cherry
شـــري
Car Rentals لتأجير السيارات

Prospectus of
Cherry Trading Company

Prospectus of Cherry Trading Company

A Saudi joint stock company pursuant to the ministerial resolution no. 156 dated 14 Jumada al-Ula 1442H (corresponding to 29 December 2020G) with commercial registration no. 1010156896 dated 13 Ramadan 1420H (corresponding to 20 December 1999G).

Offering of nine million (9,000,000) Shares representing thirty per cent. (30%) of the share capital of Cherry Trading Company through an initial public offering at an offer price of [●] Saudi Arabian Riyals (SAR [●]) per share.

Offering Period: Two (2) days

starting from 21 Jumada al-Ula 1447H (corresponding to 12 November 2025G) to 22 Jumada al-Ula 1447H (corresponding to 13 November 2025G).

Cherry Trading Company (hereinafter referred to as the "**Company**" or the "**Issuer**") is a Saudi joint stock company pursuant to the ministerial resolution no. 156 dated 14 Jumada al-Ula 1442H (corresponding to 29 December 2020G) with commercial registration no. 1010156896 dated 13 Ramadan 1420H (corresponding to 20 December 1999G) issued in Riyadh, Kingdom of Saudi Arabia. The Company's head and registered office is located at Dammam Road, Granada District, Postal Code 13242, Riyadh, Kingdom of Saudi Arabia. As of the date of this prospectus (the "**Prospectus**"), the share capital of the Company is three hundred million Saudi Arabian Riyals (SAR 300,000,000), divided into thirty million (30,000,000) ordinary shares, with a fully paid nominal value of ten Saudi Arabian Riyals (SAR 10) per share (the "**Shares**").

The Company was originally established on 11 Jumada al-Ula 1400H (corresponding to 26 April 1980G) as a sole proprietorship owned by Mohammed Abdullah Turki AlDhayan and registered under commercial registration no. 1010013375 dated 11 Jumada al-Ula 1400H (corresponding to 26 April 1980G). On 4 Rajab 1420H (corresponding to 12 December 1999G), Mohammed Abdullah Turki AlDhayan transferred his entire shareholding ownership to Oudah Abdullah AlOudah. On 13 Ramadan 1420H (corresponding to 20 December 1999G), the Company was registered under commercial registration no. 1010156896 as a limited liability company owned by Khalid AlOudah and Sons Holding Company and Khalid Oudah Abdullah AlOudah with a paid-up share capital of two million Saudi Arabian Riyals (SAR 2,000,00), divided into two thousand (2,000) Shares with a nominal value of one thousand Saudi Arabian Riyals (SAR 1,000) per Share. Khalid AlOudah and Sons Holding Company contributed one thousand eight hundred (1,800) Shares with a total value of one million eight hundred thousand Saudi Arabian Riyals (SAR 1,800,000), representing 90.0 per cent. of the share capital of the Company, and Khalid Oudah Abdullah AlOudah contributed two hundred (200) Shares with a total value of two hundred thousand Saudi Arabian Riyals (SAR 200,000), representing 10.0 per cent. of the share capital of the Company. Pursuant to the Shareholders resolution dated 1 Thul-Hijjah 1436H (corresponding to 14 September 2015G), Khalid AlOudah and Sons Holding Company and Khalid Oudah Abdullah AlOudah transferred their entire shareholding ownership, for cash consideration, being one thousand nine hundred (1,900) Shares with a total value of one million nine hundred thousand Saudi Arabian Riyals (SAR 1,900,000), representing 95.0 per cent. of the share capital of the Company to Gulf Address Real Estate Investment Company, and one hundred (100) Shares with a total value of one hundred thousand Saudi Arabian Riyals (SAR 100,000), representing 5.0 per cent. of the share capital of the Company to Nasser Ibrahim Mohammed AlOmair. Pursuant to the amended articles of association dated 6 Muharram 1439H (corresponding to 26 September 2017G), the Company's share capital was increased from two million Saudi Arabian Riyals (SAR 2,000,000), divided into two thousand (2,000) Shares with a nominal value of one thousand Saudi Arabian Riyals (SAR 1,000) per Share, to one hundred million Saudi Arabian Riyals (SAR 100,000,000), divided into one hundred thousand (100,000) Shares with a nominal value of one thousand Saudi Arabian Riyals (SAR 1,000) per Share, through a cash contribution from the shareholders, whereby Gulf Address Real Estate Investment Company contributed ninety-five thousand (95,000) Shares with a total value of ninety-five million Saudi Arabian Riyals (SAR 95,000,000), representing 95.0 per cent. of the share capital of the Company and Nasser Ibrahim Mohammed AlOmair contributed five thousand (5,000) Shares with a total value of five million Saudi Arabian Riyals (SAR 5,000,000), representing 5.0 per cent. of the share capital of the Company. Pursuant to the shareholders resolution dated 5 Jumada al-Ula 1442H (corresponding to 20 December 2020G), the Company's share capital was increased from one hundred million Saudi Arabian Riyals (SAR 100,000,000), divided into one hundred thousand (100,000) Shares with a nominal value of one thousand Saudi Arabian Riyals (SAR 1,000) per Share, to one hundred fifty million Saudi Arabian Riyals (SAR 150,000,000), divided into fifteen million (15,000,000) Shares with a nominal value of ten Saudi Arabian Riyals (SAR 10) per Share, through the capitalisation of retained earnings. On the same date, Gulf Address Real Estate Investment Company and Nasser Ibrahim Mohammed AlOmair transferred their full ownership of the Company to Saudi Edarah Holding Company without consideration, and the Company was converted from a limited liability company into a closed joint stock company. Pursuant to the Extraordinary General Assembly dated 13 Jumada al-Ula 1444H (corresponding to 7 December 2022G), the Company's share capital was increased from one hundred fifty million Saudi Arabian Riyals (SAR 150,000,000), divided into fifteen million (15,000,000) Shares with a nominal value of ten Saudi Arabian Riyals (SAR 10) per Share, to three hundred million Saudi Arabian Riyals (SAR 300,000,000), divided into thirty million (30,000,000) Shares with a nominal value of ten Saudi Arabian Riyals (SAR 10) per Share, through the capitalisation of retained earnings. On 12 Sha'ban 1446H (corresponding to 11 February 2025G), Saudi Edarah Holding Company transferred four hundred fifty thousand (450,000) Shares, representing 1.50 per cent. of the Company's share capital, without consideration to Abdulaziz Saleh Mohammed AlSowail. For further details, see Section 4.11 (*Evolution of Capital*).

As of the date of this Prospectus, the Company's share capital is three hundred million Saudi Arabian Riyals (SAR 300,000,000), divided into thirty million (30,000,000) ordinary shares with a fully paid nominal value of ten Saudi Arabian Riyals (SAR 10) per Share.

The initial public offering of the Company's Shares (the "**Offering**") will consist of nine million (9,000,000) ordinary shares (collectively, the "**Offer Shares**" and each an "**Offer Share**)". The Offering price will be [●] Saudi Arabian Riyals (SAR [●]) per Offer Share (the "**Offer Price**"), with each Offer Share carrying a fully paid nominal value of ten Saudi Arabian Riyals (SAR 10) per Offer Share. The Offer Shares represent thirty per cent. (30%) of the share capital of the Company following subscription. The Offering shall be restricted to the following two groups of investors (collectively, the "**Investors**"):

Tranche (A) Participating Parties: Comprising the parties entitled to participate in the book-building process specified under the Book-Building Instructions (as defined in Section 1 (*Definitions and Abbreviations*)) issued by the Capital Market Authority (the "**CMA**"). This includes investment fund, Qualified Foreign Investors, GCC Corporate Investors, and certain other foreign investors under SWAP Agreements (collectively referred to as the "**Participating Parties**" and each a "**Participating Party**") (for further details, see Section 1 (*Definitions and Abbreviations*)). The number of Offer Shares to be provisionally allocated to the Participating Parties is nine million (9,000,000) Offer Shares, representing one hundred per cent. (100%) of the Offer Shares. The final allocation will be made after the end of the Offering Period (as defined below) by the Financial Advisors (as defined in "Important Notice" and Section 1 (*Definitions and Abbreviations*)) in coordination with the Company using the discretionary allocation mechanism. As a result, some of the Participating Entities may not be allocated any Offer Shares. The Financial Advisors shall have the right, if there is sufficient demand by Individual Subscribers and in coordination with the Company, to reduce the number of Offer Shares allocated to Participating Entities to seven million two hundred thousand (7,200,000) Offer Shares, representing eighty per cent. (80%) of the Offer Shares.

Tranche (B) Individual Subscribers: 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 Saudi Arabian children, as well as any non-Saudi natural persons resident in the Kingdom or GCC natural persons (collectively, the "**Individual Subscribers**" and each an "**Individual Subscriber**", and together with the Participating Entities, the "Subscribers"). 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 duplicate subscription is made, the second subscription will be considered void and only the first subscription will be accepted. A maximum of one million eight hundred thousand (1,800,000) Offer Shares representing twenty per cent. (20%) of the total Offer Shares shall be allocated to Individual Subscribers. If the Individual Subscribers do not subscribe in full to the Offer Shares allocated to them, the Financial Advisors may in coordination with the Company reduce the number of Offer Shares allocated to Individual Subscribers in proportion to the number of Offer Shares subscribed by them.

Prior to the Offering, the Company's current shareholders (collectively referred to as the "**Selling Shareholders**"), own all the Shares of the Company. The Selling Shareholders will sell the Offer Shares in accordance with Table 4 (Direct Ownership Structure of the Company Pre- and Post-Offering). Upon completion of the Offering, the Selling Shareholders will collectively own sixty-eight point ninety-five per cent. (68.95%) 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 owned by each Selling Shareholder. The Company will not receive any part of the Offering Proceeds (for further information on the use of Offering Proceeds, see Section 8 (*Use of Proceeds*) of this Prospectus). The Offering is fully underwritten by Underwriters (for further details, see Section 12 (*Underwriting*)). The Company has one Substantial Shareholder (i.e., those who own five per cent. (5%) or more of the Company's share capital prior to the Offering), namely Saudi Edarah Holding Company (the "**Substantial Shareholder**") as set out in Table 2 (*Substantial Shareholder and Their Ownership in the Company Pre- and Post-Offering*). The Substantial Shareholder will be subject to a lock-up period during which it will be prohibited from selling its Shares for a period of six (6) months (the "**Lock-up Period**") from the date of commencement of trading of the Company's Shares on Saudi Exchange ("**Tadawul**" or the "**Exchange**"). Following the end of the Lock-up Period, the Substantial Shareholder may dispose of its Shares as set out in Table 2 (*Substantial Shareholder and Their Ownership in the Company Pre- and Post-Offering*).

The Offering for Individual Subscribers will commence on Wednesday, 21 Jumada al-Ula 1447H (corresponding to 12 November 2025G) and will remain open for a period of Two (2) days up to and including the closing day on Thursday, 22 Jumada al-Ula 1447H (corresponding to 13 November 2025G) (the "**Offering Period**"). Subscription to the Offer Shares by the Individual Subscribers can be made through the websites and platforms of the Receiving Agents (the "*Receiving Agents*") listed on page (viii), or any of the Receiving Agent's branches that offer any or all such services to their clients (for further details, see Section 16 (*Subscription Terms and Conditions*)). Participating Parties can bid for the Offer Shares through the Bookrunners within the book-building period before the Shares are offered to the Individual Subscribers.

Each Individual Subscriber who subscribes to the Offer Shares must apply for a minimum of ten (10) Offer Shares. The maximum number of Offer Shares that he/she can subscribe to is two hundred and fifty thousand (250,000) Offer Shares. The minimum number of allocated Offer Shares will be ten (10) Offer Shares per Individual Subscriber and the remaining 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 Subscriber. If the number of Individual Subscribers exceeds one hundred and eighty thousand (180,000), the Company will not guarantee the minimum allocation. The Offer Shares will be allocated at the discretion of the Financial Advisors in coordination with the Company. Excess subscription monies, if any, will be refunded to the Individual Subscribers without any charge or withholding by the relevant Receiving Agent. The announcement of the final allocation shall be made no later than 28 Jumada al-Ula 1447H (corresponding to 19 November 2025G) and the refund of excess subscription monies, if any, will be made no later than 29 Jumada al-Ula 1447H (corresponding to 20 November 2025G) (for further details, see "*Key Dates and Subscription Procedures*" on page (xvii) and Section 16 (*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**") and each Shareholder is entitled to delegate another individual as their proxy through voting. No Shareholder benefits from any preferential voting rights. The Offer Shares will entitle their holders to receive dividends declared and distributed by the Company starting from the date of this Prospectus and for subsequent financial years (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 an application for the registration and offer of the Shares to the Capital Market Authority, and an application for the listing of the Shares on the Exchange. This Prospectus has been approved and the required documents have been submitted to the relevant authorities. All of the requirements have been met and all of the relevant regulatory and corporate official approvals for the Offering have been obtained. It is expected that trading in the Shares will commence on the Exchange shortly after the final allocation of the Offer Shares and the satisfaction of the necessary conditions and procedures (for further details, see "*Key Dates and Subscription Procedures*" on page (xvii)). Saudi natural persons, non-Saudi natural persons holding valid residence 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 natural persons, will be permitted to trade in the Shares after the trading on the Exchange commences. Moreover, Qualified Foreign Investors and Strategic Foreign Investors will be permitted to trade in the Shares in accordance with the Rules for Foreign Investment in Securities (all as defined in Section 1 (*Definitions and Abbreviations*)). Furthermore, non-GCC natural persons who are not residents in the Kingdom and non-GCC institutions incorporated outside the Kingdom (collectively referred to as the "**Foreign Investors**" and individually as a "**Foreign Investor**") will be permitted to make indirect investments to acquire an economic interest in the Shares by entering into a Swap Agreement with a capital market institution licensed by the CMA to acquire, hold and trade the Shares on the Exchange on behalf of a foreign investor (the "**Capital Market Institution**"). Under such SWAP Agreements, the Capital Market Institution will be the registered legal owner of such Shares. Moreover, other foreign investors which are clients of a Capital Market Institution authorised by the CMA to conduct managing activities will be permitted to trade in the Shares in accordance with the Rules for Foreign Investment in Securities, provided that the Capital Market Institution has been appointed on conditions that enable it to make all investment decisions on the client's behalf without obtaining prior approval from the client.

