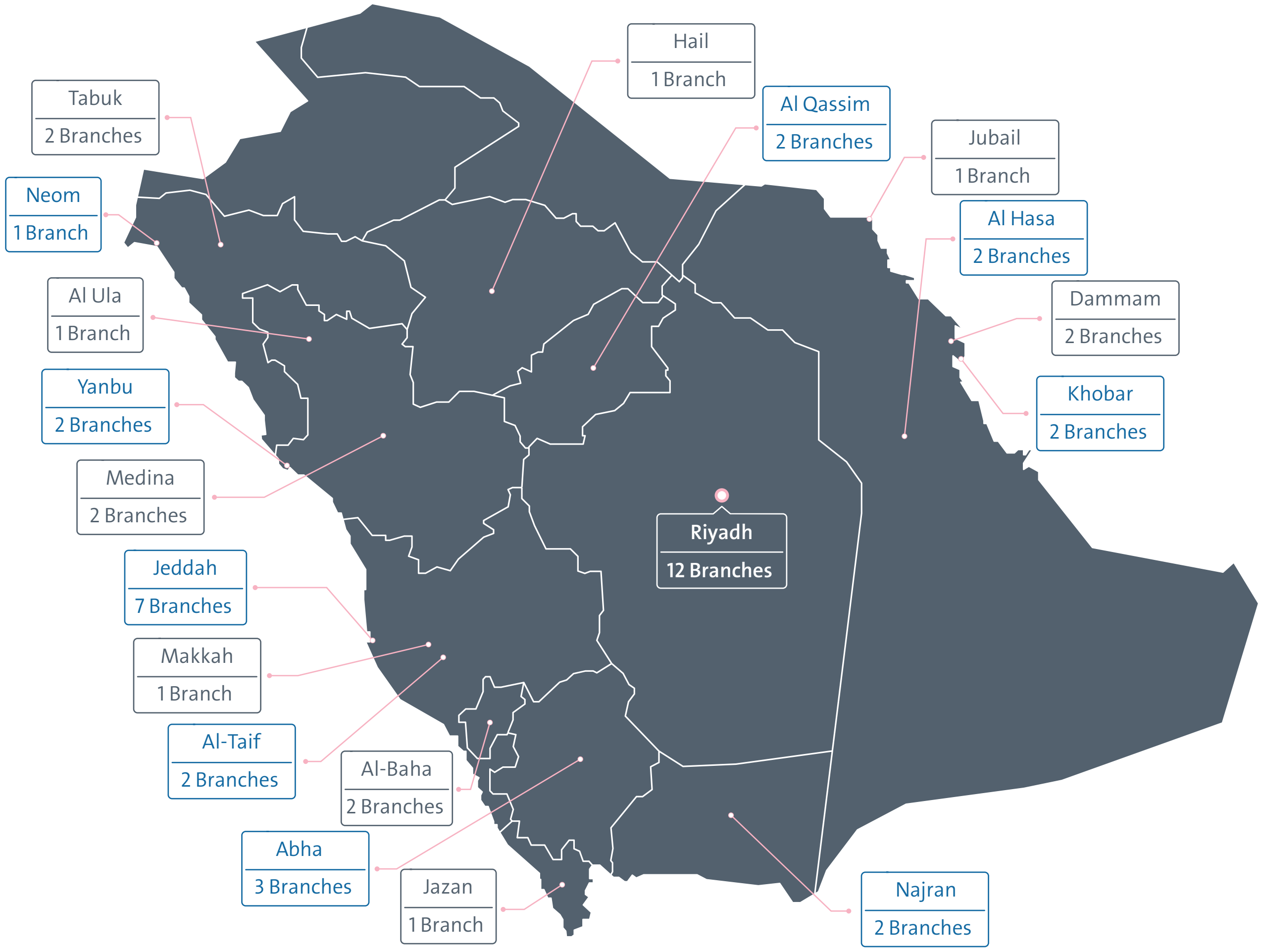
- **Theeb Extra Insurance**: the Company offers its customers an optional daily insurance premium covering the payable deductible in case of accidents;
- **Unlimited Kilometres**: the Company offers unlimited kilometres packages for selected vehicle models;
- **One-Way Rentals**: the Company offers the possibility of one-way rental that allows customers to pick up a vehicle from one city and drop it off in another city for an additional fee;
- **Cross-Border Services**: the Company allows, for additional fees, travel to certain GCC countries and certain other neighbouring Arab countries by expanding the geographical insurance coverage, issuing authorization letters and finalizing traffic procedures in parallel while preparing vehicles in order to ensure customers' safety and coverage inside and outside the Kingdom;
- **Limousine Service**: the Company offers customers the possibility to rent a vehicle with professional and responsible drivers speaking both Arabic and English for an additional service fee; and
- **Additional Equipment**: the Company also offers child seats, driving video recording camera as well as other equipment depending on the rental package, location and availability.

(b) Branches

As of 31 March 2020G, the Company had 48 rental branches in the Kingdom. The Company operates both airport and city branches which utilise the same vehicle fleets, under the common supervision of regional management teams, using shared systems and relying on common vehicle maintenance and administrative centres. Additionally, its airport and city branches utilise common marketing activities. The Company regards both types of branches as aspects of a single, unitary, car rental business.

The following map shows the geographic location of the Company's rental branches as of 31 March 2020G:

Exhibit 4.3: The Geographic Location of the Company's Rental Branches as of 31 March 2020G



Source: The Company

(i) Airport Branches

As of 31 March 2020G, the Company had 14 airport branches in the Kingdom, strategically covering international airports, (Riyadh (two branches), Dammam, Abha, Medina, Al-Taif and Al Qassim), as well as domestic airports (Al-Baha, Hail, Jazan, Najran, Yanbu, Tabuk and Neom).

The Company has entered into lease agreements with the airport operators, granting it the right to conduct a car rental business at the respective airport. The lease agreements are entered into following either negotiation or bidding (financial and technical) for the right to lease space (rental counter plus parking space) for a car rental business. The terms of the lease agreements typically require it to pay the airport's operator fixed and/or varying lease fees. Varying lease fees are based upon a specified percentage of the revenues that the Company generates at the airport in question, subject to a minimum annual guarantee. Under most lease agreements, the Company must also pay fixed rent for other leased facilities. Most lease agreements are for a fixed length of time, while others can be terminated by any party at any time. See Section 12.8.2 (**Leases**) for a more detailed discussion of the lease agreements.

As the rental operations are vital for airports, a growing number of larger ones are building consolidated car rental facilities to alleviate congestion at the airport, and allowing a better service quality and customer experience. The

Company is seeking to maintain its presence in the main airports leveraging on its experience in airports operations for more than two decades.

The Company's airport revenues comprised approximately 38.8% of its car rental revenues in the three-month period ended 31 March 2020G, while its airport branches accounted only for 29.1% of all its car rental branches in the same period.

(ii) City Branches

The Company has 34 city branches in the Kingdom, consisting of 15 main branches (including a dedicated parking and a quick service centre) and 19 secondary ones.

The Company owns three main branches and is renting through long-term lease agreements the remaining city branches with binding terms to the property owners for average periods between three to ten years or more. For more details on lease agreements, see Section 12.8.2 (**Leases**).

City branches are an integral part of the Company's business strategy as they:

- provide customers a more convenient and geographically extensive network of rental branches;
- provide flexibility to receive and deliver cars from one location to another, and then create opportunities to achieve revenues from customers who travel by land or air, through city or airport branches to meet all their rental needs;
- diversify revenues by reducing the Company's dependence on airport travelers, thereby reducing the impact of its exposure to external events that may adversely affect air travel;
- in general contribute to higher vehicle utilization as a result of the longer average rental periods associated with city branches business, compared to those of airport rentals, and
- attract customers by promoting city branches rentals among frequent airport renters and, conversely, by promoting airport rentals to city branches renters, where customers recognise the Company's brand "Theeb".

The Company's city branches revenues comprised approximately 61.2% of its car rental revenues in the three-month period ended 31 March 2020G, while its city branches accounted for 81% of all its car rental branches in the same period.

(iii) Site Selection and Branch Development Process

The Company's strategy for the development of new main branches is to acquire undeveloped land (through long-term lease agreements) and build the branch and quick service centre from the ground up. For its other branches, the Company's strategy is to primarily lease ready showroom.

Site Selection Process

The Company's site selection process is as follows:

- **Zone Identification** – identification of potential locations is done by the Company's management based on the regular branch network studies in line with the demographic parameters evaluation and the government projects distribution within the cities.
- **Sites Identification and Initial Screening** – identified sites in the selected zone are filtered based on several criteria, including ease of access and area, potential parking slots, distance from competitors and existing branches.
- **Profitability Analysis and Management Review** – short-listed locations are reviewed in detail by members of the senior management with a detailed forecasted profitability analysis.
- **Board Approval** – the Board of Directors reviews the profitability study presented by management and provides feedback. Once finalised and agreed, the Company begins to execute the specific branch development process according to the approved study and enters into discussions with the site owners with the objective of negotiating and executing a lease agreement.

The Company typically seeks to enter into leases with terms ranging between three to ten years or more, as applicable.

Branch Development

The Company has an internal projects team that engages main contractors and supports overall project management on each new branch and the renovation of existing branches in order to assure the continuous improvement of the customer experience. The Company has developed a series of prototypical plans and specifications that can be easily adapted to each specific site and that allow the Company to maximise flexibility in the design process, retain control over the costs and timing of projects.

(c) Rental Customers

The Company's car rental customers are categorised into individual and corporate customers renting cars for various leisure, business and other purposes. The individual car rental customers accounted for 91.8% of car rental revenue in the financial year ended 31 December 2019G, while the corporate car rental customers accounted for 8.2% of car rental revenue in the same period.

The Company is committed to continually improving the customer experience. The Company tracks customer-satisfaction levels by processing surveys and calls to recent customers and utilises detailed reports and tracking to assess and identify ways that it can improve the overall customer experience. Its surveys ask customers to evaluate their overall satisfaction with their rental experience. Results are analysed in aggregate and by location to help further enhance and maintain the Company's service levels to its customers.

(i) Individual Customers

The individual customers are customers who rent cars for business, entertainment and travel purposes or to meet other personal needs.

The individual customers are either walk-in customers or member customers:

- **Member Customers** are those that have joined the Theeb Membership Program. An integral part of the Company's business strategy is its membership program. Customers meeting certain conditions can join the Theeb Membership Program, which was designed to provide customers with an opportunity to utilise and benefit from standard services, such as car rental in an expedited manner, with a discounted price, more free kilometres, more free extra hours, earning "Theeb Loyalty Points" that may be redeemed to settle invoices or converted to awards of other companies' loyalty programs, such as Al Fursan. The Company's membership program offers three membership tiers, providing different discounts and benefits; and
- **Walk-in Customers** are individuals that visit the Company locations to meet their car rental needs. They generally select the Company either as a result of targeted marketing or as a result of their research for an ideal supplier that will accurately meet their needs.

For the three-month period ended 31 March 2020G, rentals by the members in the Theeb Membership Program accounted for approximately 61% of the Company's total rental revenues from individual customers, providing a significant competitive advantage to the Company, particularly among frequent travellers.

The following table provides an overview of the characteristics of the individual customers as of 31 March 2020G:

Table 4.11: Overview of the Characteristics of the Individual Customers from 31 December 2015G to 31 March 2020G

MEMBER EVOLUTION						
	31 December 2015G	31 December 2016G	31 December 2017G	31 December 2018G	31 December 2019G	31 March 2020G
Members (Customers)	138,739	155,046	197,140	223,420	256,560	264,131
Growth Rate	12%	11.80%	27.10%	13.30%	14.80%	2.95%

Client Age Groups As of 31 March 2020G				
20-29	30-39	40-49	50-59	60 and Above
20%	35%	35%	6%	4%

Source: The Company

The above table shows that the member base has been growing consistently over the past five years and it highlights the Company's membership program attracting new customers. In addition, as the majority of the Kingdom's population are young, the second table above reflects the correspondingly younger average age of the Company's customers and it also supports the car rental fleet mix shown in Table 4.13 (**Overview of the Rental Fleet Mix by Make from 2017G to the Three-Month Peroid Ended 31 March 2020G**) as the young generation, generally, forms part of the low and medium income groups of the population. To meet their transport-related needs, they look for small cars to minimise their cost. The table also shows that the Company has a stable and repeat customer base that is a testament to its ability to effectively meet its customers' needs. Moreover, upon a Government resolution allowing female drivers to obtain driving licences, the Company's client base has expanded to include this new female customers segment, and the Company is actively targeting its marketing activities to this new female customers segment.

(ii) Corporate Customers

The corporate customers are customers from both private and Government sectors who lease cars for business purposes on the account of their employers. The Company has served in the financial year ended 31 December 2019G more than 500 entities, including corporate entities from various industries, as well as various Government bodies.

The Company has a dedicated corporate sales team covering all of the Kingdom out of three main city locations of Riyadh, Jeddah, and Dammam. The corporate sales team sources clients through multiple methods, including market research and news tracking, purchase of client databases and client referrals.

In the three-month period ended 31 March 2020G, 83% of the Company's corporate rental revenue came from the private sector and 17% from the Government sector. An increasing volume of the Government car rental requirements is being met through the Government's Etimad program, a unified digital services platform that allows Government entities and private sector contractors to make full use of the Ministry of Finance's advanced procurement e-services.

(d) Rental Rates

The Company offers a wide variety of makes and models of vehicles on daily, weekly or monthly basis, with rental charges computed based on limited or unlimited mileage rates.

The individual rental rates vary by car categories depending on:

- **Car Model Year**: the Company has new fleet with competitive prices;
- **Seasons**: the Company offers several promotion packages according to the season;
- **Local Market Conditions and Other Competitive and Cost Factors**: local events, such as local festivals, and other competitive and cost factors also impact rental rates.

The Company offers specific rates for corporate customers based on cars category with different level of discounts based on the forecasted volume of transactions.

(e) Reservations

The Company has a dedicated customer service team of 20 staff to handle reservations and customer queries. The reservations are made via multiple channels, including:

- **direct online reservations platform** through www.theebonline.com or TheebApp, which have bilingual Arabic and English versions. They offer a range of products, prices and additional services, as well the Membership Program through which the Company offers certain rewards and benefits. The reservation platform allows customers a new and innovative way to identify and select services that meet the customers' needs without having to visit branches. Customers can do for example the self-registration and provide all information required before renting cars, minimizing time taken at the branches. Useful information, such as car pricing, specific location working hours, location map and contact details are also available through the platform. Furthermore, all transactional data, historical or current, including invoices, receipts, loyalty points and reservations are directly accessible by customers after logging-in;
- via **third-party licensed rental agents** utilizing mobile application and website;
- via **toll-free telephone calls** to the Company's reservations centre based in Riyadh;
- via **e-mails** sent to the main e-mail address or to the corporate reservation team; and
- **in person** directly at rental branches, which remains the primary channel for the Company's vehicle reservations.

4.6.1.2 Vehicle Lease Services

The vehicle lease services started in 2014G for corporate customers in both private and government sectors.

(a) Services Offering

Corporates and government entities generally choose from three options when they want to provide transportation for their staff: (i) provide a transportation allowance; (ii) buy a vehicle and provide it to the employee; (iii) lease a vehicle and provide it to their employee. The Company seeks to meet demands of entities for the third option to provide transportation for their staff.

A lease is similar to rental with one main difference, which is the length of the lease period. Minimum contract period for a lease is one year and it can be as long as five years. Typically, clients lease vehicles for three to four years. As the lease period becomes longer, the monthly rental value becomes lower.

Typically, a new vehicle is purchased and delivered to the client by the leasing company. The leasing company is then responsible for the comprehensive maintenance of the leased vehicle during the lease period. Furthermore, in case the vehicle becomes disabled for any reason, the leasing company provides an equivalent temporary replacement vehicle till the original vehicle is repaired and returned to the client. At the end of the lease period, the leased vehicle is returned by the client to the leasing company. The leasing company then typically sells the vehicle through its used Vehicles sales department.

The Company offers competitive lease pricing to custom fit different customer needs. Plans can include full maintenance, insurance, free replacement cars, and unlimited mileage. Each lease is customised for the maximum benefits and savings as well as technical requirements of the customers, such us specific vehicle additions and accessories (branding customization, cooling systems, etc.)

The key benefits of leasing sought by clients include the following:

- **Fixed Monthly Costs**: A fixed monthly payment is charged over the life of the contract and there is little or no initial up-front payment (depending on the credit rating of specific customers). Fixed monthly costs for the period of the contract makes budgeting much easier and risks contained and limited.
- **Conservation of Capital**: When using lease fleet vehicles from the Company, customers conserve capital. Instead of paying the full purchase price of the vehicles, the customers pay only for the lease term, so more of capital is available for investment in income-producing opportunities.
- **No Disposal Concerns**: With leasing, customers simply return back the vehicles to the Company at the expiration of the lease terms, eliminating the need for the customers to find buyers for the vehicles.
- **Appropriate and Competitive Insurance**: The Company provides the right type of insurance coverage without excessive cost. The Company's dedicated staff handles all claims and repairs, thereby saving the customers' time and effort.
- **Mobile Maintenance Team and Round the Clock 24 Hours Service and Assistance**: Customers can enjoy the facility of on-site preventive maintenance. While the customers' personnel are at work, the Company maintenance team arrives and services their vehicles. This further reduces the number of trips a vehicle has to make to the workshop and saves customers' personnel valuable time.
- **Capital Saving on Maintenance Infrastructure**: Large fleet owners typically operate and manage their own workshop facilities. This requires large investment on the part of the fleet owner in the form of land, buildings, equipment, manpower, etc. Furthermore, due to the geographic diversity of the large fleet owners' operations, multiple workshops need to be operated. Leasing of vehicles from the Company allows customers to divert such capital to income-producing investment opportunities.
- **Availability of Replacement Vehicles**: The Company provides temporary replacement vehicles in case of accident or breakdown, which therefore do not impact the customers' core business activities.

(b) Lease Customers

As transportation is a generic requirement for companies, leasing is suitable for all market segments regardless of the companies' type and volume.

The Company maintains a diversified portfolio of customers that minimises its risks and enhances its operational efficiencies. In the three-month period ended 31 March 2020G, no single vehicle lease customer generated over 2.2% of the Company's total revenue and its top ten vehicle lease customers generated collectively 10.6% of the Company's total revenue in the same period.

The Company has been able to deploy a successful business model that meets the lease client needs and ensures continuous customer satisfaction. This has resulted in a growth of its lease fleet. The key requirement of its lease clients are as follows:

- **Pricing**: The Company has a researched pricing strategy that allows it to remain competitive and profitable.
- **After Sales Service**: As lease contracts operate on a long-term basis and clients are spread across most of the Kingdom's regions, regular after sales services are required. Therefore, it is imperative for a leasing company to have a strong and efficient after sales team and infrastructure including workshops, maintenance centres. The Company realised this at the inception of the lease service and has been continuously improving upon the same to match its growing fleet size.

4.6.1.3 Used Vehicles Sales

The Company sells only used vehicles from its own fleet and does not sell any third party used vehicles. In general, vehicles are sold after the end of their life cycle of two to five years and after comprehensive maintenance to keep them attractive for prospective buyers. The key to the success of the Company in the used vehicles sales segment is its ability to provide customers with competitive prices of mid to high quality vehicles.

(a) Competitively Priced Good Quality Vehicles for Sale

The primary factor in connection with the purchase of a used vehicle is its price, which is directly linked to the vehicle class, condition, age and mileage, plus the market demand.

However, quality of used vehicles that the Company sells is as important as competitive pricing. Each vehicle that the Company sells undergoes a comprehensive quality inspection, testing approximately 20 criteria and covering all major mechanical systems and all safety functions, such as engine, cooling and fuel system, drive axle, transmission, electronic systems, suspension, brake system, steering, air conditioning, as well as certain appearance criteria. Based on the results of the inspection, the Company might decide to repair the vehicle if the repair will translate into higher added value. Otherwise, the defects are disclosed to customers who will then be able to purchase the vehicle at a lower price and have the vehicle repaired on their own.

The following table provides an overview of the vehicles sold by make from 2017G to the three-month period ended 31 March 2020G:

Table 4.12: Overview of the Vehicles Sold by Make from 2017G to the Three-Month Period Ended 31 March 2020G

VEHICLES SOLD BY MAKE FROM 2017G TO THE THREE-MONTH PERIOD ENDED 31 MARCH 2020G	
Vehicle Make	Range (% of Fleet Vehicles)
Hyundai	36.9% – 65.7%
Nissan	10.7% – 27.8%
Toyota	6.8% – 10.15%
Chevrolet	3.6% –6.25%
Others	0.2% – 3.15%

Source: The Company

(b) Sale Channels

The Company sells used vehicles from its fleet through the following channels:

- **Company-Operated Vehicle Sales Showrooms**: the Company has two showrooms in Riyadh and Jeddah where its vehicles are displayed within their respective segments according to types and prices. In these showrooms, which play a crucial role for used vehicle sales, vehicles are available for sale during the official working hours;
- **Public Auctions**: the Company organizes public auctions at specific times, wherein potential buyers place a competitive bid in a closed format to buy the vehicles, often in bundles of multiple vehicles. The Company auctions are "silent auction" where buyers fill the bid sheet (including vehicle details and their bid amount). Once the bidding period is completed, the highest bidder wins and pays the bid amount; and
- **Online**: via third party specialised websites wherein potential buyers can review a listing and place a competitive bid to buy the vehicles.

During the three-month period ended 31 March 2020G, the Company sold 1,585 cars, of which the Company sold approximately 53.4% at its used vehicle sales showrooms, 0.9% through online sales and 45.7% at public auctions.

The Company maintains a database of regular purchasers and actively promotes the car sales in order to target new customers via social media and other channels.

4.6.2 Fleet

4.6.2.1 Fleet Composition

The Company's fleet is composed of its rental, lease and service vehicles.

(a) Car Rental Fleet

The rental fleet diversity is one of the Company's advantages when compared to its competitors, offering a full range of options, from "good value for money" cars to luxurious options. Its rental fleet is renewed annually, based on a monthly vehicles replacement plan that takes into consideration market seasonality, demand fluctuations and new model year introduction by car agents. Furthermore, the Company operations team ensures the optimization and the allocation of a balanced fleet mix over the branches and regions depending of the demand and the seasonality. The Company offers more than 50 car types divided into various categories and price points.

As of 31 March 2020G, the Company operated a peak rental fleet of approximately 10,800 vehicles. The following table provides an overview of the car rental fleet mix by make from 2017G to the three-month period ended 31 March 2020G:

Table 4.13: Overview of the Rental Fleet Mix by Make from 2017G to the Three-Month Period Ended 31 March 2020G

Vehicle Make	Range (% of Fleet Vehicles Count)
Hyundai	42.4% - 55.8%
Nissan	20.4% - 29.8%
Chevrolet	3.2% - 11.4%
Toyota	5.2% - 6.6%
Others	4.8% - 14.8%

Source: The Company

Although, on the average, 84.2% of the car rental fleet is composed of small and intermediate size sedans (most of which are Hyundai and Nissan cars), they only generate about 71.5% of the car rental revenue. This is because smaller vehicles generate lower average revenue per vehicle than medium sized vehicles or luxury vehicles. The fleet mix is market driven and as such the Company optimises its fleet on a continuous basis in view of prevailing demand. As mentioned in Section 4.6.1.1 (c) (**Rental Customers**), the young people account for the larger portion of the Kingdom's population. The young generation, generally, forms part of the low- and medium-income groups of the population. To meet their transportation needs, they seek small vehicles as they would like to incur the minimum expense possible. Therefore, bulk of the car rental demand in the Kingdom is for small vehicles. The Company's fleet composition is in-line with the market demands and the Company continuously monitors demand fluctuations and adjusts its fleet accordingly.

Small sedans vehicles provide an optimal balance for the Company between: (i) customer demand and preference; (ii) vehicle purchase cost, (iii) vehicle operation cost (including maintenance and insurance) and (v) car sale price, thus maximizing the Company's operating profit margin. These vehicles typically face limited technical issues and take a very nominal down time per year.

(b) Vehicle Lease Fleet

With regards to its lease fleet, the Company purchases vehicles upon the customers' demand. The Company has specific selection criteria, such as the resale value percentage, the availability of spare parts, after-sale and warranties and the car safety and robustness.

The Company's lease fleet reached 8,541 cars as of 31 March 2020G and is distributed over more than 350 customers and varies from passenger vehicles to commercial vehicles and light trucks. The following table provides an overview of the lease fleet mix by make from 2017G to the three-month period ended 31 March 2020G:

Table 4.14: Overview of the Lease Fleet Mix by Make from 2017G to Three-Month Period Ended 31 March 2020G

Vehicle Make	Range (% of Fleet Vehicles)
Hyundai	23.40% – 28.90%
Toyota	16.40% – 32.50%
Nissan	12.70% – 18.20%

Vehicle Make	Range (% of Fleet Vehicles)
Isuzu	5.80% – 17%
Mitsubishi	8.10% – 10.30%
Others	7.5% – 9.3%

Source: The Company

Fleet selection for lease vehicles is done by the corporate clients to meet the transportation needs of their staff, goods, or services. The vehicle categories vary from client to client depending upon the nature of their business. Around 90% of their corporate requirement fall between small and intermediate sedans, sports utility vehicles, cargo vehicles and pickups.

Hyundai and Toyota have the largest share of the lease fleet followed by Nissan and Isuzu. Majority of the Hyundai vehicles in the fleet are small and intermediate sedans and medium sized sports utility vehicles (Hyundai Accent, Elantra, and Tucson). Majority of Toyota vehicles in the lease fleet are medium cargo vans and pickups (Toyota Hiace Cargo Van and Toyota Hilux). These are the preferred vehicles in these categories in addition to Isuzu that has the largest share of pickups and large cargo trucks categories.

(c) Company Service Fleet

The service fleet represented 2.6% of the Company's total fleet as of 31 March 2020G. It is used for roadside assistance, washing and mobile maintenance, towing and for employee usage. At the end of the lifecycle in rental or lease, some selected cars are allocated for service use or as an employee benefit as per the Company's employee car policy.

4.6.2.2 Purchases of Fleet Vehicles

During the three-month period ended 31 March 2020G, the Company took delivery of approximately 1,435 vehicles and operated an average fleet of 19,193 vehicles. The Company purchases its vehicles from a range of car agents and re-sellers, including agents for Hyundai, Nissan, Toyota, General Motors, Ford, Isuzu, and Kia, with whom it has longstanding relationships resulting in discounts on vehicle prices, and it regularly adjusts its fleet levels to be consistent with demand.

Purchases of vehicles are financed through bank financing (see Section 12.6 (**Financing Agreements**)) and through cash from rental operations and used vehicle sales.

The following table shows the values of total fleet purchases from 2017G to the three-month period ended 31 March 2020G for car rental and lease services:

Table 4.15: Fleet Purchases from 2017G to the Three-Month Period Ended 31 March 2020G

	Purchase Value (SR) 2017G	Purchase Value (SR) 2018G	Purchase Value (SR) 2019G	Purchase Value (SR) 2020G
Car Rental	111,435,592	209,990,981	222,418,852	40,243,970
Vehicle Lease	117,490,513	183,363,410	319,509,802	57,851,213
Total	**228.926.105**	**393,354,391**	**541,928,654**	**98,095,183**

Source: The Company

See Section 4.6.6 (**Suppliers**) for a discussion of the top five suppliers in percentage of total purchase for fleet purchases from 2017G to 2019G.

4.6.2.3 Fleet Management

The Company views fleet management as a key component of its expertise. The Company's operation team periodically reviews the efficiencies of an optimal mix between the various vehicles and adjusts the mix based on actual needs, vehicle economics and availability. The Company's operation team monitors the fleet utilization rate of the rental fleet on a daily basis using effective reporting tools and periodic planning and reforecasting.

4.6.2.4 Maintenance of Fleet Vehicles

As of 31 March 2020G, the Company operated ten vehicle maintenance centres across the Kingdom (main workshops and quick service centres) which provide maintenance for its fleet. Many of these facilities include sophisticated vehicle diagnostic and repair equipment.

Collision damage and major repairs are generally performed in the Company's main workshops. Besides handling preventive maintenance, the quick service centres handle corrective maintenance activities linked to roadside repair, quick service repair and minor repair like tires and battery replacement. A quick service centre can be a standalone location or sit within the branches or through a mobile service centre.

The Company places a strong emphasis on the quality of its vehicle maintenance for customer safety and customer satisfaction reasons, and because quick and proper repairs are critical to fleet utilization, as well as for maximizing the residual value of vehicles. To accomplish this task, the Company ensures that each vehicle is inspected and cleaned at the end of every rental and is well maintained. The Company also follows the maintenance guidelines of the respective manufacturers in order to maintain the warranty.

The Company expands the coverage of its network of maintenance centres and its capacity (technical and geographical) by the use of the contracts for maintenance and repair services for vehicles through third party authorised external service centres and the car agent workshops.

4.6.2.5 Sale of Fleet Vehicles

See Section 4.6.1.3 (**Used Vehicles Sales**) for a discussion of how the Company manages the sale of fleet vehicles.

4.6.3 Marketing and Promotion

The Company's car rental business is operated, since its inception, through its Theeb brand, offering high-quality car rental solutions to serve the individual and corporate customers. See Section 12.11 (**Intellectual Property**) for further details regarding the Theeb brand registration.

The Company's sales proposition is that it offers a full range of well-maintained cars at different price points within its branch network. The Company continues to maintain its position as a premier provider of car rental services through an intense focus on service quality, branch presentation and position.

As the competition among car rental industry operators is intense and is primarily based on price, vehicle quality and availability, the Company aims to differentiate itself by targeted advertising and promotions to maintain its existing customer base and expand it further from the potential prospects.

The Company's marketing channels and campaigns include traditional media, such as press and outdoor advertising, as well as Internet and e-mail marketing, SMS, social media and mobile device applications.

The Company uses social media to promote its brands and to provide its customers with the tools to interact with its brand electronically. It also uses digital marketing activities and platforms to drive online reservations and follow competition activities.

In order to target new customers and attract new members, the Company uses other B2B or B2C marketing tools, including:

- developing partnerships with major national players, such as STC Qitaf and Al Fursan program provided by Saudi Arabian Airlines;
- offering seasonal discounts, such as for the Teacher Day, National Day, cities related seasons, etc.;
- sponsoring various student events;
- participating in fairs and conferences to raise brand awareness; and
- sponsoring sport events.

4.6.4 Insurance and Risk Management

There are four types of generally insurable risks that arise in the Company's operations:

- legal liability arising from the operation of its vehicles (i.e., vehicle liability);
- legal liability to members of the public and employees from other causes (i.e., general liability/workers' compensation);
- risk of property damage and/or business interruption and/or increased cost of operating as a consequence of property damage; and
- risks related to movable and immovable properties.

The Company mitigates its exposure to large liability losses by maintaining excess insurance coverage, through unaffiliated carriers (for further information, see Section 12.7 (**Insurance Policies**)).

The Company bears the risk of damage to its property, unless such risk is transferred through insurance or contractual arrangements. To mitigate its risk of large, single-site property damage losses, the Company maintains property insurance with unaffiliated insurance carriers in such amounts as the Company deems adequate in light of the respective hazards, where such insurance is available on commercially reasonable terms.

The Company's rental and lease contracts typically provide that the customer is responsible for damage or loss to the extent of a (deductible) agreed amount depending on the vehicle category.

The Company generally offers as an option the "collision damage waiver" under which the Company waives for an additional fee, its right to make a claim for such damage or loss deductible amount.

4.6.5 Information Technology Systems

IT systems and telecommunications are vital parts of the Company's management of its network of car rental locations and customer reservations via multiple distribution channels. IT solutions are designed, developed, implemented, operated and maintained by the Company's central IT department, which is ISO 9001 Quality certified.

The Company uses CarPro as front end and Microsoft D365 as back-office enterprise resource planning (ERP), which is a Kingdom-wide reservation, rental, leasing, fleet management, data processing and information management system. This system enables the Company to process incoming customer inquiries, providing them with accurate and timely information about its locations, rental rates and vehicle availability, as well as the ability to place or modify reservations.

The data supplied from CarPro is also used by the Company to maintain centralised control of major business processes, such as fleet acquisition and logistics, fleet sales, dealing to corporate accounts and determination of pricing. The principal components of CarPro used by the Company include:

- **Fleet Management**: it provides a comprehensive decision tool to develop fleet plans and schedules for the acquisition, maintenance and disposition of the Company's fleet, along with fleet age, best mix, mileage and cost reports, allowing the Company's management to monitor and change fleet use times on a daily/weekly/monthly basis and to optimise the Company's fleet plan based on estimated business levels. All processes required for vehicles' preventive and repair maintenance requirement, through in-house or external workshops are managed through the system.
- **Revenue Management System**: it provides a revenue management system designed to enhance profitability by providing greater control of vehicle availability, fleet movements and pricing at the Company's rental locations. It monitors both vehicle supply and customer demand to support the Company's strategy to optimise volume and rate at each location. An integrated fleet distribution module takes into consideration the costs and benefits associated with distributing vehicles to various rental locations within a geographic area to accommodate demand, and make specific recommendations for movement of vehicles between locations.
- **Reservations**: it provides the Company's customers a simpler and streamlined experience by allowing them to make instant reservations through the Company's website and its mobile application.
- **Theeb Membership Program**: it provides the Company with complete details of customers who have been issued silver, gold and diamond membership and it allows to manage their entitlements (such as discounts, earning and redeeming points).
- **Sales and Marketing Support**: it assists the Company in identifying customer segments in line with business potential, and to deliver more targeted and relevant offers to its customers across online and traditional channels. This allows its customers to benefit through better and more relevant marketing, improved service delivery and loyalty programs that reward frequent renters with free rental days and car class upgrades. For example, the Company's sales force is able to analyse key account information of its corporate customers, including historical and current rental activity, revenue and booking sources, top renting locations, rate usage categories and customer satisfaction data. The sales force is then using this information to assess opportunities for further revenue growth, profitability and improvement.
- **Customer Data Management**: it allows the Company to easily retrieve pertinent customer information and make needed adjustments to completed rental transactions for superior customer service.

The Company continuously invests in improving its IT systems in order to further enhance its ability to offer innovative and cost-effective services. All IT projects are centrally and regularly evaluated against business needs. Significant safety measures are in place to ensure the security of Company's systems, applications and data (and that of its customers). Careful attention is paid by the Company to security systems and the protection of proprietary data against destruction, theft, fraud or abuse. Operating systems ensure 24/7 protection against IT viruses, spamming, phishing and denial of service attacks. The Company periodically tests its recovery plan and implements any identified improvements following major incident simulations. The Company gives special attention to technical projects, which are aimed at establishing and ensuring the continuity of services.

Since the Company manages a large portfolio of customer data, it considers data protection to be a top priority. The Company seeks to ensure that all member data is sufficiently protected from the risks of hacking and is regularly investing in the upgrade of systems, infrastructure, and personnel to support the growing membership base. All the services are hosted in the Company's own multilayered secured data centre.

4.6.6 Suppliers

The primary suppliers of the Company are vehicle agencies supplying it with vehicles for its fleet. The following table provides the total purchase from the top five suppliers for fleet purchases in percentage of total purchases from 2017G to the three-month period ended 31 March 2020G:

Table 4.16: Total Purchase from the Top Five Suppliers for Fleet Purchases in Percentage of Total Purchases from 2017G to the Three-Month Period Ended 31 March 2020G

Name of Supplier	Percentage
Al Wallan Trading Company (Hyundai)	23.1%
Abdul Latif Jameel Company (Toyota)	18.8%
Al-Jomaih Automotive Company (General Motors)	8.0%
Al-Issa Universal Motors Company (Isuzu)	6.9%
Abdullatif Al-Issa Automotive Company (Nissan)	8.2%
Total	**65%**

Source: The Company

For the three-month period ended 31 March 2020G, the Company's cost of purchases (excluding purchases of the fleet, shipping and VAT) was approximately 15% of the total annual revenues of the Company, broken down as follows: 4.8% related to the insurance of the fleet, 2.4% related to fleet maintenance, and 7.8% related to other indirect purchases or structure costs branches and warehouses rents, sales and marketing, communications and advertisement, office supplies, uniforms, consulting and services.

The Company's strategy is to work with suppliers that offer the best prices, services and quality and meet its requirements on competitive terms. The Company maintains a list of qualified alternative suppliers in all key areas of its business to reduce reliance on any particular supplier. The Company reviews its third-party supply arrangements on an annual basis for all categories.

In the three-month period ended 31 March 2020G, the top ten suppliers (excluding fleet purchases) accounted for 18% of total purchases. No supplier (excluding fleet purchases) had over 30% share of the Company's supply needs in the same period.

4.6.7 Geographic Locations and Operations

The Company's head office is located in Riyadh, and all the Company's branches are located in the Kingdom with no business or asset being outside the Kingdom. The following table shows the locations where the Company's branches were located as of 31 March 2020G:

Table 4.17: Details of the Company's Geographical Presence as of 31 March 2020G

Country	City	Rental Branch	Used Vehicle Sales Showroom	Workshop
Kingdom of Saudi Arabia	Riyadh	12	1	3
	Qassim	2	-	1
	Hail	1	-	-
	Jeddah	7	1	1
	Madinah	2	-	1
	Taif	2	-	-
	Yanbu	2	-	-
	Al Ula	1	-	-
	Makkah	1	-	-
	Al Hasa	2	-	-
	Jubail	1	-	1
	Khobar	2	-	-
	Dammam	2	-	1
	Abha	3	-	1
	Najran	2	-	-
	Al Baha	2	-	-
	Jizan	1	-	-
	Tabuk	2	-	1
	Neom	1	-	-
Total		**48**	**2**	**10**

Source: The Company

4.6.8 Awards

The Company has been awarded honours and prizes by several international auto agencies, including the following:

- 2006G Best Rent A Car Company General Motors International Award from Al Jumaih Motors Company & American General Motors;
- 2008G Hyundai International Award from Al Waalan Motors Company & Korean Hyundai Co.;
- 2008G-2009G-2010G-2011G-2012G Honours by Al-Essa Motors Company, the car agent of General Motors in the Kingdom;
- 2009G Client Excellence Award from the Abdul Latif Jameel Company Ltd, the official Toyota car agent in the Kingdom;
- 2012G Partner Success Award from "Aljazirah Vehicles", the official Ford car agent in the Kingdom;
- 2012G Chrysler Group Middle East Award;
- 2013G the Company has been voted by the Superbrands Council in Kingdom as a Superbrand;
- 2016G Saudi Excellence in Tourism award granted by Saudi Commission for Tourism & National Heritage;
- 2017G Awarded as Nissan Top Fleet Key Account in the Kingdom;
- 2018G "Mowaamah" Certification (Bronze Category) granted by the Ministry of Labour and Social Development;
- 2018G ISO Certificate 9001: 2015G;
- 2018G Enterprise Agility Award (Best Car Rental Co. in the Kingdom); and
- 2018G - 2020G Great Place to Work in the Kingdom award from Great Place to Work®.

4.7 Future Plans and Initiatives

The following are the main initiatives underway within the Company and/or planned to be launched within the coming 12 months:

4.7.1 New Branch Openings

As part of the Company's continued growth, it plans to open three new car rental branches in Riyadh, one in Jizan and one in Dammam.

4.7.2 Branch Renovation

As part of the Company's policy to improve the customer's experience, it plans to renovate two car rental branches in Riyadh, one in Qassim, five in Jeddah, one in Dammam, one in Jubail, one in Al Baha and one in Najran. The renovation works are mainly cladding installations, facade refurbishment, and furniture and equipment replacement.

4.7.3 New Workshops and Administrative Offices

In line with the continuous fleet growth, the Company plans to open new workshops/quick service locations in Yanbu, Jeddah and Alkhobar and is currently renovating the main administrative office in Riyadh.

4.7.4 IT System Integration with Government Platforms:

The Company plans to integrate its IT system with external platforms in order to optimise the rental transactions processing time. The on-going integration projects are related to the following:

- ESAL: E-invoicing business payment platform from SADAD for government entities and businesses.
- ELM-TAMM: Integration in order to automate the driver's authorization on TAMM.
- IAM - Identity Authentication Management: The platform is the National Digital Identity System which is highly secured, trusted and reliable for customer identification.

4.8 Overview of Company Departments

The Company has a number of administrative departments that support its various business activities. It is worth noting that the Company has no legal department, but hires external legal counsel, as needed, for legal services. Set out below is a brief description of the activities of the Company's departments:

4.8.1 Operations Department

The Operations Department is responsible for overseeing the operations of the Company in the Kingdom. It is one of the most important and largest departments. In particular, this includes:

- managing and monitoring rental branches and the regional offices, liaising with individual/corporate customers;
- implementing, updating and regularly monitoring an annual fleet mix and revenue plan, revenue forecasts and revenue reports;
- managing relationships with existing and former clients, with a focus on better understanding customer requirements, meeting revenue targets and increasing fleet utilization rates;
- identifying opportunities and deals with main customers;
- resource planning and supervising of the front-office teams within the branches;
- monitoring and regulating the daytoday operation of each branch and coordinating the supply, maintenance, cleanliness, and safety of the cars, ensuring that safety policies and other relevant systems are correctly implemented, and that the cars are properly used and maintained;
- ensuring the distribution of the fleet over the regions in order to maintain an optimal level of utilization;
- liaising directly with customers and ensuring the car maintenance and replacement if applicable;
- monitoring maintenance history and logs, developing automated and manual maintenance programs, providing maintenance guidelines and regulations;
- managing relationships with external maintenance providers and ensuring that their services and warranty support obligations are provided on a timely basis and in a satisfactory manner; and
- assisting with the procurement of new cars and the sales of the used vehicles once they reach the end of their life cycle.

4.8.2 Corporate Department

The Corporate Department is responsible for all corporate sales and collections. The after sales function is handled by the Corporate Department that manages the after sales operations of both car rental and lease fleets. In particular, this includes:

- advising customers on the type and efficiency of vehicle that best suit their activities, and explaining the benefits of operating lease;
- providing quotes for daily and monthly car rental services, leasing services, and preparing the relevant agreements;
- providing quotes for chauffeur drive services;
- offering conference and seminar coverage of the latest and most luxurious types of cars with the possibility of providing drivers in uniforms;
- setting up the vehicle reservation process;
- overseeing the after-sales service process;
- overseeing collections; and
- managing corporate car rental and vehicle lease contracts.

4.8.3 Marketing and Public Relations Department

The Marketing and Public Relations Department is responsible for developing the Company's marketing strategies, with a view to enhancing the Company's brand and reputation and increasing customer numbers. In particular, this includes:

- conducting market research, identifying market trends and market forecasting and targeted market research, including through the monitoring of social media and by analysing consumer behaviour, frequency of usage of rental cars;
- managing the Company's website, including press releases, event coverage, and customer service portals;
- planning and implementing marketing campaigns, including through promotional offers, seminars and event participation, and evaluation of the successes and failures of previous marketing campaigns;
- appointing thirdparty marketing agencies with a view to ensuring cost, quality and an adequate return on investment; and
- managing the Company's branding and promotional materials and ensuring and protecting correct usage of the Company's identity, designs, and intellectual property, and arranging for revenuegeneration through the use of Company property for the display of advertisements or other promotional activities.

4.8.4 Customer Relations Department

The Customer Relations Department is responsible for maintaining relations with the Company's customers. In particular, this includes:

- interacting with current and former customers to resolve complaints or queries and to provide updates (for example, in relation to temporary closure of facilities, changes to opening hours and marketing events and promotions), along with analysing customer data for service improvement; and
- undertaking customer surveys by phone and e-mails to monitor market trends, identify opportunities and shortcomings, gather member suggestions, and monitor member satisfaction levels.

4.8.5 Used Vehicles Sales Department

The Used Vehicles Sales Department is responsible for managing and monitoring used vehicles sales operations through the Company's used vehicles branches. In particular, this includes:

- ensuring that the sales operations are in compliance with applicable laws and regulations and any relevant industry regulations;
- managing the auction and sales process;
- ensuring that the sales team is continuously exploring new opportunities that may potentially increase sales and market share either by direct contact with customers or by any other potential sales channels available.
- maintaining contact with priority customers, government bodies, and other companies;
- coordinating with the Marketing Department to launch campaigns; and
- ensuring that all sales staff present a positive image of the Company.

4.8.6 Business Development and Digital Transformation Department

The Business Development and Digital Transformation Department is responsible for developing the business of the Company by addressing the technological progress, digital communication revolution in business, innovating several solutions, programs and systems that support all departments and channels of activities at a large scale, and representing the Company externally, managing and developing the Company's existing and new strategic relationships, and supporting the implementation of new products and services. The Company has no fixed strategy on research due to the nature of its business. In particular, this includes:

- identifying, evaluating and developing new business opportunities and supporting them from start-up to maturity, and future potential spinoff in sectors;
- representing the Company at key external events and developing and managing strategic external relationships;
- supervising the market studies and surveys and following up the recommendations related to the opening of new branches;
- developing and modernizing technical services;
- linking and following up with Government programs;
- supervising the business processes automation projects;
- developing and supporting new products and services to increase customer satisfaction; and
- participating in awards to raise standards of excellence.

4.8.7 Information Technology Department

The Information Technology Department is responsible for managing and developing the Company's current and future IT systems that is consistent with overall vision. In particular, this includes:

- expanding technological capabilities to strengthen the Company's attractiveness to its customers;
- developing a long-term strategy based on the Company's current and future business objectives;
- maintaining facilities established based on the latest technological architecture to host multiple in-house services related to information technology;
- managing the Company's 'Virtual Private Network' to provide secure and reliable connectivity to all points of sale, workshops, and regional offices across the Kingdom;
- automating manual business processes with implemented ERPs to reduce cost, and increase user efficiency and productivity;
- integrating systems together to make the information more comprehensive for detail data analysis, accurate management reporting, and risk avoidance;
- providing support services to business users related to applications, infrastructure, network, repair and upgrade of hardware;
- managing system security, controls, preparing and implementing business continuity and disaster recovery plan to provide alternatives in case of interception in main facility;
- ensuring that IT projects are implemented as per the Company's business requirement within committed timeline and budget; and
- developing in-house modules and reports to handle business users customised or occasional data analysis requirement.

4.8.8 Procurement and Warehouses Department

The Procurement and Warehouses Department is responsible for procuring goods and services of appropriate quality, which offer the best value for money, within the required timelines, in an ethical, legal and systematic manner. In particular, this includes:

- procurement of cars, spare parts, goods and services;
- supplier registration/ pre-qualification;
- issuance of request for quotation / request for proposal documents;
- supplier evaluation and selection;
- issuance of purchase orders / contracts;
- co-ordination, management and monitoring of received goods and services; and
- inventory and warehouse management.

4.8.9 Finance Department

The Finance Department is responsible for keeping accounts, issuing reports, and financial statements as well as enforcing strong internal financial control systems across the Company, safeguarding the Company's financial assets and providing accurate financial information in a timely manner. In particular, this includes:

- setting out accounting policies and procedures, and ensuring compliance with relevant regulatory requirements;
- managing the financial reporting process, ensuring that financial information is recorded, analysed and reported in an accurate and timely manner;
- managing the financial planning process, supporting the Company's senior management in setting financial strategies, converting agreed strategies into financial plans, and reviewing the plans of the Company's departments to ensure efficiency, accuracy and alignment with the agreed strategies;
- ensuring availability of sufficient funds and liquidity and managing and optimising working capital requirements to meet the Company's current and future plans and obligations, including by developing and measuring key performance indicators for the Company's activities and performance, and providing recommendations in connection therewith;
- developing and improving the Company's internal control systems, policies and procedures to safeguard the Company's assets, and ensuring efficient workflow and compliance with corporate governance requirements;
- managing payments to suppliers and relationships with banks and negotiating interest rates, financing terms, and preparing and filing Zakat and tax returns;
- managing the Company's liabilities toward employees, third parties and governmental institutions;
- filing complaints with applicable governmental authorities and initiating court legal actions;
- coordinating with external legal and data collection advisors;
- identifying and mitigating the Company's risks by ensuring that the Company's assets are covered by adequate insurance policies, reducing currency and interest rate risks and close monitoring of credit risks; and
- collaborating and liaising with internal and external auditors for conducting effective audits of the Company's financials and key processes.

4.8.10 Compliance Department

The Compliance Department is responsible for ensuring good corporate governance practices. In particular, this includes:

- advising on the interpretation of applicable laws and regulations;
- understanding and monitoring changes to laws, regulations, circulars and directives that are relevant to the Company's business;
- supervising the holding of General Assembly meetings and liaising with the relevant governmental authorities;
- developing a corporate governance manual and ensuring compliance with it, and commitment to properly applying all the manuals, procedures, policies and instructions issued by the regulatory authorities;
- preparing and drafting the Board's annual report and addressing conflict of interest situations; and
- managing the Company's relationship with regulators and Shareholders.

4.8.11 Human Resources & Administration Department

The Human Resources & Administration Department is, in summary, responsible for recruiting and hiring, appointing, developing, and retaining employees to the Company achieve its objectives, determining their compensation and managing employee relations. In particular, this includes:

- maintaining the office and branch condition and arranging necessary repairs and renovations in line with the new trends;
- addressing employees' queries regarding office management issues, such as uniforms, stationery, hardware and travel arrangements;
- assisting in the onboarding process for new hires and arranging accommodation and transportation to the workplace;
- coordinating with the Information Technology Department on all office equipment;
- monitoring inventory of office supplies and purchasing of new material with attention to budgetary constraints, as well as monitoring costs and expenses to assist in budget preparations;
- managing contract and price negotiations with suppliers and service providers;

- scheduling meetings and appointments for specific events, such as the Company's gatherings, ceremonies, and conferences;
- organizing and supervising the activities of the Company's branches, such as daily cleaning, electricity issues and security services;
- providing general support to visitors;
- monitoring the rent agreements between the Company and the landlords;
- managing all the government services and issues with the relevant governmental authorities, such as the Ministry of Transportation and the Ministry of Human Resources and Social Development; and
- managing the documentation regarding licence, electricity, water supply, internet connectivity and other departments for the new branch buildings and other properties of the Company on time.

4.8.12 Internal Audit and Control Department

The Internal Audit and Control Department of the Company performs independent and objective auditing and consulting activity designed to add value and improve Company's operations. It helps the Company to accomplish its objectives by bringing a systematic, disciplined approach to evaluating and improving the effectiveness of risk management, control, and governance processes.

The Internal Audit and Control Department reports functionally to the Audit Committee and administratively to the Chief Executive Officer. It has unrestricted access to, and communicates and interacts directly with, the Board, including private meetings without the management being present.

The purpose, authorities and responsibilities of the internal audit function are described in the Audit Charter that was approved by the General Assembly of Shareholders. The charter contains the outlines of the internal audit functions in the Company. The Internal Audit and Control Department adheres to both Audit Charter and internal audit standards published by the Institute of Internal Auditors.

The Internal Audit Department's responsibilities in particular include:

- establishing policies for internal audit activity and directing its technical and administrative functions;
- developing and submitting to the Audit Committee detailed work plans for the internal audit activity on an annual basis;
- examining and evaluating the adequacy, effectiveness, and performance of internal controls;
- reviewing the efficiency and effectiveness of the Company's processes and identify opportunities to improve operating performance;
- reviewing the reliability and integrity of financial and operating information;
- reviewing procedures and records for their adequacy to accomplish intended objectives, and appraising polices and plans relating to activity or function under review;
- recommending improvements to management controls designed to safeguard the Company's assets, achieve the general objectives of the Company, and ensuring compliance with laws and regulations;
- issuing periodic reports to the Audit Committee and summarizing results of audited or reviewed activities;
- appraising the adequacy of action taken by the management to correct reported deficiencies, and continuing reviews with appropriate management personnel on action that the Internal Audit Manager considers inadequate until satisfactory resolution has been achieved;
- coordinating activities with the Company's independent public accountants to avoid duplication of efforts, maximise the benefits total from audit activities, and provide the Company with adequate audit services;
- being an advocate of risk awareness and controls consciousness to promote strong risk and control culture; and
- conducting special examinations requested by the management when deemed necessary.

4.9 Corporate Social Responsibility

The Company takes its responsibilities as a corporate citizen seriously. It is aware that its actions can benefit the community and it is sensitive to the needs of the environment, its customers and its employees. The Company recognises that being a successful organization means that its progress is measured not only in economic terms, but also in the many ways in which it impacts the community. The Company put in place Theeb Al Khair Program, consisting in participation in the social activities and events (welcoming and festivities in religious), orphan association sponsorships and charity association sponsorship.

Based on its belief in the importance of serving the community in general, and its sense of responsibility towards the people with special needs and elders in particular, the Company also offers “Rahati” services - vehicles for elders and special needs customers consisting of family vehicles equipped with wheelchairs for no additional service fees. The Company is a pioneer in providing such a service in the Kingdom.

4.10 Business Continuity

There has been no suspension or interruption in Company’s business during the twelvemonth period preceding the date of this Prospectus, which would affect or have a significant impact on its financial position, and no material change in the nature of its business has occurred.

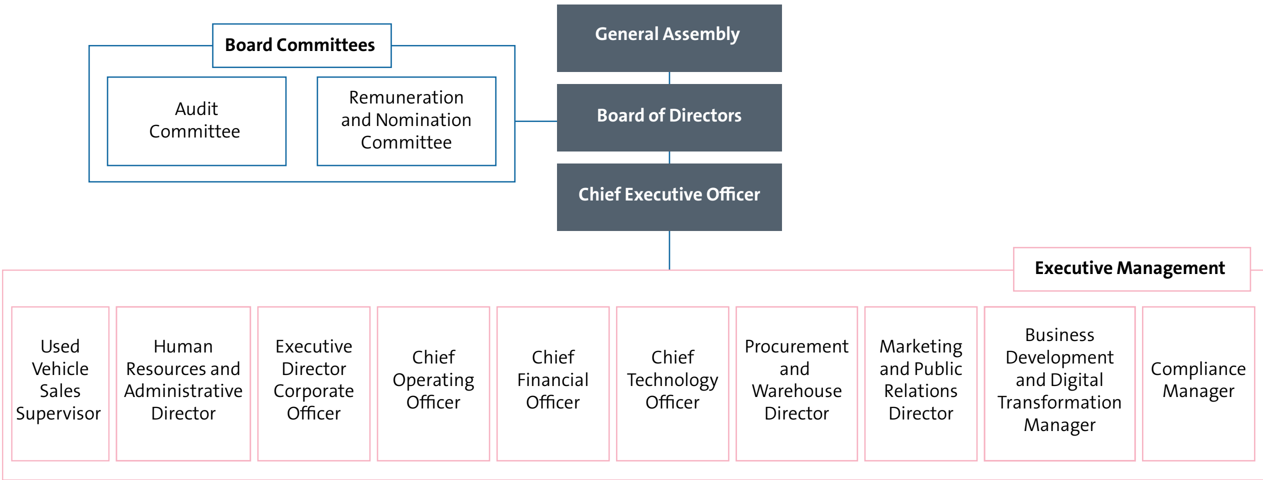
5. ORGANIZATIONAL STRUCTURE AND CORPORATE GOVERNANCE

5.1 Organizational Structure

The Shareholders of the Company delegate responsibility to the Board of Directors for the overall direction, supervision and control of the Company. The Board of Directors delegates responsibility for overall daytoday management of the Company to the senior management of the Company and, in particular, the Chief Executive Officer.

The following chart sets out the organizational structure of the Company:

Exhibit 5.1: Organizational Structure of the Company



Source: The Company

The following table shows direct ownership structure of the Company pre- and post-Offering:

Table 5.1: Direct Ownership Structure of the Company Pre-and Post-Offering

Shareholder	Pre-Offering			Post-Offering		
	No. of Shares	Shareholding (%)(1)	Share Value (SAR)	No. of Shares	Shareholding (%)(1)	Value of Shares (SAR)
Hamoud Abdullah Ibrahim AlTheeb	14,147,000	32.90%	141,470,000	9,902,900	23.03%	99,029,000
Mohammed Ahmed Abdullah Al-Theeb	14,147,000	32.90%	141,470,000	9,902,900	23.03%	99,029,000
Growth Opportunities Company for Trading	12,900,000	30%	129,000,000	9,030,000	21.00%	90,300,000
Naif Mohammed Ahmed Al-Theeb	301,000	0.70%	3,010,000	210,700	0.49%	2,107,000
Nawaf Mohammed Ahmad AlTheeb	301,000	0.70%	3,010,000	210,700	0.49%	2,107,000
Mohammed Hamoud Abdullah AlTheeb	301,000	0.70%	3,010,000	210,700	0.49%	2,107,000
Ahmed Mohammed Ahmed AlTheeb	301,000	0.70%	3,010,000	210,700	0.49%	2,107,000
Ahmed Hamoud Abdullah AlTheeb	150,500	0.35%	1,505,000	105,350	0.25%	1,053,500
Abdullah Hamoud Abdullah AlTheeb	150,500	0.35%	1,505,000	105,350	0.25%	1,053,500
Salman Hamoud Abdullah AlTheeb	150,500	0.35%	1,505,000	105,350	0.25%	1,053,500
Sari Hamoud Abdullah AlTheeb	150,500	0.35%	1,505,000	105,350	0.25%	1,053,500
Public	-	-	-	12,900,000	30%	129,000,000
Total	**43,000,000**	**100%**	**430,000,000**	**43,000,000**	**100%**	**430,000,000**

Source: The Company

(1) The above ownership percentages are rounded numbers.

5.2 Board of Directors and Secretary of the Board of Directors

5.2.1 Composition of the Board of Directors

The Board of Directors consists of six (6) Directors who are appointed by the General Assembly by means of cumulative vote. The Companies Law, the Corporate Governance Regulations, the Bylaws, and the internal governance regulations of the Company shall determine the duties and responsibilities of the Board of Directors. The term of the Directors' membership in the Board of Directors, including the Chairman, shall be for a maximum period of three years for each period, and they may be re-appointed.

The following table sets out the Directors who were appointed according to the decisions of the General Assembly with the dates shown in Table 5.2 (**Board of Directors of the Company**) below, and the Secretary of the Board as of the date of this Prospectus:

Table 5.2: Board of Directors of the Company

Name	Position	Nationality	Membership Type	Direct Ownership (%)(1)		Indirect Ownership (%)(1)		Date of Appointment
				Pre-Offering	Post-Offering	Pre-Offering	Post-Offering	
Mohammed Ahmed Abdullah AlTheeb	Chairman	Saudi	Non-executive	32.90%	23.03%	-	-	8 March 2018G
Hasan Sameer Abdulla AlShuwaikh	Vice Chairman	Bahraini	Non-executive	-	-	-	-	26 September 2018G
Mohammed Hamoud Abdullah AlTheeb	Director	Saudi	Executive	0.7%	0.49%	-	-	9 February 2015G
Saleh Abdul Rahman Saleh AlFadl	Director	Saudi	Independent	-	-	-	-	16 January 2020G
Selim Chidiac	Director	Swiss	Non-executive	-	-	-	-	19 March 2020G
Riyadh Saleh Hamad Almalik	Director	Saudi	Independent	-	-	-	-	21 October 2020G
Sadiq Ali Alali	Secretary	Saudi	-	-	-	-	-	10 November 2019G

Source: The Company

(1) The ownership percentages are rounded.

(2) Dates listed in this table are the dates of appointment to the current positions in the Board of Directors. Their respective biographies in Section 5.2.4 (**Biographies of the Directors and the Secretary**) describe the dates of their appointment, whether in the Board of Directors or in any other position.

5.2.2 Responsibilities of the Board of Directors

The Company is supervised by a Board of Directors consisting of professional persons with diverse experiences. The Board of Directors is vested with full powers to manage the business of the Company and supervise its affairs. The Board of Directors delegates responsibility for overall day-to-day management of the Company to the Company's senior management.

Some powers are delegated to the Company's Committees, consisting of the Audit Committee, and the Remuneration and Nomination Committee (collectively, the "Committees"). In addition, the Board of Directors has the power to form any number of Committees it considers necessary for effective governance, oversight and operations of the Company or to delegate some of its powers to one or more of the Directors or to third parties. However, despite any delegation, the ultimate responsibility for the Company rests with the Board of Directors.

The responsibilities of the Board of Directors, the Chairman and the Secretary can be summarized as follows:

5.2.2.1 Board of Directors

Without prejudice to the powers conferred on the General Assembly, the Board shall be vested with full powers to manage the business and affairs of the Company inside and outside the Kingdom in order to achieve its objectives. The responsibilities of the Board of Directors can be summarized as follows, without limitation:

- developing and reviewing the Company's comprehensive strategy, main work plans, and risk management policies;
- determining the appropriate capital structure of the Company, its strategies and financial objectives and approving its annual budgets;
- supervising the main capital expenditures of the Company, acquisition/disposal of assets, and expansions inside and outside the Kingdom;
- developing written policies organizing the relationship with stakeholders to protect them and preserve their rights;
- developing mechanisms for indemnifying the stakeholders in case of contravening their rights under the law and their respective contracts;
- developing mechanisms for settlement of complaints or disputes that might arise between the Company and the stakeholders;
- developing suitable mechanisms for maintaining good relationships with customers and suppliers and protecting the confidentiality of information related to them;
- developing rules of professional conduct for managers and workers in the Company to cope with proper professional and ethical standards and organizing the relationship between them and stakeholders, rules of professional conduct mechanisms for implementing and abiding by these rules;
- developing policies in connection with the Company's social contributions;
- approving the appointment of the Chief Executive Officer, the Chief Financial Officer and the Company's Internal Audit Manager;
- creating a comprehensive strategy for the Company, the main work plans and the policy related to risk management;
- determining the appropriate capital structure of the Company, its strategies and financial objectives and approving its annual budgets;
- supervising the main capital expenditures of the Company and acquisition/disposal of assets;
- determining the performance objectives to be achieved and supervising implementation thereof;
- monitoring the overall performance of the Company;
- reviewing and approving the organizational and functional structures of the Company;
- establishing policies and procedures to ensure the Company's compliance with the relevant laws and regulations and the Company's continuous obligation to disclose material information to the Shareholders and other relevant parties;
- laying down policies, standards and procedures in connection with the membership of the Board of Directors and implementation thereof;
- ensuring alignment of strategy and plan with the Company's existing resources, risks, economic and market conditions and growth;
- ensuring the integrity of the financial and accounting procedures including procedures related to the preparation of the financial reports;
- ensuring the implementation of control procedures appropriate for risk management by forecasting the risks that the Company could encounter and disclosing them with transparency;
- holding a meeting in the last quarter of each year to approve the budget for the following year;
- except for the Audit Committee, establishing Committees of the Board of Directors with specific mandates, approving its charters and appointing its members;
- evaluating the performance of the Company's senior management members in connection with the achievement of strategy;
- reviewing the effectiveness of the Company's internal control systems;
- ensuring compliance with the Company's corporate governance regulations and the Company's policies and procedures;
- approving the delegation of authority matrix, budgets and financial statements;
- determining the powers to be delegated to the Company's senior management members;

- approving new business initiatives and business closures;
- reviewing the performance of the Committees established by the Board of Directors;
- ensuring disclosure of key business transactions and Related Party transactions in the Board of Directors' annual report;
- calling for a meeting of the General Assembly at least once a year during the six months following the end of the Company's financial year;
- reviewing the Company's corporate governance regulations periodically, evaluating whether any changes are required in light of updated regulations, changes in practices and communicating such changes to the Secretary; and
- providing recommendations to the Shareholders for the dividends to be distributed in accordance with the Company's dividend distribution policy.

5.2.2.2 Chairman

The Chairman shall assume the following responsibilities:

- representing the Company before third parties in accordance the Companies Law, its implementing regulations, and the Company's Bylaw;
- promoting constructive relationships between the Board of Directors and the senior management, and between the executive Directors and the non-executive Directors;
- ensuring that the Board of Directors discusses all major issues in an effective and timely manner;
- ensuring that the Board of Directors agenda is focused on the Company's strategy, performance, value creation for Shareholders and accountability at all levels;
- promoting a culture in the boardroom that supports constructive criticism and alternative views on issues under consideration, and encourages discussion and voting on these issues;
- ensuring that both the Directors and the Shareholders receive adequate and timely information;
- delegating tasks to individual Directors and following up on their progress; and
- ensuring that the Directors disclose their business and conflict of interest in any matter discussed in Board of Directors meetings.

5.2.2.3 Vice Chairman

The Vice-Chairman of the Board of Directors is responsible for directing the management and reviewing important decisions before passing them on to the Board of Directors. The Vice-Chairman shall have the broadest powers to represent the Company before various government agencies. The Vice-Chairman also chairs the General Assembly meetings of the Shareholders in the absence of the chairman.

5.2.2.4 Secretary

The responsibilities of the Secretary include the following:

- attending the meetings of the Board of Directors;
- managing all the administrative, technical and logistics relating to the affairs of the Board of Directors and the General Assembly meetings;
- managing and coordinating the meeting agendas of the Board of Directors and the Committees;
- preparing visual presentations, preparing and distributing minutes of meetings, archiving all data, information and records relating to the Board of Directors and the Committees and monitoring the implementation of resolutions of the Board of Directors and the Committees;
- preparing and maintaining a register of proceedings and resolutions of the Board of Directors and the Committees and safekeeping the Company's official records;
- acting as a liaison officer with CMA and other official entities and ensuring compliance with the corporate governance regulations and other related regulations;
- assisting in the modernization and implementation of the Company's corporate governance;
- ensuring that the procedures, rules and regulations applicable to the Board of Directors are followed by the Directors;
- maintaining and updating the Company's corporate governance regulations annually, as per the instructions of the Board of Directors;
- performing other tasks as delegated by the Board of Directors; and
- organizing the disclosure record of the Directors and the senior management.

5.2.3 Service Contracts and Employment Contracts with the Board of Directors

No employment contracts have been concluded between the Company and the Board of Directors. The members of the Board of Directors receive remuneration according to the Company's Bylaws in a manner that does not conflict with the statutory controls issued in this regard. They have been appointed in accordance with the decisions of the General Assembly on the dates indicated in Section 5.2.4 (**Biographies of the Directors and the Secretary**). For more details, see Section 5.5 (**Remuneration of Directors and Senior Executives**) of this Section.

5.2.4 Biographies of the Directors and the Secretary

The experience, qualifications and the current and past positions of each of the Directors and the Secretary are set out below:

5.2.4.1 Mohammed Ahmed Abdullah Al-Theeb, Chairman

Nationality:	Saudi.
Age:	64 years.
Academic and Professional Qualifications:	▸ High school degree from Al Fatah School, Amman, Jordan, obtained in 1970G.
Date of Appointment:	▸ 20/6/1439H (corresponding to 8 March 2018G).
Current Positions:	▸ Chairman of the Board of Directors since 2018G. ▸ Chairman of Al-Theeb Sons Co., a closed joint stock company engaged in real estate management, since 2018G. ▸ Chairman of the board of Mohamed Ahmed Al-Theeb Company for Contracting, a closed joint stock company specializing in contracting, since 2018G.
Past Professional Experience:	▸ Chief Executive Officer of the Company, 1991G - 2017G. ▸ Member of the Board of Directors of the Company, 1991G - 2017G. ▸ Director General, Al-Theeb Sons Company for Real Estate Management, a joint stock company specializing in real estate, 2007G - 2017G. ▸ Director General, Mohamed Ahmed Al-Theeb Company for Contracting, an individual establishment, specializing in contracting, 1991G - 2017G. ▸ Responsible for vehicle forms and license plates, Aljomaih Automotive Company, a partnership company, operating in the field of car sales and services, 1976G - 1986G.

5.2.4.2 Hasan Sameer Abdulla Al-Shuwaikh, Vice Chairman

Nationality:	Bahraini.
Age:	30 years.
Academic and Professional Qualifications:	▸ Certified Financial Analyst (CFA), CFA Institute, Virginia, USA, 2018G. ▸ Bachelor of Business Administration - Finance, University of San Diego State, California, USA, 2011G.
Date of Appointment:	▸ 16/01/1440H (corresponding to 26 September 2018G).
Current Positions:	▸ Member of the Board of Director since 2018G. ▸ Vice President in the Private Equity in the Middle East and North Africa, Investcorp Financial Services, Bahrain Joint Stock Company operates in the field of financial services, since 2019G. ▸ Manager of Asset Management, Investcorp Saudi Arabia Financial Investments Co., a closed joint stock company, engaging in financial services, since 2016G.
Past Professional Experience:	▸ Associate, Private Equity Department in the Middle East and North Africa, Investcorp Financial Services, a Bahrain Joint Stock Company operates in the field of financial services, 2016G - 2019G. ▸ Member of the Mergers and Acquisitions Department, Standard Chartered Bank, a public joint stock company, operating in the field of financial services, 2013G - 2016G. ▸ Member, PricewaterhouseCooper, a professional company, engaging in the field of tax and accounting consultancy, 2012G - 2013G. ▸ Accountant, CoEfficient Services, formerly known as e-Accounting, a professional company, engaging in the field of accounting, 2011G - 2012G. ▸ Trainee, Trade Services, World Trade Center, San Diego, a global organization, engaging in the promotion of global business activities, 2010G - 2011G.

5.2.4.3 Mohammed Hamoud Abdullah Al-Theeb, Board Member

Nationality:	Saudi.
Age:	25 years.
Academic and Professional Qualifications:	High school degree, Dar Al Uloom Schools, Riyadh, Saudi Arabia, in 2013G.
Date of Appointment:	20/04/1436H (corresponding to 9 February 2015G).
Current Positions:	Member of the Board of Directors since 2015G. Business Development Manager at Theeb Rent A Car, a closed joint stock company, engaging in car rental since 2018G. Member of the Board of Directors, Madareem Crown Hotel, a limited liability company, engaging in the management, operation and maintenance of hotels, residential units and apartments, since 2011G.
Past Professional Experience:	Manager of Special Customer Accounts in the business sector of the Company, 2017G - 2018G. Operations Manager, Al Atoz, a limited liability company, engaging in the transport of goods by road, wholesale and retail, fuel sale services, 2013G - 2017G.

5.2.4.4 Saleh Abdulrahman Saleh Al-Fadl, Board Member

Nationality:	Saudi.
Age:	35 years.
Academic and Professional Qualifications:	Bachelor of Business Administration, King Saud University, Riyadh, Kingdom of Saudi Arabia, in 2006G. Master of Science in Finance, University of Illinois, Illinois, USA, in 2009G. Master of Accounting Science, University of Illinois, Illinois, USA, in 2010G.
Date of Appointment:	21/05/1441H (corresponding to 16 January 2020G).
Current Positions:	Member of the Board of Directors since 2020G. Chief Financial Officer, Herfy Food Services Company, a public joint stock company, engaging in the food and supplementary consumer goods industry, since 2015G.
Past Professional Experience:	Member of the Board of Directors, King Faisal Specialist Hospital International Holding Co., a closed joint stock company, engaging in the provision of health services, 2019G – 2020G. Board Member, Best Rent A Car, a closed joint stock company, engaging in the field of car rental, 2017G - 2020G. Board Member, Saudi Public Transport Company (SAPTCO), a public joint stock company, engaging in the field of public transport, 2016G - 2018G.

5.2.4.5 Selim Chidiac, Board Member

Nationality:	Swiss.
Age:	49 years.
Academic and Professional Qualifications:	Bachelor of Engineering, Lyon School of Chemistry, Physics and Electronics, Lyon, France, in 1995G.
Date of Appointment:	24/07/1441H (corresponding to 19 March 2020G).
Current Positions:	Member of the Board of Directors since 2020G. Chief Executive Officer, L'azurde, a public joint stock company, engaging in the production and manufacture of gold jewelry, jewelry, precious stones, since 2010G.
Past Professional Experience:	Member of the Board of Directors of L'azurde, a public joint stock company, engaging in the production and manufacture of gold jewelry, jewelry and precious stones, 2018G - 2020G. Chief Executive Officer, Red Bull North America Inc., a limited liability company, engaged in retail sector and specialized in the field of consumer goods, 2007G - 2010G. Chief Executive Officer and Regional Manager (Asia and the Pacific, the Middle East and Africa), Red Bull Japan KK, a closed joint stock company, working in the field of consumer goods, 2006G - 2007G. Regional Manager (Asia and the Pacific, the Middle East and Africa), Red Bull FZE, a limited liability company, engaging in retail and specialized in the field of consumer goods, 2004G - 2005G. Manager of (Middle East, North Africa and Greece region), Red Bull GMBH, a limited liability company operating in the retail industry and specialized in consumer goods, 1999G - 2002G. Marketing Manager, Procter & Gamble IG, a public joint stock company, engaging in retail and specialized in the field of consumer goods, 1997G - 1999G. Brand Manager, Procter & Gamble IG, a public joint stock company, engaged in retail and specialized in the field of consumer goods, 1995G - 1997G.

5.2.4.6 Riyadh Saleh Hamad Almalik, Board Member

Nationality:	Saudi.
Age:	54 years.
Academic and Professional Qualifications:	▸ Bachelor of Business Administration, King Abdulaziz University, Jeddah, Kingdom of Saudi Arabia, in 1998G.
Date of Appointment:	▸ 04/03/1442H (corresponding to 21 October 2020G).
Current Positions:	▸ Member of the Board of Director since 2020G. ▸ Chief Executive Officer, Saudi Automotive Services Company (SASCO), a public joint stock company, engaging in automotive and equipment services, and management of stations, rest houses, motels and express service centers, since 2009G. ▸ Member of the Board of Directors, Saudi Automotive Services Company (SASCO), a public joint stock company, engaging in automotive and equipment services, and management of stations, rest houses, motels and express service centers, since 2015G. ▸ Member of the Customs Council, the International Automobile Federation (FIA), a global non-profit international organization, engaged in promoting the interests of auto organizations and car users and encouraging best and sustainable practices, since 2009G. ▸ Member, Arab Council of Touring and Automobile Clubs, a global organization, engaged in promoting to unify the Arabic speaking auto clubs of the International Automobile Federation, since 2011G. ▸ Member, the International Road Transport Union (IRU), an independent global international organization, engaged in facilitating the transportation of people and goods by land and general trade via international trade lines, since 2012G. ▸ Member, Arab Union of Land Transport, a joint Arab body, specialized in the affairs of developing, organizing and integrating land transport in the Arab world, since 2009G.
Past Professional Experience:	▸ Chairman of the Customs Council, the International Automobile Federation (FIA), a global non-profit international organization, engaged in promoting the interests of auto organizations and car users and encouraging best and sustainable practices, 2011G - 2017G. ▸ General Manager of the company, Tashelat Marketing Company (Sahel), a limited liability company, engaging in management of retail fuel chains, outlets and car service centers within gas stations across the Kingdom, 2005G - 2009G. ▸ Deputy General Manager for Marketing, Riyadh Development Company, a public joint stock company, engaging in real estate management and development, 2000G - 2005G. ▸ Director of Marketing Department, Saudi Real Estate Company (Al Akaria), a public joint stock company, engaging in real estate investment, management and development, 1998G - 2000G. ▸ Sales Manager for InterContinental Riyadh Hotel, InterContinental Hotels Group, a public joint stock company, operating in the international hotel and hospitality industry, 1997G - 1998G. ▸ Sales Manager, Dur Hospitality Company (formerly the Saudi Hotels and Resorts Company), a public joint stock company, engaging in the establishment, management and investment in hotels and real estate, 1995G - 1997G.

5.2.4.7 Sadiq Ali Alali, Secretary

Nationality:	Saudi.
Age:	37 years.
Academic and Professional Qualifications:	▸ Bachelor of Public Administration in Accounting, Imam Muhammad ibn Saud University, Al-Ahsa, Kingdom of Saudi Arabia, in 2006G. ▸ Diploma in Insurance, Bahrain Institute of Banking and Finance (BIBF), Manama, Kingdom of Bahrain, in 2009G.
Date of Appointment:	▸ 13/03/1441H (corresponding to 10 November 2019G).
Current Positions:	▸ Compliance Manager and Secretary of the Board of Directors since 2019G.
Past Professional Experience:	▸ Compliance Manager and Secretary of the Board of Directors, Gulf Lifting Financial Leasing Company, a closed joint stock company, operating in the field of finance, 2017G - 2019G. ▸ Compliance and Corporate Affairs Manager, AXA Cooperative Insurance Company, a public joint stock company, engaging in insurance, 2012G - 2017G. ▸ Sales Assistant, AXA Cooperative Insurance Company, a public joint stock company, engaging in insurance, 2011G - 2012G. ▸ Assistant Accountant, AXA Cooperative Insurance Company, a public joint stock company, engaging in insurance, 2007G - 2008G.

5.3 Board of Directors Committees

The Board of Directors has established the Committees to optimize the management of the Company and to meet relative regulatory requirements. Each Committee is required to have clear rules identifying their role, powers and responsibilities. Minutes must be prepared for each meeting of each Committee (which are reviewed and approved by the Board of Directors).

The following is a summary of the structure, responsibilities and current members of each permanent Committee:

5.3.1 Audit Committee

The main role of the Audit Committee is to monitor the Company's affairs and assist the Board of Directors with oversight of auditing processes, the Company's internal control systems, the Company's financial statements and other financial information, and the Company's compliance with legal and regulatory requirements. The responsibilities of the Audit Committee further include the following:

- **Financial Statements and Reports:**
  - review important matters related to accounting affairs and preparing reports, including complex or unfamiliar transactions, critical discretionary areas, and emerging professional and organizational announcements, and assessing their impact on the financial statements;
  - review, express an opinion on, and make recommendations to the Board of Directors regarding the interim and annual financial statements of the Company, including all announcements relating to the Company's financial performance, prior to their presentation to the Board of Directors, to ensure their integrity, fairness and transparency;
  - at the request of the Board of Directors, express a technical opinion with respect to fairness, balance and comprehensibility of the Board of Directors report and the Company's financial statements, and whether they include the information necessary to enable Shareholders and investors to assess the Company's financial position, performance, business model and strategy;
  - carefully review and consider any significant or unusual issues or matters included in the Company's financial statements and reports, and review any matters raised by the Chief Executive Officer (or his delegate), the Chief Financial Officer (or his delegate), compliance officer, internal auditor or external auditor;
  - examine the accounting estimates in respect of significant matters contained in the Company's financial statements and reports;
  - review the accounting policies in force and advise the Board of Directors of its opinion and any recommendations regarding the same;
  - review audit results with management and the external auditor, including any difficulties encountered;
  - review other sections of the annual report and related regulatory files before issuance, and consider accuracy and completeness of information;
  - review all matters required to be raised to the committee in light of recognized auditing standards, in cooperation with management and the external auditor; and
  - understand how management develops preliminary financial information, and the nature and extent of the internal auditor and external auditor's involvement.

- **Internal Control and Audit:**
  - review and consider the effectiveness of the Company's internal control, financial, and risk management systems;
  - understand the scope of the internal audit of financial reports by the internal auditor and obtain reports that include important findings and recommendations, and management notes and comments;
  - review the internal audit reports and pursue the implementation of corrective measures in respect of the comments included therein;
  - oversee and supervise the performance and the activities of the internal auditor and the Company's Internal Audit Department to ensure they have access to the necessary resources and ensure their effectiveness in performing the tasks and duties assigned to them;
  - approve the Company's internal audit regulations and review the Company's internal audit procedures;
  - approve the annual audit plan and all changes thereto, and review the performance and activities of the internal audit against the defined plan;
  - work with the internal auditor to review the internal audit budget, resource plan, activities, and the organizational structure of the internal audit functions;

- hold independent meetings with the internal auditor on a regular basis to discuss any matters that the committee or internal audit officials deem necessary to be discussed in private sessions;
- recommend to the Board of Directors decisions regarding the appointment, dismissal and remuneration of the Company's internal auditor; and
- review on an annual basis the performance and the activities of the internal audito and recommend to the Board their annual remuneration and salary adjustment.

External Audit:

- recommend to the Board of Directors the appointment, dismissal, and compensation of the external auditor, after verifying its independence and reviewing its scope of work and terms of engagement;
- review the professional qualifications of the external auditor and the personnel that will be working within the external auditor for the Company;
- review the performance and supervise the activities of the external auditor and report to the Board of Directors with its recommendations in respect of the same;
- verify the independence, objectivity, and fairness of the external auditor and the effectiveness of the external auditor's audit work, taking into account the relevant rules and standards, and make recommendations to the Board in respect of the same;
- review the external auditor's proposed audit scope, approach, and plan, and make any comments thereon;
- review the external auditor's services and verify that it is not providing any technical or management services outside of the scope of the audit, except as prescribed by the legislative authorities, and make recommendations to the Board of Directors in respect of the same;
- address any inquiries raised by the external auditor;
- review the reports, qualifications and comments of the external auditor in relation to the Company's financial statements and follow up on the actions taken in relation to the same, and
- settle any disputes that arise between the management and the external auditor regarding the preparation of financial reports.

Compliance:

- verify and monitor the Company's compliance with the applicable laws, regulations, policies and instructions;
- review the effectiveness of the monitoring system and ensure compliance with laws and regulations and the results of investigations conducted by the management and follow up any cases of non-compliance (including taking disciplinary measures);
- review the reports and results of investigations of any supervisory or regulatory authority, and ensure that the Company has undertaken the necessary actions in relation to the same;
- review the contracts and transactions to be entered into by the Company with Related Parties, and make recommendations to the Board of Directors in relation to the same;
- ensure that appropriate arrangements and mechanisms are put in place, and implemented to allow for the confidential and anonymous submission by the Company's employees of concerns regarding any financial, accounting or auditing matters (including financial reports) or any cases of non-compliance;
- report to the Board of Directors any matters or issues which should be brought to the attention of the Board of Directors, and any related recommendations, and
- obtain updates on a regular basis from the Company's management and its Legal Advisor regarding compliance matters.

Reporting:

- report to the Board of Directors on its proceedings, recommendations, and resolutions after each meeting of the committee;
- provide open means for communication between the internal auditor, the external auditor and the Board of Directors;
- submit an annual report to the Shareholders describing the committee's composition, duties and performance of these duties, and any other information as required by the applicable rules, including approval of services outside the scope of audit;
- review any other reports issued by the Company in relation to the responsibilities of the committee;

- prepare a written annual report on its opinion on the adequacy and effectiveness of the Company's internal and financial control and risk management systems and its recommendations in this regard, in addition to other activities it has undertaken within its functions. Sufficient copies of this report shall be deposited in the Company's headquarters to provide, upon request, all Shareholders with a copy of it. This report will be published on the Company's website and the Exchange's website when the invitation for the relevant annual general meeting is published, provided that this is at least ten days before the date specified for meeting. The report shall be read out at the meeting; and
- prepare a written report to the Board of Directors regarding the Company's internal audit procedures and the committee's recommendations in this regard.

Other Functions:

- initiate and supervise private investigations, as needed;
- carry out other related work as requested by the Board of Directors;
- review and evaluate the adequacy and appropriateness of the Audit Committee's responsibilities on an annual basis and submit recommendations to the Board in this regard, and ensure that the necessary disclosures are made in accordance with the requirements of the relevant laws and regulations;
- ensure on an annual basis that all committee responsibilities have been fulfilled; and
- regularly evaluate the performance of the committee and the performance of each member.

The Audit Committee shall be created by an Ordinary General Assembly decision and its members shall consist of Shareholders or others; provided that: (i) at least one member is an independent Director; (ii) no Executive Director is a member; (iii) the number of members is not less than three members and not more than five members; (iv) and one of its members is specialized in finance and accounting. The Audit Committee convenes periodically; provided that at least four meetings are held during the Company's financial year. The internal auditor and the external auditor may call for a meeting with the Audit Committee at any time as may be necessary.

The Audit Committee was formed, and its members were appointed according to the Company's Ordinary General Assembly decision dated 26/08/1441H (corresponding to 19 April 2020G). Their membership will end with the end of the current term of the Board of Directors on 22/07/1442H (corresponding to 6 March 2021G). The Audit Committee consists of the following members as of the date of this Prospectus:

Table 5.3: Members of the Audit Committee

Name	Role
Saleh Abdul Rahman Saleh Al-Fadl	Chairman
Hasan Sameer Abdulla Al-Shuwaikh	Member
Selim Chidiac	Member

Source: The Company

5.3.2 Biographies of the Members of the Audit Committee

The experience, qualifications and the current and past positions of the members of the Audit Committee are set out below:

5.3.2.1 Saleh Abdulrahman Saleh Al-Fadl, Chairman of the Audit Committee

See Section 5.2.4.4 (**Saleh Abdulrahman Saleh Al-Fadl, Board Member**) for more details about Saleh Abdulrahman Saleh Al-Fadl's experiences, qualifications, current and previous positions.

5.3.2.2 Hasan Sameer Abdulla Al-Shuwaikh, Member of the Audit Committee

See Section 5.2.4.2 (**Hasan Sameer Abdulla Al-Shuwaikh, Vice Chairman**) for more details about Hasan Sameer Abdulla Al-Shuwaikh's experiences, qualifications, current and previous positions.

5.3.2.3 Selim Chidiac, Member of the Audit Committee

See Section 5.2.4.5 (**Selim Chidiac, Board Member**) for more details about Selim Chidiac's experiences, qualifications, and current and previous positions.

5.3.3 Nomination and Remuneration Committee

The Nomination and Remuneration Committee oversees the nomination of Directors to the Board of Directors and the remuneration policy for the Directors and the members of the Company's senior management. The duties and responsibilities of Nomination and Remuneration Committee are mainly to:

- **Nomination:**
  - prepare, recommend and oversee policies and criteria in relation to the appointment of members to the Board of Directors and the senior management;
  - interview all Board candidates and ensure that all necessary and appropriate inquiries are made into the backgrounds and qualifications of such candidates before recommending them to the Board of Directors for nomination;
  - recommend to the Board of Directors candidates for nomination (or re nomination) to the Board of Directors in accordance with the applicable laws, regulations, rules and policies;
  - annually review, assess, and recommend to the Board of Directors the skills, qualifications, and experiences required for membership in the Board of Directors and the Company's senior management. This includes setting the time commitment required for such membership and preparing a job description, capabilities and qualifications description required for executive, non-executive and independent Directors and members of the Company's senior management;
  - verify on an annual basis the independence of each independent Board of Directors' member in accordance with the applicable laws, regulations, and rules and the absence of any conflict of interest in case a Director also serves as a member of the Board of Directors of another company;
  - periodically review and make recommendations to the Board of Directors concerning the succession plans for Directors and Senior Executives, taking into account the challenges and opportunities facing the Company and the necessary capabilities, skills and experiences required for membership of the Board of Directors and functions of senior management;
  - evaluate and recommend to the Board of Directors potential candidates for senior management positions in the Company and, in particular, assist the Board of Directors in selecting, developing, and evaluating potential candidates for the position of Chief Executive Officer; and
  - develop, and periodically review procedures for filling vacancies in the Board of Directors and the Company's senior management and make recommendations to the Board of Directors regarding the selection and approval of candidates to fill such vacancies.

- **Review and Assessment:**
  - regularly review the structure, size, composition, strengths, and weaknesses of the Board of Directors (including the skills, knowledge, and experience) and the Company's senior management, and make appropriate recommendations and suggest solutions to the Board of Directors in line with the interests of the Company;
  - develop and oversee an induction program for new Directors and a continuing education program for current Directors, periodically review these programs and update them as necessary; and
  - develop, recommend to the Board of Directors, and oversee an annual self-evaluation process for the Directors and certain Senior Executives of the Company.

- **Remuneration:**
  - prepare, disclose and supervise a clear policy for the remuneration of the Directors and the Board Committees and the senior management of the Company (the "**Remuneration Policy**"), submit it to the Board of Directors in preparation for approval by the General Assembly, and verify its implementation.;
  - prepare an annual report on the remuneration and other payments (in cash or in kind) granted to the Directors, members of the Board Committees and senior management, and clarify the relation between the remuneration received and the Remuneration Policy (including a description of any significant departures from the Remuneration Policy) (the "**Annual Remuneration Report**") for presentation to the Board of Directors for consideration;
  - regularly review and assess the effectiveness and appropriateness of the Remuneration Policy and make recommendations to the Board of Directors in relation to the same;
  - recommend to the Board of Directors the remuneration to be granted to the Directors, including members of the Board Committees, and the senior management, in accordance with the approved Remuneration Policy;
  - review and make recommendations to the Board of Directors regarding the Company's incentive plans for the Directors and employees, including in relation to adopting, amending, and terminating such plans; and

- prepare any disclosures required under the Company's policies and any laws, regulations, or rules to which the Company is subject, including, at a minimum, disclosures relating to the Remuneration Policy and annual report on remuneration, and disclosures relating to remuneration in the Board's annual report.

- **Corporate Governance:**
  - oversee, review, make recommendations, identify the best practices and suggest any changes to the Board of Directors about the Company's corporate governance policies, rules and procedures, including the Company's Bylaws and internal corporate governance regulation, at least annually;
  - verify Company's compliance with internal corporate governance regulations and policies and applicable governance requirements under the relevant laws, regulations and rules;
  - develop, review and recommend to the Board of Directors the codes of professional conduct representing the Company's values, as well as other internal policies and procedures in order to fulfil the regulatory requirements and best practices; and
  - regularly inform the Directors of the significant changes in the applicable governance's requirements, the corporate governance developments and the best practices.

- **Other Responsibilities:**
  - carry out any such other related work as requested by the Board of Directors.

The Nomination and Remuneration Committee consists of at least three members and up to five members. Members of the committee must not be executive members of the Board of Directors; provided that there shall be at least one independent Director among them. The Chairman of the committee is an independent Director. The committee shall convene periodically at least twice each financial year and as may be necessary by the request of the Board of Directors or any of the members.

The Nomination and Remuneration Committee was formed pursuant to the Board of Directors' decision dated 13/07/1441H (corresponding to 8 March 2020G) and its members were appointed according to the Board of Directors' decisions dated 11/02/1442H (corresponding to 28 September 2020G) and 22/04/1442H (corresponding to 7 December 2020G). Their membership will end at the end of the current term of the Board of Directors on 22/07/1442H (corresponding to 6 March 2021G). The Nomination and Remuneration Committee consists of the following members as of the date of this Prospectus:

Table 5.4: Members of the Remuneration and Nomination Committee

Name	Role
Riyadh Saleh Hamad Almalik	Chairman
Wassim Mohammed Hammoude	Member
Fahad Marei Muhammad Al Shahrani	Member

Source: The Company

5.3.4 Biographies of the Members of the Nomination and Remuneration Committee

The experience, qualifications, qualifications and the current and other positions of the members of the Nomination and Remuneration Committee are set out below.

5.3.4.1 Riyadh Saleh Hamad Almalik, Chairman of the Nomination and Remuneration Committee

See Section 5.2.4.6 (**Riyadh Saleh Hamad Almalik, Board Member**) for more details about Riyadh Saleh Hamad Almalik's experiences, qualifications, current and previous positions.

5.3.4.2 Wassim Mohammed Hammoude, Member of the Nomination and Remuneration Committee

Nationality:	Lebanese.
Age:	41 years.
Academic and Professional Qualifications:	- Master of Business Administration in Finance and Economics, College of Business Administration at Columbia University, New York, USA, in 2008G. - Bachelor of Business Administration, Banking and Finance Science, the Lebanese American University, Beirut, Lebanon, in 2002G.
Date of Appointment:	- 11/02/1442H (corresponding to 28 September 2020G).
Current Positions:	- Board Member, Al Borg Medical Laboratories, a limited liability company, engaged in the laboratory and medical services, since 2017G. - Board Member, NDT, a closed joint stock company, engaged in testing services in oil, gas and petrochemical industry, since 2017G. - Principal in the Private Equity in the Middle East and North Africa, Investcorp Financial Services, a Bahraini joint stock company operating in the field of financial services, since 2008G.
Past Professional Experience:	- Associate, Royal Bank of Canada, a Canadian public joint stock company, operating in the field of banking and financial services, 2007G - 2007G. - Assistant Manager of Financial Consulting Services, Deloitte & Touche, a professional company, engaged in the management and financial consulting, 2005G - 2006G. - Secnior Consultant in Corporate Finance, RSM Albazie & Co., a professional company, engaged in accounting and tax consulting services, 2003G - 2004G. - A member of the External Auditing Department, RSM Albazie & Co., a professional company, engaged in the field of accounting and tax consulting services, 2003G - 2004G.

5.3.4.3 Fahad Marei Muhammad Al Shahrani, Member of the Nominations and Remuneration Committee

Nationality:	Saudi.
Age:	40 years.
Academic and Professional Qualifications:	- Diploma in Human Resources Management, Chartered Institute for Personnel Development (CIPD), London, United Kingdom, in 2012G. - Bachelor of Industrial Engineering, King Saud University, Riyadh, Saudi Arabia, in 2007G.
Date of Appointment:	- 11/02/1442H (corresponding to 28 September 2020G).
Current Positions:	- General Manager of talent management and rewards, Diplomatic Quarter General Authority, a government agency, working on the development and investment in Al Safarat district in Riyadh, since 2019G.
Past Professional Experience:	- HR Director, General Entertainment Authority, a government agency, working on the organization and development of the entertainment sector in the Kingdom, 2017G - 2018G. - Director Talent Management and Rewards, STC Solution, a closed joint stock company and a subsidiray of STC Group, which foucuses on ICT solutions in the Kingdom, 2012G-2017G. - Senior performance management analyst, Etihad Etisalat (Mobily), a public joint stock company, engaged in the telecommunication services, 2007G - 2012G. - Management Performance Analyst, Etihad Etisalat (Mobily), a public joint stock company, engaged in the telecommunication services, 2007G - 2010G.

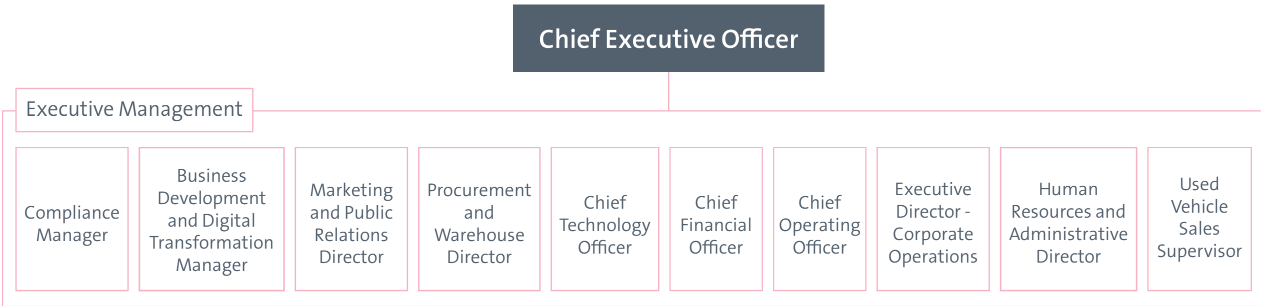
5.4 Senior Management

5.4.1 Overview of Senior Management

The senior management comprises qualified and experienced members with the necessary knowledge and expertise to run the Company's business in line with the objectives and directives of the Board of Directors and the stakeholders. The Company has been successful in retaining its senior management team, developing qualified employees and promoting them to senior positions in the Company.

The following chart sets out the Senior Executives as of the date of this Prospectus:

Exhibit 5.2: Senior Executives Chart



Source: The Company

Table 5.5: Details of Senior Executives

Name	Position	Date of Appointment	Nationality	Age (Years)	No. of Shares Held Pre-Offering	No. of Shares Held Post-Offering
Naif Mohammed Al-Theeb	Chief Executive Officer	05/12/1439H (corresponding to 16 August 2018G)	Saudi	37	301,000	210,700
Jafar Salahuddin Albaz	Chief Financial Officer	21/12/1439H (corresponding to 2 September 2018G)	Jordanian	44	-	-
Vacant1	Chief Operating Officer	-	-	-	-	-
Shahzad Ali	Executive Director - Corporate Operations	03/09/1435H (corresponding to 1 July 2014G)	Pakistani	50	-	-
Bharat Snwal	Chief Technology Officer	30/12/1430H (corresponding to 04 November 2013G)	Indian	45	-	-
Meshaal Abdulaziz Al-Ghamdi	Human Resources and Administrative Director	14/12/1436H (corresponding to 28 September 2015G)	Saudi	32	-	-
Khaled Mansour Al-Khaliwi	Procurement and Warehouse Director	19/11/1439H (corresponding to 1 August 2018G)	Saudi	37	-	-
Muhammad Othman Al-Qadi	Marketing and Public Relations Director	11/4/1441H (corresponding to 8 December 2019G)	Saudi	26	-	-
Talib Hussein Al-Hamami	Used Vehicle Sales Supervisor	06/06/1430H (corresponding to 30 May 2009G)	Saudi	45	-	-
Vacant[1]	Business Development and Digital Transformation Manager	-	-	-	-	-
Sadiq Ali Alali	Compliance Manager	13/3/1441H (corresponding to 10 November 2019G)	Saudi	37	-	-

Source: The Company

(1) The Executive Director of Operations and the Director of Business Development and Digital Transformation Department will be appointed after the listing.

5.4.2 Biographies of Senior Executives

The experience, qualifications and the current and other positions of each Senior Executive are set out below:

5.4.2.1 Naif Mohammed Al-Theeb, CEO

Nationality:	Saudi.
Age:	37 years.
Academic and Professional Qualifications:	• Bachelor of International Business, King Abdulaziz University, Jeddah, Kingdom of Saudi Arabia, 2009G.
Date of Appointment:	• 5/12/1439H (corresponding to 16 August 2018G).
Current Positions:	• CEO of the Company since 2018G. • A Board Member of Al-Theeb Sons Co., a closed joint stock company engaged in real estate management, since 2018G. • A Board Member of the board of Mohamed Ahmed Al-Theeb Company for Contracting, a closed joint stock company specializing in contracting, since 2018G.
Past Professional Experience:	• Vice-Chairman of the Company, 2018G-2020G. • COO of the Company, 2015G-2018G. • Assistant CEO of the Company, 2012G-2015G. • Assistant General Manager in the Company, 2008G-2012G. • Director of the Central Region Branches in the Company, 2005G-2008G. • Assistant Director of the Central Region Branches in the Company, 2003G-2005G. • Public Relations Manager in the Company, 2002G-2003G. • Public Relations Management Officer in the Company, 2000G-2003G.

5.4.2.2 Jafar Salahuddin Albaz, Chief Financial Officer

Nationality:	Jordanian.
Age:	44 years.
Academic and Professional Qualifications:	• BA in Accounting, Yarmouk University, Irbid, Jordan, in 1998G.
Date of Appointment:	• 21/12/1439H (corresponding to 2 September 2018G).
Current Positions:	• Chief Financial Officer in the Company since 2018G.
Past Professional Experience:	• Financial Director, Al-Jaber Group, a limited liability company, operating in contracting and rental services, 2015G-2018G. • Finance Manager, Yazeed Al-Rajhi Holding Group, a limited liability company, operating in retail, food, contracting and technology, 2012G-2015G. • Finance Manager, Al-Mutlaq Projects, a closed joint stock company, operating in contracting and services, 2009G-2012G. • Finance Manager, ACICO International Contracting, a limited liability company, operating in contracting, 2007G-2009G. • Finance Manager, Saudi Research Group, a joint stock company, operating in publishing and media, 2005G-2007G. • Senior Auditor, Talal Abu-Ghazaleh & Co., a limited liability company, operating in professional services, 1998G-2005G.

5.4.2.3 Shahzad Ali, Executive Director - Corporate Operations

Nationality:	Pakistani.
Age:	50 years.
Academic and Professional Qualifications:	• Master of Business Administration, European University, Paris, France, 1992G. • Bachelor of Business Administration, European University, Paris, France, in 1991G.
Date of Appointment:	• 3/9/1435H (corresponding to 1 July 2014G).
Current Positions:	• Executive Director - Corporate Operations in the Company since 2014G.
Past Professional Experience:	• CEO, S&S Consulting, a limited liability company, operating in management consulting, 2010G-2014G. • CEO, Hanco Rent A Car, a closed joint stock company, operating in the small car rental business, 1993G-2010G.

5.4.2.4 Bharat Snwal, Chief Technology Officer

Nationality:	Indian.
Age:	45 years.
Academic and Professional Qualifications:	• Master of Computer Programs, ICFAI University of India, New Delhi, India, 2007G. • BSc in Computer Science, Osmania University, Hyderabad, India, 1993G.
Date of Appointment:	• 30/12/1434H (corresponding to 04 November 2013G).
Current Positions:	• Chief Technology Officer in the Company since 2013G.
Past Professional Experience:	• General Director of Information Technology, l Tala'a International Transportation Co., a limited liability company, operating in private transportation, 2009G-2013G. • Assistant General Director of Information Technology, l Tala'a International Transportation Co., a limited liability company, operating in private transportation, 2008G-2009G. • National Director of Information Technology Projects, l Tala'a International Transportation Co., a limited liability company, operating in the field of private transportation, 2004G-2008G. • Database Manager and System Developer, Fathi Talib & Sons Co., a limited liability company, operating in private transportation, 1995G-2004G.

5.4.2.5 Meshaal Abdulaziz Al-Ghamdi, Human Resources and Administrative Director

Nationality:	Saudi.
Age:	32 years.
Academic and Professional Qualifications:	• BSW, Imam Muhammad bin Saud Islamic University, Riyadh, Kingdom of Saudi Arabia, 2008G.
Date of Appointment:	• 14/12/1436H (corresponding to 28 September 2015G).
Current Positions:	• Human Resources and Administrative Director in the Company since 2015G.
Past Professional Experience:	• Director of Human Resources and Administration Affairs, Union Wire Factories Company, a public joint stock company, operating in cable and equipment manufacturing, 2009G-2015G. • Personnel Manager, Zahran Holding Company, a closed joint stock company, operating in maintenance and operation, 2008G-2009G. • Personnel Specialist, Zahran Holding Company, a closed joint stock company, operating in maintenance and operation, 2004G-2008G.

5.4.2.6 Khaled Mansour Al-Khaliwi, Procurement and Warehouse Director

Nationality:	Saudi.
Age:	37 years.
Academic and Professional Qualifications:	• Bachelor of Science in Business Administration and Political Science, Southampton Solent University, South Hamton, Britain, 2013G.
Date of Appointment:	• 19/11/1439H (corresponding to 1 August 2018G).
Current Positions:	• Procurement and Warehouse Director in the Company since 2018G.
Past Professional Experience:	• Project Manager, Shetawi Alshatwi Company, a closed joint stock company, operating in the field of food services, 2004G to 2008G. • Assistant COO, AYTP - Al Yusr Industrial Company, a closed joint stock company, operating in contracting, 2013G-2014G. • Logistics Manager, AYTP - Al Yusr Industrial Company, a closed joint stock company, operating in contracting, 2014G-2015G. • Warehouse Procurement Manager, AYTP - Al Yusr Industrial Company, a closed joint stock company, operating in contracting, 2015G-2018G.

5.4.2.7 Muhammad Othman Al-Qadi, Marketing and Public Relations Director

Nationality:	Saudi.
Age:	26 years.
Academic and Professional Qualifications:	• Bachelor of Business Administration - Marketing, King Saud University, Riyadh, Kingdom of Saudi Arabia, 2016G.
Date of Appointment:	• 11/4/1441H (corresponding to 8 December 2019G).
Current Positions:	• Marketing and Public Relations Director in the Company since 2019G.
Past Professional Experience:	• Director of Marketing Department, Food Unit Company, a limited liability company, operating in the field of catering services, 2017G-2019G.

5.4.2.8 Talib Hussein Al-Hamami, Used Vehicle Sales Supervisor

Nationality:	Saudi.
Age:	45 years.
Academic and Professional Qualifications:	▸ High School, Najran High School, Najran, Kingdom of Saudi Arabia, 1987G.
Date of Appointment:	▸ 6/6/1430H (corresponding to 30 May 2009G).
Current Positions:	▸ Used Vehicle Sales Supervisor in the Company since 2009G.
Past Professional Experience:	▸ Sales Representative and Transportation Officer, Wallan Trading Company, a closed joint stock company, operating in the field of car sales and transportation services, 1999G-2007G.

5.4.2.9 Sadiq Ali Alali, Compliance Manager

Please refer to Section 5.2.4.7 (**Sadiq Ali Alali, Secretary**) for more details about Sadiq Ali Alali's experiences, qualifications and current and past positions.

5.4.3 Employment Contracts with Senior Executives

The Company has concluded employment contracts with all members of the Company's senior management in which their salaries and remuneration are identified depending on their qualifications and experience. These contracts include a number of benefits such as providing transportation or granting a monthly allowance for transportation or housing, or both. These contracts are renewable and subject to the Saudi Labour Law.

Naif Mohammad Ahmad Al-Theeb holds the position of CEO since his appointment on 5/12/1439H (corresponding to 16 August 2018G). An employment contract was concluded between him and the Company. Below is a summary of the duties and responsibilities of the CEO:

- managing the day-to-day affairs and business of the Company;
- proposing and developing the strategy and overall commercial objectives, in close consultation with the Board of Directors;
- implementing the resolutions of the Board of Directors and the Committees;
- providing advice to the Chairman on the Board of Directors meeting agenda;
- ensuring the provision of accurate and clear information to the Board of Directors in a timely manner; and
- ensuring that all material matters affecting the Company are brought to the attention of the Board of Directors.