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

Financial Advisors, Bookrunners and Underwriters

BSF Capital

EFG Hermes
An EFG Holding Company

Lead Manager

BSF Capital

Receiving Agents

BSF Capital | EFG Hermes An EFG Holding Company | alinma capital | alrajhi capital | SNB كابيتال | Riyad Capital | Albilad Capital | الجزيرة كابيتال | Alistithmar Capital

derayah | anb capital | Yaqeen | Alkhabeer Capital | SAB Invest | Sahm | GIB Capital | Musharaka | awaed

This Prospectus includes information provided as part of the application for the registration and offer of securities in compliance with the Rules on the Offer of Securities and Continuing Obligations of the Capital Market Authority of the Kingdom of Saudi Arabia (referred to as "CMA") and the application for listing of securities in compliance with the requirements of the Listing Rules of the Saudi Stock Exchange Company. The Directors, whose names appear on page (vi) in this Prospectus, collectively and individually, accept full responsibility for the accuracy of the information contained in this Prospectus and confirm, having made all reasonable enquiries, that to the best of their knowledge and belief, there are no other facts the omission of which would make any statement herein misleading. The CMA and the Exchange do not take any responsibility for the contents of this Prospectus, do not make any representations as to its accuracy or completeness, and expressly disclaim any liability whatsoever for any loss arising from, or incurred in reliance upon, any part of this Prospectus.

This Prospectus is an unofficial English translation of the official Arabic Prospectus and is provided for information purposes only. The Arabic Prospectus published on the CMA's website (www.cma.gov.sa) remains the only official, legally binding version and shall prevail in the event of any conflict between the two language versions.

This Prospectus is dated 29 Thul-Hijjah 1446H (corresponding to 25 June 2025G).

This preliminary prospectus is meant to be presented to institutional investors during the book-building process, and it does not contain the Offer Price. The final prospectus, including the Offer Price, will be published after the completion of the book-building process and the setting of the Offer Price.

cherry
شـــري
Car Rentals لتاجير السيارات

Important Notice

This Prospectus contains detailed and accurate information related to the Company as well as 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, which is available at the websites of the Company (www.cherry.com.sa), the CMA (www.cma.gov.sa), the Exchange (www.saudiexchange.sa) or the financial advisors (www.bsfcapital.sa) and (www.efghermesksa.com). The Financial Advisors will also announce on the Exchange's website the publication of the Prospectus and its availability to investors within the specified period under the Rules on the Offer of Securities and Continuing Obligations (being at least 14 days before the start of the Offering) and any other developments.

Saudi Fransi Capital Company and EFG Hermes KSA have been appointed by the Company as joint financial advisors (collectively, the "**Financial Advisors**"), bookrunners (collectively, the "**Bookrunners**") and underwriters (collectively, the "**Underwriters**"). Saudi Fransi Capital Company has also been appointed by the Company as the lead manager (the "**Lead Manager**") in respect of the Offering. For further details, see Section 12 (*Underwriting*).

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 and the Listing Rules of the Saudi Stock Exchange Company. The Directors, whose names appear on page (iv), collectively and individually, accept full responsibility for the accuracy of the information contained in this Prospectus, and they confirm that according to their knowledge and belief, after undertaking all reasonable enquiries, there are no other facts the omission 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 none of the Company, the Selling Shareholders, the Financial Advisors or any of the Company's other advisors, whose names appear on pages from (vi) to (vii) of this Prospectus (together with the Financial Advisors, the "**Advisors**"), has any reason to believe that any of the market and industry information is materially inaccurate, none of the Company, the Selling Shareholders or 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. Neither the Advisors nor any of their affiliates bear any responsibility for any inaccuracies, errors or incompleteness of any data or information contained in this Prospectus.

The information contained in this Prospectus as of the date hereof is subject to change. In particular, the actual financial condition 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 or 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, written or printed 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 the 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 the 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 only be accepted by:

Tranche (A): Participating Parties comprising the parties entitled to participate in the book-building process as specified under the Book-Building Instructions issued by the CMA, including investment funds, companies, Qualified Foreign Investors, GCC Corporate Investors and certain other foreign investors pursuant to SWAP Agreements (for further details, see Section 1 (*Definitions and Abbreviations*)); and

Tranche (B): Individual Subscribers 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 Saudi Arabian children, as well as any non-Saudi natural persons resident in the Kingdom or GCC natural persons. 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 duplicate subscription is made, the second subscription will be considered void and only the first subscription will be accepted. For further details, see Section 16 (*Subscription Terms and Conditions*).

The distribution of this Prospectus and the sale of the Offer Shares in any country other than the Kingdom are expressly prohibited, except for certain GCC investors, Qualified Foreign Investors, and/or certain other foreign investors through SWAP Agreements. The Offering does not constitute an offer to sell, or solicitation of an offer to buy, securities in any jurisdiction in which such offer or solicitation would be unlawful or prohibited. All of the recipients of this Prospectus must inform themselves of any legal restrictions relevant to the Offering and the sale of Offer Shares and observe all such restrictions. Both eligible Individual Subscribers and Participating Parties must read this Prospectus in full and seek advice from their legal advisors, financial advisors, and any professional advisors regarding statutory, tax, regulatory, and economic considerations related to their investment in the Offer Shares, and they will personally bear the fees associated with that advice derived from their legal advisors, accountants, and other advisors regarding all matters related to investing in the Offer Shares. There is no guarantee that any profits will be realised from an investment in the Offer Shares.

Market and Industry Data

Unless the source is otherwise stated, the market, economic and industry data in this Prospectus represent the Company's estimates, using underlying data from independent third parties. Statistics, data and other information related to markets, market sizes, market shares, market positions and other industry data pertaining to the Company's business and markets in this Prospectus are based on published and publicly available data obtained from multiple independent third-party sources.

In particular, unless otherwise specifically stated, the information in Section 3 (*Market Overview*) is derived from public sources and the market study report dated March 2025G (the "**Market Study Report**") by Euromonitor International (the "**Market Consultant**") exclusively for the Company. The Market Consultant is an independent third-party provider of strategic consulting services. For further details about the Market Consultant, visit its website (www.euromonitor.com).

The Market Consultant has prepared this study in an independent and objective manner, and it has taken adequate care to ensure its accuracy and completeness. Research has been conducted with an overall industry perspective, and it may not necessarily reflect the performance of individual companies in the industry.

Neither the Market Consultant 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, statement and the market information and data supplied by it to the Company in the manner and format set out in this Prospectus.

Estimates and prospects in this Section 3 (*Market Overview*) have been prepared on the basis of a market research study prepared by the Market Consultant, which includes research estimates based on various official published sources such as Passport and trade opinion surveys conducted by Euromonitor with a sample of key players across both core and small markets. Accordingly, the Market Consultant believes that it used suitable sources of information and methodologies for this study but due to the nature of the techniques and methodologies used in market research does not guarantee nor pledge as to the accuracy or completeness of such information. References to the Market Consultant should not be considered as the opinion of the Market Consultant as to the value of any security or the advisability of investing in the Company.

Whilst the Directors believe that the information and data from third party sources contained in Section 3 (*Market Overview*), including those derived from public sources or provided by the Market Consultant, are reliable, such information and data have not been independently verified by the Company, the Directors, or the Advisors, and thus none of them bears any liability for the accuracy or completeness of such information or data.

Financial and Statistical Information

The audited special purpose consolidated financial statements of the Group for the financial years ended 31 December 2024G, 2023G and 2022G have been included in Section 19 (*Financial Statements and Auditor's Report*).

The Financial Statements (as defined in Section 1 (*Definitions and Abbreviations*)) have been prepared in accordance with the International Financial Reporting Standards ("**IFRS**") as endorsed in the Kingdom and other standards and pronouncements issued by the Saudi Organisation for Chartered and Professional Accountants ("**SOCPA**") and have been audited by KPMG Professional Services (the "**Auditor**").

On 4 Rabi al-Thani 1445H (corresponding to 19 October 2023G), one of the Company's subsidiaries, Aoun Equipment Rental Company was liquidated. On 19 Jumada al-Akhirah 1445H (corresponding to 1 January 2024G), the Company transferred the ownership in two of its remaining subsidiaries H-10 Logistics Services Company and Elegant Vehicle Carwash Services Company to Saudi Edarah Holding Company. As of the date of this Prospectus, the Company does not have any subsidiaries and the financial information presented in this Prospectus for the financial year ended 31 December 2024G reflects the information of the Company on a standalone basis, whereas the financial information presented in this Prospectus for the financial years ended 31 December 2022G and 2023G reflects the information of the Group.

The Company prepares its financial statements in Saudi Arabian Riyals. The financial and statistical information contained in this Prospectus is rounded off to the nearest integer or the first decimal point, where applicable. Accordingly, where numbers have been rounded up, there may be minor differences between the figures set out in this Prospectus and the audited financial statements and certain financial amounts presented in this Prospectus may not correspond or add up to the financial information included elsewhere in this Prospectus or may not add up. Unless otherwise expressly provided in this Prospectus, any references to "year" or "years" are references 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. Since future operating conditions may differ from the assumptions used, no affirmation, representation, or warranty is made with respect to the accuracy or completeness of any of these forecasts.

Certain statements in this Prospectus constitute, or may be deemed to constitute, "forward-looking statements". Such statements can generally be identified by their use of forward-looking words and terms, 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 views of the Company as of the date of this Prospectus 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 materialise or any underlying assumptions prove to be incorrect or inaccurate, the Company's actual results may vary materially from those described as estimated, believed, expected or planned in this Prospectus.

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 the completion of the Offering, it becomes aware of:

(i) 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 for 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, the 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, prospective investors should consider and review all forward-looking statements in light of these explanations and should not place undue reliance on them.

Definitions and Abbreviations

For the interpretation of certain definitions and abbreviations used in this Prospectus, see Section 1 (*Definitions and Abbreviations*) of this Prospectus.

General Provisions

Some of the numbers and percentages in this prospectus have been rounded to the nearest decimal place. Therefore, the numbers presented for the same category in different tables may differ slightly, and the totals in some tables may not match the sum of the individual numbers preceding them due to this rounding.

Hijri dates are provided alongside their corresponding Gregorian dates. The Hijri calendar is based on the lunar cycles, and the commencement of each month is determined based on actual lunar sightings. As a result, conversions between the Hijri and Gregorian calendars may be subject to discrepancies of one or more days. Unless expressly stated otherwise, all references to a "year" or "years" in this Prospectus refer to Gregorian calendar years.

Corporate Directory

The Company's Board of Directors

The Company is managed by a Board of Directors comprising of five members, elected by the Ordinary General Assembly for a period not exceeding four years, which began on 19 Thul-Hijjah 1446H (corresponding to 20 December 2024G) and will end on 3 Sha'ban 1450H (corresponding to 19 December 2028G). The following table shows the details of the Board of Directors:

Table 1: The Company's Board of Directors

Name	Position	Nationality	Status	Independence (2)	Direct Ownership (%) (3)		Date of Appointment (1)
					Pre-Offering	Post-Offering	
Riyadh Ibrahim Rumayzan AlRumayzan	Chairman	Saudi	Non-Executive	Independent	-	-	19 Thul-Hijjah 1446H (corresponding to 20 December 2024G)
Sultan Mohammed Abdulrazzaq AlDuwaish	Vice Chairman	Saudi	Non-Executive	Independent	-	-	13 Sha'ban 1446H (corresponding to 12 February 2025G)
Abdulaziz Othman Mohammed AlNasser	Director	Saudi	Non-Executive	Independent	-	-	19 Thul-Hijjah 1446H (corresponding to 20 December 2024G)
Saleh Abdullah Saleh AlYahya	Director	Saudi	Non-Executive	Independent	-	-	19 Thul-Hijjah 1446H (corresponding to 20 December 2024G)
Abdulaziz Saleh Mohammed AlSowail	Director and Chief Executive Officer	Saudi	Executive	Non-Independent	1.50%	1.05%	19 Thul-Hijjah 1446H (corresponding to 20 December 2024G)

Source: The Company.

(1) The dates listed in this table are the dates of appointment to the current positions in the Board of Directors. Their biographies in Section 5.2.4 (*Biographies of the Directors and the Board Secretary*) describe the dates of their appointment to the Board of Directors and any other positions.

(2) An independent Director is a non-executive member of the Board of Directors with complete independence in their position and decisions, and none of the issues affecting independence set out below apply to him/her:

- (i) he/she holds five per cent. or more of the shares of the Company or any other company within its group, or are a relative of someone who owns such percentage;
- (ii) he/she is a relative of any Company Director, or of any other company director within the Group;
- (iii) he/she is a relative of any Senior Executive of the Company, or of any other company within the Group;
- (iv) he/she is nominated to be a director for any company within the Group;
- (v) he/she is an employee, or were a former employee during the previous two years, of the Company or a company within its group, or held a controlling interest in the Company or any party dealing with the Company or any company within its group, such as external auditors or key suppliers, during the preceding two years;
- (vi) he/she have a direct or indirect interest in the business and contracts conducted for the Company;
- (vii) he/she receive financial consideration from the Company in addition to remuneration for their membership of the Board or any of its committees in excess of SAR 200,000 or 50.0 per cent. of their remuneration for the previous year of their membership of the Board or any of its committees, whichever is less;
- (viii) he/she engages in businesses that competes with the Company, or conduct business in any of the Company's lines of activities; or
- (ix) he/she serve for more than nine years, whether consecutive or not, as a Director of the Company.

(1) There is no indirect ownership.

The Board Secretary is Asma Abdulraheem Ghurmallah AlGhamdi, who was appointed pursuant to Board of Directors' resolution dated 27 Rabi' al-Thani 1443H (corresponding to 2 December 2021G). She does not own any Shares in the Company. (For further details on the summary of the Board Secretary's biography, see Section 5.2.4.6 (*Asma Abdulraheem Gharmallah AlGhamdi, Board Secretary*)).

The Company's Registered Address, Representatives, Board Secretary

The Company

Cherry Trading Company
Dammam Road, Granada District
Postal Code 13242, Riyadh
Kingdom of Saudi Arabia
Tel: +966 (11) 511 5600
Website: www.cherry.com.sa
Email: info@cherry.com.sa

The Company's Representatives

Riyadh Ibrahim Rumayzan AlRumayzan
Chairman of the Board of Directors
Dammam Road, Granada District
Postal Code 13242, Riyadh
Kingdom of Saudi Arabia
Tel: +966 (11) 511 5600 Ext. 102
Website: www.cherry.com.sa
Email: Riyadh.AlRumayzan@cherry.com.sa

Abdulaziz Saleh Mohammed AlSowail
Director and CEO
Dammam Road, Granada District
Postal Code 13242, Riyadh
Kingdom of Saudi Arabia
Tel: +966 (11) 511 5600 Ext. 100
Website: www.cherry.com.sa
Email: A.Alsowail@cherry.com.sa

Board Secretary

Asma Abdulraheem Ghurmallah AlGhamdi
Dammam Road, Granada District
Postal Code 13242, Riyadh
Kingdom of Saudi Arabia
Tel: +966 (11) 511 5600 Ext. 150
Website: www.cherry.com.sa
Email: asma.alghamdi@cherry.com.sa

Stock Exchange

Saudi Exchange (Tadawul)
Tawuniya Towers, Northern Tower
King Fahad Road, Al Olaya 6897
Unit No. 15
Riyadh 12211-3388
Kingdom of Saudi Arabia
Tel: + 966 (11) 92000 1919
Fax: + 966 (11) 218 9133
Website: www.saudiexchange.sa
E-mail: csc@saudiexchange.sa

Share Registrar

Securities Depository Centre Company (Edaa)
King Fahad Road, Al Olaya 6897
Unit No. 11
Riyadh 12211- 3388
Kingdom of Saudi Arabia
Tel: + 966 92002 6000
Website: www.edaa.com.sa
E-mail: cc@edaa.com.sa

Advisors

Financial Advisors, Bookrunners and Underwriters
Saudi Fransi Capital Company 8092 King Fahd Road P.O. Box 23454 Riyadh 12313 – 3735 Kingdom of Saudi Arabia Tel: +966 (11) 282 6666 Fax: +966 (11) 282 6823 Website: www.bsfcapital.sa Email: CherryIPO@bsf.sa
EFG Hermes KSA Sky Towers, North Tower 8899 King Fahd Road, Al Olaya District P.O. Box 300189 Riyadh 12214 Kingdom of Saudi Arabia Tel: +966 (11) 293 8048 Fax: +966 (11) 293 8032 Website: www.efghermesksa.com Email: contact-ksa@efg-hermes.com
Lead Manager
Saudi Fransi Capital Company 8092 King Fahd Road P.O. Box 23454 Riyadh 12313 – 3735 Kingdom of Saudi Arabia Tel: +966 (11) 282 6666 Fax: +966 (11) 282 6823 Website: www.bsfcapital.sa Email: CherryIPO@bsf.sa
Legal Advisor to the Issuer
STAT Law Firm Buildings 7 and 8, Tuwaiq Gate 7894 King Fahad Road, Ar Rahmaniyah District Postal Code 12343 Riyadh 11321 Kingdom of Saudi Arabia Tel: +966 (11) 272 0003 Fax: +966 (11) 237 0005 Website: www.statlawksa.com E-mail: capitalmarkets@statlawksa.com
Legal Advisor to the Financial Advisors, Lead Manager, Bookrunners and Underwriters
Zeyad Sameer Khoshaim Law Firm (Professional Limited Liability Company) 17th Floor, Tower B Olaya Towers, Al Olaya District P.O. Box 230667 Riyadh 11321 Kingdom of Saudi Arabia Tel: +966 (11) 461 8700 Fax: +966 (11) 461 8799 Website: www.khoshaim.com E-mail: info@khoshaim.com

Financial Due Diligence Advisor

PricewaterhouseCoopers - Public Accountants
Kingdom Tower, 21st 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
Email: info@pwc.com

Market Consultant

Euromonitor International Limited Company
60–61 Britton Street
London EC1M 5UX
United Kingdom
Tel: +44 20 7251 8024
Fax: +44 20 7608 3149
Website: www.euromonitor.com
Email: info@euromonitor.com

Company's Auditor for the Financial Years Ended 31 December 2022G, 2023G and 2024G

KPMG Professional Services
Roshn Front, Airport Road
P.O. Box 92876
Riyadh 11663
Kingdom of Saudi Arabia
Tel: +966 (11) 874 8500
Website: www.kpmg.com.sa
Email: Marketingsa@kpmg.sa

Note: All of the abovementioned Advisors and Auditor 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 neither they, nor 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

Saudi Fransi Capital Company
8092 King Fahd Road
P.O. Box 23454
Riyadh 12313 – 3735
Kingdom of Saudi Arabia
Tel: +966 (11) 282 6666
Fax: +966 (11) 282 6823
Website: www.bsfcapital.sa
Email: sfc-supportcenter@FransiCapital.com.sa

EFG Hermes KSA
Sky Towers, North Tower
8899 King Fahd Road, Al Olaya District
P.O. Box 300189
Riyadh 12214
Kingdom of Saudi Arabia
Tel: +966 (11) 293 8048
Fax: +966 (11) 293 8032
Website: www.efghermesksa.com
Email: contact-ksa@efg-hermes.com

Alinma Investment Company
Al Anood Tower 2, King Fahd Road
P.O. Box 55560
Riyadh 11544
Kingdom of Saudi Arabia
Phone: +966 (11) 218 5999
Fax: +966 (11) 218 5970
Website: www.alinmacapital.com
Email: info@alinmacapital.com

Al Rajhi Capital Company
Head Office, King Fahd Road, Al Murouj District
P.O. Box 5561
Riyadh 12263
Kingdom of Saudi Arabia
Phone: +966 (92) 000 5856
Fax: +966 (11) 460 0625
Website: www.alrajhi-capital.com
Email: arcipo@alrajhibank.com.sa

Al Ahli Capital Company
Building 7347, King Saud Road, Al-Murabba District
P.O. Box 2216
Riyadh 11495
Kingdom of Saudi Arabia
Phone: +966 (92) 000 0232
Fax: +966 (11) 406 0052
Website: www.alahlicapital.com
Email: snbc.cm@alahlicapital.com

Riyad Capital Company
2414 - Al Shahada District, Unit No. 69
P.O. Box 13241
Riyadh 7279
Kingdom of Saudi Arabia
Phone: +966 (11) 486 5649
Fax: +966 (11) 486 5908
Website: www.riyadcapital.com
Email: ask@riyadcapital.com

Al Bilad Investment Company
King Fahd Road - Al Olaya
P.O. Box 140
Riyadh 11411
Kingdom of Saudi Arabia
Phone: +966 (92) 000 3636
Fax: +966 (11) 290 6299
Website: www.albilad-capital.com
Email: investmentbanking@albilad-capital.com

Al Jazira Capital Company
King Fahd Street, Al Rahmaniya
P.O. Box 20438
Riyadh 11455
Kingdom of Saudi Arabia
Phone: 800 116 9999
Fax: +966 (11) 225 6182
Website: www.aljaziracapital.com.sa
Email: IPO-RB@aljaziracapital.com.sa

Alistithmar for Financial Securities and Brokerage Company
King Fahd Road
P.O. Box 6888
Riyadh 11452
Kingdom of Saudi Arabia
Phone: +966 (11) 254 7666
Fax: +966 (11) 489 6253
Website: www.icap.com.sa
Email: WebEcare@icap.com.sa

Derayah Financial Company
Al Takhasusi Street - Prestige Centre - Third Floor
P.O. Box 28654
Riyadh 12331
Kingdom of Saudi Arabia
Phone: +966 (11) 299 8000
Fax: +966 (11) 419 5498
Website: www.derayah.com
Email: support@derayah.com

ANB Capital Company
King Faisal Street, Arab National Bank Financial Building 3851 – Al-Muayyad Al-Jadeed, Al-Murabba District
P.O. Box 220009
Riyadh 11311
Kingdom of Saudi Arabia
Phone: +966 (11) 406 2500
Fax: +966 (11) 406 2548
Website: anbcapital.com.sa
Email: investment.banking@anbcapital.com.sa

Yaqeen Capital Company
Al-Wurud District - Al-Olaya Street
P.O. Box 884
Riyadh 11421
Kingdom of Saudi Arabia
Phone: 800 122 2992
Fax: +966 (11) 205 4819
Website: www.yaqeen.sa
Email: addingvalue@yaqeen.sa

Al Khabeer Capital Company
Madinah Road, Al-Nozha District
P.O. Box 128289
Jeddah 21362
Kingdom of Saudi Arabia
Phone: 800 124 7555
Fax: +966 (12) 658 6663
Website: www.alkhabeer.com
Email: info@alkhabeer.com

Al-Awwl Investment Company (SAB Invest)
King Fahd Service Road, Al-Yasmeen District, Building 7383
P.O. Box 13325
Riyadh
Kingdom of Saudi Arabia
Phone: 800 124 2442
Fax: +966 (12) 216 9102
Website: www.sabinvest.com
Email: customercare@sabinvest.com

Saham Capital Financial Company
King Abdullah Financial District, 5th Floor, Tower 305
Riyadh 13519
Kingdom of Saudi Arabia
Phone: +966 (92) 000 7889
Website: www.sahmcapital.com
Email: cs@sahmcapital.com

GIB Capital Company
Eastern Ring Road, Granada Business & Residential Park, Low Rise Buildings, Building No. (B1)
P.O. Box 89589
Riyadh 11692
Kingdom of Saudi Arabia
Phone: 800 124 0121
Fax: +966 (11) 834 8400
Website: www.gibcapital.com
Email: GIBC.IB@gibcapital.com

Musharaka Capital
Prince Turki Street, Corniche District
P.O. Box 712 Al Khobar 31952
Kingdom of Saudi Arabia
Tel: +966 92000 6811
Fax: +966 (13) 881 8412
Website: www.musharaka.sa
Email: receiving-entity@musharaka.sa

Awaed Alosool Capital
AlUrubah Road 2163, AlMathar Ash Shamali, Home Offices
Riyadh 12334
Kingdom of Saudi Arabia
Tel: 8001111870
Fax: +966 (11) 4455598
Website: www.awaed.capital
Email: ipo_awaed@awaed.co

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 this entire Prospectus in full. Any decision to invest in the Offer Shares by prospective investors should be based on a consideration of this Prospectus as a whole and not be based solely on this summary.

In particular, it is important to carefully consider the "*Important Notice*" section 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	The Company was originally established on 11 Jumada al-Ula 1400H (corresponding to 26 April 1980G) as a sole proprietorship owned by Mohammed Abdullah Turki AlDhayan and registered under commercial registration no. 1010013375 dated 11 Jumada al-Ula 1400H (corresponding to 26 April 1980G). On 4 Rajab 1420H (corresponding to 12 December 1999G), Mohammed Abdullah Turki AlDhayan transferred his entire shareholding ownership to Oudah Abdullah AlOudah. On 13 Ramadan 1420H (corresponding to 20 December 1999G), the Company was registered under commercial registration no. 1010156896 as a limited liability company owned by Khalid AlOudah and Sons Holding Company and Khalid Oudah Abdullah AlOudah with a paid-up share capital of two million Saudi Arabian Riyals (SAR 2,000,000), divided into two thousand (2,000) Shares with a nominal value of one thousand Saudi Arabian Riyals (SAR 1,000) per Share. Khalid AlOudah and Sons Holding Company contributed one thousand eight hundred (1,800) Shares with a total value of one million eight hundred thousand Saudi Arabian Riyals (SAR 1,800,000), representing 90.0 per cent. of the share capital of the Company, and Khalid Oudah Abdullah AlOudah contributed two hundred (200) Shares with a total value of two hundred thousand Saudi Arabian Riyals (SAR 200,000), representing 10.0 per cent. of the share capital of the Company. Pursuant to the Shareholders resolution dated 1 Thul-Hijjah 1436H (corresponding to 14 September 2015G), Khalid AlOudah and Sons Holding Company and Khalid Oudah Abdullah AlOudah transferred their entire shareholding ownership, for cash consideration, being one thousand nine hundred (1,900) Shares with a total value of one million nine hundred thousand Saudi Arabian Riyals (SAR 1,900,000), representing 95.0 per cent. of the share capital of the Company to Gulf Address Real Estate Investment Company, and one hundred (100) Shares with a total value of one hundred thousand Saudi Arabian Riyals (SAR 100,000), representing 5.0 per cent. of the share capital of the Company to Nasser Ibrahim Mohammed AlOmair. Pursuant to the amended articles of association dated 6 Muharram 1439H (corresponding to 26 September 2017G), the Company's share capital was increased from two million Saudi Arabian Riyals (SAR 2,000,000), divided into two thousand (2,000) Shares with a nominal value of one thousand Saudi Arabian Riyals (SAR 1,000) per Share, to one hundred million Saudi Arabian Riyals (SAR 100,000,000), divided into one hundred thousand (100,000) Shares with a nominal value of one thousand Saudi Arabian Riyals (SAR 1,000) per Share, through a cash contribution from the shareholders, whereby Gulf Address Real Estate Investment Company contributed ninety-five thousand (95,000) Shares with a total value of ninety-five million Saudi Arabian Riyals (SAR 95,000,000), representing 95.0 per cent. of the share capital of the Company and Nasser Ibrahim Mohammed AlOmair contributed five thousand (5,000) Shares with a total value of five million Saudi Arabian Riyals (SAR 5,000,000), representing 5.0 per cent. of the share capital of the Company. Pursuant to the shareholders resolution dated 5 Jumada al-Ula 1442H (corresponding to 20 December 2020G), the Company's share capital was increased from one hundred million Saudi Arabian Riyals (SAR 100,000,000), divided into one hundred thousand (100,000) Shares with a nominal value of one thousand Saudi Arabian Riyals (SAR 1,000) per Share, to one hundred fifty million Saudi Arabian Riyals (SAR 150,000,000), divided into fifteen million (15,000,000) Shares with a nominal value of ten Saudi Arabian Riyals (SAR 10) per Share, through the capitalisation of retained earnings. On the same date, Gulf Address Real Estate Investment Company and Nasser Ibrahim Mohammed AlOmair transferred their full ownership of the Company to Saudi Edarah Holding Company without consideration, and the Company was converted from a limited liability company into a closed joint stock company. Pursuant to the Extraordinary General Assembly dated 13 Jumada al-Ula 1444H (corresponding to 7 December 2022G), the Company's share capital was increased from one hundred fifty million Saudi Arabian Riyals (SAR 150,000,000), divided into fifteen million (15,000,000) Shares with a nominal value of ten Saudi Arabian Riyals (SAR 10) per Share, to three hundred million Saudi Arabian Riyals (SAR 300,000,000), divided into thirty million (30,000,000) Shares with a nominal value of ten Saudi Arabian Riyals (SAR 10) per Share, through the capitalisation of retained earnings. On 12 Sha'ban 1446H (corresponding to 11 February 2025G), Saudi Edarah Holding Company transferred four hundred fifty thousand (450,000) Shares, representing 1.50 per cent. of the Company's share capital, without consideration to Abdulaziz Saleh Mohammed AlSowail. For further details, see Section 4.11 (*Evolution of Capital*).
Company's Activities	The Company operates through three primary business segments, each designed to address distinct mobility requirements and client specific needs (for more details, see Section 4.6 (*Overview of the Company's Business*)): • **Long-Term Lease**: This segment serves corporate clients, Government entities and medium to large enterprises, offering customised leasing solutions with flexible contract terms, comprehensive fleet management services and fixed monthly payment structures. Clients benefit from vehicle procurement, maintenance, insurance, replacement services and regulatory compliance management under a single lease agreement, allowing them to optimise costs, enhance efficiency and focus on core business operations. The Company's structured leasing model enables its clients to scale their fleet without incurring capital expenditures, while also benefiting from advanced digital fleet management tools; • **Short-Term Rental**: This segment offers daily, weekly and monthly rental solutions, catering to corporate clients, expatriates, tourists and individual clients with varied transportation needs. Vehicles are rented through the Company's physical branches, online platform and mobile application, providing clients with seamless booking and rental management. The Company's well-maintained fleet, digital reservation system and client support services ensure a convenient and efficient rental experience, making it a preferred choice for short-term mobility solutions; and • **Sales of Motor Vehicles**: The Company exclusively sells used vehicles from its own fleet, ensuring a steady flow of high-quality pre-owned vehicles into the secondary market. Vehicles are sold through direct showroom sales, online listings and business-to-business transactions. The structured fleet disposal strategy ensures that vehicles meet high resale standards, maximising their residual value while maintaining fleet quality and sustainability. The Company employs a data-driven pricing model, leveraging market demand analytics, brand-specific depreciation trends and vehicle condition assessments to optimise sales revenue.