Jafar Salahuddin Albaz, the CFO, joined the Company on 2 September 2018G. An employment contract has been concluded between him and the Company. Below is a summary of the duties and responsibilities of the CFO:

- assisting in the formulation of the Company's objectives and lead the Company's financial planning Process;
- leading the financial reporting process and strengthening the Company's internal control systems; and
- optimizing the Company's cash flow, liquidity and working capital facilities.

5.5 Remuneration of Directors and Senior Executives

Pursuant to the Company's Bylaws, the remuneration of Directors shall be determined in accordance with the MoC's relevant official resolutions and instructions, the provisions of the Companies Law, any other complementary rules thereto and the Company's Bylaws. In addition, attendance and transportation allowances shall be determined by the Board of Directors in accordance with the applicable laws, resolutions and instructions in the Kingdom as passed by the concerned authorities.

In accordance with Article 76 of the Companies Law that allows the remuneration to be distributed as a percentage of profits, the maximum annual remuneration for each Director shall be five hundred thousand Saudi Riyals (SAR 500,000).

All members of senior management and other employees were eligible to participate in a long-term incentive program (the "**Program**") provided by three of the Company's Current Shareholders (the "**Program Shareholders**"). As of 31 December 2019G, the number of members of the Program was 24 employees ("**Program Members**"), including the CEO, the CFO, the Director of Human Resources and Administration Affairs, managers of various regions, and others. The Program is an incentive plan to maximise financial and operational performance of the Company, as well a retention plan for the Program Members.

The Program is composed of units for the motivation of senior management. Each member of the Program obtains a number of units, consisting of a right to receive redemption payments in the event of the Program's liquidation or termination. Payments are made based on the number of units acquired and their valuation upon redemption. These units are not Shares or securities issued by the Company and do not carry any rights or entitlements (including, without limitation, voting rights, economic rights or dues) unlike what is available to the holders of Shares or securities issued by the Company.

The number of units awarded to each Program Member is based on years of service, title, and salary. Accordingly, Program Members are entitled to invest in units based a value determined as of the end of January 2019G (according to the Program awards date). The price of each unit is determined on the basis of the Company's valuation methodologies at the market price and includes a discount on its value as they are units that do not carry any rights or entitlements (including, without limitation, voting rights, economic rights or dues) unlike what is available to holders of shares or securities issued by the Company. The Program Members' investment in the units is funded through an interest-free loan granted by each of the Program Shareholders to the Program Members proportionately. The Program Members who do not redeem their entire units are not obligated to repay this loan.

Program Members redeem all of their units in the following cases: (i) the sale of Shares by the Growth Opportunities Company for Trading, directly or indirectly, whether through a private transaction or an initial public offering; (ii) the resignation of a Program Member or the termination of his/her services by the Company without a legitimate reason; (iii) in the event that none of the causes mentioned in paragraphs (i) and (ii) above occur on or before 31 December 2022G. The Program will expire and Program Members will redeem all of their units once paragraph (i) above (which includes the Offering) is triggered, while if paragraph (ii) above is triggered, the Program will expire only for the Program Member who resigned or whose services have been terminated, and the Program will continue for the rest of the Program Members. The Program Shareholders - not the Company - will pay all Program-related liabilities according to an agreed repayment schedule. Therefore, the Program does not create any liability or obligation on the Company. The Program is compliant with the laws and regulations applicable in the Kingdom.

The following table sets out the remuneration of the Directors and top five Senior Executives (including the Chief Executive Officer and the Chief Financial Officer) for the financial years ended 31 December 2017G, 2018G and 2019G, and the three-month period ended 31 March 2020G:

Table 5.6: Board of Directors and Top Five Senior Executives Remuneration

	2017G	2018G	2019G	The Three-Month Period Ended 31 March 2020G
	(SAR'000)			
Directors	-	-	-	-
Members of the Committees	-	-	-	-
Senior Executives	4,393,271	4,745,623	4,756,866	1,331,621
Total	**4,393,271**	**4,745,623**	**4,756,866**	**1,331,621**

Source: The Company

5.6 Corporate Governance

The Company's policy is to adopt high standards of corporate governance. The Company's Board of Directors undertakes to comply with the Corporate Governance Regulations issued by the CMA on 16/5/1438H (corresponding to 13 February 2017G), amended on 15/9/1440H (corresponding to 20 May 2019G).

The Corporate Governance Regulations set out the rules and standards that regulate the management of the Company to ensure compliance with the best corporate governance practices to protect the rights of Shareholders and other stakeholders. The provisions of the Corporate Governance Regulations are mandatory, except for certain provisions that are designated as guiding provisions.

The Company's internal Corporate Governance Manual, which was adopted by the Board of Directors on 21/7/1441H (corresponding to 16 March 2019G), includes provisions in relation to the following:

a. the rights of the Shareholders;
b. the Board of Directors (including the Board formation, membership, meetings, working procedures, competencies, duties and powers, development, support, evaluation and remuneration);
c. the Committees of the Board of Directors;
d. the senior management and administrative committees;
e. the internal control and audit;
f. the external aditor;

g. disclosure and transparency;
h. internal policies; and
i. archiving.

As of the date of this Prospectus, the Company complies with the mandatory provisions of the Corporate Governance Regulations, except for the following articles:

a. Article 8(a) requiring that upon calling for the General Assembly, the Company shall announce on the Exchange's website information about the nominees for the membership of the Board of Directors;
b. Article 8(c) stating that voting in the General Assembly shall be confined to the Board nominees whose information has been announced as per paragraph (a) of this Article.
c. Article 13(d) stating that the invitation shall be published on the Exchange's website and the Company's website.
d. Article 14(c) stating that the information related to the items of Ordinary General Assembly shall be allowed through the Exchange's website and the Company's website.
e. Article 15(e) stating that a Company shall announce to the public and inform the CMA and the Exchange of the results of a General Assembly meeting immediately following its conclusion.
f. Article 17(d) requiring the Company to notify the CMA of the names of the members of the Board of Directors and description of their memberships, as well as any changes in their memberships;
g. Article 19(b) requiring the Company upon the termination of the membership of a member of the Board of Director to promptly notify the CMA and the Exchange and shall specify the reasons for such termination);
h. Article 68 requiring the Company to publish the nomination announcement on the websites of the Company and the Exchange to invite persons wishing to be nominated to the membership of the Board of Directors); and
i. Article 89, Article 90, Article 91(b), Article 92, and Article 93 related to disclosure policies and procedures.

The Company is currently not complying with the above articles of the Corporate Governance Regulations because the Company is not yet a listed company. The Directors undertake to comply with these articles as soon as the approval is issued by CMA for the listing of the Shares. In addition, the Directors confirm that the Company is currently complying with all other provisions of the Corporate Governance Regulations and the Companies Law.

The Company has two permanent Board Committees (the Audit Committee, and the Nomination and Remuneration Committee), which are responsible for reviewing the Company's operations within their particular areas of expertise and presenting their findings and suggestions to the Board of Directors (for further details, see Section 5.3 (**Board of Directors Committees**)).

The Company's Board of Directors consists of six Directors, most of whom are non-executive Directors, including two independent Directors in accordance with the provisions of the Corporate Governance Regulations. The Board of Directors ensures that:

a. all the Committees have clear competencies and that the roles and responsibilities of each Committee shall be detailed; and
b. minutes of all meetings will be prepared, reviewed and signed by the Board of Directors in accordance with the Bylaws.

In accordance with Article 95(1) of the Companies Law and Article 8(b) of the Corporate Governance Regulations, the Shareholders have adopted the cumulative voting method in relation to the appointment of Directors as reflected in the Company's Bylaws (for the summary of the Bylaws, see Section 12.13 (**Summary of Bylaws**)). This method of voting gives each Shareholder voting rights equivalent to the number of Shares he/she holds. Each Shareholder has the right to use all of his/her voting rights for one nominee or to divide such voting rights between his/her selected nominees without any duplication of these votes. This method increases the chances for minority Shareholders to be represented in the Board of Directors through the right to accumulate votes for one nominee.

5.7 Conflicts of Interest

Neither the Company's Bylaws nor the Company's internal regulations and policies grant a Director the power to vote on any contract or transaction in which he/she has a direct or indirect interest. This is in compliance with Article 71 of the Companies Law. The Directors confirm that:

a. they will comply with Articles 71 and 72 of the Companies Law and Articles 44 and 46 of the Corporate Governance Regulations;
b. they will not vote on General Assembly resolutions that relate to any Related Party transaction or contract if they have a direct or indirect interest; and
c. they will not compete with the Company's business without the approval of the Ordinary General Assembly in accordance with Article 72 of the Companies Law.

As of the date of this Prospectus, none of the members of the Board of Directors or Senior Executives is a party to any agreement, arrangement or understanding whereby they are subject to any obligation that prevents them from competing with the Company or any similar obligation in relation to the Company's business. However, if a member of the Board desires to engage in a business that may compete with the Company or any of its activities, it shall obtain the approval of the General Assembly under Article 46 of the Corporate Governance Regulations and Article 72 of the Companies Law.

Section 12.9 (**Related Party Contracts and Transactions**) provides a summary of the contracts and transactions entered into by the Company in which a Director has a direct or indirect interest.

The following table shows the details of the Board members engagement in similar or competing activities of the Company (these cases were approved by the Shareholders in the General Assembly of the Company at its meeting held on 2/5/1442H (corresponding to 17 December 2020G)):

Table 5.7: Board Directors Participating in Other Companies that Conduct Activities Similar or Competitive to that of the Company Through their Membership of the Board of Directors or their Capital Shareholding

Director	The Other Company Related to a Board Member	The Position of a Board Member in the Related Company		The Nature of the Competing Activity
		Owner	Director	
Mohammed Ahmed Abdullah Al-Theeb	Al-Theeb Sons Co.	Yes	Yes	Selling Used Vehicles

5.8 Employees

The Company adopted an employment policy aimed at building and enhancing relations between the Company and its employees. This policy covers all aspects of recruitment, work schedules, healthcare, social insurance benefits, salaries and other allowances, including accommodation and transportation allowances and rewards.

5.8.1 Number of Employees

As of 31 March 2020G, the Company employed 1,320 employees (28.3% of whom were Saudi nationals). The following table shows the number of employees of the Company by business segment and the achieved Saudisation percentage as of 31 December 2017G, 2018G and 2019G, and 31 March 2020G:

Table 5.8: Number of Employees of the Company by Business Segment and the Achieved Saudisation Percentages as of 31 December 2017G, 2018G, 2019G and 31 March 2020G

Business Segment	31 December 2017G				31 December 2018G				31 December 2019G				31 March 2020G			
	Saudi	Non-Saudi	Total	Saudisation Percentage	Saudi	Non-Saudi	Total	Saudisation Percentage	Saudi	Non-Saudi	Total	Saudisation Percentage	Saudi	Non-Saudi	Total	Saudisation Percentage
Senior Management	10	4	14	71.4%	11	4	15	73.3%	10	5	15	66.6%	10	5	15	66.6%
Car Rental	110	108	218	50.4%	201	40	241	83.4%	239	31	270	88.5%	249	33	282	88.3%
Vehicle Lease	15	50	65	23%	19	50	69	27.5%	19	68	87	21.8%	17	74	91	18.7%
Used Vehicles Sales	2	13	15	13.3%	2	5	7	28.5%	2	4	6	33.3%	2	4	6	33.3%

Business Segment	31 December 2017G				31 December 2018G				31 December 2019G				31 March 2020G			
	Saudi	Non-Saudi	Total	Saudisation Percentage	Saudi	Non-Saudi	Total	Saudisation Percentage	Saudi	Non-Saudi	Total	Saudisation Percentage	Saudi	Non-Saudi	Total	Saudisation Percentage
Common Services	90	640	730	12.3%	93	657	750	12.4%	92	752	844	11%	95	831	926	10.3%
Total	**227**	**815**	**1,042**	**21.8%**	**326**	**756**	**1,082**	**30.1%**	**362**	**860**	**1.222**	**29.6%**	**373**	**947**	**1320**	**28.3%**

Source: The Company

The table below shows the number of employees of the Company and the achieved Saudisation percentages as of 31 December 2017G, 2018G, 2019G and 31 March 2020G:

Table 5.9: Number of Employees of the Company and the Achieved Saudisation Percentage as of 31 December 2017G, 2018G, 2019G and 31 March 2020G:

Company	31 December 2017G				31 December 2018G				31 December 2019G				31 March 2020G			
	Saudi	Non-Saudi	Total	Saudisation Percentage/ Category	Saudi	Non-Saudi	Total	Saudisation Percentage/ Category	Saudi	Non-Saudi	Total	Saudisation Percentage/ Category	Saudi	Non-Saudi	Total	Saudisation Percentage/ Category
Theeb Rent A Car Company	227	815	1,042	21.8% (Medium Green)	326	756	1,082	30.1% (High Green)	362	860	1.222	29.6% (High Green)	373	947	1,320	28.3% (High Green - (for retail activity) / Low Green - (for main-tenance and workshop purpose)

Source: The Company

The number of the Company's employees was 1,042 employees as of 31 December 2017G, and increased by 3.8% to 1,082 employees as of 31 December 2018G. The number of the Company's employees increased by 12.9% to 1,222 employees as of 31 December 2019G, and then increased by 0.8 % to 1,320 employees as of 31 March 2020G.

5.8.2 Saudisation

The "Nitaqat" Saudisation program was approved pursuant to the Minister of Human Resources and Social Development Resolution No. 4040 issued on 12/10/1432H (corresponding to 10 September 2011G), based on the Council of Ministers Resolution No. 50 issued on 21/5/1415H (corresponding to 27 October 1994G), which was applied as of 12/10/1432H (corresponding to 10 September 2011G). MHRSD established the "Nitaqat" program to provide establishments with incentives to hire Saudi nationals. The program assesses an establishment's performance based on specific ranges, which are platinum and green (which is further divided into three categories low green, middle green and high green), yellow and red. Establishments that are classified within the platinum and green categories are deemed to be compliant with the Saudisation requirements and receive certain specified benefits, such as the ability to obtain and renew work visas for foreign employees or the ability to change the profession of foreign employees (except for professions reserved exclusively for Saudi nationals). Establishments that are classified as yellow or red (depending on the extent to which they are noncompliant) are deemed to be noncompliant with the Saudisation requirements and are subject to certain punitive measures, such as a limited ability to renew work visas for foreign employees or complete inability to obtain or renew work visas for foreign employees.

For the Nitaqat classification of the Company, see Table 5.9 (**Number of Employees of the Company and the Achieved Saudisation Percentage as of 31 December 2017G, 2018G, 2019G and 31 March 2020G**) above.

6. Management Discussion and Analysis of the Financial Position and Operation Results

6.1 Introduction

This Section provides an analysis of the operational performance and financial position of the Company during the financial years ended 31 December 2017G, 2018G and 2019G and for the three-month period ended 31 March 2019G and 2020G. This Section is based on the audited financial statements for the financial year ended 31 December 2018G and the audited financial statements for the financial year ended 31 December 2019G and the reviewed interim financial statements for the three-month period ended 31 March 2019G and 2020G. The financial statements have been prepared by the Company and audited in accordance with the International Standards on Auditing by the Company's auditor Aldar Audit Bureau Abdullah Al Basri & Co., a member firm of Grant Thornton International Ltd. The Company has applied the International Financial Reporting Standards (IFRS) endorsed by SOCPA in the Kingdom and other standards and publications issued by SOCPA (collectively referred to as "**IFRS**") for the preparation of the audited financial statements for the year ended 31 December 2019G and 2018G.

It is worth mentioning that the Company has prepared audited financial statements for the year ended 31 December 2017G in accordance with the accounting standards adopted in the Kingdom, which consist mainly of the accounting standards issued by SOCPA in line with regulatory requirements applicable during the years preceding the application of the IFRS. As a result, and for the purposes of this Section, the figures for the financial year ended 31 December 2017G have been based on the comparative period to the audited financial statements for the financial year ended 31 December 2018G and its accompanying notes, which have been prepared in accordance with the IFRS.

Neither Aldar Audit Bureau Abdullah Al Basri & Co., a member firm of Grant Thornton International Ltd. nor any of its subsidiaries or any of its employees have any shares or interest of any kind in the Company that would affect their independence. Aldar Audit Bureau (Abdullah Al-Basri & Co.) have given their written consent to refer in this Prospectus to their role as the Company's auditors for the financial years ended 31 December 2017G, 31 December 2018G, 31 December 2019G and for the three-month period ended 31 March 2019G and 2020G.

(The above-mentioned financial statements are an integral part of this Prospectus and should be read in conjunction with these statements and their supplementary explanations. These financial statements are included in Section 19 (**Financial Statements and Auditor's Report**) of this Prospectus.)

All amounts stated in this Section are presented in Saudi Riyals unless otherwise stated, and the numbers and percentages are rounded to the nearest decimal. Therefore, if the figures in the tables are added, the total may not correspond to the totals mentioned in those tables or audited financial statements of the Company.

This Section may include data that are forward looking in nature about the Company and its future based on management plans and current expectations regarding the Company's business growth and results of operations and financial conditions. The information may entail uncertain risks and expectations. Actual results may also differ materially from those projections, due to various future factors and events, including those discussed in this Section or elsewhere, particularly those in Section 2 (**Risk Factors**).

6.2 Directors' Declaration on the Financial Statements

The Directors declare that the financial information presented in this Section is extracted without material change and is presented to be consistent with the audited financial statements for the year ended 31 December 2019G and 2018G and the accompanying notes, which were prepared by the Company in accordance with the IFRS. The above statements have been prepared in accordance with the IFRS by the Company. They were audited by the Company›s auditors Aldar Audit Bureau Abdullah Al Basri & Co., a member firm of Grant Thornton International Ltd.

The Directors declare that the Company has sufficient working capital for the next twelve months following the date of publication of this Prospectus.

The Directors declare that there has been no material adverse changes to the Company's financial or business position in the three financial years directly preceding the date of the application for the registration and offer of securities subject to this Prospectus, in addition to the end of period covered in the auditors' report until the date of issuing this Prospectus prepared by Aldar Audit Bureau (Abdullah Al-Basri & Co.) as the Company's auditors for the financial years ended 31 December 2017G, 31 December 2018G, 31 December 2019G and for the three-month period ended 31 March 2019G and 2020G.

The Directors declare that all material facts related to the Company and its financial performance have been disclosed in this Prospectus, and that there are no other information, documents, or facts the omission of which would make any statement herein misleading.

The Directors declare that the Company does not have any properties, including contractual financial securities or other assets, the value of which are subject to fluctuations or are difficult to ascertain, which significantly affects the evaluation of the financial position.

The Directors declare that no commissions, discounts, brokerage fees, or non-cash compensations were given by the Company throughout the three years immediately preceding the date of submission of its application for the registration and offer of securities that are subject to this Prospectus in connection with issuing or offering any securities.

The Directors declare that the Company does not have any loans or any other liabilities either covered by personal guarantee or non-personal guarantee or covered by mortgage or not including overdraft from bank accounts, nor guaranteed liabilities, liabilities under acceptance, acceptance credits, or any hire purchase commitments except what has been disclosed in Section 12.6 (**Financing Agreements**), Section 2 (**Risk Factors**) and Section 6 (**Management Discussion and Analysis of the Financial Position and Operation Results**) of this Prospectus.

The Directors declare that there are no mortgages, rights, burdens, or costs on the Company properties as of the date of this Prospectus, except for what has been disclosed in Section 12.6 (**Financing Agreements**), Section 2 (**Risk Factors**) and Section 6 (**Management Discussion and Analysis of the Financial Position and Operation Results**) of this Prospectus.

The Directors declare that that the Company's capital is not under option.

6.3 Key Factors Affecting the Company's Operations

Below is a discussion of the most important factors that have affected or are expected to affect the Company›s business, its financial position and the results of operations thereof. These factors are based upon the information currently available to the Company and may not represent all the factors that could affect the Company›s business. Please also review the **Important Notice** on page (i) and Section 2 (**Risk Factors**) of this Prospectus.

6.3.1 Economic Conditions

The business of car rental companies, particularly those related to rental, is highly dependent on the economic conditions and the implications of those conditions for the consumer spending. Changes in economic conditions may lead to a change in the level of the consumer spending, for example without limitation, the decline in oil prices may negatively affect the Kingdom's economy, due to the large percentage that the oil sector constitutes of the Kingdom's GDP, which in turn will negatively affect the levels of consumer spending. In the event of a low level of consumption, and considering the presence of many companies in the car rental segment, some customers may resort to using the services of other car rental companies that offer their services at prices lower than those provided by the Company, which in turn will have a negative impact on the Company's business, its financial position and the results of operations thereof.

6.3.2 Spread of Epidemics

The spread of epidemics such as the emerging Coronavirus, and the actions that follow that spread, lead to precautionary restrictions imposed by the government, including prohibitions such as travel ban and curfew except when needed, which in turn negatively affect the levels of demand on Company services. The spread of the Coronavirus pandemic has led to a decrease in spending and demand in several segments, including the car rental segment. As for the lease segment, it did not have a significant impact as a result of the spread of the pandemic, whereas the customer base of this segment is diversified and includes segments that have not been subject to the curfew restrictions imposed by the government, such as delivery and supply.

Also the restrictions imposed to control the pandemic have limited the movements of the Company's employees, which in turn resulted in the temporary closure of the Company's car rental branches and its maintenance centers, thus leading to a decrease in the number of rental cars. Moreover, the Company's supply chain has been severely affected by the impact of the Coronavirus on car agents in the Kingdom and on overseas manufacturers of fleet vehicles and spare parts. There are also risks associated with infection of the Company's employees with the virus, which may lead to impose restrictions on their movements and work, and thus affect the daily operations of the Company. It should be noted that the Company closed a branch in Tabuk for eight days due to the infection of a group of branch employees with the virus.

The extent of the impact of the Coronavirus on the Company's business depends on the development of current events and new information that may appear regarding the degree of severity of the virus and the measures necessary to contain it or remedy impact thereof.

6.3.3 Fleet Management and Operation

Like any other in the car rental segment, the Company's business depends on its efficiency in effectively managing the fleet of cars dedicated to the rental business. The efficiency of fleet management is represented in several aspects, the most important of which is the Company's ability to maintain or increase the fleet utilization, and, in order to ensure that the fleet utilization is maintained or raised, the Company periodically reviews the efficiencies achieved from the optimal combination between the various car classes, in addition to adjusting the configuration according to the actual needs, car economics and extent of availability thereof. The Company was able to achieve average utilization rates of up to 69.4%, 72.4% and 73.5% for the years 2017G, 2018G and 2019G, respectively. Any deterioration in the utilization rates of the fleet allocated to the rental activity will lead to costs and expenses incurred by the Company with no sufficient revenue to maintain profitability, which in turn will lead to a negative impact on the Company's business, financial position and results of operations thereof.

6.3.4 Lease

Revenue, realized from lease activities, constituted 15.5%, 25.6% and 30.3% of the Company's total revenue for the years 2017G, 2018G and 2019G, respectively. The Company's business success in this activity depends on its ability to keep existing customers and gain additional customers. In order to ensure the satisfaction of existing customers and gain new customers, the Company provides packages that meet customer requirements at competitive prices. The Company's loss of lease segment customers will have a negative impact on the Company's business, financial position and results of operations thereof.

6.3.5 Competition

The car rental segment is highly competitive. According to the market study made by the advisor, the Company has a market share of up to 8.8% in the rental segment and 6.5% in the lease segment. However, increased competition in the rental and lease segments may lead to the Company losing part of its market shares, reducing the prices of its services, or both, which in turn will have a negative impact on the Company's business, financial position and the results of operations thereof.

6.3.6 Seasonal Factors

The Company's activity is relatively affected by certain seasons during the year, whereas the high demand on car rental usually coincides with public vacations such as holidays, due to the increase in travel movement within the Kingdom as well as during certain events such as the Riyadh season. In case any events limiting the rental activity occur during periods of high demand on rental, such as bad weather conditions, this may lead to a decrease in the Company's revenue thus profitability thereof, which will have a negative impact on the Company's business, financial position and the results of operations thereof.

6.3.7 Value Added Tax

The Council of Ministers decided to approve the unified value-added tax agreement for the Gulf Cooperation Council states, which came into force on 1 January 2018G, as a new tax to be added to the system of taxes and other fees that are applicable to specific sectors in the Kingdom and in the countries of the Cooperation Council for the Arab Gulf states. This system imposes an added value of 5% on a number of products and services, according to the system. And considering the recent application of this system, any violation or misapplication thereof by the Company's management or employees may increase the costs and operational expenses to be incurred by the Company, or may subject the Company to fines or penalties, or lead to reputational damages thereof. The Ministry of Finance also recently announced an increase in the value-added tax rate to 15%, starting from 1 July 2020G. It is expected that any potential increase in value-added tax will affect the level of demand on the Company's services and products and thus affect profitability thereof, which will have a significant impact on its business, financial position, results of operations and future expectations thereof.

6.3.8 Risks Associated with Non-Compliance with Saudisation Requirements

Compliance with the requirements of Saudisation is considered a legal requirement in the Kingdom whereby all companies operating in the Kingdom, including the Company, are committed to employ a certain percentage of Saudi employees among the total of employees thereof and maintain that percentage. The Company will be subject to fines or penalties imposed by government entities in the event of noncompliance with the Saudisation requirements, such as suspending business visa applications, transferring sponsorship for non-Saudi workers, and obtaining government loans. The Company may not be able to continue employing and maintaining the required percentage of Saudis or employ the required number of Saudi or foreign employees without incurring additional costs, whereas the Company depends, in managing its operations, on a number of non-Saudi qualified employees who have experience in related fields such as financial manager, business sector manager, information technology manager, business development manager and internal audit manager. Any change in the local regulations, that is likely to negatively affect non-Saudi employees in the Kingdom, would confuse or disrupt the Company's operations. Moreover, the Company is affected by the costs of salaries and related benefits, which in the year ended 31 December 2017G amounted to SAR 79.2 million (representing about 18.6% of the total revenue for that period), SAR 83.3

million for the year ended 31 December 2018G (representing about 21.4% of the total revenue for that period), and SAR 98.0 million for the year ended 31 December 2019G (representing about 23.9% of the total revenue for that period) and SAR 23.3 million for the period ended 31 March 2019G (representing about 24.2% of total revenue for that period) and SAR 26.0 million for the period ended 31 March 2020G (representing about 18.9% of total revenue for that period) There may be a significant increase in salary costs if the Company employs more Saudi workers. The occurrence of any of the above will negatively affect the Company's business, its financial position, the results of operations and its future expectations thereof (for further details, see Section 5.8.2 (**Saudisation**).

6.4 Key Accounting Estimates and Assumptions

6.4.1 Basis of Preparation

6.4.1.1 Basis of Measurement

The financial statements have been prepared under historical cost basis as explained in the relevant accounting policies and measurement basis summarized below, except for employees' end of service benefits provision which has been valued by an independent professional actuary.

6.4.1.2 Functional and Presentation Currency

The financial statements have been are measured using the currency of the primary economic environment in which the Company operates (the "**functional currency**"). The financial statements were presented in Saudi Riyal (SAR), which is also the Company's functional and presentation currency.

6.4.1.3 Level of Precision

The amounts have been rounded off to the nearest Saudi Riyal (SAR), unless otherwise stated.

6.4.2 Statement of Compliance

The financial statements have been prepared in compliance with the IFRS endorsed by SOCPA and other standards and pronouncements issued by SOCPA.

For all periods up to and including the year ended 31 December 2017G, the Company prepared its financial statements in accordance with local generally accepted accounting principles as issued by SOCPA (previous GAAP). The annual financial statements for the year ended 31 December 2018G are the first financial statements that are prepared in accordance with IFRS and other standards and pronouncements issued by SOCPA. In preparing these financial statements, the Company's opening statement of financial position was prepared as of 1 January 2017G which is the Company's date of transition to IFRS, in compliance with IFRS 1 "First time adoption of International Financial Reporting Standards" ("IFRS 1") that are endorsed by SOCPA and other standards and pronouncements issued by SOCPA.

Explanations of how the transition to IFRS has affected the reported amounts of statement of financial position, statements of profit or loss and other comprehensive income are provided in Section 6.5.26 (**First-Time Adoption of International Financial Reporting Standards (IFRS)**).

6.4.3 Accounting Estimates and Judgements

The preparation of financial statements in accordance with the IFRS requires the use of certain critical estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the reporting date and the reported amounts of revenue and expenses during the reporting period. Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The Company makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates involving risks causing a material change in the book value of the assets and liabilities during the following 12 months are discussed as follows:

6.4.3.1 Useful Lives, Residual Values, or Depreciation Method of Property and Equipment

The Company management determines the estimated useful lives for property and equipment. This estimate is determined after considering the expected usage of the asset or physical wear and tear.

Management reviews the useful lives, residual values, or depreciation method for property and equipment annually. Future depreciation expense would be adjusted where management believes that useful lives, residual values, or depreciation method differ from those used in previous periods.

6.4.3.2 Amortization of Intangible Assets

The Company's management determines the estimated useful lives of intangible assets annually. Intangible assets with infinite useful lives are checked annually for impairment. Amortization is reviewed annually and adjusted where management believes that future estimates will differ from those used in previous periods.

6.4.3.3 Provision for Zakat

In making estimates for the Zakat and by the Company, management considers applicable laws and past decisions and judgments of the General Authority of Zakat & Tax.

6.4.3.4 Impairment of Non-Financial Assets

The Company's management periodically reviews the carrying amounts of non-financial assets to determine whether there is any indication that those assets have suffered any impairment loss. If any such indication exists, the recoverable amount of the asset is estimated to determine the extent of the impairment loss. Where it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash generating unit to which the asset belongs.

If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. Impairment is recognized in the statement of profit or loss.

6.4.3.5 Employees' End of Service Benefits

The liabilities relating to defined benefit plans are determined using the Projected Unit Credit Method, with actuarial valuations being carried out at the end of annual reporting period. The method involves making assumptions about discount rates, future salary increases and mortality rates. Due to the long-term nature of these benefits, such estimates are subject to certain uncertainties.

6.4.3.6 Provision for Expected Credit Losses (ECLs) of Trade Receivables

The Company uses a provision matrix to calculate ECLs for trade receivables. The provision matrix is initially based on the Company's historical observed default rates. The Company calibrates the matrix to adjust the historical credit loss experience with forward-looking information. At every reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analyzed.

The assessment of the correlation between historical observed default rates, forecast economic conditions and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and of forecast economic conditions. The Company's historical credit loss experience and forecast of economic conditions may also not be representative of customer's actual default in the future. The information about the ECLs on the Company trade receivables is disclosed in another section of this Prospectus.

6.4.3.7 Allowance for Inventory Losses

The Company recognizes an allowance for inventory losses due to factors such as obsolescence, technical faults, physical damage etc. The estimation of such losses includes the consideration of factors including but not limited to introduction of new models or technology by the specific manufacturer and both existing and emerging market conditions.

6.4.3.8 Determining the Lease Term of Contracts with Renewal and Termination Options – Company as Lessee

The Company determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised. The Company has several lease contracts that include extension and termination options. The Company applies judgement in evaluating whether it is reasonably certain whether or not to exercise the option to renew or terminate the lease. That is, it considers all relevant factors that create an economic incentive for it to exercise either the renewal or termination. After the commencement date, the Company reassesses the lease term if there is a significant event or change in circumstances that is within its control and affects its ability to exercise or not to exercise the option to renew or to terminate.

6.4.3.9 Estimating the Incremental Borrowing Rate - Leases

The Company cannot readily determine the interest rate implicit in the lease, therefore, it uses its incremental borrowing rate (IBR) to measure lease liabilities. The IBR is the rate of interest that the Company would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. The IBR therefore reflects what the Company 'would have to pay', which requires estimation when no observable rates are available or when they need to be adjusted to reflect the terms and conditions of the lease. The Company estimates the IBR using observable inputs (such as market interest rates) when available and is required to make certain entity-specific estimates.

6.4.4 Changes to the Company's Accounting Policies

New and amended standards and interpretations.

6.4.4.1 IFRS 16 Leases

IFRS 16 supersedes IAS 17 Leases, IFRIC 4 Determining whether an Arrangement contains a Lease, SIC-15 Operating Leases-Incentives and SIC-27 Evaluating the Substance of Transactions Involving the Legal Form of a Lease. The standard sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to account for all leases under a single on-balance sheet model.

Lessor accounting under IFRS 16 is substantially unchanged under IAS 17. Lessors will continue to classify leases as either operating or finance leases using similar principles as in IAS 17. Therefore, IFRS 16 did not have an impact for leases where the Company is the lessor.

The Company adopted IFRS 16 using the modified retrospective method of adoption with the date of initial application 1 January 2019G. Under this method, the standard is applied retrospectively with the cumulative effect of initially applying the standard recognized at the date of initial application, if any. As a result, comparatives of the year ended 31 December 2018G are not restated. The Company elected to use the recognition exemptions for lease contracts that, at the commencement date, have a lease term of 12 months or less and do not contain a purchase option ('short-term leases'), and lease contracts for which the underlying asset is of low value ('low-value assets').

6.4.4.2 Effect of Adoption of IFRS 16

The effect of adoption of IFRS 16 as of 1 January 2019G as follows:

Assets in SAR	1 January 2019G
Right-of-Use Assets	56,038,394
Prepaid Expenses	(4,076,284)
Total Assets	**51,962,110**
Liabilities	
Lease Liabilities	**51,962,110**
Total Adjustments on Equity	**-**

6.4.4.3 Total Adjustments on Equity

The Company has lease contracts for various offices and locations. Before the adoption of IFRS 16, the Company classified each of its leases (as lessee) at the inception date as an operating lease. In an operating lease, the lease payments were recognised as rent expense in profit or loss on a straight-line basis over the lease term. Any prepaid rent and accrued rent were recognised under "prepayments and accruals" respectively.

Upon adoption of IFRS 16, the Company recognised right-of-use assets and lease liabilities for those leases previously classified as operating leases, except for short-term leases and leases of low-value assets. The right-of-use assets were recognised based on the amount equal to the lease liabilities, adjusted for any related prepaid and accrued lease payments previously recognised. Lease liabilities were recognised based on the present value of the remaining lease payments, discounted using the incremental borrowing rate at the date of initial application. The weighted average incremental borrowing rate applied to the lease liabilities as of 1 January 2019G was 4.5%.

6.4.4.4 Amendments to IFRS 9: Prepayment Features with Negative Compensation

Under IFRS 9, a debt instrument can be measured at amortised cost or at fair value through other comprehensive income, provided that the contractual cash flows are 'solely payments of principal and interest on the principal amount outstanding' (the SPPI criterion) and the instrument is held within the appropriate business model for that classification. The amendments to IFRS 9 clarify that a financial asset passes the SPPI criterion regardless of an event or circumstance that causes the early termination of the contract and irrespective of which party pays or receives reasonable compensation for the early termination of the contract.

These amendments had no impact on the financial statements of the Company.

6.4.4.5 Amendments to IAS 19: Plan Amendment, Curtailment or Settlement

The amendments to IAS 19 address the accounting when a plan amendment, curtailment or settlement occurs during a reporting period. The amendments specify that when a plan amendment, curtailment or settlement occurs during the annual reporting period, an entity is required to determine the current service cost for the remainder of the period after the plan amendment, curtailment or settlement, using the actuarial assumptions used to remeasure the net defined benefit liability (asset) reflecting the benefits offered under the plan and the plan assets after that event. An entity is also required to determine the net interest for the remainder of the period after the plan amendment, curtailment or settlement using the net defined benefit liability (asset) reflecting the benefits offered under the plan and the plan assets after that event, and the discount rate used to remeasure that net defined benefit liability (asset).

The amendments had no impact on the financial statements of the Company as it did not have any plan amendments, curtailments, or settlements during the year.

6.4.4.6 IFRIC Interpretation 23: Uncertainty Over Income Tax Treatment

The interpretation addresses the accounting for income taxes when tax treatments involve uncertainty that affects the application of IAS 12 Income Taxes. It does not apply to taxes or levies outside the scope of IAS 12, nor does it specifically include requirements relating to interest and penalties associated with uncertain tax treatments. The interpretation specifically addresses the following:

a. whether an entity considers uncertain tax treatments separately;
b. the assumptions an entity makes about the examination of tax treatments by taxation authorities;
c. how an entity determines taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates; and
d. how an entity considers changes in facts and circumstances.

The interpretation did not have an impact on the financial statements of the Company.

6.4.5 Summary of the Most Significant Accounting Policies

6.4.5.1 Property and Equipment

Property and equipment are stated at cost less accumulated depreciation and any accumulated impairment in value, except owned land since it is not depreciated. The cost less estimated residual value of property and equipment is depreciated on a straight-line basis over the estimated useful lives of the assets as follows:

Type of Property and Equipment	Number of Years
Buildings	40
Vehicles	2-5
Leasehold Improvements	Useful life or lease term, whichever is shorter
Other Fixed Assets	3-5

Maintenance and normal repairs which do not materially extend the estimated useful life of an asset are charged to the statement of profit or loss, as and when incurred. Major renewals and improvements, if any, are capitalized and the assets replaced are retired.

The estimated useful lives, and residual values and depreciation method are reviewed at the end of annual reporting period, with the effect of any changes in estimate accounted for on a perspective basis.

6.4.5.2 Intangible Assets

An intangible asset is intitally recognized at cost which is equal to the fair value of consideration paid at the time of acquisition of the asset.

Intangible assets, acquired separately, shall be measured on initial recognition at cost. After initial recognition, intangible assets shall be stated at cost minus any accumulated amortization and any impairment losses, if any. Intangible assets with finite useful lives shall be amortized using the straight-line method over their useful lives being five years.

6.4.5.3 Cash and Cash Equivalent

Cash and cash equivalents include cash on hand, balances and deposits with banks, and other highly liquid investments with maturities of three months or less from their purchase date.

6.4.5.4 Inventories

Inventories represent cars for sale, spare parts and other supplies. These are measured at lower of cost and net realizable value. Net realizable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and estimated costs necessary to make the sale. The carrying amount of inventories is recognized as cost of revenue when the inventories are sold. The Company recognizes an allowance for inventory losses due to factors such as obsolescence, technical faults, physical damage etc.

(a) Vehicles for Sale

Vehicles for sale that were previously held as part of property and equipment for lease and rental arrangements are transferred to inventories at their carrying amount when they cease to be held for lease and rental purposes and become held for sale in the ordinary course of business. Other costs are included in the cost of vehicle inventories only to the extent that they are incurred in bringing the vehicles to their present location and condition necessary to make the sale.

(b) Spare Parts and Supplies

The cost of spare parts and supplies is based on weighted average principle. Other costs are included in the cost of spare parts and supplies only to the extent they are incurred in bringing them to their present location and condition.

6.4.5.5 Financial Instruments

(a) Recognition and De-Recognition

Financial assets and financial liabilities are recognized when the Company's becomes a party to the contractual provisions of the financial instrument.

Financial assets are derecognized when the contractual rights to the cash flows from the financial asset expire, or when the financial asset and substantially all the risks and rewards are transferred. A financial liability is derecognized when it is extinguished, discharged, cancelled or expires.

(b) Classification and Initial Measurement of Financial Assets

All financial assets are initially measured at fair value adjusted for transaction costs (where applicable).

Financial assets, other than those designated and effective as hedging instruments, are classified into the following categories:

(i) amortized cost;
(ii) fair value through profit or loss (FVTPL); or
(iii) fair value through other comprehensive income (FVOCI).

The classification is determined by both:

(i) the entity's business model for managing the financial asset; and
(ii) the contractual cash flow characteristics of the financial asset.

All income and expenses relating to financial assets that are recognized in profit or loss are presented within finance charges, finance income or other financial items.

(c) Subsequent Measurement of Financial Assets

(i) Financial Assets at Amortized Cost

Financial assets are measured at amortized cost if the assets meet the following conditions (and are not designated as fair value through profit or loss (FVTPL)):

- they are held within a business model whose objective is to hold the financial assets and collect its contractual cash flows; and
- the contractual terms of the financial assets give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding.

This category includes non-derivative financial assets like loans and receivables with fixed or determinable payments that are not quoted in an active market. After initial recognition, these are measured at amortized cost using the effective interest method. Discounting is omitted where the effect of discounting is immaterial.

(ii) Financial Assets at Fair Value Through Profit or Loss (FVTPL)

Financial assets that are held within a different business model than 'hold to collect' or 'hold to collect and sell', and financial assets whose contractual cash flows are not solely payments of principal and interest are accounted for at fair value through profit or loss (FVTPL).

Assets in this category are measured at fair value with gains or losses recognized in statement of profit or loss. The fair values of financial assets in this category are determined by reference to active market transactions or using a valuation technique where no active market exists.

(iii) Financial Assets at Fair Value Through Other Comprehensive Income (FVOCI)

The Company accounts for financial assets at fair value through other comprehensive income (FVOCI) if the assets meet the following conditions:

- they are held under a business model whose objective it is hold to collect the associated cash flows and sell; and
- the contractual terms of the financial assets give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Any gains or losses recognized in OCI will be recycled upon de-recognition of the asset. This category includes listed securities and debentures that were previously classified as 'available for sale'.

(iv) Impairment of Financial Assets

IFRS 9's new impairment requirements use more forward-looking information to recognize expected credit losses – the 'expected credit loss' (ECL) model.

Recognition of credit losses is no longer dependent on the Company first identifying a credit loss event. Instead the Company considers a broader range of information when assessing credit risk and measuring expected credit losses, including past events, current conditions, reasonable and supportable forecasts that affect the expected collectability of the future cash flows of the instrument.

In applying this forward-looking approach, a distinction is made between:

- financial instruments that have not deteriorated significantly in credit quality since initial recognition or that have low credit risk ('Stage one'); and
- financial instruments that have deteriorated significantly in credit quality since initial recognition and whose credit risk is not low ('Stage two').
- 'Stage three' would cover financial assets that have objective evidence of impairment at the reporting date. However, none of the Company's financial assets fall into this category.

'12-month expected credit losses' are recognized for the first category while 'lifetime expected credit losses' are recognized for the second category.

Measurement of the expected credit losses is determined by a probability-weighted estimate of credit losses over the expected life of the financial instrument.

The Company makes use of a simplified approach in accounting for trade and other receivables and records the loss allowance as lifetime expected credit losses. These are the expected shortfalls in contractual cash flows, considering the potential for default at any point during the life of the financial instrument. In calculating, the Company uses its historical experience, external indicators and forward-looking information to calculate the expected credit losses using a provision matrix.

The Company assess impairment of group of trade receivables having the same credit risk characteristics and loss patterns. The expected loss rates have been estimated based on the days past due.

(v) Classification and Measurement of Financial Liabilities

Financial liabilities are initially measured at fair value, and, where applicable, adjusted for transaction costs unless the Company designated a financial liability at fair value through statement of profit or loss.

Subsequently, financial liabilities are measured at amortized cost using the effective interest method except for derivatives and financial liabilities designated at fair value through profit or loss (FVTPL), which are carried subsequently at fair value with gains or losses recognized in profit or loss.

6.4.5.6 Provisions

Provisions are recognized when the Company has an obligation (legal or constructive) arising from a past event, and the costs to settle the obligation are both probable and may be measured reliably.

6.4.5.7 Zakat Provision

The Company is subject to Zakat in accordance with the regulations of the General Authority of Zakat and Tax (GAZT). The provision for Zakat is accrued in charge to the statement of profit or loss.

6.4.5.8 Employees' End of Service Benefits

The Company operates a single post-employment benefit scheme of defined benefit plan driven by the labor laws and workman laws of the Kingdom which is based on most recent salary and number of service years.

The post-employment benefits plans are not funded. Accordingly, valuations of the obligations under the plans are carried out by an independent actuary based on the projected unit credit method. The costs relating to such plans primarily consist of the present value of the benefits attributed on an equal basis to each year of service and the interest on this obligation in respect of employee service in previous years.

Current and past service costs related to post-employment benefits are recognized immediately in profit or loss while unwinding of the liability at discount rates used are recorded in profit or loss. Any changes in net liability due to actuarial valuations and changes in assumptions are taken as re-measurement in the other comprehensive income.

Re-measurement gains and losses arising from experience adjustments and changes in actuarial assumptions are recognized directly in other comprehensive income and transferred to retained earnings in the statement of changes in equity in the period in which they occur.

Changes in the present value of the defined benefit obligations resulting from plan amendments or curtailments are recognized immediately in profit or loss as past service costs. End of service payments are based on employees' final salaries and allowances and their cumulative years of service, as stated in the labor law of Saudi Arabia.

6.4.5.9 Leases

The Company 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.

(a) Company as a Lessee

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

(b) Right-of-Use Assets

The Company 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 remeasurement 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. Right-of-use assets are depreciated on a straight-line basis over the lease term or the estimated useful lives of the assets, whichever is shorter.

If ownership of the leased asset transfers to the Company 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.

(c) Lease Liabilities

At the commencement date of the lease, the Company 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 Company and payments of penalties for terminating the lease, if the lease term reflects the Company 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.

In calculating the present value of lease payments, the Company uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g., changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

(d) Short-Term Leases and Leases of Low-Value Assets

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

6.4.5.10 Statutory Reserve

As required by Saudi Arabian Regulations for Companies and the Company's by-laws, the Company must transfer 10% of its net income for the year to the statutory reserve till it has built up a reserve equal to 30% of its share capital. The Company may resolve to discontinue such transfers when the reserve totals 30% of its share capital. The reserve is not available for distribution.

6.4.5.11 Revenue

(a) Sale of Inventories (Vehicles)

Revenue from sale of used vehicles is recognized at the point in time when control of the vehicles is transferred to the customers, generally on delivery of the vehicles. The Company revenue from sale of used vehicles include only one performance obligation and there is no variable consideration and financing component involved.

(b) Income from Other Services

Revenue from other services that are incidental to car rental arrangements are recognized when these related services are provided and classified as part of revenue from these core operating activities. The Company revenue from other services that are incidental to car rental arrangements is recognized over the time when services are rendered.

6.4.5.12 Expenses

All expenses related to revenue recognition, are recorded as operating cost. All other expenses are recorded as general and administrative expenses or selling and marketing expenses. Shared expenses are allocated between operating cost and general and administrative expenses, when required, and are made on a consistent basis.

6.4.5.13 Finance Charges

All finance charges are recognized in profit or loss in the period in which they are incurred.

6.4.5.14 Foreign Currencies

Foreign currency transactions are translated into Saudi Riyals using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at the period-end exchange rates of monetary assets and liabilities denominated in foreign currencies other than Saudi Riyals are recognized in the statement of profit or loss.

Non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. Translation differences on assets and liabilities carried at fair value are reported as part of the fair value gain or loss.

6.4.5.15 Segment Reporting

A segment is a distinguishable component of the Company that is engaged either in providing services or selling products (a business segment) or in providing services or selling products within a particular economic environment (a geographic segment), which is subject to risks and rewards that are different from those of other segments.

6.5 Results of Operations for the Financial Years Ended 31 December 2017G, 2018G and 2019G

6.5.1 Statement of Profit or Loss and Other Comprehensive Income

Table 6.1: Statements of Profit or Loss and Other Comprehensive Income for the Financial Years Ended 31 December 2017G, 2018G and 2019G

SAR in 000s	2017G	2018G	2019G	Change 2017G-2018G	Change 2018G-2019G	CAGR 2017G-2019G
Rental	316,185	284,432	349,397	(10.0%)	22.8%	5.1%
Lease	82,980	136,374	191,150	64.3%	40.2%	51.8%
Total Rental Revenue	399,165	420,805	540,547	5.4%	28.5%	16.4%
Sale of Used Vehicles	136,340	111,793	90,594	(18.0%)	(19.0%)	(18.5%)
Total Revenue	**535,506**	**532,598**	**631,140**	**(0.5%)**	**18.5%**	**8.6%**
Cost of Revenue – Rental	(272,287)	(272,829)	(325,656)	0.2%	19.4%	9.4%
Cost of Vehicles Sold	(152,717)	(117,154)	(84,790)	(23.3%)	(27.6%)	(25.5%)
Total Cost of Revenue	**(425,004)**	**(389,983)**	**(410,446)**	**(8.2%)**	**5.2%**	**(1.7%)**
Gross Profit	**110,502**	**142,615**	**220,694**	**29.1%**	**54.7%**	**41.3%**
Selling and Marketing Expenses	(26,930)	(27,280)	(33,513)	1.3%	22.8%	11.6%
General and Administrative Expenses	(24,303)	(23,518)	(30,625)	(3.2%)	30.2%	12.3%
Expected Credit Losses	(16,061)	(8,425)	(8,004)	(47.5%)	(5.0%)	(29.4%)
Other Income	2,337	2,109	2,879	(9.8%)	36.5%	11.0%
Income from Main Operations	**45,543**	**85,501**	**151,432**	**87.7%**	**77.1%**	**82.3%**
Finance Charges	(15,804)	(16,495)	(24,518)	4.4%	48.6%	24.6%
Income Before Zakat	29,739	69,005	126,914	132.0%	83.9%	106.6%
Zakat Charge	(1,015)	(2,023)	(4,114)	99.3%	103.4%	101.3%
Zakat Differences from Prior Years	-	(6,888)	(4,014)	N/A	(41.7%)	N/A
Net Income for the Year	**28,724**	**60,095**	**118,786**	**109.2%**	**97.7%**	**103.4%**
Other Comprehensive Income not to be Classified to Profit or Loss in Subsequent Periods:						
Remeasurement (Losses) / Gains on Defined Benefit Obligations	1,409	921	(1,177)	(34.6%)	(227.8%)	N/A
Total Comprehensive Income for the Year	**30,133**	**61,016**	**117,608**	**102.5%**	**92.8%**	**97.6%**
As a % of Total Revenue	Change in ppt.					
Gross Margin	20.6%	26.8%	35.0%	6.1	8.2	14.3
Selling and Marketing Expenses	5.0%	5.1%	5.3%	0.1	0.2	0.3
General and Administrative Expenses	4.5%	4.4%	4.9%	(0.1)	0.4	0.3
Net Income	5.4%	11.3%	18.8%	5.9	7.5	13.5

Source: Audited financial statements for the years ended 2017G, 2018G and 2019G

Table 6.2: Number of Rental and Lease Vehicles and Number of Vehicles Sold

KPIs				Change		
Rental						
Rental Fleet at Year End (No. of Vehicles)	8,210	8,430	10,670	2.7%	26.6%	14.0%
Average Daily Rental Fleet (No. of Vehicles)	9,093	7,473	8,963	(17.8%)	19.9%	(0.7%)
Average Annual Revenue per Available Car (SAR)	34,772	38,061	38,982	9.5%	2.4%	5.9%
Rental Fleet Utilization	69.4%	72.4%	73.5%	2.9	1.1	4.0
Lease						
No. of Leased Vehicles at Year End	4,075	5,735	8,431	40.7%	47.0%	43.8%
Weighted Average Number of Leased Vehicles (Based on the Number of Operating Days in Relation to the Number of Days of the Year) *	3,156	4,702	6,464	49.0%	37.5%	43.1%
Average Annual Revenue per Vehicle (SAR)	26,295	29,006	29,573	10.3%	2.0%	6.0%
Sale of Used Vehicles						
No. of Used Vehicles Sold	5,552	4,180	3,173	(24.7%)	(24.1%)	(24.4%)
Revenue per Used Vehicle Sold (SAR)	24,557	26,745	28,551	8.9%	6.8%	7.8%

* The weighted average number of leased vehicles is calculated as follows: The number of lease days divided by the number of days of the period under analysis (365 days per year)

Source: Management information

Theeb Rent A Car Company is engaged in car rental and lease services, in addition to selling used vehicles after the end of their useful life from rental and lease services.

6.5.1.1 Total Rental Revenue

Total rental revenue is primarily generated through two main business segments: i) rental and ii) lease. Rental revenue amounted to 55% of total revenue in 2019G whilst the lease revenue amounted to 30% during the same period. Rental revenue accounted for 53% and 59% of total revenue in 2018G and 2017G, respectively, while lease revenue accounted for 26% and 16% of total revenue in 2018G and 2017G, respectively.

Total rental revenue increased by 5.4% from SAR 399.2 million in 2017G to SAR 420.8 million in 2018G driven by the growth in lease revenue by 64.3% from SAR 83.0 million in 2017G to SAR 136.4 million in 2018G. New lease contracts secured in 2018G generated SAR 21.6 million in additional revenue and were complemented by the ramp up and full year effect of existing contracts won in 2017G, which contributed SAR 33.8 million to revenue growth. The total number of leased vehicles increased from 3,156 as in 2017G to 4,702 as in 2018G.

The increase in lease revenue was offset by a drop in the rental revenue by 10% (a loss of SAR 31.8 million), on the back of declining revenue across the Company's core branches (a loss of SAR 13.4 million) impacted by the departure of expatriates in Saudi Arabia due to increasing living expenses and the implementation of additional levy fees on expats between 2017G and 2018G, the reduction in revenue with government related entities due to lower demand and the change in demand from customers towards less expensive rental car categories. This was combined with the closure of ten branches (of which five closed during 2017G and five during 2018G) which contributed to a decrease in revenue by SAR 33.3 million of which SAR 15.9 million arising from the closure of King Abdulaziz airport branch in Jeddah in March 2017G. This was partly offset by incremental revenue from branches opened in 2017G and 2018G which contributed SAR 13.3 million in 2018G.

Despite the decrease in rental revenue, the utilization of the rental fleet increased from 69.4% in 2017G to 72.4% in 2018G as a result of the Company's strategic shift of its fleet towards smaller and more affordable car categories such as Compact and Economy which have a higher utilization.

In 2019G, the total rental revenue further increased by 28.5% from SAR 420.8 million in 2018G to SAR 540.5 million mainly driven by the growth in lease revenue by 40.2% owing to an increase in the weighted average number of vehicles from 4,702 in 2018G to 6,464 in 2019G. The Company was able to renew existing contracts and secure new contracts, particularly with private sector clients.

This was coupled with the rise in rental revenue by 22.8% from SAR 284.4 million in 2018G to SAR 349.4 million in 2019G, mostly driven by the overall improvement in the economy which saw an increase in demand for rental cars, the lift of the restrictions on women drivers, and a higher number of entertainment events in the Kingdom, notably the Saudi Seasons festivals.

6.5.1.2 Sale of Used Vehicles

Sale of used vehicles pertains to the revenue generated from the sale of vehicles used in rental and lease services at the end of their useful life. Sale of used vehicles decreased by 18.0% from SAR 136.3 million in 2017G to SAR 111.8 million in 2018G as a result of a drop in number of vehicles sold from 5,552 to in 2017G to 4,180 in 2018G. In 2017G, the Company saw a higher de-fleeting effort as a result of the closure of branches, notably the King Abdulaziz airport branch in Jeddah after losing the tender, and the rest of the branches were closed due to the economic conditions in the Kingdom. The decrease in volume was partly offset by an increase in average revenue per used vehicle sold which increased from SAR 24.6 thousand in 2017G to SAR 26.7 thousand in 2018G. This was a result of an improvement in market conditions, allowing higher sales prices and the Company relying more on its own sales channels to sell the used vehicles in 2018G, such as auctions and direct sales instead of relying on other parties for a specified commission on the required services.

In 2019G, revenue from sale of used vehicles decreased to SAR 90.6 million, or 19.0%, compared to 2018G, as a result of the decrease in the number of vehicles transferred for sale in the same year to keep vehicles temporarily to meet the increase in demand in the rental segment. Therefore, the number of vehicles sold decreased from 4,180 vehicles in 2018G to 3,173 vehicles in 2019G, whereas the average revenue per vehicle sold increased from SAR 26.7 thousand in 2018G to SAR 28.6 thousand in 2019G as a result of improved conditions of the market which positively affected the selling prices.

6.5.1.3 Cost of Revenue – (Rental)

Cost of revenue – (rental) mainly consists of the depreciation charges for cars which represent 53% of the total cost of revenue on average historically. Cost of revenue – rental also includes salaries and other benefits, branches rental costs, insurance, maintenance and repairs, impairment losses, shipping, bank charges, utilities, and others.

Cost of revenue – (rental) remained stable at SAR 272.3 million in 2017G and SAR 272.8 million in 2018G as the decrease in depreciation expense from SAR 146.6 million in 2017G to SAR 138.6 million in 2018G was partially offset by higher insurance expense (additional SAR 5.3 million) as the Company switched from a third party to a comprehensive insurance coverage for its rental fleet in 2018G, and an impairment loss (additional SAR 4.2 million) pertaining to the branches that were closed. The drop in depreciation charges was on the back of a reduced average rental fleet and a change in the estimate of the useful life of the vehicles and in the residual value for cars in line with IFRS requirements.

The cost of rental revenue increased by 19.4% from SAR 272.8 million in 2018G to SAR 325.7 million in 2019G due to the increase in depreciation expense in line with the fleet growth. Expenditures for salaries, wages and employee benefits increased by SAR 5.2 million during the period between 2018G and 2019G, especially commissions, incentives and overtime.

6.5.1.4 Gross Margin

Gross margin increased from 20.6% in 2017G to 26.8% in 2018G primarily due to decrease in depreciation expense following the revision in depreciation estimates of vehicles in line with IFRS, an increase in the utilization of the rental fleet from 69.4% in 2017G to 72.4% in 2018G and the growth in the vehicle lease segment.

Gross margin improved from 26.8% in 2018G to 35.0% in 2019G. This is mainly due to the increase in revenue from the rental segment from SAR 284.4 million in 2018G to SAR 349.4 million in 2019G, as a result of the high demand for car rental in line with the improvement in the market in addition to a relatively fixed cost base. Rental fleet increased from 72.4% to 73.5% during the same period.

6.5.1.5 Cost of Vehicles Sold

Cost of vehicles sold pertains to the net book value of the used vehicles which are sold as a normal course of the Company's operations during the year. Cost of vehicles sold decreased from SAR 152.7 million in 2017G to SAR 117.2 million in 2018G mainly due to a lower number of used vehicles sold, decrease from 5,552 in 2017G to 4,180 in 2018G, and to a lesser extent to the change in the classification of proceeds from total loss cars which are netted off against cost of vehicles sold in 2018G (SAR 5.2 million), while in 2017G (SAR 415 thousand) they are included under the sale of used vehicles caption. This was partly offset by an increase in the net book value of these used vehicles (majority of which were rental) due to the change in depreciation estimates in line with IFRS requirements.

In 2019G, the cost of vehicles sold decreased to SAR 84.8 million mainly due to a lower number of used vehicles sold which decreased from 4,180 in 2018G to 3,173 used vehicles in 2019G.

6.5.1.6 Selling and Marketing Expenses

Selling and marketing expenses comprise mostly salaries and other benefits granted to the sales and marketing teams, as well as advertising and other expenses.

Selling and marketing expenses increased by 1.3% from SAR 26.9 million in 2017G to SAR 27.3 million in 2018G mainly driven by higher salaries and benefits as a result of annual increments granted to employees. Average monthly salary per employee increased accordingly by 3.1% from SAR 8,602 in 2017G to SAR 8,871 in 2018G. Sales and marketing staff numbers also increased during the same period, as nine employees were recruited to support the business growth.

This increase was partly offset by the decrease in advertising expenses (by 0.1 ppt) and other expenses (by 0.2 ppt) each as a percentage of revenue in 2018G mainly due to the Company's decision to rely on advertising directly through the Company instead of outsourcing, in addition to a one-off expense of SAR 600 thousand incurred in 2017G pertaining to the introduction of a loyalty points scheme.

In 2019G, selling and marketing expenses increased by 22.8% to SAR 33.5 million, mainly driven by a higher number of employees (additional 25) in 2019G and an increase in average monthly salary per employee by 7.9% from SAR 8,871 in 2018G to SAR 9,568 in 2019G as a result of an increase in commissions and other incentives in relation to the growth in operations.

6.5.1.7 General and Administrative Expenses

General and administrative expenses primarily pertain to the salaries and benefits, professional fees, government fees, depreciation charges on office buildings and employee cars, utility expenses, hospitality expenses, maintenance and repair, amortization of intangible assets, and others. General and administrative expenses decreased by 3.2% from SAR 24.3 million in 2017G to SAR 23.5 million in 2018G mainly due to the decrease in depreciation charges by SAR 2.2 million in line with the change in the estimates of useful life of employee cars, in line with IFRS. This was partially offset by the increase in salaries and benefits by SAR 557 thousand in 2018G as a result of annual salary increments, and the increase in professional fees by SAR 1.3 million over the same period due to the hiring of external consultants for various advisory services.

General and administrative expenses increased by 30.2% to SAR 30.6 million in 2019G, mainly driven by an increase in salaries and benefits by 34.3% to SAR 18.9 million, as one-off bonuses and performance rewards were granted to staff of SAR 958 thousand, as a result of the overall improvement in the Company's performance, and the hiring of senior management members, such as the Chief Financial Officer, Internal Audit Manager and Procurement Manager, who were appointed in 2018G. This has resulted in the increase in average salary per employee by 36.0% from SAR 14,449 in 2018G to SAR 19,644 in 2019G. The rise in salaries and benefits was coupled with the increase in other expenses by SAR 3.5 million, mainly due to the reclassifications of certain costs between cost of revenue and general and administrative expenses.

6.5.1.8 Expected Credit Losses

Expected credit losses pertain to the doubtful receivables and accrued revenue and are estimated through the ECL model, in compliance with IFRS 9. The ECL model depends on the ageing of receivables at the date of each financial statements, and the provision shall be calculated by means of an evaluation of settlement in the previous periods compared with the future expectations, according to the type of customer, ageing of receivables, date of collection and other elements.

The expected credit losses decreased by 47.5% from SAR 16.1 million in 2017G to SAR 8.4 million in 2018G as a result of the Company's adoption of the expected credit loss model for the first time, thus leading to the writing off of a number of outstanding receivables in 2017G. Consequently, the provision decreased to SAR 8.4 million in 2018G, as provisions for higher risk receivables were established and written off in the previous year. Moreover, the expected credit losses amounted to SAR 8.0 million in 2019G, whereas provisions were constituted for high risk receivables and written off in the previous year.

6.5.1.9 Other Income

Other income pertains mostly to rebates granted by car agents to the Company upon the purchase of vehicles. Other income decreased by 9.8% from SAR 2.3 million in 2017G to SAR 2.1 million in 2018G as the Company received a one-off insurance compensation on damaged cars (SAR 641 thousand) in 2017G as a result of a warehouse fire which occurred in 2016G. This was partially offset by higher rebates received from car agents of SAR 123 thousand between 2017G and 2018G.

Other income increased in 2019G by 36.5% to SAR 2.9 million mainly driven by the increase in rebates from car agents by SAR 473 thousand, in line with the growing fleet and higher vehicles purchases.

6.5.1.10 Finance Charges

Finance charges pertain to interest paid on borrowings. Finance charges increased from SAR 15.8 million in 2017G to SAR 16.5 million in 2018G and subsequently to SAR 24.5million in 2019G as the Company subscribed to additional borrowings to fund vehicle purchases to grow its fleet on both the lease and rental segments. In 2019G finance charges also included SAR 2.2million pertaining to lease liabilities, as a result of the first-time adoption of IFRS 16 during the year.

6.5.1.11 Zakat Charge and Zakat Differences from Prior Years

The Company finalized its Zakat status and Zakat dues have been paid out according to Zakat assessments issued for the years up to 2011G. The final Zakat assessments at the date of this Prospectus have not been received from 2012G to 2019G. The Company has submitted its Zakat returns to the General Authority of Zakat and Tax until 31 December 2019G. The Company obtained the Zakat certificates for those years (the latest Zakat certificate is valid up to 30 April 2021G). Zakat expenses amounted to SAR 1.0 million in 2017G, SAR 2.0 million in 2018G, and SAR 4.1 million in 2019G, according to the financial statements.

On 04 August 2019G, the Company received a Zakat assessment from GAZT for the years from 2012G to 2017G including additional Zakat differences of SAR 13.9 million (whereby the Zakat assessment, issued for years 2012G to 2017G, included Zakat assessments of SAR 21.7 million, and Zakat amounts paid of SAR 7.8 million) The Company has recognized an additional Zakat provision of SAR 6.9 million as of 31 December 2018G. GAZT did not calculate the entire Zakat payment made by the Company with its 2014G Zakat return due to a technical error that occured to the GAZT system "Irad", as the Company calculated the Zakat amound paid for year 2014G within the payments made in the account for Zakat amounting to SAR 0.5 million instead of SAR 2.6 million, and therefore management did not allocate this amount under the Zakat provision related to Zakat assessment, and an objection was filed to the mentioned Zakat asessment within the legal period. GAZT has responded to the Company and rejected most of the objection that the Company has submitted. The Company appealed to the Tax Committee for Resolution of Tax Violations and Disputes through the General Secretariat of Tax Committees and has also initiated a settlement process with the settlement committee at GAZT offering to settle the case for SAR 4.2 million. No hearings were carried out yet by any of these committees to discuss the Company's case.

On 5 March 2020G, the Company received a preliminary assessment from GAZT on its 2018G Zakat return which showed additional Zakat liabilities of SAR 4.0 million. The Company added an amount of SAR 4.0 million under Zakat provision for the year 2019G knowing that, on 10 April 2020G, GAZT issued a final Zakat assessment for the year 2019G showing additional Zakat differences of only SAR 2.2 million (instead of SAR 4.0 million) in light of the clarifications presented by the Company. The Company filed an objection to the mentioned Zakat assessment for 2018G within the legal periods. On 6 June 2020G, in light of the objection submitted, the additional Zakat differences was amended to SAR 1.8 million. On 23 July 2020G, an objection was filed with the General Secretariat of Tax Committees for the remaining amount.

6.5.1.12 Net Income for the Year

Net income increased by 109.2% from SAR 28.7 million in 2017G to SAR 60.1 million in 2018G mainly due to the increase in the lease segment revenue and gross profit in 2018G coupled with the decrease in losses from the sale of used vehicles from SAR 16.4 million in 2017G to SAR 5.4 million in 2018G due to reasons mentioned earlier. This was coupled with the decrease in expected credit losses by SAR 7.6 million between 2017G and 2018G.

Net income increased by 97.7% to SAR 118.8 million in 2019G owing to (i) the growth in revenue in both the lease and rental segments (ii) an improvement in gross margins on the back of rising volumes allowing a higher fleet utilization (iii) the decrease in losses on the sale of used vehicles which converted into a gain of SAR 5.8 million in 2019G.

6.5.2 Revenue by Business Segment

Table 6.3: Revenue by Segment for the Financial Years Ended 31 December 2017G, 2018G and 2019G

SAR in 000s	2017G	2018G	2019G	Change 2017G-2018G	Change 2018G-2019G	CAGR 2017G-2019G
Rental	316,185	284,432	349,397	(10.0%)	22.8%	5.1%
Lease	82,980	136,374	191,150	64.3%	40.2%	51.8%
Total Rental and Lease Revenue	**399,165**	**420,805**	**540,547**	**5.4%**	**28.5%**	**16.4%**
Sale of Used Vehicles	136,340	111,793	90,594	(18.0%)	(19.0%)	(18.5%)
Total Revenue	**535,506**	**532,598**	**631,140**	**(0.5%)**	**18.5%**	**8.6%**
As a % of Revenue				Change in ppt.		
Rental	59.0%	53.4%	55.4%	(5.6)	2.0	(3.7)
Lease	15.5%	25.6%	30.3%	10.1	4.7	14.8
Sale of Used Vehicles	25.5%	21.0%	14.4%	(4.5)	(6.6)	(11.1)

Source: Audited financial statements for the financial years ended 31 December 2017G, 2018G and 2019G

Table 6.4: Number of Rental and Lease Vehicles and Number of Used Vehicles Sold

No. of Vehicles				Change		
Rental (Total Avg. Daily Fleet Available)	9,093	7,473	8,963	(17.8%)	19.9%	(0.7%)
Lease – Weighted Average Number of Leased Vehicles (accounting for number of days of operation as a percentage from total number of days in year)	3,156	4,702	6,464	49.0%	37.5%	43.1%
Used Vehicles Sold	5,552	4,180	3,173	(24.7%)	(24.1%)	(24.4%)
Average Revenue per Vehicle per Year (in SAR)				**Change**		
Rental	34,772	38,061	38,982	9.5%	2.4%	5.9%
Lease	26,295	29,006	29,573	10.3%	2.0%	6.0%
Revenue/ Used Vehicles Sold	24,557	26,745	28,551	8.9%	6.8%	7.8%
Utilization				**Change in ppt.**		
Rental Fleet Utilization	69.4%	72.4%	73.5%	2.9	1.1	4.0

Source: Management information

6.5.2.1 Rental Revenue

Rental revenue includes revenue from individuals and companies. Individual rental revenue is composed of walk-in customers and member customers. Walk-in customers are the individuals visiting the Company's websites to meet their needs such as car rental, and member customers are those who have joined the membership program with the Company.

Rental revenue from companies consists of corporate customers from the private and government sectors. Individual and corporate rental revenue amounted to 92% and 8% of total rental revenue, respectively, of the financial year ended 31 December 2019G.

Rental revenue decreased by 10.0% from SAR 316.2 million in 2017G to SAR 284.4 million in 2018G mainly as a result of a reduction in the average daily fleet from 9,093 in 2017G to 7,473 in 2018G. This was primarily as a result of the closure of the King Abdulaziz airport branch in Jeddah in March 2017G which generated SAR 15.8 million of revenue in 2017G as well as the closure of nine other branches (four during 2017G and five during 2018G) which were underperforming partly due to the departure of expatriates due to increasing living expenses, the introduction of VAT and the reduction in revenue with government related entities due to lower demand.

Rental revenue generated from branches in all regions declined in 2018G, with the exception of the Southern region, where revenue increased as a result of a new branch opening during 2017G. Revenue per car (based on the daily average number of cars available), however, increased from SAR 34,772 in 2017G to SAR 38,061 in 2018G as a result of the increase in rental fleet utilization from 69.4% in 2017G to 72.4% in 2018G as the Company shifted its focus towards smaller car categories yielding higher demand.

Rental revenue increased by 22.8% to SAR 349.4 million in 2019G mainly driven by an overall improvement in the economy which saw an increase in demand for rental cars, the lift of the restrictions on women drivers, and a higher number of entertainment events in the Kingdom, notably the Saudi Seasons festivals. As a consequence, the average daily fleet available increased by 19.9% from 7,473 in 2018G to 8,963 in 2019G and the utilization of the rental fleet improved from 72.4% in 2018G to 73.5% in 2019G.

6.5.2.2 Lease Revenue

Lease revenue comprises of revenue from the vehicle lease (trucks and other vehicles) to companies. Lease revenue increased by 64.3% from SAR 83.0 million in 2017G to SAR 136.4 million in 2018G partly due to the increase in revenue from the lease of trucks as the Company secured new contracts mostly at the back end of 2017G with several key customers, which resulted in an additional 389 weighted average number of trucks leased between 2017G and 2018G.

Revenue from non-truck leases also increased by SAR 34.8 million as a result of the full year effect of contracts won in the previous years coupled with additional revenue secured from new clients mainly in the E-commerce sector which uses cargo vehicles to fulfil shipments.

In 2019G, lease revenue increased by 40.2% to SAR 191.2 million driven by the increase in the weighted average number of vehicles going from 4,702 in 2018G to 6,464 in 2019G. The increase was a result of the renewal and ramp-up of existing contracts and new contracts secured.

6.5.2.3 Sale of Used Vehicles

Sale of used vehicles are constituted from the sale of used vehicles in both rental and lease segments after expiry of utilization. Revenue from the sale of used vehicles decreased by 18.0% from SAR 136.3 million in 2017G to SAR 111.8 million in 2018G mainly due to the fact that the Company sold fewer used vehicles in 2018G as compared to 2017G where 5,552 used vehicles were sold following the Company's efforts to decrease the fleet in line with the closure of King Abdulaziz airport branch in Jeddah which led to a higher number vehicles sold. Despite the decreased number of used vehicles sold to 4,180 in 2018G, the average revenue per used vehicle sold increased by 8.9% from SAR 24.6 thousand to SAR 26.7 thousand mainly due to an improvement in market conditions in 2018G, allowing higher sales prices and the Company's reliance on its own sales channels to sell the used vehicles in 2018G such as auctions and direct sales through the Company's showrooms instead of depending on other parties which charge a specific commission on services.

Revenue from the sale of used vehicles further decreased by 19.0% to SAR 90.6 million in 2019G as the Company had fewer used vehicles to sell, as those would have been acquired mostly in 2017G, when the Company was focused on reducing its fleet. As a result, the number of used vehicles sold decreased to 3,173 in 2019G.

6.5.3 Rental Revenue by Region

Table 6.5: Rental Revenue by Region for the Financial Years Ended 31 December 2017G, 2018G and 2019G

SAR in 000s	2017G	2018G	2019G	Change 2017G-2018G	Change 2018G-2019G	CAGR 2017G-2019G
Central	150,590	141,387	170,491	(6.1%)	20.6%	6.4%
Western	79,679	52,631	69,305	(33.9%)	31.7%	(6.7%)
Eastern	40,368	39,918	52,317	(1.1%)	31.1%	13.8%
Northern	11,669	11,325	11,481	(2.9%)	1.4%	(0.8%)
Southern	43,302	46,094	55,426	6.4%	20.2%	13.1%
Others	(9,423)	(6,924)	(9,622)	(26.5%)	39.0%	1.1%
Total Rental Revenue	**316,185**	**284,432**	**349,397**	**(10.0%)**	**22.8%**	**5.1%**
As a % of Total					**Change in ppt.**	
Central	47.6%	49.7%	48.8%	2.1	(0.9)	1.2
Western	25.2%	18.5%	19.8%	(6.7)	1.3	(5.4)
Eastern	12.8%	14.0%	15.0%	1.3	0.9	2.2
Northern	3.7%	4.0%	3.3%	0.3	(0.7)	(0.4)
Southern	13.7%	16.2%	15.9%	2.5	(0.3)	2.2
Others	(3.0%)	(2.4%)	(2.8%)	0.5	(0.3)	0.2
Average Daily Rental Fleet					**Change**	
Central	4,036	3,466	4,027	(14.1%)	16.2%	(0.1%)
Western	2,334	1,468	1,865	(37.1%)	27.0%	(10.6%)
Eastern	1,193	1,102	1,445	(7.6%)	31.2%	10.1%
Northern	381	337	323	(11.6%)	(4.1%)	(7.9%)
Southern	1,149	1,100	1,308	(4.3%)	19.0%	6.7%
Average Daily Fleet Rented (Rental)					**Change**	
Central	2,755	2,480	2,992	(10.0%)	20.7%	4.2%
Western	1,614	1,059	1,336	(34.4%)	26.2%	(9.0%)
Eastern	851	791	1,050	(7.0%)	32.8%	11.1%
Northern	262	261	232	(0.4%)	(11.0%)	(5.9%)
Southern	834	820	975	(1.7%)	18.9%	8.1%

SAR in 000s	2017G	2018G	2019G	Change 2017G-2018G	Change 2018G-2019G	CAGR 2017G-2019G
Utilization %					Change in ppt.	
Central	68.3%	71.5%	74.3%	3.3	2.8	6.0
Western	69.1%	72.1%	71.7%	3.0	(0.5)	2.5
Eastern	71.3%	71.8%	72.7%	0.5	0.9	1.4
Northern	68.7%	77.4%	71.9%	8.7	(5.6)	3.1
Southern	72.6%	74.6%	74.5%	2.0	(0.1)	1.9
Number of Branches					Change	
Central	12	14	13	2	(1)	1
Western	12	12	15	-	3	3
Eastern	8	7	7	(1)	-	(1)
Northern	4	2	3	(2)	1	(1)
Southern	7	7	8	-	1	1

Source: Management information

6.5.3.1 Central Region

Revenue from branches in the Central region decreased by 6.1% from SAR 150.6 million in 2017G to SAR 141.4 million in 2018G mostly as a result of the departure of expatriates from Saudi Arabia as a result of the increase in cost of living and the application of the new additional service fees imposed on residents and a reduction in revenue from government entities due to lower demand coupled with the closure of two branches in 2017G. Revenue from most branches in the Central region declined with the exception of the King Khaled airport branch in Riaydh (which contributed SAR 2.7 million in revenue) and the newly opened Oruba and Yarmouk branches (which contributed SAR 6.9 million in revenue.) The average daily fleet decreased from 4,036 cars to 3,466 cars between 2017G and 2018G while utilization slightly increased from 68.3% to 71.5% over the same period. Revenue increased by 20.6% to SAR 170.5 million in 2019G mainly driven by the extension of the Riyadh season festival and a surge in overall demand (partly from women) and to a lesser extent an increase in tourism with the launch of a tourist visa by the Saudi Government in Q4 2019G in addition to the increase in revenue from two branches in the Central region (SAR 6.6 million) which were opened in 2018G.

6.5.3.2 Western Region

Revenue from branches in the Western region decreased by 33.9% from SAR 79.7 million in 2017G to SAR 52.6 million in 2018G mainly due to the Company's loss of bidding for the King Abdulaziz airport branch in Jeddah in March 2017G which contributed SAR 15.8 million to revenue in 2017G. Revenue from active branches also declined by SAR 11.6 million mainly as a result of a decrease in demand for the same reasons mentioned for the Central region. Average daily fleet decreased from 2,334 cars to 1,468 cars between 2017G and 2018G whereas utilization increased from 69.1% to 72.1% over the same period. Revenue increased by 31.7% in 2019G to SAR 69.3 million mainly driven by the growth in demand due to the Jeddah season festival along with the entertainment activities and the opening of three additional branches which resulted in an increase in the average daily available fleet from 1,468 in 2018G to 1,865 cars in 2019G.

6.5.3.3 Eastern Region

Revenue from branches in the Eastern region decreased by 1.1% from SAR 40.4 million in 2017G to SAR 40.0 million in 2018G as the decline in revenue from the existing branches was broadly offset by the new branch which opened in 2017G and the opening of a new branch in 2018G. Average daily fleet decreased from 1,193 cars to 1,102 between 2017G and 2018G and utilization slightly increased from 71.3% to 71.8% over the same period. Revenue increased by 31.1% to SAR 52.3 million in 2019G mainly due to the increase in revenue from the King Fahd airport branch in Dammam which contributed to an additional SAR 4.7 million. This resulted in an increase in the average daily fleet to 1,445 cars in 2019G.

6.5.3.4 Northern Region

Revenue from branches in the Northern region decreased by 2.9% from SAR 11.7 million in 2017G to SAR 11.3 million in 2018G due to the lost revenue from two closed branches which were partly offset by the increased revenue as a result of the increase in visitors in relation to the Neom Project. Average daily fleet decreased from 381 cars to 337 cars between 2017G and 2018G whereas utilization increased from 68.7% to 77.4% over the same period. Revenue increased by 1.4% from SAR 11.3 million in 2018G to SAR 11.5 million in 2019G due to the opening of a new branch in Neom city, contributing to an additional revenue of SAR 81 thousand. Average daily fleet decreased from 337 cars to 323 cars between 2018G and 2019G mainly due to the closure of two branches in the Northern region branches in 2018G.

6.5.3.5 Southern Region

Revenue from branches in the Southern region increased by 6.4% from SAR 43.3 million in 2017G to SAR 46.1 million in 2018G mainly due to the increase in revenue from the Abha airport branch coupled (which contributed SAR 1.5 million in revenue), in addition to the opening of a new branch in August 2017G, which generated a full year of revenue in 2018G. This increase also came on the back of an increased number of visitors in the Southern region during the summer season driven by the entertainment activities organized in the region. Average daily fleet decreased from 1,149 cars to 1,100 cars between 2017G and 2018G whereas utilization slightly increased from 72.6% to 74.6% over the same period. Revenue increased by 20.2% to SAR 55.4 million in 2019G mainly due to the opening of new branch in the Southern region which contributed to an additional revenue of SAR 1.1 million coupled with the increase in revenue from certain main branches in the region. Average daily fleet increased from 1,100 cars to 1,308 cars between 2018G and 2019G whereas the fleet utilization remained relatively stable at 74.5%.

6.5.3.6 Other Revenue

Other revenue includes traffic fines collected from customers, manual open agreements written off and adjustments related to previous periods which are not allocated by region.

6.5.4 Rental Revenue by Branch Type

Table 6.6: Rental Details by Branch Type for the Financial Years Ended 31 December 2017G, 2018G and 2019G

SAR in 000s	2017G	2018G	2019G	Change 2017G-2018G	Change 2018G-2019G	CAGR 2017G-2019G
Airports	132,972	122,311	148,665	(8.0%)	21.5%	5.7%
Cities	192,637	169,044	210,354	(12.2%)	24.4%	4.5%
Others	(9,423)	(6,924)	(9,622)	(26.5%)	39.0%	1.1%
Total	**316,185**	**284,432**	**349,397**	**(10.0%)**	**22.8%**	**100%**
As a % of Total					**Change in ppt.**	
Airports	42.1%	43.0%	42.5%	0.9	(0.5)	0.5
Cities	60.9%	59.4%	60.2%	(1.5)	0.8	(0.7)
Others	(3.0%)	(2.4%)	(2.8%)	0.5	(0.3)	0.2
Average Daily Fleet					**Change**	
Airports	2,056	1,586	3,055	(22.9%)	92.7%	21.9%
Cities	7,037	5,887	5,913	(16.3%)	0.4%	(8.3%)
Average Daily Fleet (Rented)					**Change**	
Airports	1,541	1,240	2,363	(19.5%)	90.6%	23.8%
Cities	4,774	4,170	4,222	(12.7%)	1.2%	(6.0%)
Utilization %					**Change in ppt.**	
Airports	75.0%	78.2%	77.3%	3.2	(0.8)	2.4
Cities	67.8%	70.8%	71.4%	3.0	0.6	3.6

Source: Management information

6.5.4.1 Airport Branches

The number of airport branches amounted to 13, 11 and 13 as of 31 December 2017G, 31 December 2018G and 31 December 2019G, respectively, as a result of the closing of Jouf and Arar branches during 2018G while Najran and Neom airport branches were opened in 2019G. Revenue from airport branches declined by 8.0% from SAR 133.0 million in 2017G to SAR 122.3 million in 2018G mostly as a result of the closure of the King Abdulaziz airport branch in Jeddah, which contributed SAR 15.9 million to revenue in 2017G. The Company since went through a new tendering process and has secured a new location at the King Abdulaziz International airport in early 2020G for five years, subject to renewal for a similar period.

Excluding the Abdulaziz airport branch in Jeddah impact, airport revenue would have increased from SAR 117.2 million in 2017G to SAR 122.3 million in 2018G, driven notably by higher revenue from the King Khaled airport branch in Riyadh. As a result of that, the average daily fleet reduced from 2,056 cars in 2017G to 1,586 cars in 2018G.

Revenue from airport branches increased by 21.5% from SAR 122.3 million in 2018G to SAR 148.7 million in 2019G mainly due to the opening of the Neom airport branch and Najran airport branch during 2019G, coupled with the growth in revenue of the existing branches, in line with the increase in airport footfall. The average daily fleet increased by 92.7% from 1,586 cars to 3,055 cars between 2018G and 2019G.

6.5.4.2 City Branches

The number of city branches was 30, 31 and 33 as of 31 December 2017G, 31 December 2018G and 31 December 2019G, respectively. The number of closed branches (7 branches) was replaced by a similar number of new branches. Revenue from city branches decreased by 12.2% from SAR 192.6 million in 2017G to SAR 169.0 million in 2018G as a result of the overall economic slowdown which impacted all consumer segments and the departure of expatriates between 2017G and 2018G. The average daily fleet decreased from 7,037 cars in 2017G to 5,887 cars in 2018G.

Revenue from city branches increased by 24.4% from SAR 169.0 million in 2018G to SAR 210.4 million in 2019G as a result of the opening of branches in Makkah, Taif, and Al Ula coupled with the increase in revenue from the existing branches in line with the overall improvement in demand for car rental, partly stemming from the Saudi seasons festivals taking place in several cities across the Kingdom and other entertainment events which occurred across the country, as well as from the full year impact of the lifting of the driving ban for women, and to a lesser extent to the issuance of tourist visas by the Saudi government in late 2019G. The average daily fleet increased accordingly from 5,887 cars to 5,913 cars between 2018G and 2019G.

6.5.4.3 Other Revenue

Other revenue includes traffic fines collected from customers, manual open written off agreements and adjustments related to previous periods which are not allocated between airport and city branches.

6.5.5 Lease Segment

Lease Revenue by Customer Type

Table 6.7: Lease by Customer Type for the Financial Years Ended 31 December 2017G, 2018G and 2019G

SAR in 000s	2017G	2018G	2019G	Change 2017G-2018G	Change 2018G-2019G	CAGR 2017G-2019G
Private	60,709	110,505	164,303	82.0%	48.7%	64.5%
Government	22,271	25,869	26,847	16.2%	3.8%	9.8%
Total	**82,980**	**136,374**	**191,150**	**64.3%**	**40.2%**	**51.8%**
KPIs						
Private Sector Customers					Change	
Weighted Average Number of Vehicles (Based on the Number of Operating Days in Relation to the Number of Days of the Year)	2,450	3,908	5,532	59.5%	41.6%	50.3%
Government Sector Customers					Change	
Weighted Average Number of Vehicles (Based on the Number of Operating Days in Relation to the Number of Days of the Year)	706	794	932	12.5%	17.4%	14.9%

Source: Management information

6.5.5.1 Private Sector

Lease revenue from private sector customers increased from SAR 60.7 million in 2017G to SAR 110.5 million in 2018G mainly due to the Company securing several lease contracts with customers in the logistics and E-commerce sector which use Cargo vehicles to transfer the shipments, in addition to contracts secured in other sectors. Lease revenue contracts further increased by 48.7% from SAR 110.5 million in 2018G to SAR 164.3 million in 2019G, mainly due to the full year effect of contracts signed in 2018G and the new contracts signed in 2019G. The weighted average number of vehicles (based on the number of operating days in relation to the number of days of the year) increased by 41.6% from 3,908 vehicles to 5,532 vehicles across the same period.

6.5.5.2 Government Sector

Lease revenue from Government sector customers increased from SAR 22.3 million in 2017G to SAR 25.9 million in 2018G mainly driven by the full year effect of contracts secured in 2017G resulting in an increase in the weighted average number of vehicles from 706 in 2017G to 794 in 2018G. Revenue from Government customers increased slightly by 3.8% from SAR 25.9 million in 2018G to SAR 26.8 million in 2019G driven by an additional 138 weighted average number of cars as nine new contracts were secured in 2019G.

6.5.6 Lease Revenue by Type of Vehicle

Table 6.8: Lease Revenue According to the Type of Vehicle for the Financial Years Ended 31 December 2017G, 2018G and 2019G

SAR in 000s	2017G	2018G	2019G	Change 2017G-2018G	Change 2018G-2019G	CAGR 2017G-2019G
Non-Trucks	80,828	115,243	153,974	42.6%	33.6%	38.0%
Trucks	2,152	21,131	37,176	882.1%	75.9%	315.7%
Total Lease Revenue	**82,980**	**136,374**	**191,150**	**64.3%**	**40.2%**	**51.8%**
KPIs					**Change**	
Non-Trucks						
Weighted Average Number of Vehicles (Depending on the Number of Operating Days in Relation to the Number of Days of the Year)	3,112	4,269	5,703	37.2%	33.6%	35.4%
Trucks						
Weighted Average Number of Vehicles (Depending on the Number of Operating Days in Relation to the Number of Days of the Year)	44	433	760	885.1%	75.5%	316.0%

Source: Management information

6.5.6.1 Non-Trucks

Revenue from non-truck lease contracts increased by 42.6% from SAR 80.8 million in 2017G to SAR 115.2 million in 2018G and the weighted average number of leased vehicles (based on the number of operating days in relation to the number of days of the year) increased from 3,112 to 4,269 (which represents additional 422 thousand of agreement days). This was driven by the Company securing new contracts which contributed an additional 378 weighted average number of vehicles, coupled with the full year impact and ramp up of contracts with existing clients (contributing an additional 800 weighted average number of leased vehicles). The increase in the number of vehicles was coupled with an increase in the average daily rate by 4.3% from SAR 71.3 in 2017G to SAR 74.3 in 2018G on the back of the change in mix of leased vehicles (type of vehicles for example family, intermediate, pickup etc.).

Revenue from non-truck lease contracts increased by 33.6% from SAR 115.2 million in 2018G to SAR 154.0 million in 2019G due to the increase in revenue from existing contracts by SAR 24.4 million in addition to an increased weighted average number of leased vehicles (based on the number of operating days in relation to the number of days of the year) from 4,269 to 5,703 vehicles whereas the average daily rate slightly decreased by 0.3% from SAR 74.3 in 2018G to SAR 74.1 in 2019G as the Company focused on securing more lease contracts.

6.5.6.2 Trucks

Revenue from trucks increased by 882.1% from SAR 2.2 million in 2017G to SAR 21.1 million in 2018G mainly due to the full year effect in 2018G of a large lease contract secured in 2017G which led to an increase in the weighted average number of cargo trucks (based on the number of operating days in relation to the number of days of the year) by 389 trucks over the same period. This was coupled with a new contract secured in 2018G with a weighted average number of 159 cargo trucks. Revenue from trucks increased by 75.9% from SAR 21.1 million in 2018G to SAR 37.2 million in 2019G mainly driven by new lease contracts secured and the full year effect of contracts won in 2018G. The increase in revenue resulted in an increase in weighted average number of vehicles by 75.5% between 2018G and 2019G, from 433 to 760 across the same period.

6.5.7 Sale of Used Vehicles

Table 6.9: Sale of Used Vehicles for the Financial Years Ended 31 December 2017G, 2018G and 2019G

SAR in 000s	2017G	2018G	2019G	Change 2017G-2018G	Change 2018G-2019G	CAGR 2017G-2019G
Revenue	136,340	111,793	90,594	(18.0%)	(19.0%)	(18.5%)
Cost of Vehicles Sold	(152,717)	(117,154)	(84,790)	(23.3%)	(27.6%)	(25.5%)
Gain/Loss on Sale of Used Vehicles	**(16,377)**	**(5,361)**	**5,804**	**(67.3%)**	**(208.3%)**	**N/A**
KPIs					**Change**	
Number of Used Vehicles Sold	5,552	4,180	3,173	(24.7%)	(24.1%)	(24.4%)
Average Revenue/Used Vehicle per Year (SAR)	24,558	26,745	28,551	8.9%	6.8%	7.8%
Average NBV/Used Vehicle (SAR)	27,507	28,028	26,772	1.9%	(4.7%)	(1.4%)
Number of Sold Cars According to the Sales Channels					**Change**	
Auctions	2,402	1,928	1,796	(474)	(132)	(606)
Showrooms	2,844	2,249	1,233	(595)	(1,016)	(1,611)
Online	-	-	144	-	144	144
External Auctions	290	3	-	(287)	(3)	(290)
Total Loss	**16**	**-**	**-**	**(16)**	**-**	**(16)**
Average Revenue per Car According to the Sales Channels (in SAR)					**Change**	
Auctions	22,436	26,154	27,294	16.6%	4.4%	10.3%
Showrooms	26,416	27,216	30,444	3.0%	11.9%	7.4%
Online	N/A	N/A	28,028	N/A	N/A	N/A
External Auctions	23,819	53,016	N/A	122.6%	N/A	N/A
Total Loss	**25,907**	**N/A**	**N/A**	**N/A**	**N/A**	**N/A**

Source: Management information

6.5.7.1 Revenue From Sale of Used Vehicles

Revenue from the sale of used vehicles decreased by 18.0% from SAR 136.3 million in 2017G to SAR 111.8 million in 2018G primarily due to the decrease in the number of used vehicles sold by 1,372 over the same period. This was primarily due to the closure of the branches in 2017G and 2018G. The average revenue per used vehicle sold increase from SAR 24.6 thousand in 2017G to SAR 26.7 thousand in 2018G which was driven by the improvement in market conditions which allowed higher selling prices in 2018G. The Company also relied more on its own sales channels compared to 2017G rather than on third party auction houses which typically charge commissions.

Revenue from the sale of used vehicles decreased by 19.0% from SAR 111.8 million in 2018G to SAR 90.6 million in 2019G due to the decrease of the number of used vehicles available for sale in 2019G compared to 2018G, as the Company was focused in 2017G on reducing its fleet, which has resulted in an increase in the number of used vehicles available for sale in 2018G. As a result, the number of used vehicles sold decreased from 4,180 in 2018G to 3,173 used vehicles in 2019G, while the average revenue per vehicle sold increased from SAR 26.7 thousand in 2018G to SAR 28.6 thousand in 2019G as a result of (1) improvement in market prices (2) selling cars that were purchased at low prices in the financial year ended 31 December 2017G and sold with profit in the financial year ended 31 December 2019G (3) selling cars mostly through auction channels or Company's showrooms compared to the financial year ended 31 December 2017G whereas the Company depended on external auctions imposing a commission of SAR 50 in addition to 2.5% of the sale price per car (4) selling cars to parties directly for higher prices. General improvement in market in addition to the purchase of vehicles at lower prices in 2017G (whereas most cars were purchased in 2017G) has led to the increase the number of vehicles sold at a gain in 2019G, which increased by 30.0% from 1,875 to 2,437 used vehicles, resulting in a net gain of SAR 5.8 million in 2019G.

6.5.8 Cost of Revenue

Table 6.10: Cost of Revenue Breakdown for the Financial Years Ended 31 December 2017G, 2018G and 2019G

SAR in 000s	2017G	2018G	2019G	Change 2017G-2018G	Change 2018G-2019G	CAGR 2017G-2019G
Depreciation of Property and Equipment	146,637	138,613	176,684	(5.5%)	27.5%	9.8%
Cost of Vehicles Sold	152,717	117,154	84,790	(23.3%)	(27.6%)	(25.5%)
Salaries and Other Employees' Benefits	42,711	44,473	49,673	4.1%	11.7%	7.8%
Insurance Expense	20,162	25,417	34,105	26.1%	34.2%	30.1%
Maintenance and Repair	15,983	14,035	21,539	(12.2%)	53.5%	16.1%
Depreciation on Right-of-Use Assets	-	-	15,895	N/A	N/A	N/A
Rental Expense	27,538	28,370	11,641	3.0%	(59.0%)	(35.0%)
Shipping Expense	4,472	3,075	3,852	(31.2%)	25.3%	(7.2%)
Bank Charges	3,726	2,685	3,461	(27.9%)	28.9%	(3.6%)
Utilities Expense	2,199	1,782	1,335	(19.0%)	(25.0%)	(22.1%)
Impairment Loss	1,556	5,754	302	269.9%	(94.8%)	(55.9%)
Amortization of Intangible Assets	-	216	222	N/A	2.6%	N/A
Other Expenses	7,302	8,407	6,945	15.1%	(17.4%)	(2.5%)
Total	**425,004**	**389,983**	**410,446**	**(8.2%)**	**5.2%**	**(1.7%)**

Source: Audited financial statements for the financial years ended 31 December 2017G, 2018G and 2019G

Table 6.11: Cost of Revenue Key Performance Indicators for the Financial Years Ended 31 December 2017G, 2018G and 2019G

Key Performance Indicators	2017G	2018G	2019G	Change 2017G-2018G	Change 2018G-2019G	CAGR 2017G-2019G
Number of Employees	820	751	758	(69)	7	(62)
Average Monthly Salary in SAR	4,341	4,935	5,461	13.7%	10.7%	12.2%
As a % of Revenue					Change in ppt.	
Depreciation of Property and Equipment	27.4%	26.0%	28.0%	(1.4)	2.0	0.6
Cost of Vehicles Sold	28.5%	22.0%	20.1%	(6.5)	(1.8)	(8.4)
Salaries and Other Employees' Benefits	8.0%	8.4%	7.9%	0.4	(0.5)	(0.1)
Insurance Expense	3.8%	4.8%	5.4%	1.0	0.6	1.6
Maintenance and Repair	3.0%	2.6%	3.4%	(0.3)	0.8	0.4
Depreciation on Right-of-Use Assets	-	-	2.5%	-	2.5	2.5
Rental Expense	5.1%	5.3%	1.8%	0.2	(3.5)	(3.3)
Shipping Expense	0.8%	0.6%	0.6%	(0.3)	-	(0.2)
Bank Charges	0.7%	0.5%	0.5%	(0.2)	-	(0.1)
Utilities Expense	0.4%	0.3%	0.2%	(0.1)	0.1	(0.2)
Impairment Loss	0.3%	1.1%	0.1%	0.8	(1.0)	(0.2)
Amortization of Intangible Assets	-	0.0%	0.0%	-	-	-
Other Expenses	1.4%	1.6%	1.1%	0.2	(0.5)	(0.3)
Total	**79.4%**	**73.2%**	**65.0%**	**(6.2)**	**(8.2)**	**(14.4)**

Source: Management information

6.5.8.1 Depreciation of Property and Equipment

Depreciation consists of depreciation charges for the vehicles which make up the fleet. In 2018G, the Company changed the depreciation estimate for both rental and lease vehicles. For lease vehicles, the Company revised the residual value from nil to a value determined based on the vehicle type along with changing the useful life of the assets from six years to the timing stipulated in the lease contracts (usually ranged between 3-5 years) to be in line with IFRS. This resulted in an increase in the average depreciation charge per leased vehicle from SAR 10.7 thousand in 2017G to SAR 11.6 thousand in 2018G.

For rental, the Company changed the useful life estimate and the residual value in line with IFRS, and accordingly, the average depreciation per rental car decreased from SAR 12.4 thousand in 2017G to SAR 11.2 thousand in 2018G.

As a result, the total depreciation decreased by 5.5% between 2017G and 2018G. It should be noted that this change of estimates was implemented to align with IFRS.

In 2019G, average depreciation per leased vehicle increased by 8.1% to SAR 12.6 thousand per vehicle as the fleet consisted of a higher number of trucks, which have higher depreciation charges given their higher purchase price.

Average depreciation per rental car decreased by 5.2% between 2018G and 2019G to SAR 10.6 thousand as a result of i) the fleet consisting mostly of Compact and Economy vehicles which have a lower depreciation expense per vehicle (given their lower purchase price) ii) the delay in the sale of used vehicles which were fully depreciated but are still rented to customers as per Company policy to meet the higher demand for rental cars in 2019G.

6.5.8.2 Cost of Vehicles Sold

Cost of vehicles sold pertains to the net book value of the used vehicles which are sold at the end of their useful life as a normal course of the Company's operations. Cost of vehicles sold decreased from SAR 152.7 million in 2017G to SAR 117.2 million in 2018G mainly due to a lower number of used vehicles sold, going from 5,552 in 2017G to 4,180 in 2018G, and to a lesser extent the change in the classification of proceeds from total loss cars which are netted off against cost of vehicles sold in 2018G (SAR 5.2 million), while in 2017G (SAR 415 thousand) they are included under the sale of used vehicles caption. This was partly offset by an increase in residual values (mostly on rental vehicles) due to a change in depreciation estimates in line with IFRS.

In 2019G, the cost of vehicles sold decreased to SAR 84.8 million mainly due to a lower number of used vehicles sold which decreased from 4,180 in 2018G to 3,173 used vehicles in 2019G.

6.5.8.3 Salaries and Other Employees' Benefits

Salaries, wages and employees' benefits included within cost of revenue pertain to the costs of cleaning staff, technicians and lease coordinators. Salaries and employees' benefits increased by 4.1% from SAR 42.7 million in 2017G to SAR 44.5 million in 2018G due to the increase in average monthly salary per employee from SAR 4,341 to SAR 4,935 over the same period. This was mainly a result of the application of the laws related to the Saudisation of certain positions resulting in higher average salaries, coupled with an increase in government fees. This increase in average monthly salary was partly offset by the decrease in number of employees by 69 over the same period due to the closure of branches.

Salaries and other employees' benefits increased by 11.7% from SAR 44.5 million in 2018G to SAR 49.7 million in 2019G as a result of the increase in overtime and incentives linked to the Company's strong growth over the year. This has led to an increase in average monthly salary by 10.7% to SAR 5,461 in 2019G.

6.5.8.4 Insurance Expense

Insurance expenses are mainly related to the insurance coverage for the fleet and increased by 26.1% from SAR 20.2 million in 2017G to SAR 25.4 million in 2018G as a result of the change in the insurance policy coverage from a third party liability to a comprehensive coverage for the rental fleet, which naturally carries a higher premium.

Insurance expenses increased by 34.2% from SAR 25.4 million in 2018G to SAR 34.1 million in 2019G driven by the growing fleet. Average insurance cost per vehicle increased by 16.0% from SAR 1,894 in 2018G to SAR 2,196 in 2019G due to the full year impact of the transition from a third party to a comprehensive coverage which was implemented for the rental fleet in April 2018G. This has more than offset the decrease in insurance premiums that were renegotiated downwards in 2019G.

6.5.8.5 Maintenance and Repair

The Company has two main workshops in Riyadh and three others in Jeddah, Abha and Dammam It also owns quick service centers in several cities that offer services such as replacing oil, batteries etc.

Maintenance and repair expenses primarily consist of repairs performed on the fleet (both in-house and by external parties). Maintenance and repair expenses decreased by 12.2% from SAR 16.0 million in 2017G to SAR 14.0 million in 2018G in line with the reduction in the rental fleet by 1,620 vehicles in the same period, but also owing to the increase in coverage of accidents to the rental fleet by switching to a comprehensive coverage.

Maintenance and repair expenses increased by 53.5% from SAR 14.0 million in 2018G to SAR 21.5 million in 2019G mainly due to the increase in average maintenance costs per lease vehicle from SAR 1,393 in 2018G to SAR 1,771 in 2019G as the Company secured additional truck contracts which are characterized by higher maintenance frequency and costs and requiring higher levels of spare parts. This was slightly offset by the increase in insurance claims that are netted off from maintenance costs by SAR 1.0 million between 2018G and 2019G.

6.5.8.6 Depreciation on Right-of-Use Assets

Rental charges were partly recognized as depreciation on right-of-use assets which amounted to SAR 15.9 million in 2019G with the remaining portion being recognised as finance charges for SAR 2.2 million in 2019G.

6.5.8.7 Rental expense

Rental expense is related to the rent of the Company's branches and increased by 3.0% from SAR 27.5 million in 2017G to SAR 28.4 million in 2018G, as new branch opened in 2018G and the full year effect of branches which opened in 2017G have offset the decrease in rent from closed branches. This includes a refund received of SAR 1.0 million upon the closure of the Najran airport branch due to the ongoing geopolitical situation in the Southern region.

Total rental costs (which include rental expenses, depreciation on right of used assets and finance charges in 2019G) increased from SAR 28.4 million in 2018G to SAR 29.7 million in 2019G (out of which SAR 15.9 million in 2019G are classified as depreciation on right-of-use assets as mentioned above) as a result of several airport branches reaching revenue levels which required them to pay a higher revenue share portion as part of their rental agreement. This was coupled with the increase in the number of GPS tracking devices used in line with the increase in the total fleet from 14,165 at 31 December 2018G to 19,101 at 31 December 2019G. As result of the implementation of IFRS 16, the Company recognised right-of-use assets in the balance sheet.

6.5.8.8 Shipping Expense

Shipping expenses are incurred upon the transfer of vehicles between branches. Shipping expenses decreased by 31.2% from SAR 4.5 million in 2017G to SAR 3.1 million in 2018G, as vehicles were shipped to Riyadh and other cities to be sold off in 2017G. Furthermore, in 2018G, the Company established an outlet in Jeddah for vehicles resale which contributed to the decrease in shipping charges.

Shipping expenses increased by 25.3% from SAR 3.1 million in 2018G to SAR 3.9 million in 2019G. This was in line with the increase in utilization of the rental fleet from 72.4% to 73.5% over the same period which resulted in more movement of vehicles between different branches and cities.

6.5.8.9 Bank Charges

Bank charges pertain to point of sale and treasury charges for hedging interest rates. Bank charges decreased by 27.9% from SAR 3.7 million in 2017G to SAR 2.7 million in 2018G due to lower point of sale charges in line with the overall decrease in rental revenue. This was slightly offset by an increase in hedging costs due to a decrease in SAIBOR rates. Indeed, the Company has partly hedged itself against a rise in SAIBOR rates through two profit-rate swaps of SAR 150 million.

Bank charges increased by 28.9% from SAR 2.7 million in 2018G to SAR 3.5 million in 2019G mainly due to an increase in the credit card usage by customers, in line with the growth in rental operations.

6.5.8.10 Utilities Expenses

Utilities expenses consist of electricity and phone charges of branches and decreased by 19.0% from SAR 2.2 million in 2017G to SAR 1.8 million in 2018G due to the Company renegotiating the rates with the service providers as well as discontinuing unused lines as part of cost saving initiatives.

Utilities decreased by 25.0% from SAR 1.8 million in 2018G to SAR 1.3 million in 2019G, mainly as a result of the reallocation of a portion of the expense to general and administrative expenses.