Company's Activities	In accordance with the Bylaws, the Company's activities consist of the following: • quarrying of stone, sand and clay; • other support activities for mining and quarrying; • manufacture of other rubber products; • manufacture of refractory products; • manufacture of structural clay products; • manufacture of cement, lime and plaster; • manufacture of articles of concrete, cement and plaster; • manufacture of other non-metallic mineral products not elsewhere classified; • manufacture of basic iron and steel; • casting of iron and steel; • manufacture of structural metal products; • collection, purification and distribution of water; • construction of buildings; • site preparation; • electrical installation; • plumbing, heat and air-conditioning installation; • other construction installation; • completion and finishing of buildings; • other specialised construction activities; • sale of motor vehicles; • maintenance and repair of motor vehicles; • sale of motor vehicle parts and accessories; • sale, maintenance and repair of motorcycles and related parts and accessories; • non-specialised wholesale trade; • rail freight transport; • urban and suburban passenger land transport; • freight transport by road; • transport via pipelines; • sea and coastal passenger water transport; • air freight transport; • storage; • cargo handling; • other transportation support activities; • short-term accommodation activities; • restaurants and mobile food service activities; • other food service activities; • beverage serving activities; • wired telecommunications activities; • wireless telecommunications activities; • real estate activities with own or leased property; • real estate activities on a fee or contract basis; • activities of head offices; • market research and public opinion polling; • rental of motor vehicles; • tour operator activities; • combined facilities support activities; • general cleaning of buildings; • other building and industrial cleaning activities; • landscape care and maintenance service activities; • combined office administrative service activities; and • packaging activities.

Company's Activities	According to its main commercial registration certificate, the Company's activities consist of the following: • renting of cranes with operator; • renting and operational leasing of passenger car (without drivers); • renting and operational leasing of trucks; • utility trailers and recreational vehicles (without drivers); • renting buses without driver; • electronic car rental; • renting and operational leasing of machine tools; • combined office administrative service activities; • public taxi; • educational transport; • renting buses with driver; • light transport of goods; • wholesale and retail sale of used specialized passenger vehicles including (ambulances, minibuses, and jeeps); and • activities of car service and maintenance centres.
Substantial Shareholder	The following table sets out the names of the Substantial Shareholder and its ownership in the Company pre- and post-Offering: **Table 2: Substantial Shareholder and Their Ownership in the Company Pre- and Post-Offering**

Shareholder	Shareholding (Pre-Offering)			Shareholding (Post-Offering)		
	No. of Shares	Ownership (%) (1)	Overall Nominal Value (SAR)	No. of Shares	Ownership (%) (1)	Overall Nominal Value (SAR)
Saudi Edarah Holding Company	29,550,000	98.50%	295,500,000	20,685,000	68.95%	206,850,000
Total	**29,550,000**	**98.50%**	**295,500,000**	**20,685,000**	**68.95%**	**206,850,000**

Source: The Company.

(1) The ownership percentages have been rounded to the nearest two decimal place.

Company's Share Capital	The Company's share capital prior to the Offering is three hundred million (300,000,000) Saudi Arabian Riyals (SAR 300,000,000).
Total Number of Shares	The number of the Company's Shares prior to the Offering is thirty million (30,000,000) fully paid Shares.
Nominal Value per Share	Ten Saudi Arabian Riyals (SAR 10) per Share.
Offering	The initial public offering of the Company's Shares will consist of nine million (9,000,000) ordinary shares, representing thirty per cent. (30%) of the Company's capital after the Offering, with a fully paid nominal value of ten Saudi Arabian Riyals (SAR 10) per Share, representing thirty per cent. (30%) of the Company's capital, and at an Offer Price of [●] Saudi Arabian Riyals (SAR [●]).
Total Number of Offer Shares	Nine million (9,000,000) ordinary shares.
Percentage of Offer Shares to the Total Number of Issued Shares	The Offer Shares represent thirty per cent. (30%) of the Company's share capital.
Offer Price	[●] Saudi Arabian Riyals (SAR [●]) per Offer Share.
Total Value of Offer Shares	[●] Saudi Arabian Riyals (SAR [●]).
Use of Proceeds	The Net Offering Proceeds amounting to approximately [●] (after deducting the Offering expenses estimated at twenty-seven million Saudi Arabian Riyals (SAR 27,000,000)) will be paid to the Selling Shareholders. The Company will not receive any part of the Offering Proceeds (for further details, see Section 8 (*Use of Proceeds*)).
Total Number of Shares Underwritten	Nine million (9,000,000) ordinary shares.
Total Offering Amount Underwritten	[●] Saudi Arabian Riyals (SAR [●]).

Categories of Targeted Investors	Subscription to the Offer Shares is restricted to two groups of Investors, namely: **Tranche (A)** Participating Parties: This tranche includes parties entitled to participate in the book-building process in accordance with the Book-Building Instructions, including investment funds, companies, Qualified Foreign Investors, GCC Corporate Investors and certain other foreign investors pursuant to SWAP Agreements (for further details, see Section 1 (*Definitions and Abbreviations*) and Section 16 (*Subscription Terms and Conditions*)); and **Tranche (B)** Individual Subscribers: This tranche includes 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 Saudi Arabian children. 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 duplicate subscription is made, the second subscription will be considered void and only the first subscription will be accepted.
The Total Number of Shares Offered for Each Category of Targeted Investors	
The Number of Shares Offered for the Participating Parties	Nine million (9,000,000) ordinary shares, representing one hundred per cent. (100%) of the Offer Shares. If there is sufficient demand from Individual Subscribers and the Participating Entities subscribe to all of the Offer Shares allocated to them, the Financial Advisors in coordination with the Company, have the right to reduce the number of Offer Shares allocated to the Participating Entities to seven million two hundred thousand (7,200,000) Offer Shares, representing eighty per cent. (80%) of the Offer Shares.
Number of Offer Shares Available to Individual Subscribers	A maximum of one million eight hundred thousand (1,800,000) Offer Shares, representing twenty per cent. (20%) of the Offer Shares.
Subscription Method for Each of the Targeted Investors' Categories:	
Subscription Method for Participating Parties	The Participating Parties as identified in Section 1 (*Definitions and Abbreviations*) may apply for participation in the book-building process by completing a Bidding Participation Application that will be provided by the Bookrunners for the Participating Parties during the book-building process period. After the provisional allocation, the Participating Entities shall complete the Subscription Application Forms that will be made available to them by the Bookrunners in accordance with the instructions mentioned in Section 16 (*Subscription Terms and Conditions*).
Subscription Method for Individual Subscribers	Individual Subscribers who intend to subscribe to the Offer Shares shall submit a Subscription Application Form electronically through the Receiving Agents' websites and platforms that provide this service or through any other means provided by the Receiving Agents through which Individual Subscribers will be able to subscribe to the Company's Shares during the Offering Period, provided that: • the Individual Subscriber has an investment account and an active investment portfolio with a Receiving Agent; and • there have been no changes in the personal information or data of the Individual Subscriber have occurred since his/her subscription in a recent initial public offering. For further details, see Section 16 (*Subscription Terms and Conditions*).
Minimum Number of Offer Shares to be Applied for by Each 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 Subscribers	Ten (10) Offer Shares.
Minimum Subscription Amount for Each of the Targeted Investors' Categories:	
Minimum Subscription Amount for Participating Entities	[●] Saudi Arabian Riyals (SAR [●]).
Minimum Subscription Amount for Individual Subscribers	[●] Saudi Arabian Riyals (SAR [●]).
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	One million four hundred ninety-nine thousand nine hundred ninety-nine (1,499,999) Offer Shares, and in respect of public funds, 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 Subscribers	Two hundred fifty thousand (250,000) Offer Shares.
Maximum Subscription Amount for Each of the Targeted Investors' Categories:	
Maximum Subscription Amount for Participating Entities	[●] Saudi Arabian Riyals (SAR [●]).

Maximum Subscription Amount for Individual Subscribers	[●] Saudi Arabian Riyals (SAR [●]).
Allocation and Refund of Excess Subscription Monies Method for Each of the Targeted Investors' Categories:	
Allocation of Offer Shares to Participating Entities	The initial allocation of the Offer Shares will be made as the Financial Advisors deem appropriate, in coordination with the Company, using the discretionary share allocation mechanism. It is possible that certain Participating Parties will not be allocated any shares, as deemed appropriate by the Company and the Financial Advisors. The number of Offer Shares to be provisionally allocated to Participating Entities is nine million (9,000,000) Offer Shares, representing one hundred per cent. (100%) of the Offer Shares. If there is sufficient demand by Individual Subscribers for the Offer Shares, the Financial Advisors, in coordination with the Company, shall have the right to reduce the number of Offer Shares allocated to Participating Entities to seven million two hundred thousand (7,200,000) Offer Shares as a minimum, representing eighty per cent. (80%) of the Offer Shares. Initially, two million seven hundred thousand (2,700,000) ordinary shares will be allocated to the public funds tranche, representing thirty per cent. (30%) of the total number of Offer Shares. In the event of sufficient demand from Individual Subscribers for the Offer Shares, the Financial Advisors shall have the right to reduce the number of Shares allocated to public funds to a minimum of two million one hundred sixty thousand (2,160,000) ordinary shares, representing twenty-four per cent. (24%) of the total Offer Shares, following the completion of the Individual Subscribers' subscription.
Allocation of Offer Shares to Individual Subscribers	A maximum of one million eight hundred thousand (1,800,000) ordinary Offer Shares, representing twenty per cent. (20%) of the total Offer Shares, will be allocated to Individual Subscribers. The allocation of the Offer Shares to Individual Subscribers is expected to be completed no later than 28 Jumada al-Ula 1447H (corresponding to 19 November 2025G). The minimum allocation per Individual Subscriber is ten (10) Offer Shares, and the maximum allocation per Individual Subscriber is Two hundred fifty thousand (250,000) Offer Shares, with the remaining Offer Shares, if any, being allocated on a pro-rata basis of the number of Offer Shares applied for by that Individual Subscriber to the total Offer Shares. If the number of Individual Subscribers exceeds one hundred eighty thousand (180,000) Individual Subscribers, the Company will not guarantee the minimum allocation of ten (10) Offer Shares for each Individual Subscriber. In this case, the Offer Shares will be allocated at the discretion of the Financial Advisors in coordination with the Company (for further details, see Section 16.4.2 (*Allocation of Offer Shares to Individual Subscribers*)).
Refund of Excess Subscription Monies	Excess subscription monies, if any, will be refunded to the Subscribers without withholding any charge or commission by the Lead Manager or the Receiving Agents, as applicable. The announcement of the final allocation will be made no later than on Wednesday, 28 Jumada al-Ula 1447H (corresponding to 19 November 2025G) and refund of excess subscription monies, if any, will be made no later than on Thursday, 29 Jumada al-Ula 1447H (corresponding to 20 November 2025G). For further details, see "*Key Dates and Subscription Procedures*" on page (xvii) and Section 16 (*Subscription Terms and Conditions*).
Offering Period for Individual Subscribers	The Offering will commence on Wednesday, 21 Jumada al-Ula 1447H (corresponding to 12 November 2025G) and will remain open for a period of two (2) days up to and including the closing day on Thursday, 22 Jumada al-Ula 1447H (corresponding to 13 November 2025G). For further details, see "*Key Dates and Subscription Procedures*" on page (xvii).
Entitlement to Dividends	The Offer Shares will entitle their holders to receive any dividends declared by the Company starting from the date of this Prospectus and for the subsequent financial years (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 person, but not a Director of the Company, to attend the General Assembly meetings (for further details, see Section 11.14 (*Summary of Bylaws*) and Section 11.15 (*Description of Shares*)).
Restrictions on the Shares (Lock-up Period)	The Substantial Shareholder is subject to a Lock-up Period of six (6) months from the date on which trading of the Offer Shares on the Exchange commences. It may not dispose of any of its Shares during such period. Following the end of the Lock-up Period, the Substantial Shareholder may dispose of its Shares (for further details regarding Substantial Shareholder, see Table 2 (*Substantial Shareholder and Their Ownership in the Company Pre- and Post-Offering*)).
Listing of Shares	Prior to the Offering, the Shares have not been listed in the Kingdom or elsewhere. An application has been made by the Company to the CMA for the registration and offer of the Shares in accordance with the Rules on the Offer of Securities and Continuing Obligations. The Company has also submitted an application to the Exchange for the listing of its Shares on the Exchange in accordance with the Listing Rules. All of the relevant approvals required to conduct the Offering have been granted, and all of the supporting documents requested by the CMA and Tadawul have been submitted. It is expected that the trading of the Shares on the Exchange will commence after the final allocation of the Offer Shares (for further details, see "*Key Dates and Subscription Procedures*" on page (xvii)).
Risk Factors	There are certain risks related to the investment in the Offer Shares. These risks can be categorised into: (i) risks related to the activities and operations of the Company; (ii) risks related to the market, industry and regulatory environment; and (iii) risks related to the Offer Shares. These risks are described in Section 2 (*Risk Factors*) and should be considered carefully prior to making an investment decision with respect to the Offer Shares.
Offering Expenses	The Selling Shareholders will bear all expenses and costs associated with the Offering are estimated at approximately twenty-seven million Saudi Arabian Riyals (SAR 27,000,000), these include the fees of the Financial Advisors, Underwriters, Bookrunners, Lead Manager, Legal Advisor to the Issuer, Legal Advisor to the Financial Advisors, Underwriters, Bookrunners and Lead Manager, Financial Due Diligence Advisor, Auditor, Market Consultant, Receiving Agents and the Exchange, as well as regulatory fees, marketing, printing and distribution expenses and other costs and expenses related to the Offering. They will be deducted from the Offering Proceeds.

Underwriters	**Saudi Fransi Capital Company** 8092 King Fahd Road P.O. Box 23454 Riyadh 12313 – 3735 Kingdom of Saudi Arabia Tel: +966 (11) 282 6666 Fax: +966 (11) 282 6823 Website: www.bsfcapital.sa Email: sfc-supportcenter@FransiCapital.com.sa
	EFG Hermes KSA Sky Towers, North Tower 8899 King Fahd Road, Al Olaya District P.O. Box 300189 Riyadh 12214 Kingdom of Saudi Arabia Tel: +966 (11) 293 8048 Fax: +966 (11) 293 8032 Website: www.efghermesksa.com Email: contact-ksa@efg-hermes.com

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

Key Dates and Subscription Procedures

Table 3: Expected Offering Timetable

Event	Date
Bidding and Book-Building Period for Participating Parties	A period of five (5) days commencing on Sunday, 4 Jumada al-Ula 1447H (corresponding to 26 October 2025G), until the end of Thursday, 8 Jumada al-Ula 1447H (corresponding to 30 October 2025G).
Deadline for Submission of Subscription Application Forms Based on the Number of the Offer Shares Provisionally Allocated for the Participating Entities	Thursday, 15 Jumada al-Ula 1447H (corresponding to 6 November 2025G).
Subscription Period for Individual Subscribers	A period of two (2) days commencing on Wednesday, 21 Jumada al-Ula 1447H (corresponding to 12 November 2025G) until the end of Thursday, 22 Jumada al-Ula 1447H (corresponding to 13 November 2025G)
Deadline for Payment of the Subscription Amount by Participating Entities Based on their Provisionally Allocated Offer Shares	Monday, 19 Jumada al-Ula 1447H (corresponding to 10 November 2025G).
Deadline for Submission of Subscription Application Forms and Payment of the Subscription Amount by Individual Subscribers	Thursday, 22 Jumada al-Ula 1447H (corresponding to 13 November 2025G).
Announcement of the Final Allocation of the Offer Shares	No later than Wednesday, 28 Jumada al-Ula 1447H (corresponding to 19 November 2025G)
Refund of Excess Subscription Monies (if any)	No later than Thursday, 29 Jumada al-Ula 1447H (corresponding to 20 November 2025G).
Expected Commencement Date for Trading the Shares on the Exchange	Trading of the Company's Shares on the Exchange is expected to commence after the completion of all of the relevant legal requirements and procedures. The trading commencement date of the Shares will be announced in local newspapers and Tadawul's website (www.saudiexchange.sa).

Note: The above timetable and dates therein are indicative and subject to change. Actual dates will be communicated on the websites of Tadawul (www.saudiexchange.sa), the Financial Advisors ((www.bsfcapital.sa) and (www.efghermesksa.com)) and the Company (www.cherry.com.sa).

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 as specified under the Book-Building Instructions, including investment funds, companies, Qualified Foreign Investors, GCC Corporate Investors and certain other foreign investors pursuant to SWAP Agreements (for further details, see Section 1 (*Definitions and Abbreviations*) and Section 16 (*Subscription Terms and Conditions*)).
- **Tranche (B): Individual Subscribers:** 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 Saudi Arabian children, as well as any non-Saudi natural persons resident in the Kingdom or GCC natural persons. 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 duplicate subscription is made, the second subscription will be considered void and only the first subscription will be accepted.

(1) Participating Parties

Participating Parties may apply for participation in the book-building process by completing the Bidding Participation Application that will be provided by the Bookrunners during the book-building process period and obtain the Subscription Application Forms from the Bookrunners after provisional allocation. The Bookrunners 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 Subscribers, according to the terms and conditions detailed in the Subscription Application Forms. A signed Subscription Application Form must be submitted to the Bookrunners representing a legally binding agreement between the Company, the Selling Shareholders and the relevant Participating Entity submitting the same.

(2) Individual Subscribers

Individual Subscribers who intend to subscribe for the Offer Shares shall submit a Subscription Form electronically through the Receiving Agents' websites and platforms that provide this service or through any other means provided by the Receiving Agents through which Individual Subscriber will be able to subscribe to the Offer Shares during the Offering Period provided that:

- the Individual Subscriber has an investment account and an active investment portfolio with a Receiving Agent; and
- there have been no changes in the personal information or data of the Individual Subscriber since his subscription in a recent initial public offering.

Subscription Application Forms must be filled out by each applicant according to the instructions mentioned in Section 16 (*Subscription Terms and Conditions*). An applicant must complete all of 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. If the Subscription Application Form is submitted twice, the second submission shall be considered null and void, and only the first submission shall be considered. Upon submission, the Subscription Application Form shall be considered to be a legally binding agreement by the relevant Subscriber and the Selling Shareholders (for further details, see Section 16 (*Subscription Terms and Conditions*)).

Excess subscription monies, if any, will be refunded to the primary Individual Subscriber's investment account held with the Receiving Agent from which the subscription amount has been debited in the first place, without withholding any charge or commission. Excess subscription monies will not be refunded in cash or to third party accounts. For further details regarding subscription by Individual Subscribers and the Participating Entities, see Section 16 (*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 of the information that may be important to prospective investors. Therefore, a subscriber's decision should not be based solely on this summary. It must be treated as an introduction to this Prospectus, and persons wishing to subscribe for the Offer Shares are advised to read the entire Prospectus in full to ensure that any decision to invest in the Offer Shares by prospective investors is based on the consideration of this Prospectus as a whole. In particular, it is important for an investor to carefully consider the "*Important Notice*" Section on page (i) and Section 2 (*Risk Factors*) prior to making an investment decision with respect to the Offer Shares and should not base his/her decision solely on this summary.

Overview of the Company

Overview of the Company's Business

The Company's main activities are comprised of the following main business segments (for further details, see Section 4.6 (*Overview of the Company's Business*)):

- **Long-Term Lease**: This segment serves corporate clients, Government entities and medium to large enterprises, offering customised leasing solutions with flexible contract terms, comprehensive fleet management services and fixed monthly payment structures. Clients benefit from vehicle procurement, maintenance, insurance, replacement services and regulatory compliance management under a single lease agreement, allowing them to optimise costs, enhance efficiency and focus on core business operations. The Company's structured leasing model enables its clients to scale their fleet without incurring capital expenditures, while also benefiting from advanced digital fleet management tools. In the financial years ended 31 December 2022G, 2023G and 2024G, the revenue from the long-term lease segment represented 72.1 per cent., 56.4 per cent. and 71.3 per cent., respectively, of the Company's total revenue, demonstrating the importance of leasing operations to its business model. As of 31 December 2024G, the long-term lease fleet consisted of 14,597 vehicles;
- **Short-Term Rental**: This segment offers daily, weekly and monthly rental solutions, catering to corporate clients, expatriates, tourists and individual clients with varied transportation needs. Vehicles are rented through the Company's physical branches, online platform and mobile application, providing clients with seamless booking and rental management. The Company's well-maintained fleet, digital reservation system and client support services ensure a convenient and efficient rental experience, making it a preferred choice for short-term mobility solutions. In the financial years ended 31 December 2022G, 2023G and 2024G, the revenue from the short-term rental segment represented 2.7 per cent., 6.0 per cent. and 4.7 per cent., respectively, of the Company's total revenue. As of 31 December 2024G, the short-term lease fleet consisted of 1,023 vehicles; and
- **Sales of Motor Vehicles**: The Company exclusively sells used vehicles from its own fleet, ensuring a steady flow of high-quality pre-owned vehicles into the secondary market. Vehicles are sold through direct showroom sales, online listings and business-to-business transactions. The structured fleet disposal strategy ensures that vehicles meet high resale standards, maximising their residual value while maintaining fleet quality and sustainability. The Company employs a data-driven pricing model, leveraging market demand analytics, brand-specific depreciation trends and vehicle condition assessments to optimise sales revenue. In the financial years ended 31 December 2022G, 2023G and 2024G, the revenue from the sales of motor vehicles represented 25.2 per cent., 37.7 per cent. and 24.0 per cent., respectively, of the Company's total revenue. In the same periods, the Company sold 1,622, 3,356 and 3,052 vehicles, respectively.

The Company has established itself as a leading mobility solutions provider in the Kingdom, with a strong market position in the long-term vehicle lease segment and a growing presence in short-term rentals and used vehicle sales. Its leadership is underpinned by over four decades of operational experience, deep-rooted client relationships and a proven track record of executing large-scale leasing contracts across both public and private sectors. The Company's consistent performance in securing and renewing high-value contracts has positioned it as a trusted partner for long-term fleet solutions. This is particularly evident in its robust engagement with Government and quasi-Government entities, where it has become a preferred leasing vendor for mission-critical mobility needs.

The Company's operations are supported by a vertically integrated infrastructure comprising a central workshop, eight regional fixed-location workshops and 13 mobile service units as of 31 December 2024G, enabling efficient fleet maintenance and service delivery across the Kingdom. This service model enhances fleet uptime, accelerates turnaround times and reduces dependency on third-party maintenance providers, thereby ensuring cost efficiency and quality control. The Company's predictive maintenance protocols, enabled by telematics and real-time diagnostics, further support optimal asset performance and lifecycle planning, minimising downtime and maximising fleet productivity.

As a qualified and approved vendor for major Government and quasi-Government entities, the Company benefits from high levels of tender access and contract visibility. Its inclusion in the Etimad platform enables direct participation in a broad pipeline of public sector leasing opportunities, many of which are structured as multi-year engagements with high renewal potential. This unique positioning has allowed the Company to steadily grow its leasing portfolio with strategic clients, reinforcing its credibility and ensuring consistent income generation. As of 31 December 2024G, the Company maintained a backlog of SAR 1.2 billion in long-term leasing contracts, offering predictable revenue streams, stable cash flows and enhanced visibility over future earnings.

The Company has implemented a comprehensive strategy built around market expansion, operational excellence, digital transformation and disciplined cost management. Its market expansion plans are focused on deepening penetration in Tier-1

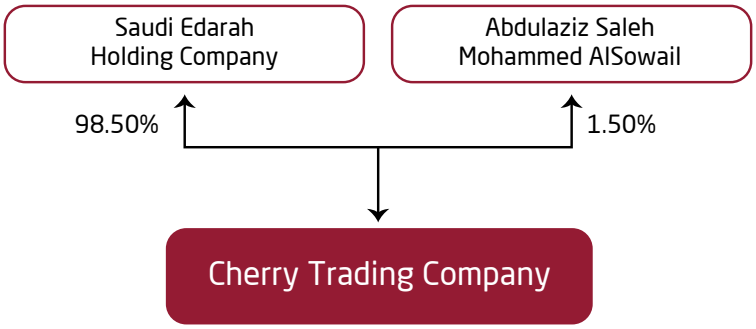
cities, entering under-served secondary cities and growing presence in key transport nodes such as airports, business zones and commercial hubs. In parallel, the Company continues to invest in predictive fleet analytics, digital platforms and structured vehicle lifecycle management to optimise efficiency and enhance customer experience. Key initiatives include the deployment of advanced fleet telematics, automated servicing schedules and AI-driven demand forecasting models that support dynamic vehicle allocation and pricing.

In addition to expanding physical coverage, the Company is reinforcing its digital infrastructure to create a seamless, omnichannel experience for both leasing and rental customers. This includes an upgraded mobile application, integrated booking engines, digital contract management and personalised client dashboards for corporate fleet users. The Company is also preparing to launch a digital vehicle auction platform in 2025G, aimed at accelerating the resale of decommissioned fleet vehicles while maximising residual value recovery. By combining digital transformation with operational agility, the Company seeks to drive long-term scalability, elevate service standards and maintain its competitive advantage in the Kingdom's evolving mobility ecosystem.

Ownership Structure

The following chart illustrates the structure of the Company as of the date of this Prospectus:

Exhibit 1: The Structure of the Company as of the Date of this Prospectus



Source: The Company.

As of the date of this Prospectus, the share capital of the Company is three hundred million Saudi Arabian Riyals (SAR 300,000,000), consisting of thirty million (30,000,000) ordinary shares, with a fully paid nominal value of ten Saudi Arabian Riyals (SAR 10) per Share. The following table sets out the direct ownership structure of the Company pre- and post-Offering:

Table 4: Direct Ownership Structure of the Company Pre- and Post- Offering

Shareholder	Pre-Offering			Post-Offering		
	No. of Shares	Ownership (%)(1)	Overall Nominal Value (SAR)	No. of Shares	Ownership (%)(1)	Overall Nominal Value (SAR)
Saudi Edarah Holding Company	29,550,000	98.50%	295,500,000	20,685,000	68.95%	206,850,000
Abdulaziz Saleh Mohammed AlSowail	450,000	1.50%	4,500,000	315,000	1.05%	3,150,000
Public	-	-	-	9,000,000	30.00%	90,000,000
Total	**30,000,000**	**100.00%**	**300,000,000**	**30,000,000**	**100.00%**	**300,000,000**

Source: The Company.