6.5.8.11 Impairment Loss

Impairment loss includes impairment of other fixed assets such as furniture, fixtures etc. pertaining to branches that were closed in 2018G and prior, in addition to the impairment of vehicles. Impairment loss increased by 269.9% from SAR 1.6 million in 2017G to SAR 5.8 million in 2018G relevant to the cars (SAR 0.6 million) and other assets (SAR 5.2 million).

Impairment loss decreased by 94.8% back to normal levels from SAR 5.8 million in 2018G to SAR 302 thousand in 2019G.

6.5.8.12 Amortization of Intangible Assets

Amortization of intangible assets pertains to software, the Company's ERP and the mobile application. In 2019G, the Company restated its audited financial statements to show amortization as a separate line item under cost of revenue, which was previously recorded within depreciation costs. The amortization expense in 2017G is still shown under depreciation as 2017G statements were not restated. In 2018G, the Company revised its amortization estimates, reducing the useful life from ten years to five years to align with IFRS, which resulted in the increase in amortization expense from SAR 74 thousand in 2017G to SAR 216 thousand in 2018G.

Amortization expense amounted SAR 222 thousand in 2019G.

6.5.8.13 Other Expenses

Other expenses consist mostly of traffic violation charges, IT costs and infrastructure costs. They increased by 15.1% from SAR 7.3 million in 2017G to SAR 8.4 million in 2018G mainly due to the increase in "Elm" Company cost by SAR 174 thousand, in line with the increase in the number of rental transactions coupled with an increase in IT costs by SAR 238 thousand pertaining to system maintenance costs of Car Pro, the Company's fleet management system.

Others decreased by 17.4% from SAR 8.4 million in 2018G to SAR 6.9 million in 2019G as a result of allocating certain expenses to general and administrative expenses in 2019G. Total other expenses (Including the portion classified under general and administrative expenses) increased from SAR 9.7 million in 2018G to SAR 11.8 million in 2019G mostly driven by i) the increase in IT and ERP charges by SAR 557 thousand between 2018G and 2019G as a result of higher maintenance costs for Car Pro and ii) an increase in Elm costs by SAR 369 thousand in line with the increase in revenue iii) an increase in commissions paid to external drivers by SAR 193 thousand, in line with increase in the fleet's activity.

6.5.9 Profit by Segment

Table 6.12: Profit and Loss for the Rental Segment for the Financial Years Ended 31 December 2017G, 2018G and 2019G

Rental						
SAR in 000s	2017G	2018G	2019G	Change 2017G-2018G	Change 2018G-2019G	CAGR 2017G-2019G
Revenue	**316,185**	**284,432**	**349,397**	**(10.0%)**	**22.8%**	**5.1%**
Depreciation	(112,756)	(83,921)	(95,378)	(25.6%)	13.7%	(8.0%)
Other Cost of Revenue	(105,923)	(103,276)	(103,857)	(2.5%)	0.6%	(1.0%)
Gross Profit	**97,505**	**97,234**	**150,162**	**(0.3%)**	**54.4%**	**24.1%**
As a % of Rental Revenue				**Change in ppt.**		
Gross Margin	30.8%	34.2%	43.0%	3.3	8.8	12.1

Source: Management information

Rental segment's gross profit decreased slightly by 0.3% from SAR 97.5 million in 2017G to SAR 97.2 million in 2018G primarily as a result of the overall decrease in rental revenue due to the reasons mentioned earlier in the section. However, gross margins increased by 3.3ppt from 30.8% in 2017G to 34.2% in 2018G mainly due to the decrease in depreciation charges coupled with the improvement in the rental fleet utilization from 69.4% in 2017G to 72.4% in 2018G. This increase in gross margins trickled down to the net margins, resulting in an increase in net margin from 9.4% in 2017G to 12.4% in 2018G due to the relative stability of other overhead costs as a percentage of revenue.

Rental gross margin increased further to 43.0% in 2019G mainly driven by (i) volume increase which allowed higher economies of scale and a higher absorption of fixed costs (ii) the absence of the one-off impairment loss of SAR 5.2 million related to other assets booked in 2018G (iii) the reallocation of costs between cost of revenue and general and administrative expenses and (iv) the increase in average daily rental rate between 2018G and 2019G. This increase in gross margins trickled down to the net margins, resulting in an increase in net margin to 21.6% in 2019G for the rental segment.

Table 6.13: Profit and Loss for the Lease Segment for the Financial Years Ended 31 December 2017G, 2018G and 2019G

Lease						
SAR in 000s	2017G	2018G	2019G	Change 2017G-2018G	Change 2018G-2019G	CAGR 2017G-2019G
Revenue	**82,980**	**136,374**	**191,150**	**64.3%**	**40.2%**	**51.8%**
Vehicles Depreciation	(33,881)	(54,692)	(81,306)	61.4%	48.7%	54.9%
Other Cost of Revenue	(19,326)	(30,590)	(44,984)	(58.3%)	(47.1%)	52.6%
Gross Profit	**29,773**	**51,092**	**64,860**	**71.6%**	**26.9%**	**47.6%**
As a % of Lease Revenue					**Change in ppt.**	
Gross Margin	35.9%	37.5%	33.9%	1.6	(3.5)	(1.9)

Source: Management information

Gross margin for the lease segment increased from 35.9% in 2017G to 37.5% in 2018G mainly driven by the increasing proportion of higher margin contracts in the overall lease revenue. This improvement in gross margins trickled down to the net income resulting in an increase in net margin from 19.9% in 2017G to 22.5% in 2018G.

Gross margin subsequently decreased by 3.5 ppt from 37.5% in 2018G to 33.9% in 2019G mainly due to the increase in maintenance costs by SAR 4.9 million in 2019G due to an increase in the trucks fleet, which typically have higher maintenance requirements. This resulted in a decrease in net margin for the lease segment from 22.5% in 2018G to 20.4% in 2019G.

Table 6.14: Profit and Loss for the Sale of Used Vehicles for the Financial Years Ended 31 December 2017G, 2018G and 2019G

Sale of Used Vehicles						
SAR in 000s	2017G	2018G	2019G	Change 2017G-2018G	Change 2018G-2019G	CAGR 2017G-2019G
Revenue	**136,340**	**111,793**	**90,594**	**(18.0%)**	**(19.0%)**	**(18.5%)**
Cost of Revenue	(400)	(350)	(130)	(12.5%)	(62.7%)	(42.9%)
NBV of Vehicles Sold	(152,717)	(117,154)	(84,790)	(23.3%)	(27.6%)	(25.5%)
Gross Profit / (Loss)	**(16,777)**	**(5,711)**	**5,673**	**(66.0%)**	**(199.3%)**	**N/A**
As a % of Revenue from Sale of Used Vehicles					**Change in ppt.**	
Gross Margin	(12.3%)	(5.1%)	6.3%	7.2	11.4	18.6

Source: Management information

The increase in average revenue per used vehicle sold from SAR 24.6 thousand in 2017G to SAR 26.7 thousand in 2018G due to a higher number of used vehicles sold through the Company's own channels, has more than offset the increase in average net book value per used vehicle sold from SAR 27.5 thousand in 2017G to SAR 28.0 thousand in 2018G (increase of 1.9%). This has led to a decrease in losses on sold used vehicles from (12.3%) of revenue from the sale of used vehicles in 2017G to (5.1%) in 2018G.

Gross margin on the sale of used vehicles increased to 6.3% in 2019G mostly as a result of improving market conditions in 2019G which allowed the Company to sell their used vehicles bought in 2017G at a gain in 2019G. This was coupled with the change in the insurance policy from third-party to comprehensive for the rental fleet, allowing the Company to receive a higher compensation for total loss cars. This trickled down to the increase in net margin from sale of used vehicles from a loss of 5.3% of motor sales revenue in 2018G to a gain of 4.6% in 2019G.

6.5.10 Selling and Marketing Expenses

Table 6.15: Selling and Marketing Expenses Breakdown for the Financial Years Ended 31 December 2017G, 2018G and 2019G

SAR in 000s	2017G	2018G	2019G	Change 2017G-2018G	Change 2018G-2019G	CAGR 2017G-2019G
Salaries and Other Employees' Benefits	23,020	24,696	29,508	7.3%	19.5%	13.2%
Advertising Expense	2,447	2,069	2,053	(15.4%)	(0.8%)	(8.4%)
Other Expenses	1,463	516	1,951	(64.8%)	278.5%	15.5%
Total	**26,930**	**27,280**	**33,513**	**1.3%**	**22.8%**	**11.6%**

Source: Audited financial statements for the financial years ended 31 December 2017G, 2018G and 2019G

Table 6.16: Selling and Marketing Expenses KPIs

KPIs				Change		
Number of Employees	223	232	257	9	25	34
Average Monthly Salary in SAR	8,602	8,871	9,568	3.1%	7.9%	5.5%
As a % of Revenue				**Change in ppt.**		
Salaries and Other Employees' Benefits	4.3%	4.6%	4.7%	0.3	0.1	0.4
Advertising Expense	0.5%	0.4%	0.3%	(0.1)	(0.1)	(0.1)
Other Expenses	0.3%	0.1%	0.3%	(0.2)	0.2	0.0
Total	**5.0%**	**5.1%**	**5.3%**	**0.1**	**0.2**	**0.3**

Source: Management information

6.5.10.1 Salaries and Other Employees' Benefits

Salaries and other benefits increased by 7.3% from SAR 23.0 million in 2017G to SAR 24.7 million in 2018G, mainly due to the increase in number of employees by nine, as marketing activities that were previously outsourced were taken in-house. This was coupled with the slight increase in average monthly salaries by 3.1% as a result of the expat workers fees, increased commissions and incentives related to lease revenue.

Salaries and other employees' benefits increased by 19.5% from SAR 24.7 million in 2018G to SAR 29.5 million in 2019G mainly due to the increase in the number of employees by 25, coupled with higher commissions paid as a result of the general improvement achieved by the Company's rental business.

6.5.10.2 Advertising Expense

Advertising expenses are related to subscriptions of SMS, social media channels, publications, billboards and others. Advertising expenses decreased by 15.4% from SAR 2.4 million in 2017G to SAR 2.1 million in 2018G mainly due to the Company's decision to cease outsourced marketing services.

Advertising expenses amounted to SAR 2.1 million in 2019G with no essential change compared with the advertising expenses in 2018G.

6.5.10.3 Other Expenses

Other expenses mostly pertain to the cost of a loyalty points scheme introduced in 2017G and sales commissions paid on auctioned vehicles in Riyadh through agencies. Other expenses decreased by 64.8% from SAR 1.5 million in 2017G to SAR 516 thousand in 2018G as the Company incurred an expense of SAR 600 thousand upon the initiation of the loyalty program in 2017G by granting customers bonus points for the previous two years mileage. This was coupled with a decrease in auction fees as the Company auctioned more cars through its own outlets in 2018G.

Other expenses increased by 278.5% from SAR 516 thousand in 2018G to SAR 2.0 million in 2019G as these included SAR 800 thousand of loyalty points pertaining to 2018G, which has not been accounted for due to a system error which was fixed in 2019G.

6.5.11 General and Administrative Expenses

Table 6.17: General and Administrative Expenses Breakdown for the Financial Years Ended 31 December 2017G, 2018G and 2019G

SAR in 000s	2017G	2018G	2019G	Change 2017G-2018G	Change 2018G-2019G	CAGR 2017G-2019G
Salaries and Other Employees' Benefits	13,488	14,044	18,858	4.1%	34.3%	18.2%
Professional Fees	1,991	3,292	2,248	65.3%	(31.7%)	6.3%
Governmental Fees	1,726	1,418	1,855	(17.8%)	30.8%	3.7%
Utilities Expense	915	741	1,198	(19.0%)	61.6%	14.4%
Hospitality	702	661	865	(5.8%)	30.9%	11.0%
Depreciation of Employee's Cars	3,651	1,492	453	(59.1%)	(69.6%)	(64.8%)
Maintenance and Repair	583	537	285	(7.8%)	(46.9%)	(30.0%)

SAR in 000s	2017G	2018G	2019G	Change 2017G-2018G	Change 2018G-2019G	CAGR 2017G-2019G
Amortization of Intangible Assets	74	-	-	(100.0%)	N/A	N/A
Other Expenses	1,174	1,332	4,862	13.4%	265.0%	103.5%
Total	**24,303**	**23,518**	**30,625**	**(3.2%)**	**30.2%**	**12.3%**

Source: Audited financial statements for the financial years ended 31 December 2017G, 2018G and 2019G

Table 6.18: General and Administrative Expenses KPIs

KPIs				Change		
Number of Employees	87	81	80	(6)	(1)	(7)
Average Monthly Salary in SAR	12,919	14,449	19,644	11.8%	36.0%	23.3%
As a % of Revenue				**Change in ppt.**		
Salaries and Other Benefits	2.5%	2.6%	3.0%	0.1	0.4	0.5
Professional Fees	0.4%	0.6%	0.4%	0.2	(0.2)	0.0
Government Fees	0.3%	0.3%	0.3%	(0.1)	0.0	0.0
Utilities Expense	0.2%	0.1%	0.2%	(0.0)	0.1	0.0
Hospitality	0.1%	0.1%	0.1%	0.0	0.0	0.0
Depreciation of Employees' Cars	0.7%	0.3%	0.1%	(0.4)	(0.2)	(0.6)
Maintenance and Repair	0.1%	0.1%	0.0%	(0.0)	(0.1)	(0.1)
Amortization of Intangible Assets	0.0%	-	-	N/A	N/A	N/A
Others	0.2%	0.3%	0.8%	0.1	0.4	0.3
Total	**4.5%**	**4.4%**	**4.9%**	**(0.1)**	**0.5**	**0.4**

Source: Management information

6.5.11.1 Salaries and Other Employees' Benefits

Salaries and other benefits increased by 4.1% from SAR 13.5 million in 2017G to SAR 14.0 million in 2018G driven by the increase in average monthly salary from SAR 12.9 thousand in 2017G to SAR 14.4 thousand in 2018G, mainly due to increase in work permits fees and annual increments.

Salaries, wages and employees' benefits increased by 34.3% from SAR 14.0 million in 2018G to SAR 18.9 million in 2019G mainly due to a higher level of bonuses paid, in line with the strong performance of the Company in 2019G and the hiring of Marketing and Compliance Directors in 2019G resulting in the increase in average salary per employee from SAR 14.4 thousand in 2018G to SAR 19.6 thousand in 2019G.

6.5.11.2 Professional Fees

Professional fees are mainly related to consulting, tax and auditors' fees. Professional fees increased by 65.3% from SAR 2.0 million in 2017G to SAR 3.3 million in 2018G as the Company hired a third party for consulting work on operational efficiency planning.

Professional fees decreased by 31.7% in 2019G to SAR 2.2 million as no material consulting work was commissioned during the year.

6.5.11.3 Governmental Fees

Governmental fees pertain mostly to license fees for branches, accident estimations, renewal fees for license plates and fines imposed by the Ministry of Transportation. Government fees decreased by 17.8% from SAR 1.7 million in 2017G to SAR 1.4 million in 2018G on the back of the closure of five branches in 2018G resulting in lower license fees.

Government fees increased by 30.8% from SAR 1.4 million in 2018G to SAR 1.9 million in 2019G due to the license fee of new branches opened coupled with higher penalties and fines charged by the Ministry of Transportation.

6.5.11.4 Utilities Expense

Utilities expenses pertain to general utilities such as electricity, phone and internet expenses and decreased by 19.0% from SAR 915 thousand in 2017G to SAR 741 thousand in 2018G primarily due to the closure of five branches in 2018G.

Utilities expenses increased by 61.6% from SAR 741 thousand in 2018G to SAR 1.2 million in 2019G mainly as a result of the reallocation of a portion of the expense to general and administrative expenses.

6.5.11.5 Hospitality

Hospitality expenses are related to general staff amenities and events and decreased by 5.8% from SAR 702 thousand in 2017G to SAR 661 thousand in 2018G in line with the general cost saving initiatives implemented by the Company.

Hospitality expenses increased by 30.9% from SAR 661 thousand in 2018G to SAR 865 thousand in 2019G, in line with the growth in operations.

6.5.11.6 Depreciation of Employees' Cars

Depreciation of employees' cars is mostly related to the depreciation of management employee cars. The Company changed its depreciation estimates in 2018G which resulted in the decrease in depreciation charge by 59.1% from SAR 3.7 million in 2017G to SAR 1.5 million in 2018G.

Depreciation of employees' cars decreased by 69.6% from SAR 1.5 million in 2018G to SAR 453 thousand in 2019G due to a higher number of cars that are still in operation while being fully depreciated.

6.5.11.7 Maintenance and Repair

Maintenance and repair pertain to general repairs of the premises and housing facilities including preventative repairs and amounted to SAR 537 thousand in 2018G.

Maintenance and repair decreased by 46.9% from SAR 537 thousand in 2018G to SAR 285 thousand in 2019G mainly due to reallocation of the expense to cost of revenue as deemed directly linked to the operations.

6.5.11.8 Amortization of Intangible Assets

Amortization of intangible assets pertains to software, the Company's ERP and the mobile applications. In 2018G a reclassification was made by the Company, in order to amend the financial statements whereas the amortization of intangible assets was misstated for SAR 74 thousand in the financial statements of 2017G in regard to the depreciation of properties and equipment. In the financial years ended 31 December 2018G and 2019G, the Company amended the mistake and the reclassifiction was made to show the amortization expense under the cost of revenue. Thus, the amortization decreased by 100.0% from SAR 74 thousand in 2017G to nill in 2018G and 2019G.

6.5.11.9 Other Expenses

Other expenses pertain to IT charges, stationery and internet charges amongst others. Others increased by 13.4% from SAR 1.1 million in 2017G to SAR 1.3 million in 2018G driven by the increase in IT and stationary expenses, in line with the general growth of the business, specifically the lease segment.

Other expenses increased by 265.0% from SAR 1.3 million in 2018G to SAR 4.9 million in 2019G as a result of a higher portion of expenses being allocated to general and administrative expenses from cost of revenue and the increase in internet charges by SAR 321 thousand due to a connection speed upgrade.

6.5.12 Expected Credit Losses

Table 6.19: Expected Credit Losses Breakdown for the Financial Years Ended 31 December 2017G, 2018G and 2019G

SAR in 000s	2017G	2018G	2019G	Change 2017G-2018G	Change 2018G-2019G	CAGR 2017G-2019G
Accounts Receivable	(17,025)	(8,223)	(7,799)	(51.7%)	(5.2%)	(32.3%)
Accrued Revenue	963	(202)	(205)	(121.0%)	1.5%	N/A
Total Expected Credit Losses	**(16,061)**	**(8,425)**	**(8,004)**	**(47.5%)**	**(5.0%)**	**(29.4%)**

Source: Audited financial statements for the financial years ended 31 December 2017G, 2018G and 2019G

Expected credit losses pertain to the allowance for doubtful receivables and accrued revenue and are estimated through the ECL model, in compliance with the adoption of IFRS 9. The ECL model takes into account the type of client, the ageing of receivables and the collection history to determine a probability of default and thus potential arising losses. The Company considers the credit quality of the receivables from the date credit was initially granted up to the end of the reporting period. Expected credit losses decreased by 47.5% from SAR 16.1 million in 2017G to SAR 8.4 million in 2018G. As a result of the first-time adoption of the ECL model, the Company wrote off a number of long outstanding receivables in 2017G. The provision subsequently decreased to SAR 8.4 million in 2018G as higher risk receivables were provisioned for and written off in the previous year. Expected credit losses remained stable and amounted to SAR 8.0 million in 2019G. Please refer to Section 6.5.19 (**Non-Current Assets**).

6.5.13 Other Income

Table 6.20: Other Income for the Financial Years Ended 31 December 2017G, 2018G and 2019G

SAR in 000s	2017G	2018G	2019G	Change 2017G-2018G	Change 2018G-2019G	CAGR 2017G-2019G
Fees – Car Sales	133	109	85	(17.7%)	(22.6%)	(20.2%)
Other Income – Car Agents	1,336	1,459	1,932	9.2%	32.4%	20.3%
Compensation for Damaged Cars - Warehouse Fire	641	-	-	(100.0%)	N/A	N/A
Other Miscellaneous Income	227	540	862	138.2%	59.7%	95.0%
Total	**2,337**	**2,109**	**2,879**	**(9.8%)**	**36.5%**	**11.0%**
As a % of Revenue					**Change in ppt.**	
Fees – Car Sales	0.0%	0.0%	0.0%	0.0	0.0	0.0
Other Income – Car Agents	0.2%	0.3%	0.3%	0.0	0.0	(0.2)
Compensation for Damaged Cars - Warehouse Fire	0.1%	-	-	(0.1)	-	(0.1)
Other Miscellaneous Income	0.0%	0.1%	0.1%	0.1	0.0	0.0
Total	**0.4%**	**0.4%**	**0.5%**	**0.0**	**0.1**	**(0.4)**

Source: Management information

6.5.13.1 Fees – Car Sales

Car sales fees pertain to fees recovered on car ownership transfers that were initially paid by the Company on behalf of customers and have been recovered since. Fees decreased by 17.7% from SAR 133 thousand in 2017G to SAR 109 thousand in 2018G as 2017G due to the decrease in the number of vehicles sold during the same period.

Car sales fees decreased by 22.6% from SAR 109 thousand in 2018G to SAR 85 thousand in 2019G due to the decrease in the number of vehicles sold during the same period.

6.5.13.2 Other Income – Car Agents

Other income – car agents relates to purchase rebates obtained from car agents. The amount increased by 9.2% from SAR 1.3 million in 2017G to SAR 1.5 million in 2018G in line with the increase in the number of purchased vehicles.

Other income – car agents increased by 32.4% to SAR 1.9 million in 2019G, in line with the increase in the Company's fleet and the number of purchased vehicle.

6.5.13.3 Compensation for Damaged Cars - Warehouse Fire

Insurance compensation for damage relates to a compensation on damaged cars, which amounted to SAR 641 thousand in 2017G, as a result of a warehouse fire which occurred in 2016G, which decreased to zero in 2018G and 2019G.

6.5.13.4 Other Miscellaneous Income

Other miscellaneous income is mainly comprised of used spare parts and oils or parts of loss cars which increased by 138.2% from SAR 227 thousand in 2017G to SAR 540 thousand in 2018G due to increased expenses in spare parts in line with the fleet improvement thus allowing the Company to sell more used spare parts.

Miscellaneous income increased by 59.7% from SAR 540 thousand in 2018G to SAR 862 thousand in 2019G, with the increase in sales from used spare parts of cars.

6.5.14 Finance Charges

Table 6.21: Finance Charges for the Financial Years Ended 31 December 2017G, 2018G and 2019G

SAR in 000s	2017G	2018G	2019G	Change 2017G-2018G	Change 2018G-2019G	CAGR 2017G-2019G
Finance Charge - Loans	15,804	16,495	22,339	4.4%	35.4%	18.9%
Finance Charge - Lease Liabilities	-	-	2,179	N/A	N/A	N/A
Total Finance Charges	**15,804**	**16,495**	**24,518**	**4.4%**	**48.6%**	**24.6%**

Source: Audited financial statements for the financial years ended 31 December 2017G, 2018G and 2019G

Finance charges mainly pertain to profit margin paid on the Company's loans. Finance charges increased by 4.4% from SAR 15.8 million in 2017G to SAR 16.5 million in 2018G mainly as a result of an increase in loans used to finance the purchase of vehicles and the fleet expansion.

In 2019G finance charges increased to SAR 24.5 million due to the increase in loans used to finance the further expansion of the fleet. In 2019G, finance charges also included SAR 2.2million pertaining to lease liabilities, as a result of the first-time adoption IFRS 16 during the year.

6.5.15 Zakat

Table 6.22: Zakat for the Financial Years Ended 31 December 2017G, 2018G and 2019G

SAR in 000s	2017G	2018G	2019G	Change 2017G-2018G	Change 2018G-2019G	CAGR 2017G-2019G
Charge for the Year	1,015	2,023	4,114	99.3%	103.4%	101.3%
Additional Provision for Prior Years	-	6,888	4,014	N/A	(41.7%)	N/A
Total Zakat Charges	**1,015**	**8,911**	**8,128**	**778.1%**	**(8.8%)**	**183.0%**

Source: Audited financial statements for the financial years ended 31 December 2017G, 2018G and 2019G

The Company finalized its Zakat status and Zakat dues have been paid out according to Zakat assessments issued for the years up to 2011G. The final Zakat assessments at the date of this Prospectus have not been received from 2012G to 2019G. The Company has submitted its Zakat returns to the General Authority of Zakat and Tax until 31 December 2019G. The Company obtained the Zakat certificates for those years (the latest Zakat certificate is valid up to 30 April 2021G). Zakat expenses amounted to SAR 1.0 million in 2017G, SAR 2.0 million in 2018G, and SAR 4.1 million in 2019G, according to the financial statements.

On 04 August 2019G, the Company received a Zakat assessment from GAZT for the years from 2012G to 2017G including additional Zakat differences of SAR 13.9 million (whereby the Zakat assessment, issued for years 2012G to 2017G, included Zakat assessments of SAR 21.7 million, and Zakat amounts paid of SAR 7.8 million.) The Company has recognized an additional Zakat provision of SAR 6.9 million as of 31 December 2018G. GAZT did not calculate the entire Zakat payment made by the Company with its 2014G Zakat return due to a technical error that occured to the GAZT system "Irad", as the Company calculated the Zakat amound paid for year 2014G within the payments made in the account for Zakat amounting to SAR 0.5 million instead of SAR 2.6 million, and therefore management did not allocate this amount under the Zakat provision related to Zakat assessment, and an objection was filed to the mentioned Zakat asessment within the legal period.

GAZT has responded to the Company and rejected most of the objections that the Company has submitted. The Company appealed to the Tax Committee for Resolution of Tax Violations and Disputes through the General Secretariat of Tax Committees and has also initiated a settlement process with the settlement committee at GAZT offering to settle the case for SAR 4.2 million. No hearings were carried out at the date of this Prospectus by any of these committees to discuss the Company's case.

On 5 March 2020G, the Company received a preliminary assessment from GAZT on its 2018G Zakat return which showed additional Zakat liabilities of SAR 4.0 million. The Company added an amount of SAR 4.0 million under Zakat provision for the year 2019G knowing that, on 10 April 2020G, GAZT issued a final Zakat assessment showing additional Zakat differences of only SAR 2.2 million in light of the clarifications presented by the Company. The Company filed an objection to the mentioned Zakat assessment for 2018G within the legal periods. On 6 June 2020G, in light of the objection submitted, the additional Zakat differences was amended to SAR 1.8 million. On 23 July 2020G, an objection was filed with the General Secretariat of Tax Committees for the remaining amount.

6.5.16 Net Income

Net income increased by 109.2% from SAR 28.7 million in 2017G to SAR 60.1 million in 2018G mainly due to the increase in the lease segment revenue and gross profit in 2018G coupled with the decrease in losses from the sale of used vehicles from SAR 16.7 million in 2017G to SAR 5.7 million in 2018G due to reasons mentioned earlier. This was coupled with the decrease in expected credit losses by SAR 7.6 million between 2017G and 2018G.

Net income increased by 97.7% to SAR 118.8 million in 2019G owing to (i) the growth in revenue in both the rental and lease segments (ii) an improvement in gross margins on the back of rising volumes allowing a higher fleet utilization (iii) the decrease in losses on the sale of used vehicles which converted into a gain of SAR 5.7 million in 2019G.

6.5.17 Other Comprehensive Income

Other comprehensive income consists of items that will not be reclassified to the statement of profit and loss and that include actuarial profits and losses on employee benefit liabilities. The valuations of liabilities under the plans are performed by an independent actuary based on the expected unit credit method. The costs related to these plans primarily consist of the present value of the attributed benefits on an equal basis in each year of service and the interest on this liability in relation to the employee's service in the previous years.

Current and past service costs related to post-service benefits are immediately recorded in profit or loss, while the reversal of the liability is recorded at the discount rates used in profit or loss. Any changes in the net liability due to the actuarial valuation and changes in assumptions are considered as a re-measurement in the statement of other comprehensive income.

The re-measurement of profits and losses arising from the expert's adjustments and changes in actuarial assumptions at the end of the year wherein they occur are directly recorded under other comprehensive income. They are transferred to retained earnings in the statement of changes in shareholders' equity during the period wherein they occur. Accordingly, actuarial losses or profits from employee benefit liabilities amounted to SAR 1.4 million, SAR 921 thousand and a loss of SAR 1.2 million for 2017G, 2018G and 2019G, respectively.

6.5.18 Balance Sheet

Table 6.23: Balance Sheet as of 31 December 2017G, 2018G and 2019G

SAR in 000s	As of 31 December 2017G	As of 31 December 2018G	As of 31 December 2019G
Assets			
Property and Equipment, Net	607,855	750,269	1,027,076
Intangible Assets, Net	800	584	458
Right-of-Use Assets	-	-	46,923
Total Non-Current Assets	608,654	750,853	1,074,456
Inventories	6,062	6,957	6,761
Prepaid Expenses and Other Receivables	32,767	30,781	33,163
Accounts Receivable, Net	58,610	64,677	90,385
Accrued Revenue, Net	2,640	5,773	7,825
Amounts Due from Related Parties	84	100	38
Cash and Cash Equivalent	31,502	33,124	58,970
Total Current Assets	**131,666**	**141,413**	**197,141**
Total Assets	**740,320**	**892,265**	**1,271,598**
Liabilities and Shareholders' Equity			
Liabilities			
Long-Term Loans	92,756	129,320	316,162
Employees' End-of-Service Benefits	21,469	20,182	23,264
Lease Liabilities	-	-	28,613
Total Non-Current Liabilities	114,225	149,502	368,040
Current Portion of Long-Term Loans	180,976	229,623	288,849
Car Agents' Payable	67,217	90,011	85,185
Accounts Payable	3,480	1,682	3,534
Unearned Revenue	-	604	242

SAR in 000s	As of 31 December 2017G	As of 31 December 2018G	As of 31 December 2019G
Accruals and Other Payables	18,568	23,312	39,155
Current Portion of Lease Liabilities	-	-	15,365
Provision for Zakat	4,855	13,766	19,854
Total Current Liabilities	**275,096**	**358,997**	**452,184**
Total Liabilities	**389,321**	**508,500**	**820,224**
Share Capital	153,902	153,902	153,902
Statutory Reserve	55,338	55,338	55,338
Retained Earnings	141,760	174,525	242,134
Total Equity	**351,000**	**383,765**	**451,374**
Total Liabilities and Shareholders' Equity	**740,320**	**892,265**	**1,271,598**

Source: Audited financial statements for the financial years ended 31 December 2017G, 2018G and 2019G

Table 6.24: Balance Sheet KPIs

KPIs			
Days of Sales Outstanding	70	69	66
Days of Inventory Outstanding	16	21	28
Days of Payables Outstanding - Car Car Agents	102	69	56
Cash Conversion Cycle (Days)	**(16)**	**21**	**37**
Return on Assets	3.9%	6.7%	9.3%
Return on Equity	8.2%	15.7%	26.3%
Debt/Equity Ratio	0.8	0.9	1.4

Source: Management information

6.5.19 Non-Current Assets

Table 6.25: Non-Current Assets as of 31 December 2017G, 2018G and 2019G

SAR in 000s	As of 31 December 2017G	As of 31 December 2018G	As of 31 December 2019G
Property and Equipment, Net	607,855	750,269	1,027,076
Intangible Assets, Net	800	584	458
Right-of-Use Assets	-	-	46,923
Total Non-Current Assets	**608,654**	**750,853**	**1,074,456**

Source: Audited financial statements for the financial years ended 31 December 2017G, 2018G and 2019G

6.5.19.1 Property and Equipment, Net

Table 6.26: Property and Equipment

SAR in 000s	As of 31 December 2017G	As of 31 December 2018G	As of 31 December 2019G
Property and Equipment	821,968	992,135	1,354,680
Accumulated Depreciation	(214,113)	(241,866)	(327,604)
Property and Equipment, Net	**607,855**	**750,269**	**1,027,076**

Source: Audited financial statements for the financial years ended 31 December 2017G, 2018G and 2019G

6.5.19.2 Details of Property and Equipment, Net

Table 6.27: Details of the Book Value of the Properties and Equipment as of 31 December 2017G, 2018G and 2019G

SAR in 000s	Lands	Buildings	Cars	Improvements of Rented Buildings	Other Fixed Assets	Total
Cost						
As of 1 January 2017G	**88,013**	**3,580**	**764,919**	**4,578**	**22,087**	**883,176**
Additions	-	853	228,926	580	2,253	232,612
Transfer to Inventory	-	-	(293,821)	-	-	(293,821)
As of 31 December 2017G	**88,013**	**4,433**	**700,024**	**5,158**	**24,340**	**821,968**
Additions	-	-	393,354	932	1,803	396,089
Transferred to Inventory	-	-	(241,786)	-	-	(241,786)
Work in Progress	-	-	15,846		18	15,846
Transferred	-	285	-	(71)	(214)	-
As of 31 December 2018G	**88,013**	**4,718**	**867,438**	**6,018**	**25,948**	**992,135**
Additions	-	487	541,929	642	2,742	545,782
Transfer to Inventory	-	-	(183,254)	-	-	(183,254)
Works Under Execution	-	-	-	-	17	17
As of 31 December 2019G	**88,013**	**5,205**	**1,226,113**	**6,660**	**28,689**	**1,354,680**
Depreciation						
As of 1 January 2017G	**-**	**1,167**	**197,197**	**1,372**	**8,106**	**207,842**
Depreciation for the Year	-	382	147,173	479	2,254	150,288
Depreciation	-	-	1,556	-	-	1,556
Transfer to Inventory	-	-	(145,572)	-	-	(145,572)
Amendments	-	245	-	(609)	365	-
As of 31 December 2017G	**-**	**1,793**	**200,354**	**1,241**	**10,725**	**214,113**
Depreciation for the Year	-	79	134,759	549	4,718	140,105
Depreciation Loss	-	-	564	(162)	5,352	5,754
Transfer to Inventory	-	-	(118,106)	-	-	(118,106)
As of 31 December 2018G	**-**	**1,871**	**217,571**	**1,629**	**20,795**	**241,866**
Depreciation for the Year	-	84	173,602	643	2,808	177,137
Depreciation Loss	-	-	-	-	72	72
Transfer to Inventory	-	-	(91,471)	-	-	(91,471)
As of 31 December 2019G	**-**	**1,955**	**299,702**	**2,272**	**23,675**	**327,604**
Net Book Value						
As of 31 December 2019G	**88,013**	**3,249**	**926,411**	**4,388**	**5,015**	**1,027,076**
As of 31 December 2018G	**88,013**	**2,846**	**649,867**	**4,390**	**5,153**	**750,269**
As of 31 December 2017G	**88,013**	**2,640**	**499,670**	**3,916**	**13,615**	**607,855**

Source: Audited financial statements for the financial years ended 31 December 2017G, 2018G and 2019G

6.5.19.3 Properties and Equipment, Net

Property and equipment mainly consist of cars representing 90% of the total balance as of 31 December 2019G. Property and equipment increased from SAR 607.9 million as on 31 December 2017G to SAR 750.3 million as on 31 December 2018G due to an increase in the number of cars for SAR 150.2 million in line with the growth of the lease services and the renewal of the rental fleet, whereas the Company purchased 6,190 new cars and sold 4,310 used vehicles in 2018G.

Property and equipment increased from SAR 750.3 million as of 31 December 2018G to SAR 1.0 billion as of 31 December 2019G, as a result of vehicle additions that amounted to SAR 541.9 million which contributed to the fleet increase (rental and lease) from 14.165 as of 31 December 2018G to 19.101 cars as of 31 December 2019G in addition to building additions (SAR 486.6 thousand) and other fixed asset additions (SAR 2.7 million) which mainly relate to new branches and leased building improvements for a value of SAR 642 thousand against an annual depreciation fee of SAR 177.1 million.

6.5.19.4 Land

Land mainly relates to the head office plot, parking areas near branches and warehouses for vehicles inventory. The net book value of land amounted to SAR 88.0 million as of 31 December 2017G, 2018G and 2019G and all land plots are fully owned by the Company.

6.5.19.5 Buildings

Buildings mainly include the administration building, some Company branches, auto repair workshops and staff housing facilities. The net book value of buildings slightly increased from SAR 2.6 million as of 31 December 2017G to SAR 2.8 million as of 31 December 2018G as a result of a transfer of SAR 285.0 thousand from leasehold improvements and other fixed assets to buildings.

The net book value of buildings increased from SAR 2.8 million as of 31 December 2018G to SAR 3.2 million as of 31 December 2019G due to additions amounting to SAR 486.6 thousand which relate to new branches.

The value of the additions to buildings amounted to SAR 853 thousand in 2017G and mainly related to the building that was purchased to be used for a new branch in the Central region.

The value of the additions to buildings amounted to 487 thousand in 2019G and mainly related to the renewal to the branch in the Central region.

6.5.19.6 Vehicles

Vehicles include the rental car fleet used for the purposes of rental and lease in addition to employees' cars. The net book value of vehicles increased from SAR 499.7 million as of 31 December 2017G to SAR 649.9 million as of 31 December 2018G primarily as a result of additions to the fleet amounting to SAR 393.4 million in 2018G to increase the size of car fleet (the Company purchased 1,994 vehicles for the lease segment and 4,196 cars for the rental segment), as well as additions to work in progress for a value of SAR 15.8 million which relate to trucks which were received from the car agent but are not readily available for lease.

This was offset by depreciation amounting to SAR 134.8 million for 2018G and transfer to inventory, representing vehicles for sale amounting to SAR 123.7 million.

The net book value of vehicles increased from SAR 649.9 million as of 31 December 2018G to SAR 926.4 million as of 31 December 2019G mainly as a result of further additions to the fleet amounting to SAR 541.9 million in 2019G driven by the growth of both the rental and lease services (the Company added 4,450 cars and 3,856 cars for both segments respectively) against a transfer to inventory for a net book value of SAR 91.8 million and a depreciation charge of SAR 173.6 million.

As of 31 December 2019G, vehicles were 24.4% depreciated whereas the majority of the fleet is less than two years old.

6.5.19.7 Leasehold Improvements

Leasehold improvements mostly pertain to the cost of renovation and development of leased buildings (branches and warehouses). Leasehold improvements increased from SAR 3.9 million as of 31 December 2017G to SAR 4.4 million as of 31 December 2018G due to additions amounting to SAR 931.6 thousand which mainly pertain to renovations and improvements made to branches. This was offset by a depreciation expense of SAR 549.2 thousand in 2018G.

Leasehold improvements remained stable at SAR 4.4 million as of 31 December 2019G as additions amounting to SAR 642.3 thousand were offset by a depreciation charge of SAR 643 thousand. Additions mainly relate to renovations and improvements made to existing and newly opened branches.

6.5.19.8 Other Fixed Assets

Other fixed assets consist of electronics such as computers, IT equipment and workshop tools and office, branches and employee accommodation furniture. The net book value of other fixed assets decreased from SAR 13.6 million as of 31 December 2017G to SAR 5.2 million as of 31 December 2018G, mainly as a result of impairment losses amounting to SAR 5.4 million resulting from the annual impairment exercise carried out by the Company and which mostly relate to closed branches. This was coupled with a higher depreciation expense of SAR 4.7 million for 2018G, following the change in the estimates of certain assets.

Other fixed assets decreased from SAR 5.2 million as of 31 December 2018G to SAR 5.0 million as of 31 December 2019G as the additions of SAR 2.7 million related to the opening of new branches, were offset by a depreciation charge of SAR 2.8 million.

6.5.19.9 Intangible Assets

Table 6.28: Intangible Assets as of 31 December 2017G, 2018G and 2019G

SAR in 000s	As of 31 December 2017G	As of 31 December 2018G	As of 31 December 2019G
Intangible Assets	912	912	1,007
Accumulated Amortization	(112)	(328)	(550)
Net Book Value	**800**	**584**	**458**

Source: Audited financial statements for the financial years ended 31 December 2017G, 2018G and 2019G

Intangible Assets, Net

Intangible assets pertains to the ERP software in use since 2016G. Intangible assets balance decreased from SAR 800 thousand as of 31 December 2017G to SAR 584 thousand as of 31 December 2018G primarily due to the amortization over the same period. In 2018G, the Company revised its amortization estimates, reducing the useful life from ten years to five years, which was the main driver behind the increase in accumulated amortization from SAR 112 thousand as of 31 December 2017G to SAR 328 thousand as of 31 December 2018G. Intangible assets decreased slightly to SAR 458 thousand as of 31 December 2019G mainly due to amortization.

6.5.19.10 Right-of-Use Assets

Table 6.29: Movement in Right-of-use Assets as of 31 December 2017G, 2018G and 2019G

SAR in 000s	As of 31 December 2017G	As of 31 December 2018G	As of 31 December 2019G
At the Beginning of the Period	0.0	0.0	56,038
Additions	0.0	0.0	6,780
Depreciation Expenses	0.0	0.0	(15,895)
At the End of the Period	**0.0**	**0.0**	**46,923**

Source: Audited financial statements for the financial years ended 31 December 2017G, 2018G and 2019G

Right-of-use assets balance which has been recorded in the balance sheet in line with the Company's adoption of the IFRS 16. The right-of-use assets balance amounted to SAR 46.9 million as of 31 December 2019G while the right-of-use depreciation balance amounted to SAR 15.9 million for the same period. The Company lists the right-of-use measured with the current value of the obligations for the discounted lease contracts and amends any payable or advance lease payments.

6.5.20 Current Assets

Table 6.30: Current Assets as of 31 December 2017G, 2018G and 2019G

SAR in 000s	As of 31 December 2017G	As of 31 December 2018G	As of 31 December 2019G
Inventories	6,062	6,957	6,761
Prepaid Expenses and Other Receivables	32,767	30,781	33,163
Accounts Receivable, Net	58,610	64,677	90,385
Accrued Revenue, Net	2,640	5,773	7,825
Amounts Due from Related Parties	84	100	38
Cash and Cash Equivalent	31,502	33,124	58,970
Total Current Assets	**131,666**	**141,413**	**197,141**

Source: Audited financial statements for the financial years ended 31 December 2017G, 2018G and 2019G

Table 6.31: Current Assets KPIs

KPIs			
Days of Receivables	70	69	66
Days of Inventory	16	21	28

Source: Management information

6.5.20.1 Inventories

Table 6.32: Inventories as of 31 December 2017G, 2018G and 2019G

SAR in 000s	As of 31 December 2017G	As of 31 December 2018G	As of 31 December 2019G
Vehicles Held for Sale	3,238	4,589	4,045
Spare Parts and Supplies	2,824	2,369	2,715
Total	**6,062**	**6,957**	**6,761**

Source: Audited financial statements for the financial years ended 31 December 2017G, 2018G and 2019G

Table 6.33: Inventories KPIs

KPIs			
Days of Inventory	16	21	28

Source: Management information

6.5.20.2 Vehicles Held for Sale

Vehicles held for sale relate to used vehicles available for sale and transferred to inventory after the expiry of their useful life, whereas the vehicles are transferred from fixed assets to inventory. The balance of the vehicles held for sale increased from SAR 3.2 million as of 31 December 2017G to SAR 4.6 million as of 31 December 2018G. Vehicles held for sale amounted to SAR 4.0 million as of 31 December 2019G.

6.5.20.3 Spare Parts and Supplies

Spare parts and supplies mainly relate to replacement and interchangeable parts kept in inventory for the maintenance and repair of vehicles and remained relatively stable at an average of SAR 2.6 million between 31 December 2017G and 31 December 2019G.

6.5.20.4 Prepaid Expenses and Other Receivables

Table 6.34: Prepaid Expenses and Other Receivables as of 31 December 2017G, 2018G and 2019G

SAR in 000s	As of 31 December 2017G	As of 31 December 2018G	As of 31 December 2019G
Prepaid Expenses	13,847	20,522	16,924
Advances to Suppliers	15,687	538	7,195
Advances Against Property and Equipment	-	5,709	3,117
Employees' Receivables	2,051	1,930	1,776
Margin Deposits	696	719	1,437
Other Receivables	487	1,364	2,715
Total	**32,767**	**30,781**	**33,163**
As a % of Total Prepaid Expenses and Other Accounts Receivable			
Prepaid Expenses	42.3%	66.7%	51.0%
Advances to Suppliers	47.9%	1.7%	21.7%
Advances Against Property and Equipment	-	18.5%	9.4%
Employees' Receivables	6.3%	6.3%	5.4%
Margin Deposits	2.1%	2.3%	4.3%
Other Receivables	1.5%	4.4%	8.2%
Total	**100.0%**	**100.0%**	**100.0%**

Source: Audited financial statements for the financial years ended 31 December 2017G, 2018G and 2019G

Prepaid Expenses

Prepaid expenses primarily include prepaid rent, car insurance, health insurance, and other prepayments. The balance increased from SAR 13.8 million as of 31 December 2017G to SAR 20.5 million as of 31 December 2018G and decreased to SAR 16.9 million as of 31 December 2019G.

Prepaid rent mostly relates to branches, vehicle warehouses and employee housing facilities and increased from SAR 5.8 million as of 31 December 2017G to SAR 8.8 million as of 31 December 2018G mostly due to the change in the rental payment schedule of the King Khaled International airport in Riyadh (for example, the date specified for advance payments has changed), and the rent paid decreased from SAR 8.8 million as of 31 December 2018G to SAR 766 thousand as of 31 December 2019G mainly due to the reporting of buildings rented under right-of-use assets, in line with the adoption of IFRS 16.

Prepaid car insurance mostly pertains to the insurance of the vehicles which increased from SAR 6.0 million as of 31 December 2017G to SAR 7.8 million as of 31 December 2018G in line with the growing fleet. This was coupled with the Company shifting from a third-party liability coverage to a comprehensive coverage for its rental segment fleet in 2018G. Prepaid car insurance increased from SAR 7.8 million as of 31 December 2018G to SAR 9.6 million as of 31 December 2019G, in line with the vehicle additions made to the overall fleet.

Other prepaid expenses consist of miscellaneous expenses and have increased from SAR 2.0 million as of 31 December 2017G to SAR 3.9 million as of 31 December 2018G as a result of residency fees paid by the Company amounting to SAR 1.6 million in 2018G. This amount was paid back by the government in 2019G in line with the decision to forgo this fee. Other prepaid expenses increased from SAR 3.9 million as of 31 December 2018G to SAR 6.6 million as of 31 December 2019G mainly driven by the increase in advances incurred for Offering expenses by SAR 3.6 million in preparation for the Offering.

6.5.20.5 Advances to Suppliers

Advances to suppliers decreased from SAR 15.7 million as of 31 December 2017G to SAR 538 thousand as of 31 December 2018G mainly as the balance was broken down between advances to suppliers and advances against property and equipment additions, with the majority of the balance as of 31 December 2017G pertaining to advance payments made against amendments to a group of trucks by a supplier to meet the requirements of a main lease customer.

Advance payments made to suppliers increased to SAR 7.2 million as of 31 December 2019G as a result of the decrease in insurance claims in 2019G, whereas the Company settled insurance payments against the claims payable in 2018G which decreased in 2019G.

6.5.20.6 Advances Against Property and Equipment Additions

Advances against property and equipment additions increased from nil as of 31 December 2017G to SAR 5.7 million as of 31 December 2018G as the advances to suppliers' balance at 31 December 2017G included both advances to suppliers and advances against property and equipment additions. Advances against property and equipment additions decreased to SAR 3.1 million as of 31 December 2019G.

6.5.20.7 Employees' Receivables

Employee's receivables primarily consist of staff advances which amounted to SAR 2.1 million, SAR 1.9 million and SAR 1.8 million as of 31 December 2017G, 2018G and 2019G, respectively.

6.5.20.8 Margin Deposits

Margin deposits mostly relate to deposits on letters of guarantees and increased from SAR 696 thousand as of 31 December 2017G to SAR 1.4 million as of 31 December 2019G mainly due to bids placed for the King Khaled International Airport branch in Riyadh.

6.5.20.9 Other Receivables

Other receivables mainly relate to rebates obtained from car agents and VAT receivables, and increased from SAR 487 thousand as of 31 December 2017G to SAR 2.7 million as of 31 December 2019G as a result of higher purchases of vehicles made in 2018G and 2019G, in line with the growth in the Company's lease and rental segments.

6.5.20.10 Accounts Receivable, Net

Table 6.35: Accounts Receivable as of 31 December 2017G, 2018G and 2019G

SAR in 000s	As of 31 December 2017G	As of 31 December 2018G	As of 31 December 2019G
Total Accounts Receivable	80,293	86,274	118,524
Expected Credit Losses	(21,683)	(21,597)	(28,139)
Accounts Receivable, Net	**58,610**	**64,677**	**90,385**

Source: Audited financial statements for the financial years ended 31 December 2017G, 2018G and 2019G

Table 6.36: Accounts Receivable KPIs

Days of Accounts Receivable	70	69	66

Source: Management information

Table 6.37: Accounts Receivable by Customer Type as of 31 December 2017G, 2018G and 2019G

SAR in 000s	As of 31 December 2017G	As of 31 December 2018G	As of 31 December 2019G
Individual – Rental Segment	27,299	26,877	37,504
Corporate – Rental and Lease Segments	46,614	54,974	71,415
Accidents	3,524	3,450	4,617
Car Sales	1,670	-	(695)
Others	1,187	974	5,683
Total Accounts Receivable	**80,294**	**86,274**	**118,524**
Rental Segment – Individuals	(6,563)	(5,964)	(13,844)
Rental and Lease Segment - Companies	(14,097)	(13,855)	(11,441)
Accidents	(1,022)	(1,778)	(2,853)
Total Expected Credit Losses	**(21,683)**	**(21,597)**	**(28,139)**
Accounts Receivable, Net	**58,610**	**64,677**	**90,385**

Source: Management information

6.5.20.11 Ageing of Accounts Receivable

Table 6.38: Ageing of Accounts Receivable as of 31 December 2019G

SAR in 000s	0-90 Days	91-180 Days	181-270 Days	271-360 Days	>360Days	Total
Gross Accounts Receivable	59,232	12,723	6,459	5,670	34,440	118,524
As a % of Total Accounts Receivable	50.0%	10.7%	5.4%	4.8%	29.1%	100.0%

Source: Management information

6.5.20.12 Movement in Expected Credit Losses

Table 6.39: Movement in the Expected Credit Losses as of 31 December 2017G, 2018G and 2019G

SAR in 000s	As of 31 December 2017G	As of 31 December 2018G	As of 31 December 2019G
At the Beginning of the Year	**35,687**	**21,683**	**21,597**
Charge for the Year	17,025	8,223	7,799
Written-Off During the Year	(31,028)	(8,309)	(1,257)
At the End of the Year	**21,683**	**21,597**	**28,139**

Source: Audited financial statements for the financial years ended 31 December 2017G, 2018G and 2019G

6.5.20.13 Gross Accounts Receivables

Gross accounts receivables increased from SAR 80.3 million as of 31 December 2017G to SAR 86.3 million as of 31 December 2018G, mainly driven by the growth in the lease segment which saw an increase in revenue from SAR 83.0 million to SAR 136.4 million between 2017G and 2018G.

Gross accounts receivables increased from SAR 86.3 million as of 31 December 2018G to SAR 118.5 million as of 31 December 2019G, mainly as a result of the increase in receivables from corporate customers (for both lease and rental segments) by SAR 16.4 million and individuals (rental) by SAR 10.6 million, in line with the growth in both segments. This was coupled with the increase in other receivables from SAR 974 thousand as of 31 December 2018G to SAR 5.7 million as of 31 December 2019G which correspond to rebates to receive from car agents and which increased due to collection timing difference between the two years.

6.5.20.14 Expected Credit Losses

The Company follows the Expected Credit Loss (ECL) model for the provision of doubtful debts as per the provisions of IFRS where a model is applied based on past history of collections by type of customers. The ECL was implemented in 2018G, and accordingly applied retrospectively to 2017G. As a result of the first-time adoption of the ECL model, the Company incurred a provision of SAR 17.0 million, and accordingly wrote off numbers 31.0 million of long outstanding receivables. The provision subsequently decreased to SAR 8.2 million in 2018G as higher risk receivables were provisioned for and written off in the previous year. The provision decreased further to SAR 7.8 million in 2019G.

6.5.20.15 Accrued Revenue

Table 6.40: Accrued Revenue as of 31 December 2017G, 2018G, 2019G

SAR in 000s	As of 31 December 2017G	As of 31 December 2018G	As of 31 December 2019G
Accrued Revenue, Gross	5,009	8,344	10,600
Expected Credit Losses	(2,369)	(2,571)	(2,776)
Net Accrued Revenue	**2,640**	**5,773**	**7,824**

Source: Audited financial statements for the financial years ended 31 December 2017G, 2018G and 2019G

Table 6.41: Credit Losses Expected for Accrued Revenue

SAR in 000s	As of 31 December 2017G	As of 31 December 2018G	As of 31 December 2019G
At the Beginning of the Period	**(3,332)**	**(2,369)**	**(2,571)**
Formed During the Period	963	(202)	(205)
At the End of the Period	**(2,369)**	**(2,571)**	**(2,776)**

Source: Audited financial statements for the financial years ended 31 December 2017G, 2018G and 2019G

Accrued Revenue, Gross and Expected Credit Losses

Accrued revenue balance (net) increased from SAR 2.6 million as of 31 December 2017G to SAR 5.8 million as of 31 December 2018G and mainly pertains to earned revenue that is yet to be billed to customers at year end, notably on the rental segment. Expected credit losses amounted to SAR 2.4 million as of 31 December 2017G and SAR 2.6 million as of 31 December 2018G.

Accrued revenue (net) increased from SAR 5.8 million as of 31 December 2018G to SAR 7.8 million as of 31 December 2019G in line with the growth in the Company's rental segment. Expected credit losses amounted to SAR 2.8million as of 31 December 2019G.

6.5.20.16 Transactions with Related Parties

Table 6.42: Transactions with Related Parties as of 31 December 2017G, 2018G and 2019G

SAR in 000s	Transaction Nature	Relationship	31 December 2017G	31 December 2018G	31 December 2019G
Investcorp Saudi Arabia Investments Co.	Revenue	Shareholder	142	147	81
Hamoud Abdullah AlTheeb	Revenue and others income	Shareholder	259	134	150
Theeb Sons Co.	Expenses, revenue and other income	Joint Shareholders	(268)	1,586	9,683
Mohammad Ahmad AlTheeb	Revenue and other revenue and expenses	Shareholder	(840)	(547)	(531)
Nouf Mohammad AlTheeb	Expenses	Shareholder	(91)	-	-
Nawaf Mohammad AlTheeb	Revenue and other income	Shareholder	-	28	28
Naif Mohammad AlTheeb	Revenue and other income	Shareholder	-	55	59
Mohammad Hmoud AlTheeb	Revenue	Shareholder	-	7	-
Ibrahim Ahmad AlTheeb	Revenue	Other	-	706	418
Ahmed Mohammad AlTheeb	Revenue	Shareholder	-	-	19
Madareem Co.	Revenue	Joint Shareholders	342	313	113

Source: Audited financial statements for the financial years ended 31 December 2017G, 2018G and 2019G

Table 6.43: Amounts Due from Related Parties

SAR in 000s	Relationship	31 December 2017G	31 December 2018G	31 December 2019G
Investcorp Saudi Arabia Investments Co.	Shareholder	14	12	-
Hamoud Abdullah AlTheeb	Shareholder	36	7	32
Theeb Sons Co.	Joint Shareholders	-	-	5
Mohammad Ahmad AlTheeb	Shareholder	-	12	-
Nouf Mohammad AlTheeb	Shareholder	-	-	-
Nawaf Mohammad AlTheeb	Shareholder	-	29	-
Naif Mohammad AlTheeb	Shareholder	-	40	0.5
Mohammad Hmoud AlTheeb	Shareholder	-	-	-
Ibrahim Ahmad AlTheeb	Other	-	-	-
Ahmed Mohammad AlTheeb	Shareholder	-	-	-
Madareem Co.	Joint Shareholders	35	-	-
Amounts Due from Related Parties	**-**	**84**	**100**	**38**

Source: Audited financial statements for the financial years ended 31 December 2017G, 2018G and 2019G

Related Party Transactions and Balances

Related parties include shareholders, Board of Directors, key management personnel and entities of which they are principal owners.

The terms of the transactions with related parties are approved by the Company's management and in certain instances by the Company's Board of Directors. Transactions with Board of Directors personnel require a General Assembly approval based on a recommendation from the Board of Directors. Transactions with related parties are entered in the normal course of the Company's business. These balances are expected to be settled in the normal course of business. Pricing policies and terms of these transactions are at arm's length.

6.5.20.17 Cash and Cash Equivalents

Table 6.44: Cash and Cash Equivalents as of 31 December 2017G, 2018G and 2019G

SAR in 000s	As of 31 December 2017G	As of 31 December 2018G	As of 31 December 2019G
Cash at Banks	30,716	32,423	58,393
Cash on Hand	786	700	577
Total	**31,502**	**33,124**	**58,970**

Source: Audited financial statements for the financial years ended 31 December 2017G, 2018G and 2019G

Cash and cash equivalents increased from SAR 31.5 million as of 31 December 2017G to SAR 33.1 million as of 31 December 2018G and further to SAR 59.0 million as of 31 December 2019G as a result of the increase of the Company's activities in line with the growing lease and rental businesses.

6.5.21 Non-Current Liabilities

Table 6.45: Non-Current Liabilities as of 31 December 2017G, 2018G and 2019G

SAR in 000s	As of 31 December 2017G	As of 31 December 2018G	As of 31 December 2019G
Long-Term Loans	92,756	129,320	316,162
Employees' End-of-Service Benefits	21,469	20,182	23,264
Lease Liabilities	-	-	28,613
Total	**114,225**	**149,502**	**368,040**

Source: Audited financial statements for the financial years ended 31 December 2017G, 2018G and 2019G

6.5.21.1 Long-Term Loans

Table 6.46: Long-term Loans as of 31 December 2017G, 2018G and 2019G

SAR in 000s	As of 31 December 2017G	As of 31 December 2018G	As of 31 December 2019G
Loans	273,731	358,943	605,012
Current Portion	(180,976)	(229,623)	(288,849)
Long-Term Loans	**92,756**	**129,320**	**316,162**

Source: Audited financial statements for the financial years ended 31 December 2017G, 2018G and 2019G

Table 6.47: Table of Loans Settlement as of 31 December 2019G*

SAR in 000s	2020G	2021G	2022G	2023G
SAMBA Financial Group	90,355	76,219	52,946	24,491
Al Rajhi Bank	60,300	33,624	10,862	-
Alinma Bank	27,218	22,803	7,441	-
Riyad Bank	27,554	11,443	-	-
Al-Jazira Bank	12,423	-	-	-
Saudi British Bank	39,081	30,807	9,824	3,320
The National Commercial Bank	31,917	26,120	6,262	-
Total	**288,849**	**201,016**	**87,335**	**27,811**

Source: Management information

* All bank loans mentioned above are secured by personal guarantees. To view the outstanding loans as of the date of this Prospectus, please refer to Section 12.6 (**Financing Agreements**).

Table 6.48: Loans Guaranteed with Personal Collateral as of 31 December 2019G*

Lender	Facility Type	Authorized Limit (SAR in 000s)	Outstanding Balance as of 31 December 2019G	Commission Rate	Repayment Period	Key Terms and Covenants
SAMBA	One-off	75,000	51,991	SAIBOR + 2.25%	48 months	Dividend distribution should not exceed 50% of the net income The maximum leverage (total liabilities/adjusted tangible net worth) is 2.25 Tangible net worth is not less than SAR 300.0 million. A consent letter to the Offering Cash deposits of SAR 150 million(**)
SAMBA Financial Group	Revolving limit	50,000	45,975	SAIBOR + 2.25%	48 months	
SAMBA Financial Group	Revolving limit	150,000	146,046	SAIBOR + 2.0%	36 months	
SAMBA Financial Group	Letter of guarantee	15,000	-	SAMA + 0.75%	-	
Al Rajhi Bank	Revolving limit	70,000	42,464	SAIBOR + 2.0%	24 months	Dividend distribution should not exceed 50% of the net income The maximum leverage (total liabilities/adjusted net worth) is two and the minimum tangible net worth is SAR 300.0 million. A consent letter to the Offering Cash deposits of SAR 70 million
Al Rajhi Bank	One-off	85,000	30,235	SAIBOR + 2.0%	36 months	
Al Rajhi Bank	Letter of guarantee	15,000	-	SAMA + 0.50%	-	
Al Rajhi Bank	One-off	50,000	-	SAIBOR + 2.0%	60 months	
Al Rajhi Bank	One-off	100,000	32,087	SAIBOR + 2.0%	36 months	
Riyad Bank	Credit limit	70,000	38,998	SAIBOR + 2.5%	24 months	The maximum leverage (total liabilities/ net worth) 2.0 A consent letter to the Offering
Riyad Bank	For general purposes	2,000	-	Base bank rate + 1.0% (****)	One time	
Riyad Bank	Letter of guarantee	15,000	-	SAMA + 1.75%	-	
Riyad Bank	Interests on the profitable Mubadalah operations	4,000	-	Bank base rate	-	
Riyad Bank	One time	70,000	-	SAIBOR + 2.5%	24-36 months	
Bank Aljazira	Credit limit	70,000	12,423	SAIBOR + 2.0%	24 months	Dividend distribution should not exceed 50% of the net income The maximum leverage (total liabilities/ net equity) 2.0 A consent letter to the Offering
Bank Aljazira	Credit limit	40,000	-	SAIBOR + 2.0%	-	
Bank Aljazira	Letter of guarantee	10,000	-	SAMA + 0.25%	-	

Lender	Facility Type	Authorized Limit (SAR in 000s)	Outstanding Balance as of 31 December 2019G	Commission Rate	Repayment Period	Key Terms and Covenants
Saudi British Bank	One time	14,349	24,673	SAIBOR + 2.0%	48 months	Dividend distribution should not exceed 50% of net income The maximum leverage (total liabilities/ net worth) 2.5 Minimum net worth SAR 200.0 million. A consent letter to the Offering External leverage should not exceed (total external loans/tangible net worth) 1.5
Saudi British Bank	One time	10,324				
Saudi British Bank	One time	25,000	670	SAIBOR + 2.0%	24 months	
Saudi British Bank	Revolving limit	62,000	57,689	SAIBOR + 2.0%	30 months	
Saudi British Bank	Letter of guarantee	20,000	-	SAMA + 0.75%	-	
The National Commercial Bank	One time	60,000	31,312	SAIBOR + 2.0%	30 months	Dividend distribution should not exceed 50% of net income The maximum leverage (total liabilities/ net worth) is 2.0 and the minimum net worth is SAR 280.0 million. A consent letter to the Offering Deposit of 10% of revenue (minimum)
The National Commercial Bank	One time	40,163	29,595	SAIBOR + 2.0%	30 months	
The National Commercial Bank	One time	7,163	3,392	SAIBOR + 2.0%	28 months	
The National Commercial Bank	Letter of guarantee	2,000	-	SAMA + 0.25%	-	
The National Commercial Bank	Working capital financing	5,000	-	SAIBOR + 2.50%	3 months	
The National Commercial Bank	Interests on the profitable Mubadalah operations	8,000	-	Bank base rate	-	
Alinma Bank	Credit limit	75,000	57,462	SAIBOR + 2.0%	36 months	Dividend distribution should not exceed 50% of the net income Cash deposit of 20% of revenue (minimum) The maximum leverage (total liabilities/ net worth) is 2.50 External loans/EBITDA ratio should not exceed 2.5:1 A consent letter to the Offering (****)
Total		**1,219,998**	**605,012**			

Source: Management information

* The above table includes outstanding bank loans as of 31 December 2019G which are all secured by personal guarantees. To view the outstanding loans as of the date of this Prospectus, please refer to Section 12.6 (**Financing Agreements**).

The facility agreement with Samba Bank was renewed on 12/10/1441H (corresponding to 4 June 2020G), with a total value of 319,720,290 Saudi riyals, please refer to Section 12.6 (Financing Agreements**)

*** The facility agreement with Bank Al-Jazira was renewed on 20/9/1441H (corresponding to 13 May 2020G), with a total value of 60,000,000 Saudi riyals, please refer to Section 12.6 (**Financing Agreements**)

**** The facility agreement with Alinma Bank was renewed on 19/12/1441H (corresponding to 09 August 2020G), with a total value of SAR 150,000,000, please refer to Section 12.6 (**Financing Agreements**)

*****The facility agreement with Riyad Bank on 8/4/1439H, corresponding to 27 December 2017G, is the basic interest rate on lending at Riyad Bank and has been updated to 1% above the basic interest rate on lending at Riyad Bank upon renewing the agreement on 5/8/1440H corresponding to 10 April 2019G

Long Term Loans

Long-term loans are mainly utilized for vehicle purchases. Long-term loans balance increased from SAR 273.7 million as of 31 December 2017G to SAR 358.9 million as of 31 December 2018G as a result of the higher number of vehicle purchases made during the year. Long-term loans further increased from SAR 358.9 as of 31 December 2018G to SAR 605.0 million as of 31 December 2019G to finance the fleet expansion on both the lease and rental segments. The current portion of the long-term loans to be settled within one year amounted to SAR 181.0 million as of 31 December 2017G, SAR 229.6 million as of 31 December 2018G and SAR 288.8 million as of 31 December 2019G.

6.5.21.2 Employees' End of Service Benefits

Table 6.49: Movement in the Provision for Employees' End of Service Benefits as of 31 December 2017G, 2018G and 2019G

SAR in 000s	As of 31 December 2017G	As of 31 December 2018G	As of 31 December 2019G
At the Beginning of the Year	**25,989**	**21,469**	**20,182**
Service Costs	2,949	2,662	2,661
Interest Expenses	988	816	864
Paid During the Year	(7,048)	(3,844)	(1,620)
Actuarial Losses/(Profits)	(1,409)	(921)	1,177
At the End of the Year	**21,469**	**20,182**	**23,264**

Source: Management information

Employees' End of Service Benefits

Employees' end of service benefits are estimated using actuarial valuations as per IFRS reporting standards. Employees' end of service benefits balance decreased from SAR 21.5 million as of 31 December 2017G to SAR 20.2 million as of 31 December 2018G primarily due a decrease in the number of employees upon the closure of branches. As of 31 December 2019G the balance increased to SAR 23.3 million mainly as a result of an actuarial loss of SAR 1.2 million which arose from a change in actuarial assumptions as well as an overall increase in headcount.

6.5.21.3 Lease Liabilities

Table 6.50: Movement in the Obligations of the Lease Contract as of 31 December 2017G, 2018G and 2019G

SAR in 000s	As of 31 December 2017G	As of 31 December 2018G	As of 31 December 2019G
As of 1 January 2019G	-	-	51,962
Additions	-	-	6,780
Accumulated Interest	-	-	2,179
Payments	-	-	(16,943)
At the End of the Year	**-**	**-**	**43,978**
Current Portion	-	-	15,365
Non-Current Portion	-	-	28,613

Source: Audited financial statements for the financial years ended 31 December 2017G, 2018G and 2019G

Lease liabilities amounted to SAR 28.6 million as of 31 December 2019G in relation to the lease contract liabilities measured with the present value of the remaining lease payments, discounted using the additional incremental borrowing rate at the date of the beginning of the contract, if the interest rate implicit in the contract cannot be determined immediately. After the commencement date of the contract, the lease liability is increased to reflect the accretion of interest and reduced for the lease payments paid.

6.5.22 Current Liabilities

Table 6.51: Current Liabilities as of 31 December 2017G, 2018G and 2019G

SAR in 000s	As of 31 December 2017G	As of 31 December 2018G	As of 31 December 2019G
Current Portion of Long-Term Loans	180,976	229,623	288,849
Car Agents' Payable	67,217	90,011	85,185
Accounts Payable	3,480	1,682	3,534
Unearned Revenue	-	604	242
Accruals and Other Payables	18,568	23,312	39,155
Current Portion of Lease Liabilities	-	-	15,365
Provision for Zakat	4,855	13,766	19,854
Total Current Liabilities	**275,096**	**358,997**	**452,184**

Source: Audited financial statements for the financial years ended 31 December 2017G, 2018G and 2019G

Table 6.52: KPIs

KPIs			
Days Payable Outstanding - Car Dealership	102	69	56

Source: Management information

6.5.22.1 Current Portion of Long-Term Loans

The current portion of long-term loans represents the portion expected to be repaid in the financial year following the reporting year, according to the repayment schedule. These loans are mainly utilized for vehicle purchases and amounted to SAR 181.0 million as of 31 December 2017G, SAR 229.6 million as of 31 December 2018G and SAR 288.8 million as of 31 December 2019G.

6.5.22.2 Car Agents' Payable

Car agents' payable includes payables that pertain to vehicle purchases from car agents. Car agents payable balance increased from SAR 67.2 million as of 31 December 2017G to SAR 90.0 million as of 31 December 2018G as a result of the higher vehicle purchases during the year. As of 31 December 2019G the car agents' payable balance decreased to SAR 85.2 million mainly due to the Company paying an advance of SAR 9.3 million to a car agent to benefit from favorable terms for the purchase of trucks which was netted off against the related payable.

6.5.22.3 Accounts Payable

Accounts payable mainly include amounts payable for regular expenses other than the payables for vehicle purchases. Accounts payable balance decreased from SAR 3.5 million as of 31 December 2017G to SAR 1.7 million as of 31 December 2018G as a result of a faster settlement of outstanding payables coupled with a higher level of claims from insurance companies which are netted off against the insurance payable balance under accounts payable.

As of 31 December 2019G, accounts payable increased to SAR 3.5 million mainly driven by the increase in payables to insurance providers.

6.5.22.4 Unearned Revenue

Unearned revenue amounted to SAR 604 thousand as of 31 December 2018G and SAR 242 thousand as of 31 December 2019G and relates to amounts received in advance from customers.

6.5.22.5 Accruals and Other Payables

Table 6.53: Accruals and Other Payables as of 31 December 2017G, 2018G and 2019G

SAR in 000s	As of 31 December 2017G	As of 31 December 2018G	As of 31 December 2019G
Accrued Expenses	12,627	14,685	24,678
Advance from Customers	4,291	6,930	10,400
Other Payables	1,650	1,697	4,078
Total	**18,568**	**23,312**	**39,155**

Source: Audited financial statements for the financial years ended 31 December 2017G, 2018G and 2019G

(a) Accrued Expenses

Accrued expenses mainly relate to provisions for paid leave, incentives, accrued interest and deductible insurance. The balance increased from SAR 12.6 million as of 31 December 2017G to SAR 14.7 million as of 31 December 2018G due to the change in insurance coverage from third party liability to comprehensive coverage on the rental segment fleet. Thus, accruals for insurance deductibles increased from nil as of 31 December 2017G to SAR 3.5 million as of 31 December 2018G as the Company submitted a list of claims to insurance companies in 2018G.This was partly offset by a decrease in other accrued expenses, from SAR 2.4 million as of 31 December 2017G to SAR 1.1 million as of 31 December 2018G. As of 31 December 2019G, the balance increased to SAR 24.7 million mainly due to the increase in provision for incentives (+SAR 2.3 million) which have been granted to staff based on the improvement in operations, an increase in accruals related to the Offering expenses (SAR 2.9 million) as well as an increase in rent accruals for certain airport branches (+SAR 1.3 million) in line with the Company's agreement to share a specified percentage of profits with the General Authority of Civil Aviation (the lessor), in addition to the increase in expenses due for spare parts, amounting to SAR 2.8 million, which were previously classified within accounts payable.

(b) Advances from Customers

Advances from customers mainly relate to the corporate lease segment customers. These advances are paid in line with the standard business agreement terms and increased from SAR 4.3 million as of 31 December 2017G to SAR 6.9 million as of 31 December 2018G and further to SAR 10.4 million as of 31 December 2019G in line with the growth in the lease segment revenue.

(c) Other Payables

Other payables relate to GOSI fees, social security fees and customers' loyalty points and remained stable as of 31 December 2017G and 31 December 2018G at SAR 1.7 million. The balance increased to SAR 4.1 million as of 31 December 2019G as the balance included loyalty points pertaining to 2018G of SAR 0.9 million due to an error in the client report in 2018G which was reclassified in 2019G.

(d) Current Portion of Lease Liabilities

The current portion of lease liabilities balance amounted to SAR 15.4 million as of 31 December 2019G and is measured based on the present value of the remaining lease payments, discounted using the incremental borrowing rate at the date of the beginning of the contract in case the interest rate implicit in the contract cannot be determined immediately. After the inception of the contract, the lease liability is increased to reflect an increase in the cost of financing and a decrease in the amount upon next payments.

6.5.22.6 Zakat Provision

Table 6.54: Zakat Provision as of 31 December 2017G, 2018G and 2019G

SAR in 000s	As of 31 December 2017G	As of 31 December 2018G	As of 31 December 2019G
Shareholders Equity	324,347	404,196	472,207
Opening Allowances and Other Adjustments	262,709	433,986	768,723
Book Value of Long-Term Assets	(614,717)	(757,810)	(1,077,171)
Zakatable Income for the Year	40,592	536	-
Zakat Base for the Year	**12,931**	**80,908**	**163,758**
Zakat Charge at 2.5%	**1,015**	**2,023**	**4,114**

SAR in 000s	As of 31 December 2017G	As of 31 December 2018G	As of 31 December 2019G
Zakat Diffences from Prior Years	-	6,888	4,014
Total Zakat	**1,015**	**8,911**	**8,128**
At the Beginning of the Year	3,840	4,855	13,766
Charge for the Year	1,015	2,023	4,114
Differences from Previous Years	-	6,888	4,014
Paid During the Year	(9)	-	(2,039)
At the End of the Year	**4,855**	**13,766**	**19,854**

Source: Audited financial statements for the financial years ended 31 December 2017G, 2018G and 2019G

Provision for Zakat

Provision for Zakat increased from SAR 4.9 million as of 31 December 2017G to SAR 13.8 million as of 31 December 2018G mainly as a result of the additional provision (SAR 6.9 million) taken to cover the additional Zakat exposure identified by GAZT for the years 2012G to 2017G. Provision for Zakat increased further to SAR 19.9 million as of 31 December 2019G due to the Company receiving a preliminary Zakat assessment from GAZT for the year ended 31 December 2018G which showed Zakat differences amounting to SAR 4.0 million. The Company has recorded a provision to cover this amount.

6.5.22.7 Lease Contracts Commitments

Table 6.55: Operating Lease Commitments as of 31 December 2017G, 2018G and 2019G

SAR in 000s	As of 31 December 2017G	As of 31 December 2018G	As of 31 December 2019G
Within One Year	17,983	11,763	-
After One Year but not Later than Five Years	20,117	9,176	-
More than Five Years	805	412	-
Total	**38,905**	**21,351**	**-**

Source: Audited financial statements for the financial years ended 31 December 2017G and 2018G

Lease Contracts Commitments

Leases pertain to the branches and showrooms leased by the Company with terms of up to five years with the possibility of renewal at the end of the contract unless agreed otherwise with the lessor. Operating lease commitments amounted to SAR 38.9 million as of 31 December 2017G and SAR 21.4 million as of 31 December 2018G. Upon the adoption of IFRS 16 in 2019G, the Company recognized right-of-use assets and lease liabilities for those leases previously classified as operating leases.

6.5.22.8 Contingent Liabilities

Table 6.56: Letter of Guarantees as of 31 December 2017G, 2018G and 2019G

SAR in 000s	As of 31 December 2017G	As of 31 December 2018G	As of 31 December 2019G
Letters of Guarantee	-	11,142	28,583

Source: Audited financial statements for the financial years ended 31 December 2017G, 2018G and 2019G

The Company issued letters of guarantee amounting to SAR 11.1 million as of 31 December 2018G and SAR 28.6 million as of 31 December 2019G in relation to its operations of which the bid for a branch at the King Khaled airport in Riyadh.

6.5.23 Equity

Table 6.57: Equity as of 31 December 2017G, 2018G and 2019G

SAR in 000s	As of 31 December 2017G	As of 31 December 2018G	As of 31 December 2019G
Share Capital	153,902	153,902	153,902
Statutory Reserve	55,338	55,338	55,338
Retained Earnings	141,760	174,525	242,134
Total Equity	**351,000**	**383,765**	**451,374**
Return on Equity	8.2%	15.7%	26.3%

Source: Audited financial statements for the financial years ended 31 December 2017G, 2018G and 2019G

Table 6.58: Changes in Equity as of 31 December 2017G, 2018G and 2019G

SAR in 000s	Issued share Capital	Statutory Reserve	Retained Earnings	Total
As of 1 January 2017G	**153,902**	**55,338**	**124,627**	**333,867**
Net Income for the Year	-	-	28,724	28,724
Other Comprehensive Income	-	-	1,409	1,409
Dividends	-	-	(13,000)	(13,000)
As of 31 December 2017G	**153,902**	**55,338**	**141,760**	**351,000**
Net Income for the Year	-	-	60,095	60,095
Other Comprehensive Income	-	-	921	921
Dividends	-	-	(28,250)	(28,250)
As of 31 December 2018G	**153,902**	**55,338**	**174,525**	**383,765**
Net Income for the Year	-	-	118,786	118,786
Other Comprehensive Income	-	-	(1,177)	(1,177)
Dividends	-	-	(50,000)	(50,000)
As of 31 December 2019G	**153,902**	**55,338**	**242,134**	**451,374**

Source: Audited financial statements for the financial years ended 31 December 2017G, 2018G and 2019G

The share capital consists of the authorized, issued and fully paid up capital and comprises 15,390,200 shares of SAR 10 each. Share capital balance remained stable at SAR 153.9 million as of 31 December 2017G, 31 December 2018G and 31 December 2019G.

As required by Saudi Arabian Regulations for Companies and the Company's by-laws, the Company must transfer 10% of its net income for the year to the statutory reserve until it has built up a reserve equal to 30% of its share capital. The Company may resolve to discontinue such transfers when the reserve totals 30% of its share capital. The reserve is not available for distribution. Statutory reserve balance remained stable at SAR 55.3 million as of 31 December 2017G, 31 December 2018G and 31 December 2019G.

Retained earnings amounted to SAR 141.8 million as of 31 December 2017G, SAR 174.5 million as of 31 December 2018G and SAR 242.1 million as of 31 December 2019G in line with the increase in net income for the year from SAR 28.7 million in 2017G to SAR 60.1 million in 2018G and further to SAR 118.8 million as of 31 December 2019G.

Dividends of SAR 13.0 million, SAR 28.3 million and SAR 50.0 million, which represent SAR 0.84 per share, SAR 1.84 per share, and SAR 3.25 per share, were distributed during the years 2017G, 2018G and 2019G, respectively.

6.5.24 Statement of Cash Flows

Table 6.59: Statements of Cash Flows for the Years Ended 31 December 2017G, 2018G and 2019G

SAR in 000s	2017G	2018G	2019G
Net Cash (Used in)/ from Operating Activities	120,322	(21,155)	(128,583)
Net Cash Used in Investing Activities	(4,071)	(18,599)	(3,966)
Net Cash from / (Used in) Financing Activities	(116,920)	41,376	158,665
Net (Decrease) / Increase in Cash and Cash Equivalents During the Year	**(669)**	**1,622**	**25,847**
Cash and Cash Equivalents at the Beginning of the Year	32,171	31,502	33,124
Cash and Cash Equivalents at the End of the Year	**31,502**	**33,124**	**58,970**

Source: Audited financial statements for the financial years ended 31 December 2017G, 2018G and 2019G.

6.5.24.1 Cash Flows from Operating Activities

Table 6.60: Cash flows from Operating Activities for the Years Ended 31 December 2017G, 2018G and 2019G

SAR in 000s	2017G	2018G	2019G
Income Before Zakat	29,739	69,005	126,913
Adjustments to Reconcile Profit Before Zakat to Net Cash Flows:			
Depreciation of Property and Equipment	150,288	140,105	177,137
Amortization of Intangible Assets	74	216	222
Depreciation of Right-of-Use Assets	-	-	15,895
Financing Costs	15,804	16,495	24,518
Expected Credit Loss	16,061	8,425	8,004
Employees' End of Service Benefits	3,937	3,478	3,524
Impairment Loss Against Property and Equipment	1,556	5,754	302
Total Adjustments	**217,459**	**243,478**	**356,516**
Working Capital Adjustments:			
Prepayments and Other Receivables	(6,698)	1,986	(6,458)
Accounts Receivables, Net	(20,718)	(14,290)	(33,507)
Accrued Revenue, Net	3,716	(3,335)	(2,257)
Amounts Due from Related Parties	328	(16)	62
Inventories	153,088	122,785	91,749
Car Agents' Payable	6,107	22,794	(4,826)
Accruals and Other Payables	2,986	3,834	13,965
Unearned Revenue	-	604	(363)
Accounts Payables	27	(1,798)	1,852
Cash from Operating Activities	**356,296**	**376,042**	**416,735**
Additions of Vehicles	(228,926)	(393,354)	(541,929)
Zakat Paid	0	-	(2,039)
Employees' End of Service Benefits Paid	(7,048)	(3,844)	(1,620)
Net Cash from / (Used in) Aperating Activities	**120,322**	**(21,155)**	**(128,853)**

Source: Audited financial statements for the financial years ended 31 December 2017G, 2018G and 2019G

Cash flows from operating activities decreased from SAR 120.3 million in 2017G to an outflow of SAR 21.2 million in 2018G primarily as a result of the increase in additions of vehicles from SAR 228.9 million in 2017G to SAR 393.4 million in 2018G, coupled with a decrease in the change in inventory which includes the cash flows resulting from the sale of cars due to the decrease in the number of vehicles sold from 5,552 vehicles in 2017G to 4,180 vehicles in 2018G.. This was partly offset by an increase in income before Zakat from SAR 29.7 million in 2017G to SAR 69.0 million in 2018G and an increase in car agents' payables.

Cash flow from operating activities decreased to an outflow of SAR 128.9 million in 2019G mainly as a result of the increase in additions of vehicles by SAR 541.9 million in 2019G, in addition to the decrease in the change in inventory which includes the cash flows resulting from the sale of cars due to the decrease in the number of vehicles sold from 4,180 vehicles in 2018G to 3,173 vehicles in 2019G.and the increase in the change in receivables by SAR 19.2 million, as well as the decrease in car agent's payable by SAR 27.6 million due to the faster settlement of outstanding balances.

6.5.24.2 Cash Used in Investing Activities

Table 6.61: Cash Flows from Investing Activities for the Years Ended 31 December 2017G, 2018G and 2019G

SAR in 000s	2017G	2018G	2019G
Additions of Other Property and Equipment	(3,686)	(2,735)	(3,853)
Additions of Intangible Assets	(385)	-	(96)
Work in Progress	-	(15,864)	(17)
Net Cash from / (Used in) Investing Activities	**(4,071)**	**(18,599)**	**(3,966)**

Source: Audited financial statements for the financial years ended 31 December 2017G, 2018G and 2019G

Investing activities include additions of other property and equipment, additions of intangible assets and work in progress. Cash flows used in investing activities increased from SAR 4.1 million in 2017G to SAR 18.6 million in 2018G in line with the additions to capital work in progress of SAR 15.9 million in 2018G which relate to trucks that were received from the car agents but not readily available for lease as modifications were being made based on customer specifications. Cash flows used in investing activities subsequently increased to SAR 4.0 million in 2019G. The additions to capital activities amounted to SAR 17 thousand in 2019G, compared to SAR 15.9 million in 2018G.

6.5.24.3 Cash Flows from Financing Activities

Table 6.62: Cash Flows from Financing Activities for the Years Ended 31 December 2017G, 2018G and 2019G

SAR in 000s	2017G	2018G	2019G
Financing Costs Paid	(14,267)	(15,585)	(22,640)
Proceeds from Term Loans	162,154	319,356	547,275
Repayment of Term Loans	(251,807)	(234,144)	(301,206)
Payment of Principal Portion of Lease Liabilities	-	-	(14,764)
Dividends Paid	(13,000)	(28,250)	(50,000)
Net Cash from / (Used in) Financing Activities	**(116,920)**	**41,376**	**158,665**

Source: Audited financial statements for the financial years ended 31 December 2017G, 2018G and 2019G

Net cash generated from financing activities increased from of a loss of SAR 116.9 million in 2017G to SAR 41.4 million in 2018G as a result of the increase in proceeds from long-term loans from SAR 162.2 million in 2017G to SAR 319.4 million in 2018G, partly offset by loan repayments and an increase in dividends paid.

Net cash generated from financing activities increased from SAR 41.4 million in 2018G to SAR 158.7 million in 2019G due to the increase in proceeds from loans and partly offset by increased loan repayments.

6.5.25 Capitalization and Indebtedness

The table below shows the Company's capitalization and indebtedness as of the financial years ended 31 December 2017G, 2018G and 2019G. This table should be read in conjunction with all audited financial statements and the financial data of the Company. The Company's capitalization increased from SAR 740.3 million as of 31 December 2017G to SAR 892.3 million as of 31 December 2018G and SAR 1.3 billion as of 31 December 2019G as a result of the increase in loans used for vehicle purchases.

Table 6.63: Capitalization and Indebtedness as of 31 December 2017G, 2018G and 2019G

SAR in 000s	As of 31 December 2017G	As of 31 December 2018G	As of 31 December 2019G
Liabilities			
Current Liabilities	275,096	358,997	452,184
Non-Current Liabilities	**114,225**	**149,502**	**368,040**
Total Liabilities	**389,321**	**508,500**	**820,224**
Equity			
Share Capital	153,902	153,902	153,902
Statutory Reserve	55,338	55,338	55,338
Retained Earnings	141,760	174,525	242,134
Total Equity	**351,000**	**383,765**	**451,374**
Total Capitalization (Total Equity + Total Liabilities)	**740,321**	**892,265**	**1,271,598**

Source: Audited financial statements for the financial years ended 31 December 2017G, 2018G and 2019G

6.5.26 First-Time Adoption of International Financial Reporting Standards (IFRS)

The Company's date of transition to IFRS is 1 January 2017G. Some items in the statement of financial position and statement of income and other comprehensive income as 31 December 2017G and 1 January 2017G have been restated as set out below:

Table 6.64: First-Time Adoption of International Financial Reporting Standards (IFRS)

From (SAR)	To (SAR)	As of 31 December 2017G	As of 1 January 2017G
Property and Equipment – Cost	Intangible Assets – Cost	911,556	526,397
Property and Equipment – Accumulated Depreciation	Intangible Assets – Accumulated Amortization	111,644	37,297
Property and Equipment – Cost	Inventories	8,258,026	15,014,702
Property and Equipment – Accumulated Depreciation	Inventories	5,019,856	6,730,334
Accounts Receivables and Prepayments	Prepayments and Other Receivables	32,767,178	26,069,547
Accounts Receivables and Rrepayments	Accounts Receivables, Net	59,148,603	56,880,599
Accounts Receivables and Prepayments	Accrued Revenue	2,639,693	5,392,422
Accruals and Other Payables	Accounts Payables	3,479,575	3,452,518
Cost of Revenue	Selling & Marketing Expenses	12,133,032	-
General and Administrative Expenses	Selling & Marketing Expenses	13,570,413	-
Loss from Sale of Property and Equipment	Revenue	136,340,410	-
Loss from Sale of Property and Equipment	Cost of Revenue	152,717,215	-

Source: Audited financial statements for the financial year ended 31 December 2018G

Table 6.65: Reconciliation of Statement of Financial Position

SAR in 000s	31 December 2017G	IFRS Transition Difference	31 December 2017G (Restated)	1 January 2017G	IFRS Transition Difference	1 January 2017G (Restated)
Assets						
Non-Current Assets						
Property and Equipment, Net	611,893	(4,038)	607,855	684,108	(8,773)	675,334
Intangible Assets, Net	--	800	800	--	489	489
Total Non-Current Assets	**611,893**	**(3,238)**	**608,654**	**684,108**	**(8,284)**	**675,823**
Current Assets						
Inventories	2,824	3,238	6,062	2,617	8,284	10,902
Accounts Receivable and Prepayements	94,555	(94,555)	--	88,343	(88,343)	--
Prepayments and Other Receivables	--	32,767	32,767	--	26,070	26,070
Accounts Receivables, Net	--	58,610	58,610	--	54,917	54,917
Accrued Revenue, Net	--	2,640	2,640	--	5,392	5,392
Amounts Due from Related Party	84	--	84	412	--	412
Cash and Cash Equivalents	31,502	--	31,502	32,171	--	32,171
Total Current Assets	**128,966**	**2,700**	**131,666**	**123,543**	**6,321**	**129,864**
Total Assets	**740,858**	**(538)**	**740,320**	**807,651**	**(1,964)**	**805,687**
Equity and Liabilities						
Equity						
Share Capital	153,902	--	153,902	153,902	--	153,902
Statutory Reserve	55,338	--	55,338	55,338	--	55,338
Retained Earnings	143,633	(1,874)	141,760	128,107	(3,481)	124,627
Total Equity	**352,874**	**(1,874)**	**351,000**	**337,347**	**(3,481)**	**333,867**
Non-Current Liabiities						
Long-Term Loans	92,756	--	92,756	137,164	--	137,164
Employees' End of Service Benefits	20,134	1,335	21,469	24,472	1,517	25,989
Total Non-Current Liabilities	**112,890**	**1,335**	**114,225**	**161,636**	**1,517**	**163,153**
Current Liabilities						
Current Portion of Long-Term Loans	180,976	--	180,976	226,220	--	226,220
Accruals and Other Payables	22,048	(3,480)	18,568	17,497	(3,453)	14,044
Car Agents' Payables	67,217	--	67,217	61,110	--	61,110
Accounts Payable	--	3,480	3,480	--	3,453	3,453
Provision for Zakat	4,855	--	4,855	3,840	--	3,840
Total Current Liabilities	**275,096**	**--**	**275,096**	**308,667**	**--**	**308,667**
Total Liabilities	**387,985**	**1,335**	**389,321**	**470,304**	**1,517**	**471,821**
Total Liabilities and Equity	**740,858**	**(538)**	**740,320**	**807,651**	**(1,964)**	**805,687**

Source: Audited financial statements for the financial year ended 31 December 2018G

Table 6.66: Reconciliation of Statement of Income and Other Comprehensive Income

SAR in 000s	31 December 2017G	IFRS Transition Differences	31 December 2017G (Restated)
Revenue	399,165	136,340	535,506
Cost of Revenue	(284,420)	(140,584)	(425,004)
Gross Profit	**114,746**	**(4,244)**	**110,502**
Selling and Marketing Expenses	--	(26,930)	(26,930)
General and Administrative Expenses	(55,361)	31,058	(24,303)
Expected Credit Losses	--	(16,061)	(16,061)
Loss from Sale of Property and Equipment	(16,377)	16,377	--
Other Income	2,377	--	2,337
Income from Main Operations	**45,345**	**199**	**45,543**
Financing Charges	(15,804)	--	(15,804)
Income Before Zakat	**29,541**	**199**	**29,739**
Zakat	(1,015)	--	(1,015)
Net Income	**28,526**	**199**	**28,724**
Other Comprehensive Income: Items not to be Classified to Profit or Loss In Subsequent Periods: Actuarial Gains on the Obligations of the Employees' Benefits	--	1,409	1,409

Source: Audited financial statements for the financial year ended 31 December 2018G

6.6 Results of the Operations for the Three-Month Period Ended 31 March 2019G and 2020G

6.6.1 Statement of Profit or Loss and Other Comprehensive Income

Table 6.67: Statement of Profit or Loss and Other Comprehensive Income for the Three-month Period Ended 31 March 2019G and 2020G

SAR in 000s	Three-Month Period Ended 31 March 2019G	Three-Month Period Ended 31 March 2020G	Change for the Period
Rental	75,163	88,514	17.8%
Lease	41,698	59,728	43.2%
Total Rental Revenue	**116,861**	**148,243**	**26.9%**
Sale of Used Vehicles	24,770	49,354	99.2%
Total Revenue	**141,631**	**197,597**	**39.5%**
Cost of Revenue – Rental	(72,867)	(93,388)	28.2%
Cost of Vehicles Sold	(23,391)	(43,992)	88.1%
Total Cost of Revenue	**(96,258)**	**(137,380)**	**42.7%**
Gross Profit	**45,373**	**60,217**	**32.7%**
Selling and Marketing Expenses	(7,830)	(8,464)	8.1%
General and Administrative Expenses	(7,183)	(7,369)	2.6%
Expected Credit Losses	(6,170)	(3,566)	(42.2%)
Other Income	151	296	95.4%
Income from Main Operations	**24,342**	**41,114**	**68.9%**
Finance Costs	(5,646)	(7,494)	32.7%

SAR in 000s	Three-Month Period Ended 31 March 2019G	Three-Month Period Ended 31 March 2020G	Change for the Period
Income Before Zakat	**18,695**	**33,620**	**79.8%**
Zakat Charge	(561)	440	(178.5%)
Net Income for the Period	**18,134**	**34,060**	**87.8%**
Other Comprehensive Income not to be Classified to Profit or Loss in Subsequent Periods:			
Remeasurement (Losses) / Gains on Defined Benefit Obligations	-	-	0.0%
Total Comprehensive Income for the Period	**18,134**	**34,060**	**87.8%**
As a % of Revenue			Change in ppt.
Gross Margin	32.0%	30.5%	(1.6)
Selling and Marketing Expenses	5.5%	4.3%	(1.2)
General and Administrative Expenses	5.1%	3.7%	(1.3)
Net Income	12.8%	17.2%	4.4

Source: The reviewed interim financial statements for the three-month period ended 31 March 2020G

Table 6.68: Number of Rental and Lease Vehicles and Number of Vehicles Sold

KPIs	Change		
Rental			
Rental Fleet at Year End (No. of Vehicles)	8,899	10,335	16.1%
Average Daily Rental Fleet (No. of Vehicles)	7,817	9,797	25.3%
Average Annual Rent per Available Car (SAR)	9,615	9,035	(6.0%)
Rental Fleet Utilization	74.3%	70.5%	(3.8)
Lease			
No. of Leased Vehicles at Year End	6,224	8,541	37.2%
Weighted Average Number of Leased Vehicles (Based on the Number of Operating Days in Relation to the Number of Days of the Year) *	5,560	7,902	42.1%
Average Annual Lease per Vehicle (SAR)	7,500	7,558	0.8%
Sale of Used Vehicles			
No. of Used Vehicles Sold	907	1,585	74.8%
Revenue per Used Vehicle Sold (SAR)	27,310	31,138	14.0%

* The weighted average number of rented vehicles is calculated as follows: The number of lease days divided by the number of days for the period under analysis (90 days for the three-month period ended March 2019G and 91 days for the three-month period ended March 2020G).

Source: Management information

Theeb Rent A Car Company is engaged in car rental and lease services, in addition to selling used vehicles after the end of their useful life from rental and lease services.

6.6.1.1 Total Rental Revenue

Total rental revenue is primarily generated through of two main business segments: (1) Rental and (2) Lease. Rental revenue accounted for 45% of total revenue during the three-month period ended 31 March 2020G, while lease revenue accounted for 30% during the same period. In parallel, rental revenue accounted for 53% of total revenue during the three-month period ended 31 March 2019G, while lease income accounted for 29% during the three-month period ended 31 March 2019G.

Total rental revenue increased by 26.9% from SAR 116.9 million during the three-month period ended 31 March 2019G to SAR 148.2 million during the three-month period ended 31 March 2020G due to the growth in both rental and lease segments. Revenue from the lease segment increased by 43.2% from SAR 41.7 million during the three-month period ended 31 March 2019G to SAR 59.7 million during the three-month period ended 31 March 2020G mostly driven by new contracts won (SAR 13.4 million) as well as an increase in revenue from existing contracts signed before and during FY19 (SAR 6.0 million). This was offset by a drop in revenue from contracts that expired during the same period (a loss of SAR 1.2 million). Moreover, revenue from the rental segment increased by 17.8% from SAR 75.2 million during the three-month period ended 31 March 2019G to SAR 88.5 million during the three-month period ended 31 March 2020G, in line with the increase in the overall demand for car rentals as a result of an increase in recreational activities in the Kingdom (for example, the Saudi seasons throughout the Kingdom, particularly the Riyadh season, which was extended to the beginning of 2020G), the grant of tourist visas at the end of 2019G, and the opening of six new branches (SAR 3.0 million) and re-opening of the Najran airport, which contributed to revenue growth during that period. In parallel, revenue from the main branches increased (SAR 7.8 million) due to the renovation of 13 branches, which increased the speed of customer service.

6.6.1.2 Sale of Used Vehicles

Sale of used vehicles consist of the income generated from the sale of vehicles used in rental at the end of their useful life. Sale of used vehicles increased by 99.2% from SAR 24.8 million during the three-month period ended 31 March 2019G (907 vehicles) to SAR 49.4 million during the three-month period ended 31 March 2020G (1,585 vehicles). The increase was primarily driven by an improvement in market conditions which led to higher selling prices with an increase in the average price of used vehicles from SAR 27.3 thousand during the three-month period ended 31 March 2019G to SAR 31.1 thousand during the three-month period ended 31 March 2020G.

6.6.1.3 Cost of Revenue – (Rental)

Cost of revenue – (rental) primarily consist of the vehicle depreciation expenses, which comprise 55% of total costs during the three-month period ended 31 March 2019G and 2020G. Costs of revenue – (rental) include salaries, wages and employee benefits, rental costs, insurance, maintenance and repairs, impairments in value, shipping, bank charges, public utilities, and other costs.

Cost of revenue – (rental) increased from SAR 72.9 million during the three-month period ended 31 March 2019G to SAR 93.4 million during the three-month period ended 31 March 2020G. This is due to the increase in vehicle depreciation expenses (SAR 12.8 million), in line with the increase in the fleet average from 13,377 vehicles during the three-month period ended 31 March 2019G to 17,699 vehicles during the three-month period ended 31 March 2020G. This was coupled with an increase in the depreciation of right-of-use assets by SAR 2.2 million during the same period in connection with signing rental contracts for six new branches. Moreover, salaries, wages and employee benefits increased by SAR 2.0 million due to the employment of 175 new employees over the same period.

6.6.1.4 Cost of Vehicles Sold

The cost of vehicles sold relates to the book value of the vehicles that were sold (and whose useful life has ended) during the period. The cost of the vehicles sold increased from SAR 23.4 million during the threemonth period ended 31 March 2019G to SAR 44.0 million during the three-month period ended 31 March 2020G. This is primarily due to the increase in the number of vehicles sold from 907 vehicles during the three-month period ended 31 March 2019G to 1,585 vehicles during the three-month period ended 31 March 2020G.

6.6.1.5 Gross Margin

The gross margin decreased by 1.6% over the period driven by several factors, including an increase in revenue from the sale of used vehicles, which generally have a lower margin than the rental segment. In addition, the rental fleet utilization percentage decreased from 74.3% to 70.5%, due to the quarantine measures that the Government undertook in light of the Coronavirus pandemic in mid March 2020G, as well as the increase in the number of lease contracts, which generally have lower margins.

6.6.1.6 Selling and Marketing Expenses

Selling and marketing expenses primarily consist of salary, wage and employee benefit expenses related to sales and marketing, as well as advertising and other expenses.

Selling and marketing expenses increased by 8.1% from SAR 7.8 million during the three-month period ended 31 March 2019G to SAR 8.5 million during the three-month period ended 31 March 2020G as a result of the increase in salary, wage and employee benefit expenses (SAR 1.3 million), in line with the employment of 37 new employees during the same period. Moreover, the average monthly cost per employee increased by 3.2% from SAR 9,270 to SAR 9,564 during the same period as a result of an increase in the commissions paid to sales staff, in line with the increase in revenue.

6.6.1.7 General and Administrative Expenses

General and administrative expenses primarily consist of salaries, wages and administrative benefits for administrative staff, professional fees, government fees, depreciation of office buildings and administrative staff's vehicles, public utility expenses, hospitality, maintenance and repair expenses, amortization of intangible assets, etc.

General and administrative expenses increased by 2.6% from SAR 7.2 million during the three-month period ended 31 March 2019G to SAR 7.4 million during the three-month period ended 31 March 2020G. This is primarily due to the increase in professional fees (SAR 357 thousand) for Zakat and other consulting services, an increase in public utilities (SAR 181 thousand) to meet the branches' renovation needs, and remuneration for members of the Board of Directors (SAR 231 thousand), in line with the appointment of an independent member to the Board of Directors. This was offset by a SAR 566 thousand decrease in other salaries and benefits as a result of the decrease in the number of employees and a refund obtained from the Human Resource Development Fund by the Government in the amount of SAR 342 thousand, which led to a decrease in the average monthly cost per employee by 9.1% from SAR 19,698 during the three-month period ended 31 March 2019G to SAR 17,913 during the three-month period ended 31 March 2020G.

6.6.1.8 Expected Credit Losses

Expected credit losses relate to doubtful receivables and accrued revenue, which are estimated through the credit loss model in accordance with IFRS 9. The credit loss model is based on the life of the trade receivables on the date of each financial statement, and the provision is calculated by evaluating the historical repayment ability as compared to future estimates, by type of customer, age of receivable, collection history, and other factors.

Expected credit losses decreased by 42.2% from SAR 6.2 million during the three-month period ended 31 March 2019G to SAR 3.6 million during the three-month period ended 31 March 2020G as a result of an overall improvement in collections, particularly with respect to lease customers, which led to an improvement in the credit loss percentage.

6.6.1.9 Other Income

Other income primarily relates to auto part sales and the volume-based discounts granted by car agents based upon the quantities of cars purchased during the period. Other income increased by 95.4% from SAR 151 thousand during the three-month period ended 31 March 2019G to SAR 296 thousand during the three-month period ended 31 March 2020G as a result of the increase in spare part sales, which are usually accumulated and stored from period to period and sold as needed.

6.6.1.10 Finance Charges

Finance charges relate to the profit margin paid on the loans. Finance charges increased from SAR 5.6 million during the three-month period ended 31 March 2019G to SAR 7.5 million during the three-month period ended 31 March 2020G as the Company withdrew additional loans to finance the purchase of vehicles in addition to a slight increase in the finance charges in relation to rent liabilities.

6.6.1.11 Zakat and Zakat Differences from Prior Years

On 5 March 2020G, the Company received a preliminary assessment from GAZT on its 2018G Zakat return which showed additional Zakat liabilities of SAR 4.0 million. The Company added an amount of SAR 4.0 million under Zakat provision for the year 2019G knowing that, on 10 April 2020G, GAZT issued a final Zakat assessment showing additional Zakat differences of only SAR 2.2 million in light of the clarifications presented by the Company. The Company reversed the provision in the amount of SAR 1.8 million during the three-month period ended 31 March 2020G, which led to a change in the Zakat cost from a loss of SAR 561 thousand during the three-month period ended 31 March 2019G to SAR 440 thousand during the three-month period ended 31 March 2020G. The Zakat provision declined slightly from SAR 19.9 million as of 31 December 2019G to SAR 19.4 million as of 31 March 2020G. The Company filed an objection to the mentioned Zakat assessment for 2018G within the legal periods. On 6 June 2020G, in light of the objection submitted, the additional Zakat differences was amended to SAR 1.8 million. On 23 July 2020G, an objection was filed with the General Secretariat of Tax Committees for the remaining amount.

6.6.1.12 Net Income for the Period

Net income increased by 87.8% from SAR 18.1 million during the three-month period ended 31 March 2019G to SAR 34.1 million during the three-month period ended 31 March 2020G. This is primarily due to the increase in total gross profit by SAR 14.8 million during the same period, primarily in line with the increase in revenue from both rental and lease segments and the increase in the gains resulting from the sales of used vehicles.

6.6.1.13 Other Comprehensive Income

Other comprehensive income consists of items that will not be reclassified to the statement of profit and loss and that include actuarial profits and losses on employee benefit liabilities. The valuations of liabilities under the plans are performed by an independent actuary based on the expected unit credit method. The costs related to these plans primarily consist of the present value of the attributed benefits on an equal basis in each year of service and the interest on this liability in relation to the employee's service in the previous years.

Current and past service costs related to post-service benefits are immediately recorded in profit or loss, while the reversal of the liability is recorded at the discount rates used in profit or loss. Any changes in the net liability due to the actuarial valuation and changes in assumptions are considered as a re-measurement in the statement of other comprehensive income.

The re-measurement of profits and losses arising from the expert's adjustments and changes in actuarial assumptions at the end of the year wherein they occur are directly recorded under other comprehensive income. They are transferred to retained earnings in the statement of changes in shareholders' equity during the period wherein they occur. Actuarial (losses)/profits for employee benefit liabilities were nil for the three-month period ended 31 March 2019G and 2020G.