Overview of the Historic Subsidiaries

Historically, the Company owned three subsidiaries: Aoun Equipment Rental Company H-10 Logistics Services Company and Elegant Vehicle Carwash Services Company. On 4 Rabi al-Thani 1445H (corresponding to 19 October 2023G), Aoun Equipment Rental Company was liquidated. On 19 Jumada al-Akhirah 1445H (corresponding to 1 January 2024G), the Company transferred the ownership in two of its remaining subsidiaries H-10 Logistics Services Company and Elegant Vehicle Carwash Services Company to Saudi Edarah Holding Company. As of the date of this Prospectus, the Company does not have any subsidiaries.

Vision, Mission and Strategy

Vision

The Company's vision for the future of transportation is one where convenience, flexibility and sustainability all come together.

Mission

The Company's mission is to deliver reliable and innovative vehicle leasing solutions that empower Government and private sector clients to achieve their mobility needs with confidence. By leveraging its extensive fleet and commitment to operational excellence, the Company aims to provide seamless, cost-effective and sustainable transportation services that drive growth and efficiency for its clients and stakeholders.

Strategy

The Company has established a comprehensive strategy aimed at reinforcing its position in the Kingdom's vehicle leasing and mobility sector. The strategy is built around five integrated pillars: sustainable growth, operational efficiency, market expansion, digital transformation and customer-centric innovation. By leveraging its expertise in long-term vehicle lease and short-term car rental, the Company seeks to optimize its business model, expand its service offerings and capture new market opportunities while maintaining strong financial performance. The strategy also reflects the Company's long-term vision to be a leader in technology-driven, value-added mobility solutions in the Kingdom.

Maximizing Growth through a Targeted Segment Strategy

The Company's growth strategy is designed to strengthen its market position across key leasing and rental segments. It focuses on expanding within its core markets, acquiring new clients, increasing fleet deployment efficiency and capturing opportunities in high-growth and underserved segments. This strategy includes:

- **Expanding Leadership in Long-Term Vehicle Lease**: The Company is committed to further solidifying its leadership in the long-term vehicle lease segment through several strategic levers. It continues to actively pursue leasing contracts across Government, quasi-Government and private sector clients, building on its established relationships and reputation. As of 31 December 2024G, the Company maintained a substantial backlog worth SAR 1.2 billion, reflecting strong future revenue visibility and underpinning the Company's long-term business stability. The Company is an approved vendor through platforms such as Etimad and has obtained vendor status with key Government and affiliated entities including Saudi Aramco, NEOM, SABIC and Public Investment Fund-related organisations. This positioning enables the Company to secure high-value contracts and remain competitive in Government tenders. In parallel, the Company is expanding into the medium to large enterprise segment by tailoring lease solutions to their needs and offering flexible, fully managed leasing structures. It is also targeting multinational firms relocating to the Kingdom, aligning its offerings with the goals of Saudi Vision 2030. This strategic expansion enhances client diversification, strengthens market resilience and reduces revenue concentration risk; and
- **Strengthening Market Position in Short-Term Car Rental**: The Company is also strengthening its position in the short-term car rental segment through geographic expansion, technology partnerships and product innovation. It has launched a targeted expansion plan to enter up to 81 secondary cities through mini-service centres and door-to-door delivery. At the same time, the Company is forming partnerships with aggregator platforms such as iDrive, Telgani and Invygo to enhance digital reach and customer acquisition. The growth of inbound tourism and business travel—supported by airport expansions and national tourism strategies—presents further opportunities. The Company is therefore planning to expand into airport locations and enhance its booking platforms to enable seamless travel integration. Additionally, it is pursuing strategic collaborations with airlines, hotels and travel agencies to capture inbound tourist traffic. To increase brand equity in this segment, the Company is deploying a multi-channel marketing strategy and investing in brand development. Initiatives include digital advertising, customer loyalty programmes, promotional offers and the development of a retail B2C strategy. These efforts aim to diversify revenue, improve brand visibility and increase customer retention.

Enhancing Fleet Optimization and Operational Efficiency

The Company is focused on increasing operational efficiency and cost control through improved fleet management, predictive maintenance and optimised vehicle lifecycle strategies. This strategy includes:

Strengthening Fleet Management and Maintenance Capabilities: As of 31 December 2024G, the Company operated a central workshop, eight regional workshops and 13 mobile service units strategically located across the Kingdom. This infrastructure ensures timely vehicle servicing, reduces downtime and enhances overall client satisfaction. The Company also integrates advanced telematics and diagnostics to proactively schedule maintenance, monitor vehicle condition and prevent unexpected breakdowns. These initiatives lower maintenance costs, extend vehicle life and increase fleet availability; and

Optimising Vehicle Lifecycle Management: The Company has implemented a structured vehicle lifecycle strategy to optimise the residual value of its fleet. This includes ongoing assessment of market demand, depreciation trends and optimal resale timing. Vehicles are disposed of through direct sales, dealership bulk transactions and online listings. In August 2025G, the Company plans to launch an e-auction platform to facilitate transparent digital vehicle sales and expand its buyer base. These efforts improve inventory turnover, reduce holding costs and enhance returns on decommissioned vehicles.

Strengthening Digital and Technological Capabilities

Technology and data are key enablers of the Company's strategy. The Company is implementing digital upgrades to streamline operations, improve fleet visibility and enhance customer experience. This strategy includes:

Digital Transformation in Fleet Management and Customer Service: The Company has deployed telematics solutions for real-time tracking, automated maintenance alerts and fuel optimisation. These systems increase vehicle uptime and improve route planning. On the customer-facing side, it has introduced a mobile-optimised website and booking platform that allows instant reservations, digital contract management and automated service updates. Partnerships with vehicle aggregators also extend the Company's reach in short-term rentals; and

Expanding Data-Driven Analytics: The Company is leveraging historical data and analytics to inform decisions on pricing, fleet distribution and credit management. It uses demand forecasting to optimise fleet allocation, minimise idle vehicle inventory and improve overall fleet profitability. Advanced credit models are employed to assess risk and set lease terms, improving financial outcomes and minimising defaults. Automated risk tools further streamline approvals and pricing strategies.

Financial Strength, Risk Management and Governance Enhancements

The Company maintains a strong financial foundation while reinforcing its risk controls and governance practices. This strategy includes:

Strengthening Financial and Cost Management: The Company is enhancing profitability and financial efficiency through cost optimisation, bulk procurement, supplier agreements, automated maintenance, and operational streamlining, while maintaining service quality and a competitive pricing structure; and

Strengthening Corporate Governance and Compliance: The Company is enhancing its governance framework in line with CMA requirements, with a focus on ESG practices, regulatory compliance and internal risk controls. A dedicated team ensures compliance with all relevant leasing, tax and safety regulations. ESG considerations are integrated into procurement and stakeholder policies. The Company also maintains robust internal audit framework and risk assessment protocols to ensure long-term operational sustainability.

Ensuring Regulatory Compliance Across Business Segments

The Company actively monitors leasing and rental regulations, vehicle safety standards and data protection laws to ensure full regulatory compliance across all business operations. A dedicated regulatory compliance team ensures adherence to local and regional legal frameworks, mitigating risks associated with licensing, taxation and operational compliance. By maintaining a robust internal audit framework and risk assessment protocols, the Company ensures that governance standards remain aligned with evolving regulatory expectations while supporting operational resilience and long-term sustainability.

The Company's comprehensive strategic roadmap is designed to solidify its market position in the Kingdom's vehicle leasing market, expand into new customer segments and enhance operational efficiencies. Through a data-driven approach to fleet management, digital transformation, financial optimisation and sustainability integration, the Company is positioned to capitalise on future growth opportunities while maintaining strong revenue visibility and market competitiveness.

Strengths and Competitive Advantages

The Company is one of the leading players in the Kingdom's vehicle leasing industry, leveraging its strong market position, diversified clients and operational excellence. Backed by favourable market dynamics and Saudi Vision 2030, it offers tailored leasing solutions, advanced fleet management and seamless customer experiences. Key strengths include:

Operating in a Strong and Growing Market with Favourable Mobility Trends Driving Demand for Car Leasing and Rentals in the Kingdom

The Company's ability to benefit from favourable macroeconomic and sectoral tailwinds is reflected in the following key trends and opportunities:

Market Growth Driven by Saudi Vision 2030 and Economic Expansion: The Kingdom's vehicle leasing and rental sectors are undergoing rapid growth, spurred by Saudi Vision 2030 initiatives, infrastructure development and increased demand for fleet leasing and rental services across corporate, Government and retail segments. Growth in tourism, expatriate employment and urbanisation has expanded the market for both long-term leasing and short-term rentals. The Company, with over 40 years of experience, an extensive fleet and a strong track record of securing Government contracts, is well-positioned to benefit from these trends by aligning its offerings with the evolving mobility landscape;

Projected Market Growth and Demand Trends: Pursuant to the Market Research Report, from 2025G to 2029G, real GDP is forecasted to grow at a CAGR of 4.0 per cent., nominal GDP at 5.8 per cent. and total consumer spending at 5.0 per cent. Transportation expenditures, a key driver of vehicle leasing demand, are projected to increase by 4.8 per cent., while the employed population is expected to reach 18.2 million, growing at a CAGR of 2.2 per cent. Inbound tourism is anticipated to grow at a CAGR of 7.5 per cent., with tourism spending up 9.7 per cent., supporting strong demand for short-term car rentals. These factors position the Company to benefit from accelerated growth in vehicle leasing and mobility services; and

Expansion of Leasing, Rental and Used Car Segments: Pursuant to the Market Research Report, the leasing market is projected to grow at a CAGR of 12.8 per cent. in terms of fleet size and 13.5 per cent. in revenue between 2025G and 2029G. Rental fleet growth is projected at 6.1 per cent. The used car market is also expected to increase by 8.8 per cent. in revenue between 2025G and 2029G. The Company's structured resale programmes and high-quality fleet position it to benefit from this full spectrum of market opportunities.

One of the Leading Car Leasing Companies in the Kingdom with a Growing Market Share

The Company's established market leadership and its continuous efforts to strengthen its competitive position are supported by the following factors:

Expanding Market Share and Geographic Presence: The Company's market share in the Kingdom's long-term leasing segment has grown from 7.7 per cent. in 2023G to 8.8 per cent. in 2024G. Its reach extends across major cities, including Riyadh, Jeddah, Al Khobar and Abha, granting it access to over 80.0 per cent. of the Kingdom's leasing market. As a registered vendor on platforms like Etimad, it maintains direct access to tenders, ensuring recurring revenues. Its scale and contract base allow it to optimise fleet deployment and operating costs; and

Diverse Fleet and Omni-Channel Customer Access: The Company offers a balanced mix of economy to premium vehicles sourced from global brands. Its leasing packages cover procurement, insurance, maintenance and compliance, simplifying fleet ownership for clients. Through physical branches, digital platforms and mobile applications, the Company delivers a seamless experience across all service channels. For short-term rentals, its digital-first platform enables real-time bookings and efficient customer support.

Comprehensive Leasing and Rental Solutions Supported by a Nationwide Fleet Maintenance Network

The Company's integrated service model and maintenance infrastructure contribute to operational excellence through the following capabilities:

Highly Efficient Fleet Management and Maintenance Infrastructure: With a central workshop, eight regional workshops and 13 mobile service centres as of 31 December 2024G, the Company provides nationwide service coverage. Telematics and real-time diagnostics support predictive maintenance, reducing unplanned repairs downtime and enhancing fleet reliability. Internal control over servicing also minimises third-party dependence and improves quality assurance;

Synergies Between Leasing and Rental Segments: The Company's leasing and rental services are interconnected, enabling it to leverage synergies that enhance customer engagement and market penetration. Its brand equity in long-term leasing boosts

visibility in short-term rentals. The Company also repurposes lease-returned vehicles for rentals, extending asset value and ensuring optimal fleet utilisation in response to market demand; and

Optimised Vehicle Lifecycle and Residual Value Maximisation: The Company applies a structured, data-driven approach to fleet renewal and vehicle lifecycle management, using usage data and market trends to optimise acquisition, leasing duration and disposal timing. This reduces maintenance costs and improves fleet efficiency. Its resale programmes maximise asset value recovery through certified pre-owned sales, auctions and B2B channels. By maintaining a transparent and structured resale strategy, the Company ensures resale demand and financial stability, reinforcing its market position and long-term fleet value.

Robust and Growing Revenue Backlog Driven by Long-Term Contracts with Government and Quasi-Government Customers

The Company's revenue visibility and long-term income stability are underpinned by the following strengths:

Strong Backlog and Revenue Visibility: As of 31 December 2024G, the Company maintained SAR 1.2 billion in long-term leasing backlog. Its exposure to Government and enterprise clients ensures low credit risk and predictable cash flows. Renewals from high-profile clients such as Aramco, NWC and STC reaffirm its client retention strength; and

Expansion of Contractual Agreements and Revenue Growth: The Company's backlog continues to grow, supported by expanded leasing agreements with high-profile clients. These contracts strengthen revenue visibility and reinforce its leadership. By securing and expanding long-term leasing contracts, the Company enhances financial resilience and supports long-term value creation.

Strong and Growing Financial Profile Supported by Healthy Margins

The Company's financial performance and operational resilience are driven by the following key developments:

Revenue Growth and Expansion in Long-Term Leasing: In 2024G, the Company's revenue grew by 5.3 per cent. to SAR 454.7 million, mainly from SAR 80.9 million increase in long-term lease revenue. An additional 3,012 leased vehicles, mostly to quasi-Government clients, contributed significantly to this increase;

Margin Expansion and Cost Efficiency Improvements: Gross margin increased from 25.7 per cent. in 2023G to 32.0 per cent. in 2024G, driven by improved fixed cost absorption and lower insurance costs. Vehicle disposals also boosted margins, especially for older, fully depreciated assets. Net income margin improved from 13.2 per cent. in 2023G to 13.9 per cent. in 2024G, partially offset by SAR 25.9 million in higher finance costs; and

Return on Equity and Financial Resilience: Return on Equity remained strong at 12.3 per cent. in 2024G, reflecting consistent profitability and efficient capital use. The Company's disciplined fleet investment and cost control continue to support its long-term financial stability.