6.6.2 Revenue by Business Segment

Table 6.69: Revenue by Segment for the Three-Month Period Ended 31 March 2019G and 2020G

SAR in 000s	Three-Month Period Ended 31 March 2019G	Three-Month Period Ended 31 March 2020G	Change for the Period
Rental	75,163	88,514	17.8%
Lease	41,698	59,728	43.2%
Total Rental Revenue	116,861	148,243	26.9%
Sale of Used Vehicles	24,770	49,354	99.2%
Total Revenue	141,631	197,597	39.5%
As a % of Revenue			Change in ppt.
Rental	53.1%	44.8%	(8.3)
Lease	29.4%	30.2%	0.8
Sale of Used Vehicles	17.5%	25.0%	7.5

Source: Management information

Table 6.70: Number of Rental and Lease Vehicles and Number of Used Vehicles Sold

		Number of Vehicles	Change
Rental – (Total Avg. Daily Fleet Available)	7,817	9,797	25.3%
Lease – (Based on Weighted Average Number of Leased Vehicles)	5,560	7,902	42.1%
Used Vehicles Sold	907	1,585	74.8%
Average Revenue per Vehicle for the Three-Month Period Ended 31 March 2019G and 2020G (SAR)			Change
Rental	9,615	9,035	(6.0%)
Lease	7,500	7,558	0.8%
Sale of Used Vehicles	27,310	31,138	14.0%
Utilization			Change in ppt.
Rental Fleet Utilization	74.3%	70.5%	(3.8)

Source: Management information

6.6.2.1 Rental Revenue

Rental revenue include revenue from individuals and companies. The rental revenue from individuals consist of walk-in customers and member customers. Walk-in customers are individuals who visit the Company's websites to meet their car rental needs, and member customers are customers who have joined the Theeb membership programme.

Rental revenue from companies consist of corporate customers from the private and government sectors. Rental revenue from individuals and companies totalled 92.1% and 7.9% of total rental revenue, respectively, for the three-month period ended 31 March 2020G.

Rental revenue increased by 17.8% from SAR 75.2 million during the three-month period ended 31 March 2019G to SAR 88.5 million during the three-month period ended 31 March 2020G. This is primarily due to an overall increase in demand for the rental fleet as a result of the entertainment events that are on-going in the Kingdom, particularly as a result of extension of the Riyadh season. Moreover, the Government began granting tourist visas at the end of 2019G, which encouraged the Company to increase the daily average fleet for the rental segment from 7,817 during the three-month period ended 31 March 2019G to 9,797 during the three-month period ended 31 March 2020G, particularly in the Economy and other small car categories.

The Company's branches in all regions experienced an increase in revenue during the three-month period ended 31 March 2020G, particularly in the Central, Western and Southern regions. This is primarily due to the increase in the number of branches opened during the financial year of 2019G (SAR 3.2 million) in Al Ula, Makkah, Al Taif, Neom and the new King Khalid airport branch (Terminal No. 1) in Riyadh during the financial year of 2020G (SAR 735 thousand). This was also coupled with the renovations of the 13 branches (five branches in Riyadh and three branches in Abha, among other cities) and the other aforementioned reasons.

Despite the increase in total rental revenue during the period, the rental fleet utilization percentage decreased by 3.8% from 74.3% during the three-month period ended 31 March 2019G to 70.5% during the three-month period ended 31 March 2020G. The decrease mostly occurred during the last 19 days of March 2020G due to the quarantine measures that the Government undertook in light of the Coronavirus pandemic, which included the closure of airports. The rental fleet utilization percentage increased by 0.5% in January and 1.3% in February 2020G as compared to the previous period but decreased by 13.6% in March 2020G.

6.6.2.2 Lease Revenue

Lease revenue consists of the long-term rental revenue from vehicles such as trucks and other vehicles to companies. Lease revenue increased by 43.2% from SAR 41.7 million during the three-month period ended 31 March 2019G to SAR 59.7 million during the three-month period ended 31 March 2020G. This is primarily due to the increase in revenue from contracts recently obtained during the three-month period ended 31 March 2020G (SAR 13.4 million), and renewal of the current contracts as well as the full effect of the rental contracts that the Company entered into before and during the financial year of 2019G. In contrast, revenue from expired contracts decreased (a loss of SAR 1.2 million) during the same period in addition to other contracts in line with the Company focus on smaller and more affordable car categories such as economy cars and compact cars.

6.6.2.3 Sale of Used Vehicles

Sale of used vehicles consists of the sale of used vehicles from the rental and lease segments after their useful life ends. Vehicle sale revenue increased by 99.2% from SAR 24.8 million during the three-month period ended 31 March 2019G to SAR 49.4 million during the three-month period ended 31 March 2020G. This is primarily due to the Company selling 907 vehicles during the three-month period ended 31 March 2019G and 1,585 vehicles during the three-month period ended 31 March 2020G. Moreover, the overall average price of vehicles sold increased during the three-month period ended 31 March 2020G due to an improvement in market conditions. Indeed, average revenue per used vehicle sold increased by 14.0% from SAR 27.3 thousand to SAR 31.1 thousand.

6.6.3 Rental Revenue by Region

Table 6.71: Rental Revenue by Region for the Three-Month Period Ended 31 March 2019G and 2020G

SAR in 000s	Three-Month Period Ended 31 March 2019G	Three-Month Period Ended 31 March 2020G	Change for the Period
Central	38,142	44,833	17.5%
Western	13,724	17,582	28.1%
Eastern	12,181	12,232	0.4%
Southern	11,005	13,504	22.7%
Northern	2,640	2,959	12.1%
Others	(2,529)	(2,596)	2.6%
Total Rental Revenue	75,163	88,514	17.8%
As a % of Total			Change in ppt.
Central	50.7%	50.7%	(0.1)
Western	18.3%	19.9%	1.6
Eastern	16.2%	13.8%	(2.4)
Southern	14.6%	15.3%	0.6
Northern	3.5%	3.3%	(0.2)
Others	(3.4%)	(2.9%)	0.4
Average Daily Rental Fleet			Percentage Change
Central	3,672	4,541	23.7%
Western	1,509	1,985	31.5%
Eastern	1,285	1,568	22.0%
Southern	1,052	1,386	31.7%
Northern	299	317	5.8%
Average Daily Fleet Rented (Rental)			Percentage Change
Central	2,717	3,276	20.6%
Western	1,123	1,387	23.5%
Eastern	954	1,004	5.2%
Southern	799	998	24.9%
Northern	213	240	12.5%
Utilization %			Change in ppt.
Central	74.0%	72.1%	(1.9)
Western	74.4%	69.9%	(4.5)
Eastern	74.2%	64.0%	(10.2)
Southern	75.9%	72.0%	(3.9)
Northern	71.3%	75.8%	4.5
Number of Branches			Change
Central	14	15	1
Western	12	15	3
Eastern	7	7	-
Southern	7	8	1
Northern	2	3	1

Source: Management information

6.6.3.1 Central Region

The revenue of the branches in the Central region increased by 17.5% from SAR 38.1 million in the three-month period ended 31 March 2019G to SAR 44.8 million in the three-month period ended 31 March 2020G. This has been mainly driven by the five branches in Riyadh, which witnessed an increase due to the extension of the Riyadh season until the beginning of 2020G an increase in tourism due to the granting of tourist visas by the Government, and due to the renovations in some branches. While the average daily fleet increased from 3,672 cars in the three-month period ended 31 March 2019G to 4,541 cars in the three-month period ended 31 March 2020G, whereas the utilization decreased from 74.0% to 72.1% during the same period due to the quarantine measures undertaken by the Government in light of the Coronavirus pandemic.

6.6.3.2 Western Region

The revenue of the Western region branches increased by 28.1% from SAR 13.7 million in the three-month period ended 31 March 2019G to SAR 17.6 million in the three-month period ended 31 March 2020G. This has been mainly driven by the opening of the Al Ula branch (SAR 1.1 million), the Ring Road branch in Makkah (SAR 1.0 million) and the Al Taif branch (SAR 987 thousand). However, the utilization decreased from 74.4% to 69.9% during the same period due to the quarantine measures undertaken by the Government in light of the Coronavirus pandemic.

6.6.3.3 Eastern Region

The revenue of the Eastern region branches was SAR 12.2 million in the three-month period ended 31 March 2019G and 2020G, with the average daily fleet increase from 1,285 cars to 1,568 cars during the same period. In contrast, the utilization decreased from 74.2% to 64.0% during the same period due to the quarantine measures undertaken by the Government in light of the Coronavirus pandemic.

6.6.3.4 Southern Region

The revenue of the Southern region branches increased by 22.7% from SAR 11.0 million in the three-month period ended 31 March 2019G to SAR 13.5 million in the three-month period ended 31 March 2020G. This has been mainly driven by the increase in revenue from the Jazan airport branch (SAR 1.0 million) due to an increase in tourism in the region, as well as an increase in revenue from the re-opening of the Najran airport branch (SAR 463 thousand). While the average daily fleet increased from 1,052 cars to 1,386 cars, the utilization decreased from 75.9% to 72.0% during the same period due to the quarantine measures undertaken by the Government in light of the Coronavirus pandemic.

6.6.3.5 Northern Region

The revenue of the Northern region branches increased by 12.1% from SAR 2.6 million in the three-month period ended 31 March 2019G to SAR 3.0 million in the three-month period ended 31 March 2020G. This has been mainly driven by the increase in revenue from the King Fahd branch in Tabuk. Moreover, the average daily fleet increased from 299 cars to 317 cars during the same period, and the utilization increased from 71.3% to 75.8% during the same period despite the quarantine measures undertaken by the Government in light of the Coronavirus pandemic due to renovations undertaken for King Fahd Airport in Tabuk.

6.6.3.6 Other Revenue

Other revenue consists of traffic fines collected from customers and revenue from rented cars which have not been collected yet and which management deemed uncollectible as well as adjustments that are related to previous periods and that have not been allocated by region. Other revenue amounted to SAR 2.5 million and SAR 2.6 million in the three-period ended 31 March 2019G and 2020G, respectively.

6.6.4 Rental Revenue by Branch

Table 6.72: Details of Rental Revenue by Branch for the Three-Month Period Ended 31 March 2019G and 2020G

SAR in 000s	Three-Month Period Ended 31 March 2019G	Three-Month Period Ended 31 March 2020G	Change for the Period
Airport Branches	33,110	35,128	6.1%
City Branches	44,582	55,982	25.6%
Others	(2,529)	(2,596)	2.6%
Total	**75,163**	**88,514**	**17.8%**
As a % of Total			**Change in ppt.**
Airport Branches	44.1%	39.7%	(4.4)
City Branches	59.3%	63.2%	3.9
Others	(3.4%)	(2.9%)	0.4
Fleet Daily Average			**Change**
Airport Branches	2,780	3,018	8.5%
City Branches	5,037	6,779	34.6%
Daily Average for (Rented) Fleet			Change
Airport Branches	2,133	2,292	7.4%
City Branches	3,672	4,613	25.6%
Operation Percentage			**Change in ppt.**
Airport Branches	76.7%	75.9%	(0.8)
City Branches	72.9%	68.0%	(4.9)

Source: Management information

6.6.4.1 Airport Branches

Airport branches totalled 11 branches as of March 2019G and 14 branches as of 31 March 2020G. Airport branches revenue increased by 6.1% from SAR 33.1 million during the three-month period ended 31 March 2019G to SAR 35.1 million during the three-month period ended 31 March 2020G despite the quarantine measures undertaken by the Government in light of the Coronavirus pandemic. Indeed, demand had generally increased in the period preceding the quarantine measures due to the extension of Riyadh Season to the beginning of 2020G as well as the increase in tourism in line with the growth of tourist visas.

6.6.4.2 City Branches

City branches totalled 31 branches as of March 2019G and 34 branches as of March 2020G. City branches revenue increased by 25.6% from SAR 44.6 million during the three-month period ended 31 March 2019G to SAR 56.0 million during the three-month period ended 31 March 2020G. This was due to the increase in demand, particularly in the Central region, with the extension of the Riyadh season until the beginning of 2020G, and in the Western Region with the opening of new branches (SAR 3.0 million) - Al Ula branch and the Ring Road branch in Makkah and the Al Taif branch.

The average daily fleet increased from 5,037 cars during the three-month period ended 31 March 2019G to 6,779 cars during the three-month period ended 31 March 2020G.

6.6.4.3 Other Revenue

Other revenue consists of traffic fines collected from customers, and revenue from rented cars which have not been collected yet and which management deemed uncollectible as well as adjustments that are related to previous periods and that have not been allocated by airport and city branch.

6.6.5 Lease Segment

Table 6.73: Lease by Customer Type for the Three-Month Period Ended 31 March 2019G and 2020G

SAR in 000s	Three-Month Period Ended 31 March 2019G	Three-Month Period Ended 31 March 2020G	Change for the Period
Private	35,239	49,744	41.2%
Government	6,458	9,985	54.6%
Total	**41,698**	**59,728**	**43.2%**
KPIs			
Private Sector Customers			**Change in ppt.**
Weighted Average Number of Vehicles (Based on the Number of Operating Days in Relation to the Number of Days of the Year)	4,749	6,597	38.9%
Government Sector Customers			**Change in ppt.**
Weighted Average Number of Vehicles (Based on the Number of Operating Days in Relation to the Number of Days of the Year)	811	1,306	61.0%

Source: Management information

6.6.5.1 Private Sector

Lease revenue from private sector customers increased from SAR 35.2 million during the three-month period ended 31 March 2019G to SAR 49.7 million during the three-month period ended 31 March 2020G, primarily in line with the increase in revenue from one of the key customers (SAR 1.4 million) following the renewal of the contract during the three-month period ended 31 March 2020G, as well as the new contracts won and the increase in revenue resulting from the full effect of the contracts that the Company entered into during the previous period.

6.6.5.2 Government Sector

Lease revenue from government sector customers increased from SAR 6.5 million during the three-month period ended 31 March 2019G to SAR 10.0 million during the three-month period ended 31 March 2020G, primarily in line with the increase in revenue from one of the key customers during the same period and the higher number of vehicles rented by that client.

6.6.6 Lease Revenue by Type of Vehicle

Table 6.74: Details of Lease Revenue by Type of Vehicle for the Three-Month Period Ended 31 March 2019G and 2020G

SAR in 000s	Three-Month Period Ended 31 March 2019G	Three-Month Period Ended 31 March 2020G	Change for the Period
Non-Trucks	33,808	48,608	43.8%
Trucks	7,890	11,120	40.9%
Total Lease Revenue	41,698	59,728	43.2%
KPIs			**Change**
Non-Trucks			
Weighted Average Number of Vehicles (Based on the Number of Operating Days in Relation to the Number of Days of the Period)	4,907	6,988	42.4%
Trucks			
Weighted Average Number of Vehicles (Based on the Number of Operating Days in Relation to the Number of Days of the Period)	652	914	40.1%

Source: Management information

6.6.6.1 Non-Trucks

Revenue from non-truck contracts increased by 43.8% from SAR 33.8 million during the three-month period ended 31 March 2019G to SAR 48.6 million during the three-month period ended 31 March 2020G. This is primarily due to new contracts acquired (SAR 10.5 million), and the increase in existing contracts renewals as well as the full year ramp up of contracts won in the previous year (SAR 5.6 million) which led to the increase in the weighted average number of rented non-trucks (based on the number of operating days as a percentage of the days in the period) from 4,907 to 6,988 non-trucks. It is worth noting that in addition to the increase in the number of non-trucks, the average daily revenue for each non-truck (in SAR) increased by 0.2% from SAR 76.2 during the three-month period ended 31 March 2019G to SAR 76.4 during the three-month period ended 31 March 2020G.

6.6.6.2 Trucks

Revenue from truck contracts increased by 40.9% from SAR 7.9 million during the three-month period ended 31 March 2019G to SAR 11.1 million during the three-month period ended 31 March 2020G. This is primarily due to new contracts secured (SAR 3.0 million) and the renewal and full year ramp up of several existing contracts secured in the previous period (SAR 404 thousand), which led to an increase in the weighted average number of cargo trucks (based upon the number of operating days as a percentage of the number of days in the period) by 262 trucks during the same period.

6.6.7 Sales of Used Vehicles

Table 6.75: Details of Sale of Used Vehicles for the Three-Month Period Ended 31 March 2019G and 2020G

SAR in 000s	Three-Month Period Ended 31 March 2019G	Three-Month Period Ended 31 March 2020G	Change for the Period
Revenue	24,770	49,354	99.2%
Cost of Vehicles Sold	(23,391)	(43,992)	88.1%
Gain/Loss on Sale of Used Vehicles	1,380	5,363	288.6%
KPIs			**Percentage Change**
Number of Used Vehicles Sold	907	1,585	74.8%
Average Revenue/Used Vehicle per Year (SAR)	27,310	31,138	14.0%
Average NBV/Vehicle (SAR)	25,789	27,755	7.6%
Number of Sold Used Vehicles According to the Sales Channels			**Change**
Showrooms	378	847	469
Auctions	497	724	227
Online	32	14	(18)
Average Revenue per Vehicle According to the Sales Channels (in SAR)			**Change**
Showrooms	27,962	32,219	15.2%
Auctions	26,574	30,051	13.1%
Online	31,056	22,036	(29.0%)

Source: Management information

Revenue from Sale of Used Vehicles

Revenue from sale of used vehicles increased by 99.2% from SAR 24.8 million during the three-month period ended 31 March 2019G to SAR 49.4 million during the three-month period ended 31 March 2020G. This is primarily due to the increase in the number of vehicles sold through showrooms by 469 vehicles and through auctions by 227 vehicles throughout the same period. This was due to the increase in vehicles sold by 220 as the Company received a number of vehicles back from a major client in the Western region following the expiry of the contract in addition to the overall increase in the fleet for rental and lease segments in the previous periods whereby the Company sells a vehicle after an average of 2.4 years since its purchasing. Moreover, the total average price of the vehicles sold increased during the three-month period ended 31 March 2020G due to the improvement in market conditions, which led to an increase in the average revenue per used vehicle sold by 14.0% from SAR 27.3 thousand to SAR 31.1 thousand.

6.6.8 Cost of Revenue

Table 6.76: Details of Cost of Revenue for the Three-Month Period Ended 31 March 2019G and 2020G

SAR in 000s	Three-Month Period Ended 31 March 2019G	Three-Month Period Ended 31 March 2020G	Change for the Period
Depreciation of Property and Equipment	39,280	52,088	32.6%
Cost of Vehicles Sold	23,391	43,992	88.1%
Salaries and Other Employees' Benefits	11,781	13,823	17.3%
Insurance Expense	8,052	9,510	18.1%
Depreciation on Right-of-Use Assets	3,751	5,964	59.0%
Maintenance and Repair	4,058	5,215	28.5%
Rental Expense	2,283	1,341	(41.3%)
Bank Charges	505	1,097	117.3%
Shipping Expense	752	1,088	44.6%
Impairment Loss	511	1,033	102.1%
Utilities Expense	316	322	1.9%
Amortization of Intangible Assets	53	62	17.0%
Other Expenses	1,524	1,846	21.1%
Total	**96,258**	**137,380**	**42.7%**

Source: Management information

Table 6.77: Cost of Revenue KPIs

KPIs			Change
Number of Employees	704	878	175
Average Monthly Salary in SAR	5,581	5,246	(6.0%)
As a % of Revenue			Change in ppt.
Depreciation of Property and Equipment	27.7%	26.4%	(1.4)
Cost of Vehicles Sold	16.5%	22.3%	5.7
Salaries and Other Employees' Benefits	8.3%	7.0%	(1.3)
Insurance Expense	5.7%	4.8%	(0.9)
Depreciation of Right-of-Use Assets	2.6%	3.0%	0.4
Maintenance and Repairs	2.9%	2.6%	(0.2)
Rental Expense	1.6%	0.7%	(0.9)
Bank Charges	0.4%	0.6%	0.2
Shipping Expenses	0.5%	0.6%	0.0
Impairment Loss	0.4%	0.5%	0.2
Other Expenses	1.3%	1.1%	(0.2)
Total	**68.0%**	**69.5%**	**(1.6)**

Source: Management information

6.6.8.1 Depreciation of Property and Equipment

Depreciation charges increased by 32.6% from SAR 39.3 million during the three-month period ended 31 March 2019G to SAR 52.1 million during the three-month period ended 31 March 2020G as a result of the increase in the fleet from 15,123 vehicles as of 31 March 2019G to 18,876 vehicles as of 31 March 2020G. In contrast, the average depreciation cost per vehicle decreased by 4.3% as a result of the changes to the rental segment fleet, which primarily consists of economy and small cars that have a lower depreciation cost per car (due to the lower purchase price). However, the average depreciation cost per vehicle of the lease fleet increased by 4.1% from SAR 3.2 thousands per car during the three-month period ended 31 March 2019G to SAR 3.3 thousand during the three-month period ended 31 March 2020G, also due to the changes in the fleet mix.

6.6.8.2 Cost of Vehicles Sold

The cost of vehicles sold relates to the book value of the vehicles sold (whose useful life ended) during the three-month period ended March 2019G and 2020G. The cost of vehicles sold increased by 88.1% from SAR 23.4 million during the three-month period ended 31 March 2019G to SAR 44.0 million during the three-month period ended 31 March 2020G, primarily due to the increase in the number of vehicles sold from 907 vehicles during the three-month period ended 31 March 2019G to 1,585 vehicles during the three-month period ended 31 March 2020G.

6.6.8.3 Salaries and Other Employees' Benefits

Salaries and other employees' benefits recorded under costs of revenue consist of the costs of the workers, technicians and coordinators of lease contracts. Salaries and employee benefits increased by 17.3% from SAR 11.8 million during the three-month period ended 31 March 2019G to SAR 13.8 million during the three-month period ended 31 March 2020G. This is due to the increase in the number of employees from 704 employees to 878 employees during the same period. This is primarily due to the opening of the King Abdulaziz airport branch in Jeddah. Moreover, the number of workers, technicians and coordinators of lease contracts was increased, in line with the increase in fleet size and in the rental and lease revenue. In contrast, there was a decrease in the average monthly cost per employee from SAR 5,581 to SAR 5,246 during the same period as new employees were hired, generally, at lower salaries.

6.6.8.4 Insurance Expenses

Insurance expenses primarily relate to insuring the fleet of cars and vehicles. It increased by 18.1% from SAR 8.1 million during the three-month period ended 31 March 2019G to SAR 9.5 million during the three-month period ended 31 March 2020G, in line with the expansion in the Company's fleet. It is worth noting that the Company obtained a new insurance contract in April 2019G with lower insurance premiums than the previous period, which led to a 0.9% decrease in insurance costs as a percentage of revenue during the same period.

6.6.8.5 Depreciation on Right-of-Use Assets

Right-of-use asset depreciation expenses increased by 59.0% from SAR 3.8 million during the three-month period ended 31 March 2019G to SAR 6.0 million during the three-month period ended 31 March 2020G as a result of new rental contracts (six contracts) for the branches that were opened during the same period. This is in addition to the increase in revenue for a number of airport branches, which led to an increase in the rents of these branches. Indeed, the Company pays a percentage of the revenue to the airport operators as part of the rental contract agreement.

6.6.8.6 Maintenance and Repair Expenses

The Company has two main repair workshops in Riyadh and a workshop in each of Jeddah, Abha and Dammam. It also has quick service centres in many cities, and offer services such as oil changes, battery replacements, etc.

Maintenance and repair expenses primarily consist of repairs related to the fleet (whether performed by the Company or by external parties). Maintenance and repair expenses increased by 28.5% from SAR 4.1 million during the three-month period ended 31 March 2019G to SAR 5.2 million during the three-month period ended 31 March 2020G, in line with the general increase in the rental fleet. The average maintenance cost per vehicle in the rental segment decreased by 20.9%, mainly due to the closure of workshops at the end of March 2020G, in line with quarantine measures. However, the average maintenance cost per vehicle in the lease segment increased by 12.1%. This is due to lease customers (particularly leasing trucks) accepting to use external workshops for maintenance in areas where the Company's maintenance centres were not available, during the closure period as mentioned above, which led to an increase in these expenses for the Company.

6.6.8.7 Rental Costs

Rental costs consist of the rents of the Company's branches. It decreased by 41.3% from SAR 2.3 million during the three-month period ended 31 March 2019G to SAR 1.3 million during the three-month period ended 31 March 2020G, due to the accounting of rent contracts as part of the right-of-use assets in accordance with IFRS 16, while certain rental agreements were exempt from that during the year 2019G. Accordingly, their costs being calculated as part of the rents.

6.6.8.8 Bank Charges

Bank charges primarily relate to the commissions for the points of sale and the fees on the hedging contracts. Bank charges increased by 117.3% from SAR 505 thousand during the three-month period ended 31 March 2019G to SAR 1.1 million during the three-month period ended 31 March 2020G. This is primarily due to the increase in the point of sale fees, in line with the increase in revenue, as well as the increase in the hedging costs by SAR 279 thousand due to the decrease in SAIBOR rates. Furthermore, the letter of guarantee fees increased by SAR 115 thousand during the three-month period ended 31 March 2020G, which relate to the bid for the King Abdulaziz airport branch in Jeddah.

6.6.8.9 Shipping Expenses

Shipping expenses primarily relate to the cost of transporting vehicles between the Company's branches. Shipping expenses increased by 44.6% from SAR 752 thousand during the three-month period ended 31 March 2019G to SAR 1.1 million during the three-month period ended 31 March 2020G, as a result of the large movement of the fleet between cities, in line with the increase in the fleet for both the rental and lease segments and the increase in the utilization (except for the last 19 days of March 2020G, which were affected by the quarantine measures due to the Coronavirus pandemic).

6.6.8.10 Impairment Loss

Impairments increased by 102.1% from SAR 511 thousand during the three-month period ended 31 March 2019G to SAR 1.0 million during the three-month period ended 31 March 2020G. This is primarily due to the losses recorded on stolen vehicles during the three-month period ended 31 March 2020G in the amount of SAR 432 thousand, including SAR 421 thousand related to the financial year ended 31 December 2019G.

6.6.8.11 Utility Expenses

Utility expenses consist of electricity and telephone fees for the branches. They increased by 1.9% from SAR 316 thousand during the three-month period ended 31 March 2019G to SAR 322 thousand during the three-month period ended 31 March 2020G, in line with the increase in the number of branches.

6.6.8.12 Amortization of Intangible Assets

The amortization of intangible assets relates to software, the Company's Enterprise Resource Planning system, and mobile telephone applications. The amortization of intangible asset expenses slightly increased from SAR 53 thousand during the three-month period ended 31 March 2019G to SAR 62 thousand during the three-month period ended 31 March 2020G.

6.6.8.13 Other Expenses

Other expenses primarily consist of traffic violation fees, information technology costs and infrastructure costs. Other expenses increased by 21.1% from SAR 1.5 million during the three-month period ended 31 March 2019G to SAR 1.8 million during the three-month period ended 31 March 2020G. This is primarily due to the increase in commissions paid to external drivers to transport customers (current members) from King Abdulaziz airport in Jeddah to the nearby Madinah Road branch.

6.6.9 Profit by Segment

Table 6.78: Profit and Loss for the Rental Segment for the Three-Month Period Ended 31 March 2019G and 2020G

Rental			
SAR in 000s	Three-Month Period Ended 31 March 2019G	Three-Month Period Ended 31 March 2020G	Change for the Period
Revenue	75,163	88,514	17.8%
Depreciation	(21,556)	(25,856)	(19.9%)
Other Cost of Revenue	(23,659)	(27,137)	(14.7%)
Gross Profit	29,948	35,521	18.6%
As a % of Rental Revenue			Change in ppt.
Gross Margin	39.8%	40.1%	0.3

Source: Management information

The gross profit of the rental segment increased by 18.6% from SAR 29.9 million during the three-month period ended 31 March 2019G to SAR 35.5 million during the three-month period ended 31 March 2020G, primarily due to the increase in revenue by 17.8%, The average rental fleet increased from 7,817 vehicles to 9,797 vehicles during the same period. In contrast, there was a decrease in the utilization rate from 74.3% during the three-month period ended 31 March 2019G to 70.5% during the three-month period ended 31 March 2020G due to the quarantine measures undertaken by the Government in light of the Coronavirus pandemic, which included the closure of airports. Despite that, the gross margin increased slightly by 0.3 ppt from 39.8% during the three-month period ended 31 March 2019G to 40.1% during the three-month period ended 31 March 2020G. The increase in gross margin resulted in an increase in the net margin of the rental segment from 11.1% in the three-month period ended 31 March 2019G to 18.2% in the three-month period ended 31 March 2020G.

Table 6.79: Profit and Loss for the Lease Segment for the Three-Month Period Ended 31 March 2019G and 2020G

Lease			
SAR in 000s	Three-Month Period Ended 31 March 2019G	Three-Month Period Ended 31 March 2020G	Change for the Period
Revenue	41,698	59,728	43.2%
Depreciation	(17,724)	(26,232)	(48.0%)
Other Cost of Revenue	(9,789)	(14,127)	(44.3%)
Gross Profit	14,185	19,369	36.5%
As a % of Lease Revenue			Change in ppt.
Gross Margin	34.0%	32.4%	(1.6)

Source: Management information

Gross profit increased by 36.5% from SAR 14.2 million during the three-month period ended 31 March 2019G to SAR 19.4 million during the three-month period ended 31 March 2020G, in line with the increase in revenue by 43.2% from SAR 41.7 million to SAR 59.7 million during the same period as the Company received new contracts (SAR 13.4 million) in addition to the increase in revenue from existing contracts (SAR 6.0 million) which have been signed during and before the financial year ended 31 December 2019G. The gross profit margin for the lease segment decreased from 34.0% during the three-month period ended 31 March 2019G to 32.4% during the three-month period ended 31 March 2020G, primarily due to certain new contracts yielding lower margins. Despite the decrease in gross margin, net margin for the lease segment increased from 21.1% during the three-month period ended 31 March 2019G to 21.6% during the three-month period ended 31 March 2020G due to the decrease in general and administrative expenses (fixed costs in general) as a percentage of revenue.

Table 6.80: Profit and Loss from the Sale of Used Vehicles for the Three-Month Period Ended 31 March 2019G and 2020G

Sale of Used Vehicles			
SAR in 000s	Three-Month Period Ended 31 March 2019G	Three-Month Period Ended 31 March 2020G	Change for the Period
Revenue	24,770	49,354	99.2%
Cost of Revenue	(139)	(35)	(74.6%)
NBV of Used Vehicles Sold	(23,391)	(43,992)	88.1%
Gross Profit / (Loss)	1,241	5,327	329.4%
As a % of Sale of Used Vehicles			Change in ppt.
Gross Margin	5.0%	10.8%	5.8

Source: Management information

Gross profit increased by 329.4% from SAR 1.2 million during the three-month period ended 31 March 2019G to SAR 5.3 million during the three-month period ended 31 March 2020G, in line with the increase in the number of vehicles sold from 907 vehicles to 1,585 vehicles. The average revenue per vehicle sold increased from SAR 27.3 thousand during the three-month period ended 31 March 2019G to SAR 31.1 thousand during the three-month period ended 31 March 2020G due to the increase in the number of vehicles sold at a profit (660 vehicles) during the same period, in line with the improvement in market conditions, which led to an increase in the profit margin from 5.0% to 10.8% during the same period.

6.6.10 Selling and Marketing Expenses

Table 6.81: Details of Selling and Marketing Expenses for the Three-Month Period Ended 31 March 2019G and 2020G

SAR in 000s	Three-Month Period Ended 31 March 2019G	Three-Month Period Ended 31 March 2020G	Change for the Period
Salaries and Other Employees' Benefits	6,628	7,890	19.0%
Advertising Expense	511	341	(33.3%)
Other Expenses	690	232	(66.3%)
Total	**7,830**	**8,464**	**8.1%**

Source: Management information

Table 6.82: Selling and Marketing Expenses KPIs

KPIs			Change
Number of Employees	238	275	37
Average Monthly Salary (in SAR)	9,270	9,564	3.2%
As a % of Revenue			**Change in ppt.**
Salaries and Other Employees' Benefits	4.7%	4.0%	(0.7)
Advertising Expense	0.4%	0.2%	(0.2)
Other Expenses	0.5%	0.1%	(0.4)
Total	**5.5%**	**4.3%**	**(1.2)**

Source: Management information

6.6.10.1 Salaries and Other Employees' Benefits

Salaries and other employees' benefits increased by 19.0% from SAR 6.6 million during the three-month period ended 31 March 2019G to SAR 7.9 million during the three-month period ended 31 March 2020G. This is primarily due to the increase in the number of employees by 37 employees in line with the increase in the number of branches, as well as the slight increase in the average monthly cost by 3.2% due to the increase in incentives paid, which are associated with the increase in the Company's revenue.

6.6.10.2 Advertising Expenses

Advertising expenses relate to the SMS subscriptions, social media channels, bulletin board publications, etc. Advertising expenses decreased by 33.3% from SAR 511 thousand during the three-month period ended 31 March 2019G to SAR 341 thousand during the three-month period ended 31 March 2020G, primarily due to the difference in the timing of advertisements between the two periods under discussion, as well as the slowdown in advertising activity in March 2020G due to the Coronavirus pandemic.

6.6.10.3 Other Expenses

Other expenses primarily consist of the costs of the customer loyalty points programme, which the Company began offering retail customers in 2017G, as well as the addition to the sales commissions paid on vehicles sold through auctions in Riyadh via car agents. Other expenses decreased by 66.3% from SAR 690 thousand during the three-month period ended 31 March 2019G to SAR 232 thousand during the threemonth period ended 31 March 2020G, primarily due to an issue in the system for reporting customer loyalty points which caused a difference of SAR 330 thousand related to the financial year of 2018G, which consequently was recorded during the three-month period ended March 2019G. The system issue was resolved and the discrepancy was reversed in 2019G.

6.6.11 General and Administrative Expenses

Table 6.83: General and Administrative Expenses for the Three-Month Period Ended 31 March 2019G and 2020G

SAR in 000s	Three-Month Period Ended 31 March 2019G	Three-Month Period Ended 31 March 2020G	Change for the Period
Salaries and Other Employees' Benefits	4,865	4,299	(11.6%)
Professional Fees	376	733	94.8%
Utilities Expense	189	370	95.5%
Governmental Fees	533	340	(36.2%)
Hospitality	118	164	39.4%
Depreciation of Employees' Cars	51	46	(9.7%)
Maintenance and Repairs	53	42	(20.1%)
Other Expenses	997	1,373	37.8%
Total	**7,183**	**7,369**	**2.6%**

Source: Management information

Table 6.84: General and Administrative Expenses KPIs

KPIs			Change
Number of Employees	82	80	(2)
Average Monthly Cost per Employee (SAR)	19,698	17,913	(9.1%)
As a % of Revenue			Change in ppt.
Salaries and Other Employees' Benefits	3.4%	2.2%	(1.3)
Professional Fees	0.3%	0.4%	0.1
Utilities Expense	0.1%	0.2%	0.1
Governmental Fees	0.4%	0.2%	(0.2)
Hospitality	0.1%	0.1%	0.0
Depreciation of Employees' Cars	0.0%	0.0%	0.0
Maintenance and Repairs	0.0%	0.0%	0.0
Other Expenses	0.7%	0.7%	0.0
Total	**5.1%**	**3.7%**	**(1.3)**

Source: Management information

6.6.11.1 Salaries and Other Employees' Benefits

Salaries and other employees' benefits decreased by 11.6% from SAR 4.9 million during the three-month period ended 31 March 2019G to SAR 4.3 million during the three-month period ended 31 March 2020G, in line with the decrease in the average monthly cost per employee from SAR 19.7 thousand during the three-month period ended 31 March 2019G to SAR 17.9 thousand during the three-month period ended 31 March 2020G. This is primarily due to the support received from the Human Resources Development Fund, granted by the Government, in the amount of SAR 342 thousand (out of which SAR 172 thousand is related to the financial year ended 31 December 2019G) to cover part of the salaries of Saudi employees during the three-month period ended 31 March 2020G.

6.6.11.2 Professional Fees

Professional fees primarily relate to fees paid to legal and Zakat consultants and to auditors. Professional fees increased by 94.8% from SAR 376 thousand during the three-month period ended 31 March 2019G to SAR 733 thousand during the three-month period ended 31 March 2020G, as the Company appointed consultants to advise on Zakat and provide other consulting services.

6.6.11.3 Utilities Expense

Utilities expenses relate to electricity, telephone and internet expenses, which increased by 95.5% from SAR 189 thousand during the three-month period ended 31 March 2019G to 370 thousand during the three-month period ended 31 March 2020G, primarily due to the addition of six new branches and the reopening of Najran Airport Branch in addition to an increase in electricity costs, primarily due to a general increase in electricity fees.

6.6.11.4 Governmental Fees

Governmental fees relate to branch license fees, accident assessments, license plate renewal fees and fines imposed by the Ministry of Transport. Government fees decreased by 36.2% from SAR 533 thousand during the three-month period ended 31 March 2019G to SAR 340 thousand during the three-month period ended 31 March 2020G, as a result of a decrease in fines from the Ministry of Transportation during the three-month period ended 31 March 2020G.

6.6.11.5 Hospitality

Hospitality expenses relate to facilities and employee gatherings at events. It increased by 39.4% from SAR 118 thousand during the three-month period ended 31 March 2019G to SAR 164 thousand during the three-month period ended 31 March 2020G, in line with the increase in revenue and in the number of branches during that period.

6.6.11.6 Depreciation of Employees' Cars

The depreciation of employees' cars is primarily related to the depreciation of administrative employees' vehicles. Depreciation fees decreased slightly from SAR 51 thousand during the three-month period ended 31 March 2019G to SAR 46 thousand during the three-month period ended 31 March 2020G.

6.6.11.7 Maintenance and Repairs

Maintenance and repair expenses relate to general repairs to buildings and residential facilities. Maintenance and repair expenses decreased slightly from SAR 53 thousand during the three-month period ended 31 March 2019G to SAR 42 thousand during the three-month period ended 31 March 2020G.

6.6.11.8 Other Expenses

Other expenses consist of programme fees, stationery fees, internet fees, etc. They increased by 37.8% from SAR 997 thousand during the three-month period ended 31 March 2019G to SAR 1.4 million during the three-month period ended 31 March 2020G, primarily due to the increase in the remuneration of the Board of Directors in the amount of SAR 231 thousand as the Company appointed an independent member to the Board of Directors during the three-month period ended 31 March 2020G.

6.6.12 Expected Credit Losses

Table 6.85: Expected Credit Losses for the Three-Month Period Ended 31 March 2019G and 2020G

SAR in 000s	Three-Month Period Ended 31 March 2019G	Three-Month Period Ended 31 March 2020G	Change for the Period
ECL on Accounts Receivable for the Period	6,030	3,425	(43.2%)
ECL on Accrued Revenue for the Period	140	142	1.2%
Total Expected Credit Losses	**6,170**	**3,566**	**(42.2%)**

Source: Management information

Expected credit losses relate to doubtful receivables and accrued revenue estimated using the expected credit loss model used in accordance with IFRS 9. The credit loss model takes into account the type of customer, the ages of the accounts receivable, and collection history to determine the likelihood of existence of bad debts. The Company considers the credit quality to debtors from the date on which the credit is granted until the end of the financial period. Expected credit losses decreased by 42.2% from SAR 6.2 million during the three-month period ended 31 March 2019G to SAR 3.6 million during the three-month period ended 31 March 2020G, due to an overall improvement in collections, particularly for corporate customers, which led to an improvement in the credit loss percentage.

6.6.13 Other Income

Table 6.86: Other Income for the Three-Month Period Ended 31 March 2019G and 2020G

SAR in 000s	Three-Month Period Ended 31 March 2019G	Three-Month Period Ended 31 March 2020G	Change for the Period
Fees – Car Sales	-	50	N/A
Other Miscellaneous Income	151	246	62.1%
Total	**151**	**296**	**95.4%**
As a % of Revenue			**Change in ppt.**
Fees – Car Sales	-	0.0%	N/A
Other Miscellaneous Income	0.1%	0.1%	0.0
Total	**0.1%**	**0.1%**	**0.0**

Source: Management information

6.6.13.1 Fees - Car Sales

Car sales fees relate to car ownership transfer fees that are initially paid by the Company on the customer's behalf and subsequently recovered from customers. Car sales fees revenue increased from nil during the three-month period ended 31 March 2019G to SAR 50 thousand during the three-month period ended 31 March 2020G.

6.6.13.2 Other Miscellaneous Income

Other miscellaneous income primarily consists of revenue from spare parts and used oils or parts from damaged vehicles. It increased by 62.1% from SAR 151 thousand during the three-month period ended 31 March 2019G to SAR 246 thousand during the three-month period ended 31 March 2020G, in line with the increase in spare part sales during the three-month period ended 31 March 2020G, which are usually accumulated over time and sold according to need and demand.

6.6.14 Finance Charges

Table 6.87: Finance Charges for the Three-Month Period Ended 31 March 2019G and 2020G

SAR in 000s	Three-Month Period Ended 31 March 2019G	Three-Month Period Ended 31 March 2020G	Change for the Period
Finance charges – Loans	5,079	6,852	34.9%
Finance charges - Rent liabilities	567	642	13.2%
Total finance charges	**5,646**	**7,494**	**32.7%**

Source: Management information

Finance charges primarily relate to the profit margin paid on the Company's loans. Finance charges increased by 32.7% from SAR 5.6 million during the three-month period ended 31 March 2019G to SAR 7.5 million during the three-month period ended 31 March 2020G, as the Company subscribed additional loans to finance the purchase of vehicles and the expansion its fleet.

6.6.15 Zakat

Table 6.88: Zakat for the Three-Month Period Ended 31 March 2019G and 2020G

SAR in 000s	Three-Month Period Ended 31 March 2019G	Three-Month Period Ended 31 March 2020G	Change for the Period
Charge for the Year	(561)	(1,345)	(139.8%)
Additional Provision for Prior Years	-	1.785	N/A
Total Zakat Charges	**(561)**	**440**	**178.4%**

Source: The reviewed interim financial statements for the three-month period ended 31 March 2020G

On 5 March 2020G, the Company received a preliminary assessment from GAZT on its 2018G Zakat return which showed additional Zakat liabilities of SAR 4.0 million. The Company added an amount of SAR 4.0 million under Zakat provision for the year 2019G knowing that, on 10 April 2020G, GAZT issued a final Zakat assessment showing additional Zakat differences of only SAR 2.2 million in light of the clarifications presented by the Company. The Company reversed the provision in the amount of SAR 1.8 million during the three-month period ended 31 March 2020G, which led to a change in the Zakat cost from a loss of SAR 561 thousand during the three-month period ended 31 March 2019G to SAR 440 thousand during the three-month period ended 31 March 2020G. The Zakat provision declined slightly from SAR 19.9 million as of 31 December 2019G to SAR 19.4 million as of 31 March 2020G. The Company filed an objection to the mentioned Zakat assessment for 2018G within the legal periods. On 6 June 2020G, in light of the objection submitted, the additional Zakat differences was amended to SAR 1.8 million. On 23 July 2020G, an objection was filed with the General Secretariat of Tax Committees for the remaining amount.

6.6.16 Net Income

Net income increased by 87.8% from SAR 18.1 million during the three-month period ended 31 March 2019G to SAR 34.1 million during the three-month period ended 31 March 2020G, primarily due to the increase in gross profit by SAR 14.8 million during the same period, in line with higher revenue from both rental and lease segments and from the sale of used vehicles.

6.6.17 Other Comprehensive Income

Actuarial (losses)/profits for employee benefit liabilities were nil for the three-month period ended 31 March 2019G and 2020G.

6.6.18 Balance Sheet

Table 6.89: Balance Sheet as of 31 December 2019G and 31 March 2020G

SAR in 000s	31 December 2019G	31 March 2020G
Assets		
Property and Equipment, Net	1,027,076	964,765
Intangible Assets, Net	458	395
Right-of-Use Assets	46,923	59,888
Total Non-Current Assets	1,074,456	1,025,048
Inventory	6,761	67,715
Prepaid Expenses and Other Receivables	33,163	21,387
Accounts Receivable, Net	90,385	108,435
Accrued Revenue, Net	7,825	6,176
Accounts Due from Related Parties	38	406
Cash and Cash Equivalents	58,970	65,393
Total Current Assets	**197,141**	**269,514**
Total Assets	**1,271,598**	**1,294,562**
Liabilities and Shareholders' Equity		
Liabilities		
Long-Term Loans	316,162	297,747
Employees' End-of-Service Benefits	23,264	23,915
Lease Liabilities	28,613	28,763
Total Non-Current Liabilities	368,040	350,426
Current Portion of Long-Term Loans	288,849	306,895
Car Agents' Payable	85,185	76,393
Accounts Payable	3,534	7,396
Unearned Revenue	242	151
Accruals and Other Payables	39,155	45,972
Current Portion of Lease Liabilities	15,365	20,482
Provision for Zakat	19,854	19,414
Total Current Liabilities	452,184	476.703
Total Liabilities	820,224	827,129
Share Capital	153,902	430,000
Statutory Reserve	55,338	3,406
Retained Earnings	242,134	34,028
Total Equity	**451,374**	**467,434**
Total Liabilities and Shareholders' Equity	**1,271,598**	**1,294,562**

Source: Audited financial statements for the financial year ended 31 December 2019G and the reviewed interim financial statements for the three-month period ended 31 March 2020G

Table 6.90: Balance Sheet KPIs

KPIs		
Days of Sales Outstanding	66	75
Days of Inventory Outstanding	28	68
Days of Payables Outstanding - Car Agent	56	71
Cash Conversion Cycle	**37**	**72**
Return on Assets	9.3%	10.5%
Return on Equity	26.3%	29.1%
Debt/Equity Ratio	1.4	1.4

Source: Management information

6.6.19 Non-Current Assets

Table 6.91: Non-Current Assets as of 31 December 2019G and 31 March 2020G

SAR in 000s	31 December 2019G	31 March 2020G
Property and Equipment, Net	1,027,076	964,765
Intangible Assets, Net	458	395
Right-of-Use Assets	46,923	59,888
Total Non-Current Assets	**1,074,456**	**1,025,048**

Source: Audited financial statements for the financial year ended 31 December 2019G and the reviewed interim financial statements for the three-month period ended 31 March 2020G

6.6.19.1 Property and Equipment, Net

Table 6.92: Property and Equipment

SAR in 000s	31 December 2019G	31 March 2020G
Property and Equipment	1,354,680	1,268,328
Accumulated Depreciation	(327,604)	(303,563)
Property and Equipment, Net	**1,027,076**	**964,765**

Source: Audited financial statements for the financial year ended 31 December 2019G and the reviewed interim financial statements for the three-month period ended 31 March 2020G

Details of Property and Equipment, Net

Table 6.93: Book Value of Property and Equipment as of 31 December 2019G and 31 March 2020G

SAR in 000s	Land	Buildings	Vehicles	Leased Building Improvements	Other Fixed Assets	Total
Cost						
As of 31 December 2018G	**88,013**	**4,718**	**867,438**	**6,018**	**25,948**	**992,135**
Additions	-	487	541,929	642	2,742	545,782
Transferred to Inventory	-	-	(183,254)	-	-	(183,254)
Work in Progress	-	-	-	-	17	17
As of 31 December 2019G	**88,013**	**5,205**	**1,226,113**	**6,660**	**28,689**	**1,354,680**
Additions	-	-	98,095	48	802	98,945
Transferred to Inventory	-	-	(184,682)	-	-	(184,682)
Impairment	-	-	(617)	-	-	(617)
Work in Progress	-	-	-	-	2	2
As of 31 March 2020G	**88,013**	**5,205**	**1,138,910**	**6,709**	**29,493**	**1,268,328**

SAR in 000s	Land	Buildings	Vehicles	Leased Building Improvements	Other Fixed Assets	Total
Depreciation						
As of 31 December 2018G	**-**	**1,871**	**217,571**	**1,629**	**20,795**	**241,866**
Depreciation Charged for the Year	-	84	173,602	643	2,808	177,137
Impairment	-	-	-	-	72	72
Transferred to Inventory	-	-	(91,471)	-	-	(91,471)
As of 31 December 2019G	**-**	**1,955**	**299,702**	**2,272**	**23,675**	**327,604**
Depreciation Charged for the Period	-	23	51,266	173	673	52,134
Impairment	-	-	(185)	-	-	(185)
Transferred to Inventory	-	-	(75,990)	-	-	(75,990)
As of 31 March 2020G	**-**	**1,978**	**274,793**	**2,445**	**24,347**	**303,563**
Net Book Value						
As of 31 March 2020G	**88,013**	**3,227**	**864,117**	**4,264**	**5,146**	**964,765**
As of 31 December 2019G	**88,013**	**3,249**	**926,411**	**4,388**	**5,015**	**1,027,076**

Source: Audited financial statements for the financial year ended 31 December 2019G and Management's information

Property and Equipment, Net

Property and equipment primarily consist of vehicles in the amount of SAR 864.1 million, which comprised 90% of the total balance as of 31 March 2020G. Property and equipment decreased from SAR 1.0 billion as of 31 December 2019G to SAR 964.8 million as of 31 March 2020G primarily due to the decrease in vehicle balances as a result of the transfer of defleeted vehicles to inventory (SAR 108.7 million, net of depreciation).

6.6.19.2 Land

Land primarily relates to the land on which the main office and parking lots of the branches, car warehouses are located as well as the other land that the Company owns. The net book value of land totalled SAR 88.0 million as of 31 December 2019G and 31 March 2020G and is related to nine plots of land owned by the Company.

6.6.19.3 Buildings

Buildings primarily include the car repair workshops and the employees' residential facilities. The net book value of buildings totalled SAR 3.2 million as of 31 December 2019G and 31 March 2020G as no new additions were made during the period.

6.6.19.4 Vehicles

Vehicles consist of the rental fleet used in both rental and lease segments as well as the employees' vehicles. The net book value of vehicles decreased from SAR 926.4 million as of 31 December 2019G to SAR 864.1 million as of 31 March 2020G due to the transfer of vehicles to inventory (SAR 108.7 million, net of depreciation). This is due to the transfer of vehicles which became fully depreciated during the period coupled with additional vehicles transferred to the sales cycle as a response to the Coronavirus pandemic.

As of 31 March 2020G, 24.1% of the value of vehicles had been depreciated as most vehicles in the fleet are less than two years old.

6.6.19.5 Leasehold Improvements

Leasehold improvements primarily relate to the cost of renovating and developing the leased buildings (branches and warehouses). The leased building improvement balance decreased from SAR 4.4 million as of 31 December 2019G to SAR 4.3 million as of 31 March 2020G, with depreciation costs totalling SAR 173 thousand for the period.

6.6.19.6 Other Fixed Assets

Other fixed assets consist of electronics such as computers and tools as well as equipment for the branches, repair workshops, office equipment and employee housing furniture. The balance of other fixed assets increased slightly from SAR 5.0 million as of 31 December 2019G to SAR 5.1 million as of 31 March 2020G, primarily due to additions of SAR 802 thousand, which offset depreciation costs of SAR 673 thousand.

6.6.19.7 Intangible Assets

Table 6.94: Intangible Assets as of 31 December 2019G and 31 March 2020G

SAR in 000s	31 December 2019G	31 March 2020G
Intangible Assets	1,007	1,007
Accumulated Amortization	(550)	(612)
Net Book Value	**458**	**395**

Source: Audited financial statements for the financial year ended 31 December 2019G as well as Management's information

Intangible Assets, Net

Intangible assets relate to the enterprise resource planning programme that the Company started using in 2016G. The balance of intangible assets decreased from SAR 458 thousand as of 31 December 2019G to SAR 395 thousand as of 31 March 2020G, primarily due to the increase in the amortization expense from SAR 550 thousand to SAR 612 thousand during the same period. Moreover, there were no additions as of 31 March 2020G.

6.6.19.8 Right-of-Use Assets

Table 6.95: Movement in Right-of-Use Assets as of 31 December 2019G and 31 March 2020G

SAR in 000s	31 December 2019G	31 March 2020G
At the Beginning of the Period	56,038	46,923
Additions	6,780	18,930
Depreciation Expenses	(15,895)	(5,964)
At the End of the Period	**46,923**	**59,888**

Source: Audited financial statements for the financial year ended 31 December 2019G and the reviewed interim financial statements for the three-month period ended 31 March 2020G

The right-of-use assets balance relates to the assets leased by the Company and recorded in the balance sheet in line with the Company's adoption of IFRS 16 starting in 2019G. The right-of-use assets balance was SAR 59.9 million as of 31 March 2020G, while the leased right-of-use asset depreciation balance was SAR 6.0 million for the same period in line with the increase in the number of branches. The Company records leased right-of-use assets measured at present value for the discounted rental contract liabilities, and are adjusted by any rent payments that accrue or are paid in advance.

6.6.20 Current Assets

Table 6.96: Current Assets as of 31 December 2019G and 31 March 2020G

SAR in 000s	31 December 2019G	31 March 2020G
Inventories	6,761	67,715
Prepaid Expenses and Other Receivables	33,163	21,387
Accounts Receivable, Net	90,385	108,435
Accrued Revenue, Net	7,825	6,176
Amounts Due from Related Parties	38	406
Cash and Cash Equivalent	58,970	65,393
Total Current Assets	**197,141**	**269,514**

Source: Audited financial statements for the financial year ended 31 December 2019G and the reviewed interim financial statements for the three-month period ended 31 March 2020G

Table 6.97: Current Assets KPIs

KPIs		
Days of Receivables	66	75
Days of Inventory	28	68

Source: Management information

6.6.20.1 Inventories

Table 6.98: Inventories as of 31 December 2019G and 31 March 2020G

SAR in 000s	31 December 2019G	31 March 2020G
Vehicles Held for Sale	4,045	64,838
Spare Parts and Supplies	2,715	2,878
Total	**6,761**	**67,715**

Source: Audited financial statements for the financial year ended 31 December 2019G and management information

Table 6.99: Inventories KPIs

KPIs		
Days of Inventory	28	68

Source: Management information

6.6.20.2 Vehicles Held for Sale

The vehicles held for sale relates to the used vehicles available for sale, which were transferred to inventory once their useful life had ended. Indeed, the vehicles are transferred from fixed assets to inventory. The vehicles held for sale balance increased from SAR 4.0 as of 31 December 2019G to SAR 64.8 million as of 31 March 2020G due to additional vehicles being transferred to inventory (1,608 vehicles from the rental segment and 49 vehicles from the lease segment) once their useful life had ended. However, additional vehicles were transferred during the period even though they had not been fully depreciated due to the consequences of the Coronavirus pandemic and its effect on the Company's operations, particularly on the rental segment.

6.6.20.3 Spare Parts and Accessories

They consist of the spare parts and accessories that have been kept in inventory for the maintenance and repair of vehicles. They slightly increased from SAR 2.7 million as of 31 December 2019G to SAR 2.9 million as of 31 March 2020G.

6.6.20.4 Prepaid Expenses and Other Receivables

Table 6.100: Prepaid Expenses and Other Receivables as of 31 December 2019G and 31 March 2020G

SAR in 000s	31 December 2019G	31 March 2020G
Prepaid Expenses	16,924	9,309
Advances to Suppliers	7,195	7,855
Employees' Receivables	1,776	1,676
Margin Deposits	1,437	1,637
Advances Against Property and Equipment	3,117	-
Other Receivables	2,715	909
Total	**33,163**	**21,387**
As a % of Total Prepaid Expenses and Other Accounts Receivable		
Prepaid Expenses	51.0%	43.5%
Advances to Suppliers	21.7%	36.7%
Employees' Receivables	5.4%	7.8%
Margin Deposits	4.3%	7.7%
Advances Against Property and Equipment	9.4%	-
Other Receivables	8.2%	4.3%
Total	**100.0%**	**100.0%**

Source: Audited financial statements for the financial year ended 31 December 2019G and management information

Prepaid Expenses

Prepaid expenses include rent expenses, car insurance, health insurance, and other prepaid expenses. The prepaid expenses balance decreased from SAR 16.9 million as of 31 December 2019G to SAR 9.3 million as of 31 March 2020G.

Prepaid rent primarily relates to the rent for branches, car warehouses and employee housing. It increased from SAR 766 thousand as of 31 December 2019G to SAR 1.2 million as of 31 March 2020G due to plans for the opening of two branches in the Central region during the three-month period ended 31 March 2020G.

Preparing car insurance primarily relates to insuring the cars and vehicles used by the Company. It decreased from SAR 9.6 million as of 31 December 2019G to nil as of 31 March 2020G. The vehicles' insurance policies are renewed in April of each year. Accordingly, the prepaid insurance expense balance is fully amortised at the end of 31 March 2020G.

Other prepaid expenses consist of miscellaneous prepaid expenses. It increased from SAR 6.6 million as of 31 December 2019G to SAR 8.1 million as of 31 March 2020G primarily due to the prepaid expenses related to offering the Company's shares worth SAR 2.1 million, as well as the upgrading of the enterprise resource planning programme to the latest version of Microsoft Dynamics at a cost of SAR 355 thousand during the same period.

6.6.20.5 Advances to Suppliers

Advances to suppliers increased from SAR 7.2 million as of 31 December 2019G to SAR 7.9 million as of 31 March 2020G. They relate to the purchase of equipment and advances to suppliers for spare parts as well as the modifications made to vehicles by suppliers at the request of lease customers.

6.6.20.6 Advances Against Property and Equipment Additions

Advances against property and equipment additions relate to payments to suppliers for works made on branches that were recently opened. It decreased to nil as of 31 March 2020G due to the completion of the work.

6.6.20.7 Employees' Receivables

Employees' receivables primarily consist of advances granted to employees. The balance decreased slightly from SAR 1.8 million as of 31 December 2019G to SAR 1.7 million as of 31 March 2020G.

6.6.20.8 Margin Deposits

Margin deposits relate to letters of guarantee, which increased from SAR 1.4 million as of 31 December 2019G to SAR 1.6 million as of 31 March 2020G, primarily due to the letters of guarantee related to King Khalid International Airport Branch in Riyadh.

6.6.20.9 Other Receivables

Other receivables primarily relate to rebates from car agents and the accrued value added tax, which decreased from SAR 2.7 million as of 31 December 2019G to SAR 909 thousand as of 31 March 2020G as it mainly includes rebates from car agents (54.0%) and receivables from HRDF (32.7%) to support Saudi employees.

6.6.20.10 Accounts Receivable, Net

Table 6.101: Accounts Receivable as of 31 December 2019G and 31 March 2020G

SAR in 000s	31 December 2019G	31 March 2020G
Total Accounts Receivable	118,524	139,527
Expected Credit Losses	(28,139)	(31,091)
Accounts Receivable, Net	**90,385**	**108,435**

Source: Audited financial statements for the financial year ended 31 December 2019G and management information

Table 6.102: Accounts Receivable KPIs

Days of Accounts Receivable	66	75

Source: Management information

Table 6.103: Accounts Receivable by Customer Type

SAR in 000s	31 December 2019G	31 March 2020G
Individual – Rental Segment	37,504	42,248
Corporate – Rental and Lease Segments	71,415	85,240
Accidents	4,617	5,155
Car Sales	(695)	(695)
Others	5,683	7,579
Total Accounts Receivable	**118,524**	**139,527**
Expected Credit Losses		
Rental Segment - Individuals	(13,844)	(15,657)
Rental and Lease Segment - Companies	(11,441)	(12,301)
Accidents	(2,853)	(3,133)
Total Expected Credit Losses	**(28,139)**	**(31,091)**
Accounts Receivable, Net	**90,385**	**108,435**

Source: Management information

6.6.20.11 Ageing of Accounts Receivable

Table 6.104: Ageing of the Accounts Receivable as of 31 March 2020G

SAR in 000s	0-90 days	91-180 days	181-270 days	271-360 days	Over 360 days	Total
Gross Accounts Receivable	69,132	18,035	13,706	16,453	22,201	139,527
As a % of Total Accounts Receivable	49.5%	12.9%	9.8%	11.8%	15.9%	100.0%

Source: Management information

6.6.20.12 Movement in Expected Credit Losses

Table 6.105: Movement in the Expected Credit Losses as of 31 December 2019G and 31 March 2020G

SAR in 000s	31 December 2019G	31 March 2020G
At the Beginning of the Period	**21,597**	**28,139**
Charge for the Year	7,799	3,425
Written-Off During the Year	(1,257)	(472)
At the End of the Period	**28,139**	**31,091**

Source: Audited financial statements for the financial year ended 31 December 2019G and management information

6.6.20.13 Total Accounts Receivable

The accounts receivable balance consists of accounts receivable from companies (61% of total accounts receivable) and accounts receivable from individuals (30% of total accounts receivable) related to the rental segment. The accounts receivable balance for individuals totalled SAR 42.2 million, including 50.0% owed for over one year as of 31 March 2020G.

Total accounts receivable increased from SAR 118.5 million as of 31 December 2019G to SAR 139.5 million as of 31 March 2020G, primarily due to the increase in accounts receivable from companies (for both the rental and lease segments) to SAR 13.8 million and the increase in accounts receivable from individuals (rental segment) to SAR 4.7 million, in line with the business growth in both segments, as well as an increase in other receivables from SAR 5.7 million as of 31 December 2019G to SAR 7.6 million as of 31 March 2020G, in line with the general increase in revenue.

6.6.20.14 Expected Credit Losses

The Company operates according to the expected credit loss model to form provisions for doubtful debts in accordance with IFRS 9, where the model is applied based upon the historical experience of credit loss by type of customer. The expected credit loss model has been used since the financial year of 2018G. Additions to the provision totalled SAR 3.4 million in the three-month period ended 31 March 2020G, as the provision covered 100% of receivables owed for over one year by companies that are subject to legal procedures by the Company and 84% of receivables owed for over one year by individuals (not secured by promissory notes) on 31 March 2020G, in line with historical credit loss rates by type of customer. No provisions were specified for receivables owed for over one year by individuals (not secured by promissory notes) as the Company is allowed to submit complaints with SIMAH (Saudi Credit Bureau) against the various individual customers who have defaulted on payment as of the financial year of 2018G.

6.6.20.15 Accrued Revenue

Table 6.106: Accrued Revenue as of 31 December 2019G and 31 March 2020G

SAR in 000s	31 December 2019G	31 March 2020G
Accrued Revenue, Gross	10,600	9,094
Expected Credit Losses	(2,776)	(2,917)
Net Accrued Revenue	**7,825**	**6,176**

Source: Audited financial statements for the financial year of 2019G and management information

Table 6.107: Credit Losses Expected for Accrued Revenue

SAR in 000s	31 December 2019G	31 March 2020G
At the Beginning of the Period	2,571	2,776
Formed During the Period	205	142
At the End of the Period	**2,776**	**2,917**

Source: Audited financial statements for the financial year ended 31 December 2019G and management information

Accrued Revenue, Gross and Expected Credit Losses

Accrued revenue relates to open rental contracts for which no invoice has been issued as of 31 March 2020G and for which it is expected that invoices will be issued during the year. Net accrued revenue decreased from SAR 7.8 million as of 31 December 2019G to SAR 6.2 million as of 31 March 2020G due to the quarantine measures, which led to a decrease in the number of rented vehicles at the end of March 2020G as compared to the previous period.

6.6.20.16 Transactions with Related Parties

Table 6.108: Transactions with Related Parties as of 31 December 2019G and 31 March 2020G

SAR in 000s	Transaction Nature	Relationship	31 December 2019G	31 March 2020G
Investcorp Saudi Arabia Investments Co.	Revenue	Shareholder	81	-
Hamoud Abdullah AlTheeb	Revenue and other income	Shareholder	150	-
Theeb Sons Co.	Revenue, purchases and expenses	Joint Shareholders	9,683	1,999
Mohammad Ahmad AlTheeb	Revenue, other income and expenses	Shareholder	(531)	(140)
Nawaf Mohammad AlTheeb	Revenue and other income	Shareholder	28	-
Naif Mohammad AlTheeb	Revenue and other income	Shareholder	59	-
Ibrahim Ahmad AlTheeb	Revenue	Other	418	-
Ahmed Mohammad AlTheeb	Revenue	Shareholder	19	-
Madareem Co.	Revenue	Joint Shareholders	113	398

Source: Audited financial statements for the financial year ended 31 December 2019G and reviewed interim financial statements for the three-month period ended 31 March 2020G

Table 6.109: Amounts Due from Related Parties

SAR in 000s	Nature of the Relationship	31 December 2019G	31 March 2020G
Investcorp Saudi Arabia Investments Co.	Shareholder	-	-
Hamoud Abdullah AlTheeb	Shareholder	32	2
Theeb Sons Co.	Joint shareholders	5	5
Mohammad Ahmad AlTheeb	Shareholder	-	-
Nawaf Mohammad AlTheeb	Shareholder	-	-
Naif Mohammad AlTheeb	Shareholder	0.5	0.5
Ahmed Mohammad AlTheeb	Shareholder	-	-
Ibrahim Ahmed AlTheeb	Other	-	-
Madareem Co.	Joint shareholders	-	398
Amounts Due from Related Parties	-	38	406

Source: Audited financial statements for the financial year ended 31 December 2019G and management information

Related Party Transactions and Balances

Related parties include the Company's shareholders, members of the Board of Directors, management personnel and the companies they own.

The terms and conditions of transactions with related parties are agreed upon by the Company's management and in certain cases by the Company's Board of Directors. Transactions wherein a member of the Board of Directors has an interest are subject to the approval of the Company's General Assembly based upon the recommendation of the Board of Directors. All transactions with related parties take place within the normal course of the Company's business, and it is expected that these balances will be settled in the normal course of business. It is worth noting that the pricing policies and the terms and conditions of transactions with related parties are founded upon a purely commercial basis. The balance of receivables from related parties increased from SAR 38 thousand as of 31 December 2019G to SAR 406 thousand as of 31 March 2020G due to the existence of an unpaid vehicle sale contract in the amount of SAR 398 thousand to the Madareem Company.

6.6.20.17 Cash and Cash Equivalents

Table 6.110: Cash and Cash Equivalents as of 31 December 2019G and 31 March 2020G

SAR in 000s	31 December 2019G	31 March 2020G
Cash at Banks	58,393	64,723
Cash on Hand	577	670
Total	**58,970**	**65,393**

Source: Audited financial statements for the financial year ended 31 December 2019G and the reviewed interim financial statements for the three-month period ended 31 March 2020G

Cash and cash equivalents increased from SAR 59.0 million as of 31 December 2019G to SAR 65.4 million as of 31 March 2020G. Cash balances at the banks accounted for 99.0% of total cash balances during the historical period.

6.6.21 Non-Current Liabilities

Table 6.111: Non-Current Liabilities as of 31 December 2019G and 31 March 2020G

SAR in 000s	31 December 2019G	31 March 2020G
Long-Term Loans	316,162	297,747
Employees' End-of-Service Benefits	23,264	23,915
Lease Liabilities	28,613	28,673
Total Non-Current Liabilities	**368,040**	**350,426**

Source: Audited financial statements for the financial year ended 31 December 2019G and the reviewed interim financial statements for the three-month period ended 31 March 2020G

6.6.21.1 Long-Term Loans

Table 6.112: Long-Term Loans as of 31 December 2019G and 31 March 2020G

SAR in 000s	31 December 2019G	31 March 2020G
Loans	605,012	604,642
Current Portion	(288,849)	(306,895)
Long-Term Loans	**316,162**	**297,747**

Source: Audited financial statements for the financial year ended 31 December 2019G and the reviewed interim financial statements for the three-month period ended 31 March 2020G

Table 6.113: Loan Repayment Schedule as of 31 March 2020G

SAR in 000s	2020G	2021G	2022G	2023G
SAMBA Financial Group	66,711	76,219	52,946	24,491
Al Rajhi Bank	57,452	49,893	31,553	4,221
The National Commercial Bank	31,104	36,805	14,276	-
Saudi British Bank	27,221	30,807	9,824	3,320
Alinma Bank	19,993	22,803	7,441	-
Riyad Bank	18,261	11,443	-	-
Bank Aljazira	7,859	-	-	-
Total	**228,600**	**227,970**	**116.040**	**32,032**

Source: Management information

Table 6.114: Loans Guaranteed with Personal Collateral as of 31 March 2020G*

<table>
<tr><th>Lender</th><th>Facility Type</th><th>Authorised Limit (SAR in 000s)</th><th>Outstanding Balance as of 31 March 2020G</th><th>Commission Rate</th><th>Repayment Period</th><th>Key Terms and Covenants</th></tr>
<tr><td>SAMBA Financial Group</td><td>One time</td><td>75,000</td><td>48,741</td><td>SAIBOR + 2.25%</td><td>48 months</td><td rowspan="4">Dividend distributions do not exceed 50% of net income
Maximum leverage (total liabilities/ net shareholders' equity) is 2.25
Minimum net adjusted shareholders' equity is SAR 300.0 million.
A consent letter to the Offering
Cash deposits in the amount of SAR 150 million**</td></tr>
<tr><td>SAMBA Financial Group</td><td>Credit limit</td><td>50,000</td><td>43,101</td><td>SAIBOR + 2.25%</td><td>48 months</td></tr>
<tr><td>SAMBA Financial Group</td><td>Credit limit</td><td>150,000</td><td>128,525</td><td>SAIBOR + 2.0%</td><td>36 months</td></tr>
<tr><td>SAMBA Financial Group</td><td>Letter of guarantee</td><td>15,000</td><td>-</td><td>SAMA + 0.75%</td><td>-</td></tr>
<tr><td>Al Rajhi Bank</td><td>Credit limit</td><td>70,000</td><td>29,241</td><td>SAIBOR + 2.0%</td><td>24 months</td><td rowspan="5">Dividend distributions do not exceed 50% of net income
Maximum leverage (total liabilities/ net shareholders' equity) is 2.0
Minimum net shareholders' equity is SAR 300.0 million.
A consent letter to the Offering
Cash deposits in the amount of SAR 70 million</td></tr>
<tr><td>Al Rajhi Bank</td><td>One time</td><td>85,000</td><td>25,388</td><td>SAIBOR + 2.0%</td><td>36 months</td></tr>
<tr><td>Al Rajhi Bank</td><td>One time</td><td>50,000</td><td>-</td><td>SAIBOR + 2.0%</td><td>60 months</td></tr>
<tr><td>Al Rajhi Bank</td><td>Letter of guarantee</td><td>15,000</td><td>-</td><td>SAMA + 0.50%</td><td>-</td></tr>
<tr><td>Al Rajhi Bank</td><td>One time</td><td>100,000</td><td>88,490</td><td>SAIBOR + 2.0%</td><td>36 months</td></tr>
</table>

Lender	Facility Type	Authorised Limit (SAR in 000s)	Outstanding Balance as of 31 March 2020G	Commission Rate	Repayment Period	Key Terms and Covenants
Riyad Bank	Credit limit	70,000	29,704	SAIBOR + 2.5%	24 months	Maximum leverage (total liabilities/ net shareholders' equity) is 2.0 A consent letter to the Offering
Riyad Bank	For general purposes	2,000	-	Base bank rate + 1.0% (*****)	One time	
Riyad Bank	Letter of guarantee	15,000	-	SAMA + 1.75%	-	
Riyad Bank	Interest of profit swap operations	4,000	-	Base bank rate	-	
Riyad Bank	One time	70,000	-	SAIBOR + 2.5%	24-36 months	
AlJazira Bank	Credit limit	70,000	7,859	SAIBOR + 2.0%	24 months	Dividend distributions do not exceed 50% of net income Maximum leverage (total liabilities/ net shareholders' equity) is 2.0 A consent letter to the Offering***
AlJazira Bank	Letter of guarantee	10,000	-	SAMA + 0.25%	-	
Saudi British Bank	One time	30,000	-	SAIBOR + 2.0%	30 months	Dividend distributions do not exceed 50% of net income Maximum leverage (total liabilities/ net shareholders' equity) is 2.5 Minimum net shareholders' equity is SAR 200.0 million. A consent letter to the Offering The external leverage (total external loans/net tangible shareholders' equity) is 2.5
Saudi British Bank	One time	670	-	-	24 months	
Saudi British Bank	One time	14,349	22,893	SAIBOR + 2.0%	48 months	
Saudi British Bank	One time	10,324				
Saudi British Bank	Various guarantees	5,000	-	SAMA + 0.75%	-	
Saudi British Bank	Credit limit	62,000	48,277	SAIBOR + 2.0%	30 months	
Saudi British Bank	Letter of guarantee	20,000	-	SAMA + 0.75%	-	

Lender	Facility Type	Authorised Limit (SAR in 000s)	Outstanding Balance as of 31 March 2020G	Commission Rate	Repayment Period	Key Terms and Covenants
The National Commercial Bank	One time	60,000	54,599	SAIBOR + 2.0%	30 months	Dividend distributions do not exceed 50% of net income Maximum leverage (total liabilities/ net shareholders' equity) is 2.0 Minimum net shareholders' equity is SAR 280.0 million. A consent letter to the Offering 10% deposit of revenue (minimum)
The National Commercial Bank	One time	40,163	25,595	SAIBOR + 2.0%	30 months	
The National Commercial Bank	One time	7,163	1,991	SAIBOR + 2.0%	28 months	
The National Commercial Bank	Letter of guarantee	2,000	-	SAMA + 0.25%	-	
The National Commercial Bank	Working capital financing	5,000	-	SAIBOR + 2.5%	3 months	
The National Commercial Bank	Interest on profit swap operations	8,000	-	Base bank rate	-	
Alinma Bank	Credit limit	75,000	50,237	SAIBOR + 2.0%	36 months	20% deposit from revenue (minimum) Maximum leverage (total liabilities/ net shareholders' equity) is 2.5 The external loans / profit before interest, taxes, depreciation and amortization must not exceed 2.5: 1 A consent letter to the Offering****
Total		**1,230,668**	**604,642**			

Source: Management information

* The table above includes existing bank loans as of 31 March 2020G. To review current loans as of the date of this publication, please review Section 12.6 (**Finance Agreements**)

** The facility agreement with Samba Bank was renewed on 12/10/1441H (corresponding to 4 June 2020G), with a total value of 319,720,290 Saudi riyals, please refer to Section 12.6 (**Financing Agreements**)

*** The facility agreement with Bank Al-Jazira was renewed on 20/9/1441H (corresponding to 13 May 2020G), with a total value of 60,000,000 Saudi riyals, please refer to Section 12.6 (**Financing Agreements**)

**** The facility agreement with Alinma Bank was renewed on 19/12/1441H (corresponding to 09 August 2020G), with a total value of SAR 150,000,000, please refer to Section 12.6 (**Financing Agreements**)

***** The facility agreement concluded with Riyad Bank on 8/4/1439H, corresponding to 27 December 2017G, is the basic interest rate on lending at Riyad Bank and has been updated to 1% in addition to the basic interest rate on lending at Riyad Bank upon renewing the agreement on 5/8/1440H corresponding to 10 April 2019G

Loan balances are primarily used to purchase cars. The balance totalled SAR 605.0 million as of 31 December 2019G and SAR 604.6 million as of 31 March 2020G. Loans have interest at a rate of SAIBOR plus 2.0% to %2.5, and the Company was in full compliance with the loan covenants.

6.6.21.2 Employees' End of Service Benefits

Table 6.115: Movement in the Provision for Employees' End of Service Benefits as of 31 December 2019G and 31 March 2020G

SAR in 000s	31 December 2019G	31 March 2020G
At the Beginning of the Year	**20,182**	**23,264**
Service Costs	2,661	897
Interest Expenses	864	-
Paid During the Year	(1,620)	(246)
Actuarial Losses/(Profits)	1,177	-
At the End of the Year	**23,264**	**23,915**

Source: Management information

Employees’ End of Service Benefits

Employees’ end of service benefits are estimated using the actuarial estimates in accordance with the IFRS. The employee end-of-service benefit provision balance increased slightly from SAR 23.3 million as of 31 December 2019G to SAR 23.9 million as of 31 March 2020G, as the Company built a provision for end of service benefits, in line with the increase in the number of employees (143 employees) during the same period.

6.6.21.3 Lease Liabilities

Table 6.116: Change in Lease Contract Liabilities as of 31 December 2019G and 31 March 2020G

SAR in 000s	31 December 2019G	31 March 2020G
As of 1 January 2019G	51,962	43,978
Additions	6,780	18,930
Accumulated interest	2,179	642
Payments	(16,943)	(14,304)
At the End of the Year	**43,978**	**49,246**
Current Portion	15,365	20,482
Non-Current Portion	28,613	28,763

Source: Audited financial statements for the financial year of 2019G and management information

Lease liabilities - non-current portion totalled SAR 28.6 million as of 31 December 2019G and SAR 28.8 as of 31 March 2020G, and they relate to the lease liabilities measured at present value of the remaining rental payments, discounted using the incremental borrowing rate on the date of the beginning of the contract if the interest rate implicit in the contract cannot be determined immediately. After the inception of the contract, the lease liability is increased to reflect an increase in the cost of financing and a decrease in the amount when paying rents.

Potential Liabilities

Table 6.117: Letters of Guarantee as of 31 December 2019G and 31 March 2020G

SAR in 000s	31 December 2019G	31 March 2020G
Letters of Guarantee	28,583	34,553

Source: The reviewed interim financial statements for the three-month period ended 31 March 2020G

The company issued letters of guarantee in the amount of 34.6 million Saudi riyals as on 31 March 31 2020G, compared to 28.6 million Saudi riyals as on 31 December 2019G in relation to its operations.

6.6.22 Current Liabilities

Table 6.118: Current Liabilities as of 31 December 2019G and 31 March 2020G

SAR in 000s	31 December 2019G	31 March 2020G
Current Portion of Long-Term Loans	288,849	306,895
Car Agents’ Payable	85,185	76,393
Accounts Payable	3,534	7,396
Unearned Revenue	242	151
Accruals and Other Payables	39,155	45,972
Current portion of Lease Liabilities	15,365	20,482
Provision for Zakat	19,854	19,414
Total Current Liabilities	**452,184**	**476,703**

Source: Audited financial statements for the financial year of 2019G and the reviewed interim financial statements for the three-month period ended 31 March 2020G

Table 6.119: Days Payable Outstanding - Car Agent KPIs

KPIs		
Days Payable Outstanding - Car Agent	56	71

Source: Management information

6.6.22.1 Current Portion of Long-Term Loans

The current portion of long-term loans consists of the portion expected to be paid during the financial year following the reporting year as per the payment schedule. These loans are primarily used to purchase vehicles, which totalled SAR 288.8 million as of 31 December 2019G and SAR 306.9 million as of 31 March 2020G.

6.6.22.2 Car Agents' Payable

Car agent accounts payable relate to the liabilities associated with the purchase of vehicles from car agents. The car agent accounts payable balance decreased from SAR 85.2 million as of 31 December 2019G to SAR 76.4 million as of 31 March 2020G. This is primarily due to the decrease in vehicle purchases due to differences in the timing of purchases at the beginning of the year as compared to the end of the year.

6.6.22.3 Accounts Payable

Accounts payable relate to the Company's usual expenses, and excludes payables related to the purchase of vehicles. The accounts payable balance increased from SAR 3.5 million as of 31 December 2019G to SAR 7.4 million as of 31 March 2020G. They primarily relate to the purchase of cooling units, which comprise 95% of the increase in the accounts payable balance.

6.6.22.4 Unearned Revenue

Unearned revenue relates to the sums received in advance from customers. It totalled SAR 242 thousand as of 31 December 2019G and SAR 151 thousand as of 31 March 2020G.

6.6.22.5 Accrued Expenses and Other Accounts Payable

Table 6.120: Accrued Expenses and other Accounts Payable as of 31 December 2019G and 31 March 2020G.

SAR in 000s	31 December 2019G	31 March 2020G
Accrued Expenses	24,678	30,406
Advances from Customers	10,400	9,568
Other Payables	4,077	5,998
Total	**39,155**	**45,972**

Source: Audited financial statements for the financial year of 2019G, as well as Management's information

(a) Accrued Expenses

Accrued expenses primarily relate to the provisions for paid leaves, incentives, accrued interest, deposits and accrued rent. The balance increased from SAR 24.7 million as of 31 December 2019G to SAR 30.4 million as of 31 March 2020G. This is primarily due to an increase in the accrued rent for the leased airport branches (SAR 5.4 million) for which no invoice had been issued as of 31 March 2020G. It is expected to receive invoices for these branches during the year. In addition, the professional fees balance increased from SAR 2.9 million as of 31 December 2019G to SAR 4.8 million as of 31 March 2020G. This is primarily due to the consulting services pertaining to policies, procedures and the Initial Public Offering.

(b) Advances from Customers

Advances from customers primarily relate to the companies that are lease segment customers. These payments were made in accordance with the clauses of the agreement in place with the Company. They decreased from SAR 10.4 million as of 31 December 2019G to SAR 9.6 million as of 31 March 2020G due to the difference in the timing differences on cash collections at the beginning of the year as compared to the end of the year.

(c) Other Payables

Other payables relate to the fees of the General Organisation for Social Insurance and the customer loyalty points programme. The balance increased from SAR 4.1 million as of 31 December 2019G to SAR 6.0 million as of 31 March 2020G primarily due to an increase in the accrued net value added tax, in line with the increase in rental revenue; in addition to the General Authority for Zakat and Tax allowing to postpone dues for the months of January and February.

6.6.22.6 Zakat Provision

Table 6.121: Zakat Provision as of 31 December 2019G and 31 March 2020G

SAR in 000s	31 December 2019G	31 March 2020G
At the Beginning of the Year	13,766	19,854
Charge for the Year	4,114	1,345
Differences from Previous Years	4,014	(1,785)
Paid During the Year	(2,039)	-
At the End of the Year	**19,854**	**19,414**

Source: Audited financial statements for the financial year ended 31 December 2019G and the reviewed interim financial statements for the three-month period ended 31 March 2020G

The Company reversed the provision in the amount of SAR 1.8 million during the three-month period ended 31 March 2020G, which led to a change in the Zakat cost from a loss of SAR 561 thousand during tht three-month period Period ended 31 March 2019G to SAR 440 thousand during the three-month period Period ended 31 March 2020G. The Zakat provision declined slightly from SAR 19.9 million as of 31 December 2019G to SAR 19.4 million as of 31 March 2020G.

6.6.22.7 Lease Liabilities - Current Portion

The lease liabilities - current portion relate to the current portion of these liabilities, measured at present value of the remaining rental payments, discounted using the incremental borrowing rate on the date of the beginning of the contract if the interest rate implicit in the contract cannot be determined immediately. After the inception of the contract, the lease liability is increased to reflect an increase in the cost of financing and a decrease in the amount when paying rents. The expiry dates of these liabilities are up to five years, with the possibility of renewal at the end of the contract as agreed upon between the lessee and the lessor. The lease liabilities - current portion balance increased from SAR 15.4 million as of 31 December 2019G to SAR 20.5 million as of 31 March 2020G. This is primarily due to the opening of new branches which entail entering into long-term lease agreements.

6.6.23 Equity

Table 6.122: Equity as of 31 December 2019G and 31 March 2020G

SAR in 000s	31 December 2019G	31 March 2020G
Share Capital	153,902	430,000
Statutory Reserve	55,338	3,406
Retained Earnings	242,134	34,028
Total Equity	**451,374**	**467,434**
Return on Equity	26.3%	29.1%

Source: The reviewed interim financial statements for the three-month period ended 31 March 2020G

Table 6.123: Changes in Equity as of 31 March 2020G

SAR in 000s	Capital	Statutory Reserve	Retained Earnings	Total
As of 1 January 2020G	**153,902**	**55,338**	**174,525**	**383,765**
Net Income for the Period	-	-	18,134	18,134
Dividends	-	-	(10,000)	(10,000)
As of 31 March 2019G	**153,902**	**55,338**	**182,660**	**391,900**
As of 1 January 2020G	**153,902**	**55,338**	**242,134**	**451,374**
Net Income for the Period	-	-	34,060	34,060
Increase in Capital	276,098	(55,338)	(220,760)	-
Transfer to the Statutory Reserve	-	3,406	(3,406)	-
Dividends	-	-	(18,000)	(18,000)
As of 31 March 2020G	**430,000**	**3,406**	**34,028**	**467,434**

Source: The reviewed interim financial statements for the three-month period ended 31 March 2020G

The Company's capital consists of authorised capital and issued and fully paid up capital of SAR 430.0 million as of 31 March 2020G (it was increased through the capitalisation of SAR 220.8 million of retained earnings and the transfer of SAR 55.3 million from the statutory reserve balance), and it is divided into 43,000,000 ordinary shares worth SAR 10 per share.

According to the requirements of the Companies Law and the Company's by-laws, the Company must form a statutory reserve by transferring 10% of the net income for the year until it reaches 30% of the Company's capital. This statutory reserve is not available for distribution to shareholders as a sum of SAR 3.4 million as of 31 March 2020G, representing 10% of net income for the period, was transferred to the statutory reserve.

Retained earnings were SAR 242.1 million on 31 December 2019G and SAR 34.0 million on 31 March 2020G, in line with the transfer of SAR 220.8 million from the retained earnings account to capital.

Moreover, dividends of SAR 18.0 million were distributed during the three-month period ended 31 March 2020G.

6.6.24 Statement of Cash Flows

Table 6.124: Statement of Cash Flows as of 31 March 2019G and 2020G

SAR in 000s	31 March 2019G	31 March 2020G
Net Cash Flows from / (Used in) Operating Activities	(15,676)	46,800
Net Cash Flows Used in Investing Activities	(462)	(852)
Net Cash Flows (Used in) / from Financing Activities	3,612	(39,525)
Net Change in Cash and Cash Equivalents During the Year	**(12,526)**	**6,423**
Cash and Cash Equivalents at the Beginning of the Year	33,124	58,970
Cash and Cash Equivalents at the End of the Year	**20,597**	**65,393**

Source: Management information

6.6.24.1 Cash Used in Operating Activities

Table 6.125: Cash Used in Operating Activities as of 31 March 2019G and 2020G

SAR in 000s	31 March 2019G	31 March 2020G
Net Income for the Period	18,134	34,060
Adjustments to Reconcile Profit Before Zakat to Net Cash Flows:		
Depreciation of Property and Equipment	39,331	52,134
Amortization of Intangible Assets	53	62
Depreciation of Right-of-Use Assets	3,751	5,964
Zakat	561	(440)
Finance Charges	5,646	7,494
Expected Credit Losses	6,170	3,566
Employee End of Service Benefits	1,057	897
Impairment Loss Against Property, Equipment and Inventory	511	1,033
Total Adjustments	**75,215**	**104,771**
Working Capital Adjustments:		
Prepayments and Other Receivables	5,837	11,776
Accounts Receivables, Net	(15,031)	(21,617)
Accrued Revenue, Net	1,174	1,648
Amounts Due from Related Parties	(84)	(368)
Inventories	24,844	47,136
Car Agents' Payable	(3,828)	(8,792)
Accruals and Other Payables	3,017	6,816

SAR in 000s	31 March 2019G	31 March 2020G
Unearned Revenue	(91)	(91)
Accounts Payables	864	3,862
Cash from Operating Activities	**91,917**	**145,141**
Additions of Vehicles	(107,166)	(98,095)
Employees' End of Service Benefits Paid	(427)	(246)
Net Cash Flows from / (Used in) Operating Activities	**(15,676)**	**46,800**

Source: The reviewed interim financial statements for the three-month period ended 31 March 2020G

Cash flows from operating activities increased from a loss of SAR 15.7 million for the three-month period ended 31 March 2019G to SAR 46.8 million for the three-month period ended 31 March 2020G. This is due to an 87.8% increase in net income for the period, as well as an increase in the change in inventory (which includes the cash flows resulting from the sale of cars due to the increase in the number of vehicles sold from 907 vehicles as of 31 March 2019G to 1,585 vehicles as of 31 March 2020G) from SAR 24.8 million for the three-month period ended 31 March 2019G to SAR 47.1 million for the three-month period ended 31 March 2020G, in line with an increase in the number of used vehicles sold from 907 to 1,585 during the same period.

6.6.24.2 Cash Used in Investing Activities

Table 6.126: Cash Used in Investing Activities as of 31 March 2019G and 2020G

SAR in 000s	31 March 2019G	31 March 2020G
Additions - Other Property and Equipment	(442)	(850)
Work in Progress	(21)	(2)
Net Cash from / (Used in) Investing Activities	**(462)**	**(852)**

Source: The reviewed interim financial statements for the three-month period ended 31 March 2020G and management information

Investment activities include additions to other property and equipment and additions to intangible assets and work in progress. The net cash flows used in investment activities increased from a loss of SAR 462 thousand for the three-month period ended 31 March 2019G to a loss of SAR 852 thousand for the three-month period ended 31 March 2020G. Indeed, additions to other property and equipment totalled a loss of SAR 850 thousand on 31 March 2020G which relates to equipment and various property of the Company's workshops and branches as compared to a loss of SAR 442 thousand for the three-month period ended 31 March 2019G.

6.6.24.3 Cash Flows from Financing Activities

Table 6.127: Cash Flows from Financing Activities as of 31 March 2019G and 2020G

SAR in 000s	31 March 2019G	31 March 2020G
Finance Charges Paid	(4,691)	(7,494)
Proceeds from Term Loans	98,082	86,979
Repayment of Term Loans	(68,095)	(87,348)
Payment of the Principal Portion of Lease Liabilities	(11,684)	(13,662)
Dividends Paid	(10,000)	(18,000)
Net Cash Flows (Used in)/ from Financing Activities	**3,612**	**(39,525)**

Source: Audited financial statements for the three-month period ended 31 March 2020G

The net cash flows (used in)/from financing activities decreased from SAR 3.6 million for the three-month period ended 31 March 2019G to a loss of SAR 39.5 million for the three-month period ended 31 March 2020G. This is due to the change in the proceeds from term loans from SAR 98.1 million on 31 March 2019G to SAR 87.0 million for the three-month period ended 31 March 2020G, as well as the change in the repayment of term loan from a loss of SAR 68.1 million for the three-month period ended 31 March 2019G to a loss of SAR 87.3 million for the three-month period ended 31 March 2020G, primarily in connection with the loans paid to SAMBA Financial Group Bank as of the three-month period ended 31 March 2020G.

6.6.25 Capitalization and Indebtedness

The table below demonstrates the Company's capitalization and debts as of 31 December 2019G and the three-month period ended 31 March 2020G. This table must be read together with the Company's audited financial statements and financial data. The Company's capitalization totalled SAR 1.3 billion in 2019G and as of the three-month period ended 31 March 2020G.

Table 6.128: Capitalization and Indebtedness as of 31 December 2019G and 31 March 2020G

SAR in 000s	31 December 2019G	31 March 2020G
Liabilities		
Current Liabilities	452,184	476,703
Non-Current Liabilities	368,040	350,426
Total Liabilities	**820,224**	**827,129**
Equity		
Share Capital	153,902	430,000
Statutory Reserve	55,338	3,406
Retained Earnings	242,134	34,028
Total Equity	**451,374**	**467,434**
Total Capitalization (Total Equity + Total Liabilities)	**1,271,597**	**1,294,562**

Source: Audited financial statements for the financial year of 2019G and the reviewed interim financial statements for the three-month period ended 31 March 2020G

7. DIVIDEND DISTRIBUTION POLICY

Pursuant to Article 110 of the Companies Law, each Shareholder is entitled to the rights attached to the Shares, including in particular the right to receive a portion of the dividends declared. The declaration and distribution of any dividends will be recommended by the Board of Directors before being approved by the Shareholders at a General Assembly meeting. The Company is under no obligation to declare dividends and any decision to do so will depend on, amongst other things, the Company's historic and anticipated earnings and cash flows, financing and capital requirements and market and general economic conditions, the Company's Zakat position and legal and regulatory considerations. Dividend distribution is subject to restrictions set out in the financing agreement entered into with financiers (for further details, see Section 12.6 (**Financing Agreements**)) as well as the limitations contained in the Bylaws. Dividends will be distributed in Saudi Arabian Riyals.

The Company's annual net profits shall be distributed following a deduction of all general and other expenses as follows:

a. 10% of the net profits shall be set aside to form a statutory reserve. Such setting aside may be discontinued by the Ordinary General Assembly when such statutory reserve totals 30% of the Company's paid-up capital;

b. the Ordinary General Assembly may, upon request of the Board of Directors, set aside 5% of the net profits to form a voluntary reserve to be allocated to support the financial position of the Company;

c. the Ordinary General Assembly may resolve to form other reserves to the extent they serve the Company's interests, or to ensure the distribution of fixed dividends – so far as possible – to the Shareholders; the Ordinary General Assembly may also deduct amounts from the net profit to create social institutions for the Company's employees, or to support existing institutions of such kind; and

d. a certain percentage of the annual net profits shall be distributed to the Shareholders, as decided by the Ordinary General Assembly.

The following is a summary of the dividends that the Company declared and distributed since the beginning of 2017G:

Table 7.1: Dividends Declared and Distributed in the Years Ended 31 December 2017G, 2018G, 2019G and the Three-Month Period Ended 31 March 2020G (SAR'000)

SAR'000	2017G	2018G	2019G	The Three-Month Period Ended 31 March 2020G
Declared Dividends for the Period	13,000	28,250	50,000	18,000
Paid Dividends Throughout the Period	13,000	28,250	50,000	18,000
Total Comprehensive Income for the Year	30,133	61,016	117,608	34,060
Ratio of Net Income Declared Dividends	43%	46%	43%	53%

Source: The Company

The Shareholders approved the declaration and distribution of interim dividends of SAR 12.0 million in the General Assembly meeting on 2/5/1442H (corresponding to 17 December 2020G). Thus, total dividends for the year 2020G amounted to SAR 30.0 million. And as of 31 December 2020G, the balance of dividends liability was zero, as the Company paid all the outstanding dividends.

Accordingly, the Offer Shares will entitle their holders to receive any dividends announced by the Company starting from 18 December 2020G. For the avoidance of doubt, the Offer Shares do not entitle their holders to any dividends announced before 18 December 2020G, including the dividends mentioned above.

8. USE OF PROCEEDS

The total Offering Proceeds are estimated at SAR 516,000,000, of which approximately SAR 21,000,000 will be applied towards the Offering expenses, which include the fees of the Financial Advisor, the Lead Manager, the Bookrunner, the Underwriter, the Financial Due Diligence Advisor, the Legal Advisors, the Receiving Agents and the Market Consultant, as well as marketing, printing and distribution fees and other costs and expenses related to the Offering.

The Net Offering Proceeds of approximately SAR 495,000,000 will be distributed to the Selling Shareholders pro-rata to the number of Offer Shares that will be sold by each of them in the Offering. The Company will not receive any part of the proceeds from the Offering. The Selling Shareholders will bear all fees, costs and expenses in relation to the Offering.

9. CAPITALIZATION AND INDEBTEDNESS

Prior to the Offering, the Current Shareholders owned the entire issued share capital of the Company. Upon completion of the Offering, they will jointly hold seventy percent (70%) of the Company's shares.

The following table shows the Company's capitalization as reflected in the Company's audited consolidated financial statements for the financial years ended 31 December 2017G, 2018G and 2019G, and the three-month period ended 31 March 2020G. The following table should be read in conjunction with the relevant Financial Statements, including the notes thereto set out in Section 19 (**Financial Statements and Auditors' Report**):

Table 9.1: Capitalization of the Company's Capital and Indebtedness

('000 SAR)	2017G	2018G	2019G	The Three-Month Period Ended 31 March 2020G
The Current Portion of the Lease Obligations	-	-	15,365	20,482
Non-Current Portion of Lease Obligations	-	-	28,613	28,763
Current Portion of Long-Term Loans	180,976	229,623	288,849	306,895
Non-Current Portion of Long-Term Loans	92,756	129,320	316,162	297,747
Total Loans and Lease Obligations	**273,732**	**358,943**	**648,989**	**653,887**
Shareholders' Equity:				
Share Capital	153,902	153,902	153,902	430,000
Statutory Reserve	55,338	55,338	55,338	3,406
Retained Earnings	141,760	174,525	242,134	34,028
Total Equity	**351,000**	**383,765**	**451,374**	**467,434**
Total Capitalization (Total Loans + Total Equity)	**624,732**	**742,708**	**1,100,363**	**1,121,321**
Total Loans / Total Capitalization	**0.4**	**0.5**	**0.6**	**0.6**

Source: The Company's audited consolidated financial statements for the financial years ended 31 December 2017G, 2018G and 2019G, and the reviewed interim financial statement for the three-month period ended 31 March 2020G.

The Directors declare that:

a. none of the Company's share capital is under option;

b. the Company does not have any debt instruments as of the date of this Prospectus; and

c. the Company's existing cash balances and its cash flows will be sufficient to meet its anticipated cash needs for working capital and capital expenditure for at least twelve (12) months following the date of this Prospectus.

10. STATEMENTS BY EXPERTS

All the Advisors, whose names are listed on pages (vi) and (vii), have given and, as of the date of this Prospectus, have not withdrawn, their written consent to the publication of their names, addresses, logos and statements attributed to each of them in the context in which they appear in this Prospectus, and do not, themselves, nor do their employees forming part of the team serving the Company, or any of their relatives, have any shareholding or interest of any kind in the Company as of the date of this Prospectus which would impair their independence.

11. DECLARATIONS

The Directors declare the following:

a. they have not at any time been declared bankrupt or been subject to bankruptcy proceedings;

b. none of the companies in which any of the Directors, Senior Executives or the Secretary was employed, in a managerial or supervisory capacity, was declared bankrupt or insolvent during the past 5 years;

c. except as specified in Section 12.9 (**Related Party Contracts and Transactions**), they do not, themselves, nor do any of Senior Executives, Secretary, or their relatives or affiliates, have any material interest in any written or verbal contract or arrangement under consideration or expected to be conducted with the Company as of the date of this Prospectus;

d. except as otherwise described in Section 5.2.1 (**Composition of the Board of Directors**), and Section 12.9 (**Related Party Contracts and Transactions**), neither they nor any of Senior Executives, Secretary, or their relatives, have any shareholding or interest of any kind in the Company nor in any debt instruments of the Company, and the Company is prohibited from granting a loan to a Director or guaranteeing a loan entered into by a Director;

e. no commissions, discounts, brokerages or other non-cash compensation were granted by the Company within the three years immediately preceding the application for the registration and offer of securities, subject of this Prospectus, in connection with the issue or sale of any securities;

f. there has been no interruption in the Company's business that may significantly affect or have affected its financial position during the last 12 months;

g. there is no intention to introduce any material changes to the nature of the Company's business;

h. they will not vote on General Assembly resolutions that relate to any transaction or contract in which the Directors have a direct or indirect interest;

i. there has been no material adverse change in the financial or trading position of the Company in the three years immediately preceding the date of filing the application for registration and offering of securities that are subject of this Prospectus and during the period covered in the auditors' report to the date of approval of this Prospectus prepared by Aldar Audit Bureau (Abdullah Al-Basri & Co.) as the Company's auditors for the financial years ended 31 December 2017G, 31 December 2018G, 31 December 2019G and for the three-month period ended 31 March 2019G and 2020G;

j. as of the date of this Prospectus, the Company does not have any employee share schemes in place for its employees or any other existing similar arrangement involving the employees in the capital of the Company;

k. the Company does not have any securities (contractual or otherwise) or any assets that are subject to fluctuation which would adversely and materially affect the financial position;

l. except as disclosed in Section 2 (**Risk Factors**) and Section 6.3 (**Key Factors Affecting the Company's Operations**), the Company is not aware of any information regarding any governmental, economic, financial, monetary or political policies or any other factors that have materially affected or may materially affect (directly or indirectly) its operations;

m. except as disclosed in Section 2 (**Risk Factors**) and Section 6.3 (**Key Factors Affecting the Company's Operations**), the Company is not aware of any seasonal information or business cycles related to its business that would affect the Company's operations or financial position;

n. the statistical information used in Section 3 (**Market Overview**) obtained from third-party sources represents the latest information available from each respective source;

o. the Company has insurance policies with sufficient insurance coverage to carry out its activities. The Company renews its insurance policies regularly to ensure continued insurance coverage;

p. all contracts and agreements which the Company considers to be material or important or which have an impact on a Subscriber's decision to invest in the Offer Shares have been disclosed. There are no other material agreements or contracts that have not been disclosed;

q. all terms and conditions that may affect the decisions of the Subscribers to invest in Offer Shares have been disclosed;

r. as of the date of this Prospectus, there are no material Related Party contracts or transactions that have any material impact on the Company's activities, and the Company has no intention to enter into any new agreements with Related Parties, except as specified in Section 12.9 (**Related Party Contracts and Transactions**);

s. the Selling Shareholders will incur all the expenses and costs related to the Offering, and such costs will be deducted from the Offering Proceeds, including the fees of the Financial Advisor, the Underwriter, the Legal Advisors, the

Financial Due Diligence Advisor, the Market Consultant and the Receiving Agents, as well as marketing, printing and distribution costs and other expenses related to the Offering;

t. as of the date of this Prospectus, there is one dispute with GAZT. The Company objected to the Zakat assessments for the financial years from 2010G to 2017G. The Selling Shareholders will be liable, each according to its share, for any additional claims that may be filed by GAZT for the preceding years until the company has been listed on the exchange. Relevant Selling Shareholders' undertakings have been given;

u. they have developed procedures, controls and systems that would enable the Company to meet all the requirements of the relevant laws and regulations, including Companies Law, CML and its implementing regulations (including the Rules on the Offer of Securities and Continuing Obligations), and Listing Rules;

v. all the Company's employees are under its sponsorship;

w. as of the date of this Prospectus, the Shareholders whose names appear in Section 4.3 (**Current Shareholding Structure**) and Appendix A are the legal and beneficial owners, whether direct or indirect owners, of the Shares in the Company; the Board of Directors declares that the Company's ownership structure is complying with the Foreign Investment Law.

x. all increases in the capital of the Company are in compliance with the applicable laws and regulations of the Kingdom;

y. except as disclosed in Section 2 (**Risk Factors**), and to the best of their knowledge and belief, there are no other material risks that may affect a prospective Subscriber's decision to invest in the Offer Shares;

z. except as disclosed in Section 2.2.9 (**Risk Related to Licenses and Approvals**), and Section 12.4 (**Government Consents, Licences and Certificates**), the Company has obtained all necessary licenses and permits to carry out its business activities;

aa. except as disclosed in Section 12.12 (**Litigation**), the Company is subject to any disputes or proceedings that may individually or collectively have a material effect on the Company's business or financial position;

bb. except as disclosed in Section 12.6 (**Financing Agreements**), the Company has not issued any debt instruments, nor does it have any term loans or any other outstanding borrowings or indebtedness (including bank overdrafts, financial liabilities under acceptance, acceptance credits or purchase commitments);

cc. the Board of Directors acknowledges that none of the Company's assets are under mortgage, right or charge as of the date of this Prospectus;

dd. the Company has working capital sufficient for at least 12 months immediately following the date of this Prospectus;

ee. no Shares of the Company are under option;

ff. as of the date of this Prospectus, the Company does not have a policy in connection with research and development for the last three years;

gg. the audited financial statements for the financial year ended 31 December 2017G have been prepared in accordance with the accounting standards issued by SOCPA, audited by Aldar Audit Bureau (Abdullah Al-Basri & Co.) and the Company's audited financial statements for the financial years ended 2018G and 2019G have prepared in accordance with IFRS endorsed by SOCPA and audited by Aldar Audit Bureau (Abdullah Al-Basri & Co.) as well;

hh. the financial information included in this Prospectus has been extracted from the Company's audited financial statements, without making any material amendment thereto except for rounding off. The financial information for 2018G and 2019G contained in Section 6 (**Management Discussion and Analysis of the Financial Position and Results of Operations**) has been extracted, without material changes, from the audited financial statements of the Company for the financial years ended 31 December 2018G and 2019G. The financial information for 2017G in this Prospectus is extracted or derived from the comparative financial information for 2017G and included in the audited financial statements for the financial year ended 31 December 2018G, where the Company applied, during 2017G, the accounting standards issued by SOCPA in the comparative period in the financial statements for the year ended 31 December 2018G. Furthermore, the financial information is presented in a manner consistent with the Company's audited annual financial statements;

ii. the Company is capable of preparing the required reports in a timely manner in accordance with the implementing regulations of the CML issued by the CMA;

jj. all necessary approvals have been obtained from lenders to offer 30% of the Company shares in order for the Company to be a public joint stock company;

kk. the Company is committed to all the terms and conditions under the agreements with lenders granting all loans, facilities and financing;

ll. as of the date of this Prospectus, there is no breach of contractual terms with lenders granting all loans, facilities and financing; and

mm. all terms and conditions that may affect the decisions of Subscribers in the Company's shares have been disclosed.

In addition to the above, the Directors confirm that:

a. third-party information and data included in this Prospectus, including the information obtained or derived from the market research conducted by the Market Consultant, is reliable and the Company has no reason to believe that such information is materially inaccurate;

b. the Company has prepared its internal control policies on sound principles where the Company has implemented a written policy regulating and resolving possible conflicts of interest issues, which include the misuse of the Company's assets and misfeasance due to Related Party transactions. The Company has ensured that its operational and financial policies are sound and that control procedures appropriate for risk management are implemented in accordance with Part 5 of the Corporate Governance Regulations. The Directors review the Company's internal controls on an annual basis;

c. the internal control, accounting, and information technology systems of the Company are sufficient and adequate;

d. except as disclosed in Section 12.9 (**Related Party Contracts and Transactions**), there is no conflict of interest related to the Directors with respect to contracts or transactions entered into with the Company;

e. unless otherwise approved by the General Assembly, a Director may not have a direct or indirect interest in the transactions and contracts entered into by the Company;

f. the Directors shall notify the Board of Directors of any direct or indirect interest they may have in the transactions and contracts entered into by the Company, and this notification will be recorded in the minutes of the Board of Directors meeting;

g. all transactions with Related Parties shall be entered into on an arm›s-length basis and all works and contracts with Related Parties shall be subject to a vote in meetings of the Board of Directors and, if required by the Companies Law, the General Assembly. Directors may not vote on any decision related to transactions or contracts with the Company in which they have a direct or indirect interest, whether in the Board of Directors or the General Assembly, in accordance with Article 71 of the Companies Law and Chapter 6 of Part 3 of the Corporate Governance Regulations;

h. the Directors and the Chief Executive Officer shall not have the right to vote on decisions relating to their fees and remuneration; and

i. neither the Directors nor any Senior Executive shall obtain a loan from the Company, and the Company shall not guarantee any loan entered into by a Director.

The Directors undertake to:

a. record all Board of Directors resolutions by means of written minutes of meetings, which shall be signed by the Directors;

b. disclose the details of any Related Party transactions in accordance with the Companies Law and the Corporate Governance Regulations; and

c. comply with the provisions of Articles 71, 72 and 73 of the Companies Law and Chapter 6 of Part 3 of the Corporate Governance Regulations.

12. LEGAL INFORMATION

12.1 The Company

Theeb Rent A Car Company is a Saudi closed joint stock company registered under commercial registration No. 1010150661 dated 12/4/1419H (corresponding to 6 August 1998G) pursuant to Ministerial Resolution No. 305/G dated 11/10/1431H (corresponding to 20 September 2010G), approving the Company's conversion to a joint stock company. The current capital of the Company is SAR 430,000,000, divided into 43,000,000 ordinary Shares with a fully paid nominal value of SAR 10 per Share. The Company's Head Office is located in Al Rawdah District, P.O. Box 9551, Riyadh 11423, Kingdom. Pursuant to its Bylaws, the Company's principal activities consist of car rental services (for further details, see Section 4.6 (**Overview of the Company's Business**)).

12.2 Ownership Structure

The following table summarises the ownership structure of the Company before and after the Offering:

Table 12.1: Direct Ownership Structure of the Company Pre-and Post-Offering

Shareholders	Pre-Offering			Post-Offering		
	No. of Shares	Shareholding (%)(1)	Nominal Value (SAR)	No. of Shares	Shareholding (%)(1)	Nominal Value (SAR)
Humoud Abdullah Ebrahim Al-Theeb	14,147,000	32.90%	141,470,000	9,902,900	23.03%	99,029,000
Mohammed Ahmed Abdullah Al-Theeb	14,147,000	32.90%	141,470,000	9,902,900	23.03%	99,029,000
Growth Opportunities Trading Company	12,900,000	30.00%	129,000,000	9,030,000	21.00%	90,300,000
Nayef Mohammed Ahmed Al-Theeb	301,000	0.70%	3,010,000	210,700	0.49%	2,107,000
Nawaf Mohammed Ahmed Al-Theeb	301,000	0.70%	3,010,000	210,700	0.49%	2,107,000
Mohammed Humoud Abdullah Al-Theeb	301,000	0.70%	3,010,000	210,700	0.49%	2,107,000
Ahmed Mohammed Ahmed Al-Theeb	301,000	0.70%	3,010,000	210,700	0.49%	2,107,000
Ahmed Humoud Abdullah Al-Theeb	150,500	0.35%	1,505,000	105,350	0.24%	1,053,500
Abdullah Humoud Abdullah Al-Theeb	150,500	0.35%	1,505,000	105,350	0.24%	1,053,500
Salman Humoud Abdullah Al-Theeb	150,500	0.35%	1,505,000	105,350	0.24%	1,053,500
Sari Humoud Abdullah Al-Theeb	150,500	0.35%	1,505,000	105,350	0.24%	1,053,500
Public	-	-	-	12,900,000	30.00%	129,000,000
Total	**43,000,000**	**100%**	**430,000,000**	**43,000,000**	**100%**	**430,000,000**

Source: The Company

(1) The shareholding percentages are rounded.

For further information regarding the Shareholders and the ownership structure of the Company, see Section 4.3 (**Current Shareholding Structure**).

12.3 Subsidiaries

The Company does not hold a direct or an indirect ownership interest in any subsidiaries.

12.4 Government Consents, Licences and Certificates

The Company (including its branches) holds several operational and regulatory licences and certificates from relevant competent authorities which are periodically renewed. The Board members declare that the Company obtained all licences and certificates necessary to execute its operations in order to maintain such activities, except as noted for certain of its operational licences expired or not obtained, as disclosed in Table 12.4 (**Summary of Operational Licences Obtained by the Company**), although the Company has submitted all necessary applications to the competent authorities to obtain such licences. The following tables list licences and certificates currently held by the Company:

Table 12.2: Details of Commercial Registration Certificates Obtained by the Company

Location	Type of Entity	Commercial Registration No.	Registration Date	Expiration Date
Riyadh, Kingdom of Saudi Arabia	Joint stock company	1010150661	12/4/1419H (corresponding to 6 August 1998G)	26/10/1444H (corresponding to 16 May 2023G)
Riyadh, Kingdom of Saudi Arabia	Branch	1010388439	12/11/1434H (corresponding to 18 September 2013G)	12/11/1444H (corresponding to 1 June 2023G)
Riyadh, Kingdom of Saudi Arabia	Branch	1010428416	8/2/1436H (corresponding to 30 November 2014G)	8/2/1444H (corresponding to 4 September 2022G)
Riyadh, Kingdom of Saudi Arabia	Branch	1010215369	4/12/1426H (corresponding to 4 January 2002G)	26/11/1444H (corresponding to 15 June 2023G)
Riyadh, Kingdom of Saudi Arabia	Branch	1010317696	10/11/1432H (corresponding to 8 October 2011G)	21/10/1442H (corresponding to 2 June 2021G)
Riyadh, Kingdom of Saudi Arabia	Branch	1010181670	15/8/1423H (corresponding to 21 October 2002G)	27/5/1443H (corresponding to 31 December 2021G)
Riyadh, Kingdom of Saudi Arabia	Branch	1010451029	15/9/1439H (corresponding to 30 May 2018G)	15/9/1442H (corresponding to 27 April 2021G)
Riyadh, Kingdom of Saudi Arabia	Branch	1010396199	23/1/1435H (corresponding to 26 November 2011G)	23/1/1445H (corresponding to 1 August 2023G)
Riyadh, Kingdom of Saudi Arabia	Branch	1010224758	22/10/1427H (corresponding to 13 November 2006G)	15/10/1443H (corresponding to 16 May 2022G)
Riyadh, Kingdom of Saudi Arabia	Branch	1010378245	27/7/1434H (corresponding to 6 June 2013G)	27/7/1442H (corresponding to 11 March 2021G)
Riyadh, Kingdom of Saudi Arabia	Branch	1010177560	23/3/1423H (corresponding to 4 June 2002G)	22/3/1443H (corresponding to 29 October 2021G)
Riyadh, Kingdom of Saudi Arabia	Branch	1010930285	13/4/1439H (corresponding to 31 December 2017G)	13/4/1443H (corresponding to 18 November 2021G)
Riyadh, Kingdom of Saudi Arabia	Branch	1010187020	30/3/1424H (corresponding to 31 May 2003G)	29/3/1444H (corresponding to 25 October 2022G)
Riyadh, Kingdom of Saudi Arabia	Branch	1010359247	16/2/1434H (corresponding to 29 September 2012G)	16/2/1444H (corresponding to 12 September 2022G)
Riyadh, Kingdom of Saudi Arabia	Branch	1010311975	4/8/1432H (corresponding to 5 July 2011G)	4/8/1442H (corresponding to 17 March 2021G)
Riyadh, Kingdom of Saudi Arabia	Branch	1010610736	25/11/1438H (corresponding to 17 August 2017G)	25/11/1442H (corresponding to 5 July 2021G)
Buraydah, Kingdom of Saudi Arabia	Branch	1131051994	12/5/1435H (corresponding to 13 March 2014G)	12/5/1443H (corresponding to 16 December 2021G)
Makkah Almukarramah, Kingdom of Saudi Arabia	Branch	4031225251	25/7/1440H (corresponding to 1 April 2019G)	25/7/1442H (corresponding to 9 March 2021G)
Jeddah, Kingdom of Saudi Arabia	Branch	4030127038	29/1/1420H (corresponding to 15 May 1999G)	28/1/1445H (corresponding to 15 August 2023G)
Jeddah, Kingdom of Saudi Arabia	Branch	4030294835	20/8/1438H (corresponding to 16 May 2017G)	20/8/1443H (corresponding to 23 March 2022G)

Location	Type of Entity	Commercial Registration No.	Registration Date	Expiration Date
Jeddah, Kingdom of Saudi Arabia	Branch	4030290391	23/10/1437H (corresponding to 28 July 2016G)	23/10/1443H (corresponding to 24 May 2022G)
Taif, Kingdom of Saudi Arabia	Branch	4032036164	18/6/1434H (corresponding to 28 April 2013G)	18/6/1442H (corresponding to 31 January 2021G)
Taif, Kingdom of Saudi Arabia	Branch	4032235084	25/7/1440H (corresponding to 1 April 2019G)	25/7/1442H (corresponding to 9 March 2021G)
Almadinah Almunawwarah, Kingdom of Saudi Arabia	Branch	4650050975	4/3/1432H (corresponding to 7 February 2011G)	4/3/1443H (10 October 2021G)
Yanbu, Kingdom of Saudi Arabia	Branch	4700017234	15/3/1435H (corresponding to 16 January 2014G)	15/3/1444H (corresponding to 11 October 2022G)
Al-Ula, Kingdom of Saudi Arabia	Branch	4651102277	15/2/1441H (corresponding to 14 October 2019G)	15/2/1443H (corresponding to 22 September 2021G)
Ha'il, Kingdom of Saudi Arabia	Branch	3350139352	4/7/1439H (corresponding to 21 March 2018G)	4/7/1443H (corresponding to 5 February 2022G)
Al Hofuf, Kingdom of Saudi Arabia	Branch	2251040741	22/11/1431H (corresponding to 30 October 2010G)	22/11/1444H (corresponding to 11 June 2023G)
Al Jubail, Kingdom of Saudi Arabia	Branch	2055009774	15/9/1429H (corresponding to 15 September 2008G)	15/12/1444H (corresponding to 3 July 2023G)
Dammam, Kingdom of Saudi Arabia	Branch	2050034970	4/2/1420H (corresponding to 19 May 1999G)	2/2/1446H (corresponding to 6 August 2024G)
Tabuk, Kingdom of Saudi Arabia	Branch	3550032407	14/02/1435H (corresponding to 17 December 2013G)	13/2/1443H (corresponding to 20 September 2021G)
Abha, Kingdom of Saudi Arabia	Branch	5850069435	2/5/1437H (corresponding to 11 February 2016G)	2/5/1442H (corresponding to 17 December 2020G)
Abha, Kingdom of Saudi Arabia	Branch	5850234565	2/7/1439H (corresponding to 19 March 2018G)	2/7/1442H (corresponding to 14 February 2021G)
Albaha, Kingdom of Saudi Arabia	Branch	5800021384	9/6/1438H (corresponding to 8 March 2017G)	9/6/1444H (corresponding to 2 January 2023G)
Albaha, Kingdom of Saudi Arabia	Branch	5800020727	2/5/1437H (corresponding to 11 February 2016G)	2/5/1442H (corresponding to 17 December 2020G)
Najran, Kingdom of Saudi Arabia	Branch	5950115357	16/8/1440H (corresponding to 21 April 2019G)	17/11/1444H (corresponding to 6 June 2023G)
Najran, Kingdom of Saudi Arabia	Branch	5950032463	4/7/1437H (corresponding to 11 April 2016G)	4/7/1442H (corresponding to 16 February 2021G)
Khamis Mushait, Kingdom of Saudi Arabia	Branch	5855070943	27/8/1438H (corresponding to 23 May 2017G)	27/8/1442H (corresponding to 9 April 2021G)
Jazan, Kingdom of Saudi Arabia	Branch	5900020957	23/3/1434H (corresponding to 4 February 2013G)	21/3/1444H (corresponding to 17 October 2022G)

Source: The Company

Table 12.3: Details of Regulatory Licences and Certificates Obtained by the Company

Company	Issuing Authority	Licence Number	Purpose	Issue Date	Expiry Date
Theeb Rent A Car Company	Ministry of Human Resource and Social Development	20002007011097	Saudisation certificate	21/11/1441H (corresponding to 12 July 2020G)	25/2/1442H (corresponding to 12 October 2020G)
Theeb Rent A Car Company	General Organization for Social Insurance	33972499	Certificate of fulfilment of obligations	15/12/1441H (corresponding to 5 August 2020G)	15/12/1442H (corresponding to 25 July 2021G)
Theeb Rent A Car Company	General Authority of Zakat and Tax	3000473566	Certificate enabling the Company to finalise all processes	3/8/1441H (corresponding to 27 March 2020G)	18/9/1442H (corresponding to 30 April 2021G)
Theeb Rent A Car Company	General Authority of Zakat and Tax	300047356600003	VAT registration certificate	21/2/1439H (corresponding to 10 October 2017G)	NA
Theeb Rent A Car Company	Riyadh Chamber of Commerce	101000090520	Membership in the Riyadh Chamber of Commerce	9/10/1420H (corresponding to 16 January 2000G)	26/10/1444H (corresponding to 16 May 2023G)
Theeb Rent A Car Company	Riyadh Municipality	40092173819	Authorisation to engage in commercial activity	N/A	4/11/1442H (corresponding to 14 June 2021G)
Theeb Rent A Car Company	Ministry of Transportation	010102000200	Authorisation to engage in car rental activity	2/3/1441H (corresponding to 30 October 2019G)	30/2/1443H (corresponding to 7 October 2021G)

Source: The Company

Table 12.4: Summary of Operational Licences Obtained by the Company

Issuing Authority	Total Number of Valid Licences	Total Number of Expired Licences	Total Number of Outstanding Licences
Kingdom of Saudi Arabia/Central Region			
Central Region Municipality, Kingdom of Saudi Arabia	19 licences	N/A	N/A
General Directorate of Civil Defence, Kingdom of Saudi Arabia	N/A	1 license	1 licence
Ministry of Transportation, Kingdom of Saudi Arabia	15 licences	N/A	N/A
General Traffic Department, Kingdom of Saudi Arabia	1 licence	N/A	N/A
Kingdom of Saudi Arabia/Eastern Region			
Eastern Region Municipality, Kingdom of Saudi Arabia	8 licences	N/A	N/A
General Directorate of Civil Defence, Kingdom of Saudi Arabia	1 licence	5 licences	N/A
Ministry of Transportation, Kingdom of Saudi Arabia	7 licences	N/A	N/A
Kingdom of Saudi Arabia/Western Region			
Western Region Municipality, Kingdom of Saudi Arabia	11 licences	1 licence	N/A
General Directorate of Civil Defence, Kingdom of Saudi Arabia	2 licences	7 licences	3 licences
Ministry of Transportation, Kingdom of Saudi Arabia	13 licences	1 licence	N/A
General Traffic Department, Kingdom of Saudi Arabia	1 licence	N/A	N/A
Kingdom of Saudi Arabia/Northern Region			
Northern Region Municipality, Kingdom of Saudi Arabia	1 licence	1 licence	N/A
General Directorate of Civil Defence, Kingdom of Saudi Arabia	1 licence	N/A	N/A
Ministry of Transportation, Kingdom of Saudi Arabia	3 licences	N/A	N/A
Kingdom of Saudi Arabia/Southern Region			
Southern Region Municipality, Kingdom of Saudi Arabia	4 licences	N/A	N/A
General Directorate of Civil Defence, Kingdom of Saudi Arabia	3 licences	1 licence	N/A
Ministry of Transportation, Kingdom of Saudi Arabia	8 licences	N/A	N/A

12.5 Material Agreements

The Company has entered into a number of agreements for the purposes of its business. The following is a summary of those agreements which the Company considers material or important or which may otherwise influence a Subscriber's decision to invest in the Offer Shares. The Company believes that all such agreements, in addition to the key provisions thereunder, have been included in this Section and that there are no other agreements which are material in the context of the Company's business. The Company has not breached the conditions and undertakings included in such agreements. These summaries do not purport to describe all the applicable terms and conditions of such agreements and are qualified in their entirety by the respective agreements. In addition, see also Sections 12.6 (**Financing Agreements**), 12.8.2 (**Leases**), and 12.7 (**Insurance Policies**) for details regarding the Company's financing agreements, lease agreements, and insurance policies. The following table sets out the material agreements (except for financing agreements, lease agreements and insurance policies) entered into by the Company for the purposes of its business:

Table 12.5: Details of Material Agreements

Name of Agreement	Parties	Brief Description	Term and Renewable Mechanism	Value (as of 31 December 2019G)
Agreements with Key Suppliers				
Framework Purchase Agreement	The Company (as the purchaser) and Wallan Trading Company (as the supplier)	The parties agreed to the sale of a number of automobiles as stipulated in the agreement. The Company (as a purchaser) issued a promissory note guaranteed by Nayef Mohammed Al-Theeb (in his capacity as shareholder and CEO) pursuant to the provisions of agreement for a value of SAR 45,000,000.	The agreement is for a term of one year commencing from 10/1/1440H (corresponding to 20 September 2018G), automatically renewable unless either party gives the other at least 30 days' prior notice.	SAR 131,035,790
Purchase Orders	The Company (as the purchaser) and Universal Motors Agencies (as the supplier)	The parties agree to the sale of automobiles on a case by case basis, by way of separate purchase orders.	NA	SAR 7,949,820
Purchase Orders	The Company (as the purchaser) and Alissa Universal Motors Company (as the supplier)	The parties agree to the sale of automobiles on a case by case basis, by way of separate purchase orders. The Company (as a purchaser) issued a promissory note guaranteed by Nayef Mohammed Al-Theeb (in his capacity as shareholder and CEO) pursuant to transactions with the supplier for a value of SAR 10,000,000.	NA	SAR 58,719,755
Purchase Orders	The Company (as the purchaser) and Abdullatif Alissa Automotive Company (as the supplier)	The parties agree to the sale of automobiles on a case by case basis, by way of separate purchase orders.	NA	SAR 11,392,393
Purchase Orders	The Company (as the purchaser) and Abdullatif Jamil Motors Company (as the supplier)	The parties agree to the sale of automobiles on a case by case basis, by way of separate purchase orders. The Company (as a purchaser) issued a promissory note guaranteed by Nayef Mohammed Al-Theeb (in his capacity as shareholder and Chairman) pursuant to transactions with the supplier for a value of SAR 25,000,000	NA	SAR 123,680,343
Purchase Orders	The Company (as the purchaser) and Alesayi Trading Corporation (as the supplier)	The parties agree to the sale of automobiles on a case by case basis, by way of separate purchase orders. The Company (as a purchaser) issued a promissory note pursuant to transactions with the supplier for a value of SAR 5,539,320.	NA	SAR 30,880,430

Name of Agreement	Parties	Brief Description	Term and Renewable Mechanism	Value (as of 31 December 2019G)
Purchase Orders	The Company (as the purchaser) and Arabian Hala Company Limited (as the supplier)	The parties agree to the sale of automobiles on a case by case basis, by way of separate purchase orders.	NA	SAR 5,941,088
Purchase Orders	The Company (as the purchaser) and Yousuf Fouad Zuhairi Limited Company (as the supplier)	The parties agree to the sale of automobiles on a case by case basis, by way of separate purchase orders.	NA	SAR 7,643,979
Purchase Orders	The Company (as the purchaser) and Petromin Corporation (as the supplier)	The parties agree to the sale of automobiles on a case by case basis, by way of separate purchase orders. The Company (as a purchaser) issued a promissory note guaranteed by Nayef Mohammed Al-Theeb (in his capacity as shareholder and CEO) pursuant to transactions with the supplier for a value of SAR 382,012.	NA	SAR 31,295,928
Purchase Orders	The Company (as the purchaser) and Aljazirah Vehicles Company Limited (as the supplier)	The parties agree to the sale of automobiles on a case by case basis, by way of separate purchase orders.	NA	SAR 9,809,163
Purchase Orders	The Company (as the purchaser) and Aljumaih Automotive Company (as the supplier)	The parties agree to the sale of automobiles on a case by case basis, by way of separate purchase orders.	NA	SAR 41,955,595
Purchase Orders	The Company (as the purchaser) and Aljabr Trading Company (as the supplier)	The parties agree to the sale of automobiles on a case by case basis, by way of separate purchase orders.	NA	SAR 27,514,657
Purchase Orders	The Company (as the purchaser) and Ebrahim Aljuffali and Brothers Company (as the supplier)	The parties agree to the sale of automobiles on a case by case basis, by way of separate purchase orders. The Company (as a purchaser) issued a promissory note pursuant to transactions with the supplier for a value of SAR 1,282,635.	NA	SAR 12,163,358
Purchase Orders	The Company (as the purchaser) and Al-falah Rent Car Company Limited (as the supplier)	The parties agree to the sale of automobiles on a case by case basis, by way of separate purchase orders. The Company (as a purchaser) issued a promissory note pursuant to transactions with the supplier for a value of SAR 3,714,175.	NA	SAR 14,093,447
Purchase orders	The Company (as the purchaser) and AlYemni Motors Company (as the supplier)	The parties agree to the sale of automobiles on a case by case basis, by way of separate purchase orders. The Company (as a purchaser) issued a promissory note pursuant to transactions with the supplier for a value of SAR 10,000,000.	NA	SAR 20,074,620
Purchase orders	The Company (as the purchaser) and Almajdouie Trading Establishment (as the supplier)	The parties agree to the sale of automobiles on a case by case basis, by way of separate purchase orders. The Company (as a purchaser) issued a promissory note pursuant to transactions with the supplier for a value of SAR 10,000,000.	NA	SAR 8,930,347

Name of Agreement	Parties	Brief Description	Term and Renewable Mechanism	Value (as of 31 December 2019G)
Purchase orders	The Company (as the purchaser) and Mohammed Yousuf Naghi & Brothers Group (as the supplier)	The parties agree to the sale of automobiles on a case by case basis, by way of separate purchase orders. The Company (as a purchaser) issued a promissory note guaranteed by Nayef Mohammed Al-Theeb (in his capacity as shareholder and CEO) pursuant to transactions with the supplier for a value of SAR 3,508,730.	NA	SAR 22,705,805

Source: The Company

12.6 Financing Agreements

The Company has entered into nine financing agreements relating to its business. The following is a summary of such agreements which the Company considers material or important or which may otherwise influence a Subscriber's decision with respect to the Offer Shares. The Company has not breached any of the conditions and undertakings included in such agreements. These summaries include only the material terms and conditions, not all applicable terms and conditions of such agreements, and cannot be considered as an alternative to the terms and conditions of those agreements.

Certain financing agreements to which the Company is a party include provisions that either require the submission of a prior notification to the Financial Institutions of any change of control or change in the ownership structure of the Company, or when offering the Company's share for public subscription or introducing new provisions that require prior approval of the Financial Institutions. The Company, in this regard, obtained all the consents required from the lenders, except for the approval required from Al Rajhi Bank.

The following table sets out the financing agreements entered into by the Company for the purposes of its business:

Table 12.6: Details of Financing Agreements

Lender	Type of Financing	Availability Period	Financing Amount
Samba Financial Group	Murabaha Finance Agreement	The facility availability period runs from 12/10/1441H (corresponding to 4 June 2020G) until 19/10/1442H (corresponding to 31 May 2021G)	SAR 319,720,290
Alinma Bank	Credit Facility Agreement	The facility availability period runs from 19/12/1441H (corresponding to 8 August 2020G) until 23/1/1443H (corresponding to 31 August 2021G)	SAR 150,000,000
Riyad Bank	Credit Facility Agreement	The facility availability period runs from 8/4/1439H (corresponding to 26 December 2017G) until 11/5/1442H (corresponding to 26 December 2020G)	SAR 91,000,000
Riyad Bank	Credit Facility Agreement	The facility availability period runs from 5/8/1440H (corresponding to 10 April 2019G) until 9/9/1443H (corresponding to 1 April 2022G)	SAR 70,000,000
The National Commercial Bank	Financing Facility Agreement	The facility availability period runs from 15/1/1440H (corresponding to 25 September 2018G) until 7/9/1441H (corresponding to 30 April 2020G)[(1)]	SAR 122,325,143
Al Rajhi Bank	Banking Facilities Agreement	The facility availability period runs from 4/12/1440H (corresponding to 5 August 2019G) and continues to be valid for an indefinite term until notified by Al Rajhi Bank.	SAR 235,000,000
Al Rajhi Bank	Banking Facilities Agreement	The facility availability period runs from 17/12/1437H (corresponding to 18 September 2016G) and continues to be valid for an indefinite term until notified by Al Rajhi Bank.	SAR 85,000,000
Bank Aljazira	Facilities Letter & Agreement	The facility availability period runs from 20/9/1440H (corresponding to 13 May 2020G) and continues to be valid until the expiry date of each of the facilities.	SAR 60,000,000

Lender	Type of Financing	Availability Period	Financing Amount
Saudi British Bank	Facilities Letter & Agreement	The facility availability period runs from 7/5/1441H (corresponding to 2 January 2020G) until 13/2/1442H (corresponding to 30 September 2020G)	SAR 142,342,641

Source: The Company

(1) The finance agreement has expired and the Company is working on its renewal.

12.6.1 Murabaha Customer Finance Agreement with SAMBA Financial Group

The Company concluded a murabaha finance agreement with SAMBA Financial Group ("**SAMBA**") on 12/10/1441H (corresponding to 4 June 2020G), whereby SAMBA has agreed to provide the Company with credit facilities through murabaha with a total value of SAR 319,720,290, comprising of the following:

a. Facilities of SAR 150,000,000 at a profit rate of 2% per annum above SAIBOR to be repaid within three years in 12 quarterly installments as of the date of their use.

b. Facilities of SAR 100,000,000 at a profit rate of 2.25% per annum above SAIBOR to be repaid within three years in 12 quarterly installments or within four years in 16 quarterly installments as of the date of their use.

c. Facilities of SAR 69,720,290.83 at a profit rate of 2% per annum above SAIBOR to be repaid within three years in 12 quarterly installments as of the date of their use, or at a profit rate of 2.25% per annum above SAIBOR to be repaid within four years in 16 quarterly installments commencing as of the date of their use.

The facilities are valid until 31 May 2021G and they have been secured by a joint and several personal guarantee from Humoud Abdullah Al Theeb and Mohammed Ahmed Al-Theeb for SAMBA covering the facility amount.

The Company's main covenants under the facilities include the following:

a. The Company must maintain a leverage ratio (total liabilities to adjusted tangible equity net worth) that does not exceed 3.25:1.

b. The Company must maintain a net equity worth of SAR 350,000,000.

c. The Company must route incoming payments and cash deposits of SAR 150,000,000 every year through bank accounts maintained with the lender.

d. The Company must maintain a maximum dividend distribution of 50%.

e. The Company must seek lender's consent before implementing any change in the ownership structure.

The lender has the right to cancel facilities and demand immediate repayment if there is a change in the ownership structure of the Company. Under a letter dated 11/6/1441H (corresponding to 5 February 2020G), SAMBA consented to the Offering.

12.6.2 Credit Facilities Agreement with Alinma Bank

The Company concluded a credit facilities agreement with Alinma Bank on 19/12/1441H (corresponding to 9 August 2020G), whereby Alinma Bank has agreed to provide the Company with credit facilities through murabaha (deferred sale) with a total value of SAR 150,000,000 to purchase vehicles at a profit rate of 2% per annum over treasury cost repayable over three years in 12 quarterly instalments starting three months after the utilization date.

The facilities are valid until 31 August 2021G and they have been secured by the Company as follows:

a. A joint and several personal guarantee from Humoud Abdullah Al Theeb, Mohammed Ahmed Al-Theeb, Mohammed Humoud Al-Theeb, and Naif Mohammed Al-Theeb for Alinma Bank covering the facility amount of SAR 150,000,000.

b. A promissory note from the Company covering the facility amount of SAR 150,000,000.

The Company's main covenants under the facilities include the following:

a. The Company must maintain a leverage ratio that does not exceed 3:1.

b. The Company must maintain a debt ratio that does not exceed 2.5:1.

c. The Company must deposit at least 20% of the Company's revenues in bank accounts maintained with the lender.

d. The Company must notify the lender before implementing any change in its ownership structure or senior management.

The lender has the right to cancel facilities and demand immediate repayment if there is a change in the ownership structure or senior management of the Company. Under a letter dated 26/5/1441H (corresponding to 21 January 2020G), Alinma Bank consented to the Offering.

The agreement is governed by the laws of the Kingdom and any disputes arising from the agreement shall be referred to the competent judicial authority in Saudi Arabia.

12.6.3 Credit Facilities Agreement with Riyad Bank

The Company concluded a credit facilities agreement with Riyad Bank on 8/4/1439H (corresponding to 26 December 2017G), whereby Riyad Bank has agreed to provide the Company with credit facilities with a total value of SAR 91,000,000, comprising of the following:

a. A SAR 15,000,000 facility maximum at the standard SAMA tariff rate with additional fee of 1.75% that may be used for any of the following purposes (a) usance letter of credit for opening new airport branches annually, and/or (b) initial guarantee letter to participate in government and non-government bids.
b. A SAR 2,000,000 facility for general use at Riyad Bank's lending base rate.
c. A SAR 4,000,000 one-off profit margin swap facility to hedge against changes of SAIBOR costs.
d. A SAR 70,000,000 short-term facility for purchasing of a new fleet at a profit rate of 2.5% per annum over SAIBOR repayable over a maximum of three years in monthly instalments.

The facilities are valid until 26 December 2020G and they have been secured by a promissory note in the amount of SAR 94,346,000.

The Company's main covenants under the facilities include the following:

a. The Company must maintain a leverage ratio that does not exceed 2:1.
b. The Company must seek lender's consent before implementing any change in its ownership structure or senior management.

The lender has the right to cancel facilities and demand immediate repayment if there is a change in the Company's ownership structure or senior management. Moreover, Riyad Bank has the right to terminate the agreement at will and demand immediate full repayment of all outstanding amounts. According to the letter dated 8/7/1441H (corresponding to 3 March 2020G), Riyad Bank consented to the Offering.

The agreement is governed by the laws of the Kingdom and any disputes arising therefrom shall be referred to the competent judicial authority in Saudi Arabia.

12.6.4 Credit Facilities Agreement with Riyad Bank

The Company entered into a credit facility agreement with Riyad Bank on 5/8/1440H (corresponding to 10 April 2019G), pursuant to which Riyad Bank agreed to provide short-term credit facilities of SAR 70,000,000 to the Company for the purpose of financing the equipment of the projects assigned thereto (up to a maximum of 75% of the project value) and / or the purchase of vehicles for the purpose of rental purposes at a profit rate of 2.5% per annum above SAIBOR to be repaid in quarterly installments or with a deduction of 75% of the proceeds from the related project in favour of Riyad Bank, whichever is earlier.

The facilities are valid until 10 April 2022G, and it has been secured by the Company as follows:

a. A joint and several personal guarantee from Humoud Abdullah Al Theeb, Mohammed Ahmed Al-Theeb, Mohammed Humoud Al-Theeb, and Naif Mohammed Al-Theeb for Riyad Bank covering the facility amount of SAR 159,800,000.
b. A promissory note of SAR 82,000,000 issued by the Company and guaranteed by Humoud Abdullah Al Theeb, Mohammed Ahmed Al-Theeb, Mohammed Humoud Al-Theeb, and Naif Mohammed Al-Theeb.

The Company's main undertakings under the facilities include the following:

a. An undertaking to assign the Company's receivables in relevant project contracts;
b. An undertaking to maintain a leverage ratio that does not exceed 2:1; and
c. An undertaking to obtain the lender's consent before implementing any change in its ownership structure or senior management.

The lender has the right to cancel facilities and demand immediate repayment if there is a change in the Company's ownership structure or senior management. According to the letter dated 8/7/1441H (corresponding to 3 March 2020G), Riyad Bank consented to the Offering.

The agreement is governed by the laws of the Kingdom and any disputes arising therefrom shall be referred to the competent judicial authority in Saudi Arabia.

12.6.5 Finance Facilities with The National Commercial Bank

The Company concluded a financing facility agreement with The National Commercial Bank ("NCB") on 15/1/1440H (corresponding to 25 September 2018G). It remains valid until 7/9/1441H (corresponding to 30 April 2020G), whereby NCB has agreed to provide the Company with facilities of up to SAR 122,325,143, comprising the following:

a. A SAR 5,000,000 commercial tayseer facility for purposes of supporting the Company's working capital at a profit rate of 2.5% per annum over applicable SAIBOR rate, repayable in a single payment over three months. Facility matures on 30 April 2020G. The facilities are still available and the Company is procuring the payment of the due amounts quarterly up to 25 May 2021G.
b. A SAR 2,000,000 bid bond letters of guarantee for entering into government and non-government tenders at a profit rate of 0.25% over the standard SAMA tariff rate, repayable over 12 months. The bid bond letter of guarantee matures on 30 April 2020G. The facilities are still available and the Company is procuring the payment of the due amounts quarterly up to 25 May 2021G.
c. A SAR 8,000,000 one-off profit margin swap facility to hedge against changes of SAIBOR costs at NCB's treasury rate with a tenor of five years. Facility matures on 31 December 2021G.
d. A SAR 7,162,606.19 commercial tayseer facility for purchasing vehicles at a profit rate of 2% per annum over NCB's treasury rate, with a tenor of 28 months repayable in either monthly or quarterly instalments as per the Company's request. Facility matures on 31 May 2020G. The facilities are still available and the Company is procuring the payment of the due amounts quarterly up to 25 May 2021G.
e. A SAR 40,162,536.98 commercial tayseer facility for purchasing vehicles at a profit rate of 2% per annum over NCB's treasury rate, with a tenor of 30 months repayable in quarterly instalments. Facility matures on 30 April 2021G.
f. A SAR 60,000,000 commercial tayseer facility for purchasing vehicles at a profit rate of 2% per annum over NCB's treasury rate, with a tenor of 30 months repayable in quarterly instalments. Facility matures on 30 April 2021G.

The facilities are valid until 30 April 2020G and they have been secured by the Company as follows:

a. A joint and several personal guarantee from Humoud Abdullah Al Theeb and Mohammed Ahmed Al-Theeb for NCB covering 110% of the facility amount at SAR 134,557,657.49.
b. A bail for appearance and performance for the entire facilities from Humoud Abdullah Al Theeb and Mohammed Ahmed Al-Theeb.
c. A promissory note from the Company at the amount of SAR 134,557,657.49.

The Company's main covenants under the facilities include the following:

a. The Company must maintain a leverage ratio that does not exceed 2:1.
b. The Company must seek lender's consent before implementing any change in its legal entity.
c. The Company may not distribute more than 50% if its profits without the prior approval of NCB.
d. The Company must deposit 10% of its business sale proceeds with NCB.

The lender has the right to cancel facilities and demand immediate repayment if there is a change in the Company's legal entity. Moreover, NCB has the right to terminate the agreement at will and demand immediate full repayment of all outstanding amounts. Under a letter dated 30/6/1441H (corresponding to 24 February 2020G), NCB consented to the Offering.

The agreement is governed by the laws of the Kingdom and any disputes arising from the agreement shall be referred to the competent court in Saudi Arabia, including the Committee for Settlement of Banking Disputes. It should be taken into account that the finance agreement has expired and the Company is working on its renewal.

12.6.6 Banking Facilities with Al Rajhi Bank

The Company concluded a banking facilities agreement with Al Rajhi Bank on 4/12/1440H (corresponding to 5 August 2019G), whereby Al Rajhi Bank has agreed to provide the Company with facilities of up to SAR 235,000,000, comprising the following:

a. A SAR 70,000,000 facility for purchasing new vehicles from local car agencies at a profit rate of 2% per annum over applicable SAIBOR rate, repayable over 24 months.
b. A SAR 100,000,000 facility for purchasing new vehicles from local car agencies at a profit rate of 2% per annum over applicable SAIBOR rate, repayable over 36 months.
c. A SAR 15,000,000 bid bond letters of guarantee and final guarantees for entering government and semi government tenders at a profit rate of 0.5% over the standard SAMA tariff rate (subject to cash margin of 5%), repayable over 12 months for bid bonds and 60 months for final guarantees.
d. A SAR 50,000,000 facility for purchasing new vehicles from local car agencies at a profit rate of 2% per annum over applicable SAIBOR rate, repayable over 60 months.

The facilities continue to be available for an indefinite term, with Al Rajhi Bank having the right to do an annual review. The facilities have been secured by the Company as follows:

a. A bail for appearance and performance for an amount of SAR 235,000,000 from Humoud Abdullah AlTheeb and Mohammed Ahmed Al-Theeb.
b. Promissory notes from the Company at total amount of SAR 173,053,645.

The Company's main covenants under the facilities include the following:

a. The Company must maintain a leverage ratio that does not exceed 2:1.
b. The Company must seek lender's consent before implementing any change in its ownership structure.
c. The Company may not distribute more than 50% if its profits without the prior approval of Al Rajhi Bank.
d. The Company must deposit the dividends of Humoud Abdullah Al-Theeb with Al Rajhi Bank.

The lender has the right to cancel facilities and demand immediate repayment if there is a change in the Company's ownership structure. Under a letter dated 10/11/1441H (corresponding to 1 July 2020G), Al Rajhi Bank consented to the Offering.

The agreement is governed by the laws of the Kingdom and any disputes arising from the agreement shall be referred to the competent judicial authority in Saudi Arabia, including the Committee for Settlement of Banking Disputes.

12.6.7 Banking Facilities with Al Rajhi Bank

The Company entered into a credit facility agreement with Al Rajhi Bank on 17/12/1437H (corresponding to 18 September 2016G), pursuant to which Al Rajhi Bank agreed to provide a term sale contract facility of SAR 85,000,000 to the Company for the purpose of purchasing new vehicles from local car agents at a profit rate of 2% per annum above SAIBOR to be repaid on a monthly basis within 36 months.

The facilities continue to be available for an indefinite term, with Al Rajhi Bank having the right to do an annual review. The facilities have been secured by the Company as follows:

a. A performance bond of SAR 85,000,000 provided by Humoud Abdullah Al Theeb and Mohammed Ahmed Al-Theeb.
b. Promissory notes totaling SAR 92,869,965 issued by the Company, and guaranteed by Humoud Abdullah Al Theeb and Mohammed Ahmed Al-Theeb.

The Company's main undertakings under the facilities include the following:

a. An undertaking to maintain a leverage ratio that does not exceed 2:1.
b. An undertaking not to distribute more than 50% if its dividends without the prior approval of Al Rajhi Bank.
c. An undertaking to deposit the dividends of Humoud Abdullah Al-Theeb with Al Rajhi Bank.

The lender has the right to cancel facilities and demand immediate repayment at its absolute discretion. According to the letter dated 10/11/1441H (corresponding to 1 July 2020G), Al Rajhi Bank consented to the Offering.

The agreement is governed by the laws of the Kingdom and any disputes arising therefrom shall be referred to the competent judicial authority in Saudi Arabia, including the Committee for Settlement of Banking Disputes.

12.6.8 Banking Facilities Letter & Agreement with Bank Aljazira

The Company concluded a banking facilities agreement with Bank Aljazira on 20/9/1441H (corresponding to 13 May 2020G), whereby Bank Aljazira has agreed to provide banking facilities amounting to SAR 60,000,000 in total (which shall not exceed SAR 50,000,000 at any time) to the Company, comprising of:

a. A SAR 50,000,000 credit sale finance by tawarruq for the purchase of vehicles at a profit rate of 2% per annum or 2% over Swap SAIBOR rate, whichever is greater, repayable monthly over 36 months.
b. A SAR 10,000,000 letter of guarantee at an annual processing fee of 0.25% and an issuance commission as provided by SAMA, for the purpose of permitting the Company to participate in projects as deemed acceptable by the lender.

The facilities continue to be valid for the term of each of the facilities and they have been secured by the Company as follows:

a. An assignment and acknowledgment of proceeds of contracts and projects financed and accepted by the lender, in accordance with the signed agreement.
b. A joint and several personal guarantees at an amount of SAR 55,000,000 provided by Humoud Abdullah AlTheeb and Mohammed Ahmed Al-Theeb.
c. A promissory note for an amount of SAR 55,000,000 provided by the Company and guaranteed by Humoud Abdullah AlTheeb and Mohammed Ahmed Al-Theeb.

The main financial and operational covenants given by the Company in favour of Bank Aljazira under the agreement include the following:

a. Undertaking to maintain a maximum financial leverage ratio of 3:1.
b. Undertaking to maintain a minimum of 50% of annual net profits to be retained in the business of the Company.
c. Undertaking to attain the lender's approval in case of a change in ownership.

The lender has the right to terminate the agreement at will and demand immediate full repayment of all outstanding amounts in case the Company does not uphold the agreed obligations and covenants, or undergoes any change in structure. Under a letter dated 4/6/1441H (corresponding to 29 January 2020G), Bank Aljazira consented to the Offering.

The agreement is governed by the laws of the Kingdom and any disputes arising from the agreement shall be referred to the competent judicial authority.

12.6.9 Banking Facilities Letter & Agreement with the Saudi British Bank (SABB)

The Company concluded a banking facilities agreement with the Saudi British Bank ("SABB") on 7/5/1441H (corresponding to 2 January 2020G), whereby SABB has agreed to provide banking facilities amounting to SAR 142,342,641.21 in total to the Company, comprising of:

a. A SAR 62,000,000 murabaha liquidity finance by tawarruq for the purchase of vehicles at a profit rate of 2% per annum over applicable SAIBOR rate, repayable quarterly over 30 months.
b. A SAR 669,675.59 murabaha liquidity finance by tawarruq for the purchase of vehicles at a profit rate of 2% per annum over applicable SAIBOR rate, repayable quarterly over 24 months.
c. A SAR 14,348,840.62 murabaha liquidity finance by tawarruq for the purchase of Isuzu trucks for Al Safi Danone Co. Project at a profit rate of 2% per annum over applicable SAIBOR rate, repayable quarterly over 48 months.
d. A SAR 10,324,125 murabaha liquidity finance by tawarruq for the purchase of cooling units for Al Safi Danone Co. Project at a profit rate of 2% per annum over applicable SAIBOR rate, repayable quarterly over 48 months.

e. A SAR 30,000,000 murabaha liquidity finance by tawarruq for the purchase of vehicles at a profit rate of 2% per annum over applicable SAIBOR rate, repayable quarterly over 30 months.
f. SAR 20,000,000 bid bond letters of guarantee and final guarantees for issuance of guarantees related to the Company's activities at a profit rate of 0.75% over standard SAMA tariff, for a period of 60 months.
g. Various bonds of SAR 5,000,000 for issuance of guarantees related to the Company's activities at a profit rate of 0.75% over standard SAMA tariff, for a period of 48 months.

The facilities are valid until 30 September 2020G and they have been secured by the Company as follows:

a. A joint and several personal guarantees provided by Humoud Abdullah AlTheeb and Mohammed Ahmed Al-Theeb in favour of SABB at total amount of SAR 137,342,642.
b. A promissory note provided by the Company in favour of SABB at total amount of SAR 137,342,642.

The main financial and operational covenants given by the Company in favour of SABB under the agreement include the following:

a. Undertaking to maintain a maximum financial leverage ratio of 2.5:1.
b. Undertaking not to have the net total debt to EBITDA exceeding 3:1.
c. Undertaking not to have the external debt (with a profit margin) to the tangible net worth exceeding 1.5:1.
d. Undertaking to maintain a minimum of 50% of annual net profits to be retained in the business of the Company.
e. Undertaking to maintain a minimum equity net worth of SAR 200,000,000.

The lender has the right to cancel facilities and demand immediate repayment if there is a change in the Company's ownership structure. Moreover, the lender has the right to terminate the agreement at will and demand immediate full repayment of all outstanding amounts. Under a letter dated 11/6/1441H (corresponding to 5 February 2020G), SABB consented to the Offering.

The agreement is governed by the laws of the Kingdom and any disputes arising from the agreement shall be referred to the competent judicial authority.

12.7 Insurance Policies

The Company maintains insurance policies covering different types of risks to which it may be exposed. These insurance policies have been issued by several insurers in the Kingdom. The following table sets out the key particulars of the insurance policies held by the Company:

Table 12.7: Details of Insurance Policies

Policy No.	Types of Coverage	Insurer	Validity	Maximum Insurance Coverage
C1-20-300-000073/0	Comprehensive Motor Fleet Insurance	Walaa Cooperative Insurance Company	7/8/1441H (corresponding to 31 March 2020G) to 18/8/1442H (corresponding to 30 March 2021G)	SAR 10,000,000
C1-20-300-000074/0	Comprehensive Motor Fleet Insurance	Walaa Cooperative Insurance Company	7/8/1441H (corresponding to 3 March 2020G) to 18/8/1442H (corresponding to 30 March 2021G)	SAR 10,000,000
C1-20-300-000075/0	Comprehensive Motor Fleet Insurance	Walaa Cooperative Insurance Company	7/8/1441H (corresponding to 31 March 2020G) to 18/8/1442H (corresponding to 30 March 2021G)	SAR 10,000,000
C1-20-300-000076/0	Comprehensive Motor Fleet Insurance	Walaa Cooperative Insurance Company	7/8/1441H (corresponding to 31 March 2020G) to 18/8/1442H (corresponding to 30 March 2021G)	SAR 10,000,000
42064800	Bupa Health Insurance	Bupa Arabia for Cooperative Insurance.	26/8/1441H (corresponding to 19 April 2020G) to 6/9/1442H (corresponding to 18 April 2021G)	SAR 500,000
MNY/25650	Money Insurance	Allianz Saudi Fransi Cooperative Insurance Bank	14/5/1441H (corresponding to 9 January 2020G) to 25/5/1442H (corresponding to 8 January 2021G)	SAR 167,090,000
PLI/30676	Public Liability Insurance	Allianz Saudi Fransi Cooperative Insurance Bank	14/5/1441H (corresponding to 9 January 2020G) to 25/5/1442H (corresponding to 8 January 2021G)	SAR 7,000,000

Policy No.	Types of Coverage	Insurer	Validity	Maximum Insurance Coverage
PAR/47381	Property All Risks	Allianz Saudi Fransi Cooperative Insurance Bank	14/5/1441H (corresponding to 9 January 2020G) to 25/5/1442H (corresponding to 8 January 2021G)	SAR 131,605,989
609616	Airport Contractors Insurance Policy	Tawuniya	23/11/1441H (corresponding to 14 July 2020G) to 3/12/1442H (corresponding to 13 July 2021G)	SAR 5,000,000
609267	Airport Owners and Operators Liability Insurance Policy	Tawuniya	12/10/1441H (corresponding to 4 June 2020G) to 23/10/1442H (corresponding to 3 June 2021G)	SAR 10,000,000
606780	Airport Owners and Operators Liability Insurance Policy	Tawuniya	18/12/1441H (corresponding to 8 August 2020G) to 28/12/1442H (corresponding to 7 August 2021G)	SAR 187,500,000
609816	Airport Owners and Operators Liability Insurance Policy	Tawuniya	6/1/1442H (corresponding to 25 August 2020G) to 16/1/1443H (corresponding to 24 August 2021G)	SAR 3,750,000
609021	Airport Owners and Operators Liability Insurance Policy	Tawuniya	22/8/1441H (corresponding to 15 April 2020G) to 2/9/1442H (corresponding to 14 April 2021G)	SAR 3,750,000
607663	Airport Owners and Operators Liability Insurance Policy	Tawuniya	6/4/1441H (corresponding to 3 December 2019G) to 17/4/1442H (corresponding to 2 December 2020G)	SAR 25,000,000

Source: The Company

12.8 Real Estate

12.8.1 Title Deeds

The Company owns the following plots of land:

Table 12.8: Details of Title Deeds

Title Deed Particulars	Location	Description and Purpose	Rights of Third Parties/Disputes
Title deed No. 310115025389 dated 26/12/1432H (corresponding to 22 November 2011G)	Al Sely District, Riyadh	Plot of land No. 1-2-3-4 of scheme No. 1351, with a total area of 3,169.5 sqm	N/A
Title deed No. 310115025382 dated 26/12/1432H (corresponding to 22 November 2011G)	Al Sely District, Riyadh	Plot of land No. 5-6-7-8-9-10 of scheme No. 2382, with a total area of 4,596.75 sqm	N/A
Title deed No. 610114032004 dated 22/1/1437H (corresponding to 4 November 2015G)	Al Sely District, Riyadh	Plot of land No. 75 of scheme No. 2382, with a total area of 720 sqm	N/A
Title deed No. 310114032003 dated 22/1/1437H (corresponding to 4 November 2015G)	Al Sely District, Riyadh	Plot of land No. 76 of scheme No. 2382, with a total area of 720 sqm	N/A
Title deed No. 430114004148 dated 3/2/1437H (corresponding to 15 November 2015G)	Itisalat District, Dammam	Plots of land No. 111/B and 112/B of scheme No. 1/78, with a total area of 800 sqm	N/A
Title deed No. 13/88979 dated 19/3/1427H (corresponding to 17 April 2006G)	Namar District, Riyadh	Plot of land No. 3173 of scheme No. 3020, with a total area of 750 sqm	N/A
Title deed No. 510107007869 dated 8/11/1427H (corresponding to 29 November 2006G)	Al Rawda District, Riyadh	Parts of plots of land No. 505 and 504 of scheme No. 1082, with a total area of 6.660 sqm	N/A
Title deed No. 810107001870 dated 8/11/1427H (corresponding to 29 November 2006G)	Al Rawda District, Riyadh	Plot of land No. 509 and parts of plot of land No. 510 of scheme No. 1082, with a total size of 6.660 sqm	N/A
Title deed No. 510106057595 dated 20/11/1439H (corresponding to 2 August 2018G)	Al Dhubat District, Riyadh	Plot of land No. (Unmarked) of scheme No. (unmarked), with a total area of 1,058 sqm	N/A

Source: The Company.

12.8.2 Leases

The Company has entered into various lease agreements in order to build or establish and operate their activities. The Company being the lessee in these agreements undertakes to pay the annual rent amount as specified in each agreement and shall generally have the right to assign and sublease the subject matter of the agreements in whole or in part to any third party, subject to the approval of the lessor. The lease term varies for every lease agreement, often falling between the ranges of one to 15 years; some agreements provide for automatic renewal. Most lease agreements do not allow one party to terminate the agreement at its own choice. However, other agreements allow one party to terminate the agreement following notice of no less than one month to one year. The following table shows the number of lease agreements by lease term:

Table 12.9: Number of Lease Agreements by Remaining Lease Term

Remaining Term of Lease (Years)	Number of Lease Agreements
0-1	15
1-5	37
+5	9
Total	**61**

Source: The Company

For more information about rental agreements, see Appendix B of this Prospectus.

12.9 Related Party Contracts and Transactions

The Company and the Directors confirm that none of the transactions with related parties described in this Section includes preferential terms and that they have been all entered into in accordance with applicable laws and regulations and on an arm's-length basis. Except as disclosed in this Section, the Directors declare that the Company is not bound by any transactions, agreements, commercial relations or real estate transactions with a related party, including the Financial Advisor and the Legal Advisor in respect of the Offering.

12.9.1 Gas Station Lease Agreement Between the Company and Al Atoz for Petroleum Services Company

The Company (as Lessor) has entered into a gas station lease agreement with Al Atoz for Petroleum Services Company (as Lessee), which is owned by Humoud Abdullah Al-Theeb, a Director and Shareholder, for the rental of a gas station on Hafsa bint Omar street, Al Rawdah, Riyadh. This is in consideration of annual lease amount of SAR 60,000. The agreement shall be valid from 10/3/1436H (corresponding to 1 January 2015G) to 4/5/1441H (corresponding to 30 December 2019G).

12.9.2 Master Vehicle Lease Contract Between Theeb Rent A Car Company and Investcorp Saudi Arabia Financial Investments Company

The Company (as Lessor) has entered into a master vehicle lease contract with Investcorp Saudi Arabia Financial Investments Company (as Lessee), an associate, for the lease of vehicles by the Lessee. This is in consideration of the amount agreed in the relevant confirming supplement. The contract value for the financial year ended 31 December 2019G was SAR 83,475 The agreement shall be valid from 23/3/1436H (corresponding to 14 January 2015G) to the occurrence of any of the contractual termination events. The agreement shall be governed by the laws of Saudi Arabia and any dispute arising from the agreement shall be referred to the competent court in the Kingdom.

12.9.3 Long-Term Lease Agreement Between Mohammed Ahmed Al-Theeb and Theeb Rent A Car Company

Mohammed Ahmed Al-Theeb (as Lessor), a Board member and Shareholder, has entered into a long-term lease agreement with the Company (as Lessee) for the lease of a plot of land for the purpose of establishing a branch office and car parking. This is in consideration of annual rent amount of SAR 560,000. The agreement shall be valid from 19/12/1437H (corresponding to 20 September 2016G) to 13/2/1443H (corresponding to 20 September 2021G).

12.10 Conflicts of Interest

Except what has been disclosed in Section 12.9 (**Related Party Contracts and Transactions**), the Directors confirm they do not have a conflict of interest in relation to contracts and/or transactions entered into with the Company, and none of them has been engaged in any activities similar to, or competing with, the Company's activities as of the date of this Prospectus.

12.11 Intellectual Property

12.11.1 Trademarks

The Company has registered a number of trademarks on which they rely as a brand for their respective businesses. The Company relies on these trademarks to ensure the success of their businesses and support their competitive position in the market. Therefore, if the Company fails to protect their trademarks or either of them is forced to take legal action necessary to protect the same, this can have an material adverse effect on their ability to use them, which would affect their businesses and results of their operations (for further information about risks related to the trademarks, see Section 2.1.33 (**Risks Related to Protection of Intellectual Property Rights**).

The following table sets out certain key particulars of the Company's registered trademarks:

Table 12.10: Details of the Company's Registered Trademarks

Country of Registration	Trademark	Status/Expiry Date	Class	Logo
Kingdom of Saudi Arabia	Theeb Rent a Car	Registered on 14/5/1437H (corresponding to 22 February 2016G)/ valid until 13/5/1447H (corresponding to 4 November 2025G).	12	ذيب Theeb تأجير السيارات Rent a Car
United Arab Emirates	Theeb Rent a Car	Registered on 6/11/1439H (corresponding to 19 July 2018G)/ valid until 26/2/1450H (corresponding to 19 July 2028G).	39	ذيب Theeb تأجير السيارات Rent a Car
Sultanate of Oman	Theeb Rent a Car	Registered on 6/11/1439H (corresponding to 19 July 2018G)/ valid until 25/2/1450H (corresponding to 18 July 2028G).	39	ذيب Theeb تأجير السيارات Rent a Car
Republic of Yemen	Theeb Rent a Car	Registered on 11/10/1439H (corresponding to 25 June 2018G)/ valid until 2/2/1450H (corresponding to 25 June 2028G).	39	ذيب Theeb تأجير السيارات Rent a Car
Lebanese Republic	Theeb Rent a Car	Registered on 21/10/1439H (corresponding to 5 July 2018G)/ valid until 7/4/1455H (corresponding to 5 July 2033G).	39	ذيب Theeb تأجير السيارات Rent a Car
State of Kuwait	Theeb Rent a Car	Registered on 29/9/1439H (corresponding to 13 June 2018G)/ valid until 20/1/1450H (corresponding to 13 June 2028G).	39	ذيب Theeb تأجير السيارات Rent a Car
Kingdom of Bahrain	Theeb Rent a Car	Registered on 2/11/1439H (corresponding to 15 July 2018G)/ valid until 22/2/1450H (corresponding to 15 July 2028G).	39	ذيب Theeb تأجير السيارات Rent a Car
The Arab Republic of Egypt	Theeb Rent a Car	Registered on 25/5/1441H (corresponding to 20 January 2020G)/ valid until 16/9/1451H (corresponding to 20 January 2030G).	39	ذيب Theeb تأجير السيارات Rent a Car
Kingdom of Morocco	Theeb Rent a Car	Registered on 8/10/1439H (corresponding to 22 June 2018G)/ valid until 29/1/1450H (corresponding to 22 June 2028G).	39	ذيب Theeb تأجير السيارات Rent a Car

Country of Registration	Trademark	Status/Expiry Date	Class	Logo
Hashemite Kingdom Of Jordan	Theeb Rent a Car	Registered on 15/10/1440H (corresponding to 18 June 2019G)/ valid until 19/1/1450H (corresponding to 12 June 2028G).	39	

Source: The Company

12.11.2 The Company's Other Intellectual Properties

The Company has a number of Internet domain names registered under its name. The following table sets out the details of the Internet domain name registered under the Company's name:

Table 12.11: Details of Internet Domain Name

Internet Domain Name	Expiry Date
theeb.com.sa	NA
theeb.sa	NA
theebsaudia.com	17/11/1442H (corresponding to 27 June 2021G)
theebonline.com	17/11/1442H (corresponding to 27 June 2021G)

Source: The Company

12.12 Litigation

Below are the cases lodged by and against the Company as of the date of this Prospectus:

12.12.1 The Company v. Heirs of a Company's Client

In 1439H, the Company (the plaintiff) filed Claim No. 392044006 with the General Court against the heirs of one of its clients (the defendant), petitioning that the defendant pay an amount of SAR 13,415,447 as a result of an amount owed by the defendant. The Claim is still pending before the Court, and the next hearing has been postponed due to the Coronavirus Pandemic. The Claim is being appealed and a new date is being set.

12.12.2 The Company v. a Company's Client

In 1438H, the Company (the plaintiff) filed Claim No. 9292 with the Commercial Court against one of its clients (the defendant), petitioning that the defendant pay an amount of SAR 400,000 as a result of an amount owed by the defendant. The Court ordered that the defendant pay to the plaintiff the full amount of the claim. The Court of Appeal has upheld such order, which has then been referred to the Execution Court.

12.12.3 Labour Cases

There are four outstanding cases lodged against the Company in the ordinary course of business by previous employees for an amount of about SAR 165,821.

12.12.4 Collection Cases

There are 2,301 cases filed by the Company against previous customers, and the total amounts claimed by the Company in those cases amount to SAR 56,540,019. The cases filed by the Company are in the ordinary course of business and are still pending and under process.

12.13 Summary of Bylaws

12.13.1 Name of the Company

The name of the Company is "Theeb Rent A Car Company", a Saudi closed joint stock company registered under commercial registration No. 1010150661 dated 12/4/1419H (corresponding to 6 August 1998G).

12.13.2 Objects of the Company

The Company's objects are:

a. rental of small, medium and large vehicles, and private hire;

b. real estate including ownership, maintenance, development of lands, the construction of buildings, investment of lands and buildings by leasing, sale in cash or in instalments to the Company, and the construction, management and investment, through leasing and sale to the Company, of hotels, serviced apartments, and different residential units, compounds, and commercial, residential, administrative and industrial towers, excluding in the cities of Makkah Almukarramah and Almadina Almunawwarah;

c. trade, including wholesale and retail of new and used cars, numbers, tools, utilities, machines and spare parts for cars, fuel and industrial equipment;

d. commercial services;

e. provision of travel, tourism and hotel booking services;

f. leasing heavy equipment;

g. transport and freightage, for a fee, of products and equipment, and the transport of passengers, cars, equipment, and fuel via inland roads in and out of the Kingdom; and

h. the ownership, management, operation and maintenance of fuel stations, centres for car and equipment maintenance, polishing, mechanical and electric workshop services for cars and equipment, and maintenance of tyres.

The Company operates in the above objects following the attainment of necessary licences from the relevant authorities.

12.13.3 Participation

The Company may establish companies on its own (limited liability or closed joint stock companies) provided that the capital thereof is no less than five million Saudi Riyals (SAR 5,000,000) on its own. It may own interests and shares in other existing companies or merge therewith. It also has the right to participate with others in the establishment of joint stock or limited liability companies after satisfying the requirements of applicable laws and regulations in this regard. The Company may also dispose of such interests or shares, provided that does not include any brokerage.

12.13.4 Head Office of the Company

The head office of the Company is in the city of Riyadh. The Company may establish, or alternatively expunge branches, offices or agencies for the Company within or outside the Kingdom by a resolution of the Board of Directors, the Deputy Chairman, the Managing Director, or the CEO, all of whom have the right to expunge.

12.13.5 Term of the Company

The term of the Company shall be ninety-nine (99) years commencing from the date of amendment of the Company's commercial registration certificate to indicate its conversion into a closed joint-stock company. The term of the Company may always be extended by a resolution issued by the Extraordinary General Assembly at least one year prior to the expiration of its term.

12.13.6 Company's Share Capital

The Company's share capital shall be four hundred thirty million Saudi Riyals (SAR 430,000,000) divided into forty-three million (43,000,000) Shares, with an equal nominal value of ten Saudi Riyals (SAR 10) each, all of which are ordinary Shares.

12.13.7 Share Subscription

Upon conversion, the Shareholders have subscribed to all of the Company's forty-three million (43,000,000) Shares with a value of four hundred thirty million Saudi Riyals (SAR 430,000,000).

12.13.8 Unpaid Value of Shares

Shareholders shall pay the value of Shares in due time. If a Shareholder fails to pay the value of Shares when they fall due, the Board of Directors may, after giving such Shareholder notice by e-mail or registered mail, sell such Shares in a public auction or through the stock market, according to the circumstances and in accordance with the regulations set by the competent authority. The Company shall recover from the proceeds of the sale such amounts as are due to it and return the balance to the Shareholder. If the proceeds of the sale fall short of the amounts due, the Company shall have a claim on the assets of the

Shareholder for the unpaid balance. Nevertheless, a defaulting Shareholder may, up to the date of sale of such Shares, pay the outstanding value of such shares plus all the expenses incurred by the Company, in this regard. The Company shall cancel the Shares so sold and issue the purchaser a new Shares certificate bearing the serial numbers of the cancelled shares, and make a notation to that effect in the Shareholders' register.

12.13.9 Nominal Share Value

The Shares shall be nominal shares and may not be issued at less than their nominal value. However, the Shares may be issued at a value higher than their nominal value, in which case the difference in value shall be added as a separate item in the Shareholders' Equity. They may not be distributed as dividends to the Shareholders. A Share shall be indivisible vis à vis the Company. In the event that a Share is owned by several persons, they shall select one person from amongst themselves to exercise, on their behalf, the rights pertaining to such Share, and they shall be jointly responsible for the obligations arising from the ownership of such Share.

12.13.10 Trading of the Shares

Shares that are subscribed for by the founding Shareholders shall not be tradable before the publication of the financial statements for two complete financial years, each of not less than 12 months, from the date of the incorporation of the Company. A notation shall be made on the respective share certificates, indicating their class, the date of incorporation of the Company, and the period during which their trading shall be suspended. During the lock-up period, Shares may, in accordance with the applicable provisions for the disposal of Shares, be transferred from one founding Shareholder to another, or from the heirs of a deceased founding Shareholder to a third party, or in case of seizing funds of an insolvent or bankrupt founding Shareholder provided that the other founding Shareholder are given the priority to own such Shares. Such provisions shall apply to any Shares subscribed for by the Shareholders in case the capital is increased before the lapse of such lock-up period.

12.13.11 Shareholders' Register

The Shares shall be transferred by registration in the Shareholders' register maintained by the Company or outsourced by the Company, which shall contain the names of the Shareholders, their nationalities, their occupations, their domicile and address, the serial numbers of the Shares and the paid-up amount of such Shares. The Company's commercial registration certificate shall indicate the same. The transfer of title to a Share shall not be effective vis à vis the Company or any third party except from the date of such recording in the said register.

12.13.12 Increase of Share Capital

a. The Extraordinary General Assembly may resolve to increase the Company's capital, provided that the capital shall have been paid up in full, unless the unpaid part of the capital is allocated for Shares issued in exchange for converting debt instruments or financing instruments into Shares and the period specified for such conversion has not yet expired.

b. The Extraordinary General Assembly may allocate in all cases the issued Shares when increasing the capital or any part thereof for the employees of the Company or of any other subsidiary company thereof. It is not permissible for the Shareholders to exercise their preemptive rights when the Company issues Shares to its employees.

c. The Shareholders have, at the time of issuance of the Extraordinary General Assembly's resolution approving to increase the capital, the priority to subscribe the new Shares issued in exchange for cash contribution. They shall be notified of their preemptive rights to subscribe the new Shares by publication in a daily newspaper or by registered mail stating also the decision to increase the capital, the terms of the offering, its duration, and start and end dates of the subscription.

d. The Extraordinary General Assembly may suspend the preemptive rights of the Shareholders to subscribe in a capital increase in exchange for cash contribution or give priority to non-shareholders when it deems that doing so is in the interest of the Company.

e. The Shareholders retain the right to sell or assign their preemptive rights during the period following the resolution of the General Assembly to increase the capital and until the last day of subscription for the new Shares, relative to their preemptive rights, in accordance with the regulations set out by the relevant authority.

f. Notwithstanding the above point, new Shares shall be allotted to the holders of preemptive rights who have expressed interest to subscribe thereto, in proportion to their preemptive rights resulting from the capital increase; provided that their allotment does not exceed the number of new Shares they have applied for. Remaining new Shares shall be allotted to the preemptive right holders who have asked for more than their proportionate stake, in proportion to their preemptive rights resulting from the capital increase, provided that their total allotment does not exceed the number of new Shares they have asked for. Any remaining new Shares shall be offered to third parties, unless otherwise decided by the Extraordinary General Assembly decides, or provided under the CML.

12.13.13 Decrease of Share Capital

The Extraordinary General Assembly may decide to decrease the Company's capital if it exceeds its needs or if the Company suffered losses. In the latter case only, the share capital may be decreased to below the limit set in Article 54 of the Companies Law. That resolution shall not be issued until after reading the external auditors' report about the reasons causing the decrease and the obligations on the Company and the effect of the reduction on such obligations.

If the share capital decrease is due to it being in excess of the Company's needs, then the Company's creditors must be invited to express their objection thereto within 60 days from the date of publication of the reduction resolution in a daily newspaper published in the city where the Company's head office is located. Should any creditor object and present to the Company evidentiary documents of such debt within the time limit set above, then the Company shall pay such debt, if already due, or present an adequate guarantee of payment if the debt is due on a later date.

12.13.14 Board of Directors

The Company shall be managed by a Board of Directors consisting of six (6) members to be elected by the Ordinary General Assembly for a term not exceeding three years, including two independent members elected by the Ordinary General Assembly, including the Growth Opportunities Trading Company. Growth Opportunities Trading Company is also permitted to elect one member to the Board of Directors to represent it. Growth Opportunities Trading Company shall also retain the right to replace such member it has elected, at any time, subject to its retention of ownership of 17% of the Company's share capital. Growth Opportunities Trading Company shall not be permitted to vote in the election of the remaining members of the Board of Directors.

12.13.15 Membership Termination

A Director's membership in the Board shall expire upon the expiry of the Board's term or should the Director no longer be fit for membership of the Board, pursuant to any applicable laws or instructions in the Kingdom. However, the Ordinary General Assembly may at any time dismiss all Directors or some of them, without prejudice to the right of the dismissed Directors to claim compensation from the Company if dismissed unreasonably or in inappropriate time. A Director may also tender his or her resignation, provided that such resignation occurs at an appropriate time, otherwise, said Director shall be held liable for any damages affecting the Company as a result of such resignation.

12.13.16 Board Vacancy

If a position on the Board of Directors becomes vacant, the Board of Directors may appoint a temporary Director to fill the vacancy, regardless of the number of votes obtained at the General Assembly that elected the Board of Directors, provided that such Director shall be experienced and eligible. The Ministry of Commerce shall be notified within five Business Days from the date of the appointment, and such appointment shall be submitted to the first meeting of the Ordinary General Assembly. The new Director shall complete the unexpired term of his or her predecessor. If the number of Directors falls below the minimum number prescribed in the Companies Law or the Company's Bylaws, the remaining Directors shall call the Ordinary General Assembly to convene within 60 days to elect the required number of Directors.

12.13.17 Powers and Duties of the Board

Without prejudice to the determined competences of the General Assembly, the Board of Directors shall be vested with the widest powers to manage the Company, to formulate its general policy in line with its objectives and the realization thereof, to carry out all the required transactions and formalities, to sign before the Notary Public the Articles of Association of the companies in which the Company holds shares and any amendment decisions thereto, including those pertaining to the increase and decrease of capital, change of objectives or enter/exit of Shareholders, or the amendment of any of the Articles of Association clauses, or the liquidation of the companies, or the amendment or cancellation of the commercial registration certificates. The Board of Directors shall also have the power to manage its affairs within or outside the Kingdom, to purchase or sell shares in other companies and dispose of their assets, properties and real estates, and all of the above-mentioned powers shall apply to all companies established/owned by such companies or in which such companies hold shares. The Board of Directors shall also be entitled to subscribe on behalf of the Company for shares of listed companies, to receive the excess after allocation, to receive dividends, to attend its general assemblies or to delegate whom they may judge to attend or vote on behalf of the Company, and it shall also have the power to purchase and sell shares on behalf of the Company, to open and manage investment portfolios on behalf of the Company or cancel, liquidate or close the same, and to receive the share selling value and dividends. It shall also be entitled to purchase, buy, and transfer real estates and accept such transfer, to receive and deliver, to rent and lease, to receive and make payment, to mortgage and discharge of mortgage, to subdivide, to issue deeds of ownership, to bid, to receive and settle payment, and to acknowledge it. The Board of Directors shall also have the power to reconcile, waive, enter into agreements and to have commitments and engagements in the name of the Company or on behalf thereof, and to carry out all the works and acts that ensure the achievement of the Company's objectives. It shall also be entitled to open all types of bank accounts with the banks, to issue checks and letters of credit, to make withdrawals and deposits, to issue bank guarantees, to sign all types of contracts, documents, agreements, deeds, papers, documentations, checks, and all financial transactions. In addition, the Board of Directors shall also have the power to open investment accounts in the name of the Company with all banks, Islamic finance institutions, real estate funds, as well as industrial and agricultural funds in the name of the Company, to receive the amounts paid to the Company and to deliver the same. Furthermore, it shall be entitled to enter into loan agreements, regardless of the duration thereof, guarantee agreements, securities, guarantees and mortgage agreement with the banks, public lending funds as well as local and international funding entities. The Board shall also have the authority to obtain, amend, and renew necessary licences for the operation of the Company, to request visas from the labour offices, to recruit in the name of the Company, to grant sponsored employees' entry and final exit visas, and to transfer and revoke sponsorships. The Board shall also have the power to represent the Company in its relations with others, before the Notary Public, the Civil Rights Department, police departments, and other government authorities, the Chambers of Commerce and Industry, private bodies and entities, banks, companies and institutions of all types within or outside the Kingdom. The Board of Directors shall have the power to issue legal powers of attorney on behalf of the Company, to appoint and remove employees and representatives, as well as determine their salaries and remunerations. It shall also be entitled to draw up a management charter to organise the mechanism of operation within the Company and its relations with others, to formulate regulations, to form ad hoc committees and determine their powers, competences and selection mechanism. It shall have the authority to conclude loan, funding and financial facilities agreements with government finance institutions and funds, for any duration, and also with banks, financial and commercial finance institutions, provided that the duration thereof shall not exceed three years. The Board of Directors shall be subject to the following conditions to conclude loan agreements that exceed three (3) years:

a. the value of the loan agreements that may be concluded by the Board during the financial year of the Company shall not exceed fifty percent (50%) of the Company's capital;
b. the Board of Directors shall specify the manner in which the loan will be used and how it will be repaid; and
c. the Board shall ensure that the conditions of the loan and the guarantees provided in relation thereto do not prejudice the interests of the Company, its Shareholders and the general securities offered to its creditors.

The Board shall also have the power to sell and mortgage the Company's real estates and assets, provided that the Board minutes and the reasons for its decision to dispose thereof include the following conditions:

a. the Board of Directors shall set out, in its sale resolution, the reasons and justifications for the sale;
b. the sale shall be for an equivalent value;
c. the sale shall be immediate, except in cases of necessity and after obtaining sufficient guarantees; and
d. such disposal shall not result in the suspension of the Company's activities or the imposition of other obligations.

The Board of Directors shall have the power to discharge the Company's debtors from their debt obligations, provided that the Board minutes and the reasons for its decision include the following conditions:

a. the discharge shall occur after the lapse of at least one full year from the establishment of the debt;
b. the discharge shall not exceed a maximum of 1% of the Company's share capital for each year for each debtor;
c. the discharge is a right retained by the Board that may not be delegated.

The total debt from which the Board of Directors discharged its debtors shall not exceed SAR 1 million per year.

The Board of Directors has the authority to appoint the Deputy Chairman of the Board, the Managing Director, the Chief Executive Officer and the Deputy Executive Officer, Chief Financial Officer and the Operations Management Officer in order to open and manage bank accounts, to obtain banking facilities, to sign all banking services and to sign cheques and letters of credit, provided that a single document shall bear the joint signature of at least two of the above-mentioned Board members. Sole signatories may not be allowed in any of such banking services.

The Board shall also be entitled, within the limits of its competencies, to delegate or entrust one or more of its members or third parties to perform a specific work or works or with specific powers, or to introduce a specific measure or disposal, and to cancel the delegation or power of attorney in whole or in part.

12.13.18 Remuneration of the Directors

Remuneration of the Directors shall be determined by the General Assembly within the limits of the Companies Law and its implementing regulations. Notwithstanding the applicable laws and regulations in the Kingdom issued by the relevant authorities, Directors shall be also remunerated for attendance and transportation, according to what is set out by the Board. The Board of Directors' report to the Ordinary General Assembly must include a comprehensive statement of all the amounts received by Directors during the financial year as remuneration, expense allowance, and other benefits, as well as of all the amounts received by the Directors during in their capacity as officers or executives of the Company, or in consideration of technical, administrative or advisory services. It must also include the number of meetings of the Board and the number of sessions each Director attended as of the date of the last General Assembly.

12.13.19 The Authorities of the Chairman, Deputy, Managing Director, and Secretary

The Board of Directors shall appoint from among its members a Chairman and a Deputy Chairman and the Board of Directors may appoint a Managing Director. No member can concurrently assume the position of Chairman and be appointed to any other executive position in the Company.

The Board of Directors may appoint a CEO for the Company, from among its members, or otherwise by an independent contract. The Board shall determine the CEO's authorities, responsibilities and remuneration. The Board shall maintain the right to dismiss the CEO. It shall also be permissible for a single member to be both CEO and Managing Director, concurrently.

a. The Chairman shall represent the Company in its relations with third parties, before the judiciary, Sharia courts, judicial authorities, Board of Grievances, enforcement judges, labour offices, supreme and primary labour bodies, commercial paper committees and all other committees and judicial authorities of different types, executive and administrative bodies and arbitration bodies. He or she shall have the right to plead, defend, litigate, claim, clear, reconcile, waive, acknowledge, deny, and have the right of pre-emption, bail, hearing and responding to claims, asking and challenging oaths, establishing evidence and plea, denying and challenging handwritings, signatures; requesting the appointment of and challenging experts and arbitrators, and following up on all cases filed by or against the Company before Sharia courts, judicial authorities, Board of Grievances, enforcement judges and courts, labour offices, supreme and primary labour bodies, the labour disputes committee, the commercial papers committees, the banking committees and all other judicial committees and arbitration bodies. The Chairman shall also have the right of conciliation, acceptance and denial of rulings on the Company, requesting, opposing and denying the implementation of rulings, requesting arbitration on behalf of the Company, appealing, opposing and accepting judgments issued against the Company, assigning claims, receiving and delivering on behalf of the company, referring to the enforcement judges for all requirements, requesting the enforcement of judgments and receiving the results of enforcement.
b. The Chairman, within the limits of his or her competences, may appoint or delegate one or more Board Members or others in pursuing a certain activity or activities or with specific authorities or to perform a certain procedure or action inside or outside the Kingdom, and shall have the right to revoke and cancel all powers of attorney or authorization or appointment letters partially or fully, and the appointee may further appoint another.
c. The Company is also represented by the Deputy Chairman, the Managing Director, and the CEO, jointly or separately, before the Notary Public, the General Department of Passports, the Ministry of Civil Service, Police Departments, Traffic Authorities, Municipalities, Emirates, Governorates, the Ministry of Interior, the Ministry of Foreign Affairs, embassies and consulates, the Transport Ministry, the Saudi Customs Authority, recruitment offices, and all other government entities, Chambers of Commerce and Industry, private authorities and bodies, commercial banks, treasuries, and all government funds and funding institutions regardless of names and specialty, and companies of all kinds inside and outside the Kingdom.
d. The Deputy Chairman, the Managing Director and the CEO shall, jointly or separately, entitled to purchase, buy, and transfer real estates and accept such transfer, to receive and deliver, to rent and lease, to receive and make payment, to mortgage and discharge of mortgage, sort and extract claims and encumbrances, and shall have the right to issue, amend and renew licences, open branches of the Company, issue and amend commercial registration certificates, add or remove commercial activities. They may further cancel branches, appoint managers, refer to the municipalities for issuing and amending licences for the Company's branches, adding and removing activities to the licences, request visas from labour and recruitment offices in the Company's name and grant sponsored employees exit and re-entry visas and final exit, and transfer and waive visas and issue residency permits and medical insurance certificates.
e. The Deputy Chairman and Managing Director shall have the right to refer to traffic departments in all regions to obtain licences to buy and sell new and used cars, and shall have the right to refer to municipalities in all regions to obtain a municipal licence for the exhibition dedicated to buy and sell new and used cars.
f. Each of the Deputy Chairman, the Managing Director and the CEO, within the limits of their respective competencies, shall have the right to issue powers of attorney on behalf of the Company, and each of them, within the limits of their respective competences, may appoint or delegate one or more Board Members or others in pursuing a certain activity or activities or with a specific authorities or to perform a certain procedure or action inside or outside the Kingdom, and shall have the right to revoke and cancel all powers of attorney or authorization or appointment letters partially or fully.

g. The Chairman shall have the right to call for the Board meeting, preside over the Board meetings and Shareholders General Assembly meetings, and approve and sign Board decisions and deliverables.

h. The Deputy Chairman and Managing Director shall also be competent to implement such instructions made by the Board of Directors. The CEO shall be responsible for conducting the daily business of the Company.

i. In addition, the Chairman shall have other powers assigned thereto by the Board in writing, and the Deputy Chairman will act as the Chairman in his or her absence.

j. The Managing Director shall also have the powers assigned thereto by the Board in writing.

k. The Board of Directors shall appoint a CEO whose powers and remunerations shall be determined in his or her appointment decision.

l. The Board of Directors shall appoint a Board Secretary from among its members or otherwise. The Board Secretary shall be responsible for recording the minutes of Board meetings and decisions and writing them down in the special record. In addition, He or she shall have the other powers assigned thereto by the Board of Directors. His or her remuneration shall be determined by a Board resolution.

The term of office of the Chairman, Deputy Chairman, Managing Director and the Secretary, where he or she is a Director, shall not exceed their respective membership term of service as Directors, and they may be reappointed.

12.13.20 Board Meetings

The Company's Board of Directors shall be convened at least two times per year upon a written invitation given by the Chairman. The Chairman shall call a meeting of the Board by written invitation, delivered personally, by mail, fax or e-mail, three days prior to the set meeting date unless agreed otherwise by the Directors. The Chairman must call a meeting of the Board if so requested by any two Directors.

12.13.21 Quorum and Representation

A meeting of the Board shall be duly convened only if attended by at least four (4) of the Directors in person or by proxy, including at least one (1) representative of Growth Opportunities Trading Company, and at least three (3) Directors in person. In the event that a Director appoints another Director to attend a Board meeting as his or her proxy, then such proxy shall be appointed in accordance with the following guidelines:

a. Director may not act as proxy for more than one other Director in attending the same meeting;

b. a proxy shall be appointed in writing; and

c. a Director acting by proxy may not vote on resolutions on which his or her principal is prohibited from voting.

In the event that a quorum is not met in the first meeting of the Board, the meeting shall be postponed for a period of at least seven (7) days, and not exceeding twelve (12) days, invitation for which shall be duly made, and shall take place in the same location and time set for the first meeting. The second meeting shall be duly convened if attended four (4) of the Directors. Should the quorum not be met, suggested decisions shall be sent to each Director to vote on, in writing.

Board Meetings may be held via instantaneous audio-visual communication, whereby each Director may see and hear one another during the meeting. In such a case, the Board Secretary shall send copies of resolutions adopted taken during the meeting to Directors to sign.

12.13.22 Board Decisions

Board resolutions shall be adopted by the majority of the Directors represented or in attendance with the approval of a member representing the Growth Opportunities Trading Company (as long as the Growth Opportunities Company owns 17%) of the Company's shares when deciding on the following:

a. Approving a business plan or any changes (including changes related to selling, leasing other than in the normal course of business - or disposing of, buying, financing, or creating any obligation on the vehicle fleet) of more than eight percent (8%) (Other than compensation, incentives, end of service benefits and other employee benefits).

b. Other than in relation to the vehicle fleet, acquiring or entering into an agreement to acquire assets or conducting other investments in exchange for more than (a) SAR 3,750,000 in any individual case; or (b) SAR 5,000,000 in total in any financial year (for every case except where it is certified under the annual budget).

c. Other than in relation to the vehicle fleet, purchasing, leasing, disposing of or creating any obligation on whichever grounds with a fair market value exceeding (a) SAR 3,750,000 in any single case; or (b) SAR 5,000,000 in total in any financial year (in every case other than when certified under the annual budget).

d. Permitting at any time to exceed the credit balance which is (a) SAR 25,000 for an individual; or (b) SAR 500,000 for the Company unless the general manager of the Company states in writing otherwise, provided that the individuals and companies provided with such credit have been unable to pay any obligations due to the Company.
e. Establishing any new branches or subsidiaries or close or convert any branch into a limited liability company, joint stock company or any other legal entity, in every case unless certified under the approved annual budget.
f. Engaging in new business activities and abandoning or materially changing the existing business activities, except where it is certified under the annual budget.
g. Starting core business operations in any country where the Company does not operate at that time, except where it is certified under the annual budget.
h. Disposing of or selling any trademark, patent, licences or any other intellectual property rights.
i. Appointing, terminating or changing the powers of any of the Senior Managers.
j. Except for the requirements of the approved annual budget, (a) executing any change to compensations or incentives or cutting off or other benefits for any of the Senior Managers; or (b) increasing or decreasing the total amount for compensation or incentives or end of service or other benefits for the staff base (except for the Senior Managers).
k. Establishing, changing, or terminating any raise or share of profits or stock options or other incentive project for any Director or employee in the Company.
l. Appointing any Committee for the Board of Directors or delegating any powers belonging to the Committee to the Board.
m. Except in relation to purchasing, funding or selling or leasing (in the ordinary course of business) or any other disposal or creating any obligation for the vehicle fleet, entering in or amending and/or changing any contracts or agreements and/or other commitments where the Company's obligation, responsibility under that contract or agreement and/or the other commitments exceed or possibly would exceed SAR 3,700,000 (except where certified under the approved annual budget).
n. Except in relation to financing the vehicle fleet: (a) borrowing, securing, refinancing, assuming, incurring and/or committing to the indebtedness with an amount greater than SAR 3,750,000 individually or SAR 5,000,000 in total; or (b) granting, establishing, incurring or bearing any right to reserve upon any lien on any of the Company's assets (except for the obligations that are covered under the approved annual budget or under the existing credit facilities of the Company).
o. Starting or settling any proceedings or arbitration over a disputed amount exceeding SAR 1,875,000.
p. Entering into any agreement or arrangement to perform any of the aforementioned.
q. Executing the initial public offering.

The Board of Directors may pass decisions by having them circulated separately to the Board members, unless a member requests, in writing, a meeting for deliberations. Such decisions shall be submitted to the Board in its first subsequent meeting.

12.13.23 Deliberations of the Board

Deliberations and resolutions of the Board shall be recorded in minutes to be signed by the Chairman, the present Directors and the Secretary. Such minutes shall be entered in a special register signed by the Chairman and the Secretary. The Directors may request that their objections are included in the minutes of the meeting, while attendance shall be documented by signing an attendance sheet.

12.13.24 Issuing Sukuk and Bonds

The Company may issue, according to the applicable laws and regulations, sukuk, bonds or other securities inside or outside of the Kingdom. The Extraordinary General Assembly may, by resolution, delegate, from time to time, the power to the Board of Directors, to issue bonds, sukuk or other securities through a series of issue processes or through one or more programs for issuing the debt instruments or financing instruments, all of which shall be pursuant to the amounts and conditions set by the Board of Directors, which shall maintain the right to take all necessary actions to perform any issuance thereof.

12.13.25 Shareholders' Assemblies

Any Shareholder, regardless of the number of his or her Shares, shall have the right to attend the conversion General Assembly or any General Assembly personally or by proxy, provided that the Directors or Company employees may act as proxies.

(a) Conversion Assembly

The founding Shareholders shall invite all Shareholders to a conversion General Assembly, within 45 days from the date of the decision of the Ministry of Commerce to authorize the conversion of the Company. To be validly constituted, the conversion General Assembly must be attended by Shareholders representing at least half (1/2) of the Company's capital. If such majority is not achieved, an invitation shall be sent for a second meeting after one hour from the end of the first meeting, provided that the invitation for the first meeting mentioned the possibility of having a second meeting. If such invitation does not refer to the second meeting, an invitation shall be served for a second meeting to be held at least 15 days after this invitation being served. In any event, this second meeting shall be valid regardless of the number of Shareholders represented therein. The conversion General Assembly shall have the powers listed in Article 63 of the Companies Law.

(b) Ordinary General Assembly

Except for matters falling within the jurisdiction of the Extraordinary General Assembly, the Ordinary General Assembly shall be competent to deal with all other matters related to the Company and shall be convened at least once a year during the first six months following the end of the Company's financial year. Other Ordinary General Assembly meetings may be called upon when necessary.

(c) Extraordinary General Assembly

The Extraordinary General Assembly shall be competent to amend the provisions of the Bylaws, to the extent permitted under the law. Furthermore, the Extraordinary General Assembly shall be empowered to adopt resolutions in matters within the jurisdiction of the Ordinary General Assembly under the same conditions and manners as prescribed for the latter.

(d) Manner of Convening Assemblies

Shareholders' public and private assemblies convene at the invitation of the Board in accordance with the Companies Law and its implementing regulations. The Board of Directors shall call for the Ordinary General Assembly if so requested by the Company's external auditors, the Audit Committee or by a number of Shareholders representing at least five per cent (5%) of the Company's capital. The external auditor may convene the General Assembly if the Board did not invite the General Assembly within thirty (30) days from the date of the external auditors' request to do so.

The call for General Assembly meeting shall be published in a daily newspaper distributed in the locality of the head office of the Company, at least 21 days prior to the date set for such meeting. Nevertheless, a notice sent by registered mail to all Shareholders on the mentioned date shall suffice. A copy of both the invitation and the agenda shall be sent to the Ministry of Commerce within the period set for publication.

(e) Record of Attendance

Shareholders who wish to attend a General Assembly shall register their names at the Company's head office before the time specified for the General Assembly.

(f) Quorum for the Ordinary General Assembly

A meeting of the Ordinary General Assembly shall not be valid unless attended by Shareholders representing at least half (1/2) of the Company's share capital. If such quorum cannot be attained at the first meeting, a second meeting shall be convened after one hour from the end of the first meeting, provided that the invitation for the first meeting mentioned the possibility of having a second meeting. And if such invitation did not mention the possibility of having a second meeting, an invitation shall be served for a second meeting to be held within thirty days following the previous meeting and the notice shall be published in the manner prescribed in Article 31 of the Company's Bylaws. In any case, the second meeting shall be deemed valid irrespective of the number of Shares represented therein.

(g) Quorum for the Extraordinary General Assembly

A meeting of the Extraordinary General Assembly shall not be valid unless attended by Shareholders representing at least two-thirds (2/3) of the Company's share capital. If such quorum cannot be attained at the first meeting, a second meeting shall be convened after one hour from the end of the first meeting, provided that the invitation for the first meeting mentioned the possibility of having a second meeting. Otherwise, a notice shall be published for a second meeting to be held in such manner as prescribed by Article 31 of the Company's Bylaws. The second meeting shall be deemed valid if attended by Shareholders representing at least a quarter (1/4) of the Company's share capital. If the required quorum has not been achieved in the second meeting, there shall be an invitation for a third meeting to be held in such manner as prescribed by Article 31 of the Company's Bylaws and the third meeting shall be deemed valid irrespective of the number of Shares represented therein upon the approval of the competent authority.

(h) Voting Rights

Each Subscriber shall have one vote for each Share represented by him or her in the conversion General Assembly meeting. Each Shareholder shall have one vote for every Share he represents in the Assembly meetings. Cumulative voting shall be used in electing the Board of Directors.

(i) Resolutions

Resolutions of the conversion General Assembly and the Ordinary General Assembly shall be adopted by an absolute majority (over 50%) of the Shares represented at the meeting. Resolutions of the Extraordinary General Assembly shall be adopted by a majority vote of two-thirds (2/3) of the Shares represented at the meeting. However, if the resolution to be adopted is related to increasing or reducing the capital, extending the Company's term, dissolving the Company prior to the expiry of the term specified under the Bylaws or merging the Company with another company, then such resolution shall be valid only if adopted by a majority vote of three quarters (3/4) of the Shares represented at the meeting.

(j) Discussion of Agenda

Each Shareholder shall have the right to discuss the items listed in the General Assembly's agenda and to direct questions in respect thereof to the Directors and the external auditors. The Directors or the external auditors shall answer the Shareholders' questions in a manner that does not prejudice the Company's interest. If a Shareholder deems the answer to the question unsatisfactory, then such Shareholder may refer the issue to the General Assembly and its resolution in this regard shall be conclusive.

(k) Proceeding of the General Assembly

The General assembly shall be presided over by the Chairman or, in his or her absence, by his or her Deputy from among the members of the Board of Directors or a member delegated by the Board of Directors. The Chairman shall appoint a secretary for the meeting and a vote counter. Minutes shall be written for the meeting which shall include the names of the Shareholders present, in person or represented by proxy, the number of Shares held by each Shareholder, the number of votes attached to such Shares, the resolutions adopted at the meeting, the number of votes assenting or dissenting to such resolutions and a comprehensive summary of the discussions that took place during the meeting. Such minutes shall be regularly recorded after each meeting in a special register that shall be signed by the Chairman, the Secretary and the vote counter.

12.13.26 Establishment of Committees

The Board of Directors may form committees as dictated by the needs of the Company, with members from the Board of Directors or otherwise beyond it. The Board of Directors shall also appoint a head of committee, and shall regulate the processes and specialty of each committee, as well as the number of members and the required quorum for meetings.

12.13.27 Audit Committee

The Audit Committee shall be formed by a resolution of the Company's Ordinary General Assembly, and shall be consist of three (3) members provided that the members are not executive Directors whether, Shareholders or otherwise. The resolution shall also determine the Audit Committee's mandate and procedures as well as the remuneration of its members. The meetings of the Audit Committee shall be valid if attended by the majority of its members. All its resolution shall be made by the majority of votes of the present members. In case of tie vote, chairman of the committee shall have a casting vote.

The Audit Committee shall oversee the affairs of the Company. For such purpose, the committee has the right to review all the Company's records and documents, require any explanations or statements from the members of the Board of Directors or the Executive Management. The committee may request the Board of Directors to call for the Ordinary General Assembly meeting if the Board of Directors obstructs its course of work or the Company suffers serious damage or losses.

The Audit Committee shall check the Company's financial statements, the reports and notes to be provided by the external auditors. It shall express its opinion on the same, if any. It shall also prepare a report on its opinion with respect to the sufficiency of the internal control system in the Company, along with other activities within its competence. The Board of Directors shall deposit enough copies of this report in the Company's head office at least 21 days prior to the date of convening the General Assembly, in order to provide it to any Shareholder wishing to have a copy of the report. The report shall be read out at the Assembly meeting.

12.13.28 The External Auditor

The Company shall have one or more external auditors licenced to practice in the Kingdom. The Ordinary General Assembly may appoint the external auditors annually and may also determine their remuneration and duration of work. The Ordinary General Assembly may change the external auditors at any time without prejudice to their rights to compensation if such change was due to unlawful reasons or at an inappropriate time.

The external auditors shall have access at all times to the Company's books, records and any other documents, and may request information and clarifications as they deem necessary. They may further verify the Company's assets and liabilities and perform other tasks within the limits of their competencies. The external auditors shall submit to the annual General Assembly a report showing how the Company enabled them to obtain the information and clarifications they have requested, any violations of the Companies Law and the Company's Bylaws, and their opinion as to whether the Company's accounts conform to the facts. The Chairman shall enable the external auditors to perform their duty. If the external auditors encountered a difficulty in this regard, they shall record that in a report submitted to the Board of Directors. If the Board does not facilitate the work of the external auditors, they shall ask the Board of Directors to call for the Ordinary General Assembly meeting to consider the matter.

12.13.29 Financial Year

The Company's financial year shall commence on one January and expire on 31 December each Gregorian year, provided that the first financial year shall commence on the date of amendment of the Company's commercial registration certificate to indicate its conversion into a closed joint-stock company and expire on 31 December of the following Gregorian year.

12.13.30 Financial Documents

At the end of each financial year, the Board of Directors shall prepare the financial statements of the Company and a report of its activities and financial position for such financial year, including the proposed method of distributing the net profits. The Board of Directors shall put these documents at the disposal of the external auditors at least 45 days prior to the date specified for the General Assembly meeting.

The Chairman of the Board of Directors and the Chief Financial Officer shall sign the documents set forth in the above paragraph, and copies thereof shall be deposited at the Company's head office at the disposal of the Shareholders at least 21 days before the date of the General Assembly meeting.

The Chairman of the Board of Directors shall provide the Shareholders with the financial statements of the Company, the Board of Directors' report and the external auditors' report, unless they are published in a daily newspaper distributed in the city where the head office of the Company is located. The Chairman shall also send a copy of these documents to the Ministry of Commerce at least fifteen (15) days before the date of the General Assembly meeting.

12.13.31 Distribution of Dividends

After deducting all general expenses and other costs, the Company's annual net profits shall be allocated as follows:

a. ten per cent (10%) of the net profits shall be set aside to form a statutory reserve. Such setting aside may be discontinued by the Ordinary General Assembly when such statutory reserve totals thirty per cent (30%) of the Company's paid-up capital;
b. the Ordinary General Assembly, upon a proposal by the Board of Directors, may set aside 5% of the net profits to form a voluntary reserve allocated to support the financial position of the Company;
c. the Ordinary General Assembly may resolve to form other reserves to the extent they serve the Company's interests, or to ensure the distribution of fixed dividends – so far as possible – to the Shareholders. The Ordinary General Assembly may also deduct amounts from the net profits to create social institutions for the Company's employees, or to support existing institutions of such kind; and
d. all remaining net profits shall be distributed to the Shareholders unless otherwise decided by the Ordinary General Assembly.

12.13.32 Eligibility to Profits

A Shareholder shall be entitled to his/her dividend share in accordance with the General Assembly's resolution passed in this respect, and such resolution shall state the date of entitlement and date distribution. Shareholders who are registered in the Shareholders Register at the end of due day shall have the priority over profits.

12.13.33 Company's Losses

If the Company's losses amount to half (1/2) of the paid-up capital, at any time during the financial year, then any officer of the Company or the external auditors upon becoming aware of such losses shall notify the Chairman of the Board of Directors, who shall immediately inform the Directors. The Board of Directors shall, within 15 days of such notification, convene an Extraordinary General Assembly to meet within 45 days from the date on which the Board of Directors was notified of the losses, to resolve whether to increase or reduce the capital of the Company pursuant to the provisions of the Companies Law, in order to render the losses equal to less than half (1/2) of the Company's paid-up capital, or dissolve the Company before the end of its term as stated in the Bylaws.

The Company shall be deemed dissolved by operation of law if the General Assembly is not convened during the term specified in the above paragraph, or if the General Assembly is convened but is unable to adopt a resolution on the matter, or if the General Assembly resolves to increase the capital in accordance with the conditions specified in the above paragraph but the capital increase is not fully subscribed to within ninety (90) days from the date on which the General Assembly adopted the resolution to increase the capital.

12.13.34 Disputes

Where the Directors have committed an act that has caused a particular damage to a Shareholder, such Shareholder shall have the right to sue the Directors for liability, provided that the Company still has the right to bring such action. The Shareholder shall notify the Company of his or her intention to file such action.

12.13.35 Dissolution and Liquidation of the Company

The Company, upon its dissolution, shall enter a liquidation phase during which it shall retain its legal personality to the extent necessary for the liquidation. The Extraordinary General Assembly shall issue a resolution for the voluntary liquidation of the Company, which must include the appointment of a liquidator and specify his or her powers, fees, any restrictions on his or her powers and the period required for the liquidation process. The period of a voluntary liquidation process shall not exceed five years and may not be further extended without a court order. The authority of the Board of Directors shall cease upon the dissolution of the Company. However, the Board of Directors shall remain responsible for the management of the Company and shall be deemed as liquidators towards third parties, until a liquidator is appointed. General Assemblies shall continue throughout the duration of the liquidation process, but their role shall be limited to exercising their competencies as far as they do not conflict with those of a liquidator.

12.14 Share Description

12.14.1 Ordinary Shares

The Shares shall be nominal Shares and may not be issued at less than their nominal value. However, the Shares may be issued at a value higher than their nominal value, in which case the difference in value shall be added to the statutory reserve, even if such reserve has reached its maximum limit. Each share shall be indivisible vis-à-vis the Company. In the event that a Share is owned by several persons, they shall select one person from amongst themselves to exercise, on their behalf, the rights pertaining to such Share, and they shall be jointly responsible for the obligations arising from the ownership of such Share.

12.14.2 Repurchase of Shares

According to Article 112 of the Companies Law which stipulates that, the Company may purchase its shares in accordance with the rules set by the competent authority, provided that the shares purchased by the Company shall not entitle it to votes in the Shareholders' assemblies.

12.14.3 Rights of the Holders of Ordinary Shares

Pursuant to Article 110 of the Companies Law, Shares confer on the Shareholder all the rights attached to the Shares, in particular the right to receive a portion of the profits to be distributed, to receive a portion of the Company's assets upon liquidation, to attend the General Assembly meetings, to participate in its deliberations, to vote on its decisions, to dispose of the shares, to request access to the Company's books and documents, to monitor the work of the Board of Directors, to file a claim of responsibility against the Directors, and to challenge the validity of the resolutions of the General Assembly in accordance with the conditions and restrictions set forth in the Companies Law and the Bylaws.

Each Shareholder shall have the right to discuss the items listed in the agenda of the General Assembly and direct questions thereon to the Directors and the external auditors. The Board of Directors or the external auditors shall answer the questions of the Shareholders in a manner that does not put the interest of the company at risk. If a Shareholder is not satisfied with the answer, the Shareholder may refer the issue to the General Assembly and its decision in this regard shall be conclusive and binding.

12.14.4 Voting Rights

A General Assembly duly convened shall be deemed to represent all the Shareholders and shall be held in the city where the Company's head office is located. Each Subscriber, regardless of the number of his or her shares, shall have the right to attend the Constituent Assembly, whether in person or by proxy.

Each Shareholder shall have a vote for every share represented by him or her in the constituent General Assembly meeting, and each shareholder shall have a vote for every share represented by him or her in the General Assembly meetings. The cumulative voting method shall be used in the election of the Directors in accordance with the Corporate Governance Regulations issued by CMA, and any amendments thereto from time to time.

12.14.5 Amendments to the Rights of Shareholders

The Shareholders' rights to obtain a share of the profits to be distributed, to receive a share of the Company's assets surplus upon liquidation, to attend the General Assemblies, to participate in its deliberations, to vote on its resolutions, to dispose of the Shares, to request access to the Company's books and documents, to monitor the work of the Board of Directors, to file a claim of responsibility against the Directors, and to challenge the validity of the resolutions of the General Assembly (in accordance the conditions and restrictions set out in the Companies Law and the Bylaws) are granted pursuant to the Companies Law and therefore may not be amended.

12.15 Representations Related to Legal Information

The Directors declare the following:

a. the issue does not violate the relevant laws and regulations of the Kingdom;
b. the issue does not violate any of the contracts or agreements to which the Company is a party;
c. all material legal information relating to the Company has been disclosed in this Prospectus;
d. the Company is not a party to any existing disputes, claims, issues or investigation procedures that may have a material effect on the Company's operations or financial position; and
e. the Directors are not subject to any legal proceedings or actions that may, individually or collectively, have a material effect on the Company's business or financial position; and
f. the Company's Directors undertake and assert that the Company will approve written framework agreements governing the contractual relationship for all transactions with related parties before listing.

13. UNDERWRITING

The Company and the Underwriter (Saudi Fransi Capital) concluded the underwriting agreement on 04/08/1442H (corresponding to 17/03/2021G), whereby the Underwriter has undertaken to fully underwrite the Offering of twelve million nine hundred thousand (12,900,000) Offer Shares (the "**Underwriting Agreement**") entered into with the Company, subject to certain conditions. The name and address of the Underwriter are set out below:

13.1 Underwriter

Saudi Fransi Capital King Fahad Road 8092 Riyadh 3735-12313 Kingdom of Saudi Arabia Tel: +966 (11) 282 6666 Fax: +966 (11) 282 6823 Website: www.sfc.sa E-mail: info@fransicapital.com.sa	

The principal terms of the Underwriting Agreement are set out below:

13.2 Summary of Underwriting Arrangements

Under the terms and subject to the conditions contained in the Underwriting Agreement:

a. The Selling Shareholders undertake to the Underwriter that, on the first Business Day after allocation of the Offer Shares following the end of the Offering Period, they shall:

   (i) sell and allocate the Offer Shares to any Individual Investor or Participating Party whose application for Offer Shares has been accepted by the Receiving Agents; and

   (ii) sell and allocate to the Underwriter the Offer Shares that are not subscribed by Individual Investors or Participating Parties pursuant to the Offering.

b. The Underwriter undertakes to the Selling Shareholders that at the date of allocation, it will purchase any Offer Shares that are not subscribed for by Individual Investors or Participating Parties, according to what is mentioned below:

Table 13.1: Underwritten Shares

Underwriter	Number of Offer Shares to be Underwritten	Percentage of Offer Shares Underwritten
Saudi Fransi Capital	12,900,000	100%

13.3 Underwriting Costs

The Selling Shareholders will pay to the Underwriter an underwriting fee based on the total value of the Offering. Moreover, the Selling Shareholders agreed on behalf of the Company to pay the Underwriter's costs and expenses in connection with the Offering.

14. EXPENSES

The Selling Shareholders will be responsible for all costs and expenses associated with the Offering, which are estimated at approximately SAR 21,000,000. These costs and expenses include the fees of each Financial Advisor, Underwriter, Lead Manager, Bookrunner, Legal Advisors, Financial Due Diligence Advisor, Market Consultant, in addition to Receiving Agents, marketing, printing and distribution expenses and other relevant costs. The Offering expenses will be deducted from the Offering Proceeds. The Company will not be responsible for payment of the Offering expenses.

15. UNDERTAKINGS FOLLOWING ADMISSION

Following the Admission, the Company undertakes to:

a. complete Form 8 (relating to compliance with the Corporate Governance Regulations) and, in the event the Company does not comply with any of the requirements of the Corporate Governance Regulations, to explain the reasons for such non-compliance;

b. inform the CMA of the date on which the first post-listing General Assembly meeting will be held following the Admission, so that a representative may attend the same;

c. submit transactions and contracts in which a Director has a direct or indirect interest for authorization by General Assembly (in accordance with the Companies Law and Corporate Governance Regulations), provided that the interested Director shall be prohibited from voting on the relevant resolution, whether in the Board or the General Assembly (for further details regarding Related Party contracts and transactions, see Section 12.9 (**Related Party Contracts and Transactions**));

d. disclose material developments related to the Company and projects set out in Section 4.7 (**Future Plans and Initiatives**); and

e. comply with all the mandatory provisions of the Rules on the Offer of Securities and Continuing Obligations, Listing Rules, and the Corporate Governance Regulations immediately upon the Admission.

Similarly, following the Admission, the Directors undertake to:

a. record all Board of Directors resolutions by means of written minutes of meetings, which shall be signed by the Chairman and the Secretary; and

b. disclose the details of any Related Party transactions in accordance with the Companies Law and the Corporate Governance Regulations.

16. WAIVERS

The Company has not applied to the CMA for any waivers from any of its regulatory requirements.

17. SUBSCRIPTION TERMS AND CONDITIONS

An application has been submitted to CMA for for the registration and offer of the Offer Shares and an application for listing of the Shares on the Exchange in accordance with the Rules on the Offer of Securities and Continuing Obligations issued by the CMA Board pursuant to Resolution No. 3-123-2017 dated 09/04/1439H (corresponding to 27 December 2017G) in accordance with the Capital Market Law promulgated by Royal Decree No. M/30 dated 02/06/1424H, and amended by the CMA Board's Resolution No. 1-104-2019 dated 01/02/1441H (corresponding to 30 September 2019G), and Listing Rules approved by the CMA Board Resolution No. 3-123-2017, dated 09/04/1439H (corresponding to 27 December 2017G), as amended.