Led by a Highly Experienced Management Team

The Company is led by a highly experienced leadership team with a proven track record in fleet management, finance and customer-focused mobility solutions. Supported by a robust corporate governance framework, they navigate regulatory changes and drive growth. Under their leadership, the Company has secured key contracts, implemented operational efficiencies and introduced innovative leasing solutions, reinforcing the Company's position one of the leading providers of vehicle leasing services in the Kingdom.

Summary of the Market Overview

Saudi Vision 2030's objectives of economic diversification and infrastructure modernisation are expected to drive growth in transportation on the back of increased expected demand for short-term rentals, long-term leases, and improved mobility services

The Kingdom's economy rebounded strongly post-COVID-19, with 7.5 per cent. real GDP growth in 2022G, driven by non-oil investments. Though, GDP contracted by 0.8 per cent. in 2023G due to global factors and OPEC+ cuts before recovering 1.4 per cent. in 2024G. The economy reached SAR 4.1 trillion (USD 1.1 trillion) in 2024G, reflecting a 10.5 per cent. CAGR from 2020G to 2024G.

Saudi Vision 2030 is fuelling economic transformation with SAR 1 trillion (USD 266.7 billion) in infrastructure investments, aiming to attract 150 million visitors annually by 2030G. The Public Investment Fund (PIF) is driving electrical vehicle production with Ceer and Lucid Motors, while SAR 31.5 billion (USD 8.4 billion) is allocated for a NEOM green hydrogen plant which is expected to drive economic potential for renewable energy and further address the growing demand of clean energy in the future With FDI inflows of SAR 95.9 billion (USD 25.6 billion) in 2023G, the Kingdom is emerging as a global leader in infrastructure and logistics, thus paving way for a rise in nominal GDP to SAR 5.4 trillion (USD 1.5 trillion) by 2029G.

Population growth, increasing urbanisation, expanding middle class, and rising female workforce participation are driving demand for short-term rentals and long-term leases

Saudi Arabia's population is projected to reach 33.9 million in 2024G, growing at a 1.9 per cent. CAGR (2020G to 2024G). Expat numbers rebounded post-COVID, reaching 13.9 million in 2024G, with projections of 14.6 million by 2029G. Government programmes like Nitaqat and Tawteen, along with labour reforms, are boosting employment while providing companies greater hiring flexibility. Employment rose from 43.2 per cent. in 2020G to 47.5 per cent. in 2023G and is expected to hit 49.3 per cent. (18.2 million) by 2029G.

Saudi Vision 2030 initiatives and SAR 3 trillion (USD 800 billion) Riyadh expansion plans are driving urban growth, with 84.9 per cent. of the population residing in cities. Infrastructure investments in NEOM, the Red Sea Project, and Asir are driving demand for short-term rentals and long-term leases. The middle class expanded from 2.3 million in 2020G to 2.9 million in 2024G (5.5 per cent. CAGR) and it is expected to reach 3.4 million (28.9 per cent. of total population) by 2029G. With female workforce participation nearly reaching 35.4 per cent. by mid-2024G, rising disposable incomes and post-driving-ban adoption are accelerating growth in sales of new and used vehicles.

The Kingdom's long-term leasing market is growing rapidly, driven by flexible transportation solutions, cost-effective mobility options, and consolidation led by the key players offering innovative services

The Kingdom's long-term leasing industry thrives on dealerships, financing institutions, and leasing firms. Rising demand, corporate needs, and light commercial vehicle expansion drive growth. Growing business requirements are being met by long-term leasing which offers cost effective options of transportation without the hassles of vehicle maintenance and choice of vehicle based on their utilisation purpose, for example leasing light commercial vehicles which provide heavy load carrying capacity for long distances. Operational leasing is popular for low upfront costs, predictable payments, and included maintenance, appealing to businesses and consumers alike.

Valued at SAR 3.7 billion (USD 1 billion) in 2024G, the industry grew at a 14.5 per cent. CAGR from 2020G to 2024G. It is projected to expand at 13.5 per cent. CAGR from 2025G to 2029G, reaching SAR 7.2 billion (USD 1.9 billion). Budget, the leading player in long-term leasing offers unlimited mileage, zero down payment and a 30-day credit facility for its clients, while Lumi the second largest player focuses on expanding its leasing contract pipeline mainly with government clients and Theeb on the other hand is involved in technology utilisation such as artificial intelligence, mobile applications to enhance customer experience.

The Kingdom's short-term rental market is driven by expanding business activities, a growing tourist influx, and rising demand for flexible transportation, with the key players focusing on loyalty programmes, sustainability, and digital innovation to offer differentiated services

Short-term rentals in in the Kingdom are growing rapidly due to their flexibility over traditional ownership. The market for rentals was valued at SAR 4.0 billion (USD 1.1 billion) after growing at a CAGR of 11.7 per cent. between 2020G and 2024G. Rental vehicles cater to diverse needs, from short-term travel to business use. Tourists value convenience, businesses seek flexibility, and rental companies offer daily to monthly terms. The market for rentals is expected to witness a CAGR of 5.7 per cent. in the forecast period 2025G to 2029G reaching SAR 5.2 billion (USD 1.4 billion) at the end of the period.

The short-term rental market in the Kingdom is led by the five key players holding approximately 53 per cent. revenue market share: Short-term rental companies differentiate themselves through unique strategies and offerings. Budget Saudi targets diverse segments and promotes electrical vehicles. Theeb excels with its loyalty platform, electrical vehicle expansion, and airport presence. Lumi integrates online and offline services, growing corporate rentals. Al Wefaq enhances customer experience through its Amyali loyalty programme with exclusive rewards.

The rising demand for motor vehicle sales in the Kingdom is fuelled by affordability, a wide variety of options, and a focus on value, as traditional players expand their showrooms, and online marketplaces thrive in the fragmented market

The demand for sales of motor vehicles is increasing driven by affordability, availability of diverse range of models, and an increasing focus on value-oriented choices. The market for sales of motor vehicles grew at a CAGR of 11.2 per cent. between 2020G and 2024G and was valued at SAR 54 billion (USD 14 billion) at the end of 2024G. Used cars attract young professionals, expatriates, and families, with growing confidence in quality, certified options, and digital platforms for informed decisions. The market for used cars is expected to witness a CAGR of 8.8 per cent. during 2025G to 2029G and is expected to reach SAR 84 billion (USD 22.4 billion) by 2029G.

The used car market in the Kingdom is fragmented, with over 2,000 dealers holding 96.6 per cent. of the market. Online marketplaces are transforming Saudi Arabia's motor vehicle sales market, improving convenience, transparency, and competition between traditional and emerging players.

The Company is well positioned in the long-term leasing and rental space, backed by over 40 years of experience, robust fleet management, strategic focus on leasing, technological investments, and government contracts

The Company has been operating in the Kingdom for over 40 years, with a strong regional presence and 27 rental branches, eight regional workshops, and a showroom for used vehicle sales. The Company also offers mobile service centres and third-party partnerships for maintenance. As of 31 December 2024G, the Company's fleet included 15,620 vehicles, with 93.5 per cent. allocated to leasing, 6.5 per cent. to daily rentals, and the remainder to other segments. Leasing is the largest revenue stream, contributing 71.3 per cent., followed by used vehicle sales (24.0 per cent.) and daily rentals (4.7 per cent.).

The Company uses CarPro software for fleet management, optimising distribution through cost analysis. Maintenance is handled via in-house workshops, mobile units and third parties like Petromin Express. The Company trading forecasts SAR 363 million (USD 96.8 million) in contractual revenue for 2025G, decreasing to SAR 28 million (USD 7.6 million) by 2029G. Recent contracts with entities like the National Water Company highlight its government sector presence. The Company's focus on digital transformation and adding electric vehicles to its fleet positions it for sustained growth.

Summary of Financial Information and Key Performance Indicators

The financial information set out below was derived from the audited special purpose consolidated financial statements of the Group for the financial years ended 31 December 2024G, 2023G and 2022G prepared in accordance with IFRS as endorsed in the Kingdom and other standards and pronouncements issued by SOCPA. The Group's selected financial information and key performance indicators set out below should be read together with the information provided in Section 2 (*Risk Factors*) and Section 6 (*Management's Discussion and Analysis of Financial Position and Results of Operations*) of this Prospectus and the financial statements as included in Section 19 (*Financial Statements and Auditor's Report*), as well as the financial information set out in other parts of this Prospectus. On 4 Rabi al-Thani 1445H (corresponding to 19 October 2023G), one of the Company's subsidiaries, Aoun Equipment Rental Company was liquidated. On 19 Jumada al-Akhirah 1445H (corresponding to 1 January 2024G), the Company transferred the ownership in two of its remaining subsidiaries H-10 Logistics Services Company and Elegant Vehicle Carwash Services Company to Saudi Edarah Holding Company. As of the date of this Prospectus, the Company does not have any subsidiaries.

Table 5: Summary of the Statement of Profit or Loss and other Comprehensive Income for the Financial Years Ended 31 December 2022G, 2023G and 2024G

Currency: SAR'000	Financial Year Ended 31 December		
	2022G	2023G	2024G
Statement of Comprehensive Income			
Revenue	331,933	431,841	454,656
Cost of Revenue	(232,849)	(320,719)	(308,948)
Gross Profit	**99,084**	**111,122**	**145,708**
Selling and Marketing Expenses	**(3,197)**	**(4,112)**	**(4,300)**
General and Administrative Expenses	(20,795)	(25,342)	(24,810)
Provision for Expected Credit Losses	(9,848)	(5,765)	(10,627)
Other Income	6,761	5,187	6,600
Operating Profit	**72,005**	**81,090**	**112,570**
Finance Costs	(9,456)	(21,415)	(47,317)
(Loss)/Profit from Derivative Instruments at Fair Value Through Profit or Loss	1,210	(605)	(40)
Profit Before Zakat	**63,759**	**59,069**	**65,213**
Zakat	(3,729)	(2,163)	(2,160)
Profit for the Year/(Loss)	**60,030**	**56,907**	**63,053**
Net Profit for the Period Attributable To:			
Non-Controlling Interests	-	-	-
Re-measurements of Employees' End of Service Benefits	1,663	(95)	(344)
Comprehensive Income for the Period	**61,693**	**56,811**	**62,708**
Earnings Per Share Attributable to Shareholders:			
Basic and Diluted	**2.00**	**1.89**	**2.10**

Source: The audited special purpose consolidated financial statements of the Group for the financial years ended 31 December 2024G, 2023G and 2022G.

Table 6: Summary of the Group's Statement of Financial Position as of 31 December 2022G, 2023G and 2024G

Currency: SAR'000	As of 31 December		
	2022G	2023G	2024G
Property and Equipment	572,547	917,725	1,129,790
Right-of-Use Assets	18,857	19,825	19,744
Intangible Assets	861	1,602	159
Total Non-Current Assets	**592,265**	**939,152**	**1,149,693**
Total Current Assets			
Inventory	10,359	11,314	5,417
Trade Receivables	115,010	157,071	206,731
Derivative Instruments at Fair Value Through Profit or Loss	646	40	-
Prepayments and Other Current Assets	97,558	99,223	33,764
Cash and Cash Equivalents	3,918	12,640	49,311
Total Current Assets	**227,491**	**280,289**	**295,224**
Total Assets	**819,755**	**1,219,441**	**1,444,917**
Equity			
Share Capital	300,000	300,000	300,000
Statutory Reserve	29,624	35,315	41,620
Retained Earnings	71,479	116,600	173,003
Total Equity	**401,104**	**451,915**	**514,623**
Non-Current Liabilities			
Non-Current Portion of Lease Liabilities	15,567	16,265	15,710
Employees' Benefits	8,840	8,991	9,779
Non-Current Portion of Term Loans	107,566	316,293	532,714
Total Non-Current Liabilities	**131,972**	**341,549**	**558,203**
Current Liabilities			
Current Portion of Term Loans	170,521	188,056	269,910
Current Portion of Lease Liabilities	3,094	3,649	4,248
Trade Payables	68,235	176,450	64,462
Accrued Expenses and Other Current Liabilities	13,337	13,235	20,170
Due to a Related Party	22,541	41,742	10,460
Zakat Payable	8,951	2,846	2,841
Total Current Liabilities	**286,679**	**425,977**	**372,090**
Total Liabilities	**418,652**	**767,526**	**930,293**
Total Equity and Liabilities	**819,755**	**1,219,441**	**1,444,917**

Source: The audited special purpose consolidated financial statements of the Group for the financial years ended 31 December 2024G, 2023G and 2022G.

Table 7: Summary of the Group's Statement of Financial Position as of 31 December 2022G, 2023G and 2024G

Currency: SAR'000	As of 31 December		
	2022G	2023G	2024G
Total Current Assets	227,491	280,289	295,224
Total Non-current Assets	592,265	939,152	1,149,693
Total Assets	**819,755**	**1,219,441**	**1,444,917**
Total Current Liabilities	286,679	425,977	372,090
Total Non-Current Liabilities	131,972	341,549	558,203
Total Liabilities	**418,652**	**767,526**	**930,293**
Total Equity	**401,104**	**451,915**	**514,623**
Total Equity and Liabilities	**819,755**	**1,219,441**	**1,444,917**

Source: The audited special purpose consolidated financial statements of the Group for the financial years ended 31 December 2024G, 2023G and 2022G.

Table 8: Summary of the Group's Statement of Cash Flows for the Financial Years Ended 31 December 2022G, 2023G and 2024G

Currency: SAR'000	Financial Year Ended 31 December		
	2022G	2023G	2024G
Net Cash Generated from Operating Activities	76,137	(209,387)	(239,678)
Net Cash Used in Investing Activities	(6,683)	(4,601)	(17,858)
Net Cash Generated from Financing Activities	(85,161)	222,711	294,208
Cash and Bank Balances at Beginning of Year	19,624	3,918	12,640
Cash and Cash Equivalents for End of Period	3,918	12,640	49,311

Source: The audited special purpose consolidated financial statements of the Group for the financial years ended 31 December 2024G, 2023G and 2022G.