All Subscribers must carefully read the subscription terms and conditions before completing the Subscription Application Form. Signing the Subscription Application Form and delivering it to a Receiving Agent is deemed as acceptance and approval of the subscription terms and conditions.

17.1 Subscription to Offer Shares

The Offering will consist of twelve million nine hundred thousand (12,900,000) Offer Shares with a fully paid nominal value of ten Saudi Riyals (SAR 10) per share at an Offer Price of SAR 40 per Offer Share at a total value of 516,000,000. The Offer Shares represent 30% of the Company's capital. The offering to Individual Investors and the listing of the Company›s shares are contingent on the success of the Participating Entities› subscription to all the Offer Shares. The Offering will be cancelled if it is not covered during this period. The CMA has also the right to suspend the Offering if, at any time after its approval of this Prospectus and before registration and admission to listing of the Shares on the Exchange, a material adverse change has occurred in respect of the Company's operations.

The Offering is restricted to the following groups of Investors:

Tranche (A): Participating Parties

Comprising the parties entitled to participate in the book building process, including investment funds, companies, Qualified Foreign Investors and GCC Corporate Investors. Participating Entities will provisionally be allocated twelve million nine hundred thousand (12,900,000) Offer Shares, representing 100% of Offer Shares. In the event that there is sufficient demand by Individual Investors, the Bookrunner shall have the right to reduce the previously allocated Offer Shares to Participating Entities to eleven million six hundred and ten thousand (11,610,000) Offer Shares, representing 90% of the total Offer Shares.

Tranche (B): Individual Investors

Comprising Saudi Arabian natural persons, including any Saudi female divorcee or widow with minor children from a marriage to a non-Saudi person who can subscribe for her own benefit or in the names of her minor children, on the condition that she proves that she is a divorcee or widow and the mother of her minor children, as well as any non-Saudi residents and GCC natural persons having a bank account with the Receiving Agents and the right to open an investment account. Subscription by a person in the name of his divorced wife shall be deemed invalid and the applicant shall be subject to the sanctions prescribed by the law. If a duplicate subscription is made, the second subscription will be considered void and only the first subscription will be accepted. A maximum of one million two hundred and ninety thousand (1,290,000) Shares representing ten percent (10%) of the total Offer Shares shall be allocated to Individual Investors. In the event that the Individual Investors do not subscribe in full to the Offer Shares allocated to them, the Bookrunner may reduce the number of Offer Shares allocated to Individual Investors in proportion to the number of Offer Shares subscribed by them.

17.2 Book-Building and Subscription by Participating Parties

a. The Company and the Financial Advisor of the Issuer determine the price range for the purposes of book building, which will be made available to all Participating Parties, without any restrictions.

b. Each of the Participating Parties shall submit an application to participate in the book building process by filling out the Application Form. The Participating Entities may change or cancel their application at any time during the book-building period, provided that the change of those applications shall be made by submitting a modified Application Form or appended Application Form (where applicable), prior to the conclusion of fixing the Offer Price, which precedes commencement of the Offering Period. The number of Offer Shares to be subscribed by each Participating Entity shall neither be less than one hundred thousand (100,000) shares nor more than two million one hundred and fifty thousand (2,149,999) Shares, and in relation only to public investment funds, without exceeding the maximum amount specified for each participating fund that is determined in accordance with Book-Building Instructions. The number of requested shares shall be subject to allocation. The Bookrunner will inform the Participating Entities of the Offer Price and the number of Offer Shares provisionally allocated to them. Subscriptions by the Participating Entities shall commence during the Offering Period, which also includes the Individual Investors, according to the subscription terms and conditions detailed in the Subscription Application Forms.

c. Once the bookbuilding process for Participating Parties is completed, the Bookrunner will announce the coverage percentage for the Participating Entities.

d. The Bookrunner and the Company will have the power to determine the Offer Price based on the supply and demand for the Offer Shares, provided that it does not exceed the price set out in the Underwriting Agreement.

17.3 Subscription by Individual Investors

Each Individual Investor shall subscribe for a minimum of ten (10) Offer Shares and a maximum of two hundred and fifty thousand (250,000) ordinary Shares. Changes to or withdrawal of the subscription application shall not be permitted once the Subscription Application Form has been submitted.

Subscription Application Forms will be available during the Offering Period at all Receiving Agents' branches. Subscription Application Forms shall be completed in accordance with the instructions mentioned below. Individual Investors who have recently participated in recent initial public offerings can also subscribe through the Internet, banking telephone or ATMs of any of the Receiving Agents' branches that offer any or all such services to its customers, provided that, the following requirements are satisfied:

a. the Individual Investor shall have a bank account at a Receiving Agent, which offers such services;

b. there should have been no changes to the personal information or data of the Individual Investor since his subscription in a recent initial public offering; and

c. the non-Saudi and GCC individual subscriber shall have an account with a licensed capital market institution providing such service.

A signed Subscription Application Form must be submitted to any branch of the Receiving Agents representing a legally binding agreement between the Selling Shareholders and the relevant Individual Investor submitting it.

The Individual Investor may obtain a copy of this Prospectus from the websites of the Company (https://www.theebonline.com/), the CMA (www.cma.org.sa) or the Financial Advisor (www.sfc.sa), and the Subscription Application Forms from the branches of the following Receiving Agents (or the websites for the Receiving Agents providing such service):

Banque Saudi Fransi King Saud Road P.O Box 56006 Riyadh 11554 Kingdom of Saudi Arabia Tel: +966 920000576 Fax: +966 (11) 402 7261 Website: www.alfransi.com.sa E-mail: Fransiplusadmin@alfransi.com.sa	
The National Commercial Bank King Abdul Aziz Road P.O Box 3555 Jeddah 21481 Kingdom of Saudi Arabia Tel: +966 920001000 Fax: +966 (12) 646 4466 Website: www.alahli.com E-mail: contactus@alahli.com	
Riyad Bank Eastern Ring Road P.O Box 22622 Riyadh 11614 Kingdom of Saudi Arabia Tel: +966 (11) 401 3030 Fax: +966 (11) 403 0016 Website: www.riyadbank.com E-mail: customercare@riyadbank.com	

The Receiving Agents will commence receiving Subscription Application Forms for Individual Investors at their branches throughout the Kingdom beginning on Sunday, 08/08/1442H (corresponding to 21/03/2021G) for one day. Once the Subscription Application Form is signed and submitted, the relevant Receiving Agent receiving it will stamp it and provide the Individual Investor with a copy of the completed Subscription Application Form. In the event that the information provided in the Subscription Application Form is incomplete or inaccurate, or not stamped by the Receiving Agent, the Subscription Application Form will be considered void. The Individual Investors do not have the right to claim any compensation for the damages incurred due to such cancellation.

Each Individual Investor is required to specify the number of Offer Shares applied for in the Subscription Application Form, and the total subscription amount will be equal to the number of Offer Shares applied for multiplied by the Offer Price of SAR 40 per Offer Share.

Subscriptions by Individual Investors for less than ten (10) Offer Shares or fractional Shares will not be accepted. Increments are to be made in multiples of such minimum number, while the maximum number of Offer Shares to be applied for is two hundred and fifty thousand (250,000) Offer Shares.

Subscription Application Forms for Individual Investors should be submitted during the Offering Period and accompanied (where applicable) with the following documents (the Receiving Agents will verify all copies against the originals and will return the originals to the relevant Individual Investor):

a. the original and copy of the Individual Investor's national civil identification card (in case of individuals, including Saudi and other GCC nationals);
b. the original and copy of the family civil identification card (when subscribing on behalf of family members);
c. the original and copy of a power of attorney (when subscribing on behalf of others);
d. the original and copy of certificate of guardianship (when subscribing on behalf of orphans);
e. the original and copy of the divorce certificate (when subscribing on behalf of the children of a divorced Saudi woman);
f. the original and copy of the death certificate (when subscribing on behalf of the children of a widowed Saudi woman); and
g. the original and copy of the birth certificate (when subscribing on behalf of the children of a divorced or widowed Saudi woman).

In the event an application is made on behalf of an Individual Investor (parents and children only), the name of the person signing on behalf of the Individual Investor should be stated in the Subscription Application Form, accompanied by a valid original and a copy of the power of attorney. The power of attorney must be notarized by a notary public for the Individual Investors residing in the Kingdom and must be legalized through a Saudi embassy or consulate in the relevant country for the Individual Investors residing outside the Kingdom. The concerned official of the Receiving Agent shall match the copy with the original version and return the original version to the Individual Investor.

One Subscription Application Form should be completed for each primary Individual Investor applying for himself and members appearing on his family identification card if the family members apply for the same number of Offer Shares as the primary Individual Investor. In this case:

a. all Offer Shares allocated to the primary Individual Investor and dependent Individual Investors will be registered in the primary Individual Investor's name;
b. the primary Individual Investor will receive any refund in respect of amounts not allocated and paid for by himself or dependent Individual Investors; and
c. the primary Individual Investor will receive all dividends distributed in respect of the Offer Shares allocated to himself and dependent Individual Investors (in the event the Shares are not sold or transferred).

Separate Subscription Application Forms must be used if:

a. the Offer Shares to be allocated are to be registered in a name other than the name of the primary Individual Investor;
b. the dependent Individual Investors intend to apply for a different number of Offer Shares than the primary Individual Investor; or
c. the wife subscribes in her name, adding allocated Offer Shares to her account (she must complete a separate Subscription Application Form from the Subscription Application Form completed by the relevant primary Individual Investor). In the latter case, applications made by husbands on behalf of their spouses will be cancelled and the independent application of the wives will be processed by the Receiving Agent.

A Saudi female divorcee or widow who has minor children from a marriage to a non-Saudi husband can subscribe on behalf of those children provided she submits proof of motherhood. A subscription for Offer Shares made by a person in the name of his divorced wife shall be deemed invalid and the applicant shall be subject to the sanctions prescribed by law. If a primary Individual Investor subscribes for himself and other family members who are registered in the family registry, and a family member submits a separate Subscription Application Form, only the application of the family member who submitted a separate application from that of the original Subscription Application Form will be cancelled.

During the Offering Period, only a valid Iqama will be an acceptable form of identification for non-Saudi dependents. Passports or birth certificates will not be accepted. Non-Saudi dependents can only be included as dependents with their mother and cannot subscribe as primary Individual Investors. The maximum age for non-Saudi dependents to be included with their mother is 18. Any documents issued by a foreign government must be legalized through a Saudi embassy or consulate in the relevant country.

Each Individual Investor agrees to subscribe for and purchase the number of Offer Shares specified in his/her Subscription Application Form for an amount equal to the number of Offer Shares applied for multiplied by the Offer Price of SAR 40 per Offer Share. Each Individual Investor shall acquire the number of Offer Shares allocated to him/her upon:

a. delivery by the Individual Investor of the Subscription Application Form to any of the Receiving Agents; and
b. payment in full by the Individual Investor to the Receiving Agent of the total value of the Offer Shares subscribed for.

The total value of the Offer Shares subscribed for must be paid in full at a branch of the Receiving Agents by authorizing a debit of the Individual Investor’s account held with the Receiving Agent to whom the Subscription Application Form is being submitted.

If a submitted Subscription Application Form is not in compliance with the terms and conditions of the Offer, the Company shall have the right to reject, in full or in part, such an application. The Individual Investor shall accept any number of Offer Shares allocated to him/her unless the allocated shares exceed the number of Offer Shares he or she has applied for.

17.4 Allocation and Refunds

The Lead Manager and the Receiving Agents shall open and operate escrow accounts named “Theeb Rent a Car Company IPO”. Each of the Receiving Agents shall deposit all amounts received from the Subscribers into the escrow accounts mentioned above.

The Lead Manager and Receiving Agents, as applicable, will send notification letters to the Subscribers informing them of the final number of Offer Shares allocated together with the amounts to be refunded. Excess subscription monies, if any, will be refunded to the Subscribers in whole without any deductions or fees and will be deposited in the Subscribers’ accounts specified in the Subscription Application Forms. The announcement of the final allocation shall be made on 16/08/1442H (corresponding to 29/03/2021G) and refunds process shall be made no later than 16/08/1442H (corresponding to 29/03/2021G) (for further details, see **Key Dates and Subscription Procedures** on page (xiv), and Section 17 (**Subscription Terms and Conditions**)). Subscribers should communicate with the Lead Manager or the branch of the Receiving Agent where they submitted their Subscription Application Form, as applicable, for any further information.

17.4.1 Allocation of Offer Shares to Participating Entities

After the allocation of Offer Shares to Individual Investors, the Company will, as it deems appropriate, definitely allocate the Offer Shares to Participating Entities in consultation with the Financial Advisor. The number of Offer Shares that will be allocated initially to the Participating Entities is (12,900,000) ordinary Shares, representing (100%) of the total number of Offer Shares. In the event that there is sufficient demand from Individual Investors to subscribe for Offer Shares, the Bookrunner shall have the right to reduce the number of Offer Shares allocated to the Participating Entities to (11,610,000) ordinary Shares, representing (90%) of the total Offer Shares after completing the Offering.

17.4.2 Allocation of Offer Shares to Individual Investors

There will be an allocation of a maximum of one million two hundred ninety thousand (1,290,000) Offer Shares, representing 10% of the Offer Shares, to Individual Investors. The minimum allocation per Individual Investor is ten (10) Offer Shares, and the maximum allocation per Individual Investor is 250,000 Offer Shares. The balance of the Offer Shares (if available) will be allocated on a pro-rata basis of the number of Offer Shares applied for by each Individual Investor. In the event that the number of Individual Investors exceeds one hundred and twenty nine thousand (129,000) Individual Investors, the Company will not guarantee the minimum allocation. The Offer Shares will be allocated in accordance with the proposals made by the Company and the Financial Advisor. Excess subscription monies, if any, will be refunded to the Individual Investors without any charge or withholding by the Receiving Agents.

17.5 Circumstances Where Trading and Listing May be Suspended or Cancelled

17.5.1 Power to Suspend Trading or Cancel Listing

a. The CMA may suspend trading in shares of any issuer or cancel the listing at any time as it deems fit, in any of the following circumstances:

   (i) the CMA considers it necessary for the protection of investors or the maintenance of an orderly market;

   (ii) the issuer fails, in a manner which the CMA considers material, to comply with the CML, its implementing regulations or the Listing Rules;

   (iii) the issuer fails to pay on time any fees due to the CMA or the Exchange or any fines due to the CMA;

   (iv) if it considers that the issuer or its business, the level of its operations or its assets are no longer suitable for the continued listing of its securities on the Exchange;

   (v) when a reverse takeover announcement does not contain sufficient information about the proposed transaction. If the issuer announces sufficient information regarding the target and the CMA is satisfied, following the issuer's announcement, that there will be sufficient information available for the public about the proposed transaction of the reverse takeover, the CMA may decide not to suspend trading at this stage;

   (vi) when information about the proposed transaction of reverse takeover is leaked and the issuer cannot accurately assess its financial position and the Exchange cannot be informed accordingly;

   (vii) when an application for financial restructuring of the issuer in case of its accumulated losses reaching 50% or more of its capital is registered with the court under the Bankruptcy Law;

   (viii) when the request for liquidation procedure or the administrative liquidation of the issuer is registered with the court under the Bankruptcy Law;

   (ix) upon issuance of a final judgment closing the financial restructuring and initiating the liquidation procedure or the administrative liquidation procedure of the issuer in the court under the Bankruptcy Law; or

   (x) upon issuance of a final judgment initiating the liquidation procedure or the administrative liquidation procedure of the issuer in the court under the Bankruptcy Law.

b. Lifting of trading suspension under paragraph (a) above is subject to the following:

   (i) the issuer adequately addressing the conditions that led to the suspension and the lack of the need to continue the suspension for the protection of investors;

   (ii) that lifting the suspension is unlikely to affect the normal activity of the Exchange;

   (iii) the issuer complies with any other conditions that the CMA may require;

   (iv) upon issuance of a final judgment initiating financial restructuring for the issuer under the Bankruptcy Law, unless the issuer was suspended from its activities by the relevant competent authority, in the event that the suspension is made in accordance with paragraph (a)(vii) above; and

   (v) upon issuance of a final judgment rejecting the commencement of liquidation procedure or administrative liquidation of the issuer under the Bankruptcy Law, unless the issuer was suspended from its activities by the relevant competent authority, in the event that the suspension is made in accordance with paragraph (a)(viii) above.

c. The Exchange shall suspend the trading of securities of an issuer in any of the following cases:

   (i) when the issuer does not comply with the deadlines for the disclosure of its periodic financial information within the periods specified in the applicable implementing regulations;

   (ii) when the external auditors' report on the financial statements of the issuer contains an adverse opinion or an abstention from expressing opinion;

   (iii) if the liquidity requirements in Part 2 of the Listing Rules are not satisfied after listing after the time limit set by the Exchange for the issuer to rectify its conditions, unless the CMA agrees otherwise; or

   (iv) upon the issuance of a resolution by an Extraordinary General Assembly of the issuer to reduce its capital for the two trading days following the issuance of such resolution.

d. The Exchange removes the suspension referred to in subparagraphs (i) and (ii) of paragraph (c) above, after one trading session has passed after the cause of suspension ceases to exist. In case that the issuer's shares are available for trading outside the platform, the Exchange removes the suspension within a period of not more than five trading sessions after the cause of suspension ceases to exist.

e. The Exchange may at any time propose to CMA to suspend the trading of any listed security or cancel its listing where, in its opinion, it is likely that any of the above circumstances of paragraph (a) above are to occur.

f. The issuer whose securities are subject to a trading suspension must continue to comply with the Capital Market Law, its implementing regulations and the Listing Rules.

g. In the event that the listing suspension continues for six (6) months with no appropriate procedure made by the issuer to correct such suspension, CMA may cancel the listing of issuer.

h. Upon the issuer's completion of a reverse takeover, the issuer's shares are de-listed. If the issuer wishes to re-list its shares, it shall submit a new application for registration and admission to listing in accordance with the requirements stipulated in the Rules on the Offer of Securities and Continuing Obligations.

i. This paragraph shall not prejudice the suspension of trading and cancellation of listing resulting from the losses of the issuer pursuant to relevant implementing regulations of the CML and Listing Rules.

17.5.2 Voluntary Cancellation of Listing

a. After its shares have been listed on the Exchange, an issuer may not cancel the listing of its securities without the prior approval of the CMA. To obtain CMA approval, the issuer must provide the cancellation application to the CMA along with a simultaneous notice to the Exchange. The application has to include the following:

   (i) specific reasons for the request for cancellation;

   (ii) a copy of the disclosure described in paragraph (d) below;

   (iii) a copy of the relevant documentation and a copy of all related communication to shareholders if the cancellation is to take place as a result of a takeover or other corporate action by the issuer; and

   (iv) names and contact information of the Financial Advisor and Legal Advisor appointed according to the applicable implementing regulations.

b. The CMA may, at its discretion, approve or reject the cancellation request.

c. The issuer must obtain the consent of the Extraordinary General Assembly on the cancellation of the listing after obtaining the CMA approval.

d. Where cancellation is made at the issuer's request, the issuer must disclose it to the public as soon as possible. The disclosure must include the reason for the cancellation, the nature of the event resulting in the cancellation, and the extent to which it affects the issuer's activities.

17.5.3 Temporary Trading Suspension

a. An issuer may request from the Exchange a temporary trading suspension of its securities upon the occurrence of an event that occurs during trading hours which requires immediate disclosure under the CML, its implementing regulations or the Listing Rules, where the issuer cannot maintain the confidentiality of this information until the end of the trading period. The Exchange suspends trading of the securities of that issuer immediately upon receiving such request.

b. When trading is temporarily suspended at the issuer's request, the issuer must disclose to the public as soon as possible the reason for the suspension, its anticipated period and the nature of the event that caused it, and the extent to which it affects the issuer's activities.

c. The CMA may impose a temporary trading suspension without a request from the issuer where the CMA becomes aware of information or circumstances affecting the issuer's activities which the CMA considers would be likely to interrupt the operation of the Exchange or the protection of investors. If its securities are subject to temporary trading suspension, the issuer must continue to comply with the CML, its implementing regulations and Listing Rules.

d. A temporary trading suspension will be lifted following the elapse of the period referred to in the disclosure specified in paragraph (b) above in this Section, unless the CMA or the Exchange decided otherwise.

e. The Exchange may propose to the CMA to exercise its powers in accordance with paragraph (c) above, if it becomes aware of information or circumstances that may offer the issuer's activities and that are likely to interrupt the operation of the Exchange or the protection of investors.

17.5.4 Re-Registering and Listing of Cancelled Securities

If the issuer wishes to list securities which have been previously cancelled, the issuer is required to submit a new application in accordance with the procedures set out in Rules on the Offer of Securities and Continuing Obligations and Listing Rules.

17.6 Approvals and Decisions Under Which the Shares are Offered

The following are the decisions and approvals under which the Offer Shares are publicly offered:

a. the Company's Board of Directors' resolution recommending the Offering issued on 13/7/1441H (corresponding to 8 March 2020G);

b. the Company's General Assembly resolution approving the Offering issued on 24/7/1441H (corresponding to 19 March 2020G);

c. the CMA's approval of the Offering for admission, listing, and offer of the Shares on CMA website on 13/02/1442H (corresponding to 30/09/2020G) and a copy of CMA's announcement regarding its approval of the Offering; and

d. the conditional approval of the Saudi Stock Exchange (Tadawul) to list the Shares.

17.7 Lock-Up Period

The Substantial Shareholders who appears on page (ix) of this Prospectus may not dispose of any of their Shares for a period of six (6) months from the date on which trading of the Shares commences on the Exchange. Following the end of the Lock-up Period, the Selling Shareholders may dispose of their Shares without obtaining prior approval of the CMA. The Company is prohibited from listing shares of the same class of listed shares for a period of six (6) months from the date the Shares are traded in the Exchange.

17.8 Acknowledgments and Declarations by Subscribers

By completing and delivering the Subscription Application Form, each Subscriber:

a. agrees to subscribe to the number of Offer Shares specified in the Subscription Application Form;

b. warrants that he/she has read this Prospectus and understood all its content;

c. accepts the Bylaws and all Offering instructions and terms mentioned in this Prospectus and the Subscription Application Form, and subscribes to the Offer Shares accordingly;

d. declares that neither himself nor any of his family members included in the Subscription Application Form have previously subscribed for any Shares and that the Company has the right to reject any or all duplicate applications;

e. accepts the number of Offer Shares allocated to him/her (to the maximum of the amount subscribed for) as per the Subscription Application Form; and

f. warrants not to cancel or amend the Subscription Application Form after submitting it to the Lead Manager or the Receiving Agent.

17.9 Shares' Record and Trading Arrangements

Tadawul shall keep a Shareholders' Register containing their names, nationalities, addresses, professions, the Shares held by them and the amounts paid for these Shares.

17.10 Saudi Stock Exchange (Tadawul)

In 1990G, full electronic trading in the Kingdom equities was introduced. Tadawul was founded in 2001G as the successor to the Electronic Securities Information System. Trading in shares occurs on the "Tadawul" system through a fully integrated trading system covering the entire trading process from execution of the trade transaction through settlement thereof. Trading occurs on each Business Day of the week between 10:00 a.m. and 3:00 p.m. from Sunday to Thursday, during which orders are executed. However, during other than those times, orders can be entered, amended or cancelled from 9:30 a.m. to 10:00 a.m. Such times change during the month of Ramadan and they are announced by the Tadawul Management. Transactions take place through the automatic matching of orders. Each valid order is accepted and generated according to the price level. In general, market orders (orders placed at best price) are executed first, followed by limit orders (orders placed at a price limit), provided that, if several orders are generated at the same price, they are executed according to the time of entry. Tadawul distributes a comprehensive range of information through various channels, including in particular the Tadawul website and Tadawul Information Link, which supplies trading data in real time to the information providers such as Reuters. Exchange transactions are automatically settled within two days, meaning that shares ownership transfer takes two working days after the trade transaction is executed.

Listed companies are required to disclose all material decisions and information that are important for the investors via Tadawul. Surveillance and monitoring is the responsibility of Tadawul as the operator of the market to ensure fair trading and an orderly market.

17.11 Securities Depository Center (Edaa)

The Securities Depository Center Company (Edaa) was established in 2016G under the Saudi Companies Law issued by Royal Decree No. M/3 dated 28/01/1437H. Edaa is a closed joint stock company wholly owned by the Saudi Stock Exchange (Tadawul) with a share capital of SAR (400,000,000), divided into (40,000,000) shares, with a nominal value of SAR (10) per share.

This comes after the CMA's approval of the Tadawul Board's request to convert Edaa into a joint stock company in accordance with CMA Law issued by Royal Decree No. M/30 dated 02/06/1424H.

Edaa activities are represented in the work related to the deposit, register, transfer, set-off and register any ownership restrictions on the deposited securities. Edaa also deposits and manages the records of issuers of securities and organizes the general assemblies of issuers, including the remote voting service for these assemblies, submitting reports, notifications and information in addition to providing any other service related to its activities that Edaa deems to be provided in accordance with the CML and its implementing regulations.

17.12 Trading of Company's Shares

Trading of the Shares is expected to commence on Tadawul after finalization of the allocation process and the announcement of the start date of trading by Tadawul. Following the Admission, Saudi nationals, non-Saudi nationals holding valid residency permits in the Kingdom, GCC nationals, companies, banks, and investment funds will be permitted to trade in the Offer Shares once they are traded on the Exchange. Moreover, Qualified Foreign Investors will be permitted to trade in the Shares in accordance with the QFI Rules. Foreign Investors will also have the right to invest indirectly to acquire economic benefits in the Shares by entering into Swap Agreements with Authorized Persons to acquire, hold and trade in the Shares on the Exchange on behalf of such Foreign Investors. It should be noted that Authorized Persons shall be deemed the legal owners of the Shares under the Swap Agreements.

Furthermore, Shares can only be traded after allocated Offer Shares have been credited to Subscribers' accounts at Tadawul, the Company has been registered in the Main Market and its Shares listed on the Exchange. Pre-trading in Shares is strictly prohibited and Subscribers entering into any pre-trading activities will be acting at their own risk. The Company and the Selling Shareholders shall have no legal responsibility in connection with pre-trading activities.

17.13 Miscellaneous

The Subscription Application Form and all related terms, conditions, provisions, covenants and undertakings shall be binding upon and inure to the benefit of their parties and their respective successors, permitted assigns, executors, administrators and heirs; provided that, neither the Subscription Application Form nor any of the rights, interests or obligations arising pursuant thereto shall be assigned and delegated by any of the parties to the subscription without the prior written consent of the other party.

These instructions, the conditions and the receipt of any Subscription Application Forms or related contracts shall be governed, construed and enforced in accordance with the laws of the Kingdom.

This Prospectus has been released in both Arabic and English languages and the Arabic version is the only one approved by the CMA. In the event of a discrepancy between the English and the Arabic text, the Arabic text of this Prospectus shall prevail.

The distribution of this Prospectus and the sale of the Offer Shares in any country other than the Kingdom are expressly prohibited, except for the investing foreign institutions, taking into account the relevant rules and instructions. All recipients of this Prospectus must inform themselves of any regulatory restrictions relevant to the Offering and the sale of Offer Shares and to observe all such restrictions.

Subject to the requirements of the Rules on the Offer of Securities and Continuing Obligations, the Company must submit a supplementary prospectus to the CMA if, at any time after the publication of this Prospectus and before completion of the Offering, the Company becomes aware: (i) that there has been a significant change in any material information contained in this Prospectus or any document required under the Rules on the Offer of Securities and Continuing Obligations; or (ii) the occurrence of additional significant matters which would have been required to be included in this Prospectus. Except in the aforementioned circumstances, the Company does not intend to update or otherwise revise any industry or market information or forward-looking statements in this Prospectus, whether as a result of new information, future events or otherwise. As a result of the aforementioned and other risks, uncertainties and assumptions, expectations of future events and circumstances set forth in this Prospectus may not occur as expected by the Company or may not occur at all. Consequently, the prospective investors should consider all forward-looking statements in light of these explanations and should not place undue reliance on forward-looking statements.

18. DOCUMENTS AVAILABLE FOR INSPECTION

The following documents will be available for inspection at the Company's Head Office Riyadh, Al-Rawda district, P.O. Box 9551, Riyadh 11423, Kingdom of Saudi Arabia, between 9:00 a.m. and 5:00 p.m. from Tuesday, 11/07/1442H (corresponding to 23/02/2021G) until Sunday, 08/08/1442H (corresponding to 21/03/2021G) for a period of not less than 20 days prior to the end of the Offering Period:

a. CMA announcement of the approval of the Offering;
b. the Company General Assembly's approval of the Offering, dated 24/7/1441H (corresponding to 19 March 2020G);
c. the Company's Bylaws and their amendments;
d. the Company's articles of association, and the amendments made thereto;
e. the Company's commercial registration certificate issued by the MoC;
f. the Company's audited financial statements for the financial years ended 31 December 2017G, 2018G and 2019G;
g. the Company's reviewed interim financial statements for the three-month period ended 31 March 2020G;
h. the Company's Unaudited Interim Condensed financial statements for the nine months ended 30 September 2020G;
i. the Financial Valuation Report prepared by the Financial Advisor;
j. the market study report prepared by the Market Consultant;
k. all other reports, letters, documents, value and data assessments prepared by any expert, including any part thereof mentioned in this Prospectus;
l. contracts and agreements disclosed in Section 12.9 (**Related Party Contracts and Transactions**);
m. the letters of consent from each of:
   (i) the Financial Advisor, Lead Manager, Bookrunner and Underwriter (Saudi Fransi Capital) for the inclusion of its name, logo, and statements in this Prospectus;
   (ii) the Bookrunner (EFG Hermes KSA) for the inclusion of its name, logo, and statements in this Prospectus.
   (iii) the Auditors:
      - (Aldar Audit Bureau (Abdullah Al Basri & Co.)) to include their name, logo and statements in this Prospectus, in addition to the Company's audited financial statements for the financial years ended 31 December 2017G, 2018G and 2019G, and the reviewed interim financial statements for the three-month period ended 31 March 2020G in this Prospectus; and
      - Ernst & Young & Co. (Certified Public Accountants) to include their name, logo and statements in this Prospectus, in addition to the Company's Unaudited Interim Condensed financial statements for the nine months ended 30 September 2020G in this Prospectus;
   (iv) the Financial Due Diligence Advisor (PricewaterhouseCoopers - Public Accountants) for the inclusion of its name, logo and statements in this Prospectus;
   (v) the Market Consultant (Euromonitor Ltd.) for the inclusion of its name, logo and statements, in this Prospectus; and
   (vi) the Legal Advisor (The Law Firm of AlSalloum and AlToaimi), for the inclusion of its name, logo, and statements, in this Prospectus;
n. the Underwriting Agreement.

19. FINANCIAL STATEMENTS AND AUDITORS' REPORT

This Section contains the audited financial statements for the year ended 31 December 2017G, and the accompanying notes thereto, which have been prepared in accordance with the accounting standards issued by the Saudi Organization for Certified Public Accountants (SOCPA), and audited by Aldar Audit Bureau (Abdullah Al-Basri & Co.). This Section also contains the audited financial statements of the Company for the financial years ended 31 December 2018G and 2019G, and the accompanying notes thereto, which have been prepared in accordance with the IFRS endorsed by SOCPA and other standards and pronouncements issued by SOCPA, and audited by Aldar Audit Bureau (Abdullah Al-Basri & Co.), as well as the reviewed interim financial statements for the three-month period ended 31 March 2020G, and the accompanying notes thereto, which have been prepared in accordance with International Accounting Standard 34, as endorsed by SOCPA and other standards and pronouncements that are issued by SOCPA, and audited by Aldar Audit Bureau (Abdullah Al-Basri & Co.). This Section also includes the Unaudited Interim Condensed Financial Statements for and the nine-month period ended 30 September 2020G, and the accompanying notes thereto, which have been prepared in accordance with International Accounting Standard 34, as endorsed by SOCPA and other standards and pronouncements that are issued by SOCPA, and audited by Ernst & Young & Co. (Certified Public Accountants).

Theeb Rent a Car Company

(A Saudi Closed Joint Stock Company)

INTERIM CONDENSED FINANCIAL STATEMENTS

(UNAUDITED)

FOR THE THREE-MONTH AND NINE-MONTH

PERIODS ENDED 30 SEPTEMBER 2020

And Independent auditor's review report

Building a better
working world

Ernst & Young & Co. (Certified Public Accountants)
General Partnership
Head Office
Al Faisaliah Office Tower, 14th Floor
King Fahad Road
P.O. Box 2732
Riyadh 11461
Kingdom of Saudi Arabia

Registration No. 45/11/323
C.R. No. 1010383821

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+966 11 273 4740
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Independent Auditor's Review Report on the Interim Condensed Financial Statements to the Shareholders of Theeb Rent a Car Company
(A SAUDI CLOSED JOINT STOCK COMPANY)

Introduction:

We have reviewed the accompanying interim condensed statement of financial position of Theeb Rent a Car Company (the "Company") as at 30 September 2020 and the related interim condensed statement of comprehensive income for the three-month and nine-month periods ended 30 September 2020, and the related interim condensed statements of changes in shareholders' equity and cash flows for the nine-month period then ended and other explanatory notes. Management is responsible for the preparation and presentation of these interim condensed financial statements in accordance with International Accounting Standard 34, "Interim Financial Reporting" ("IAS 34") that is endorsed in the Kingdom of Saudi Arabia. Our responsibility is to express a conclusion on these interim condensed financial statements based on our review.

Scope of review:

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

Conclusion:

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

Other matters:

The financial statements of the Company for the year ended 31 December 2019 have been audited by another auditor who expressed an unqualified opinion on the financial statements on 8 March 2020. Also, the interim condensed financial statements for the three-month and nine-month periods ended 30 September 2019 have been reviewed by another auditor who expressed an unqualified conclusion on the interim condensed financial statements on 5 October 2020.

Building a better
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Independent Auditor's Review Report on the Interim Condensed Financial Statements to the Shareholders of Theeb Rent a Car Company
(A SAUDI CLOSED JOINT STOCK COMPANY) (continued)

Emphasis of a matter:

We draw attention to note 3 to the interim condensed financial statements. As stated therein, subsequent to the period ended 30 September 2020, management has received a correspondence from the General Authority of Zakat and Income Tax ("GAZT"), regarding certain possible taxes on the Company relating to the ownership interests of one of the Company's shareholders. As at the date of this report, no official assessment has been received from GAZT. Our conclusion has not been modified in respect of this matter.

for Ernst & Young

Abdulaziz A. Al-Sowailim
Certified Public Accountant
License No. (277)

Riyadh: 3 Rajab 1442H
(15 February 2021)

شركة ارنست ويونغ وشركاهم محاسبون قانونيون
EY
ترخيص مهني رقم ١٥
PROFESSIONAL LICENCE No. 45
ERNST & YOUNG & Co. PUBLIC ACCOUNTANTS

Theeb Rent a Car Company

(A Saudi Closed Joint Stock Company)

INTERIM CONDENSED STATEMENT OF COMPREHENSIVE INCOME

For the three-month and nine-month periods ended 30 September 2020

	Note	For the three-month period ended 30 September		For the nine-month period ended 30 September	
		2020 (Unaudited) SR	2019 (Restated, note 16) (Unaudited) SR	2020 (Unaudited) SR	2019 (Restated, note 16) (Unaudited) SR
Revenues	12	**165,983,180**	160,837,845	485,091,738	**450,967,252**
Cost of revenues		**(127,420,614)**	(101,226,508)	(373,587,475)	**(295,543,229)**
Gross profit		**38,562,566**	59,611,337	111,504,263	**155,424,023**
General and administrative expenses		**(6,483,614)**	(6,028,805)	(19,304,877)	**(17,930,877)**
Selling and marketing expenses		**(6,721,921)**	(7,666,845)	(19,768,900)	**(24,480,126)**
Provision for expected credit losses		**(3,159,360)**	(3,295,969)	(9,520,805)	**(12,564,004)**
Income from operations		**22,197,671**	42,619,718	62,909,681	**100,449,016**
Other income	11	**783,445**	316,316	4,670,520	**418,977**
Finance cost		**(7,768,851)**	(6,413,370)	(23,295,302)	**(17,890,382)**
Loss on derivative instrument at FVTPL		-	(690,111)	-	**(2,070,332)**
Income before zakat		**15,212,265**	35,832,553	44,284,899	**80,907,279**
Zakat	3	**(1,227,491)**	(1,095,680)	(2,412,647)	**(2,489,328)**
Net income for the period		**13,984,774**	34,736,873	41,872,252	**78,417,951**
Other comprehensive income		-	-	-	-
Total comprehensive income for the period		**13,984,774**	34,736,873	41,872,252	**78,417,951**
Earnings per share:					
Basic and diluted earnings per share for the period (restated)	5	**0.33**	0.81	0.97	**1.82**

The accompanying notes from 1 to 19 form an integral part of these interim condensed financial statements.

Theeb Rent a Car Company

(A Saudi Closed Joint Stock Company)

INTERIM CONDENSED STATEMENT OF FINANCIAL POSITION

As at 30 September 2020

	Note	30 September 2020 (Unaudited)	31 December 2019 (Restated, note 16) (Audited)
		SR	SR
Assets			
Non-current assets			
Property and equipment, net	4	**960,201,515**	1,027,075,894
Intangible assets		**382,582**	457,559
Right-of-use assets, net	7	**127,688,050**	46,922,683
Total non-current assets		**1,088,272,147**	1,074,456,136
CURRENT ASSETS			
Trade receivables, net		**118,066,876**	85,397,651
Prepayments and other debit balances		**23,953,040**	34,468,729
Accrued revenue, net		**5,156,052**	7,824,616
Inventories	6	**17,543,399**	6,760,680
Amounts due from related parties	8	**9,473,007**	4,415,046
Bank balances and cash		**74,126,900**	58,970,106
Total current assets		**248,319,274**	197,836,828
Total assets		**1,336,591,421**	1,272,292,964
shareholders' equity AND Liabilities			
Shareholders' equity			
Share capital	9	**430,000,000**	153,902,000
Statutory reserve		**4,187,225**	55,338,077
Retained earnings		**38,298,399**	239,373,295
Total shareholders' equity		**472,485,624**	448,613,372
Liabilities			
Non-current liabilities			
Employees' benefit obligation		**22,969,997**	23,264,087
Non-current portion of term loan	10	**273,932,990**	316,162,393
Non-current portion of lease obligation	7	**91,605,826**	28,613,209
Total non-current liabilities		**388,508,813**	368,039,689
Current liabilities			
Current portion of term loan	10	**322,343,881**	288,849,161
Current portion of lease obligation	7	**33,447,315**	15,364,724
Derivative instrument at FVTPL	15	**2,760,443**	2,760,443
Accounts payable		**17,934,594**	3,533,867
Notes payable		**39,898,483**	85,184,993
Unearned revenue		**-**	241,767
Accrued expenses and other payables		**40,978,523**	39,850,577
Zakat payable	3	**18,233,745**	19,854,371
Total current liabilities		**475,596,984**	455,639,903
Total liabilities		**864,105,797**	823,679,592
Total shareholders' equity AND liabilities		**1,336,591,421**	1,272,292,964

The accompanying notes from 1 to 19 form an integral part of these interim condensed financial statements.

Theeb Rent a Car Company

(A Saudi Closed Joint Stock Company)

INTERIM CONDENSED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

For the nine-month period ended 30 September 2020

	Share capital	Statutory reserve	Retained earnings	Total
	SR	SR	SR	SR
As at 31 December 2018 (audited)	153,902,000	55,338,077	174,525,288	**383,765,365**
Income for the period	-	-	78,417,951	**78,417,951**
Other comprehensive income	-	-	-	-
Total comprehensive income	-	-	78,417,951	**78,417,951**
Dividends (note 13)	-	-	(32,000,000)	**(32,000,000)**
As at 30 September 2019 (unaudited)	153,902,000	55,338,077	220,943,239	**430,183,316**
As at 31 December 2019, as previously reported (audited)	153,902,000	55,338,077	242,133,738	**451,373,815**
Prior year adjustments (note 16)	-	-	(2,760,443)	**(2,760,443)**
Balance at 31 December 2019, as restated (note 16)	153,902,000	55,338,077	239,373,295	**448,613,372**
Income for the period	-	-	41,872,252	**41,872,252**
Other comprehensive income	-	-	-	-
Total comprehensive income	-	-	41,872,252	**41,872,252**
Capital increase (note 9)	276,098,000	(55,338,077)	(220,759,923)	-
Transfer to statutory reserve	-	4,187,225	(4,187,225)	-
Dividends (note 13)	-	-	(18,000,000)	**(18,000,000)**
As at 30 September 2020 (unaudited)	430,000,000	4,187,225	38,298,399	**472,485,624**

The accompanying notes from 1 to 19 form an integral part of these interim condensed financial statements.

Theeb Rent a Car Company

(A Saudi Closed Joint Stock Company)

INTERIM CONDENSED STATEMENT OF CASH FLOWS

For the nine-month period ended 30 September 2020

	Note	30 September 2020	30 September 2019
		(Unaudited) SR	(Unaudited) SR
Operating activities			
Income before zakat		**44,284,899**	80,907,279
Adjustments to reconcile income before zakat to net cash flows:			
Depreciation on property and equipment	4	**151,771,129**	126,975,160
Depreciation on right-of-use assets	7	**23,482,377**	11,547,428
Amortisation of intangible assets		**192,540**	161,741
Provision for expected credit losses		**9,520,805**	12,564,004
Employees' benefit obligation		**2,602,589**	2,655,466
Finance cost		**23,295,302**	17,890,382
Accretion of interest		**3,250,688**	2,179,480
Write down of inventories		**10,128,255**	3,621,619
Write off (reversal) of property and equipment		**447,340**	(420,219)
Loss on termination of lease arrangements		**242,910**	-
Loss on derivative instrument at FVTPL		**-**	2,070,332
		269,218,834	260,152,672
Working capital adjustments (decrease) increase:			
Prepayments and other debit balances		**10,515,689**	9,420,660
Trade receivables, net		**(42,636,990)**	(29,769,604)
Accrued revenue, net		**2,420,076**	(374,146)
Inventories		**108,264,947**	54,287,082
Notes payable		**(45,286,510)**	14,902,280
Accounts payable		**14,400,727**	1,369,014
Accruals and other payables		**(242,008)**	12,721,068
Amounts due from related parties	8	**(5,057,961)**	(123,288)
Unearned revenue		**(241,767)**	(271,988)
		311,355,037	322,313,750
Additions of motor vehicles	4	**(212,688,491)**	(368,918,829)
Employees' defined benefits paid		**(2,896,679)**	(1,360,888)
Zakat paid	3	**(4,033,273)**	(2,039,236)
Net cash from (used in) operating activities		**91,736,594**	(50,005,203)
INVESTING ACTIVITIES			
Purchase of property and equipment	4	**(1,816,426)**	(2,703,777)
Purchase of intangible assets		**(117,563)**	-
Work under progress for property and equipment		**(15,094)**	(51,295)
Net cash flows used in investing activities		**(1,949,083)**	(2,755,072)

The accompanying notes from 1 to 19 form an integral part of these interim condensed financial statements.

Theeb Rent a Car Company

(A Saudi Closed Joint Stock Company)

INTERIM CONDENSED STATEMENT OF CASH FLOWS (continued)

For the nine-month period ended 30 September 2020

	Note	30 September 2020 (Unaudited) SR	30 September 2019 (Unaudited) SR
FINANCING ACTIVITIES			
Finance cost payment		**(21,229,900)**	(16,318,205)
Term loans received		**266,405,488**	340,569,288
Term loans payments		**(275,140,171)**	(221,567,830)
Lease obligation payments		**(26,666,134)**	(19,144,021)
Interim dividends paid		**(18,000,000)**	(32,000,000)
Net cash (used in) from financing activities		**(74,630,717)**	51,539,232
Net increase (decrease) in bank balances and cash		**15,156,794**	(1,221,043)
Bank balances and cash at beginning of the period		**58,970,106**	33,123,516
Bank balances and cash at the end of the period		**74,126,900**	31,902,473
Non-cash transactions:			
Share capital increase through transfer from statutory reserve and retained earnings	9	**276,098,000**	-
Transfer of vehicles from property and equipment to inventories	4	**129,175,921**	60,269,278
Additions made to right-of-use assets, net of cancelled agreements		**104,490,654**	6,779,646
Disposal of total loss cars		**7,376,703**	3,621,619

The accompanying notes from 1 to 19 form an integral part of these interim condensed financial statements.

1. CORPORATE INFORMATION AND ACTIVITIES

Theeb Rent A Car Company (the "Company"), is a Closed Joint Stock Company registered in the Kingdom of Saudi Arabia under commercial registration number 1010150661 dated 12 Rabi Thani 1419H (corresponding to 6 August 1998). The Company is engaged in car rental and leasing. The shareholding pattern of Company's share capital is as follows:

Shareholders	Nationality	30 September 2020 (Unaudited) SR	31 December 2019 (Audited) SR
Hamoud Abdullah Ibrahim Al-Theeb	Saudi	32.90%	32.90%
Mohammed Ahmed Abdullah Al-Theeb	Saudi	32.90%	32.90%
Growth Opportunities Company for Trading	Saudi	30.00%	30.00%
Mohammed Hamoud Abdullah Ibrahim Al-Theeb	Saudi	0.70%	0.70%
Naif Mohammed Ahmed Abdullah Al-Theeb	Saudi	0.70%	0.70%
Nawaf Mohammed Ahmed Abdullah Al-Theeb	Saudi	0.70%	0.70%
Ahmed Mohammed Ahmed Abdullah Al-Theeb	Saudi	0.70%	0.70%
Ahmed Hamoud Abdullah Ibrahim Al-Theeb	Saudi	0.35%	0.35%
Salman Hamoud Abdullah Ibrahim Al-Theeb	Saudi	0.35%	0.35%
Sari Hamoud Abdullah Ibrahim Al-Theeb	Saudi	0.35%	0.35%
Abdullah Hamoud Abdullah Al-Theeb	Saudi	0.35%	0.35%
		100.00%	100.00%

2. BASIS OF PREPARATION AND ACCOUNTING POLICIES

2.1 BASIS OF PREPARATION

These interim condensed financial statements for the three-month and nine-month periods ended 30 September 2020 have been prepared in accordance with International Accounting Standard 34 'Interim Financial Reporting' ("IAS 34") as endorsed in the Kingdom of Saudi Arabia ("KSA") and other standards and pronouncements that are issued by the Saudi Organization for Certified Public Accountants ("SOCPA").

The interim condensed financial statements do not include all the information and disclosures required in the annual financial statements and should therefore be read in conjunction with the Company's annual financial statements for the year ended 31 December 2019. In addition, results for the three month and nine-month periods ended 30 September 2020 are not necessarily indicative of the results that may be expected for the financial year ending 31 December 2020.

The interim condensed financial statements are presented in Saudi Riyals (SR), which is the functional and presentation currency of the Company.

The interim condensed financial statements have been prepared on a historical cost basis, except for derivative financial instruments, which are measured at fair value.

The Company follows the following accounting policy as a lessor:

Leases

Company as a lessor

Leases in which the Company does not transfer substantially all the risks and rewards incidental to ownership of an asset are classified as operating leases. Rental income arising is accounted for on a straight-line basis over the lease terms and is included in revenue in the interim condensed statement of comprehensive income due to its operating nature. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income. Contingent rents are recognised as revenue in the period in which they are earned.

2. BASIS OF PREPARATION AND ACCOUNTING POLICIES (continued)

2.1 BASIS OF PREPARATION (continued)

Significant judgement for lease classification

A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership of an underlying asset. A lease is classified as an operating lease if it does not transfer substantially all the risks and rewards incidental to ownership of an underlying asset. Keeping in view the business model of the Company, the Company has determined that leasing of vehicles does not transfer substantially all the risks and rewards incidental to ownership of the vehicles subject to the lease arrangement, hence such lease arrangements are classified as operating lease.

Financial liabilities at fair value through profit or loss ("FVTPL")

Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term. This category also includes derivative financial instruments entered into by the Company that are not designated as hedging instruments in hedge relationships as defined by IFRS 9.

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 Company.

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

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits 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 Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

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

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

The Company determines the policies and procedures for both recurring fair value measurement and for non-recurring measurement.

2. BASIS OF PREPARATION AND ACCOUNTING POLICIES (continued)

2.1 BASIS OF PREPARATION (continued)

Fair value measurement

At each reporting date, the Company analyses the movements in the values of assets and liabilities which are required to be remeasured or re-assessed as per the Company's accounting policies. For this analysis, the Company verifies the major inputs applied in the latest valuation by agreeing the information in the valuation computation to contracts and other relevant documents.

The Company also compares the change in the fair value of each asset and liability with relevant external sources to determine whether the change is reasonable.

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

2.2 New standards, interpretations and amendments adopted by the Company

The accounting policies adopted in the preparation of the interim condensed financial statements are consistent with those followed in preparing the Company's annual financial statements for the year ended 31 December 2019 except for the adoption of new standards effective as of 1 January 2020. The Company has chosen not to early adopt standards, interpretations or amendments which have been issued but not yet effective.

The Company annually performs a detailed actuarial assessment for employees' benefit obligation.

Several other amendments and Interpretations apply for the first time in 2020, but do not have an impact on the interim condensed financial statements of the Company. The nature and effect of these changes are disclosed below:

Amendments to IFRS 3: Definition of a Business

The amendment to IFRS 3 clarifies that to be considered a business, an integrated set of activities and assets must include, at a minimum, an input and a substantive process that together significantly contribute to the ability to create output. Furthermore, it clarified that a business can exist without including all of the inputs and processes needed to create outputs. These amendments had no impact on the interim condensed financial statements of the Company but may impact future periods should the Company enter any business combinations.

Amendments to IAS 1 and IAS 8: Definition of Material

The amendments provide a new definition of material that states "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 clarify that materiality will depend on the nature or magnitude of information, either individually or in combination with other information, in the context of the financial statements. A misstatement of information is material if it could reasonably be expected to influence decisions made by the primary users. These amendments had no impact on the interim condensed financial statements of, nor is there expected to be any future impact to the Company.

Amendments to IFRS 7, IFRS 9 and IAS 39: Interest Rate Benchmark Reform

The amendments to IFRS 9 and IAS 39 Financial Instruments: Recognition and Measurement provide a number of reliefs, which apply to all hedging relationships that are directly affected by interest rate benchmark reform. A hedging relationship is affected if the reform gives rise to uncertainties about the timing and or amount of benchmark-based cash flows of the hedged item or the hedging instrument. These amendments had no impact on the interim condensed financial statements of the Company as it does not have any interest rate hedge relationships.

2. BASIS OF PREPARATION AND ACCOUNTING POLICIES (continued)

2.2 New standards, interpretations and amendments adopted by the Company (continued)

Conceptual Framework for Financial Reporting issued on 29 March 2018

The Conceptual Framework is not a standard, and none of the concepts contained therein override the concepts or requirements in any standard. The purpose of the Conceptual Framework is to assist the IASB in developing standards, to help preparers develop consistent accounting policies where there is no applicable standard in place and to assist all parties to understand and interpret the standards.

The revised Conceptual Framework includes some new concepts, provides updated definitions and recognition criteria for assets and liabilities and clarifies some important concepts. These amendments had no impact on the interim condensed financial statements of the Company.

Amendments to IFRS 16 Covid-19 Related Rent Concessions

On 28 May 2020, the IASB issued Covid-19-Related Rent Concessions - amendment to IFRS 16 Leases The amendments provide relief to lessees from applying IFRS 16 guidance on lease modification accounting for rent concessions arising as a direct consequence of the Covid-19 pandemic. As a practical expedient, a lessee may elect not to assess whether a Covid-19 related rent concession from a lessor is a lease modification. A lessee that makes this election accounts for any change in lease payments resulting from the Covid-19 related rent concession the same way it would account for the change under IFRS 16, if the change were not a lease modification.

The amendment applies to annual reporting periods beginning on or after 1 June 2020. Earlier application is permitted. This amendment had no impact on the interim condensed financial statements of the Company.

3. ZAKAT

Charge for the period

Zakat charged for the three-month and nine-month periods ended 30 September 2020 amounted to SR 1,227,491 and SR 2,412,647, respectively (three-month and nine-month periods ended 30 September 2019: SR 1,095,680 and SR 2,489,328, respectively).

Movement in provision during the period/year

The Movement in zakat provision was as follows:

	30 September 2020 (Unaudited) SR	31 December 2019 (Audited) SR
At the beginning of the period / year	**19,854,371**	13,765,921
Provided during the period / year	**2,412,647**	8,127,686
Paid during the period / year	**(4,033,273)**	(2,039,236)
At the end of the period/ year	**18,233,745**	19,854,371

Zakat assessments

- The Company has filed its zakat returns and financial statements to The General Authority of Zakat and Tax ("GAZT") for all years up to 31 December 2019 and obtained zakat certificate for those years.
- The Company finalized its zakat position with GAZT for all years up to 2009.
- During the year ended 31 December 2019, GAZT has issued a letter showing zakat differences by SR 13,903,441 for the years from 2010 up to 2017. The Company has made an additional provision of SR 11,743,218, during the year ended 31 December 2019, against these zakat claims for such period and filed an appeal to GAZT against these differences.
- During the nine-month period ended 30 September 2020, the Company received from GAZT a preliminary assessment showing zakat differences for the year of 2018 by SR 4,014,060, and the Company has made a provision for the full amount. Further, GAZT has issued an amendment to zakat differences for the year of 2018 based on the clarifications provided by the Company and reduced the differences to SR 1,785,077. Accordingly, the Company reversed the excess provision in the interim condensed statement of comprehensive income for the nine-month period ended 30 September 2020.
- Subsequent to the period ended 30 September 2020, management received a correspondence from the General Authority of Zakat and Income Tax ("GAZT"), regarding the ownership of shares by Growth Opportunities Company for Trading, one of the shareholders in the Company, that there are certain possible taxes on the company. GAZT's view based on certain assumptions, is that the Company is partially subject to income tax. In the above-mentioned correspondence, GAZT assumed that the above-mentioned shareholder is fully owned directly or indirectly by non-GCC nationals and accordingly, the total amount of income tax exposure as stated by GAZT is SR 29.76 million for income tax and withholding tax exposure was set out by GAZT at SR 3.94 million, covering the years from 2013 to 2018 and are excluding delay and other related fines. As at the date of the approval of these interim condensed financial statements by the Board of Directors, no official assessment has been received from GAZT. Additional potential exposure for the year ended 31 December 2019 and for the period ended 30 September 2020 could arise if GAZT imposes the above-mentioned principle to all assessment years.

The Company is currently registered with GAZT as a 100% zakatable company on the basis of its ownership structure with all direct and indirect shareholders of the Company being either GCC nationals, or companies that were established within the GCC and whose shareholders consist wholly of GCC nationals. Further, dividends distributions to the above-mentioned shareholder, in management view, are not subject to withholding tax as it is a resident company in the Kingdom of Saudi Arabia (as a Saudi limited liability company on the basis of the incorporation documents).

3. ZAKAT (continued)

Zakat assessments

Discussions with GAZT in connection with the above matter are still on-going and are in an early stage and the outcome of the above matter is still uncertain. Moreover, in case of any imposed position by GAZT, in addition to any relevant fines and delay penalties, the above-mentioned shareholder has provided to the Company an indemnity undertaking letter to bear any tax related liability that might be imposed on the Company by GAZT in connection with the above matter. Therefore, in the light of the information currently available and the indemnity undertaking letter from the above-mentioned shareholder, the management is of the view that it is highly unlikely that there will be any material exposure for the Company in connection with the above communication received from GAZT.

4. Property and equipment

	30 September 2020 (Unaudited)			31 December 2019 (Audited)		
	Vehicles SR	Other SR	Total SR	Vehicles SR	Other SR	Total SR
Opening net book value	926,411,094	100,664,800	**1,027,075,894**	649,867,165	100,401,760	**750,268,925**
Additions during the period/year	212,688,491	1,831,520	**214,520,011**	541,928,654	3,870,083	**545,798,737**
Transfer of vehicles to inventories, net	(129,175,921)	-	**(129,175,921)**	(91,782,939)	-	**(91,782,939)**
Write off	(447,340)	-	**(447,340)**	-	(71,604)	**(71,604)**
Depreciation for the period/year	(149,292,735)	(2,478,394)	**(151,771,129)**	(173,601,786)	(3,535,439)	**(177,137,225)**
Closing net book value	860,183,589	100,017,926	**960,201,515**	926,411,094	100,664,800	**1,027,075,894**

5. EARNINGS PER SHARE

Basic and diluted earnings per share are calculated by dividing net income for the period attributable to the shareholders of the Company by the weighted average number of ordinary shares outstanding during the period. Earnings per share are calculated as follows:

	For the three-month period ended 30 September (Unaudited)		For the nine-month period ended 30 September (Unaudited)	
	2020	2019	2020	2019
Net income for the period (SR)	**13,984,774**	34,736,873	**41,872,252**	78,417,951
Weighted average number of ordinary shares (share) (restated)	**43,000,000**	43,000,000	**43,000,000**	43,000,000
Basic and diluted (loss) earnings per share (SR) (restated)	**0.33**	0.81	**0.97**	1.82

The weighted average number of ordinary shares for the comparative period has been restated to be consistent with the weighted average number of ordinary shares in the current period. The basic and diluted (loss) earnings per share for the comparative period has been restated accordingly.

6. Inventories

During the nine-month period ended 30 September 2020, the Company wrote down SR 10,128,255 (30 September 2019: SR 3,621,619) of inventories. This expense is included in cost of revenues in the interim condensed statement of comprehensive income.

7. RIGHT OF USE ASSETS

The Company has lease contracts for buildings (i.e workshops, accommodations and locations).

The Company also has certain leases with lease terms of 12 months or less and leases of office equipment with low value. The Company applies the recognition exemption for short-term leases and leases of low-value assets for these leases.

Set out below are the carrying amount of right-of-use assets recognised and the movements during the period / year:

	30 September 2020 (Unaudited) SR	31 December 2019 (Audited) SR
At the beginning of the period / year	**46,922,683**	56,038,394
Additions	**106,147,115**	6,779,646
Canceled contracts	**(1,899,371)**	-
Depreciation expense	**(23,482,377)**	(15,895,357)
At the end of the period/ year	**127,688,050**	46,922,683

Set out below the carrying amounts of lease obligations and the movements during the period / year:

	30 September 2020 (Unaudited) SR	31 December 2019 (Audited) SR
At the beginning of the period/ year	**43,977,933**	51,962,110
Additions	**106,147,115**	6,779,646
Canceled contracts	**(1,656,461)**	-
Accumulated interest	**3,250,688**	2,179,480
Payments	**(26,666,134)**	(16,943,303)
At the end of the period/ year	**125,053,141**	43,977,933
Less: Current portion	**(33,447,315)**	(15,364,724)
Non-current portion	**91,605,826**	28,613,209

8. RELATED PARTY TRANSACTIONS AND BALANCES

Related parties represent shareholders, directors, and key management personnel of the Company and entities controlled or significantly influenced by such parties.

The terms of the transactions with related parties are approved by the Company's management. The transactions with the related parties are carried out in the normal course of business and their settlements take place in the normal course of business as well. Following is the list of related parties of the Company:

Related Party	Relationship
Investcorp Saudi Arabia Investments Company	Affiliate
Hamoud Abdullah Ibrahim Al-Theeb	Shareholder
Theeb Sons Company	Affiliate
Mohammed Ahmed Abdullah Al-Theeb	Shareholder
Nawaf Mohammed Ahmed Abdullah Al-Theeb	Shareholder
Naif Mohammed Ahmed Abdullah Al-Theeb	Shareholder
Ibrahim Ahmad AlTheeb	Other
Madareem Company	Affiliate

8. RELATED PARTY TRANSACTIONS AND BALANCES (continued)

Following are the details of related party transactions for the nine month period ended:

Related Party	Nature of transaction	30 September 2020 (Unaudited) SR	30 September 2019 (Unaudited) SR
Theeb Sons Company	Revenue	**1,992,460**	3,122,735
Madareem Company	Revenue	**482,499**	-
Hamoud Abdullah Altheeb	Revenue and other income	**25,000**	142,881
Ibrahim Ahmad AlTheeb	Revenue	-	325,500
Investcorp Saudi Arabia Investments Company	Revenue	-	80,850
Naif Mohammed AlTheeb	Revenue and other income	-	33,355
Ahmed Mohammed AlTheeb	Revenue	-	11,025
Nawaf Mohammed AlTheeb	Other income	-	7,425
Mohammad Ahmed AlTheeb	Expenses	**(300,000)**	(403,660)

Following are the details of related party transactions for the three month period ended:

Related Party	Nature of transaction	30 September 2020 (Unaudited) SR	30 September 2019 (Unaudited) SR
Theeb Sons Company	Revenue	**(6,950)**	1,157,531
Hamoud Abdullah Altheeb	Revenue and other income	**25,000**	96,658
Investcorp Saudi Arabia Investments Company	Revenue	-	11,550
Naif Mohammed AlTheeb	Revenue and other income	-	16,478
Ahmed Mohammed AlTheeb	Revenue	-	11,025
Mohammad Ahmed AlTheeb	Expenses	**(160,000)**	(130,844)

Following are the details of compensation of key management personnel for the nine month period ended:

Related party	Nature of transaction	30 September 2020 (Unaudited) SR	30 September 2019 (Unaudited) SR
Key management personnel	Short term employees' benefits	**4,661,010**	4,613,045
	Long term employees' benefits	**172,464**	151,580
Board of Directors	Board of Directors' remuneration	**691,500**	-

Following are the details of compensation of key management personnel for the three month period ended:

Related party	Nature of transaction	30 September 2020 (Unaudited) SR	30 September 2019 (Unaudited) SR
Key management personnel	Short term employees' benefits	**1,568,802**	1,659,217
	Long term employees' benefits	**57,897**	57,897
Board of Directors	Board of Directors' remuneration	**230,500**	-

8. RELATED PARTY TRANSACTIONS AND BALANCES (continued)

The breakdown of amounts due from related party is as follows:

	30 September 2020 (Unaudited) SR	31 December 2019 (Audited) SR
Initial Public Offering ("IPO") costs incurred on behalf of shareholders (*)	**9,005,057**	4,377,183
Madareem Company	**440,183**	-
Hamoud Abdullah Altheeb	**27,289**	32,385
Naif Mohammed AlTheeb	**478**	478
Theeb Sons Company	-	5,000
	9,473,007	4,415,046

(*) During the period ended 30 September 2020, the Company incurred IPO costs on behalf of the shareholders amounted to SR 4,627,874. This amount represents the IPO cost which was agreed to be reimbursed by the shareholders upon the successful listing process.

9. SHARE CAPITAL

The Company's Share capital is divided into 43,000,000 shares of SR 10 each (31 December 2019: 15,390,200 shares of SR 10 each).

During the extraordinary general assembly meeting held on 19 March 2020, the shareholders resolved to increase the share capital of the Company from SR 153,902,000 to SR 430,000,000 through transfer of an amount of SR 55,338,077 from the statutory reserve and an amount of SR 220,759,923 from the retained earnings.

10. TERM LOAN

	30 September 2020 (Unaudited) SR	31 December 2019 (Audited) SR
Current portion	**322,343,881**	288,849,161
Non-current portion	**273,932,990**	316,162,393
	596,276,871	605,011,554

The Company has obtained bank facilities in the form of long term-loans from local banks. These facilities are secured by personal guarantees from the shareholders. The term loans are repayable over a period ranging from 24 to 48 months from the date of the drawdown. The installments due within the next 12 months are shown under current liabilities. The Company has other undrawn facilities with bank available in accordance with the signed facility agreements.

The Company's current liabilities exceeded its current assets as of 30 September 2020 primarily owing to the loans, used to finance purchase of vehicles classified under non-current assets in the balance sheet, as part of the normal course of business. This is consistent with previously reported periods.

11. OTHER INCOME

Other income for the nine-month ended 30 September 2020 includes SR 3,520,000 relating to reversal of provision for expected credit losses, which was recognised in the prior years.

12. SEGMENTAL REPORTING

Consistent with the Company's internal reporting process, business segments have been approved by management in respect of the Company's activities. The Company's assets, liabilities, and costing records are not detailed enough to produce a split of assets, liabilities, and costs, respectively, between segments and these are not accordingly bifurcated. There are no intersegment revenues. Management, however, monitors the following details on a segment wise basis:

For the nine-month period ended 30 September 2020 (Unaudited)	Short term rental SR	Long term Lease SR	Other SR	Total SR
Revenue	184,034,642	182,893,397	118,163,699	485,091,738
Depreciation expense	(70,059,999)	(81,711,130)	-	(151,771,129)
Segment profit	113,974,643	101,182,267	118,163,699	333,320,609

For the three-month period ended 30 September 2020 (Unaudited)	Short term rental SR	Long term lease SR	Other SR	Total SR
Revenue	65,062,773	62,272,017	38,648,390	**165,983,180**
Depreciation expense	(24,357,701)	(29,313,016)	-	**(53,670,717)**
Segment profit	40,705,072	32,959,001	38,648,390	**112,312,463**

For the nine-month period ended 30 September 2019 (Unaudited)	Short term rental SR	Long term Lease SR	Other SR	Total SR
Revenue	253,314,084	135,752,844	61,900,324	**450,967,252**
Depreciation expense	(69,739,033)	(57,236,127)	-	**(126,975,160)**
Segment profit	183,575,051	78,516,717	61,900,324	**323,992,092**

For the three-month period ended 30 September 2019 (Unaudited)	Short term rental SR	Long term lease SR	Other SR	Total SR
Revenue	94,493,906	49,157,900	17,186,039	**160,837,845**
Depreciation expense	(25,518,711)	(20,874,831)	-	**(46,393,542)**
Segment profit	68,975,195	28,283,069	17,186,039	**114,444,303**

Reconciliation of profit:

	For the three-month period ended 30 September (Unaudited)		For the nine-month period ended 30 September (Unaudited)	
	2020 SR	2019 SR	2020 SR	2019 SR
Segment profit	**112,312,463**	114,444,303	**333,320,609**	323,992,092
Other expenses (*)	**(98,327,689)**	(79,707,430)	**(291,448,357)**	(245,574,141)
Net income for the period	**13,984,774**	34,736,873	**41,872,252**	78,417,951

(*) Other expenses represent mainly employees' salaries and other benefits, amortisation of right-of-use assets, insurance, maintenance and other expenses.

12. SEGMENTAL REPORTING (continued)

The following summary describes the operation in each of the Company's reportable segments:

- Rental segment represents activities involving leasing of cars to customers under short term rental arrangements (daily and monthly).
- Lease segment represents activities involving leasing of cars to customers under medium to longer term operating lease arrangements.
- Car sales (others) represents the sales of vehicles that were previously held as a part of lease or rental fleet.

Disaggregated revenue information

Set out below is the disaggregation of the Company's revenue from contracts with customers:

	For the three-month period ended 30 September (Unaudited)		For the nine-month period ended 30 September (Unaudited)	
	2020 SR	2019 SR	2020 SR	2019 SR
Short term rental	**65,062,773**	94,493,906	**184,034,642**	253,314,084
Long term lease	**62,272,017**	49,157,900	**182,893,397**	135,752,844
Car sales	**38,648,390**	17,186,039	**118,163,699**	61,900,324
	165,983,180	160,837,845	**485,091,738**	450,967,252

Timing of revenue recognition	For the three-month period ended 30 September (Unaudited)		For the nine-month period ended 30 September (Unaudited)	
	2020 SR	2019 SR	2020 SR	2019 SR
Services transferred over time	**127,334,790**	143,651,806	**366,928,039**	389,066,928
Services transferred at point in time	**38,648,390**	17,186,039	**118,163,699**	61,900,324
	165,983,180	160,837,845	**485,091,738**	450,967,252

Performance obligations

The performance obligation is satisfied upon availing the vehicle for lease and payment is generally due 60 days for corporate customers from the invoice date. Contracts for the sale of vehicles does not provide customers with any right of return. There are no unsatisfied performance obligations as at the reporting date; therefore, there are no transaction price that are required to be allocated over the reaming or unsatisfied performance obligations.

Operating leases – the Company as lessor

The Company has entered into leases on its fleet of vehicles. The commercial and non-commercial vehicle leases typically have lease terms of between 1 and 5 years and include clauses to enable periodic upward revision of the rental charge according to prevailing market conditions. Some leases contain options to break before the end of the lease term.

Future minimum rentals receivable under non-cancellable operating leases as at the reporting date are, as follows:

	30 September 2020 (Unaudited) SR	31 December 2019 (Audited) SR
Within 1 year	**222,677,375**	199,813,267
After 1 year, but not more than 5 years	**279,420,710**	292,978,489
	502,098,085	492,791,756

13. DIVIDENDS

The Company's Board of Directors recommended, in their meeting held on 22 January 2020, to distribute interim cash dividends of SR 1.17 per share totaling to SR 18,000,000 and were approved by the extraordinary general assembly meeting held on 21 October 2020. The above-mentioned interim dividends have been distributed to the shareholders.

The Company's Board of Directors recommended, in their meeting held on 4 March 2019, to distribute interim cash dividends of SR 0.65 per share totaling to SR 10,000,000, and recommended, in their meeting held on 9 April 2019, to distribute cash dividends of SR 0.71 per share totaling to SR 11,000,000. The recommendations of the Board of Directors to distribute interim cash dividends during the year ended 31 December 2019 were approved by the extraordinary general assembly meeting held on 19 March 2020.

14. CONTINGENT LIABILITIES

At 30 September 2020, the Company issued letters of guarantees amounting to SR 52,500,984 (31 December 2019: SR 28,582,520) mainly in respect of the Company's leased properties and bidding securities.

15. DERIVATIVES NOT DESIGNED AS HEDGING INSTRUMENTS

The Company is engaged in interest rate swap agreements, with local banks. Notional amount of SR 150,000,000 (31 December 2019: SR 150,000,000). Derivative not designed as hedging instruments. The change in fair value of those commission rates that are not designed in hedge relationships, but are, nevertheless, intended to reduce the level of commission rate risk. As at 30 September 2020, the fair value of the derivative instrument at FVTPL amounted to SR 2,760,443 (31 December 2019: SR 2,760,443).

The fair value hierarchy for derivatives not designated as hedging instruments for disclosure purpose is grouped in level 2, with significant inputs being directly or indirectly observable.

16. Restatement

During the nine months period ended 30 September 2020, management noted an error of not recording losses on derivatives designated at FVTPL amounted to SR 2,760,443, resulting in understatement of the total comprehensive income for the year ended 31 December 2019 and understatement of the outstanding balance derivative instrument at FVTPL.

The above mentioned error has been rectified and opening retained earnings were accordingly restated to rectify that error. The effect of correcting the error is set out below:

	As previously stated SR	Adjustments SR	Restated SR
On the interim condensed statement of financial position			
Retained earnings 31 December 2019	242,133,738	(2,760,443)	239,373,295
Derivative instrument at FVTPL		2,760,443	2,760,443
On the interim condensed statement of comprehensive income For the three-month period ended 30 September 2019			
Loss on derivative instrument at FVTPL		(690,111)	(690,111)
On the interim condensed statement of comprehensive income For the nine-month period ended 30 September 2019			
Loss on derivative instrument at FVTPL		(2,070,332)	(2,070,332)

(*) Management did not restate year ended 31 December 2018, since the impact of the fair valuation of the derivative instrument at FVTPL is not material to the interim condensed financial statements taken as a whole. Accordingly, management did not present financial position as of 1 January 2019, being the beginning of the earliest prior period presented.

Further to the above, certain prior year figures were reclassified to conform to the current period presentation.

17. SIGNIFICANT EVENTS

COVID-19

In December 2019, a novel strain of coronavirus disease (COVID-19) was first reported in Wuhan, Hubei Province, China. Subsequently in March 2020, it was characterized as a pandemic by the World Health Organization (WHO). This disease has since then spread in most countries of the world, causing many countries, including the Kingdom of Saudi Arabia, to take various measures to limit the spread of the coronavirus, including imposition of temporary restrictions, such as travel bans, curfews, banned movement between the cities within the Kingdom of Saudi Arabia and restriction of activities that do not allow social distancing, along with requiring people coming from other countries to stay in quarantine for a certain period of time. Given the various mobility restrictions, it resulted in slowdown in the Company's revenue stream, mainly related to the short-term rental due to a sudden drop in demand for car rental services.

In response to the spread of the COVID-19, the Company's management carried out an impact assessment on its operations, estimated its liquidity requirements and business aspects, including factors like travel restrictions, supply chain, services demand, used vehicle demand and other relevant considerations. Management has taken a series of preventive measures, including adopting all applicable Ministry of Health safety guidelines to ensure the health and safety of its employees, customers, and wider community as well. Management has also taken several steps to mitigate the effects of the pandemic, including a coordinated de-fleeting, leveraging government support programs and renegotiating rent and insurance contracts. Further, the Company's management evaluated the cash flow situation, including available bank facilities, continuation of existing leasing contracts and the readiness of operational processes when the situation improves.

However, the extent of the coronavirus pandemic impact on the Company's business, operations, and financial results remains uncertain and will depend on many factors and future developments that the Company may not be able to estimate reliably during the current period, noting that the Company's working capital funding is heavily dependent on cash flows from operations. 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, the impact to the businesses of the Company's customers and partners and other factors.

Management is required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources, considering the uncertainties discussed. The judgments, estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant, including expectations of future events that are believed to be reasonable under the circumstances. Due to the currently unforeseeable global consequences of the COVID-19, these accounting estimates and management judgements are subject to increased uncertainty. Actual amounts may differ from the estimates and management judgements; changes can have a material impact on these interim condensed financial statements. In addition, the magnitude, duration and speed of the global pandemic remains uncertain. As the situation is rapidly evolving with future uncertainties, the Company will continue to evaluate the nature and extent of the impact on its business and financial results and performance.

Shares listing

On 30 September 2020, the Company obtained approval from the Capital Market Authority in Saudi Arabia for listing its shares on the Saudi Stock Exchange (Tadawul).

18. Subsequent events

Other than disclosed in note 3, no events have arisen subsequent to 30 September 2020 and before the date of issuing the interim condensed financial statements that could have a significant effect on the interim condensed financial statements as at 30 September 2020.

19. FAIR VALUE

Management believes that the fair values of the financial assets and liabilities are not materially different from their carrying values, largely due to the short-term maturities of these instruments.

20. Approval of INTERIM CONDENSED financial statements

These interim condensed financial statements of the Company were authorised for issuance in accordance with the Board of Directors' resolution dated 14 February 2021 (corresponding to 2 Rajab 1442H).

THEEB RENT A CAR COMPANY

(A CLOSED JOINT STOCK COMPANY)

RIYADH – SAUDI ARABIA

FINANCIAL STATEMENTS AND INDEPENDENT

AUDITOR'S REPORT

FOR THE THREE-MONTH PERIOD

ENDED 31 March 2020

INDEPENDENT AUDITOR'S REPORT

TO SHAREHOLDERS OF
THEEB RENT A CAR COMPANY - (A CLOSED JOINT STOCK COMPANY)
RIYADH – KINGDOM OF SAUDI ARABIA

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

Introduction

We have reviewed the accompanying condensed interim statement of financial position of **Theeb Rent A Car Company** (a Saudi closed joint stock company)(the "Company") as of 31 March 2020 and the related condensed interim statements of profit or loss and other condensed interim comprehensive income for the three month period then ended, condensed interim statement of changes in shareholders' equity and condensed interim statement of cash flows for the three month period then ended, and the related notes from (1) to (16) which form an integral part of this interim condensed financial statement. Management is responsible for the preparation and presentation of this interim condensed financial statement in accordance with International Accounting Standard (IAS) 34 'Interim Financial Reporting', as endorsed in the Kingdom of Saudi Arabia, our responsibility is to express a conclusion on this interim condensed financial statement based on our review.

Scope of Review

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

Conclusion

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

ALDAR AUDIT BUREAU Abdullah Al Basri & Co.

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Corresponding to 17 July 2020

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THEEB RENT A CAR COMPANY
(A CLOSED JOINT STOCK COMPANY)
INTERIM CONDENSED STATEMENT OF FINANCIAL POSITION
AS AT MARCH 31, 2020

	Notes	31 March 2020	31 December 2019
		SR	SR
ASSETS			
NON-CURRENT ASSETS			
Property and equipment, net	4	**964,765,074**	1,027,075,894
Intangible assets, net		**395,181**	457,559
Right-of-use assets	7	**59,887,929**	46,922,683
TOTAL NON-CURRENT ASSETS		**1,025,048,184**	**1,074,456,136**
CURRENT ASSETS			
Inventories		**67,715,495**	6,760,680
Prepayments and other current receivables		**21,387,280**	33,163,049
Accounts receivable, net		**108,435,488**	90,385,066
Accrued revenue, net		**6,176,499**	7,824,616
Amounts due from related parties	8	**406,266**	37,863
Cash and cash equivalent		**65,393,282**	58,970,106
TOTAL CURRENT ASSETS		**269,514,310**	**197,141,380**
TOTAL ASSETS		**1,294,562,494**	**1,271,597,516**
LIABILITIES AND SHAREHOLDERS' EQUITY			
SHAREHOLDERS' EQUITY			
Share capital	9	**430,000,000**	153,902,000
Statutory reserve		**3,406,004**	55,338,077
Retained earnings		**34,027,850**	242,133,738
TOTAL SHAREHOLDERS' EQUITY		**467,433,854**	**451,373,815**
LIABILITIES			
NON-CURRENT LIABILITIES			
Long term loans	10	**297,747,199**	316,162,393
Lease liabilities	7	**28,763,497**	28,613,209
Employees' end of service benefits		**23,914,908**	23,264,087
TOTAL NON-CURRENT LIABILITIES		**350,425,604**	368,039,689
CURRENT LIABILITIES			
Current portion of long-term loans	10	**306,894,949**	288,849,161
Current portion of lease liabilities	7	**20,482,406**	15,364,724
Car dealerships' payable		**76,393,014**	85,184,993
Accounts payable		**7,395,869**	3,533,867
Unearned revenue		**151,104**	241,767
Accruals and other current payables		**45,971,610**	39,155,129
Provision for zakat	5	**19,414,084**	19,854,371
TOTAL CURRENT LIABILITIES		**476,703,036**	**452,184,012**
TOTAL LIABILITIES		**827,128,640**	**820,223,701**
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		**1,294,562,494**	**1,271,597,516**

The attached notes 1 to 16 form part of these financial statements.

THEEB RENT A CAR COMPANY

(A CLOSED JOINT STOCK COMPANY)

INTERIM CONDENSED STATEMENT OF PROFIT OR LOSS AND OTHER OMPREHNSIVE INCOME (UNAUDITED)

FOR THE THREE-MONTH PERIOD ENDED MARCH 31. 2020

	Notes	31 March 2020	31 March 2019
		SR	SR
Revenue		**197,596,901**	141,631,066
Cost of revenue		**(137,379,637)**	(96,257,822)
GROSS PROFIT		**60,217,264**	45,373,244
Selling and marketing expenses		**(8,463,831)**	(7,829,761)
General and administrative expenses		**(7,369,141)**	(7,183,097)
Expected credit losses		**(3,566,403)**	(6,170,138)
Other income		**295,963**	151,449
INCOME FROM MAIN OPERATIONS		**41,113,852**	24,341,697
Finance costs		**(7,494,100)**	(5,646,360)
INCOME BEFORE ZAKAT		**33,619,752**	18,695,337
Zakat	5	**440,287**	(560,860)
NET INCOME FOR THE PERIOD		**34,060,039**	18,134,477
Other comprehensive income:			
Other comprehensive not to be classified to profit or loss in subsequent periods:			
Re-measurement (losses) / gains on defined benefits obligation		---	---
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		**34,060,039**	**18,134,477**
Earning per share:-			
Basic and diluted earnings per share for the period	6	**2,21**	1,18

The attached notes 1 to 16 form part of these financial statements.

THEEB RENT A CAR COMPANY

(A CLOSED JOINT STOCK COMPANY)

ENTERIM CONDENSED STATEMENT OF CHANGES IN SHAREHOLDER'S EQUITY

FOR THE THREE-MONTH PERIOD ENDED MARCH 31, 2020

	Share capital	Statutory reserve	Retained earnings	Total
	SR	SR	SR	SR
Balance at 1 January 2019 (Audited)	153,902,000	55,338,077	174,525,288	383,765,365
Net income for the period	---	---	18,134,477	18,134,477
Other comprehensive income for the period	---	---	---	---
Total other comprehensive income	---	---	18,134,477	18,134,477
Dividends	---	---	(10,000,000)	(10,000,000)
Balance at 31 March 2019 (Unaudited)	**153,902,000**	**55,338,077**	**182,659,765**	**391,899,842**
Balance at 1 January 2020 (Audited)	**153,902,000**	**55,338,077**	**242,133,738**	**451,373,815**
Net income for the period	---	---	**34,060,039**	**34,060,039**
Other comprehensive income for the period	---	---	---	---
Comprehensive income for the period	---	---	**34,060,039**	**34,060,039**
Capital increment (Note 9)	**276,098,000**	**(55,338,077)**	**(220,759,923)**	---
Transferred to statutory reserve	---	**3,406,004**	**(3,406,004)**	---
Dividends distribution (Note 12)	---	---	**(18,000,000)**	**(18,000,000)**
Balance at 31 Match 2020 (Unaudited)	**430,000,000**	**3,406,004**	**34,027,850**	**467,433,854**

The attached notes 1 to 16 form part of these financial statements.

THEEB RENT A CAR COMPANY
(A CLOSED JOINT STOCK COMPANY)
INTERIM CONDENSDED STATEMENT OF CASH FLOWS
FOR THE THREE-MONTH PERIOD ENDED MARCH 31, 2020

	Notes	31 March 2020	31 March 2019
		SR	SR
OPERATING ACTIVITIES:			
Net Income for the period		**34,060,039**	18,134,477
Adjustments to reconcile profit before zakat to net cash flows:			
Depreciation of property and equipment		**52,133,945**	39,330,811
Depreciation of right-of-use assets		**5,964,257**	3,751,242
Amortization of intangible assets		**62,380**	53,321
Zakat		**(440,287)**	560,860
Finance costs		**7,494,100**	5,646,360
Expected credit loss		**3,566,403**	6,170,138
Employees' end of service benefits		**896,789**	1,056,750
Impairment losses against property and equipment		**1,033,357**	511,391
		104,770,983	75,215,350
Working capital adjustments:			
Prepayments and other current receivables		**11,775,769**	5,837,101
Accounts receivables, net		**(21,616,824)**	(15,031,256)
Accrued revenue, net		**1,648,117**	1,173,725
Amounts due from related parties		**(368,403)**	(84,251)
Inventories		**47,135,813**	24,844,185
Car dealerships' payable		**(8,791,979)**	(3,828,370)
Accruals and other current payables		**6,816,479**	3,017,500
Unearned revenue		**(90,663)**	(90,663)
Accounts payable		**3,862,000**	863,616
Cash from operations		**145,141,292**	91,916,937
Additions of motor vehicles		**(98,095,183)**	(107,166,352)
Zakat paid		**---**	---
Employees' end of service benefits paid		**(245,968)**	(426,860)
Net cash flows used in operating activities		**46,800,141**	(15,676,275)
INVESTING ACTIVITIES:			
Additions of other property and equipment		**(849,928)**	(441,729)
Work in progress		**(2,000)**	(20,600)
Net cash flows used in investing activities		**(851,928)**	(462,329)
FINANCING ACTIVITIES:			
Finance costs paid		**(7,494,100)**	(4,690,904)
Proceeds from term loans		**86,978,688**	98,082,158
Repayment of term loans		**(87,348,094)**	(68,095,444)
Payment of principal portion of lease liabilities		**(13,661,531)**	(11,683,702)
Dividends paid		**(18,000,000)**	(10,000,000)
Net cash flows from financing activities		**(39,525,037)**	3,612,108
NET CHANGE IN CASH AND CASH EQUIVALENT DURING THE PERIOD		**6,423,176**	(12,526,496)
Cash and cash equivalent at the beginning of the period		**58,970,106**	33,123,516
CASH AND CASH EQUIVALENT AT THE END OF THE PERIOD		**65,393,282**	20,597,020

The attached notes 1 to 16 form part of these financial statements.

1- GENERAL INFORMATION

Theeb Rent A Car Company (the "Company") is a Closed Joint Stock Company registered in the Kingdom of Saudi Arabia under commercial registration number 1010150661 dated 12 Rabi Thani 1419H (corresponding to 6 August 1998). The Company is engaged in car rental and leasing as per license No. 010102000200 issued by the Ministry of Transportation in the Kingdom of Saudi Arabia. Also, the Company is engaged in wholesale and retail trading in cars and its spare parts and owning and operating of cars maintenance centers and workshops services.

The Company's registered office is located at the following address:

6709 Eastern ring branch road, Ar Rawdah

Riyadh 13211 – 2394

Kingdom of Saudi Arabia

On March 31, 2020, the company's capital was increased by 276,098,000 Saudi Riyals from 153,902,000 Saudi riyals to become 430,000,000 Saudi Riyals this is according to the decision of the Extraordinary General Assembly in its meeting held on Rajab 24, 1441 AH, corresponding to March 19, 2020. The increase in the accounting records was recorded as a deduction from the retained earnings account in the amount of 220,759,923 Saudi riyals and a deduction from the statutory reserve account of 55,338,077 Saudi Riyals.

2- BASIS OF PREPARATION

Statement of compliance

These interim condensed financial statements have been prepared in accordance with International Accounting Standard (34), "Interim Financial Reporting" ("IAS 34") as endorsed in the Kingdom of Saudi Arabia (KSA) and other standards and pronouncements that are endorsed by the Saudi Organization for Certified Public Accountants ("SOCPA").

These interim condensed financial statements do not include all the information and disclosures required in full set of annual financial statements and should be read in conjunction with the annual financial statements for the year ended 31 December 2019. In addition, results for the interim period ended 31 March 2020 are not necessarily indicative of the results that may be expected for the financial year ending 31 December 2020.

Basis of measurement

The interim financial statements have been prepared on the historical cost basis using the accrual basis and the going concern principle.

Functional and presentation currency

The financial statements have been presented in Saudi Riyal (SR), which is also the Company's functional and presentation currency. Items included in the financial statements are measured using the currency of the primary economic environment in which the Company operates.

Accounting estimates and judgements

The preparation of the Company's interim condensed 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 assets or liabilities affected in future periods. The significant judgments made by management in applying the Company's accounting policies and the methods of computation and the key sources of estimation are the same as those that applied to the financial statements for the year ended 31 December 2019

3- ACCOUNTING ESTIMATES AND JUDGEMENTS

The accounting policies and methods of computation adopted in the preparation of the interim condensed financial statements are consistent with those followed in the preparation of the Company's annual financial statements for the year ended 31 December 2019, except for the adoption of new standards effective as of 1 January 2020. The Company has not early adopted any standard, interpretation or amendment that has been issued but is not yet effective.

Amendments and interpretations that entered into force on January 1, 2020:

Several amendments apply and interpretations for the first time in 2020, but not have an impact or not applicable to the condensed interim financial statements of the company. As required by IAS 34, the nature and effect of these changes are explained as follows:

Amendments to IFRS 3 "commercial business Definition"

The amendments to IFRS (3) clarify that a commercial business to be considered a commercial business must include an integrated set of activities and assets, and at a minimum, objective input and process that contribute to a company's ability to generate products. It also shows that business can exist without all of the inputs and processes necessary to generate products. These amendments do not have an impact on the interim condensed financial statements of the company, but they may affect future periods in the in case the company enter into business combinations.

Amendments to IFRS (9), International Accounting Standard (39) and IFRS (7) "Restructuring the Interest Rate Index"

The amendments to IFRS 9 and IAS 39 Financial Instruments: Recognition and Measurement provide a number of exemptions that apply to all hedge relationships that are directly affected by the restructuring of the interest rate index. The hedging relationship is affected whether the restructuring of the interest index increases the uncertainty around the timing and / or amount of cash flows from the hedged item or instrument associated with the interest index. These amendments have no effect on the Company's interim condensed financial statements.

Amendments to IAS (1) and IAS (8) "Defining Material Information"

The amendments provide a new definition of material information as it is found that "the information is material if it is reasonable to expect that deletion, distortion or withholding is expected to affect the decisions made by the main users of the general purpose financial statements on the basis of those financial statements, which provide financial information about a specific entity. With financial reports. " The amendments clarify that materiality depends on the nature or magnitude of the information, or both, together with the other information in drafting the substance of the financial statements. Misrepresentation is material if it is reasonably expected that it will influence the decisions made by primary users. These amendments have no effect on the Company's interim condensed financial statements.

4- PROPERTY AND EQUIPMENT, NET

	For the three-month period ended 31 March 2020 (Unaudited)			For the year ended 31 December 2019 (Audited)		
	Motor vehicles	Other fixed assets	Total	Motor vehicles	Other fixed assets	Total
	SR	SR	SR	SR	SR	SR
Opening net book value	**926,411,094**	**100,664,800**	**1,027,075,894**	649,867,165	100,401,760	750,268,925
Additions during the period	**98,095,183**	**849,928**	**98,945,111**	541,928,654	3,853,083	545,781,737
Work in process	---	**2,000**	**2,000**	---	17,000	17,000
Transferred to inventory	**(108,691,946)**	---	**(108,691,946)**	(91,782,939)	---	(91,782,939)
Depreciation charge	**(51,265,544)**	**(868,401)**	**(52,133,945)**	(173,601,786)	(3,535,438)	(177,137,224)
Impairment	**(432,040)**	---	**(432,040)**	---	(71,605)	(71,605)
Closing net book value	**864,116,747**	**100,648,327**	**946,765,074**	926,411,094	100,664,800	1,027,075,894

5- ZAKAT

The movement in the zakat provision for the period/year is as follows:

	31 March 2020 (Unaudited)	31 December 2019 (Unaudited)
	SR	SR
At the beginning of the period/ the year	**19,854,371**	13,765,921
Provision during the period / the year	**1,344,790**	4,113,626
Prior year differences	**(1,785,077)**	4,014,060
payments during the year	---	(2,039,236)
At the end of the period / the year	**19,414,084**	19,854,371

Zakat assessments:

The Company finalized its zakat status and zakat due have been paid out according to zakat assessments issued for the years up to 2009. The Company has submitted its zakat returns and Financial Statements to The General Authority of Zakat and Tax ("GAZT") until 31 December 2018 and obtained the zakat certificate for those years.

On 5 March,2020 the General Authority for Zakat and Income issued a preliminary assessment related to the zakat declaration for the year 2018, which showed additional zakat differences of 4.0 million Saudi riyal, so the company added an amount of 4 million Saudi riyal in the zakat provision 2019. On 10 April 2020, the General Authority for Zakat and Income issued a link Final related to the zakat declaration for the year 2018. It showed an additional zakat difference of 2.2 million Saudi riyal on the clarifications provided by the company. Therefore, the provision adjusted by the difference in the amount was amended during the first quarter of 2020. Note that on June 6, 2020 the company has submitted an objection on the zakat assessment.

6- EARNINGS PER SHARE

Earnings per share is calculated by dividing the profit for the period by the weighted average number of ordinary shares during the period.

	For the three-month period ended	
	31 March 2020 (Unaudited)	31 March 2019 (Unaudited)
	SR	SR
Net income for the period	**34,060,039**	18,134,477
Weighted average number of ordinary shares	**15,390,200**	15,390,200
Earnings per share	**2.21**	1,18

7- LEASES

The Company has lease contracts for leasehold buildings (i.e. workshops, accommodations and locations). The Company also has certain leases with lease terms of 12 months or less and leases of office equipment with low value. The Company applies the 'short-term lease' and 'lease of low-value assets' recognition exemptions for these leases.

Set out below are the carrying amounts of right-of-use assets recognized and the movements during the period / year:

	31 March 2020 (Unaudited)	31 December 2019 (Audited)
	SR	SR
At the beginning of the period / year	**46,922,683**	56,038,394
Additions	**18,929,503**	6,779,646
Depreciation expense	**(5,964,257)**	(15,895,357)
At the end of the period / year	**59,887,929**	46,992,683

Set out below are the carrying amounts of lease liabilities and the movements during the period / year:

	31 March 2020	31 December 2019
	SR	SR
At the beginning of the period / year	**43,977,933**	51,926,110
Additions	**18,929,503**	6,779,646
Accretion of interest	**642,148**	2,179,480
Payments	**(14,303,681)**	(16,943,303)
At the end of the period / year	**49,345,903**	43,977,933
Current	**20,482,406**	15,364,724
Non-current	**28,763,497**	28,613,209

8- RELATED PARTY TRANSACTIONS

Related parties of the Company include shareholders, Board of Directors, key management personnel and entities of which they are principal owners.

The terms of the transactions with related parties are approved by the Company's management. Transactions with related parties are entered in the normal course of the Company's business. These balances are expected to be settled in the normal course of business. Pricing policies and terms of these transactions are at arm's length.

Transactions with related parties during the year and the balances as at end of the year are as follows:

	Nature of relationship	Nature of transactions	Amount of transactions For the three-month ended	
			31 March 2020 (Unaudited)	31 March 2019 (Unaudited)
			SR	SR
Investcorp Saudi Arabia Investments Co.	Effective shareholder	Revenue	---	34,650
Hamoud Abdullah AlTheeb	Shareholder	Revenue and other income	---	16,902
Theeb Sons Co.	Common shareholder	Revenue, purchases and expenses	**1,999,410**	(94,161)
Mohammad Ahmad AlTheeb	Shareholder	Expenses	**(140,000)**	(140,000)
Nawaf Mohammad AlTheeb	Shareholder	Other income	---	3,150
Naif Mohammad AlTheeb	Shareholder	Revenue and other income	---	10,143
Mdareem Company	Common shareholder	Revenue	**398,499**	---

9- SHARE CAPITAL

The share capital is divided into 43,000,000 shares of SR 10 each (31 December 2019: 15,390,200 shares of SR 10 each).

On March 31, 2020, the company's capital was increased by SR 276,098,000 from SR 153,902,000 to become SR 430,000,000, according to the decision of the Extraordinary General Assembly in its meeting held on Rajab 24, 1441, corresponding to March 19, 2020. The increase in the accounting records was recorded as a deduction from the retained earnings account in the amount of SR 220,759,923 and a deduction from the statutory reserve account of SR 55,338,077.

10- TERM LOANS

	31 March 2020 (Unaudited)	31 December 2019 (Audited)
	SR	SR
Loans	**604,642,148**	605,011,554
Less: current portion of long term loans	**(306,894,949)**	(288,849,161)
Long term loans	**297,747,199**	316,162,393

The Company obtained facilities from local banks in the form of term loans. Term loans are due for repayment over a period ranging from 24 to 48 months from the date of withdrawal. Installments due within 12 months are shown in current liabilities.

11- SEGMENTAL REPORTING

Consistent with the Company's internal reporting process, business segments have been approved by the Board of Directors in respect of the Company's activities. The Company's assets, liabilities and costing records are not detailed enough to produce a split of assets, liabilities and costs, respectively, between segments and these are not accordingly bifurcated. Management, however, monitors the following details on a segment wise basis.

For the three-month period ended 31 March 2020 (Unaudited)	Rental	Lease	Others	Total
	SR	SR	SR	SR
Revenue	**88,514,143**	**59,728,405**	**49,354,353**	**197,596,901**
Depreciation expense – motor vehicles	**(25,033,660)**	**(26,231,885)**	---	**(51,265,545)**
Segment profit	**63,480,483**	**33,496,520**	**49,354,353**	**146,331,356**

For the three-month period ended 31 March 2019 (Unaudited)	Rental	Lease	Others	Total
	SR	SR	SR	SR
Revenue	75,162,954	41,697,649	24,770,463	141,631,066
Depreciation expense – motor vehicles	(20,771,835)	(17,524,674)	---	(38,296,509)
Segment profit	54,391,119	24,172,975	24,770,463	103,334,557

Unallocated revenue and expenses:

	31 March 2020 (Unaudited)	31 December 2019 (Unaudited)
	SR	SR
Cost of revenue	**(86,114,092)**	(57,961,313)
Selling and marketing expenses	**(8,463,831)**	(7,829,761)
General and administrative expenses	**(7,369,141)**	(7,183,097)
Expected credit losses	**(3,566,403)**	(6,170,138)
Finance costs	**(7,494,100)**	(5,646,360)
Other income	**295,963**	151,449
Income before ZAKAT	**33,619,752**	18,695,337

The following summary describes the operations in each of the Company's reportable segments:

a. Rental segment represents activities involving leasing of cars to customers under short term rental arrangements (daily and monthly).
b. Lease segment represents activities involving leasing of cars to customers under medium to longer term operating lease arrangements.
c. Car sales (others) represents the sales of vehicles that were previously held as a part of lease or rental fleet.

12- DIVIDENDS

During the period ended 31 March 2020, a dividend totaling SR 18,000,000 (for the year ended 31 December 2019: SR 50,000,000) have been distributed to shareholders.

13- CONTINGENT LIABILITIES

At 31 March 2020, The Company issued letters of guarantees amounting to SR 34,552,639 (31 December 2019: SR 28,582,520) in relation to its operations.

14- RISK MANAGEMENT

Financial instruments include financial assets and liabilities. Financial assets include cash and cash equivalents, accounts and other receivable, prepayments and amounts due from related parties. Financial liabilities include accounts payable, accrued and other liabilities, car dealerships' payable and loans.

Currency risk

Currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates. The Company's transactions are principally in Saudi Riyals. Management believes that currency risk is not significant to the Company.

Price risk

The risk that the value of a financial instrument will fluctuate as a result of changes in market prices, whether those changes are caused by factors specific to the individual instrument or its issuer or factors affecting all instruments traded in the market. The Company's financial instruments are not exposed to price risk.

Credit risk

Credit risk is the risk that one party to financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. The Company has no significant concentration of credit risk. Concentration risk arises when a number of counterparties engaged in similar business activities or activities in the same geographical region or have economic features that would cause them to fail their contractual obligations. To reduce exposure to credit risk, the Company has developed a formal approval process whereby credit limits are applied to its customers. The management also continuously monitors the credit exposure towards the customers and makes provision against those balances considered doubtful of recovery.

To mitigate the risk, the Company has a system of assigning credit limits to its customers based on an extensive evaluation based on customer profile and payment history. The Company gross maximum exposure to credit risk at the reporting date is as follows:

Customer credit risk is managed by each business unit subject to the Company's established policy, procedures and control relating to customer credit risk management. Credit quality of a customer is assessed based on an extensive credit rating scorecard and individual credit limits are defined in accordance with this assessment. The 5 largest customers account for 19% of outstanding accounts receivable at 31 December 2019 (2018: 23%).

An impairment analysis is performed at each reporting date using a provision matrix to measure expected credit losses. The calculation reflects the probability-weighted outcome, the time value of money and reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions. Generally, accounts receivables are written-off if past due for more than two years and are not subject to enforcement activity if the cost of such activity is expected to be higher than the benefit of doing so. The maximum exposure to credit risk at the reporting date is the carrying value of each class of financial assets. Outstanding customer receivables are regularly monitored. Some customers are also secured, where possible, by way of promissory notes or advance payments, which are considered integral part of account receivables and considered in the calculation of impairment.

There were no past due or impaired receivables from related parties.

The Company deposits its cash balances with major high credit-rated financial institutions and does not believe that there is a significant risk of non-performance by these financial institutions.

Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company's approach to managing liquidity is to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation.

14- RISK MANAGEMENT (CONTINUED)

Liquidity risk (CONTINUED)

Typically, the Company ensures that it has sufficient cash on demand to meet expected operational expenses including the servicing of financial obligations.

Cash flow forecasting is performed by the management which monitors rolling forecasts of the Company's liquidity requirements to ensure it has sufficient cash to meet operational needs.

The table below analyses the Company's financial liabilities into the relevant maturity groupings based on the remaining period at the reporting date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within twelve months equal their carrying balances, as the impact of discounting is not significant.

Fair value

Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction. Assets and liabilities measured at fair value in the statement of financial position are grouped into three levels of fair value hierarchy. This grouping is determined based on the lowest level of significant inputs used in fair value measurement, as follows:

level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.

level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

15- Corona Impact (COVID-19)

At the end of December 2019, a new strain of Corona virus (Covid-19) was identified for the first time, and later in March 2020 AD, the World Health Organization declared that Covid-19 is a pandemic. Covid-19 continued to spread in almost all parts of the world, including the Kingdom of Saudi Arabia, which led to the imposition of restrictions on travel and the imposition of curfews in cities, which led to a slowdown in economic activities and the closure of many sectors at the global and local levels. The extent of the impact of the Coronavirus pandemic on the company's business, operations and financial results is certain, but the amount is not specified and depends on many factors and future developments, which the company may not be able to reliably estimate during the current period. These factors include the rate of transmission of the virus, the duration of the outbreak, the precautionary measures that government authorities may take to limit the spread of the epidemic, the effect of those measures on economic activity, their impact on the business of the company's clients, and other factors.

Although it is difficult to predict now the level and extent of the total impact on business and the economy, the company's management made an assessment of the extent of the impact on the company's overall operations, and assessed its liquidity requirements and business, including supply channels, travel restrictions, service demand, demand for used cars etc. . The company cannot confirm that its assumptions used in the above estimates will be correct as a result of such uncertain situations. In addition, the size, duration and speed of the global epidemic are uncertain. Consequently, the administration took several steps to mitigate the effects of the epidemic, including measures to reduce costs. The company's management also re-calibrated the ECL calculation by introducing macroeconomic factors and also assessed the cash flow situation, including bank facilities, the continuity of the existing lease contracts and the readiness of operational procedures when the situation improved. In light of the current uncertainties, any future changes in assumptions and estimates may lead to results that may require material adjustments to the carrying values of the assets or liabilities affected by these results in future periods. As the situation is evolving rapidly with more uncertainty about the future, the company's management will continue to assess the impact based on foreseeable developments.

16- APPROVAL OF THE FINANCIAL STATEMENTS

These financial statements have been approved by the Board of Directors on 26 Dhual-Qa'dah 1441H corresponding to 17 July 2020.

THEEB RENT A CAR COMPANY
(A CLOSED JOINT STOCK COMPANY)
RIYADH – SAUDI ARABIA
FINANCIAL STATEMENTS AND INDEPENDENT AUDITOR'S REPORT
FOR THE YEAR ENDED 31 DECEMBER 2019

Aldar Audit Bureau
Abdullah Al Basri & Co.
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C.R. 1010443881
C.C. 15070

INDEPENDENT AUDITOR'S REPORT

TO SHAREHOLDERS OF
THEEB RENT A CAR COMPANY - (A CLOSED JOINT STOCK COMPANY)
RIYADH – KINGDOM OF SAUDI ARABIA

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

We have audited the accompanying financial statements of **Theeb Rent A Car Company – A Closed Joint Stock Company ("the Company")**, which comprise the statement of financial position as at December 31, 2019, and the statement of profit or loss and other comprehensive income , statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements from 1 to 34, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2019, and its financial performance and its cash flows for the year then ended in accordance with the International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board and as endorsed by Saudi Organization of Certified Public Accountants (SOCPA) in the Kingdom of Saudi Arabia.

Basis for Opinion

We conducted our audit in accordance with international Standards on auditing (ISA) as endorsed in the Kingdom of Saudi Arabia. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in (jurisdiction), 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.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRS as endorsed in the Kingdom of Saudi Arabia and Regulations for Companies and the Company's Articles of Association and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company'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 Company or to cease operations, or has no realistic alternative but to do so.

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

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the 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 (ISA) as 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 financial statements.

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Auditors' Responsibilities for the Audit of the Financial Statements (continued)

As part of an audit in accordance with international Standards on auditing (ISA) as 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 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 Company's internal control.

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

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidenced obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company'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 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 Company to cease to continue as a going concern.

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.

Report on Other Legal and Regulatory Requirements

Article (135) of the Companies Law requires that the auditor includes in his report violations to the provisions of the Companies Law or Company's articles of association. During the course of our audit of the financial statements, we have not discovered a violation to the provisions of the Companies Law or the provisions of the Company's articles of association.

Aldar Audit Bureau
Abdullah Al Basri & Co.
P.O. Box 2195
Riyadh 11451
The Kingdom of Saudi Arabia

ALDAR AUDIT BUREAU
Professional Partnership Co.
Head Office Riyadh
CR 1010443881
Certified Accountants
Abdullah Al Basri & Co.

Abdullah M. AlBasri
Certified Public Accountant
(License No.171)

Riyadh 13 Rajab 1441H
Corresponding to 8 March 2020

THEEB RENT A CAR COMPANY
(A CLOSED JOINT STOCK COMPANY)
STATEMENT OF FINANCIAL POSITION
FOR THE YEAR ENDED 31 DECEMBER 2019

	Notes	31 December 2019	31 December 2018
		SR	SR
ASSETS			
NON-CURRENT ASSETS			
Property and equipment, net	7	**1,027,075,894**	750,268,925
Intangible assets, net	8	**457,559**	583,664
Right-of-use assets	13	**46,922,683**	---
TOTAL NON-CURRENT ASSETS		**1,074,456,136**	**750,852,589**
CURRENT ASSETS			
Inventories	9	**6,760,680**	6,957,323
Prepayments and other current receivables	10	**33,163,049**	30,781,377
Accounts receivable, net	11	**90,385,066**	64,677,186
Accrued revenue, net	12	**7,824,616**	5,772,918
Amounts due from related parties	14	**37,863**	100,214
Cash and cash equivalent	15	**58,970,106**	33,123,516
TOTAL CURRENT ASSETS		**197,141,380**	**141,412,534**
TOTAL ASSETS		**1,271,597,516**	**892,265,123**
LIABILITIES AND SHAREHOLDERS' EQUITY			
SHAREHOLDERS' EQUITY			
Share capital	16	**153,902,000**	153,902,000
Statutory reserve		**55,338,077**	55,338,077
Retained earnings		**242,133,738**	174,525,288
TOTAL SHAREHOLDERS' EQUITY		**451,373,815**	**383,765,365**
LIABILITIES			
NON-CURRENT LIABILITIES			
Long term loans	17	**316,162,393**	129,320,089
Employees' end of service benefits	18	**23,264,087**	20,182,369
Lease liabilities	13	**28,613,209**	---
TOTAL NON-CURRENT LIABILITIES		**368,039,689**	149,502,458
CURRENT LIABILITIES			
Current portion of long term loans	17	**288,849,161**	229,622,760
Car dealerships' payable		**85,184,993**	90,010,781
Accounts payable		**3,533,867**	1,681,562
Unearned revenue		**241,767**	604,417
Accruals and other current payables	19	**39,155,129**	23,311,859
Current portion of lease liabilities		**15,364,724**	---
Provision for zakat	20	**19,854,371**	13,765,921
TOTAL CURRENT LIABILITIES		**452,184,012**	**358,997,300**
TOTAL LIABILITIES		**820,223,701**	**508,499,758**
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		**1,271,597,516**	**892,265,123**

The attached notes 1 to 34 form part of these financial statements.

THEEB RENT A CAR COMPANY

(A CLOSED JOINT STOCK COMPANY)

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHNSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2019

	Notes	31 December 2019	31 December 2018
		SR	SR
Revenue	21	**631,140,094**	532,598,186
Cost of revenue	22	**(410,445,685)**	(389,983,171)
GROSS PROFIT		**220,694,409**	142,615,015
Selling and marketing expenses	23	**(33,512,745)**	(27,280,113)
General and administrative expenses	24	**(30,625,076)**	(23,517,688)
Expected credit losses	11,12	**(8,003,569)**	(8,425,053)
Other income		**2,878,719**	2,108,606
INCOME FROM MAIN OPERATIONS		**151,431,738**	85,500,767
Finance costs	25	**(24,518,249)**	(16,495,376)
INCOME BEFORE ZAKAT		**126,913,489**	69,005,391
Zakat	20	**(4,113,626)**	(2,022,703)
Zakat differences for prior years	20	**(4,014,060)**	(6,888,143)
NET INCOME FOR THE YEAR		**118,785,803**	60,094,545
Other comprehensive income:			
Other comprehensive not to be classified to profit or loss in subsequent periods:			
Re-measurement (losses) / gains on defined benefits obligation	18	**(1,177,353)**	921,124
TOTAL COMPREHINSIVE INCOME FOR THE YEAR		**117,608,450**	61,015,669

The attached notes 1 to 34 form part of these financial statements.

THEEB RENT A CAR COMPANY

(A CLOSED JOINT STOCK COMPANY)

STATEMENT OF CHANGES IN SHAREHOLDER'S EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2019

	Share capital	Statutory reserve	Retained earnings	Total
	SR	SR	SR	SR
Balance at 1 January 2018	153,902,000	55,338,077	141,759,619	350,999,696
Net income for the year	---	---	60,094,545	60,094,545
Other comprehensive income	---	---	921,124	921,124
Total other comprehensive income	---	---	61,015,669	61,015,669
Dividends (note 30)	---	---	(28,250,000)	(28,250,000)
Balance at 31 December 2018	153,902,000	55,338,077	174,525,288	383,765,365
Net income for the year	---	---	118,785,803	118,785,803
Other comprehensive income	---	---	(1,177,353)	(1,177,353)
Total other comprehensive income	---	---	117,608,450	117,608,450
Dividends (note 30)	---	---	(50,000,000)	(50,000,000)
Balance at 31 December 2019	**153,902,000**	**55,338,077**	**242,133,738**	**451,373,815**

The attached notes 1 to 34 form part of these financial statements.

THEEB RENT A CAR COMPANY
(A CLOSED JOINT STOCK COMPANY)
STATEMENT OF CASH FLOWS
AT 31 DECEMBER 2019

	Notes	31 December 2019	31 December 2018
		SR	SR
OPERATING ACTIVITIES:			
Income before zakat		**126,913,489**	69,005,391
Adjustments to reconcile profit before zakat to net cash flows:			
Depreciation of property and equipment	7	**177,137,224**	140,104,761
Amortization of intangible assets	8	**221,935**	216,248
Depreciation of right-of-use assets	13	**15,895,357**	
Finance costs	25	**24,518,249**	16,495,376
Expected credit loss	11,12	**8,003,569**	8,425,053
Employees' end of service benefits	18	**3,524,484**	3,477,670
Impairment losses against property and equipment and inventories	6,9	**302,061**	5,753,956
		356,516,368	243,478,455
Working capital adjustments:			
Prepayments and other current receivables	10	**(6,457,956)**	1,985,801
Accounts receivables, net	11	**(33,506,555)**	(14,289,930)
Accrued revenue, net	12	**(2,256,592)**	(3,335,073)
Amounts due from related parties	14	**62,351**	(15,823)
Inventories	9	**91,749,126**	122,785,127
Car dealerships' payable		**(4,825,788)**	22,793,521
Accruals and other current payables	19	**13,964,859**	3,834,011
Unearned revenue		**(362,650)**	604,417
Accounts payable		**1,852,305**	(1,798,013)
Cash from operations		**416,735,468**	376,042,493
Additions of motor vehicles	7	**(541,928,654)**	(393,354,391)
Zakat paid	20	**(2,039,236)**	---
Employees' end of service benefits paid	18	**(1,620,119)**	(3,843,600)
Net cash flows used in operating activities		**(128,852,541)**	(21,155,498)
INVESTING ACTIVITIES:			
Additions of other property and equipment	7	**(3,853,083)**	(2,734,816)
Additions of intangible assets	8	**(95,830)**	---
Work in progress	7	**(17,000)**	(15,864,094)
Net cash flows used in investing activities		**(3,965,913)**	(18,598,910)
FINANCING ACTIVITIES:			
Finance costs paid		**(22,639,838)**	(15,585,495)
Proceeds from term loans		**547,274,850**	319,355,727
Repayment of term loans		**(301,206,145)**	(234,144,193)
Payment of principal portion of lease liabilities	13	**(14,763,823)**	---
Dividends paid	29	**(50,000,000)**	(28,250,000)
Net cash flows from financing activities		**158,665,044**	41,376,039
NET CHANGE IN CASH AND CASH EQUIVALENT DURING THE YEAR		**25,846,590**	1,621,631
Cash and cash equivalent at the beginning of the year		**33,123,516**	31,501,885
CASH AND CASH EQUIVALENT AT THE END OF THE YEAR		**58,970,106**	33,123,516

The attached notes 1 to 34 form part of these financial statements.

THEEB RENT A CAR COMPANY

(A CLOSED JOINT STOCK COMPANY)

STATEMENT OF CASH FLOWS (Continued)

AT 31 DECEMBER 2019

Supplemental non-cash information:

Transfer of vehicles from property and equipment to inventories	**91,782,939**	123,680,188
Prepayments transferred to right-of-use assets (note 5.1)	**4,076,284**	---

1- GENERAL INFORMATION

Theeb Rent A Car Company (the "Company"), is a Closed Joint Stock Company registered in the Kingdom of Saudi Arabia under commercial registration number 1010150661 dated 12 Rabi Thani 1419H (corresponding to 6 August 1998). The Company is engaged in car rental and leasing, wholesale and retail trading in cars and its spare parts and owning and operating of cars maintenance centers and workshops services.

The Company's registered office is located at the following address:

6709 Eastern ring branch road, ar rawdah

Riyadh 13211 – 2394, Kingdom of Saudi Arabia

These financial statements cover the activities of the Company with the following branches:

Branch	Commercial registration No.	License No.	Date of commercial registration
Central region			
Altaawon	1010311975	010102000212	4/8/1432 H (corresponding 5/6/2011)
Alswaidi	1010187020	010102000202	30/3/1424 H (corresponding 31/5/2003)
Alshefa	1010359247	010102000213	16/2/1434 H (corresponding 29/12/2012)
Al-Yasmin	1010396199	010102000215	23/1/1435 H (corresponding 26/11/2013)
Riyadh Showroom, AlRawdah	1010378245	010102000214	27/7/1434 H (corresponding 6/6/2013)
Al-Malaz	1010224758	010102000201	22/10/1427 H (corresponding 13/11/2006)
Um Alhamam	1010181670	010102000207	15/8/1423 H (corresponding 21/10/2002)
King Khalid Airport	1010150661	010102000206	12/4/1419 H (corresponding 5/8/1998)
Car Sales	1010177560	-	23/3/1423 H (corresponding 4/6/2002)
Maintenance Center	1010388439	-	12/11/1434 H (corresponding 18/9/2013)
Real Estate Records	1010317696	-	10/11/1432 H (corresponding 8/10/2011)
Buraida	1131051994	040102000201	12/5/1435H (corresponding 13/03/2014)
Buraida Airport	1131051994	040102000201	12/5/1435 H (corresponding 13/03/2014)
Hail Airport	1010224758	080102000201	22/10/1427 H (corresponding 13/11/2006)
Al Nargis	1010441244	010102000216	17/4/1437 H (corresponding 27/1/2016)
Al Aroubah	1010930285	010102000217	13/4/1439 H (corresponding 31/12/2017)
Al Yarmouk	1010451029	030103000201	15/9/1439 H (corresponding to 29/5/2018)
Western region			
Quraish St. Albawadi, Almadina road (1)	4030127038	020202000201	29/1/1420 H (corresponding 15/5/1999)
Prince Mohammed St. Alazizia (Altahlia)	4030127038	020202000205	29/1/1420 H (corresponding 15/5/1999)
Albughdadia	4030127038	020202000206	29/1/1420 H (corresponding 15/5/1999)
Almadina road - al rawdah	4030127038	020202000207	29/1/1420 H 9corresponding to 15/5/1999)
Almadina road. Al-Rawdah	4030127038	020202000207	29/1/1420 H (corresponding 15/5/1999)
Al-Fayha	4030127038	020202000209	29/1/1420 H (corresponding 15/5/1999)
Al-Samer	4030127038	020202000210	29/1/1420 H (corresponding 15/5/1999)
Yanbu	4700017234	-	15/3/1435 H (corresponding 16/1/2014)
Yanbu Airport	4700017234	030202000201	15/3/1435 H (corresponding 16/1/2014)
Almadina Almonawara Airport	4650050975	030102000202	4/3/1432 H (corresponding 7/2/2011)
Al-Taif Airport	4032036164	020302000201	18/6/1434 H (corresponding 28/4/2013)
Car sales – Jeddah	4030294835	---	30/8/1437 H (corresponding 6/6/2017)
Al Madinah - King Abdulaziz road	4650050975	030102000201	4/3/1432 H (corresponding 7/2/2011)
Al Amal	4030127038	020202000212	29/1/1420H (corresponding 14/5/1999)
Makah Almukarmah branch	4031225251	14/00000537	25/7/1440H (corresponding 01/4/2019)
Altaif branch	4032235084	14/00000208	25/7/1440H (corresponding 01/4/2019)
Alual branch	4651102277	14/00000453	15/2/1441H (corresponding 15/10/2019)

1- GENERAL INFORMATION (continued)

Branch	Commercial registration No.	License No.	Date of commercial registration
Eastern region			
Dammam	2050034970	050102000201	4/2/1420 H (corresponding 19/5/1999)
Al-Khobar	2050034970	050602000201	4/2/1420 H (corresponding 19/5/1999)
Dammam Airport	2050034970	050102000202	4/2/1420 H (corresponding 19/5/1999)
Al-Jubail	2055009774	051302000201	15/9/1429 H (corresponding 15/9/2008)
Alihasa, Alkhaldia	2251040741	050202000201	22/11/1431 H (corresponding 30/10/2010)
Alihsa, Almubaraz	2251040741	050202000201	22/11/1431 H (corresponding 30/10/2010)
Azizia Khubar	2050034970	050602000201	4/2/1420 H (corresponding 19/5/1999)
Southern region			
Alkhamis road, Abha Branch	1010150661	060102000201	12/4/1419 H (corresponding 5/8/1998)
Abha Airport	1010150661	060102000203	12/4/1419 H (corresponding 5/8/1998)
Albaha Airport	1010150661	120502000201	12/4/1419 H (corresponding 5/8/1998)
Jazan Airport	5900020957	100102000201	23/3/1434 H (corresponding 4/2/2013)
Albaha Branch	5800020727	120102000201	2/5/1437 H (corresponding 11/02/2016)
Najran Branch	5950032463	110102000202	4/7/1437 H (corresponding 11/04/2016)
Madina road, askaria – khamis mushait	5950031927	110102000201	3/7/1436 H (corresponding 22/4/2015)
Northern region			
Tabuk	3550032407	070102000201	14/2/1435 H (corresponding 17/12/2013)
Tabuk Airport	3550032407	070102000201	14/2/1435 H (corresponding 17/12/2013)
Neom Airport	3550032407	070102000201	14/2/1435 H (corresponding 17/12/2013)

2- BASIS OF PREPARATION

Basis of measurement

These financial statements have been prepared under historical cost basis as explained in the relevant accounting policies and measurement basis summarized below, except for employees' end of service benefits provision which has been valued by an independent professional actuary.

Functional and presentation currency

The financial statements have been presented in Saudi Riyal (SR), which is also the Company's functional and presentation currency. Items included in the financial statements are measured using the currency of the primary economic environment in which the Company operates.

Level of precision

The amounts have been rounded off to the nearest Saudi Riyal (SR), unless otherwise stated.

3- STATEMENT OF COMPLIANCE

These financial statements have been prepared in compliance with International Financial Reporting Standards as endorsed in the Kingdom of Saudi Arabia ("IFRS") and other standards and pronouncements issued by Saudi Organization for Certified Public Accountants ("SOCPA").

4- ACCOUNTING ESTIMATES AND JUDGEMENTS

The preparation of financial statements in accordance with International Financial Reporting Standards endorsed by Saudi Organization for Certified Public Accountants ("SOCPA") and other standards and pronouncements issued by SOCPA, requires the use of certain critical estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the reporting date and the reported amounts of revenues and expenses during the reporting period. Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The Company makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The areas involving a

higher degree of judgment or complexity or area where assumptions and estimates are significant to the financial statements are as follows:

Useful lives, residual values, or depreciation method of property and equipment

The Company management determines the estimated useful lives for property and equipment. This estimate is determined after considering the expected usage of the asset or physical wear and tear.

Management reviews the useful lives, residual values, or depreciation method for property and equipment annually. Future depreciation expense would be adjusted where management believes that useful lives, residual values, or depreciation method differ from those used in previous periods.

Amortization of intangible assets

The Company's management determines the estimated useful lives of intangible assets annually. Intangible assets with infinite useful lives are checked annually for impairment. Amortization is reviewed annually and adjusted where management believes that future estimates will differ from those used in previous periods.

Provision for zakat

In making estimates for the zakat and by the Company, management considers applicable laws and past decisions and judgments of the General Authority of Zakat and Tax.

Impairment of non-financial assets

The Company's management periodically reviews the carrying amounts of non-financial assets to determine whether there is any indication that those assets have suffered any impairment loss. If any such indication exists, the recoverable amount of the asset is estimated to determine the extent of the impairment loss. Where it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash generating unit to which the asset belongs.

If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. Impairment is recognized in the statement of profit or loss.

Employees' end of service benefits

The liabilities relating to defined benefit plans are determined using the Projected Unit Credit Method, with actuarial valuations being carried out at the end of annual reporting period. The method involves making assumptions about discount rates, future salary increases and mortality rates. Due to the long-term nature of these benefits, such estimates are subject to certain uncertainties.

4- ACCOUNTING ESTIMATES AND JUDGEMENTS (Continued)

Provision for expected credit losses (ECLs) of trade receivables

The Company uses a provision matrix to calculate ECLs for trade receivables. The provision matrix is initially based on the Company's historical observed default rates. The Company calibrates the matrix to adjust the historical credit loss experience with forward-looking information. At every reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analysed.

The assessment of the correlation between historical observed default rates, forecast economic conditions and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and of forecast economic conditions. The Company's historical credit loss experience and forecast of economic conditions may also not be representative of customer's actual default in the future. The information about the ECLs on the Company trade receivables is disclosed in note 11.1.

Allowance for inventory losses

The Company recognizes an allowance for inventory losses due to factors such as obsolescence, technical faults, physical damage etc. The estimation of such losses includes the consideration of factors including but not limited to introduction of new models or technology by the specific manufacturer and both existing and emerging market conditions.

Determining the lease term of contracts with renewal and termination options – Company as lessee

The Company determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised. The Company has several lease contracts that include extension and termination options. The Company applies judgement in evaluating whether it is reasonably certain whether or not to exercise the option to renew or terminate the lease. That is, it considers all relevant factors that create an economic incentive for it to exercise either the renewal or termination. After the commencement date, the Company reassesses the lease term if there is a significant event or change in circumstances that is within its control and affects its ability to exercise or not to exercise the option to renew or to terminate.

Estimating the incremental borrowing rate - Leases

The Company cannot readily determine the interest rate implicit in the lease, therefore, it uses its incremental borrowing rate (IBR) to measure lease liabilities. The IBR is the rate of interest that the Company would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. The IBR therefore reflects what the Company 'would have to pay', which requires estimation when no observable rates are available or when they need to be adjusted to reflect the terms and conditions of the lease. The Company estimates the IBR using observable inputs (such as market interest rates) when available and is required to make certain entity-specific estimates.

5- CHANGES TO THE COMPANY'S ACCOUNTING POLICIES

New and amended standards and interpretations

5.1- IFRS 16 Leases

IFRS 16 supersedes IAS 17 Leases, IFRIC 4 Determining whether an Arrangement contains a Lease, SIC-15 Operating Leases-Incentives and SIC-27 Evaluating the Substance of Transactions Involving the Legal Form of a Lease. The standard sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to account for all leases under a single on-balance sheet model.

Lessor accounting under IFRS 16 is substantially unchanged under IAS 17. Lessors will continue to classify leases as either operating or finance leases using similar principles as in IAS 17. Therefore, IFRS 16 did not have an impact for leases where the Company is the lessor.

The Company adopted IFRS 16 using the modified retrospective method of adoption with the date of initial application 1 January 2019. Under this method, the standard is applied retrospectively with the cumulative effect of initially applying the standard recognised at the date of initial application, if any. As a result, comparatives of the year ended 31 December 2018 are not restated. The Company elected to use the recognition exemptions for lease contracts that, at the commencement date, have a lease term of 12 months or less and do not contain a purchase option ('short-term leases'), and lease contracts for which the underlying asset is of low value ('low-value assets').

Effect of adoption of IFRS 16

The effect of adoption of IFRS 16 as at 1 January 2019 as follows:

	1 January 2019
	SR
Assets:	
Right-of-use assets	**56,038,394**
Prepaid expenses	**(4,076,284)**
Total Assets	**51,962,110**
Liabilities:	
Lease liabilities	**51,962,110**
Total adjustments on equity	---

The Company has lease contracts for various offices and locations. Before the adoption of IFRS 16, the Company classified each of its leases (as lessee) at the inception date as an operating lease. In an operating lease, the lease payments were recognised as rent expense in profit or loss on a straight-line basis over the lease term. Any prepaid rent and accrued rent were recognised under prepayments and accruals.

Upon adoption of IFRS 16, the Company recognised right-of-use assets and lease liabilities for those leases previously classified as operating leases, except for short-term leases and leases of low-value assets. The right-of-use assets were recognised based on the amount equal to the lease liabilities, adjusted for any related prepaid and accrued lease payments previously recognised. Lease liabilities were recognised based on the present value of the remaining lease payments, discounted using the incremental borrowing rate at the date of initial application. The weighted average incremental borrowing rate applied to the lease liabilities as at 1 January 2019 was 4.5%.

5.2- Amendments to IFRS 9: Prepayment Features with Negative Compensation

Under IFRS 9, a debt instrument can be measured at amortised cost or at fair value through other comprehensive income, provided that the contractual cash flows are 'solely payments of principal and interest on the principal amount outstanding' (the SPPI criterion) and the instrument is held within the appropriate business model for that classification. The amendments to IFRS 9 clarify that a financial asset passes the SPPI criterion regardless of an event or circumstance that causes the early termination of the contract and irrespective of which party pays or receives reasonable compensation for the early termination of the contract.

These amendments had no impact on the financial statements of the Company.

5- CHANGES TO THE COMPANY'S ACCOUNTING POLICIES (Continued)

5.3- Amendments to IAS 19: Plan Amendment, Curtailment or Settlement

The amendments to IAS 19 address the accounting when a plan amendment, curtailment or settlement occurs during a reporting period. The amendments specify that when a plan amendment, curtailment or settlement occurs during the annual reporting period, an entity is required to determine the current service cost for the remainder of the period after the plan amendment, curtailment or settlement, using the actuarial assumptions used to remeasure the net defined benefit liability (asset) reflecting the benefits offered under the plan and the plan assets after that event. An entity is also required to determine the net interest for the remainder of the period after the plan amendment, curtailment or

settlement using the net defined benefit liability (asset) reflecting the benefits offered under the plan and the plan assets after that event, and the discount rate used to remeasure that net defined benefit liability (asset).

The amendments had no impact on the financial statements of the Company as it did not have any plan amendments, curtailments, or settlements during the year.

5.4- IFRIC Interpretation 23: Uncertainty over Income Tax Treatment

The interpretation addresses the accounting for income taxes when tax treatments involve uncertainty that affects the application of IAS 12 Income Taxes. It does not apply to taxes or levies outside the scope of IAS 12, nor does it specifically include requirements relating to interest and penalties associated with uncertain tax treatments. The interpretation specifically addresses the following:

- Whether an entity considers uncertain tax treatments separately
- The assumptions an entity makes about the examination of tax treatments by taxation authorities
- How an entity determines taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates
- How an entity considers changes in facts and circumstances

The interpretation did not have an impact on the financial statements of the Company.

6- SIGNIFICANT ACCOUNTING POLICIES

Property and equipment

Property and equipment are stated at cost less accumulated depreciation and any accumulated impairment in value. Land is not depreciated. The cost less estimated residual value of property and equipment is depreciated on a straight-line basis over the estimated useful lives of the assets as follows:

	Number of years
Buildings	40
Motor vehicles	2-5
Leasehold improvements	Over shorter of economic life or lease term
Other fixed assets	3-5

Maintenance and normal repairs which do not materially extend the estimated useful life of an asset are charged to the statement of profit or loss, as and when incurred. Major renewals and improvements, if any, are capitalized and the assets so replaced are retired.

The estimated useful lives, residual values and depreciation method are reviewed at the end of annual reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

6- SIGNIFICANT ACCOUNTING POLICIES (Continued)

Intangible assets

An intangible asset is initially recognized at cost which is equal to the fair value of consideration paid at the time of acquisition of the asset.

Intangible assets with finite useful life are subsequently stated at cost less accumulated amortization and accumulated impairment losses. Amortization is calculated using the straight-line method to allocate the cost of assets over the useful life. Currently, the Company has intangible asset (software) which is being amortized over 5 years.

Cash and cash equivalent

Cash and cash equivalents include cash on hand, balances and deposits with banks, and other highly liquid investments with maturities of 3 months or less from their purchase date.

Inventories

Inventories represent vehicles for sale, spare parts and other supplies. These are measured at lower of cost and net realisable value. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and estimated costs necessary to make the sale. The carrying amount of inventories is recognised as cost of revenue when the inventories are sold. The Company recognises an allowance for inventory losses due to factors such as obsolescence, technical faults and physical damage.

Vehicles for sale

Vehicles for sale that were previously held as part of property and equipment for lease and rental arrangements are transferred to inventories at their carrying amount when they cease to be held for lease and rental purposes and become held for sale in the ordinary course of business. Other costs are included in the cost of vehicle inventories only to the extent that they are incurred in bringing the vehicles to their present location and condition necessary to make the sale.

Spare parts and supplies

The cost of spare parts and supplies is based on weighted average principle. Other costs are included in the cost of spare parts and supplies only to the extent they are incurred in bringing them to their present location and condition.

Financial instruments

Recognition and derecognition

Financial assets and financial liabilities are recognised when the Company's becomes a party to the contractual provisions of the financial instrument.

Financial assets are derecognised when the contractual rights to the cash flows from the financial asset expire, or when the financial asset and substantially all the risks and rewards are transferred. A financial liability is derecognised when it is extinguished, discharged, cancelled or expires.

Classification and initial measurement of financial assets

All financial assets are initially measured at fair value adjusted for transaction costs (where applicable).

Financial assets, other than those designated and effective as hedging instruments, are classified into the following categories:

- amortized cost.
- fair value through profit or loss (FVTPL).
- fair value through other comprehensive income (FVOCI).

6- SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial instruments (Continued)

Classification and initial measurement of financial assets (Continued)

The classification is determined by both:

- the entity's business model for managing the financial asset.
- the contractual cash flow characteristics of the financial asset.

All income and expenses relating to financial assets that are recognised in profit or loss are presented within finance costs, finance income or other financial items.

Subsequent measurement of financial assets

Financial assets at amortised cost

Financial assets are measured at amortised cost if the assets meet the following conditions and are not designated as FVTPL):

- they are held within a business model whose objective is to hold the financial assets and collect its contractual cash flows.
- the contractual terms of the financial assets give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding.

This category includes non-derivative financial assets like loans and receivables with fixed or determinable payments that are not quoted in an active market. After initial recognition, these are measured at amortised cost using the effective interest method. Discounting is omitted where the effect of discounting is immaterial.

Financial assets at fair value through profit or loss (FVTPL)

Financial assets that are held within a different business model than 'hold to collect' or 'hold to collect and sell', and financial assets whose contractual cash flows are not solely payments of principal and interest are accounted for at FVTPL.

Assets in this category are measured at fair value with gains or losses recognised in statement of profit or loss. The fair values of financial assets in this category are determined by reference to active market transactions or using a valuation technique where no active market exists.

Financial assets at fair value through other comprehensive income (FVOCI)

The Company accounts for financial assets at FVOCI if the assets meet the following conditions:

- they are held under a business model whose objective it is hold to collect the associated cash flows and sell and
- the contractual terms of the financial assets give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Any gains or losses recognised in OCI will be recycled upon derecognition of the asset. This category includes listed securities and debentures, that were previously classified as 'available for sale'.

6- SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial instruments (Continued)

Impairment of financial assets

IFRS 9's new impairment requirements use more forward-looking information to recognize expected credit losses – the 'expected credit loss' (ECL) model.

Recognition of credit losses is no longer dependent on the Company first identifying a credit loss event. Instead the Company considers a broader range of information when assessing credit risk and measuring expected credit losses, including past events, current conditions, reasonable and supportable forecasts that affect the expected collectability of the future cash flows of the instrument.

In applying this forward-looking approach, a distinction is made between:

- financial instruments that have not deteriorated significantly in credit quality since initial recognition or that have low credit risk ('Stage 1') and
- financial instruments that have deteriorated significantly in credit quality since initial recognition and whose credit risk is not low ('Stage 2').

'Stage 3' would cover financial assets that have objective evidence of impairment at the reporting date. However, none of the Company's financial assets fall into this category.

'12-month expected credit losses' are recognised for the first category while 'lifetime expected credit losses are recognised for the second category.

Measurement of the expected credit losses is determined by a probability-weighted estimate of credit losses over the expected life of the financial instrument.

The Company makes use of a simplified approach in accounting for trade and other receivables and records the loss allowance as lifetime expected credit losses. These are the expected shortfalls in contractual cash flows, considering the potential for default at any point during the life of the financial instrument. In calculating, the Company uses its historical experience, external indicators and forward-looking information to calculate the expected credit losses using a provision matrix.

The Company assess impairment of group of trade receivables having the same credit risk characteristics and loss patterns. The expected loss rates have been estimated based on the days past due.

Classification and measurement of financial liabilities

Financial liabilities are initially measured at fair value, and, where applicable, adjusted for transaction costs unless the Company designated a financial liability at fair value through statement of profit or loss.

Subsequently, financial liabilities are measured at amortised cost using the effective interest method except for derivatives and financial liabilities designated at FVTPL, which are carried subsequently at fair value with gains or losses recognised in profit or loss.

Provisions

Provisions are recognised when the Company has an obligation (legal or constructive) arising from a past event, and the costs to settle the obligation are both probable and may be measured reliably.

Zakat provision

The Company is subject to Zakat in accordance with the regulations of General Authority of Zakat and Tax ("GAZT"). The provision for Zakat is accrued and charged to statement of profit or loss. Additional Zakat liability, if any, related to prior years' assessments arising from GAZT are accounted for in the period in which the final assessments are finalized.

6- SIGNIFICANT ACCOUNTING POLICIES (Continued)

Employees' end of service benefits

The Company operates a single post-employment benefit scheme of defined benefit plan driven by the labor laws and workman laws of the Kingdom of Saudi Arabia which is based on most recent salary and number of service years.

The post-employment benefits plans are not funded. Accordingly, valuations of the obligations under the plan are carried out by an independent actuary based on the projected unit credit method. The costs relating to such plans primarily consist of the present value of the benefits attributed on an equal basis to each year of service and the interest on this obligation in respect of employee service in previous years.

Current and past service costs related to post-employment benefits are recognized immediately in profit or loss while unwinding of the liability at discount rates used are recorded in profit or loss. Any

changes in net liability due to actuarial valuations and changes in assumptions are taken as re-measurement in the other comprehensive income.

Re-measurement gains and losses arising from experience adjustments and changes in actuarial assumptions are recognized directly in other comprehensive income and transferred to retained earnings in the consolidated statement of changes in equity in the period in which they occur.

Changes in the present value of the defined benefit obligations resulting from plan amendments or curtailments are recognized immediately in profit or loss as past service costs. End of service payments are based on employees' final salaries and allowances and their cumulative years of service, as stated in the labor law of Saudi Arabia.

Leases

The Company 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.

Company as a lessee

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

Right-of-use assets

The Company 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 remeasurement 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. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets.

If ownership of the leased asset transfers to the Company 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.

6- SIGNIFICANT ACCOUNTING POLICIES (Continued)

Leases (Continued)

Lease liabilities

At the commencement date of the lease, the Company 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 Company and payments of penalties for terminating the lease, if the lease term reflects the Company 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.

In calculating the present value of lease payments, the Company uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of

lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g., changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

Short-term leases and leases of low-value assets

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

Statutory reserve

As required by Saudi Arabian Regulations for Companies and the Company's by-laws, the Company must transfer 10% of its net income for the year to the statutory reserve till it has built up a reserve equal to 30% of its share capital. The Company may resolve to discontinue such transfers when the reserve totals 30% of its share capital. The reserve is not available for distribution.

Revenue

Sale of inventories (vehicles)

Revenue from sale of vehicles is recognised at the point in time when control of the vehicles is transferred to the customers, generally on delivery of the vehicles. The Company revenue from sale of vehicles include only one performance obligation and there is no variable consideration and financing component involved.

Income from other services

Revenue from other services that are incidental to vehicle rental arrangements are recognised when these related services are provided and classified as part of revenue from these core operating activities. The Company revenue from other services that are incidental to vehicle rental arrangements is recognised over the time when services are rendered.

6- SIGNIFICANT ACCOUNTING POLICIES (Continued)

Expenses

All expenses related to revenue recognition, are recorded as operating cost. All other expenses are recorded as general and administrative expenses or selling and marketing expenses. Shared expenses are allocated between operating cost and general and administrative expenses, when required, and are made on a consistent basis.

Finance costs

All Finance costs are recognised in profit or loss in the period in which they are incurred.

Foreign currencies

Foreign currency transactions are translated into Saudi Riyals using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at the period-end exchange rates of monetary assets and liabilities denominated in foreign currencies other than Saudi Riyals are recognized in the statement of profit or loss.

Non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. Translation differences on assets and liabilities carried at fair value are reported as part of the fair value gain or loss.

Segment reporting

A segment is a distinguishable component of the Company that is engaged either in providing services or selling products (a business segment) or in providing services or selling products within a particular economic environment (a geographic segment), which is subject to risks and rewards that are different from those of other segments.

7- PROPERTY AND EQUIPMENT, NET

31 December 2019:	Land	Buildings	Motor vehicles	Leasehold improvements	Other fixed assets	Total
	SR	SR	SR	SR	SR	SR
Cost:						
At the beginning of the year	**88,012,550**	**4,717,984**	**867,438,265**	**6,018,302**	**25,947,787**	**992,134,888**
Additions	---	**486,590**	**541,928,654**	**642,113**	**2,724,380**	**545,781,737**
Transfer to inventories (see note (a) below)	---	---	**(183,253,941)**	---	---	**(183,253,941)**
Work in progress	---	---	---	---	**17,000**	**17,000**
At the end of the year	**88,012,550**	**5,204,574**	**1,226,112,978**	**6,660,415**	**28,689,167**	**1,354,679,684**
Accumulated depreciation and impairment:						
At the beginning of the year	---	**1,871,647**	**217,571,100**	**1,628,706**	**20,794,510**	**241,865,963**
Depreciation charge for the year (note 22 & 24)	---	**83,704**	**173,601,786**	**643,288**	**2,808,446**	**177,137,224**
Impairment loss (note 22)	---	---	---	---	**71,605**	**71,605**
Transfer to inventories (see note (a) below)	---	---	**(91,471,002)**	---	---	**(91,471,002)**
At the end of the year	---	**1,955,351**	**299,701,884**	**2,271,994**	**23,674,561**	**327,603,790**
Net book amounts:						
At 31 December 2019	**88,012,550**	**3,249,223**	**926,411,094**	**4,388,421**	**5,014,606**	**1,027,075,894**

31 December 2018:	Land	Buildings	Motor vehicles	Leasehold improvements	Other fixed assets	Total
	SR	SR	SR	SR	SR	SR
Cost:						
At the beginning of the year	88,012,550	4,432,984	700,023,809	5,157,832	24,340,347	821,967,522
Additions	---	---	393,354,391	931,606	1,803,210	396,089,207
Transfer to inventories (see note (a) below)	---	---	(241,785,935)	---	---	(241,785,935)
Work in progress	---	---	15,846,000	---	18,094	15,864,094
Transfer	---	285,000	---	(71,136)	(213,864)	---
At the end of the year	**88,012,550**	**4,717,984**	**867,438,265**	**6,018,302**	**25,947,787**	**992,134,888**
Accumulated depreciation and impairment:						
At the beginning of the year	---	1,793,114	200,353,509	1,241,405	10,724,965	214,112,993
Depreciation charge for the year (note 22 & 24)	---	78,533	134,759,056	549,201	4,717,971	140,104,761
Impairment loss (note 22)	---	---	564,282	(161,900)	5,351,574	5,753,956
Transfer to inventories (see note (a) below)	---	---	(118,105,747)	---	---	(118,105,747)
At the end of the year	---	1,871,647	217,571,100	1,628,706	20,794,510	241,865,963
Net book amounts:						
At 31 December 2018	**88,012,550**	**2,846,337**	**649,867,165**	**4,389,596**	**5,153,277**	**750,268,925**

a) These represent cost and accumulated depreciation of vehicles retired from fleets and transferred to vehicle inventories (refer to note 9).

8- INTANGIBLE ASSETS, NET

31 December 2019:	Software
	SR
Cost:	
At the beginning of the year	911,556
Additions	95,830
Disposals	---
At the end of the year	1,007,386
Accumulated amortization:	
At the beginning of the year	327,892
Amortization charge for the year (note 22)	221,935
At the end of the year	549,827
Net book amounts:	
At 31 December 2019	457,559
31 December 2018:	Software
	SR
Cost:	
At the beginning of the year	911,556
Additions	---
Disposals	---
At the end of the year	911,556
Accumulated amortization:	
At the beginning of the year	111,644
Amortization charge for the year (note 22)	216,248
At the end of the year	327,892
Net book amounts:	
At 31 December 2018	583,664

9- INVENTORIES

	31 December 2019	31 December 2018
	SR	SR
Vehicles held for sale	**4,045,459**	4,588,573
Spare parts and supplies	**2,715,221**	2,368,750
Total	**6,760,680**	**6,957,323**

10- PREPAYMENTS AND OTHER CURRENT RECEIVABLES

	31 December 2019	31 December 2018
	SR	SR
Prepaid expenses	**16,923,831**	20,521,676
Advances to suppliers	**7,194,536**	537,775
Advances against property and equipment additions	**3,117,270**	5,708,850
Employees' receivables	**1,775,993**	1,930,303
Margin deposits	**1,436,729**	719,128
Other receivables	**2,714,690**	1,363,645
Total	**33,163,049**	**30,781,377**

11- ACCOUNTS RECIVABLE, NET

	31 December 2019	31 December 2018
	SR	SR
Accounts receivable, gross	**118,523,705**	86,273,882
Expected credit losses (note 11.1)	**(28,138,639)**	(21,596,696)
Accounts receivable, net	**90,385,066**	64,677,186

11.1- Movements in the expected credit losses of accounts receivable is set out below:

	31 December 2019	31 December 2018
	SR	SR
At the beginning of the year	**21,596,696**	21,682,919
Charge for the year	**7,798,675**	8,223,205
Written-off during the year	**(1,256,732)**	(8,309,428)
At the end of the year	**28,138,639**	21,596,696

12- ACCRUED REVENUE, NET

	31 December 2019	31 December 2018
	SR	SR
Accrued revenue, gross	**10,600,300**	8,343,708
Expected credit losses (note 12.1)	**(2,775,684)**	(2,570,790)
Accrued revenue, net	**7,824,616**	5,772,918

12.1- Movements in the expected credit losses of accrued revenue is set out below:

	31 December 2019	31 December 2018
	SR	SR
At the beginning of the year	**2,570,790**	2,368,942
Charge for the year	**204,894**	201,848
At the end of the year	**2,775,684**	2,570,790

13- LEASES

The Company has lease contracts for leasehold buildings (i.e. workshops, accommodations and locations).

The Company also has certain leases with lease terms of 12 months or less and leases of office equipment with low value. The Company applies the 'short-term lease' and 'lease of low-value assets' recognition exemptions for these leases.

13.1- Set out below are the carrying amounts of right-of-use assets recognised and the movements during the year:

	Total
	SR
As at 1 January 2019	56,038,394
Additions	6,779,646
Depreciation expense	(15,895,357)
As at 31 December 2019	46,922,683

13.2- Set out below are the carrying amounts of lease liabilities and the movements during the year:

	Total
	SR
As at 1 January 2019	51,962,110
Additions	6,779,646
Accretion of interest	2,179,480
Payments made	(16,943,303)
As at 31 December 2019	43,977,933
Current	15,364,724
Non-current	28,613,209

13.3- The following are the amounts recognised in the statement of profit or loss:

	31 December 2019
	SR
Depreciation expense of right-of-use assets	15,895,357
Interest expense on lease liabilities	2,179,480
Expense relating to short-term leases (included in cost of revenue)	11,640,999
Total amount recognised in statement of profit or loss	**29,715,836**

14- RELATED PARTY TRANSACTIONS AND BALANCES

Related parties of the Company include shareholders, Board of Directors, key management personnel and entities of which they are principal owners.

The terms of the transactions with related parties are approved by the Company's management. Transactions with related parties are entered in the normal course of the Company's business. These balances are expected to be settled in the normal course of business. Pricing policies and terms of these transactions are at arm's length.

14.1-Transactions with related parties during the year and the balances as at end of the year are as follows:

	Nature of relationship	Nature of transactions	Amount of transactions		Balances	
			31 December 2019 SR	31 December 2018 SR	31 December 2019 SR	31 December 2018 SR
Investcorp Saudi Arabia Investments Co.	Effective shareholder	Revenue	**80,825**	147,000	---	11,550
Hamoud Abdullah AlTheeb	Shareholder	Revenue and other income	**150,060**	133,554	**32,385**	7,141
Theeb Sons Co.	Common shareholder	Revenue, purchases and expenses	**9,683,135**	1,585,903	**5,000**	---
Mohammad Ahmad AlTheeb	Shareholder	Revenue, other income and expenses	**(530,519)**	(547,221)	---	12,096
Nawaf Mohammad AlTheeb	Shareholder	Revenue and other income	**28,291**	27,687	---	29,071
Naif Mohammad AlTheeb	Shareholder	Revenue and other income	**58,983**	55,215	**478**	40,356
Mohammad Hmoud AlTheeb	Shareholder	Revenue	---	6,900	---	---
Ibrahim Ahmad AlTheeb	Other	Revenue	**417,900**	706,190	---	---
Ahmad Mohammad AlTheeb	Shareholder	Revenue	**19,005**	---	---	---
Madareem Co.	Common shareholder	Revenue	**112,625**	313,000	---	---
					37,863	100,214

14.2- Key management personnel remuneration and compensation includes the following:

	31 December 2019	31 December 2018
	SR	SR
Salaries and other benefits	**4,756,866**	4,745,623

15- CASH AND CASH EQUIVALENT

	31 December 2019	31 December 2018
	SR	SR
Cash at banks	58,393,044	32,423,022
Cash in hand	577,062	700,494
Total	**58,970,106**	**33,123,516**

16- SHARE CAPITAL

The share capital is divided into 15,390,200 shares of SR 10 each (2018: 15,390,200 shares of SR 10 each).

17- TERM LOANS

	31 December 2019	31 December 2018
	SR	SR
loans	**605,011,554**	358,942,849
Less: current portion of long term loans	**(288,849,161)**	(229,622,760)
Long term loans	**316,162,393**	129,320,089

The Company has obtained bank facilities from local banks in the form of term loans. These facilities are secured by personal guarantees from the shareholders. The term loans are repayable over a period ranging from 24 to 48 months from the date of drawdown, with the last instalment payable on December 2023. The installments due in 2020 are shown under current liabilities.

18- EMPLOYEES' END OF SERVICE BENEFITS

18.1- Assumptions:

During the year, the actuarial valuations of the defined benefit obligations were carried out under the Projected Unit Credit Method using the following significant assumptions:

	31 December 2019	31 December 2018
- Discount rate	**3.50%**	3.80%
- Salary increase rate	**3.50%**	3.50%

18.2- The movement in the provision for employees' end of service benefits during the year were as follows:

	31 December 2019	31 December 2018
	SR	SR
At the beginning of the year	**20,182,369**	21,469,423
Service Cost	**2,660,937**	2,661,832
Current Service Cost	**2,660,937**	2,661,832
Past Service Cost	---	---
Interest on defined benefit obligations	**863,547**	815,838
Benefits paid during the year	**(1,620,119)**	(3,843,600)
Actuarial loss / (gain)	**1,177,353**	(921,124)
At the end of the year	**23,264,087**	20,182,369

18- EMPLOYEES' END OF SERVICE BENEFITS (Continued)

18.3- Amount recognized in statement of profit or loss:

	31 December 2019	31 December 2018
	SR	SR
Service cost	**2,660,937**	2,661,832
Interest cost on defined benefit obligation	**863,547**	815,838
Total	**3,524,484**	3,477,670

18.4- Amount recognized in the statement of other comprehensive income:

	31 December 2019	31 December 2018
Actuarial losses due to change in financial assumptions	**1,410,427**	---
Actuarial gains due to experience adjustments	**(233,074)**	(921,124)
Total Loss / (Gain) on obligation	**1,177,353**	(921,124)

18.5- Sensitivity Analysis of significant actuarial assumptions:

	31 December 2019	31 December 2018
	SR	SR
Base assumptions	**23,264,087**	20,182,369
Discount rate +1%	**21,525,357**	18,787,382
Discount rate -1%	**25,274,888**	21,789,038
Salary increase rate +1%	**25,373,888**	21,889,897
Salary increase rate -1%	**21,407,432**	18,674,518
Mortality 10% higher	**23,261,739**	20,182,795
Mortality 10% lower	**23,266,443**	20,181,940
Withdrawal rate +10%	**23,105,300**	20,111,149
Withdrawal rate -10%	**23,438,464**	20,257,907

19- ACCRUALS AND OTHER CURRENT PAYABLES

	31 December 2019	31 December 2018
	SR	SR
Accrued expenses	**24,678,433**	14,684,593
Advances from customers	**10,399,604**	6,930,316
Other payables	**4,077,092**	1,696,950
Total	**39,155,129**	**23,311,859**

20- ZAKAT

The zakat charge of the Company consists of:

	31 December 2019	31 December 2018
	SR	SR
Charge for the year	**4,113,626**	2,022,703
Additional provision for prior years	**4,014,060**	6,888,143
Total	**8,127,686**	8,910,846

Zakat provision is based on the following:

	31 December 2019	31 December 2018
	SR	SR
Shareholders equity	**472,206,907**	404,195,952
Opening allowances and other adjustments	**768,722,826**	433,986,284
Book value of long term assets	**(1,077,171,357)**	(757,809,912)
	163,758,376	80,372,324
Zakatable income for the year	**---**	535,790
Zakat base for the year	**163,758,376**	80,908,114
Zakat charge	**4,113,626**	2,022,703

Movement in provision during the year as follows:

	31 December 2019	31 December 2018
	SR	SR
At the beginning of the year	**13,765,921**	4,855,075
Charge for the year	**4,113,626**	2,022,703
Additional provision for prior years	**4,014,060**	6,888,143
Payments during the year	**(2,039,236)**	---
At the end of the year	**19,854,371**	13,765,921

Status of assessments:

The Company finalized its zakat status and zakat due have been paid out according to zakat assessments issued for the years up to 2009. The Company has submitted its zakat returns and Financial Statements to The General Authority of Zakat and Tax ("GAZT") until 31 December 2018 and obtained the zakat certificate for those years.

On 4 April 2019, the Company received the zakat assessment from GAZT for the years 2010 to 2017, including the existence of zakat differences amounting to SR 13,903,441. The Company has recognized SAR 11,743,218 and a provision has been made to cover this amount. The Company have submitted the appeal during the statutory period. On 17 February 2020, the Company submitted a request to the Dispute Resolution Committee for settlement with GAZT on the zakat differences related to 2012 to 2017.

On 5 March 2020, the Company received a preliminary zakat assessment from GAZT for the year ended 31 December 2018 which showed zakat differences amounting to SR 4,014,060. The Company has recognized SAR 4,014,060 and a provision has been made to cover this amount.

21- REVENUE

	31 December 2019	31 December 2018
	SR	SR
Vehicle rental and lease arrangements	**540,546,587**	420,805,342
Sales of motor vehicles	**90,593,507**	111,792,844
Total	**631,140,094**	532,598,186

22- COST OF REVENUE

	31 December 2019	31 December 2018
	SR	SR
Depreciation of property and equipment (note 7)	**176,684,029**	138,613,046
Cost of sale of vehicles	**84,789,815**	117,154,099
Salaries and other employees' benefits	**49,672,770**	44,473,422
Insurance expense	**34,105,459**	25,417,483
Maintenance and repair	**21,539,129**	14,035,391
Depreciation on right-of-use assets (note 13)	**15,895,357**	---
Rental expense	**11,640,999**	28,370,115
Shipping expense	**3,852,272**	3,075,270
Bank charges	**3,461,390**	2,685,310
Utilities expense	**1,335,364**	1,781,517
Impairment losses (note 7,9)	**302,061**	5,753,956
Amortization of intangible assets (note 8)	**221,935**	216,248
Other expenses	**6,945,105**	8,407,314
Total	**410,445,685**	**389,983,171**

23- SELLING AND MARKETING EXPENSES

	31 December 2019	31 December 2018
	SR	SR
Salaries and other employees' benefits	**29,508,437**	24,695,581
Advertising expense	**2,053,321**	2,069,019
Other expenses	**1,950,987**	515,513
Total	**33,512,745**	**27,280,113**

24- GENERAL AND ADMINISTRATIVE EXPENSES

	31 December 2019	31 December 2018
	SR	SR
Salaries and other employees' benefits	**18,858,087**	14,044,239
Professional fees	**2,247,982**	3,291,889
Governmental fees	**1,854,983**	1,417,920
Utilities expense	**1,197,704**	741,227
Hospitality	**865,333**	661,281
Depreciation of employees' cars (note 7)	**453,195**	1,491,715
Maintenance and repair	**285,457**	537,192
Other expenses	**4,862,335**	1,332,225
Total	**30,625,076**	**23,517,688**

25- FINANCE COSTS

	31 December 2019	31 December 2018
	SR	SR
Finance cost on term loans	**22,338,769**	16,495,376
Finance cost on lease liabilities (note 13)	**2,179,480**	---
Total	**24,518,249**	**16,495,376**

26- CONTINGENT LIABILITIES

At 31 December 2019, The Company issued letters of guarantees amounting to SR 28,582,520 (2018: SR 11,142,209) in relation to its operations.

27- RISK MANAGEMENT

Financial instruments include financial assets and liabilities. Financial assets include cash and cash equivalents, accounts and other receivable, prepayments and amounts due from related parties. Financial liabilities include accounts payable, accrued and other liabilities, car dealerships' payable and loans.

Currency risk

Currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates. The Company's transactions are principally in Saudi Riyals. Management believes that currency risk is not significant to the Company.

Price risk

The risk that the value of a financial instrument will fluctuate as a result of changes in market prices, whether those changes are caused by factors specific to the individual instrument or its issuer or factors affecting all instruments traded in the market. The Company's financial instruments are not exposed to price risk.

27- RISK MANAGEMENT (Continued)

Credit risk (Continued)

Credit risk is the risk that one party to financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. The Company has no significant concentration of credit risk. Concentration risk arises when a number of counterparties engaged in similar business activities or activities in the same geographical region or have economic features that would cause them to fail their contractual obligations. To reduce exposure to credit risk, the Company has developed a formal approval process whereby credit limits are applied to its customers. The management also continuously monitors the credit exposure towards the customers and makes provision against those balances considered doubtful of recovery.

To mitigate the risk, the Company has a system of assigning credit limits to its customers based on an extensive evaluation based on customer profile and payment history. The Company gross maximum exposure to credit risk at the reporting date is as follows:

	31 December 2019	31 December 2018
	SR	SR
Accounts receivables (note 11)	118,523,705	86,273,882
Cash at banks (note 15)	58,393,044	32,423,022
Total	**176,916,749**	**118,696,904**

Customer credit risk is managed by each business unit subject to the Company's established policy, procedures and control relating to customer credit risk management. Credit quality of a customer is assessed based on an extensive credit rating scorecard and individual credit limits are defined in accordance with this assessment. The 5 largest customers account for 19% of outstanding accounts receivable at 31 December 2019 (2018: 23%).

An impairment analysis is performed at each reporting date using a provision matrix to measure expected credit losses. The calculation reflects the probability-weighted outcome, the time value of money and reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions. Generally, accounts receivables are written-off if past due for more than two years and are not subject to enforcement activity if the cost of such activity is expected to be higher than the benefit of doing so. The maximum exposure to credit risk at the reporting date is the carrying value of each class of financial assets. Outstanding customer receivables are regularly monitored. Some customers are also secured, where possible, by way of promissory notes or advance payments, which are considered integral part of account receivables and considered in the calculation of impairment.

There were no past due or impaired receivables from related parties.

The Company deposits its cash balances with major high credit-rated financial institutions and does not believe that there is a significant risk of non-performance by these financial institutions.

Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company's approach to managing liquidity is to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation.

Typically, the Company ensures that it has sufficient cash on demand to meet expected operational expenses including the servicing of financial obligations.

Cash flow forecasting is performed by the management which monitors rolling forecasts of the Company's liquidity requirements to ensure it has sufficient cash to meet operational needs.

The table below analyses the Company's financial liabilities into the relevant maturity groupings based on the remaining period at the reporting date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within twelve months equal their carrying balances, as the impact of discounting is not significant.

27- RISK MANAGEMENT (Continued)

Liquidity risk (Continued)

31 December 2019	Less than one year	1 to 5 Years	More than 5 years	Total
	SR	SR	SR	SR
Term loans	288,849,161	316,162,393	---	605,011,554
Lease liabilities	15,364,724	26,299,060	2,314,149	43,977,933
Accruals and other payables	39,155,129	---	---	39,155,129
Car dealership's payable	85,184,993	---	---	85,184,993
Accounts payable	3,533,867	---	---	3,533,867
Total	**432,087,874**	**342,461,453**	**2,314,149**	**776,863,476**

31 December 2018	Less than one year	1 to 5 Years	More than 5 years	Total
	SR	SR	SR	SR
Term loans	229,622,760	129,320,089	---	358,942,849
Accruals and other payables	23,311,859	---	---	23,311,859
Car dealership's payable	90,010,781	---	---	90,010,781
Accounts payable	1,681,562	---	---	1,681,562
Total	**344,626,962**	**129,320,089**	**---**	**473,947,051**

Fair value

Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction. Assets and liabilities measured at fair value in the statement of financial position are grouped into three levels of fair value hierarchy. This grouping is determined based on the lowest level of significant inputs used in fair value measurement, as follows:

level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.

level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

28- CAPITAL MANAGEMENT

For the purpose of the Company's capital management, capital includes issued capital, statutory reserve and retained earnings. The primary objective of the Company's capital management is to maximize the shareholder value.

The Company manages its capital structure and makes adjustments in light of changes in economic conditions and the requirements of the financial covenants. The Company monitors capital using a gearing ratio, which is net debt divided by total capital plus debt. The Company includes within debt, current and non-current portion of borrowings.

28- CAPITAL MANAGEMENT (Continued)

	31 December 2019	31 December 2018
	SR	SR
Debt – Term loans and lease liabilities	**648,989,487**	358,942,849
Equity	**455,387,875**	383,765,365
Gearing ratio	**1.42**	0.93

In order to achieve this overall objective, the Company's capital management, amongst other things, aims to ensure that it meets financial covenants attached to the borrowings that define capital structure requirements. Breaches in meeting the financial covenants would permit the bank to immediately call borrowings. There have been no breaches of the financial covenants of any borrowings in the current year. No changes were made in the objectives, policies or processes for managing capital during the years ended 31 December 2019 and 31 December 2018.

29- SEGMENTAL REPORTING

Consistent with the Company's internal reporting process, business segments have been approved by the Board of Directors in respect of the Company's activities. The Company's assets, liabilities and costing records are not detailed enough to produce a split of assets, liabilities and costs, respectively, between segments and these are not accordingly bifurcated. Management, however, monitors the following details on a segment wise basis.

31 December 2019	Rental	Lease	Others	Total
	SR	SR	SR	SR
Revenue	349,396,532	191,150,055	90,593,507	**631,140,094**
Depreciation expense – motor vehicles	(92,193,544)	(81,408,242)	---	**(173,601,786)**
Segment profit	257,202,988	109,741,813	90,593,507	**457,538,308**

31 December 2018	Rental	Lease	Others	Total
	SR	SR	SR	SR
Revenue	284,431,516	136,373,826	111,792,844	**532,598,186**
Depreciation expense – motor vehicles	(81,013,559)	(53,745,497)	---	**(134,759,056)**
Segment profit	203,417,957	82,628,329	111,792,844	**397,839,130**

Unallocated revenue and expenses:

	31 December 2019	31 December 2018
	SR	SR
Cost of revenue	**(236,843,899)**	(255,224,115)
Selling and marketing expenses	**(33,512,745)**	(27,280,113)
General and administrative expenses	**(30,625,076)**	(23,517,688)
Expected credit losses	**(8,003,569)**	(8,425,053)
Finance costs	**(24,518,249)**	(16,495,376)
Other income	**2,878,719**	2,108,606
Income before Zakat	**126,913,489**	69,005,391

29- SEGMENTAL REPORTING (Continued)

The following summary describes the operations in each of the Company's reportable segments:

a. Rental segment represents activities involving leasing of cars to customers under short term rental arrangements (daily and monthly).

b. Lease segment represents activities involving leasing of cars to customers under medium to longer term operating lease arrangements.

c. Car sales (others) represents the sales of vehicles that were previously held as a part of lease or rental fleet.

30- DIVIDENDS

During 2019, a dividend of SR 3.25 per share totaling SR 50,000,000 (2018: SR 1.84 per share totaling SR 28,250,000) have been distributed to shareholders.

31- GOING CONCERN

The Company's management has made an assessment of the Company's ability to continue as a going concern and is satisfied that the Company has the resources to continue in business for the foreseeable future. Furthermore, the management is not aware of any material uncertainties that may cast significant doubt upon the Company's ability to continue as a going concern. Therefore, the financial statements continue to be prepared on the going concern basis.

32- COMPARATIVE FIGURES

Certain of prior year amounts have been reclassified to conform with the presentation in the current year.

33- POST-REPORTING DATE EVENTS

No adjusting or significant non-adjusting events have occurred between the 31 December 2019 and the date of approval of the financial statements.

34- APPROVAL OF THE FINANCIAL STATEMENTS

These financial statements have been approved by the Board of Directors on 13 Rajab 1441H corresponding to 8 March 2020.

Theeb Rent A Car Company

(A Closed Joint Stock Company)

REVISED FINANCIAL STATEMENTS

31 DECEMBER 2018

Aldar Audit Bureau
Abdullah Al Basri & Co.
Member Firm of Grant Thornton International Ltd
Grant Thornton | An instinct for growth

Certified Accountants
Professional Partnership Co.
Lic. No. 323/11/36
C.R. 1010443881
C.C. 15070

INDEPENDENT AUDITOR'S REPORT

To Shareholders of
THEEB RENT A CAR COMPANY - (A Closed Joint Stock Company)
Riyadh – Kingdom of Saudi Arabia

Report on the Audit of the Financial Statements (Revised)

Opinion

We have audited the accompanying financial statements of **Theeb Rent A Car Company – A Closed Joint Stock Company ("the Company")**, which comprise the statement of financial position (revised) as at December 31, 2018, and the statement of profit or loss and other comprehensive income (revised), statement of changes in equity (revised) and statement of cash flows (revised) for the year then ended, and notes to the financial statements (revised) from 1 to 32, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2018, and its financial performance and its cash flows for the year then ended in accordance with the International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board and as endorsed by Saudi Organization of Certified Public Accountants (SOCPA) in the Kingdom of Saudi Arabia.

Basis for Opinion

We conducted our audit in accordance with international Standards on auditing (ISA) as endorsed in the Kingdom of Saudi Arabia. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in (jurisdiction), 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.

Other Matter

The financial statements for the year ended December 31, 2018 have been previously prepared for Theeb Rent A Car Company on April 9, 2019 with an "unqualified opinion" issued in our report. The financial statements have been reissued after the approval of the Company's Board of Directors to follow the International Financial Reporting Standards (IFRS) upon transformation rather than the IFRS for SMEs. The Zakat provision has also been increased by SAR 5,753,973 due to the Company receiving Zakat assessments in the period following our previous report as set out in Note (18).

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRS as endorsed in the Kingdom of Saudi Arabia and Regulations for Companies and the Company's Articles of Association and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company'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 Company or to cease operations, or has no realistic alternative but to do so.

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

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the 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 (ISA) as 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

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Auditors' Responsibilities for the Audit of the Financial Statements (continued)

in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with international Standards on auditing (ISA) as 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 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 Company's internal control.

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

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidenced obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company'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 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 Company to cease to continue as a going concern.

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.

Report on Other Legal and Regulatory Requirements

Article (135) of the Companies Law requires that the auditor includes in his report violations to the provisions of the Companies Law or Company's articles of association. During the course of our audit of the financial statements, we have not discovered a violation to the provisions of the Companies Law or the provisions of the Company's articles of association.

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Abdullah Al Basri & Co.
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Riyadh 11451
The Kingdom of Saudi Arabia

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Professional Partnership Co.
Head Office Riyadh
CR 1010443881
Certified Accountants
Abdullah Al Basri & Co.

Abdullah M. AlBasri
Certified Public Accountant
(License No.171)

Riyadh 13/2/1441 H
Corresponding to 13/10/2019

Theeb Rent A Car Company

(A Closed Joint Stock Company)

STATEMENT OF FINANCIAL POSITION (REVISED)

For the year ended 31 December 2018

	Notes	31 December 2018	31 December 2017	1 January 2017
		SR	SR	SR
ASSETS				
NON-CURRENT ASSETS				
Property and equipment, net	6	**750,268,925**	607,854,529	675,334,205
Intangible assets, net	7	**583,664**	799,912	489,100
TOTAL NON-CURRENT ASSETS		**750,852,589**	608,654,441	675,823,305
CURRENT ASSETS				
Inventories	8	**6,957,323**	6,062,262	10,901,641
Prepayments and other receivables	9	**30,781,377**	32,767,178	26,069,547
Accounts receivable, net	10	**64,677,186**	58,610,461	54,916,850
Accrued revenue, net	11	**5,772,918**	2,639,693	5,392,422
Amounts due from related parties	12	**100,214**	84,391	412,161
Cash and cash equivalent	13	**33,123,516**	31,501,885	32,171,370
TOTAL CURRENT ASSETS		**141,412,534**	131,665,870	129,863,991
TOTAL ASSETS		**892,265,123**	740,320,311	805,687,296
LIABILITIES AND SHAREHOLDERS' EQUITY				
SHAREHOLDERS' EQUITY				
Share capital	14	**153,902,000**	153,902,000	153,902,000
Statutory reserve		**55,338,077**	55,338,077	55,338,077
Retained earnings		**174,525,288**	141,759,619	124,626,542
TOTAL SHAREHOLDERS' EQUITY		**383,765,365**	350,999,696	333,866,619
LIABILITIES				
NON-CURRENT LIABILITIES				
Long term loans	15	**129,320,089**	92,755,599	137,163,790
Employees' end of service benefits	16	**20,182,369**	21,469,423	25,989,479
TOTAL NON-CURRENT LIABILITIES		**149,502,458**	114,225,022	163,153,269
CURRENT LIABILITIES				
Current portion of long term loans	15	**229,622,760**	180,975,716	226,220,492
Car dealerships' payable		**90,010,781**	67,217,260	61,110,116
Accounts payable		**1,681,562**	3,479,575	3,452,518
Unearned revenue		**604,417**	---	---
Accruals and other payables	17	**23,311,859**	18,567,967	14,043,987
Provision for zakat	18	**13,765,921**	4,855,075	3,840,295
TOTAL CURRENT LIABILITIES		**358,997,300**	275,095,593	308,667,408
TOTAL LIABILITIES		**508,499,758**	389,320,615	471,820,677
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		**892,265,123**	740,320,311	805,687,296

The attached notes 1 to 32 form part of these financial statements.

Theeb Rent A Car Company

(A Closed Joint Stock Company)

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHNSIVE INCOME (REVISED)

For the year ended 31 December 2018

	Notes	31 December 2018	31 December 2017
		SR	SR
Revenue	19	**537,747,927**	535,505,660
Cost of revenue	20	**(395,132,912)**	(425,003,815)
GROSS PROFIT		**142,615,015**	110,501,845
Selling and marketing expenses	21	**(27,280,113)**	(26,930,469)
General and administrative expenses	22	**(23,517,688)**	(24,303,183)
Expected credit losses	10,11	**(8,425,053)**	(16,061,481)
Other income		**2,108,606**	2,336,671
INCOME FROM MAIN OPERATIONS		**85,500,767**	45,543,383
Finance costs, net		**(16,495,376)**	(15,804,158)
INCOME BEFORE ZAKAT		**69,005,391**	29,739,225
Zakat	18	**(2,022,703)**	(1,014,789)
Zakat differences for prior years	18	**(6,888,143)**	---
NET INCOME FOR THE YEAR		**60,094,545**	28,724,436
Other comprehensive income:			
Other comprehensive not to be classified to profit or loss in subsequent periods:			
Re-measurement gains on defined benefits obligation	16	**921,124**	1,408,641
TOTAL COMPREHINSIVE INCOME FOR THE YEAR		**61,015,669**	30,133,077

The attached notes 1 to 32 form part of these financial statements.

Theeb Rent A Car Company

(A Closed Joint Stock Company)

STATEMENT OF CHANGES IN SHAREHOLDER'S EQUITY (REVISED)

For the year ended 31 December 2018

	Share capital	Statutory reserve	Retained earnings	Total
	SR	SR	SR	SR
Balance at 1 January 2017	153,902,000	55,338,077	124,626,542	**333,866,619**
Net income for the year	---	---	28,724,436	**28,724,436**
Other comprehensive income	---	---	1,408,641	**1,408,641**
Total other comprehensive income	---	---	30,133,077	**30,133,077**
Dividends (note 26)	---	---	(13,000,000)	**(13,000,000)**
Balance at 31 December 2017	153,902,000	55,338,077	141,759,619	**350,999,696**
Net income for the year	---	---	60,094,545	**60,094,545**
Other comprehensive income	---	---	921,124	**921,124**
Total other comprehensive income	---	---	61,015,669	**61,015,669**
Dividends (note 26)	---	---	(28,250,000)	**(28,250,000)**
Balance at 31 December 2018	153,902,000	55,338,077	174,525,288	**383,765,365**

The attached notes 1 to 32 form part of these financial statements.

Theeb Rent A Car Company
(A Closed Joint Stock Company)
STATEMENT OF CASH FLOW (REVISED)
For the year ended 31 December 2018

	Notes	31 December 2018	31 December 2017
		SR	SR
OPERATING ACTIVITIES:			
Income before zakat		**69,005,391**	29,739,225
Adjustments to reconcile profit before zakat to net cash flows:			
Depreciation of property and equipment	6	**140,104,761**	150,287,956
Amortization of intangible assets	7	**216,248**	74,347
Finance costs		**16,495,376**	15,804,158
Expected credit loss	10,11	**8,425,053**	16,061,481
Employees' end of service benefits	16	**3,477,670**	3,936,609
Impairment loss against property and equipment	6	**5,753,956**	1,555,508
		243,478,455	217,459,284
Working capital adjustments:			
Prepayments and other receivables	9	**1,985,801**	(6,697,631)
Accounts receivables, net	10	**(14,289,930)**	(20,718,230)
Accrued revenue, net	11	**(3,335,073)**	3,715,867
Amounts due from related parties	12	**(15,823)**	327,770
Inventories	8	**122,785,127**	153,088,033
Car dealerships' payable		**22,793,521**	6,107,144
Accruals and other payables	17	**3,834,011**	2,986,434
Unearned revenue		**604,417**	---
Accounts payables		**(1,798,013)**	27,057
		376,042,493	356,295,728
Additions of motor vehicles	6	**(393,354,391)**	(228,926,105)
Zakat paid	18	**---**	(9)
Employees' end of service benefits paid	16	**(3,843,600)**	(7,048,024)
Net cash (used in)/ from operating activities		**(21,155,498)**	120,321,590
INVESTING ACTIVITIES:			
Additions of other property and equipment	6	**(2,734,816)**	(3,686,337)
Additions of intangible assets	7	**---**	(385,159)
Work in progress	6	**(15,864,094)**	---
Net cash used in investing activities		**(18,598,910)**	(4,071,496)
FINANCING ACTIVITIES:			
Finance costs paid		**(15,585,495)**	(14,266,612)
Proceeds from term loans		**319,355,727**	162,153,943
Repayment of term loans		**(234,144,193)**	(251,806,910)
Dividends paid	26	**(28,250,000)**	(13,000,000)
Net cash from / (used in) financing activities		**41,376,039**	(116,919,579)
NET CHANGE IN CASH AND CASH EQUIVALENT DURING THE YEAR		**1,621,631**	(669,485)
Cash and cash equivalent at the beginning of the year		**31,501,885**	32,171,370
CASH AND CASH EQUIVALENT AT THE END OF THE YEAR		**33,123,516**	31,501,885

The attached notes 1 to 32 form part of these financial statements.

1- GENERAL INFORMATION

Theeb Rent A Car Company (the "Company"), is a Closed Joint Stock Company registered in the Kingdom of Saudi Arabia under commercial registration number 1010150661 dated 12 Rabi Thani 1419H (corresponding to 6 August 1998). The Company is engaged in car rental and leasing, wholesale and retail trading in cars and its spare parts, and owning and operating of cars maintenance centers and workshops services.

These financial statements cover the activities of the Company with the following branches:

Branch	Commercial registration No.	License No.	Date of commercial registration
Central region			
Altaawon	1010311975	010102000212	4/8/1432 H (corresponding 5/6/2011)
Alswaidi	1010187020	010102000202	30/3/1424 H (corresponding 31/5/2003)
Alshefa	1010359247	010102000213	16/2/1434 H (corresponding 29/12/2012)
Al-Yasmin	1010396199	010102000215	23/1/1435 H (corresponding 26/11/2013)
Riyadh Showroom, AlRawdah	1010378245	010102000214	27/7/1434 H (corresponding 6/6/2013)
Al-Malaz	1010224758	010102000201	22/10/1427 H (corresponding 13/11/2006)
Um Alhamam	1010181670	010102000207	15/8/1423 H (corresponding 21/10/2002)
King Khalid Airport	1010150661	010102000206	12/4/1419 H (corresponding 5/8/1998)
Car Sales	1010177560	-	23/3/1423 H (corresponding 4/6/2002)
Maintenance Center	1010388439	-	12/11/1434 H (corresponding 18/9/2013)
Real Estate Records	1010317696	-	10/11/1432 H (corresponding 8/10/2011)
Buraida	1131051994	040102000201	12/5/1435H (corresponding 13/03/2014)
Buraida Airport	1131051994	040102000201	12/5/1435 H (corresponding 13/03/2014)
Hail Airport	1010224758	080102000201	22/10/1427 H (corresponding 13/11/2006)
Al Nargis	1010441244	010102000216	17/4/1437 H (corresponding 27/1/2016)
Al Aroubah	1010930285	010102000217	13/4/1439 H (corresponding 31/12/2017)
Al Yarmouk	1010451029	030103000201	15/9/1439 H (corresponding to 29/5/2018)
Western region			
Quraish St. Albawadi, Almadina road (1)	4030127038	020202000201	29/1/1420 H (corresponding 15/5/1999)
Prince Mohammed St. Alazizia (Altahlia)	4030127038	020202000205	29/1/1420 H (corresponding 15/5/1999)
Albughdadia	4030127038	020202000206	29/1/1420 H (corresponding 15/5/1999)
Almadina road - al rawdah	4030127038	020202000207	29/1/1420 H 9corresponding to 15/5/1999)
Almadina road. Al-Rawdah	4030127038	020202000207	29/1/1420 H (corresponding 15/5/1999)
Al-Fayha	4030127038	020202000209	29/1/1420 H (corresponding 15/5/1999)
Al-Samer	4030127038	020202000210	29/1/1420 H (corresponding 15/5/1999)
Yanbu	4700017234	-	15/3/1435 H (corresponding 16/1/2014)
Yanbu Airport	4700017234	030202000201	15/3/1435 H (corresponding 16/1/2014)
Almadina Almonawara Airport	4650050975	030102000202	4/3/1432 H (corresponding 7/2/2011)
Al-Taif Airport	4032036164	020302000201	18/6/1434 H (corresponding 28/4/2013)
Car sales – Jeddah	4030294835	---	30/8/1437 H (corresponding 6/6/2017)
Al Madinah - King Abdulaziz road	4650050975	030102000201	4/3/1432 H (corresponding 7/2/2011)
Al Amal	4030127038	020202000212	29/1/1420 (corresponding 14/5/1999)

1- GENERAL INFORMATION (continued)

Branch	Commercial registration No.	License No.	Date of commercial registration
Eastern region			
Dammam	2050034970	050102000201	4/2/1420 H (corresponding 19/5/1999)
Al-Khobar	2050034970	050602000201	4/2/1420 H (corresponding 19/5/1999)
Dammam Airport	2050034970	050102000202	4/2/1420 H (corresponding 19/5/1999)
Al-Jubail	2055009774	051302000201	15/9/1429 H (corresponding 15/9/2008)
Alihasa, Alkhaldia	2251040741	050202000201	22/11/1431 H (corresponding 30/10/2010)
Alihsa, Almubaraz	2251040741	050202000201	22/11/1431 H (corresponding 30/10/2010)
Azizia Khubar	2050034970	050602000201	4/2/1420 H (corresponding 19/5/1999)
Southern region			
Alkhamis road, Abha Branch	1010150661	060102000201	12/4/1419 H (corresponding 5/8/1998)
Abha Airport	1010150661	060102000203	12/4/1419 H (corresponding 5/8/1998)
Albaha Airport	1010150661	120502000201	12/4/1419 H (corresponding 5/8/1998)
Jazan Airport	5900020957	100102000201	23/3/1434 H (corresponding 4/2/2013)
Albaha Branch	5800020727	120102000201	2/5/1437 H (corresponding 11/02/2016)
Najran Branch	5950032463	110102000202	4/7/1437 H (corresponding 11/04/2016)
Madina road, askaria – khamis mushait	5950031927	110102000201	3/7/1436 H (corresponding 22/4/2015)
Northern region			
Tabuk	3550032407	070102000201	14/2/1435 H (corresponding 17/12/2013)
Tabuk Airport	3550032407	070102000201	14/2/1435 H (corresponding 17/12/2013)

2- BASIS OF PREPARATION

Basis of measurement

These financial statements have been prepared under historical cost basis as explained in the relevant accounting policies and measurement basis summarized below, except for employees' end of service benefits provision which has been valued by an independent professional actuary.

Functional and presentation currency

The financial statements have been presented in Saudi Riyal (SR), which is also the Company's functional and presentation currency. Items included in the financial statements are measured using the currency of the primary economic environment in which the Company operates.

Level of precision

The amounts have been rounded off to the nearest Saudi Riyal (SR), unless otherwise stated.

3- STATEMENT OF COMPLIANCE

These financial statements have been prepared in compliance with International Financial Reporting Standards as endorsed in the Kingdom of Saudi Arabia ("IFRS") and other standards and pronouncements issued by Saudi Organization for Certified Public Accountants ("SOCPA").

For all periods up to and including the year ended 31 December 2017, the Company prepared its financial statements in accordance with local generally accepted accounting principles as issued by SOCPA ("previous GAAP"). These are the first annual financial statements for the year ended 31 December 2018 in accordance with IFRS and other standards and pronouncements issued by SOCPA. In preparing the financial statements, the Company's opening statement of financial position was prepared as at 1 January 2017 which is the Company's date of transition to IFRS, in compliance with IFRS 1 "First time adoption of International Financial Reporting Standards" ("IFRS 1") that are endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements issued by SOCPA.

Explanations of how the transition to IFRS has affected the reported amounts of statement of financial position, statements of profit or loss and other comprehensive income are provided in Note 28.

4- ACCOUNTING ESTIMATES AND JUDGEMENTS

The preparation of financial statements in accordance with International Financial Reporting Standards endorsed by Saudi Organization for Certified Public Accountants ("SOCPA") and other standards and pronouncements issued by SOCPA, requires the use of certain critical estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the reporting date and the reported amounts of revenues and expenses during the reporting period. Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The Company makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The areas involving a higher degree of judgment or complexity or area where assumptions and estimates are significant to the financial statements are as follows:

Useful lives, residual values, or depreciation method of property and equipment

The Company management determines the estimated useful lives for property and equipment. This estimate is determined after considering the expected usage of the asset or physical wear and tear.

Management reviews the useful lives, residual values, or depreciation method for property and equipment annually. Future depreciation expense would be adjusted where management believes that useful lives, residual values, or depreciation method differ from those used in previous periods.

Amortization of intangible assets

The Company's management determines the estimated useful lives of intangible assets annually. Intangible assets with infinite useful lives are checked annually for impairment. Amortization is reviewed annually and adjusted where management believes that future estimates will differ from those used in previous periods.

Provision for zakat

In making estimates for the zakat and by the Company, management considers applicable laws and past decisions and judgments of the General Authority of Zakat & Tax.

Impairment of non-financial assets

The Company's management periodically reviews the carrying amounts of non-financial assets to determine whether there is any indication that those assets have suffered any impairment loss. If any such indication exists, the recoverable amount of the asset is estimated to determine the extent of the impairment loss. Where it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash generating unit to which the asset belongs.

If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. Impairment is recognized in the statement of profit or loss.

Employees' end of service benefits

The liabilities relating to defined benefit plans are determined using the Projected Unit Credit Method, with actuarial valuations being carried out at the end of annual reporting period. The method involves making assumptions about discount rates, future salary increases and mortality rates. Due to the long-term nature of these benefits, such estimates are subject to certain uncertainties.

Provision for expected credit losses (ECLs) of trade receivables

The company uses a provision matrix to calculate ECLs for trade receivables. The provision matrix is initially based on the company's historical observed default rates. The company calibrates the matrix to adjust the historical credit loss experience with forward-looking information. At every reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analysed.

4- ACCOUNTING ESTIMATES AND JUDGEMENTS (Continued)

Provision for expected credit losses (ECLs) of trade receivables (Continued)

The assessment of the correlation between historical observed default rates, forecast economic conditions and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and of forecast economic conditions. The company's historical credit loss experience and forecast of economic conditions may also not be representative of customer's actual default in the future. The information about the ECLs on the company trade receivables is disclosed in note 10.1.

5- SIGNIFICANT ACCOUNTING POLICIES

Property and equipment

Property and equipment are stated at cost less accumulated depreciation and any accumulated impairment in value. Land is not depreciated. The cost less estimated residual value of property and equipment is depreciated on a straight-line basis over the estimated useful lives of the assets as follows:

	Number of years
Buildings	40
Motor vehicles	3-5
Leasehold improvements	Over shorter of economic life or lease term
Other fixed assets	3-5

Maintenance and normal repairs which do not materially extend the estimated useful life of an asset are charged to the statement of profit or loss, as and when incurred. Major renewals and improvements, if any, are capitalized and the assets so replaced are retired.

The estimated useful lives, residual values and depreciation method are reviewed at the end of annual reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

Intangible assets

An intangible asset is initially recognized at cost which is equal to the fair value of consideration paid at the time of acquisition of the asset.

Intangible assets with finite useful life are subsequently stated at cost less accumulated amortization and accumulated impairment losses. Amortization is calculated using the straight-line method to allocate the cost of assets over the useful life. Currently, the Company has intangible asset (software) which is being amortized over 5 years.

Cash and cash equivalent

Cash and cash equivalents include cash on hand, balances and deposits with banks, and other highly liquid investments with maturities of 3 months or less from their purchase date.

Inventories

Inventories represent vehicles for sale, spare parts and other supplies. These are measured at lower of cost and net realisable value. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and estimated costs necessary to make the sale. The carrying amount of inventories is recognised as cost of revenue when the inventories are sold. The Company recognises an allowance for inventory losses due to factors such as obsolescence, technical faults, physical damage etc.

5- SIGNIFICANT ACCOUNTING POLICIES (Continued)

Inventories (Continued)

Vehicles for sale

Vehicles for sale that were previously held as part of property and equipment for lease and rental arrangements are transferred to inventories at their carrying amount when they cease to be held for lease and rental purposes and become held for sale in the ordinary course of business. Other costs are included in the cost of vehicle inventories only to the extent that they are incurred in bringing the vehicles to their present location and condition necessary to make the sale.

Spare parts and supplies

The cost of spare parts and supplies is based on weighted average principle. Other costs are included in the cost of spare parts and supplies only to the extent they are incurred in bringing them to their present location and condition.

Financial instruments

Recognition and derecognition

Financial assets and financial liabilities are recognised when the Company's becomes a party to the contractual provisions of the financial instrument.

Financial assets are derecognised when the contractual rights to the cash flows from the financial asset expire, or when the financial asset and substantially all the risks and rewards are transferred. A financial liability is derecognised when it is extinguished, discharged, cancelled or expires.

Classification and initial measurement of financial assets

All financial assets are initially measured at fair value adjusted for transaction costs (where applicable).

Financial assets, other than those designated and effective as hedging instruments, are classified into the following categories:

- amortized cost.
- fair value through profit or loss (FVTPL).
- fair value through other comprehensive income (FVOCI).

The classification is determined by both:

- the entity's business model for managing the financial asset.
- the contractual cash flow characteristics of the financial asset.

All income and expenses relating to financial assets that are recognised in profit or loss are presented within finance costs, finance income or other financial items.

Subsequent measurement of financial assets

Financial assets at amortised cost

Financial assets are measured at amortised cost if the assets meet the following conditions and are not designated as FVTPL):

- they are held within a business model whose objective is to hold the financial assets and collect its contractual cash flows.
- the contractual terms of the financial assets give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding.

5- SIGNIFICANT ACCOUNTING POLICIES (Continued)

This category includes non-derivative financial assets like loans and receivables with fixed or determinable payments that are not quoted in an active market. After initial recognition, these are measured at amortised cost using the effective interest method. Discounting is omitted where the effect of discounting is immaterial.

Financial assets at fair value through profit or loss (FVTPL)

Financial assets that are held within a different business model than 'hold to collect' or 'hold to collect and sell', and financial assets whose contractual cash flows are not solely payments of principal and interest are accounted for at FVTPL.

Assets in this category are measured at fair value with gains or losses recognised in statement of profit or loss. The fair values of financial assets in this category are determined by reference to active market transactions or using a valuation technique where no active market exists.

Financial assets at fair value through other comprehensive income (FVOCI)

The Company accounts for financial assets at FVOCI if the assets meet the following conditions:

- they are held under a business model whose objective it is hold to collect the associated cash flows and sell and
- the contractual terms of the financial assets give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Any gains or losses recognised in OCI will be recycled upon derecognition of the asset. This category includes listed securities and debentures, that were previously classified as 'available for sale'.

Impairment of financial assets

IFRS 9's new impairment requirements use more forward-looking information to recognize expected credit losses – the 'expected credit loss' (ECL) model.

Recognition of credit losses is no longer dependent on the Company first identifying a credit loss event. Instead the Company considers a broader range of information when assessing credit risk and measuring expected credit losses, including past events, current conditions, reasonable and supportable forecasts that affect the expected collectability of the future cash flows of the instrument.

In applying this forward-looking approach, a distinction is made between:

- financial instruments that have not deteriorated significantly in credit quality since initial recognition or that have low credit risk ('Stage 1') and
- financial instruments that have deteriorated significantly in credit quality since initial recognition and whose credit risk is not low ('Stage 2').

'Stage 3' would cover financial assets that have objective evidence of impairment at the reporting date. However, none of the Company's financial assets fall into this category.

'12-month expected credit losses' are recognised for the first category while 'lifetime expected credit losses are recognised for the second category.

Measurement of the expected credit losses is determined by a probability-weighted estimate of credit losses over the expected life of the financial instrument.

5- SIGNIFICANT ACCOUNTING POLICIES (Continued)

The company makes use of a simplified approach in accounting for trade and other receivables and records the loss allowance as lifetime expected credit losses. These are the expected shortfalls in contractual cash flows, considering the potential for default at any point during the life of the financial instrument. In calculating, the company uses its historical experience, external indicators and forward-looking information to calculate the expected credit losses using a provision matrix.

The company assess impairment of group of trade receivables having the same credit risk characteristics and loss patterns. The expected loss rates have been estimated based on the days past due.

Classification and measurement of financial liabilities

Financial liabilities are initially measured at fair value, and, where applicable, adjusted for transaction costs unless the Company designated a financial liability at fair value through statement of profit or loss.

Subsequently, financial liabilities are measured at amortised cost using the effective interest method except for derivatives and financial liabilities designated at FVTPL, which are carried subsequently at fair value with gains or losses recognised in profit or loss.

Borrowings

Borrowings are recognised initially at the transaction price (that is, the present value of cash payable to the bank, including transaction costs). Borrowings are subsequently stated at amortised cost. Interest expense is recognised on the basis of the effective interest method and is included in finance costs. Borrowings are classified as current liabilities if payment is due within one year or less.

Provisions

Provisions are recognised when the Company has an obligation (legal or constructive) arising from a past event, and the costs to settle the obligation are both probable and may be measured reliably.

Zakat provision

The Company is subject to Zakat in accordance with the regulations of General Authority of Zakat and Tax ("GAZT"). The provision for Zakat is accrued and charged to statement of profit or loss. Additional Zakat liability, if any, related to prior years' assessments arising from GAZT are accounted for in the period in which the final assessments are finalized.

Employees' end of service benefits

The Company operates a single post-employment benefit scheme of defined benefit plan driven by the labor laws and workman laws of the Kingdom of Saudi Arabia which is based on most recent salary and number of service years.

The post-employment benefits plans are not funded. Accordingly, valuations of the obligations under the plan are carried out by an independent actuary based on the projected unit credit method. The costs relating to such plans primarily consist of the present value of the benefits attributed on an equal basis to each year of service and the interest on this obligation in respect of employee service in previous years.

Current and past service costs related to post-employment benefits are recognized immediately in profit or loss while unwinding of the liability at discount rates used are recorded in profit or loss. Any changes in net liability due to actuarial valuations and changes in assumptions are taken as re-measurement in the other comprehensive income.

5- SIGNIFICANT ACCOUNTING POLICIES (Continued)

Re-measurement gains and losses arising from experience adjustments and changes in actuarial assumptions are recognized directly in other comprehensive income and transferred to retained earnings in the consolidated statement of changes in equity in the period in which they occur.

Changes in the present value of the defined benefit obligations resulting from plan amendments or curtailments are recognized immediately in profit or loss as past service costs. End of service payments are based on employees' final salaries and allowances and their cumulative years of service, as stated in the labor law of Saudi Arabia.

Statutory reserve

As required by Saudi Arabian Regulations for Companies and the Company's by-laws, the Company must transfer 10% of its net income for the year to the statutory reserve till it has built up a reserve equal to 30% of its share capital. The Company may resolve to discontinue such transfers when the reserve totals 30% of its share capital. The reserve is not available for distribution.

Revenue

Sale of inventories (vehicles)

Revenue from sale of vehicles is recognised at the point in time when control of the vehicles is transferred to the customers, generally on delivery of the vehicles. The company revenue from sale of vehicles include only one performance obligation and there is no variable consideration and financing component involved.

Income from other services

Revenue from other services that are incidental to vehicle rental arrangements are recognised when these related services are provided and classified as part of revenue from these core operating activities. The company revenue from other services that are incidental to vehicle rental arrangements is recognised over the time when services are rendered.

Expenses

All expenses related to revenue recognition, are recorded as operating cost. All other expenses are recorded as general and administrative expenses or selling and marketing expenses. Shared expenses are allocated between operating cost and general and administrative expenses, when required, and are made on a consistent basis.

Borrowing costs

All borrowing costs are recognised in profit or loss in the period in which they are incurred.

Foreign currencies

Foreign currency transactions are translated into Saudi Riyals using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at the period-end exchange rates of monetary assets and liabilities denominated in foreign currencies other than Saudi Riyals are recognized in the statement of profit or loss.

Non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. Translation differences on assets and liabilities carried at fair value are reported as part of the fair value gain or loss.

Segment reporting

A segment is a distinguishable component of the Company that is engaged either in providing services or selling products (a business segment) or in providing services or selling products within a particular economic environment (a geographic segment), which is subject to risks and rewards that are different from those of other segments.

6- PROPERTY AND EQUIPMENT, NET

31 December 2018:	Land	Buildings	Motor vehicles	Leasehold improvements	Other fixed assets	Total
	SR	SR	SR	SR	SR	SR
Cost:						
At the beginning of the year	88,012,550	4,432,984	700,023,809	5,157,832	24,340,347	821,967,522
Additions	---	---	393,354,391	931,606	1,803,210	396,089,207
Transfer to inventories (see note (a) below)	---	---	(241,785,935)	---	---	(241,785,935)
Work in progress	---	---	15,846,000	---	18,094	15,864,094
Transfer	---	285,000	---	(71,136)	(213,864)	---
At the end of the year	88,012,550	4,717,984	867,438,265	6,018,302	25,947,787	992,134,888
Accumulated depreciation and impairment:						
At the beginning of the year	---	1,793,114	200,353,509	1,241,405	10,724,965	214,112,993
Depreciation charge for the year (note 20 & 22)	---	78,533	134,759,056	549,201	4,717,971	140,104,761
Impairment loss (note 20)	---	---	564,282	(161,900)	5,351,574	5,753,956
Transfer to inventories (see note (a) below)	---	---	(118,105,747)	---	---	(118,105,747)
At the end of the year	---	1,871,647	217,571,100	1,628,706	20,794,510	241,865,963
Net book amounts:						
At 31 December 2018	88,012,550	2,846,337	649,867,165	4,389,596	5,153,277	750,268,925

31 December 2017:	Land	Buildings	Motor vehicles	Leasehold improvements	Other fixed assets	Total
	SR	SR	SR	SR	SR	SR
Cost:						
At the beginning of the year	88,012,550	3,580,044	764,918,591	4,577,534	22,087,248	883,175,967
Additions	---	852,940	228,926,105	580,298	2,253,099	232,612,442
Transfer to inventories (see note (a) below)	---	---	(293,820,887)	---	---	(293,820,887)
At the end of the year	88,012,550	4,432,984	700,023,809	5,157,832	24,340,347	821,967,522
Accumulated depreciation and impairment:						
At the beginning of the year	---	1,166,673	197,196,767	1,371,873	8,106,449	207,841,762
Depreciation charge for the year (note 20 & 22)	---	381,682	147,173,467	478,976	2,253,831	150,287,956
Impairment loss (note 20)	---	---	1,555,508	---	---	1,555,508
Transfer to inventories (see note (a) below)	---	---	(145,572,233)	---	---	(145,572,233)
Adjustment	---	244,759	---	(609,444)	364,685	---
At the end of the year	---	1,793,114	200,353,509	1,241,405	10,724,965	214,112,993
Net book amounts:						
At 31 December 2017	88,012,550	2,639,870	499,670,300	3,916,427	13,615,382	607,854,529
At 1 January 2017	88,012,550	2,413,371	567,721,824	3,205,661	13,980,799	675,334,205

a) These represent cost and accumulated depreciation of vehicles retired from fleets and transferred to vehicle inventories (refer to note 8).

7- INTANGIBLE ASSETS, NET

31 December 2018:	Software
	SR
Cost:	
At the beginning of the year	**911,556**
Additions	---
Disposals	---
At the end of the year	**911,556**
Accumulated amortization:	
At the beginning of the year	**111,644**
Amortization charge for the year (note 22)	**216,248**
At the end of the year	**327,892**
Net book amounts:	
At 31 December 2018	**583,664**

31 December 2017:	Software
	SR
Cost:	
At the beginning of the year	**526,397**
Additions	**385,159**
Disposals	---
At the end of the year	**911,556**
Accumulated amortization:	
At the beginning of the year	**37,297**
Amortization charge for the year (note 22)	**74,347**
At the end of the year	**111,644**
Net book amounts:	
At 31 December 2017	**799,912**
At 1 January 2017	**489,100**

8- INVENTORIES

	31 December 2018	31 December 2017	1 January 2017
	SR	SR	SR
Vehicles held for sale	**4,588,573**	3,238,170	8,284,368
Spare parts and supplies	**2,368,750**	2,824,092	2,617,273
Total	**6,957,323**	6,062,262	10,901,641

9- PREPAYMENTS AND OTHER RECIVABLES

	31 December 2018	31 December 2017	1 January 2017
	SR	SR	SR
Prepaid expenses	**20,521,676**	13,846,961	18,067,168
Advances to suppliers	**6,246,625**	15,686,907	4,594,966
Employees' receivables	**1,930,303**	2,051,292	2,221,461
Margin deposits	**719,128**	695,503	924,355
Other receivables	**1,363,645**	486,515	261,597
Total	**30,781,377**	32,767,178	26,069,547

10- ACCOUNTS RECIVABLE, NET

	31 December 2018	31 December 2017	1 January 2017
	SR	SR	SR
Accounts receivable, gross	**86,273,882**	80,293,380	90,603,542
Expected credit losses (note 10.1)	**(21,596,696)**	(21,682,919)	(35,686,692)
Accounts receivable, net	**64,677,186**	58,610,461	54,916,850

10.1- Movements in the expected credit losses of accounts receivable is set out below:

	31 December 2018	31 December 2017	1 January 2017
	SR	SR	SR
At the beginning of the year	**21,682,919**	35,686,692	22,797,955
Charge for the year	**8,223,205**	17,024,619	12,888,737
Written-off during the year	**(8,309,428)**	(31,028,392)	---
At the end of the year	**21,596,696**	21,682,919	35,686,692

11- ACCRUED REVENUE, NET

	31 December 2018	31 December 2017	1 January 2017
	SR	SR	SR
Accrued revenue, gross	**8,343,708**	5,008,635	8,724,502
Expected credit losses (note 11.1)	**(2,570,790)**	(2,368,942)	(3,332,080)
Accrued revenue, net	**5,772,918**	2,639,693	5,392,422

11.1- Movements in the expected credit losses of accrued revenue is set out below:

	31 December 2018	31 December 2017	1 January 2017
	SR	SR	SR
At the beginning of the year	**2,368,942**	3,332,080	2,710,271
Charge for the year	**201,848**	(963,138)	621,809
At the end of the year	**2,570,790**	2,368,942	3,332,080

12- RELATED PARTY TRANSACTIONS AND BALANCES

Related parties of the Company include shareholders, Board of Directors, key management personnel and entities of which they are principal owners.

The terms of the transactions with related parties are approved by the Company's management. Transactions with related parties are entered in the normal course of the Company's business. These balances are expected to be settled in the normal course of business. Pricing policies and terms of these transactions are at arm's length.

12.1-Transactions with related parties during the year and the balances as at end of the year are as follows:

	Nature of relationship	Nature of transactions	Amount of transactions		Balances		
			2018 SAR	2017 SAR	2018 SAR	2017 SAR	2016 SAR
Investcorp Saudi Arabia Investments Co.	Shareholder	Revenue	**147,000**	141,690	**11,550**	13,500	---
Hamoud Abdullah AlTheeb	Shareholder	Revenue	**133,554**	258,984	**7,141**	35,891	386,031
Theeb Sons Co.	Other	Purchases and other revenue	**1,585,903**	(267,745)	**---**	---	(3,870)
Mohammad Ahmad AlTheeb	Shareholder	Expenses	**(547,221)**	(840,000)	**12,096**	---	---
Nouf Mohammad AlTheeb	Shareholder	Expenses	**---**	(91,000)	**---**	---	---
Nawaf Mohammad AlTheeb	Shareholder	Revenue	**27,687**	---	**29,071**	---	---
Naif Mohammad AlTheeb	Shareholder	Revenue	**55,215**	---	**40,356**	---	---
Mohammad Hmoud AlTheeb	Shareholder	Revenue	**6,900**	---	**---**	---	---
Ibrahim Ahmad AlTheeb	Other	Other revenue	**706,190**	---	**---**	---	---
Madareem Co.	Other	Revenue	**313,000**	342,000	**---**	35,000	30,000
					100,214	84,391	412,161

11.2 Key management personnel remuneration and compensation includes the following:

	31 December 2018	31 December 2017
	SR	SR
Salaries and other benefits	**4,745,623**	4,393,271

13- CASH AND CASH EQUIVALENT

	31 December 2018	31 December 2017	1 January 2017
	SR	SR	SR
Cash at bank	**32,423,022**	30,715,983	31,100,811
Cash in hand	**700,494**	785,902	1,070,559
Total	**33,123,516**	31,501,885	32,171,370

14- SHARE CAPITAL

The share capital is divided into 15,390,200 shares of SR 10 each (2017: 15,390,200 shares of SR 10 each).

15- TERM LOANS

	31 December 2018	31 December 2017	1 January 2017
	SR	SR	SR
loans	**358,942,849**	273,731,315	363,384,282
Less: current portion of long term loans	**(229,622,760)**	(180,975,716)	(226,220,492)
Long term loans	**129,320,089**	92,755,599	137,163,790

The Company has obtained bank facilities from local banks in the form of term loans. These facilities are secured by personal guarantee from the shareholders.

The term loans are repayable over a period ranging from 24 to 36 months from the date of drawdown. The installments due in 2019 are shown under current liabilities.

16- EMPLOYEES' END OF SERVICE BENEFITS

16.1- Assumptions:

During the year, the actuarial valuations of the defined benefit obligations were carried out under the Projected Unit Credit Method using the following significant assumptions:

	31 December 2018	31 December 2017
- Discount rate	**3.80%**	4.30%
- Salary increase rate	**3.50%**	3.50%

16.2- The movement in the provision for employees' end of service benefits during the year were as follows:

	31 December 2018	31 December 2017	1 January 2017
	SR	SR	SR
At the beginning of the year	**21,469,423**	25,989,479	20,593,527
Service Cost	**2,661,832**	2,949,009	4,212,734
Current Service Cost	**2,661,832**	2,949,009	4,212,734
Past Service Cost	**---**	---	---
Interest on defined benefit obligations	**815,838**	987,600	---
Benefits paid during the year	**(3,843,600)**	(7,048,024)	(333,829)
Actuarial (gain) / loss	**(921,124)**	(1,408,641)	1,517,047
At the end of the year	**20,182,369**	21,469,423	25,989,479

16- EMPLOYEES' END OF SERVICES BENEFITS (Continued)

16.3- Amount recognized in statement of profit or loss:

	31 December 2018	31 December 2017
	SR	SR
Service cost	**2,661,832**	2,949,009
Interest cost on defined benefit obligation	**815,838**	987,600
Total	**3,477,670**	3,936,609

16.4- Amount recognized in the statement of other comprehensive income:

	31 December 2018	31 December 2017	1 January 2017
Actuarial (Gains) / Losses due to change in demographic assumptions	**---**	---	---
Actuarial (Gains) / Losses due to change in financial assumptions	**---**	---	---
Actuarial (Gains) / Losses due to experience adjustments	**(921,124)**	(1,408,641)	1,517,047
Total	**(921,124)**	(1,408,641)	1,517,047

16.5- Sensitivity Analysis of significant actuarial assumptions:

	31 December 2018	31 December 2017
	SR	SR
Base assumptions	**20,182,369**	21,469,423
Discount rate +1%	**18,787,382**	19,943,696
Discount rate -1%	**21,789,038**	23,224,947
Salary increase rate +1%	**21,889,897**	23,323,948
Salary increase rate -1%	**18,674,518**	19,829,403
Mortality 10% higher	**20,182,795**	21,468,331
Mortality 10% lower	**20,181,940**	21,470,517
Withdrawal rate +10%	**20,111,149**	21,347,726
Withdrawal rate -10%	**20,257,907**	21,602,614

17- ACCRUALS AND OTHER PAYABLES

	31 December 2018	31 December 2017	1 January 2017
	SR	SR	SR
Accrued expenses	**14,684,593**	12,627,158	11,971,926
Advances from customers	**6,930,316**	4,290,984	1,668,628
Other payables	**1,696,950**	1,649,825	403,433
Total	**23,311,859**	18,567,967	14,043,987

18- ZAKAT

The zakat charge of the Company consists of:

	31 December 2018	31 December 2017
	SR	SR
Charge for the year	2,022,703	1,014,789
Additional provision for prior years	6,888,143	---
Total	8,910,846	1,014,789

Zakat provision is based on the following:

	31 December 2018	31 December 2017	1 January 2017
	SR	SR	SR
Shareholders equity	**404,195,952**	324,347,415	354,785,351
Opening allowances and other adjustments	**433,986,284**	262,708,828	164,955,042
Book value of long term assets	**(757,809,912)**	(614,716,703)	(684,107,673)
	80,372,324	(27,660,460)	(164,367,280)
Zakatable income for the year	**535,790**	40,591,548	63,249,687
Zakat base for the year	**80,908,114**	12,931,088	63,249,687
Zakat charge at 2.5%	**2,022,703**	1,014,789	1,581,242

Movement in provision during the year as follows:

	31 December 2018	31 December 2017	1 January 2017
	SR	SR	SR
At the beginning of the year	**4,855,075**	3,840,295	3,672,619
Charge for the year	**2,022,703**	1,014,789	1,581,242
Additional provision for prior years	**6,888,143**	---	---
Payments during the year	**---**	(9)	(1,413,566)
At the end of the year	**13,765,921**	4,855,075	3,840,295

Status of assessments:

The Company finalized its zakat status and zakat due have been paid out according to zakat assessments issued for the years up to 2009. The Company has submitted its zakat returns and Financial Statements to The General Authority of Zakat and Tax ("GAZT") until December 31, 2017 and obtained the Zakat Certificate for those years.

On 4/8/2019, the Company received the zakat assessment from GAZT for the years 2010 to 2017, including the existence of zakat differences amounting to SR 13,903,441. The Company has recognized SAR 11,743,218 and a provision has been made to cover this amount. The Company have submitted the appeal during the statutory period.

19- REVENUE

	31 December 2018	31 December 2017
	SR	SR
Vehicle rental and lease arrangements	**420,805,342**	399,165,250
Sales of motor vehicles	**116,942,585**	136,340,410
Total	**537,747,927**	535,505,660

20- COST OF REVENUE

	31 December 2018	31 December 2017
	SR	SR
Depreciation of property and equipment (note 6)	**138,829,294**	146,637,378
Cost of sale of vehicles	**122,303,840**	152,717,215
Salaries and other employees' benefits	**44,473,422**	42,711,004
Rental expense	**28,370,115**	27,538,165
Insurance expense	**25,417,483**	20,162,163
Maintenance and repair	**14,035,391**	15,982,909
Impairment loss (note 6)	**5,753,956**	1,555,508
Shipping expense	**3,075,270**	4,472,243
Bank charges	**2,685,310**	3,726,237
Utilities expense	**1,781,517**	2,198,538
Other expenses	**8,407,314**	7,302,455
Total	**395,132,912**	425,003,815

21- SELLING AND MARKETING EXPENSES

	31 December 2018	31 December 2017
	SR	SR
Salaries and other employees' benefits	**24,695,581**	23,020,149
Advertising expense	**2,069,019**	2,807,085
Other expenses	**515,513**	1,103,235
Total	**27,280,113**	26,930,469

22- GENERAL AND ADMINISTRATIVE EXPENSES

	31 December 2018	31 December 2017
	SR	SR
Salaries and other employees' benefits	**14,044,239**	13,487,686
Professional fees	**3,291,889**	1,991,253
Depreciation of property and equipment (note 6)	**1,275,467**	3,650,578
Governmental fees	**1,417,920**	1,725,565
Utilities expense	**741,227**	914,735
Hospitality	**661,281**	701,933
Maintenance and repair	**537,192**	582,559
Amortization of intangible assets (note 7)	**216,248**	74,347
Other expenses	**1,332,225**	1,174,527
Total	**23,517,688**	24,303,183

23- CONTINGENCIES AND COMMITMENTS

Commitments:

Operating leases relates to the offices and showrooms being used by the Company with lease term of up to 5 years having renewal option of the contract each year unless otherwise agreed with the lessee. On premature termination, lessee has to pay the minimum lease payments mentioned in the contract. Future minimum rentals payable under non-cancellable operating leases are as follows:

	31 December 2018	31 December 2017
	SR	SR
Within one year	**11,763,304**	17,983,231
After one year but not later than five years	**9,175,614**	20,117,342
More than five years	**412,027**	805,315

Contingent liabilities:

The company issued letters of guarantees amounting to SR 11,142,209 as at 31 December 2018 in relation to its operations.

24- RISK MANAGEMENT

Financial instruments include financial assets and liabilities. Financial assets include cash and cash equivalents, accounts and other receivable, prepayments and amounts due from related parties. Financial liabilities include accounts payable, accrued and other liabilities, car dealerships' payable and loans.

Currency risk

Currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates. The Company's transactions are principally in Saudi Riyals. Management believes that currency risk is not significant to the Company.

Price risk

The risk that the value of a financial instrument will fluctuate as a result of changes in market prices, whether those changes are caused by factors specific to the individual instrument or its issuer or factors affecting all instruments traded in the market. The Company's financial instruments are not exposed to price risk.

Credit risk

Credit risk is the risk that other parties will fail to discharge their obligations and cause the Company to incur a financial loss. Financial instruments that subject the Company to concentrations of credit risk consist primarily in cash balances and debit balances. The Company deposits its cash balances with major high credit-rated financial institutions and does not believe that there is a significant risk of non-performance by these financial institutions. Also, the management doesn't expect to face material credit risk regarding the receivables as the Company deals with clients having sound reputation and strong financial positions and the management periodically reviews the balances of receivables.

24- RISK MANAGEMENT (Continued)

Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company's approach to managing liquidity is to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation.

Typically, the Company ensures that it has sufficient cash on demand to meet expected operational expenses including the servicing of financial obligations.

Cash flow forecasting is performed by the management which monitors rolling forecasts of the Company's liquidity requirements to ensure it has sufficient cash to meet operational needs.

The table below analyses the Company's financial liabilities into the relevant maturity groupings based on the remaining period at the reporting date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within twelve months equal their carrying balances, as the impact of discounting is not significant.

2018	Less than one year	1 to 5 Years	More than 5 years	Total
	SR	SR	SR	SR
Term loans	229,622,760	129,320,089	---	**358,942,849**
Accruals and other payables	23,311,859	---	---	**23,311,859**
Car dealership's payable	90,010,781	---	---	**90,010,781**
Accounts payable	1,681,562	---	---	**1,681,562**
Total	344,626,962	129,320,089	---	**473,947,051**

2017	Less than one year	1 to 5 Years	More than 5 years	Total
	SR	SR	SR	SR
Term loans	180,975,716	92,755,599	---	**273,731,315**
Accruals and other payables	18,567,967	---	---	**18,567,967**
Car dealership's payable	67,217,260	---	---	**67,217,260**
Accounts payable	3,479,575	---	---	**3,479,575**
Total	270,240,518	92,755,599	---	**362,996,117**

Fair value

Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction. Assets and liabilities measured at fair value in the statement of financial position are grouped into three levels of fair value hierarchy. This grouping is determined based on the lowest level of significant inputs used in fair value measurement, as follows:

level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.

level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

25- SEGMENTAL REPORTING

Consistent with the Company's internal reporting process, business segments have been approved by the Board of Directors in respect of the Company's activities. The Company's assets, liabilities and costing records are not detailed enough to produce a split of assets, liabilities and costs, respectively, between segments and these are not accordingly bifurcated. Management, however, monitors the following details on a segment wise basis.

2018	Rental	Lease	Others	Total
	SR	SR	SR	SR
Revenue	284,431,516	136,373,826	116,942,585	**537,747,927**
Depreciation expense – motor vehicles	(81,013,559)	(53,745,497)	---	**(134,759,056)**
Segment profit	203,417,957	82,628,329	116,942,585	**402,988,871**

2017	Rental	Lease	Others	Total
	SR	SR	SR	SR
Revenue	316,185,281	82,979,969	136,340,410	**535,505,660**
Depreciation expense – motor vehicles	(115,711,527)	(34,650,776)	---	**(150,362,303)**
Segment profit	200,473,754	48,329,193	136,340,410	**385,143,357**

Unallocated revenue and expenses:

	31 December 2018	31 December 2017
	SR	SR
Cost of revenue	**(260,373,856)**	(274,641,512)
Selling and marketing expenses	**(27,280,113)**	(26,930,469)
General and administrative expenses	**(23,517,688)**	(24,303,183)
Expected credit losses	**(8,425,053)**	(16,061,481)
Financial charges	**(16,495,376)**	(15,804,158)
Other income	**2,108,606**	2,336,671
Income before Zakat	**69,005,391**	29,739,225

The following summary describes the operations in each of the Company's reportable segments:

a. Rental segment represents activities involving leasing of cars to customers under short term rental arrangements (daily and monthly).

b. Lease segment represents activities involving leasing of cars to customers under medium to longer term operating lease arrangements.

c. Car sales (others) represents the sales of vehicles that were previously held as a part of lease or rental fleet.

26- DIVIDENDS

During 2018, a dividend of SR 1.84 per share totaling SR 28,250,000 (2017: SR 0.84 per share totaling SR 13,000,000) have been distributed to shareholders.

27- GOING CONCERN

The Company's management has made an assessment of the Company's ability to continue as a going concern and is satisfied that the Company has the resources to continue in business for the foreseeable future. Furthermore, the management is not aware of any material uncertainties that may cast significant doubt upon the Company's ability to continue as a going concern. Therefore, the financial statements continue to be prepared on the going concern basis.

28- FIRST TIME ADOPTION OF INTERNATIONAL FINANCIAL REPORTING STANDARDS

The Company's date of transition to IFRS's is 1 January 2017. As a result of IFRS transition, line items in the 31 December 2017 and 1 January 2017 statement of financial position and statement of profit or loss and other comprehensive income have been restated as set out below:

From	To	31 December 2017	1 January 2017
		SR	SR
Property and equipment – cost	Intangible assets - cost	911,556	526,397
Property and equipment – accumulated depreciation	Intangible assets –accumulated amortization	111,644	37,297
Property and equipment – cost	Inventories	8,258,026	15,014,702
Property and equipment – accumulated depreciation	Inventories	5,019,856	6,730,334
Accounts receivable and prepayments	Prepayments and other receivables	32,767,178	26,069,547
Accounts receivable and prepayments	Accounts receivables, net	59,148,603	56,880,599
Accounts receivable and prepayments	Accrued revenue	2,639,693	5,392,422
Accruals and other payables	Accounts payables	3,479,575	3,452,518
Cost of revenue	Selling and marketing expenses	12,133,032	---
General and administrative expenses	Selling and marketing expenses	13,570,413	---
Loss from sale of property and equipment	Revenue	136,340,410	---
Loss from sale of property and equipment	Cost of revenue	152,717,215	---

28- FIRST TIME ADOPTION OF INTERNATIONAL FINANCIAL REPORTING STANDARDS (Continued)

Reconciliation of statement of financial position

		As at 31 December 2017			As at 1 January 2017		
		31 December 2017	IFRS Transition differences	31 December 2017 (Restated)	1 January 2017	IFRS Transition differences	1 January 2017 (Restated)
ASSETS							
Non-current assets							
Property and equipment, net	6	611,892,611	(4,038,082)	607,854,529	684,107,673	(8,773,468)	675,334,205
Intangible assets, net	7	---	799,912	799,912	---	489,100	489,100
Total non-current assets		**611,892,611**	**(3,238,170)**	**608,654,441**	**684,107,673**	**(8,284,368)**	**675,823,305**
Current assets							
Inventories	8	2,824,092	3,238,170	6,062,262	2,617,273	8,284,368	10,901,641
Accounts receivables and prepayments		94,555,474	(94,555,474)	---	88,342,568	(88,342,568)	---
Prepayments and other receivables	9	---	32,767,178	32,767,178	---	26,069,547	26,069,547
Accounts receivable, net	10	---	58,610,461	58,610,461	---	54,916,850	54,916,850
Accrued revenue, net	11	---	2,639,693	2,639,693	---	5,392,422	5,392,422
Amounts due from related party	12	84,391	---	84,391	412,161	---	412,161
Cash and cash equivalents	13	31,501,885	---	31,501,885	32,171,370	---	32,171,370
Total current assets		**128,965,842**	**2,700,028**	**131,665,870**	**123,543,372**	**6,320,619**	**129,863,991**
TOTAL ASSETS		**740,858,453**	**(538,142)**	**740,320,311**	**807,651,045**	**(1,963,749)**	**805,687,296**

28- FIRST TIME ADOPTION OF INTERNATIONAL FINANCIAL REPORTING STANDARDS (Continued)

Reconciliation of statement of financial position (Continued)

		As at 31 December 2017			As at 1 January 2017		
equity and liabilities							
EQUITY							
Share capital	14	153,902,000	---	153,902,000	153,902,000	---	153,902,000
Statutory reserve		55,338,077	---	55,338,077	55,338,077	---	55,338,077
Retained earnings		143,633,191	(1,873,572)	141,759,619	128,107,338	(3,480,796)	124,626,542
TOTAL EQUITY		**352,873,268**	**(1,873,572)**	**350,999,696**	**337,347,415**	**(3,480,796)**	**333,866,619**
Non-current liabilities							
Long term loans	15	92,755,599	---	92,755,599	137,163,790	---	137,163,790
Employees' end of service benefits	16	20,133,993	1,335,430	21,469,423	24,472,432	1,517,047	25,989,479
TOTAL NON-CURRENT LIABILITIES		**112,889,592**	**1,335,430**	**114,225,022**	**161,636,222**	**1,517,047**	**163,153,269**
Current liabilities							
Current portion of long term loans	15	180,975,716	---	180,975,716	226,220,492	---	226,220,492
Accruals and other payables	17	22,047,542	(3,479,575)	18,567,967	17,496,505	(3,452,518)	14,043,987
Car dealerships' payable		67,217,260	---	67,217,260	61,110,116	---	61,110,116
Accounts payable		---	3,479,575	3,479,575	---	3,452,518	3,452,518
Provision for zakat	18	4,855,075	---	4,855,075	3,840,295	---	3,840,295
Total current liabilities		**275,095,593**	**---**	**275,095,593**	**308,667,408**	**---**	**308,667,408**
TOTAL LIABILITIES		**387,985,185**	**1,335,430**	**389,320,615**	**470,303,630**	**1,517,047**	**471,820,677**
TOTAL LIABILITIES AND EQUITY		**740,858,453**	**(538,142)**	**740,320,311**	**807,651,045**	**(1,963,749)**	**805,687,296**

28- FIRST TIME ADOPTION OF INTERNATIONAL FINANCIAL REPORTING STANDARDS (Continued)

Reconciliation of statement of profit or loss and other comprehensive income

	As at 31 December 2017			
	Notes	31 December 2017	IFRS Transition differences	31 December 2017 (Restated)
Revenue	19	399,165,250	136,340,410	535,505,660
Cost of revenue	20	(284,419,632)	(140,584,183)	(425,003,815)
GROSS PROFIT		114,745,618	(4,243,773)	110,501,845
Selling and marketing expenses	21	---	(26,930,469)	(26,930,469)
General and administrative expenses	22	(55,360,684)	31,057,501	(24,303,183)
Expected credit losses	10,11	---	(16,061,481)	(16,061,481)
Loss from sale of property and equipment		(16,376,805)	16,376,805	---
Other income		2,336,671	---	2,336,671
INCOME FROM MAIN OPERATIONS		**45,344,800**	**198,583**	**45,543,383**
Financial charges		(15,804,158)	---	(15,804,158)
INCOME BEFORE ZAKAT		29,540,642	198,583	29,739,225
Zakat	18	(1,014,789)	---	(1,014,789)
NET INCOME FOR THE YEAR		**28,525,853**	**198,583**	**28,724,436**
Other comprehensive income:				
Other comprehensive not to be classified to profit or loss in subsequent periods:				
Re-measurement gains on defined benefits obligation	16	---	**1,408,641**	**1,408,641**

29- NEW STANDARDS ISSUED BUT NOT YET EFFECTIVE

Following are the new standards and amendments to standards which are effective for annual periods beginning on or after 1 January 2019 and earlier application is permitted. However, the Company has not yet early adopted them in preparing these financial statements.

a) IFRS 16 Leases

IFRS 16 introduces a single, on-balance lease sheet accounting model for lessees. A lessee recognises a right-of-use asset representing its right to use the underlying asset and a lease liability representing its obligation to make lease payments. There are optional exemptions for short-term leases and leases of low value items. Lessor accounting remains similar to the current standard – i.e. lessors continue to classify leases as finance or operating leases.

The Company has completed an initial assessment of the potential impact on its Financial Statements but has not yet completed its detailed assessment. Management anticipates that IFRS 16 will be adopted in the Company's financial statements for the annual year beginning 1 January 2019. The application of IFRS 16 may have a significant impact on amounts reported and disclosures made in the Company's financial statements. However, it is not practicable to provide a reasonable estimate of effects of the application of this standard until the Company performs a detailed review.

29- NEW STANDARDS ISSUED BUT NOT YET EFFECTIVE (Continued)

b) Annual Improvements to IFRSs 2015–2017 Cycle

IFRS 3 Business Combinations and IFRS 11 Joint Arrangements - clarifies how a company accounts for increasing its interest in a joint operation that meets the definition of a business.

- If a party maintains (or obtains) joint control, then the previously held interest is not remeasured.
- If a party obtains control, then the transaction is a business combination achieved in stages and the acquiring party remeasures the previously held interest at fair value.

IAS 12 Income Taxes - clarifies that all income tax consequences of dividends (including payments on financial instruments classified as equity) are recognised consistently with the transactions that generated the distributable profits – i.e. in profit or loss, other comprehensive income or equity.

IAS 23 Borrowing Costs - clarifies that the general borrowings pool used to calculate eligible borrowing costs excludes only borrowings that specifically finance qualifying assets that are still under development or construction. Borrowings that were intended to specifically finance qualifying assets that are now ready for their intended use or sale – or any non-qualifying assets – are included in that general pool. As the costs of retrospective application might outweigh the benefits, the changes are applied prospectively to borrowing costs incurred on or after the date an entity adopts the amendments.

New Standards issued but not yet effective

c) IFRIC 23 Uncertainty over Income Tax Treatments – Seeks to bring clarity to the accounting

for income tax treatments that have yet to be accepted by tax authorities. The key test is whether it's probable that the tax authority will accept the Company's chosen tax treatment.

d) Other Amendments

The following amendment to standards are not yet effective and neither expected to have a significant impact on the Company's Financial Statements:

- Prepayment Features with Negative Compensation (Amendments to IFRS 9)
- Long-term Interests in Associates and Joint Ventures (Amendments to IAS 28)
- Plan Amendments, Curtailment or Settlement (Amendments to IAS 19)

30- COMPARATIVE FIGURES

Certain of prior year amounts have been reclassified to conform with the presentation in the current year.

31- POST-REPORTING DATE EVENTS

No adjusting or significant non-adjusting events have occurred between the 31 December 2018 and the date of approval of the financial statements.

32- APPROVAL OF THE FINANCIAL STATEMENTS

These are the first financial statements based on IFRS which have been approved by the board on 13/2/1441H, corresponding to 13/10/2019.

Theeb Rent A Car Company

(A Closed Joint Stock Company)

FINANCIAL STATEMENTS

31 DECEMBER 2017

Certified Accountants
Professional Partnership Co.
Lic. No. 323/11/36
C.R. 1010443881
C.C. 15070

INDEPENDENT AUDITOR'S REPORT

To Shareholders Of
THEEB RENT A CAR COMPANY
(A Closed Joint Stock Company)
Riyadh – Kingdom of Saudi Arabia

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of **Theeb Rent A Car Company** ("the Company"), which comprise the statement of financial position as at December 31, 2017, and the statement of income, statement of changes in partners equity and statement of cash flows for the year then ended, and notes to the financial statements from 1 to 21, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2017, and its financial performance and its cash flows for the year then ended in accordance with generally accepted accounting standards as endorsed in the Kingdom of Saudi Arabia.

Basis for Opinion

We conducted our audit in accordance with international Standards on auditing (ISA) as endorsed in the Kingdom of Saudi Arabia. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in (jurisdiction), 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.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with generally accepted accounting standards as endorsed in the Kingdom of Saudi Arabia and Regulations for Companies and the Company's Articles of Association and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company'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 Company or to cease operations, or has no realistic alternative but to do so.

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

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Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the 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 (ISA) as 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 financial statements.

As part of an audit in accordance with international Standards on auditing (ISA) as 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 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 Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidenced obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company'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 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 Company to cease to continue as a going concern.

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.

Report on Other Legal and Regulatory Requirements

During the course of our audit of the financial statements, the Company comply with the applicable requirements of the Regulations for Companies and by-laws of the Company in so far as they affect the preparation and presentation of the financial statements.

Aldar Audit Bureau
Abdullah Al Basri & Co.
P.O. Box 2195
Riyadh 11451
The Kingdom of Saudi Arabia

ALDAR AUDIT BUREAU Professional Partnership Co. Head Office Riyadh CR 1010443621 Certified Accountants Abdullah Al Basri & Co.

Abdullah M. AlBasri
Certified Public Accountant
(License No.171)

Riyadh, 4 Rajab 1439H
Corresponding to 20 March 2018

Theeb Rent A Car Company
(A Closed Joint Stock Company)
BALANCE SHEET
As at 31 December 2017

	Notes	2017	2016
		SR	SR
ASSETS			
CURRENT ASSETS			
Cash and cash equivalent		**31,501,885**	32,171,370
Accounts receivable and prepayments	3	**94,555,474**	88,342,568
Amounts due from related parties	7	**84,391**	412,161
Inventories		**2,824,092**	2,617,273
TOTAL CURRENT ASSETS		**128,965,842**	123,543,372
NON-CURRENT ASSETS			
Property and equipment	4	**611,892,611**	684,107,673
TOTAL ASSETS		**740,858,453**	807,651,045
LIABILITIES AND SHAREHOLDERS' EQUITY			
CURRENT LIABILITIES			
Car dealerships' payable		**67,217,260**	61,110,116
Accounts payable and accruals	5	**22,047,542**	17,496,505
Current portion of long term loans	6	**180,975,716**	226,220,492
Provision for zakat	8	**4,855,075**	3,840,295
TOTAL CURRENT LIABILITIES		**275,095,593**	308,667,408
NON-CURRENT LIABILITIES			
Term loans	6	**92,755,599**	137,163,790
Employees' terminal benefits	13	**20,133,993**	24,472,432
TOTAL NON-CURRENT LIABILITIES		**112,889,592**	161,636,222
TOTAL LIABILITIES		**387,985,185**	470,303,630
SHAREHOLDERS' EQUITY			
Share capital	9	**153,902,000**	153,902,000
Statutory reserve		**55,338,077**	55,338,077
Retained earnings		**143,633,191**	128,107,338
TOTAL SHAREHOLDERS' EQUITY		**352,873,268**	337,347,415
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		**740,858,453**	807,651,045

The attached notes 1 to 21 form part of these financial statements.

Theeb Rent A Car Company

(A Closed Joint Stock Company)

STATEMENT OF INCOME

For the year ended 31 December 2017

	Notes	2017 SR	2016 SR
REVENUE			
Rental income		**399,165,250**	469,032,918
OPERATING COSTS			
Rental and other direct costs	10	**(284,419,632)**	(329,417,949)
GROSS PROFIT		**114,745,618**	139,614,969
EXPENSES			
General and administration expenses	11	**(55,360,684)**	(55,283,946)
		59,384,934	84,331,023
Loss from sale of property and equipment		**(16,376,805)**	(18,535,590)
INCOME FROM MAIN OPERATIONS		**43,008,129**	65,795,433
Other income		**2,336,671**	504,587
Financial charges		**(15,804,158)**	(18,907,027)
INCOME BEFORE ZAKAT		**29,540,642**	47,392,993
Zakat	8	**(1,014,789)**	(1,581,242)
NET INCOME FOR THE YEAR		**28,525,853**	45,811,751
EARNINGS PER SHARE			
Attributable to income from main operations	12	**2.79**	4.27
Attributable to net income for the year	12	**1.87**	2.98

The attached notes 1 to 21 form part of these financial statements.

Theeb Rent A Car Company

(A Closed Joint Stock Company)

STATEMENT OF CASH FLOWS

For the year ended 31 December 2017

	Notes	2017 SR	2016 SR
OPERATING ACTIVITIES			
Income before zakat		**29,540,642**	47,392,993
Adjustments for:			
Depreciation	4	**150,362,303**	184,560,610
Financial charges		**15,804,158**	18,907,027
Loss from sale of property and equipment		**16,954,404**	18,535,590
Provision against trade accounts receivable and accrued income	3	**7,904,206**	11,977,789
Write-off trade accounts receivable		**9,583,076**	---
Employees' terminal benefits	13	**2,709,585**	4,212,734
Impairment loss against property and equipment	4	**1,555,508**	1,072,949
		234,413,882	286,659,692
Changes in operating assets and liabilities:			
Accounts receivable and prepayments		**(23,044,658)**	(26,235,232)
Amounts due from related parties		**(327,770)**	(412,161)
Inventories		**(206,819)**	(977,524)
Car dealerships' payable		**6,107,144**	2,549,636
Accounts payable and accruals		**3,013,492**	850,406
Net cash from operations		**219,955,271**	262,434,817
Zakat paid	8	---	(1,413,566)
Employees' terminal benefits paid	13	**(7,048,024)**	(333,829)
Net cash from operating activities		**212,907,247**	260,687,422
INVESTING ACTIVITIES			
Purchase of property and equipment	4	**(232,997,601)**	(324,978,176)
Proceeds from sale of property and equipment		**136,340,448**	161,987,468
Net cash used in investing activities		**(96,657,153)**	(162,990,708)
FINANCING ACTIVITIES			
Movement in bank overdrafts		---	(1,053,050)
Financial charges paid		**(14,266,612)**	(18,229,864)
Proceeds from term loans		**162,153,943**	328,429,137
Repayment of term loans		**(251,806,910)**	(356,084,877)
Dividends paid		**(13,000,000)**	(44,500,000)
Net cash used in financing activities		**(116,919,579)**	(91,438,654)
NET INCREASE IN BANK BALANCES AND CASH DURING THE YEAR		**(669,485)**	6,258,060
Cash and cash equivalent at the beginning of the year		**32,171,370**	25,913,310
CASH AND CASH EQUIVALENT AT THE END OF THE YEAR		**31,501,885**	32,171,370

The attached notes 1 to 21 form part of these financial statements.

Theeb Rent A Car Company

(A Closed Joint Stock Company)

STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

For the year ended 31 December 2017

	Share capital	Statutory reserve	Retained earnings	Total
	SR	SR	SR	SR
Balance at 31 December 2015	153,902,000	50,756,902	131,376,762	**336,035,664**
Net income for the year	---	---	45,811,751	**45,811,751**
Transfer to statutory reserve	---	4,581,175	(4,581,175)	---
Dividends (note 18)	---	---	(44,500,000)	**(44,500,000)**
Balance at 31 December 2016	153,902,000	55,338,077	128,107,338	**337,347,415**
Net income for the year	---	---	28,525,853	**28,525,853**
Dividends (note 18)	---	---	(13,000,000)	**(13,000,000)**
Balance at 31 December 2017	153,902,000	55,338,077	143,633,191	**352,873,268**

The attached notes 1 to 21 form part of these financial statements.

1- ACTIVITIES

Theeb Rent A Car Company (the "Company"), is a Closed Joint Stock Company registered in the Kingdom of Saudi Arabia under commercial registration number 1010150661 dated 12 Rabi Thani 1419H (corresponding to 5 August 1998). The Company is engaged in car rental and leasing, wholesale and retail trading in cars and its spare parts, and owning and operating of cars maintenance centers and workshops services.

These financial statements cover the activities of the Company with the following branches:

Branch	Commercial registration No.	License No.	Date of commercial registration
Central region			
Altaawon	1010311975	010102000212	4/8/1432 H (corresponding 5/6/2011)
Alswaidi	1010187020	010102000202	30/3/1424 H (corresponding 31/5/2003)
Alshefa	1010359247	010102000213	16/2/1434 H (corresponding 29/12/2012)
Al-Yasmin	1010396199	010102000215	23/1/1435 H (corresponding 26/11/2013)
Riyadh Showroom, AlRawdah	1010378245	010102000214	27/7/1434 H (corresponding 6/6/2013)
Al-Malaz	1010224758	010102000201	22/10/1427 H (corresponding 13/11/2006)
Um Alhamam	1010181670	010102000207	15/8/1423 H (corresponding 21/10/2002)
King Khalid Airport	1010150661	010102000206	12/4/1419 H (corresponding 5/8/1998)
Car Sales	1010177560	-	23/3/1423 H (corresponding 4/6/2002)
Maintenance Center	1010388439	-	12/11/1434 H (corresponding 18/9/2013)
Real Estate Records	1010317696	-	10/11/1432 H (corresponding 8/10/2011)
Buraida	1131051994	040102000201	12/5/1435H (corresponding 13/03/2014)
Buraida Airport	1131051994	040102000201	12/5/1435 H (corresponding 13/03/2014)
Hail Airport	1010224758	080102000201	22/10/1427 H (corresponding 13/11/2006)
Al Nargis	1010441244	010102000216	17/4/1437 H (corresponding 27/1/2016)
Aroubah branch	1010930285	010102000217	13/4/1439 (corresponding 31/12/2017)
Car sales - shifa	1010468084	---	16/5/1438 (corresponding 12/2/2017)
Western region			
Quraish St. Albawadi, Almadina Rd. (1)	4030127038	020202000201	29/1/1420 H (corresponding 15/5/1999)
Prince Mohammed St. Alazizia (Altahlia)	4030127038	020202000205	29/1/1420 H (corresponding 15/5/1999)
Albughdadia	4030127038	020202000206	29/1/1420 H (corresponding 15/5/1999)
Almadina Rd. Al-Rawdah	4030127038	020202000207	29/1/1420 H (corresponding 15/5/1999)
Al-Fayha	4030127038	020202000209	29/1/1420 H (corresponding 15/5/1999)
Al-Samer	4030127038	020202000210	29/1/1420 H (corresponding 15/5/1999)
Yanbu Branch	4700017234	-	15/3/1435 H (corresponding 16/1/2014)
Yanbu Airport	4700017234	030202000201	15/3/1435 H (corresponding 16/1/2014)
Almadina Almonawara Airport	4650050975	030102000202	4/3/1432 H (corresponding 7/2/2011)
Al-Taif Airport	4032036164	020302000201	18/6/1434 H (corresponding 28/4/2013)
Almadina Almonawara - Azizia Branch	4650050975	030102000202	4/3/1432 H (corresponding 7/2/2011)
Car sales – Jeddah	4030294835	---	30/8/1437 H (corresponding 6/6/2017)

1- ACTIVITIES (continued)

Branch	Commercial registration No.	License No.	Date of commercial registration
Eastern region			
Dammam	2050034970	050102000201	4/2/1420 H (corresponding 19/5/1999)
Al-Khobar	2050034970	050602000201	4/2/1420 H (corresponding 19/5/1999)
Dammam Airport	2050034970	050102000202	4/2/1420 H (corresponding 19/5/1999)
Al-Jubail	2055009774	051302000201	15/9/1429 H (corresponding 15/9/2008)
Alihasa, Alkhaldia Branch	2251040741	050202000201	22/11/1431 H (corresponding 30/10/2010)
Alihsa, Almubaraz Branch	2251040741	050202000201	22/11/1431 H (corresponding 30/10/2010)
Al-Shatee Branch Dammam	2050034970	050102000202	4/2/1420 H (corresponding 19/5/1999)
azizia khubar	2050034970	050602000201	4/2/1420 H (corresponding 19/5/1999)
Southern region			
Alkhamis Rd. Abha Branch	1010150661	060102000201	12/4/1419 H (corresponding 5/8/1998)
Abha Airport	1010150661	060102000203	12/4/1419 H (corresponding 5/8/1998)
Albaha Airport	1010150661	120502000201	12/4/1419 H (corresponding 5/8/1998)
Jazan Airport	5900020957	100102000201	23/3/1434 H (corresponding 4/2/2013)
Albaha Branch	5800020727	120102000201	2/5/1437 H (corresponding 11/02/2016)
Najran Branch	5950032463	110102000202	4/7/1437 H (corresponding 11/04/2016)
Madina rd, askaria – khamis mushait	5950031927	110102000201	3/7/1436 H (corresponding 22/4/2015)
Northern region			
Tabuk Branch	3550032407	070102000201	14/2/1435 H (corresponding 17/12/2013)
Tabuk Airport	3550032407	070102000201	14/2/1435 H (corresponding 17/12/2013)
Al Jouf Airport	1010150661	130102000201	12/4/1419 H (corresponding 5/8/1998)
Arar Airport	1010150661	130102000201	12/4/1419 H (corresponding 5/8/1998)

2- SIGNIFICANT ACCOUNTING POLICIES

These financial statements have been prepared in accordance with accounting standards generally accepted in the Kingdom of Saudi Arabia. The significant accounting policies adopted are as follows:

Accounting convention

The financial statements are prepared under the historical cost convention.

Use of estimates

The preparation of these financial statements in conformity with generally accepted accounting principles requires the use of estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Although these estimates are based on management's best knowledge of current events and actions, actual results ultimately may differ from those estimates.

Accounts receivable

Accounts receivable are stated at original invoice amount less a provision for any uncollectible amounts. An estimate for doubtful debts is made when collection of the full amount is no longer probable. Bad debts are written off when the debts are considered uncollectable. The current portion of the receivables represents the amounts that are due within a period of one year from the balance sheet date.

Inventories

Inventories are stated at lower of cost and estimated net realizable value. Cost is determined by using weighted average cost method.

2- SIGNIFICANT ACCOUNTING POLICIES (continued)

Impairment and uncollectibility of financial assets

An assessment is made at each balance sheet date to determine whether there is objective evidence that a specific financial asset may be impaired. If such evidence exists, an impairment loss is recognised in the statement of income. Impairment is determined as follows:

a. For assets carried at fair value, impairment is the difference between cost and fair value, less any impairment loss previously recognised in the statement of income.

b. For assets carried at cost, impairment is the difference between carrying value and the present value of future cash flows discounted at the current market rate of return for a similar financial asset.

c. For assets carried at amortised cost, impairment is the difference between carrying amount and the present value of future cash flows discounted at the original effective interest rate.

Property and equipment

Property and equipment are stated at cost less accumulated depreciation and any accumulated impairment in value. Land is not depreciated. The cost less estimated residual value of property and equipment is depreciated on a straight line basis over the estimated useful lives of the assets.

The carrying values of property and equipment are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable. If any such indication exists and where the carrying values exceed the estimated recoverable amount, the assets are written down to their recoverable amount, being the higher of their fair value less costs to sell and their value in use. The excess of carrying value over the estimated recoverable amount is charged to the statement of income.

Expenditures for repair and maintenance are charged to statement of income. Betterments that increase the value or materially extend the life of the related assets are capitalized.

Accounts payable and accruals

Liabilities are recognised for amounts to be paid in the future for goods or services received, whether billed by the supplier or not. The current portion of the payables represent the amounts that are due for payment within a period of one year.

Loans and borrowings

Loans and borrowings are recognised at the proceeds received value by the Company.

Provisions

Provisions are recognised when the Company has an obligation (legal or constructive) arising from a past event, and the costs to settle the obligation are both probable and may be measured reliably.

Zakat

Zakat is provided for by the Company in accordance with Saudi Arabian fiscal regulations. The provision is charged to the statement of income. Differences, if any, that may become due on finalization of an assessment are accounted for in the year in which the assessment is finalized.

Employees' terminal benefits

Provision is made for amounts payable under the Saudi Arabian labour law applicable to employees' accumulated years of service at the balance sheet date.

2- SIGNIFICANT ACCOUNTING POLICIES (continued)

Statutory reserve

As required by Saudi Arabian Regulations for Companies and the Company's by-laws, the Company must transfer 10% of its net income for the year to the statutory reserve till it has built up a reserve equal to 30% of its share capital. The Company may resolve to discontinue such transfers when the reserve totals 30% of its share capital. The reserve is not available for distribution.

Revenue

Revenue is recognised when the contracted services are performed. Rental income is accounted for on a straight-line basis over the rental period.

Expenses

General and administration expenses include direct and indirect costs not specifically forming part of operating costs. Allocations between general and administration expenses and rental and other direct costs, when required, are made on a consistent basis.

Foreign currencies

Transactions in foreign currencies are recorded in Saudi Riyals at the rate of exchange ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated in Saudi Riyals at the rate of exchange ruling at the balance sheet date. All differences are taken to the statement of income.

Segment reporting

A segment is a distinguishable component of the Company that is engaged either in providing services or selling products (a business segment) or in providing services or selling products within a particular economic environment (a geographic segment), which is subject to risks and rewards that are different from those of other segments.

3- ACCOUNTS RECEIVABLE AND PREPAYMENTS

	2017	2016 (Restated - note 13)
	SR	SR
Trade accounts receivable	**101,738,890**	90,603,542
Accrued income	**5,008,635**	8,724,502
Provision against trade accounts receivable and accrued income	**(44,959,229)**	(37,055,023)
	61,788,296	62,273,021
Prepayments	**13,846,961**	18,067,168
Advances to suppliers	**15,686,907**	4,594,966
Employees' receivables	**2,051,292**	2,221,461
Margin deposits	**695,503**	924,355
Other receivables	**486,515**	261,597
	94,555,474	88,342,568

Movements in the provision against trade accounts receivable and accrued income are set out below:

	2017	2016
	SR	SR
At the beginning of the year	**37,055,023**	25,508,226
Charge for the year (note 11)	**7,904,206**	11,977,789
Written-off during the year	---	(430,992)
At the end of the year	**44,959,229**	37,055,023

As at 31 December 2017, trade accounts receivables and accrued income at nominal value of SR 44,959,229 (2016: SR 37,055,023) were impaired. The unimpaired trade accounts receivable and accrued income include SR 35,920,162 (2016: SR 42,554,571) which are past due, more than normal collection cycle, but not impaired. Unimpaired trade account receivables and accrued income are expected, on the basis of past experience, to be fully recoverable. It is not the practice of the Company to obtain collateral over receivables and the vast majority is therefore, unsecured. However, the Company has obtained promissory notes supporting unimpaired trade accounts receivable from individuals amounting to SR 8,621,739 as of 31 December 2017 (2016: SR 7,849,995).

4- PROPERTY AND EQUIPMENT

The estimated useful lives of the assets for the calculation of depreciation are as follows:

Buildings	10 years	Other fixed assets	10 years
Motor vehicles	4 to 6 years		
Leasehold improvements	Over shorter of economic life or lease term		

	Land	Buildings	Motor vehicles	Leasehold improvements	Other fixed assets	Total 2017	Total 2016
	SR	SR	SR	SR	SR	SR	SR
Cost:							
At the beginning of the year	88,012,550	3,580,044	779,933,293	4,577,534	22,613,645	**898,717,066**	938,016,507
Additions	---	852,940	228,926,105	580,298	2,638,258	**232,997,601**	324,978,176
Disposals	---	---	(300,577,563)	---	---	**(300,577,563)**	(358,969,940)
Adjustment	---	---	---	---	---	**---**	(5,307,677)
At the end of the year	88,012,550	4,432,984	708,281,835	5,157,832	25,251,903	**831,137,104**	898,717,066
Accumulated depreciation and impairment:							
At the beginning of the year	---	1,166,673	203,927,101	1,371,873	8,143,746	**214,609,393**	212,730,393
Depreciation charge for the year	---	381,682	147,173,467	478,976	2,328,178	**150,362,303**	184,560,610
Impairment loss (note 10)	---	---	1,555,508	---	---	**1,555,508**	1,072,949
Relating to disposals	---	---	(147,282,711)	---	---	**(147,282,711)**	(178,446,882)
Adjustment	---	244,759	---	(609,444)	364,685	**---**	(5,307,677)
At the end of the year	---	1,793,114	205,373,365	1,241,405	10,836,609	**219,244,493**	214,609,393
Net book amounts:							
At 31 December 2017	**88,012,550**	**2,639,870**	**502,908,470**	**3,916,427**	**14,415,294**	**611,892,611**	
At 31 December 2016	88,012,550	2,413,371	576,006,192	3,205,661	14,469,899		684,107,673

5- ACCOUNTS PAYABLE AND ACCRUALS

	2017	2016
	SR	SR
Trade accounts payable	**3,479,575**	3,452,518
Accrued expenses	**12,627,158**	11,971,926
Advances from customers	**4,290,985**	1,668,628
Other payables	**1,649,824**	403,433
	22,047,542	17,496,505

6- TERM LOANS

	2017	2016
	SR	SR
Long term loans	**273,731,315**	363,384,282
Less: current portion of long term loans	**(180,975,716)**	(226,220,492)
Term loans	**92,755,599**	137,163,790

The Company has obtained bank facilities from local banks in the form of term loans. These facilities are secured by personal guarantee from the shareholders.

The term loans are repayable over a period ranging from 24 to 36 months from the date of drawdown. The installments due in 2018 are shown within current liabilities.

7- RELATED PARTY TRANSACTIONS AND BALANCES

.Related parties of the Company include shareholders, Board of Directors, key management personnel and entities of which they are principal owners

The terms of the transactions with related parties are approved by the Company's management. Transactions with related parties are entered in the normal course of the Company's business. These balances are expected to be settled in the normal course of business. Pricing policies and terms of these transactions are at arm's length.

Transactions with related parties during the year and the balances as at end of the year are as follows:

	Nature of relationship	Nature of transactions	Amount of transactions		Balances	
			December 2017 SAR	December 2016 SAR	December 2017 SAR	December 2016 SAR
Investcorp Saudi Arabia Investments Co.	Shareholder	Revenue	**141,690**	202,500	**13,500**	---
Hamoud Abdullah AlTheeb	Shareholder	Revenue	**258,984**	222,398	**35,891**	386,031
Theeb Sons Co.	Other	Purchases	**(267,745)**	(215,390)	---	(3,870)
Mohammad Ahmad AlTheeb	Shareholder	Expenses	**(840,000)**	(280,000)	---	---
Nawaf Mohammad AlTheeb	Shareholder	Expenses	**(91,000)**	(91,000)	---	---
Madareem Co.	Other	Revenue	**342,000**	180,000	**35,000**	30,000
					84,391	412,161

8- ZAKAT

The zakat charge of the Company consists of:

	2017	2016
	SR	SR
Charge for the year	**1,014,789**	1,581,242
Adjustment for previous years	**---**	---
Charge for the year	**1,014,789**	1,581,242

Charge for the year

The current year charge is based on the following:

	2017	2016
	SR	SR
Shareholders equity	**324,347,415**	354,785,351
Opening allowances and other adjustments	**262,708,828**	164,955,042
Book value of long term assets	**(614,716,703)**	(684,107,673)
	(27,660,460)	(164,367,280)
Zakatable income for the year	**40,591,548**	63,249,687
Zakat base for the year	**12,931,088**	63,249,687
Zakat charge @ 2.5%	**1,014,789**	1,581,242

The differences between the financial and zakatable results are mainly due to provisions which are not allowed in the calculation of zakatable income.

Movement in provision during the year

	2017	2016
	SR	SR
At the beginning of the year	**3,840,295**	3,672,619
Charge for the year	**1,014,789**	1,581,242
Payments during the year	**(9)**	(1,413,566)
At the end of the year	**4,855,075**	3,840,295

Status of assessments

The Company finalized its zakat status and zakat due have been paid out according to zakat assessments issued for the years up to 2009.

Zakat returns were submitted for the years from 2010 to 2016, The General Authority of Zakat And Tax (“GAZT”) didn’t issue zakat assessment for these years yet.

9- SHARE CAPITAL

The share capital is divided into 15,390,200 shares of SR 10 each (2016: 15,390,200 shares of SR 10 each).

10- RENTAL AND OTHER DIRECT COSTS

	2017	2016
	SR	SR
Depreciation (note 4)	**146,637,378**	177,688,270
Employee costs	**50,694,680**	58,206,281
Rent expense	**27,538,165**	30,834,169
Insurance expense	**20,162,163**	23,112,927
Maintenance costs	**16,188,364**	19,350,954
Shipping expense	**4,472,243**	4,881,919
Bank charges	**3,726,237**	2,097,334
Advertising expense	**2,807,085**	3,512,424
Utilities expense	**2,198,538**	2,637,221
Impairment loss (note 4)	**1,555,508**	1,072,949
Other expenses	**8,439,271**	6,023,501
	284,419,632	329,417,949

11- GENERAL AND ADMINISTRATION EXPENSES

	2017	2016
	SR	SR
Employee costs	**27,297,135**	30,328,946
Provision against trade accounts receivable and accrued income (note 3)	**7,904,206**	11,977,789
Write-off trade accounts receivable	**9,583,076**	---
Depreciation (note 4)	**3,724,925**	6,872,340
Professional fees	**1,991,253**	962,342
Governmental fees	**1,725,565**	1,153,164
Utilities expense	**914,735**	1,097,255
Hospitality costs	**701,933**	953,803
Maintenance costs	**377,104**	730,011
Other expenses	**1,140,752**	1,208,296
	55,360,684	55,283,946

12- EARNINGS PER SHARE

Earnings per share have been calculated by dividing the income from main operations and net income for the year by the weighted average number of ordinary shares outstanding during the year.

13- EMPLOYEES TERMINAL BENEFITS

The movement in the provision for employees' end of service benefits during the year were as follows:

	2017	2016
	SR	SR
At the beginning of the year	**24,472,432**	20,593,527
Charge for the year	**2,709,585**	4,212,734
Payments during the year	**(7,048,024)**	(333,829)
At the end of the year	**20,133,993**	24,472,432

14- RISK MANAGEMENT

Special commission rate risk

Special commission rate risk is the risk that the value of financial instruments will fluctuate due to changes in the market special commission rates. The Company is subject to special commission rate risk on its special commission bearing liabilities, including term loans. Management regularly monitors market special commission rates to mitigate special commission rate risk of the Company.

Credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and will cause the other party to incur a financial loss. The Company seeks to limit its credit risk with respect to customers by setting credit limits for individual customers and by monitoring outstanding receivables.

Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in raising funds to meet commitments associated with financial instruments. Liquidity risk may result from an inability to sell a financial asset quickly at an amount close to its fair value. The Company manages its liquidity risk by ensuring that bank facilities are available. The Company's terms of sales require amounts to be paid at the time of billing. Trade payables are normally settled within 60 days of the date of purchase.

Currency risk

Currency risk is the risk that the value of financial instruments will fluctuate due to changes in foreign exchange rates. Management believes that the Company is not subject to significant fluctuations in foreign exchange rates in the normal course of its business since the Company neither undertakes significant transactions nor has significant monetary assets and liabilities in currencies other than Saudi Riyals.

15 FAIR VALUES OF FINANCIAL INSTRUMENTS

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. 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 Company. The fair value of an asset or a liability is measured using assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits 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.

Financial assets consist of bank balances and cash and accounts receivable and other receivables. Financial liabilities consist of bank overdrafts, term loans, notes payable and accounts payable and accruals. The fair values of financial instruments of the Company at the reporting date are not materially different from their carrying amounts.

16- KEY SOURCES OF ESTIMATION AND UNCERTAINTY

Impairment of accounts receivable and accrued income

An estimate of the collectible amount of trade accounts receivable and accrued income is made when collection of the full amount is no longer probable. For individually significant amounts, this estimation is performed on an individual basis. Amounts which are not individually significant, but which are past due, are assessed collectively and a provision applied according to the length of time past due, based on historical recovery rates.

At the balance sheet date, gross trade accounts receivable and accrued income were SR 106,747,525 (2016: SR 99,328,044), and a provision amounting to SR 44,959,035 (2016: SR 37,055,023) was maintained against them. Any difference between the amounts actually collected in future years and the amounts estimated to be collected will be recognized in the statement of income.

Going concern

The Company's management has made an assessment of the Company's ability to continue as a going concern and is satisfied that the Company has the resources to continue in business for the foreseeable future. Furthermore, the management is not aware of any material uncertainties that may cast significant doubt upon the Company's ability to continue as a going concern. Therefore, the financial statements continue to be prepared on the going concern basis.

Useful lives of property and equipment

The Company's management determines the estimated useful lives of property and equipment for calculating depreciation. This estimate is determined after considering the expected usage of the asset or physical wear and tear.

Management reviews the useful lives annually and future depreciation charge would be adjusted where the management believes the useful lives differ from previous estimates.

Impairment of property and equipment

Management reviews the carrying values of property and equipment for impairment when events or changes in circumstances indicate the carrying value may not be recoverable. If any such indication exists and where the carrying values exceed the estimated recoverable amount, the assets are written down to their recoverable amount, being the higher of their fair value less costs to sell and their value in use. The excess of carrying value over the estimated recoverable amount is charged to the statement of income.

17- SEGMENTAL REPORTING

Consistent with the Company's internal reporting process, business segments have been approved by the Board of Directors in respect of the Company's activities. The Company's assets, liabilities and costing records are not detailed enough to produce a split of assets, liabilities and costs, respectively, between segments and these are not accordingly bifurcated. Management, however, monitors the following details on a segment wise basis.

31 December 2017	Rental	Lease	Total
	SR	SR	SR
Revenue	316,185,281	82,979,969	**399,165,250**
Loss on sale of property and equipment – motor vehicles	(14,974,351)	(1,402,454)	**(16,376,805)**
Depreciation expense – motor vehicles	115,711,527	34,650,776	**150,362,303**
Property and equipment – motor vehicles	232,470,731	270,487,739	**502,958,470**

31 December 2016	Rental	Lease	Total
	SR	SR	SR
Revenue	422,625,569	46,407,349	**469,032,918**
Loss on sale of property and equipment – motor vehicles	(18,226,382)	(309,208)	**(18,535,590)**
Depreciation expense – motor vehicles	(162,021,078)	(19,742,760)	**(181,763,838)**
Property and equipment – motor vehicles	432,870,806	143,135,386	**576,006,192**

The following summary describes the operations in each of the Company's reportable segments:

a. Rental segment represent activities involving leasing of cars to customers under short term rental arrangements (daily and monthly).

b. Lease segment represent activities involving leasing of cars to customers under medium to longer term operating lease arrangements.

18- DIVIDENDS

During 2017, a dividend of SR 0.85 per share totaling SR 13,000,000(2016: SR 2.89 per share totaling SR 44,500,000) was paid to the shareholders. On 14 January 2018, an interim dividend of SR 0.42 per share totaling SR 6,500,000 was proposed.

19- CONTINGENT LIABILITIES

The company issued letters of guarantees amounting to SR 6,326,981 as at December 2017 in relation to its operations.

20-COMPARATIVE FIGURES

Certain of prior year amounts have been reclassified to conform with the presentation in the current year.

21- APPROVAL OF FINANCIAL STATEMENTS

The Company's financial statements have been approved by the Board of Directors on 4 Rajab 1439H (corresponding to 20 March 2018).

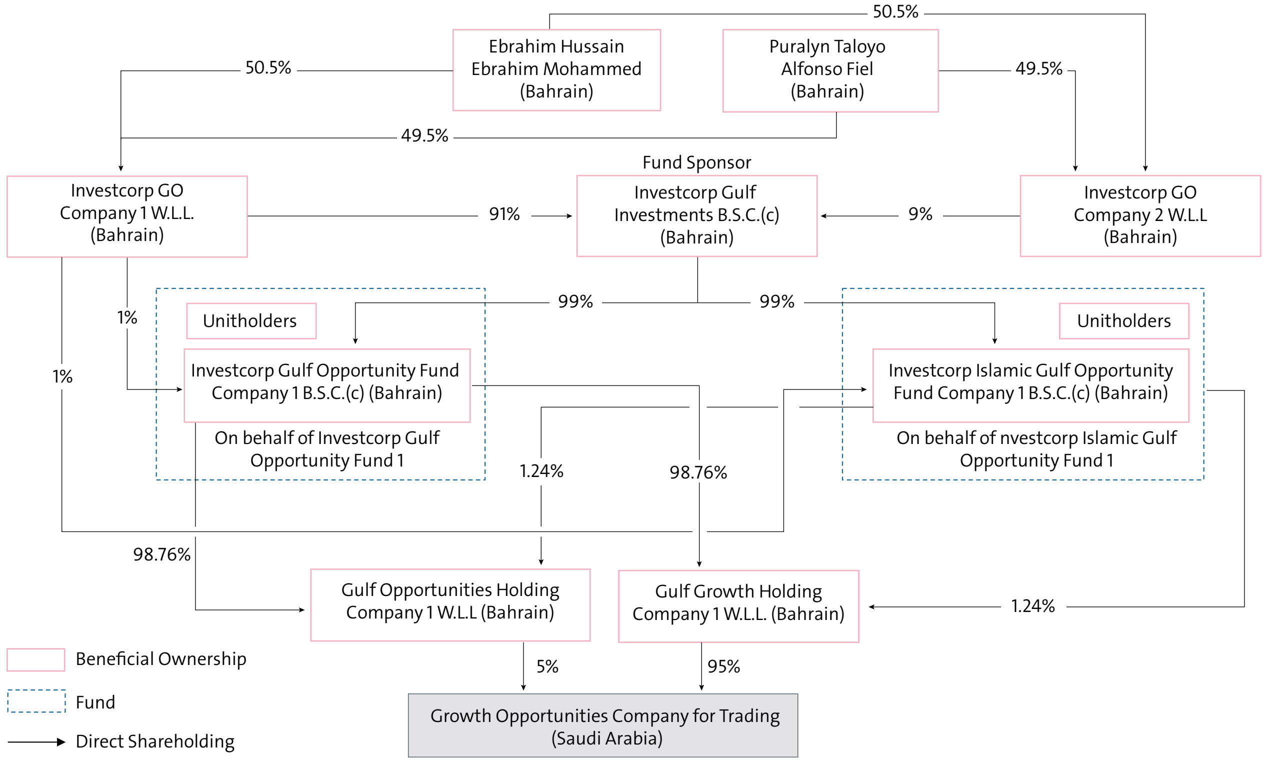
APPENDIX (A)

This Appendix contains more detailed information regarding the shareholding structure of Growth Opportunities Company for Trading, a Saudi limited liability company registered under commercial registration No. 1010378325, dated 30/7/1434H (corresponding to 8 June 2013G). The head office of the Growth Opportunities Company for Trading's is located in Alfaisaliah Tower, P.O. Box 61992, Riyadh 11575, Kingdom of Saudi Arabia. The current share capital of Growth Opportunities is SAR 100,000, divided into 1,000 shares with a fully paid nominal value of SAR 100 per share.

The principal activities of Growth Opportunities Company for Trading are implementing general construction contracts, maintenance and services of import, export and marketing. As of the date of this Prospectus, Growth Opportunities Company for Trading operates primarily as a holding company holding 12,900,000 Shares in the Company (representing 30% of its capital). There are no operating revenues or operating activities attributed to Growth Opportunities Company for Trading. In addition, the company does not conduct any operating activity.

The following chart sets out the ownership structure of Growth Opportunities Company for Trading as of the date of this Prospectus:

Exhibit A.1: Ownership Structure of Growth Opportunities Company for Trading as of the Date of this Prospectus



Source: The Company

The following table sets out the ownership structure of Growth Opportunities Company for Trading as of the date of this Prospectus:

Table A.1: Ownership Structure of Growth Opportunities Company for Trading as of the date of this Prospectus

Shareholder	No. of Shares	Nominal Value (SAR)	Value of Shares (SAR)	Ownership Percentage
Gulf Growth Holding Company 1 W.L.L.	950	100	95,000	95%
Gulf Opportunities Holding Company 1 W.L.L.	50	100	5,000	5%
Total	**1,000**		**100,000**	**100%**

Source: The Company

The ownership structure of the Company is in compliance with the Foreign Investment Act (the "FIA") and the other relevant regulations whereby business entities are not required to obtain an investment licence from the Saudi Arabian General Investment Authority (SAGIA) if they are whollyowned by GCC nationals or companies established within the GCC that are whollyowned by GCC nationals (Article 3 of the GCC Economic Agreement).

The licensing requirements of the FIA are not applicable to business entities that are wholly owned by: (a) GCC nationals; and (b) companies established within the GCC that are whollyowned by GCC nationals. Moreover, the licensing requirements of the FIA are only applicable to foreign investments made by way of legal ownership of the underlying equity interest, whether directly or indirectly, as evidenced by the relevant constitutional documents.

Accordingly, the licensing requirements of the FIA are not applicable to the Company given that all of the direct and indirect shareholders of the Company are either GCC nationals, or are companies that were established within the GCC and whose shareholders consist wholly of GCC nationals pursuant to their respective constitutional documents.

Descriptions of the shareholders of the Growth Opportunities Company for Trading are set out below:

A1. GULF GROWTH HOLDING COMPANY 1 W.L.L.

A1.1 Overview of Ownership Structure of Gulf Growth Holding Company 1 W.L.L.

Gulf Growth Holding Company 1 W.L.L. is a Bahraini limited liability company, registered in the Kingdom of Bahrain under commercial registration No.85191-1, dated 11/06/1434H (corresponding to 21 April 2013G). The head office of the Gulf Growth Holding Company 1 W.L.L. is located in Flat 32, Building 499, Road 1706, Diplomatic Area 317, Kingdom of Bahrain. The current share capital of the company is BHD 250,000 (equivalent to SAR 2,500,000) divided into 5,000 shares with a fully paid up nominal value of BHD 50 (equivalent to SAR 500) per share.

As of the date of this Prospectus, Gulf Growth Holding Company 1 W.L.L. operates primarily as a holding company holding 950 shares in Growth Opportunities Company for Trading (representing 95% of its capital). Gulf Growth Holding Company 1 W.L.L. is a special purpose vehicle used in the legal structure of Investcorp Gulf Opportunity Fund I and Investcorp Islamic Gulf Opportunity Fund I.

As of the date of this Prospectus, Gulf Growth Holding Company 1 W.L.L. is a beneficial owner holding 28.5% of the Shares in the Company. After the Offering, it will beneficially own 19.95% of the Shares in the Company. 98.76% of the above Beneficial Ownership through Gulf Growth Holding Company 1 W.L.L. is held by Investcorp Gulf Opportunity Fund Company 1 B.S.C.(c), the fund company established in relation to Investcorp Gulf Opportunity Fund I, and 1.24% of the above Beneficial Ownership through Gulf Growth Holding Company 1 W.L.L. is held by Investcorp Islamic Gulf Opportunity Fund Company 1 B.S.C.(c), the fund company established in relation to Investcorp Islamic Gulf Opportunity Fund I.

The following table sets out the ownership structure of Gulf Growth Holding Company 1 W.L.L. as of the date of this Prospectus:

Table A.2: Ownership Structure of Gulf Growth Holding Company 1 W.L.L. as of the Date of this Prospectus

Shareholder	No. of Shares	Value of Shares (BHD)	Value of Shares (SAR)	Ownership Percentage
Investcorp Gulf Opportunity Fund Company 1 B.S.C.(c)	4,938	246,900	2,469,000	98.76%
Investcorp Islamic Gulf Opportunity Fund Company 1 B.S.C.(c)	62	3,100	31,000	1.24%
Total	**5,000**	**250,000**	**2,500,000**	**100%**

Source: The Company

Descriptions of the shareholders of the Gulf Growth Holding Company 1 W.L.L. are set out below:

A1.1.1 Investcorp Gulf Opportunity Fund Company 1 B.S.C.(c)

Investcorp Gulf Opportunity Fund Company 1 B.S.C.(c) is a closed joint stock company with commercial registration No. 67221-1, incorporated in Bahrain on 26/11/1428H (corresponding to 6 December 2007G). Investcorp Gulf Opportunity Fund Company 1 B.S.C.(c) was formed for the sole purpose of establishing Investcorp Gulf Opportunity Fund I, which is a Bahrain domiciled closedended exempt collective investment undertaking registered with the Central Bank of Bahrain. Investcorp Gulf Opportunity Fund Company 1 B.S.C.(c) holds the fund's assets on behalf of the fund.

The principal purpose of Investcorp Gulf Opportunity Fund I is to invest within the Gulf Cooperation Council countries and, on a selective basis, the wider MENA region, including Turkey.

Investcorp Gulf Opportunity Fund Company 1 B.S.C.(c) does not conduct any activities other than those directly related to Investcorp Gulf Opportunity Fund I, and it does not compete with the Company's business. Investcorp Gulf Opportunity Fund Company 1 B.S.C.(c) is a 99% owned subsidiary of Investcorp Gulf Investments B.S.C.(c) (the fund operator), with the other 1% being owned by Investcorp GO Company 1 W.L.L.

The following table sets out the shareholding in Investcorp Gulf Opportunity Fund Company 1 B.S.C.(c) as of the date of this Prospectus:

Table A.3: Shareholding Structure of Investcorp Gulf Opportunity Fund Company 1 B.S.C.(c) as of the Date of this Prospectus

Shareholder	No. of Shares	Value of Shares (BHD)	Value of Shares (SAR)	Ownership Percentage
Investcorp Gulf Investments B.S.C.(c).	99	990	9,900	99%
Investcorp GO Company 1 W.L.L.	1	10	100	1%
Total	**100**	**1,000**	**10,000**	**100%**

Source: The Company

Descriptions of the shareholders of Investcorp Gulf Opportunity Fund Company 1 B.S.C.(c) are set out below:

Investcorp Gulf Investments B.S.C.(c)

Investcorp Gulf Investments B.S.C.(c) is registered under commercial registration No. 66923-1 dated 26/10/1428H (corresponding to 7 November 2007G). The head office of the Investcorp Gulf Investments B.S.C.(c) is located in Flat 42, Building 499, Road 1706, Diplomatic Area 317, Kingdom of Bahrain. The current share capital of the company is BHD 250,000 (equivalent to SAR 2,500,000) divided into 25,000 shares with a fully paid up nominal value of BHD 10 (equivalent to SAR 100) per share. Investcorp Gulf Investments B.S.C.(c) is licensed by the Central Bank of Bahrain as Investment Business Firm – category 2 and whose sole purpose is to act as a promoter of investment funds. In particular, the main activities for this category are acting as an agent, arranging, conducting management and maintenance, providing advisory, and operating collective investment undertakings.

As of the date of this Prospectus, Investcorp Gulf Investments B.S.C.(c) operates, among other funds, as an investment fund promoter and holds 99 Shares in Investcorp Gulf Opportunity Fund Company 1 B.S.C.(c) (representing 99% of its capital) and 99 Shares in Investcorp Islamic Gulf Opportunity Fund Company 1 B.S.C.(c) (representing 99% of its capital).

The following table sets out the shareholding structure of Investcorp Gulf Investments B.S.C.(c) as of the date of this Prospectus:

Table A.4: The Shareholding Structure of Investcorp Gulf Investments B.S.C.(c) as of the Date of this Prospectus

Shareholder	No. of Shares	Value of Shares (BHD)	Value of Shares (SAR)	Ownership Percentage
Investcorp GO Company 1 W.L.L.	22,750	227,500	2,275,000	91%
Investcorp GO Company 2 W.L.L.	2,250	22,500	225,000	9%
Total	**25,000**	**250,000**	**2,500,000**	**100%**

Source: The Company

Descriptions of the shareholders of the Investcorp Gulf Investments B.S.C.(c) are set out below:

Investcorp GO Company 1 W.L.L.

Investcorp GO Company 1 W.L.L. is registered under commercial registration No. 66849-1 dated 18/10/1428H (corresponding to 30 October 2007G). The head office of the Investcorp GO Company 1 W.L.L. is located in Flat 1, Building 499, Road 1706, Diplomatic Area 317, Kingdom of Bahrain. The current share capital of the company is BHD 20,000 (equivalent to SAR 200,000) divided into 400 shares with a fully paid up nominal value of BHD 50 (equivalent to SAR 500) per share.

As of the date of this Prospectus, Investcorp GO Company 1 W.L.L. serves primarily as a holding company holding shares in Investcorp Gulf Opportunity Fund Company 1 B.S.C.(c), Investcorp Islamic Gulf Opportunity Fund Company 1 B.S.C.(c), and Investcorp Gulf Investments B.S.C.(c).

The following table sets out the shareholding structure of the Investcorp GO Company 1 W.L.L. as of the date of this Prospectus:

Table A.5: The Shareholding Structure of the Investcorp GO Company 1 W.L.L. as of the Date of this Prospectus

Shareholder	No. of Shares	Value of Shares (BHD)	Value of Shares (SAR)	Ownership Percentage
Ebrahim Hussain Ebrahim Mohammed	202	10,100	101,000	50.5%
Puralyn Taloyo Alfonso Fiel.	198	9,900	99,000	49.5%
Total	**400**	**20,000**	**200,000**	**100%**

Source: The Company

Descriptions of the shareholders of the Investcorp GO Company 1 W.L.L. are set out below:

Ebrahim Hussain Ebrahim Mohammed

Mr. Ebrahim Hussain Ebrahim Mohammed, a Bahraini national, holds shares in Investcorp GO Company 1 W.L.L. and Investcorp GO Company 2 W.L.L. as a nominee for Investcorp Holdings B.S.C. pursuant to a nominee arrangement. All voting and management rights with respect to these shares have been delegated to the representatives of Investcorp Management Services Limited ("**Fund Manager**") acting as fund manager pursuant to a power of attorney. The purpose of the power of attorney is to enable the Fund Manager to direct the voting of the legal shares in the best interests of Investcorp Gulf Opportunity Fund I and Investcorp Islamic Gulf Opportunity Fund I and the unitholders.

Puralyn Taloyo Alfonso Fiel

Mrs. Puralyn Taloyo Alfonso Fiel, a Bahraini national, holds shares in Investcorp GO Company 1 W.L.L. and Investcorp GO Company 2 W.L.L. as a nominee for Investcorp Holdings B.S.C. pursuant to a nominee arrangement. All voting and management rights with respect to these shares have been delegated to the representatives of Investcorp Management Services Limited, which is a subsidiary wholly owned by Investcorp Holding B.S.C. acting as fund manager of the Investcorp Opportunity Fund I pursuant to a power of attorney. The purpose of the power of attorney is to enable the Fund Manager to direct the voting of the legal shares in the best interests of Investcorp Gulf Opportunity Fund I and Investcorp Islamic Gulf Opportunity Fund I and the unitholders.

Under the Bahraini legislative framework, the direct and beneficial shareholders of Investcorp Gulf Opportunity Fund Company 1 B.S.C.(c) do not have any rights over the assets of Investcorp Gulf Opportunity Fund Company 1 B.S.C.(c) other than the share capital of BHD 1,000, whether during the life of Investcorp Gulf Opportunity Fund I or upon its liquidation, and the direct and beneficial shareholders of Investcorp Islamic Gulf Opportunity Fund Company 1 B.S.C.(c) do not have any rights over the assets of Investcorp Islamic Gulf Opportunity Fund Company 1 B.S.C.(c) other than the share capital of BHD 1,000, whether during the life of Investcorp Islamic Gulf Opportunity Fund I or upon its liquidation. In both instances, this is achieved by way of a contractual, not structural, arrangements. As per the Bahraini Collective Investment Undertakings Regulations ("**CIU Regulations**"), the assets, financial instruments and investments of Investcorp Gulf Opportunity Fund I are held by the custodian for and on behalf of Investcorp Gulf Opportunity Fund I, and the assets, financial instruments and investments of Investcorp Islamic Gulf Opportunity Fund I are held by the custodian for and on behalf of Investcorp Islamic Gulf Opportunity Fund I.

Investcorp GO Company 2 W.L.L.

Investcorp GO Company 2 W.L.L. is registered under commercial registration No. 66848-1 dated 18/10/1428H (corresponding to 30 October 2007G). The head office of the Investcorp GO Company 2 W.L.L. is located in Diplomatic Area, Kingdom of Bahrain. The current share capital of the company is BHD 20,000 (equivalent to SAR 200,000) divided into 400 shares with a fully paid up nominal value of BHD 50 (equivalent to SAR 500) per share.

As of the date of this Prospectus, Investcorp GO Company 2 W.L.L. serves as a holding company holding shares in Investcorp Gulf Investments B.S.C.(c). due to the requirement of the Bahrain Commercial Companies Law issued by the Decree-law No. 21 of 2001G ("**Bahraini Companies Law**") that a Bahrain shareholding company (closed) should have at least two shareholders.

The following table sets out the shareholding structure of the Investcorp GO Company 2 W.L.L. as of the date of this Prospectus:

Table A.6: Shareholding Structure of the Investcorp GO Company 2 W.L.L. as of the Date of this Prospectus

Shareholder	No. of Shares	Value of Shares (BHD)	Value of Shares (SAR)	Ownership Percentage
Ebrahim Hussain Ebrahim Mohammed	202	10,100	101,000	50.5%
Puralyn Taloyo Alfonso Fiel.	198	9,900	99,000	49.5%
Total	**400**	**20,000**	**200,000**	**100%**

Source: The Company

Descriptions of the shareholders of the Investcorp GO Company 2 W.L.L., Ebrahim Hussain Ebrahim Mohammed and Puralyn Taloyo Fiel, are set out above.

A1.1.2 Investcorp Islamic Gulf Opportunity Fund Company 1 B.S.C.(c)

Investcorp Islamic Gulf Opportunity Fund Company 1 B.S.C.(c) is a closed joint stock company with commercial registration No. 67463-1 incorporated in Bahrain on 28/12/1428H (corresponding to 7 January 2008G). Investcorp Islamic Gulf Opportunity Fund Company 1 B.S.C.(c) was formed for the sole purpose of establishing Investcorp Islamic Gulf Opportunity Fund I, which is a Bahrain domiciled closedended exempt collective investment undertaking registered with the Central Bank of Bahrain. The principal purpose of Investcorp Islamic Gulf Opportunity Fund I is to invest in companies within the Gulf Cooperation Council countries and, on a selective basis, the wider MENA region, including Turkey, on a Sharia'hcompliant basis, and in parallel with Investcorp Gulf Opportunity Fund I.

Investcorp Islamic Gulf Opportunity Fund Company 1 B.S.C.(c) does not conduct any activities other than those directly related to Investcorp Islamic Gulf Opportunity Fund I, and it does not compete with the Company's business. Investcorp Islamic Gulf Opportunity Fund Company 1 B.S.C.(c) is a 99% owned subsidiary of Investcorp Gulf Investments B.S.C.(c) (the fund operator), with the other 1% being owned by Investcorp GO Company 1 W.L.L.

The following table sets out the shareholding structure of the Investcorp Islamic Gulf Opportunity Fund Company 1 B.S.C.(c) as of the date of this Prospectus:

Table A.7: Shareholding Structure of the Investcorp Islamic Gulf Opportunity Fund Company 1 B.S.C.(c) as of the Date of this Prospectus

Shareholder	No. of Shares	Value of Shares (BHD)	Value of Shares (SAR)	Ownership Percentage
Investcorp Gulf Investments B.S.C.(c).	99	990	9,900	99%
Investcorp GO Company 1 W.L.L.	1	10	100	1%
Total	**100**	**1,000**	**10,000**	**100%**

Source: The Company

Descriptions of the shareholders of Investcorp Islamic Gulf Opportunity Fund Company 1 B.S.C.(c) are set out above.

A1.2 Overview of Investment Funds in the Ownership Structure of Gulf Growth Holding Company 1 W.L.L.

A1.2.1 Investcorp Gulf Opportunity Fund I

Investcorp Gulf Opportunity Fund I is a closedended exempt investment fund established according to the CIU Regulations and registered with the Central Bank of Bahrain. The unitholders of Investcorp Gulf Opportunity Fund I do not have any management control over the decisions of Investcorp Gulf Opportunity Fund I. The Fund Manager is responsible for making all investment and management decisions in connection with investments made by Investcorp Gulf Opportunity Fund I. The fund administrator and custodian are responsible for undertaking all administrative and custodial actions in connection with Investcorp Gulf Opportunity Fund I. The rights of unitholders in Investcorp Gulf Opportunity Fund I are limited to the right to receive proceeds as described in the private placement memorandum prepared in relation to Investcorp Gulf Opportunity Fund I and other limited rights that are described in the documents and instruments pursuant to which Investcorp Gulf Opportunity Fund I was created. While the unitholders in Investcorp Gulf Opportunity Fund I have economic exposure to all the assets of which Investcorp Gulf Opportunity Fund Company 1 B.S.C.(c) is the legal owner on behalf of Investcorp Gulf Opportunity Fund I, including any investments made by Investcorp Gulf Opportunity Fund Company 1 B.S.C.(c) on behalf of Investcorp Gulf Opportunity Fund I (such as the stake of Investcorp Gulf Opportunity Fund Company 1 B.S.C.(c) in Gulf Growth Holding Company 1 W.L.L.), the unitholders are not entitled to any of the rights set out in the Companies Law, the CML or its implementing regulations issued thereunder or the Company's Bylaws including the right to vote or any rights conferred by the Shares to the Shareholders. Moreover, pursuant to the terms and conditions of Investcorp Gulf Opportunity Fund I, its unitholders have no contractual right to receive the Shares in the Company.

Pursuant to the CIU Regulations, Bahrain domiciled collective investment undertakings/funds may be constituted either as common collective investment undertakings established under the law governing the contract, trusts established under the Financial Trusts Law issued by the Decree-law No. 23 of 2016G (the "Financial Trusts Law"), or corporates established under the Companies Law. Because having no legal personality, each Bahrain domiciled collective investment undertaking/fund must have a separate legal entity to hold assets for and on behalf of the undertaking/fund.

Investcorp Gulf Opportunity Fund I has been established as an exempt collective investment undertaking pursuant to the CIU Regulations as a contractual arrangement between Investcorp Gulf Opportunity Fund Company 1 B.S.C.(c) and the investors. This is the most common form of fund structure in Bahrain and would fall under the category of common collective investment undertakings as described above. Investcorp Gulf Opportunity Fund I does not have a separate legal status, and the investors have subscribed to the units in Investcorp Gulf Opportunity Fund I and not to the shares in Investcorp Gulf Opportunity Fund Company 1 B.S.C.(c). As Investcorp Gulf Opportunity Fund I does not have separate legal status, any investments and contractual arrangements are made by Investcorp Gulf Opportunity Fund Company 1 B.S.C.(c) (in its capacity as the legal entity which has established Investcorp Gulf Opportunity Fund I) acting on behalf of Investcorp Gulf Opportunity Fund I. Investcorp Gulf Opportunity Fund Company 1 B.S.C.(c) is the legal owner of the 98.76% ownership interest in Gulf Growth Holding Company 1 W.L.L. However, under the Bahraini laws applicable to Investcorp Gulf Opportunity Fund I, the direct and beneficial shareholders of Investcorp Gulf Opportunity Fund Company 1 B.S.C.(c) do not have any rights over the assets or the management of Investcorp

Gulf Opportunity Fund I, whether during the life of Investcorp Gulf Opportunity Fund I or upon its liquidation. As per the CIU Regulations, the assets, financial instruments and investments of Investcorp Gulf Opportunity Fund I are held by the custodian for and on behalf of Investcorp Gulf Opportunity Fund I (this is achieved by way of a contractual, not structural, arrangement). As a result, despite being the legal owner, Investcorp Gulf Opportunity Fund Company 1 B.S.C.(c) does not beneficially own any assets on its own (or its shareholders') behalf. All payments and receipts of finances pertaining to Investcorp Gulf Opportunity Fund I are made by the custodian, who will not release any funds to the shareholders of Investcorp Gulf Opportunity Fund Company 1 B.S.C.(c). Upon liquidation, in accordance with the above, the remaining assets of Investcorp Gulf Opportunity Fund I will be distributed to only the unitholders of Investcorp Gulf Opportunity Fund I. In addition, the liquidation of Investcorp Gulf Opportunity Fund I requires a number of approvals from the unitholders as well as the Central Bank of Bahrain.

The board of directors of Investcorp Gulf Opportunity Fund Company 1 B.S.C.(c) is responsible for the overall management and supervision of Investcorp Gulf Opportunity Fund I. Subject to the prior approval of the Central Bank of Bahrain, the directors of Investcorp Gulf Opportunity Fund (which are the directors of Investcorp Gulf Opportunity Fund Company 1 B.S.C.(c)) are nominated and appointed by Investcorp Gulf Investments B.S.C.(c) (as the fund operator), who must notify the Central Bank of Bahrain when a board member submits his resignation from his position or if his membership is terminated, together with a detailed explanation as to the relevant reasons. Removal of a board member of Investcorp Gulf Opportunity Fund Company 1 B.S.C.(c) shall need a shareholders resolution to be passed at the shareholders meeting in accordance with the Bahrain Commercial Companies Law and the relevant Articles of Association. The Central Bank of Bahrain and the Ministry of Industry, Commerce and Tourism must be invited to all shareholders meetings.

The CIU Regulations require that an operator of a Bahrain domiciled fund must hold an appropriate licence issued by the Central Bank of Bahrain or by a financial service regulator of an overseas jurisdiction. The operator of Investcorp Gulf Opportunity Fund I is duly licensed as an investment business firm – category 2 by the Central Bank of Bahrain and is authorised to operate a collective investment undertaking. In particular, the main activities for this category are acting as an agent, arranging, conducting management and custody, providing advisory, and operating collective investment funds.

Investcorp Financial Services B.S.C. provides administration, custody and registry services to Investcorp Gulf Opportunity Fund I and is duly licensed to do so. Investcorp Gulf Opportunity Fund I is managed by Investcorp Management Services Limited.

The following summarises the key information related to Investcorp Gulf Opportunity Fund I:

Date of Registration and Term: Investcorp Gulf Opportunity Fund I was registered on 12/10/1428H (corresponding to 22 November 2007G) with the Central Bank of Bahrain. The agreement on purchase of shares in the company was implemented by Investcorp Gulf Opportunity Fund Company 1 B.S.C.(c) on behalf of Investcorp Gulf Opportunity Fund I on 17/1/1430H (corresponding to 14 January 2009G). The duration of Investcorp Gulf Opportunity Fund I is ten Gregorian years renewable, with the Fund Manager having the right to extend the term for up to two additional years to permit an orderly dissolution of Investcorp Gulf Opportunity Fund I. On 26/10/1438H (corresponding to 20 July 2017G), the Manager of Investcorp Gulf Opportunity Fund Company 1 B.S.C.(c), in accordance with the Fund's terms and conditions, extended the term of Investcorp Gulf Opportunity Fund I for two additional Gregorian years to 20 July 2019G. On 17/01/1441H (corresponding to 30 September 2019G), unitholders owning the requisite majority of units in Investcorp Gulf Opportunity Fund I consented to a further extension of the Fund's term to 27/05/1443H (corresponding to 31 December 2021G).

Investment Objective: The investment objective of Investcorp Gulf Opportunity Fund I is to generate medium to longterm capital appreciation through new equity and equity related investments in "Greenfield" opportunities and acquisition of majority or possibly minority interests in well established businesses within the GCC countries and the wider MENA region, including Turkey. Moreover, Investcorp Gulf Opportunity Fund I may pursue investment in public equity opportunities as well as acquisition of small international firms with significant growth potential in the Arabian Gulf.

Exit Strategy: Investcorp Gulf Opportunity Fund I seeks to exit investments through various mediums including initial public offerings, trade sales to local, regional or foreign investors and sales to other private equity investors before the expiration of its term (including the twoyear extension period described above). There is no default mechanism in place as of the date of this Prospectus for the liquidation of Investcorp Gulf Opportunity Fund I at the expiration of its term.

Board of Directors: The Board of Directors of Investcorp Gulf Opportunity Fund Company 1 B.S.C.(c) is comprised of three individuals (Ayman Husain Mansoor AlArrayedh, Rohit Nanda and Syed Abbas Marghoob Rizvi). Moreover, none of the directors have any legal or Beneficial Ownership in the Company.

Investcorp Gulf Opportunity Fund Company 1 B.S.C.(c) maintains a diversified base of investors who have subscribed for units in Investcorp Gulf Opportunity Fund I. Through the legal structure of Investcorp Gulf Opportunity Fund I, its unitholders have economic exposure to 28.15% of the Shares in the Company as of the date of this Prospectus and will have economic exposure to only 19.70% after the Offering. There is no single unitholder in Investcorp Gulf Opportunity Fund I having economic exposure to 5% or more of the Shares in the Company.

A1.2.2 Investcorp Islamic Gulf Opportunity Fund I

Investcorp Islamic Gulf Opportunity Fund I is a closed ended exempt investment fund established according to the CIU Regulations and registered with the Central Bank of Bahrain. Investcorp Islamic Gulf Opportunity Fund I can be described as a joint investment program that aims to give its investors an opportunity to collectively partake in the profits of the Investcorp Islamic Gulf Opportunity Fund I. The unitholders of Investcorp Islamic Gulf Opportunity Fund I do not have any management control over the decisions of Investcorp Islamic Gulf Opportunity Fund I. The Fund Manager is responsible for making all investment decisions in connection with investments of Investcorp Islamic Gulf Opportunity Fund 1 B.S.C. (c) (Investcorp Management Services Limited). The fund administrator and custodian are responsible for undertaking all administrative and custodial actions in connection with Investcorp Islamic Gulf Opportunity Fund I. The rights of unitholders in Investcorp Islamic Gulf Opportunity Fund I are limited to the right to receive proceeds as described in the private placement memorandum prepared in relation to Investcorp Islamic Gulf Opportunity Fund I and other limited rights that are described in the documents and instruments pursuant to which Investcorp Islamic Gulf Opportunity Fund I was created. While the unitholders in Investcorp Islamic Gulf Opportunity Fund I have economic exposure to all the assets of which Investcorp Islamic Gulf Opportunity Fund Company 1 B.S.C.(c) is the legal owner on behalf of Investcorp Islamic Gulf Opportunity Fund I, including any equity investments made by Investcorp Islamic Gulf Opportunity Fund Company 1 B.S.C.(c) on behalf of Investcorp Islamic Gulf Opportunity Fund I (such as the stake of the Investcorp Islamic Gulf Opportunity Fund Company 1 B.S.C.(c) in the Gulf Growth Holding Company 1 W.L.L.), the unitholders do not enjoy any of the rights set out in the Bahraini Companies Law, the CML or its implementing regulations issued thereunder or the Company's Bylaws including the right to vote or any rights conferred by the Shares to the Shareholders. Moreover, pursuant to the terms and conditions of Investcorp Islamic Gulf Opportunity Fund I, its unitholders have no contractual right to receive the Shares in the Company.

Pursuant to the CIU Regulations, Bahrain domiciled collective investment undertakings/funds may be constituted either as common collective investment undertakings established under the law governing the contract, trusts established under the Financial Trusts Law, or corporates established under the Companies Law. Because having no legal personality, each Bahrain domiciled collective investment undertaking/fund must have a separate legal entity to hold assets for and on behalf of the undertaking/fund.

Investcorp Islamic Gulf Opportunity Fund I has been established as an exempt fund pursuant to the CIU Regulations as a contractual arrangement between Investcorp Islamic Gulf Opportunity Fund Company 1 B.S.C.(c) and the investors. This is the most common form of fund structure in Bahrain and falls under the category of common collective investment undertakings as described above. Investcorp Islamic Gulf Opportunity Fund I does not have a separate legal status, and the investors have subscribed to the units in Investcorp Islamic Gulf Opportunity Fund I and not to the shares in Investcorp Islamic Gulf Opportunity Fund Company 1 B.S.C.(c). As Investcorp Islamic Gulf Opportunity Fund I does not have separate legal status, any investments and contractual arrangements are made by Investcorp Islamic Gulf Opportunity Fund Company 1 B.S.C.(c) (in its capacity as the legal entity to which Investcorp Gulf Opportunity Fund is affiliated) acting on behalf of Investcorp Islamic Gulf Opportunity Fund I. Investcorp Islamic Gulf Opportunity Fund Company 1 B.S.C.(c) is the legal owner of the 1.24% ownership interest in Gulf Growth Holding Company 1 W.L.L. However, under the Bahraini laws applicable to Investcorp Islamic Gulf Opportunity Fund I, the direct and beneficial shareholders of Investcorp Islamic Gulf Opportunity Fund Company 1 B.S.C.(c) do not have any rights over the assets or the management of Investcorp Islamic Gulf Opportunity Fund I, other than the share capital of BHD 1,000, whether during the life of Investcorp Islamic Gulf Opportunity Fund I or upon its liquidation. As per the CIU Regulations, the assets, financial instruments and investments of Investcorp Islamic Gulf Opportunity Fund I are held by the custodian for and on behalf of Investcorp Islamic Gulf Opportunity Fund I (this is achieved by way of a contractual, not structural, arrangement). As a result, despite being the legal owner, Investcorp Islamic Gulf Opportunity Fund Company 1 B.S.C.(c) does not beneficially own any assets on its own (or its shareholders') behalf. All payments and receipts of finances pertaining to Investcorp Islamic Gulf Opportunity Fund I are made by the custodian, who will not release any funds to the shareholders of Investcorp Islamic Gulf Opportunity Fund Company 1 B.S.C.(c). Upon liquidation, in accordance with the above, the remaining assets of Investcorp Islamic Gulf Opportunity Fund I will be distributed to the unitholders of Investcorp Islamic Gulf Opportunity Fund I. In addition, the liquidation of Investcorp Islamic Gulf Opportunity Fund I requires a number of approvals from the unitholders as well as the Central Bank of Bahrain.

The board of directors of Investcorp Islamic Gulf Opportunity Fund Company 1 B.S.C.(c) is responsible for the overall management and supervision of Investcorp Islamic Gulf Opportunity Fund I. Subject to the prior approval of the Central Bank of Bahrain, the directors of Investcorp Islamic Gulf Opportunity Fund (which are the directors of Investcorp Gulf Opportunity Fund Company 1 B.S.C.(c)) are nominated and appointed by Investcorp Gulf Investments B.S.C.(c) (in its capacity as the operator of Investcorp Islamic Gulf Opportunity Fund I), who must immediately notify the Central Bank of Bahrain when a board member submits his resignation from his position or if his membership is terminated, together with a detailed explanation as to the relevant reasons. Removal of a board member of Investcorp Islamic Gulf Opportunity Fund Company 1 B.S.C.(c) shall need a shareholders resolution to be passed at the shareholders meeting in accordance with the Bahrain Commercial Companies Law and the relevant Articles of Association. The Central Bank of Bahrain and the Ministry of Industry, Commerce and Tourism must be invited to all shareholders meetings.

The CIU Regulations require that the operator of a Bahrain domiciled fund must hold an appropriate licence issued by the Central Bank of Bahrain or by a financial service regulator of an overseas jurisdiction. The operator of Investcorp Islamic Gulf Opportunity Fund I is duly licensed as an investment business firm – category 2 by the Central Bank of Bahrain and is authorised to operate a collective investment undertaking. In particular, the main activities for this corporate category are acting as an agent, arranging, conducting management and custody, providing advisory, and operating collective investment funds.

Investcorp Holdings B.S.C. provides administration, custody and registry services to Investcorp Islamic Gulf Opportunity Fund I and is duly licensed to do so. Investcorp Islamic Gulf Opportunity Fund I is managed by Investcorp Management Services Limited.

The following summarises the key information related to Investcorp Islamic Gulf Opportunity Fund I:

Date of Regulation and Term: Investcorp Islamic Gulf Opportunity Fund I was registered with the Central Bank of Bahrain on 15/1/1429H (corresponding to 24 January 2008G). The agreement on purchase of shares in the company was implemented by Investcorp Islamic Gulf Opportunity Fund Company 1 B.S.C.(c) on behalf of Investcorp Islamic Gulf Opportunity Fund I on 17/1/1430H (corresponding to 14 January 2009G). The duration of Investcorp Islamic Gulf Opportunity Fund I is ten Gregorian years renewable, with the Fund Manager having right to extend the term for up to two additional years to permit an orderly dissolution of Investcorp Islamic Gulf Opportunity Fund I. The Fund's term was extended to 24 January 2020G. On 07/05/1439H (corresponding to 24 January 2018G), the Manager of Investcorp Islamic Gulf Opportunity Fund Company 1 B.S.C.(c), in accordance with the Fund's terms and conditions, extended the term of Investcorp Islamic Gulf Opportunity Fund I for two additional Gregorian years. On 17/01/1441H (corresponding to 30 September 2019G), unitholders owning the requisite majority of units in Investcorp Islamic Gulf Opportunity Fund I consented to a further extension of the Fund's term to 27/05/1443H (corresponding to 31 December 2021G).

Investment Objective: The investment objective of the Investcorp Islamic Gulf Opportunity Fund I is to generate medium to long-term capital appreciation through equity and equity related investments in "Greenfield" opportunities and acquisition of majority or possibly minority interests in well established businesses within the six GCC countries and the wider MENA region, including Turkey. Moreover, Investcorp Islamic Gulf Opportunity Fund I may pursue public equity opportunities as well as acquisition of small international firms with significant growth potential in the Arabian Gulf.

Exit Strategy: Investcorp Islamic Gulf Opportunity Fund I seeks to exit investments through various mediums including initial public offerings, trade sales to local, regional or foreign investors and sales to other private equity investors before the expiration of its term (including the twoyear extension period described above). There is no default mechanism in place as of the date of this Prospectus for the liquidation of Investcorp Islamic Gulf Opportunity Fund I at the expiration of its term.

Board of Directors: The board of directors of Investcorp Islamic Gulf Opportunity Fund Company 1 B.S.C.(c) is comprised of three persons (Ayman Husain Mansoor AlArrayedh, Rohit Nanda and Syed Abbas Marghoob Rizvi) Moreover, none of these directors have any legal or Beneficial Ownership in the Company.

Investcorp Islamic Gulf Opportunity Fund Company 1 B.S.C.(c) maintains a diversified base of investors who have subscribed for units in Investcorp Islamic Gulf Opportunity Fund I. Through the legal structure of Investcorp Islamic Gulf Opportunity Fund I, its unitholders have economic exposure to only 0.35% to the Shares in the Company as of the date of this Prospectus and will have economic exposure to only 0.25% after the Offering. There is no single unitholder in Investcorp Islamic Gulf Opportunity Fund I having economic exposure to 5% or more of the Shares in the Company.

A2. GULF OPPORTUNITIES HOLDING COMPANY 1 W.L.L.

Gulf Opportunities Holding Company 1 W.L.L. is a Bahraini limited liability company, registered in the Kingdom of Bahrain under commercial registration No. 85193-1, dated 11/06/1434H (corresponding to 21 April 2013G). The head office of Gulf Opportunities Holding Company 1 W.L.L. is located in Flat 31, Building 499, Road 1706, Diplomatic Area 317, Kingdom of Bahrain. The current share capital of the company is BHD 250,000 (equivalent to SAR 2,500,000) divided into 5,000 shares with a fully paid up nominal value of BHD 50 (equivalent to SAR 500) per share.

As of the date of this Prospectus, Gulf Opportunities Holding Company 1 W.L.L. operates as a holding company holding 50 shares in Growth Opportunities Company for Trading (representing 5% of its capital). Gulf Opportunities Holding Company 1 W.L.L. has entered into an administration agreement with Investcorp Management Services Limited, a wholly owned subsidiary of Investcorp Holdings B.S.C., pursuant to which Investcorp Management Services Limited manages Gulf Opportunities Holding Company 1 W.L.L. and has the right to vote its shares and appoint the members of its board of directors, until such time as the administration agreement is terminated.

As of the date of this Prospectus, Gulf Opportunities Holding Company 1 W.L.L. is a beneficial owner of 1.50% of the Shares in the Company. After the Offering, it will beneficially own 1.05% of the Shares in the Company. 98.76% of the above Beneficial Ownership through Gulf Opportunities Holding Company 1 W.L.L. is held on behalf of Investcorp Gulf Opportunity Fund

Company 1 B.S.C.(c), a fund company established in relation to Investcorp Gulf Opportunity Fund I, and 1.24% of the above Beneficial Ownership through Gulf Opportunities Holding Company 1 W.L.L. is held on behalf of Investcorp Islamic Gulf Opportunity Fund Company 1 B.S.C.(c), a fund company established in relation to Investcorp Islamic Gulf Opportunity Fund I.

The following table sets out the ownership structure of Gulf Opportunities Holding Company 1 W.L.L. as of the date of this Prospectus:

Table A.8: Ownership Structure of Gulf Opportunities Holding Company 1 W.L.L. as of the Date of this Prospectus

Shareholders	No. of Shares	Value of Shares (BHD)	Value of Shares (SAR)	Ownership Percentage
Investcorp Gulf Opportunity Fund Company 1 B.S.C.(c)	4,938	246,900	2,469,000	98.76%
Investcorp Islamic Gulf Opportunity Fund Company 1 B.S.C.(c)	62	3,100	31,000	1.24%
Total	**5,000**	**250,000**	**2,500,000**	**100.0%**

Source: The Company

Descriptions of Investcorp Gulf Opportunity Fund Company 1 B.S.C.(c) and Investcorp Islamic Gulf Opportunity Fund Company 1 B.S.C.(c) are set out above.

APPENDIX (B)

This Appendix contains details of lease agreements concluded by the Company, and the following table sets out the key details of these agreements:

Table B.1: Details of Lease Agreements Concluded by the Company:

SN	Lesser	Site	Purpose	Rent Start Date	Contract Duration / Renewal	Right Transfer / Sub-contracting
1.	Mamdouh Abdulrahman Abdullah Al Malohi	Al Taawan District, Riyadh	Car Renting Office	14/2/1432H (corresponding to 21 January 2011G)	Ten years / renewable with the consent of the two parties	Rights may be transferred and/or sub-leased partially. Rights may be transferred and/or sub-leased following the prior written consent of the lesser.
2.	Abdulrahman Mohamad Ibrahim Al Khareef	Al Suwaidi District, Riyadh	Car renting office, car parks and labour accommodation	1/2/1430H (corresponding to 27 January 2009G)	Fifteen years / renewable with the consent of the two parties	-
3.	Saleh Naser Saad Al Farhan Al Qahtani	Al Sahafa District, Riyadh	Car renting office and car parks	5/4/1435H (corresponding to 5 February 2014G)	Six years / renewable automatically	Rights may be transferred and/ or sub-leased following the prior written consent of the lesser.
4.	Ali Sa'ad Al Ali	Umm Al Hamam Al Sharqi District, Riyadh	Car Renting Office	15/7/1440H (corresponding to 22 March 2019G)	One year / renewable automatically	Rights may be transferred and/ or sub-leased following the prior written consent of the lesser.
5.	Riyadh Airports Company	King Khalid International Airport (Local Flight Terminal), Riyadh	Car Renting Office	6/5/1441H (corresponding to 1 January 2020G)	One year and may be renewed by the lesser for public interest / renewable by the consent of the two parties	Rights may be transferred and/ or sub-leased following the prior written consent of the lesser.
6.	Riyadh Airports Company	King Khalid International Airport (International Flight Terminal), Riyadh	Car Renting Office	13/5/1441H (corresponding to 8 January 2020G)	Two years and may be renewed by the lesser for public interest / renewable with the consent of the two parties	Rights may be transferred and/ or sub-leased following the prior written consent of the lesser.
7.	Mohammed Ahmed Abdullah Al-Theeb	Umm Al-Hamam Al-Gharbi District, Riyadh	Car renting office, car parks and administrative offices	19/12/1437H (corresponding to 20 September 2016G)	Five years / renewable automatically	Rights may be transferred and/ or sub-leased following the prior written consent of the lesser.
8.	Ibrahim Hamad Abdulrahman Al Husseiny	Yarmouk District, Riyadh	Car renting office and car parks	15/8/1439H (corresponding to 1 May 2018G)	Five years / renewable automatically	Rights may be transferred and/ or sub-leased following the prior written consent of the lesser.
9.	Saleh Miqrin Abdullah Al Qusseir	King Khalid Road, Buraida	Car Renting Office	15/2/1433H (corresponding to 9 January 2012G)	Ten years / renewable with the consent of the two parties	Rights may be transferred and/ or sub-leased following the prior written consent of the lesser.
10.	General Authority of Civil Aviation	Prince Nayef Airport, Buraida	Car Renting Office	1/2/1441H (corresponding to 30 September 2019G)	Three years renewable by the lesser for public interest / renewable with the consent of the two parties, and the lessee may request the lessor's consent for renewal	Rights may be transferred and/ or sub-leased following the prior written consent of the lesser.

SN	Lesser	Site	Purpose	Rent Start Date	Contract Duration / Renewal	Right Transfer / Sub-contracting
11.	General Authority of Civil Aviation	Hail Airport, Hail	Car Renting Office	1/2/1436H (corresponding to 24 November 2014G)	Eight years renewable by the lesser for public interest / renewable with the consent of the two parties, and the lessee may request the lessor's consent for renewal	Rights may be transferred and/ or sub-leased following the prior written consent of the lesser.
12.	General Authority of Civil Aviation	King Abdulaziz Airport, Jeddah	Car renting Office	The lease contract was approved and awarded to the company, and the lease contract is being signed as on the date of this prospectus		
13.	Mohamad Saeed Mohamad Al Kanadi	Al Aziziyah District, Jeddah	Car Renting Office	28/10/1440H (corresponding to 1 July 2019G)	Two years / renewable with the consent of the two parties by way of concluding a new lease	-
14.	Real Estate Investment Portfolio	Al-Baghdadia District, Jeddah	Car Renting Office	9/11/1438H (corresponding to 1 August 2017G)	Five years / renewable automatically	Rights may not be transferred and/or sub-leased partially or wholly.
15.	Awqaf Ibrahim Al Ghamdi	Al Faiha District, Jeddah	Car renting office and car parks	1/7/1436H (corresponding to 19 April 2015G)	Five years / renewable automatically	Rights may be transferred and/ or sub-leased following the prior written consent of the lesser.
16.	Ali Saeed Uthman Al Ghamdi	Al Samer District, Jeddah	Car Renting Office	6/5/1441H (corresponding to 1 January 2020G)	Six years / renewable automatically	Rights may be transferred and/ or sub-leased following the prior written consent of the lesser.
17.	Abdulrazaq Muraizaq Foyer Al Hamdi	Al Waha District, Yanbu	Car renting office and car parks	1/2/1436H (corresponding to 24 November 2014G)	Five years / renewable automatically	-
18.	General Authority of Civil Aviation	Prince Al Amir Abdul Mohsen, Yanbu	Car Renting Office	1/2/1436H (corresponding to 24 November 2014G)	Eight years renewable by the lesser for public interest / renewable with the consent of the two parties, and the lessee may request the lessor's consent for renewal	Rights may be transferred and/ or sub-leased following the prior written consent of the lesser.
19.	Uthman Abdullah Marie Al Shahri	Third ring road, Mecca	Car Renting Office	25/7/1440H (corresponding to 1 April 2019G)	Five years / renewable with the consent of the two parties	Rights may not be transferred and/or sub-leased.
20.	TIBAH Airports Operation Company	Prince Mohammed bin Abdulaziz Airport, Al Madina	Car Renting Office	28/7/1441H (corresponding to 23 March 2020G)	Three years / renewable for similar period unless one party notifies the other of its unwillingness to renew 30 days before the expiry of agreement	Rights may be transferred and/ or sub-leased following the prior written consent of the lesser.
21.	General Authority of Civil Aviation	Taif Airport, Taif	Car Renting Office	1/1/1434H (corresponding to 15 November 2012G)	11 years / renewable with the consent of the two parties, and the lessor may request the lessor's approval of renewal	Rights may be transferred and/ or sub-leased following the prior written consent of the lesser.
22.	Bandar and Abdullah Hashim Al Sharief	Al Radf Road, Taif	Car Renting Office	26/8/1440H (corresponding to 1 May 2019G)	Ten years / renewable automatically	Rights may not be transferred and/or sub-leased.
23.	Abdulrahman Abdulaziz Saleh Al Rajihi	Madinah Road, Jeddah	Car Renting Office	1/9/1439H (corresponding to 16 May 2018G)	Two years / renewable automatically	Rights may be transferred and/ or sub-leased following the prior written consent of the lesser.

SN	Lesser	Site	Purpose	Rent Start Date	Contract Duration / Renewal	Right Transfer / Sub-contracting
24.	Abdulrahman Abdullah Jabran Mohamad Bahir	Al Nozha District, Jeddah	Province head office and car renting office	13/6/1439H (corresponding to 1 March 2018G)	Five years / renewable with the consent of the two parties	Rights may be transferred and/ or sub-leased following the prior written consent of the lesser.
25.	Mohamad Ahmad Ghalib Al Qabli	Madinah Road, Al-Ula	Car renting office and car parks	4/4/1441H (corresponding to 1 December 2019G)	Ten years / renewable automatically	Rights may be transferred and/ or sub-leased following the prior written consent of the lesser.
26.	Baghlaf Al Zafer Holding Company	Northern Al Khobar, Al Khobar	Car Parks	1/1/1438H (corresponding to 2 October 2016G)	Five years / renewable with the consent of the two parties	Rights may not be transferred and/or sub-leased.
27.	Dammam Airports Company	King Fahd Airport, Dammam	Car Renting Office	26/11/1435H (corresponding to 21 September 2014G)	Five years / renewable with the consent of the two parties	Rights may be transferred and/ or sub-leased following the prior written consent of the lesser.
28.	Madi Mohamad Rashid Al Hajri	Industrial City, Al Jubail	Car renting office and maintenance centre	22/9/1441H (corresponding to 15 May 2020G)	One year / renewable with the consent of the two parties	Rights may be transferred and/ or sub-leased following the prior written consent of the lesser.
29.	Abdullah Mohamad Abdulaziz Al Ghafari	Juba District, Al Hofuf	Car Renting Office	1/6/1441H (corresponding to 26 January 2020G)	One year / renewable with the consent of the two parties	Rights may not be transferred and/or sub-leased partially or wholly.
30.	Abdulaziz Salman Dawood Al Maghlouth	Al-mubarraz, Al Ahsa	Car renting office and car parks	2/2/1441H (corresponding to 1 October 2019G)	Six years / renewable with the consent of the two parties	Rights may be transferred and/ or sub-leased following the prior written consent of the lesser.
31.	Nomou Alarabiya Investments Company	Al Aziziyah District, Al Khobar	Car Renting Office	5/8/1438H (corresponding to 1 May 2017G)	Five years / renewable with the consent of the two parties	Rights may not be transferred and/or sub-leased.
32.	Nasser Saleh Mosa'ed Al Subai'	Al Sulaimania District, Tabuk	Car Renting Office	9/5/1440H (corresponding to 15 January 2019G)	Ten years / renewable with the consent of the two parties	Rights may be transferred and/ or sub-leased following the prior written consent of the lesser.
33.	General Authority of Civil Aviation	Prince Sultan bin Abdulaziz Airport, Tabuk	Car Renting Office	1/2/1436H (corresponding to 23 November 2014G)	Eight years renewable by the lesser for public interest / renewable with the consent of the two parties, and the lessee may request the lessor's consent for renewal	Rights may be transferred and/ or sub-leased following the prior written consent of the lesser.
34.	General Authority of Civil Aviation	Neom Bay Airport, Neom	Car Renting Office	27/10/1440H (corresponding to 1 July 2019G)	Two years / renewable with the consent of the two parties, and the lessee may request the lessor's approval of renewal	Rights may be transferred and/ or sub-leased following the prior written consent of the lesser.
35.	Saud Al Tayar	Al Khamis Road, Abha	Car Renting Office	13/7/1436H (corresponding to 1 May 2015G)	Ten years / renewable with the consent of the two parties	Rights may be transferred and/ or sub-leased following the prior written consent of the lesser.
36.	General Authority of Civil Aviation	Abha Airport, Abha	Car Renting Office and Warehouse	1/7/1437H (corresponding to 8 April 2016G)	Five years renewable by the lesser for public interest / renewable with the consent of the two parties, and the lessee may request the lessor's consent for renewal	Rights may be transferred and/ or sub-leased following the prior written consent of the lesser.

SN	Lesser	Site	Purpose	Rent Start Date	Contract Duration / Renewal	Right Transfer / Sub-contracting
37.	General Authority of Civil Aviation	Al Baha Airport, Baha	Car Renting Office	1/1/1439H (corresponding to 21 September 2017G)	Six years (or until lessor's assignment to the new Baha Airport operator) / renewable with the consent of the two parties, and the lessee may request the lessor's consent for renewal	Rights may be transferred and/ or sub-leased following the prior written consent of the lesser.
38.	General Authority of Civil Aviation	King Abdullah bin Abdulaziz Airport, Jizan	Car Renting Office	12/1/1440H (Corresponding to 22 September 2018G)	Three years renewable by the lesser for public interest / renewable with the consent of the two parties, and the lessee may request the lessor's consent for renewal	Rights may be transferred and/ or sub-leased following the prior written consent of the lesser.
39.	Ali Ahmad Saeed Al Hamlan	King Abdul Aziz Road, Al-Baha	Car Renting Office	1/3/1437H (corresponding to 12 December 2015G)	Ten years / renewable automatically	Rights may be transferred and/ or sub-leased following the prior written consent of the lesser.
40.	Jamal Wabran Ibrahim	Alaraysah District, Najran	Car renting office and car parks	25/5/1441H (corresponding to 20 January 2020G)	Five years / renewable automatically	Rights may be transferred and/ or sub-leased following the prior written consent of the lesser.
41.	General Authority of Civil Aviation	Najran Airport, Najran	Car Renting Office	1/2/1441H (corresponding to 30 September 2019G)	Three years renewable by the lesser for public interest / renewable with the consent of the two parties, and the lessee may request the lessor's consent for renewal	Rights may be transferred and/ or sub-leased following the prior written consent of the lesser.
42.	Zafer Saeed Shaher Al Shahrani	Al Madina Road, Khamis Mushait	Car Renting Office	1/9/1438H (corresponding to 27 May 2017G)	Ten years / renewable with the consent of the two parties	Rights may be transferred and/ or sub-leased following the prior written consent of the lesser.
43.	Saleh Lafi Al Mohamadi	Al Ajwad District, Jeddah	Car park and labour accommodation	29/11/1437H (corresponding to 1 September 2016G)	Monthly / renewable automatically	Rights may be transferred and/ or sub-leased following the prior written consent of the lesser.
44.	Salah Furaih Al Ziyabi	Prince Mohamad bin Abdulaziz Road (Al Tahlia), Jeddah	Car Parks	1/4/1439H (corresponding to 19 December 2017G)	One year / renewable automatically	-
45.	Faisal Abdullah Jabran Bahir	Al Nozha District, Jeddah	Car Parks	13/6/1439H (corresponding to 1 March 2018G)	Five years / renewable with the consent of the two parties	Rights may be transferred and/ or sub-leased following the prior written consent of the lesser.
46.	Mohamad Abdulrahman Abdulaziz Al Rajihi	Al Salama District, Jeddah	Car Parks	16/10/1438H (corresponding to 10 July 2017G)	Five years / renewable with the consent of the two parties	Rights may be transferred and/ or sub-leased following the prior written consent of the lesser.
47.	Arab Growth Company Ltd.	Al-Baghdadia District, Jeddah	Car Parks	1/4/1440H (corresponding to 10 December 2018G)	Three years / renewable with the consent of the two parties	Rights may be transferred and/ or sub-leased following the prior written consent of the lesser.
48.	Mohamad Aqil Mohamad Al Saadi Al Tamimi	East of Ring Road, Hail	Warehouse and labour accommodation	10/3/1441H (corresponding to 7 November 2019G)	Five years / renewable automatically	Rights may be transferred and/ or sub-leased following the prior written consent of the lesser.

SN	Lesser	Site	Purpose	Rent Start Date	Contract Duration / Renewal	Right Transfer / Sub-contracting
49.	Awad Ali Hassan Al Sharyan	Al Falah District in Hajla, Abha	Car renting office, labour accommodation and maintenance centre	17/5/1431H (corresponding to 1 May 2010G)	Ten years / renewable with the consent of the two parties	Rights may be transferred and/ or sub-leased partially or wholly without the need to obtain the lessor's consent
50.	Awad Ali Hassan Al Sharyan	Al Falah District in Hajla, Abha	Car renting office, labour accommodation and maintenance centre	9/5/1433H (corresponding to 1 April 2012G)	Ten years / renewable with the consent of the two parties	Rights may be transferred and/ or sub-leased partially or wholly without the lessor's consent
51.	Heirs of Mohamad Mansour Thabit Al Shaharani	Al Sarhan, South of Abha	Car renting office, labour accommodation and maintenance centre	19/5/1435H (corresponding to 20 March 2014G)	Ten years / renewable with the consent of the two parties	Rights may be transferred and/ or sub-leased partially or wholly without the lessor's consent
52.	Mohamad Ahmad Saeed Al Ghamdi	Al Raeb District, Al Baha	Car Parks	1/4/1437H (corresponding to 11 January 2016G)	Ten years / renewable automatically	Rights may be transferred and/ or sub-leased following the prior written consent of the lesser.
53.	Riyadat Alqodorat Real Estate Company	Eastern Ring Road, Riyadh	Maintenance Centre	22/4/1437H (corresponding to 1 February 2016G)	Five years / renewable automatically	Rights may be transferred and/ or sub-leased following the prior written consent of the lesser.
54.	Princess Khalida Bint Zaki Mohamad Al Saud	Al Rawdah District, Riyadh	Car renting office, maintenance centre, and store leasing centre	6/5/1441H (corresponding to 1 January 2020G)	One year / renewable with the consent of the two parties	Rights may be transferred and/ or sub-leased following the prior written consent of the lesser.
55.	Aissa Abdullah Eissa Al Abbad	Industrial City, Al Al Khobar	Car parks and maintenance centre	15/4/1439H (corresponding to 2 January 2018G)	Five years / renewable automatically	Rights may be transferred and/ or sub-leased following the prior written consent of the lesser.
56.	Eastern Province Municipality	Industrial City, Al Dammam	Maintenance Centre	1/7/1438H (corresponding to 29 March 2017G)	Five years / renewable with the consent of the two parties following approval of the relevant authorities and the review of rental value	Rights may not be transferred and/or sub-leased.
57.	Abdullah Ali Abdullah Al Moa'f	Industrial City, Tabuk	Maintenance Centre	6/5/1441H (corresponding to 1 January 2020G)	Five years / renewable automatically	Rights may be transferred and/ or sub-leased following the prior written consent of the lesser.
58.	Abdullah Saad Abdulrahman Al Mansour	Al Rawdah District, Riyadh	Administrative offices	1/6/1438H (corresponding to 28 February 2017G)	One year / renewable automatically	Rights may be transferred and/ or sub-leased following the prior written consent of the lesser.
59.	Awada Ali Saleh Al Mentashiri	Al Jawhara District, Jeddah	Car sale store	3/4/1438H (corresponding to 1 January 2017G)	Five years / renewable with the consent of the two parties	-
60.	Abdulaziz Al Hamadi	Al Rawdah District, Riyadh	Car Renting Office	28/10/1440H (corresponding to 1 July 2019G)	Ten years / renewable automatically	Rights may be transferred and/ or sub-leased following the prior written consent of the lesser.
61.	Sa'ad Abahussein	Al Rawdah District, Dammam	Car Parks	8/9/1436H (corresponding to 24 June 2015G)	Ten years / renewable with the consent of the two parties	Rights may be transferred and/ or sub-leased following the prior written consent of the lesser.

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