Table 9: The Group's Key Performance Indicators for the Financial Years Ended 31 December 2022G, 2023G and 2024G

	Financial Year Ended 31 December		
	2022G	2023G	2024G
Revenue Growth Rate (%)	7.4%	30.1%	5.3%
Gross Profit Margin (%)	29.9%	25.7%	32.0%
Net Profit Growth Rate (%)	5.5%	(5.2%)	10.8%
Net Profit Margin (%)	18.1%	13.2%	13.9%
Return on Assets (%)	7.3%	4.7%	4.4%
Return on Equity (%)	15.0%	12.6%	12.3%
Days Sales Outstanding (DSO)	170	191	191
Days Payable Outstanding (DPO)	91	70	101
Days Inventory Outstanding (DIO)	9	10	5
Cash Conversion Cycle (Days)	89	131	96
Working Capital as % of Revenue	42.6%	18.0%	35.5%
Turnover Ratio [1]	0.79	0.66	0.79
Liabilities to Equity	69.3%	111.6%	156.0%
Liabilities to Equity Ratio	104.4%	169.8%	180.8%
Average Lease Term for Long-Term Vehicle Leasing (Years)	3.3	3.3	3.6

Source: The audited special purpose consolidated financial statements of the Group for the financial years ended 31 December 2024G, 2023G and 2022G.

(1) The turnover ratio is calculated by dividing total current assets by current liabilities.

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 Concentration of Revenue in Long-Term Vehicle Leasing Segment
- Risks Related to Concentration of Revenue Among Major Long-Term Vehicle Leasing Clients
- Risks Related to Concentration of Long-Term Vehicle Lease Contract Revenue from Government and Quasi-Government Clients
- Risks Related to Revenue Stagnation from Existing Clients
- Risks Related to the Company's Inability to Implement its Growth Strategy in the Future
- Risks Related to Inaccurate Estimate of Costs for Pricing Long-Term Vehicle Lease and Short-Term Car Rental Offerings
- Risks Related to Calculation of Backlog of Existing Contracts
- Risks Related to Suppliers and Vehicle Purchases
- Risks Related to Cyclicality in Sale of Vehicles Upon Retirement
- Risks Related to Volatility in Profitability in the Used Vehicle Sales Segment
- Risks Related to the Theft or Misuse of Cars by the Company's Clients
- Risks Related to Financing and Ability to Obtain Financing
- Risks Related to Interest Rates
- Risks Related to Liquidity Management
- Risks Related to Contingent Liabilities
- Risks Related to Personal Guarantees from Shareholders
- Risks Related to Collecting Receivables from the Company's Clients
- Risks Related to the Company's Obligations to Settle Accounts Payable
- Risks Related to the Company's Reputation and Services
- Risks Related to Marketing Activities
- Risks Related to the Growing Importance of E-Channels for Short-Term Car Rentals
- Risks Related to Manufacturer Safety Recalls
- Risks Related to Employee Misconduct or Errors
- Risks Related to Reliance on Information Technology Infrastructure
- Risks Related to the Inability to Adequately Maintain the Confidentiality and Integrity of Client and Employee Data
- Risks Related to Reliance on Executive Management and Key Personnel
- Risks Related to the Failure to Attract and Retain Qualified Employees
- Risks Related to Human Resources
- Risks Related to Insurance for the Company's Fleet
- Risks Related to Litigation
- Risks Related to Leasing Real Estate
- Risks Related to Infectious Diseases or Any Public Health Threats
- Risks Related to Protection of Intellectual Property Rights
- Risks Related to Related Party Transactions
- Risks Related to the Engagement of Directors or Senior Executives in Businesses Competing with the Company's Business

- Risks Related to Newly Adopted Corporate Governance Manual and Compliance with Corporate Governance Regulations
- Risks Related to the Failure by the Audit Committee and the Nomination and Remuneration Committee to Perform its Duties as Required
- Risks Related to the Lack of Experience of Senior Executives of the Company in Managing a Listed Joint Stock Company
- Risks Related to Changes in the Useful Life, Residual Value and Methods of Calculating Depreciation of Vehicles
- Risks Related to Potential Zakat and Tax Liability
- Risks Related to Amendments to International Accounting Standards
- Risks Related to the Use of Accounting Assumptions, Estimates and Judgments, and the Corresponding Errors
- Risks Related to Restatement of Financial Statements

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 Middle East Region
- Risks Related to Structural Changes in the Transportation Industry
- Risks Related to Expected Launch of a Number of Initiatives Related to Public Transport in the Kingdom
- Risks Related to Competition and the Company's Market Share
- Risks Related to Force Majeure and Natural Disasters
- Risks Related to Changes in Energy Prices
- Risks Related to Changes in the Regulatory Environment
- Risks Related to Licences and Approvals
- Risks Related to Unanticipated Costs Related to Compliance with Health and Safety and Environmental Laws and Regulations
- Risks Related to Saudisation, Non-Saudi Employees and Other Labour Law Requirements
- Risks Related to the Increase in Government Fees Applicable to Non-Saudi Employees
- Risks Related to Exchange Rates

Risks Related to the Offer Shares

- Risks Related to Post–Offering Effective Control by the Substantial Shareholder
- Risks Related to the Absence of a Prior Market for the Shares
- Risks Related to Selling a Large Number of Shares on the Exchange
- Risks Related to the Issuance of New Shares Post-Offering
- Risks Related to Fluctuations in the Market Prices of the Shares
- Risks Related to the Distribution of Dividends

TABLE OF CONTENTS

1. Definitions and Abbreviations 1

2. Risk Factors 8

2.1 Risks Related to the Operations of the Company 8
2.2 Risks Related to the Market, Industry and Regulatory Environment 29
2.3 Risks Related to the Offer Shares 34

3. Market Overview 38

3.1 Macroeconomic Overview 38
3.2 Demographic Overview 42
3.3 Tourism Landscape 45
3.4 Business Landscape 46
3.5 Long-Term Leasing Market Overview 46
3.6 Short-Term Rental Market Overview 53
3.7 Sale of Motor Vehicles Market 58
3.8 Position of the Company 62

4. Business Description 66

4.1 Overview 66
4.2 Corporate History 67
4.3 Company Ownership Structure 68
4.4 Vision, Mission and Strategy 70
4.5 Strengths and Competitive Advantages 74
4.6 Overview of the Company's Business 79
4.7 Research and Development 116
4.8 Strategic Initiatives and Future Plans 116
4.9 Administrative Support Departments 117
4.10 Employees 117
4.11 Evolution of Capital 118
4.12 Business Continuity 120

5. Organisational Structure and Corporate Governance 122

5.1 Organisational Structure 122
5.2 Board of Directors and the Board Secretary 123
5.3 Board of Directors Committees 131
5.4 Executive Management 136
5.5 Remuneration of Directors and Senior Executives 139
5.6 Corporate Governance 140
5.7 Conflicts of Interest 141
5.8 Bankruptcy/Insolvency 142
5.9 Employees Share Schemes 142

6. Management's Discussion and Analysis of Financial Position and Results of Operations 145

6.1 Introduction 145
6.2 Directors' Declaration for Financial Information 145
6.3 Basis of Preparation 147
6.4 Key Factors Affecting the Group's Operations 154
6.5 Results of Operations for the Financial Years ended 31 December 2022G, 2023G and 2024G 155
6.6 Restatement of Prior Year Financial Statements 212

7. Dividend Distribution Policy 214

8. Use of Proceeds 216

9. Statements by Experts 218

10. Declarations 220

11. Legal Information 226

11.1 Declarations Related to the Legal Information 226
11.2 The Company 226

11.3 Ownership Structure 226
11.4 Government Consents, Licences and Certificates 227
11.5 Material Agreements 233
11.6 Financing Agreements 241
11.7 Insurance Policies 245
11.8 Insurance Claims 245
11.9 Real Estate 245
11.10 Related Party Transactions 262
11.11 Conflict of Interest 262
11.12 Intellectual Property 262
11.13 Litigation 263
11.14 Summary of Bylaws 264
11.15 Description of Shares 269

12. Underwriting 273

12.1 Underwriters 273
12.2 Summary of Underwriting Arrangements 273
12.3 Underwriting Costs 274

13. Expenses 276

14. Undertakings Following Admission 278

15. Waivers 280

16. Subscription Terms and Conditions 283

16.1 Subscription to Offer Shares 283
16.2 Book-Building and Subscription by Participating Parties 283
16.3 Subscription by Individual Subscribers 284
16.4 Allocation and Refunds 288
16.5 Circumstances Where Trading and Listing May be Suspended or Cancelled 288
16.6 Approvals and Decisions under which the Shares are Offered 290

16.7 Lock-up Period 291
16.8 Shares' Record and Trading Arrangements 291
16.9 Saudi Exchange (Tadawul) 291
16.10 Securities Depository Centre Company (Edaa) 291
16.11 Trading of the Company's Shares 291
16.12 Miscellaneous 292

17.Acknowledgements and Declarations by Subscribers 294

18. Documents Available for Inspection 296

19. Financial Statements and Auditor's Report 298

LIST OF TABLES

Table 1: The Company's Board of Directors viii

Table 2: Substantial Shareholder and Their Ownership in the Company Pre- and Post-Offering xvii

Table 3: Expected Offering Timetable xxi

Table 4: Direct Ownership Structure of the Company Pre- and Post- Offering xxv

Table 5: Summary of the Statement of Profit or Loss and other Comprehensive Income for the Financial Years Ended 31 December 2022G, 2023G and 2024G xxxii

Table 6: Summary of the Group's Statement of Financial Position as of 31 December 2022G, 2023G and 2024G xxxiii

Table 7: Summary of the Group's Statement of Financial Position as of 31 December 2022G, 2023G and 2024G xxxiv

Table 8: Summary of the Group's Statement of Cash Flows for the Financial Years Ended 31 December 2022G, 2023G and 2024G xxxiv

Table 9: The Group's Key Performance Indicators for the Financial Years Ended 31 December 2022G, 2023G and 2024G xxxiv

Table 2.1: Overview of Revenue Contributions from Top Clients and Sectoral Contributions for the Financial Years Ended 31 December 2022G, 2023G and 2024G 9

Table 2.2: Revenue Contribution to Long-Term Leasing Segment by Each Top 10 Client for the Financial Years Ended 31 December 2022G, 2023G and 2024G 9

Table 2.3: Evolution of Long-Term Lease Revenue Between the Financial Years Ended 31 December 2022G and 2023G 11

Table 2.4: Evolution of Long-Term Lease Revenue Between the Financial Years Ended 31 December 2023G and 2024G 11

Table 2.5: Aging of Accounts Receivable as of 31 December 2022G, 2023G and 2024G 19

Table 3.1: The Kingdom's Oil and Non-oil Revenues (in SAR billion) Between 2020G to 2023G 39

Table 3.2: Key Initiatives Under Saudi Vision 2030 39

Table 3.3: The Kingdom's Macroeconomic Indicators Between 2020G to 2029G 42

Table 3.4: The Kingdom's Demographic Indicators Between 2020G to 2029G 44

Table 3.5: The Kingdom's Tourism Sector Indicators Between 2020G to 2029G 45

Table 3.6: The Two Types of Long-Term Leasing 47

Table 3.7: The Share of Long-Term Leasing by Customer Type During 2024G and 2029G 48

Table 3.8: The Key Industries in B2B Sectors 48

Table 3.9: Long-Term Leasing Prices in Saudi Arabia Vary Based on Several Factors: 49

Table 3.10: The Share of Long-Term Leasing by Region During 2024G and 2029G 49

Table 3.11: The Profile Summary of Key Players in Long-Term Leasing as of 2024G 50

Table 3.12: Key Players in Long-Term Leasing 2023G and 2024G 52

Table 3.13: Licensing Regime for Short-Term Rental Companies in the Kingdom 53

Table 3.14: Other Factors Impacting the Price of Rental Vehicles 55

Table 3.15: Profile Summary of Key Players in Short-Term Rentals as of 2024G 56

Table 3.16: Key Players in Short-Term Rentals in the Kingdom as of 2023G and 2024G 57

Table 3.17: Physical and Online Channels for Motor Vehicle Sales 59

Table 3.18: Factors Influence Pricing 61

Table 3.19: Key Highlights of Leading Motor Vehicle Sales Companies as of 2024G 61

Table 3.20: Key Players in Motor Vehicle Sales Market 2023G and 2024G 62

Table 3.21: Competitive Comparison Between the Company and Rest of the Players as of 2024G 63

Table 4.1: Key Historical Changes and Events 67

Table 4.2: Direct Ownership Structure of the Company Pre- and Post- Offering 68

Table 4.3: Details of Shareholders Indirectly Holding Five Per Cent. or More Shares in the Company as of the Date of this Prospectus 69

Table 4.4: Ownership Structure of Saudi Edarah Holding Company 69

Table 4.5: Average Share of Each Business Segment in the Revenue of the Company in the Financial Years 2022G, 2023G and 2024G 80

Table 4.6: Total Revenue Breakdown by Segment for the Financial Years Ended 31 December 2022G, 2023G and 2024G 80

Table 4.7: Revenues from Top Five Clients in the Long-Term Vehicle Leasing Segment in the Financial Years Ended 31 December 2022G, 2023G and 2024G 91

Table 4.8: Residual Value of the Company's Existing Contracts as of 31 December 2024G 92

Table 4.9: Overview of the Vehicles Sold by Manufacturing Company in the Financial Years Ended 31 December 2022G, 2023G and 2024G 99

Table 4.10: Overview of the Overall Fleet Mix by Make as of 31 December 2022G, 2023G and 2024G 103

Table 4.11: Fleet by Make Year as of 31 December 2022G, 2023G and 2024G 103

Table 4.12: Total Purchases by the Company from the Top Five Suppliers in Long-Term Vehicle Leasing Segment in the Financial Years Ended 31 December 2022G, 2023G and 2024G 111

Table 4.13: Total Purchase from Key Suppliers for Fleet Purchases in Percentage of Total Purchases in the Financial Years Ended 31 December 2022G, 2023G and 2024G 112

Table 4.14: Geographic Presence of the Company as of 31 December 2024G 113

Table 4.15: Certifications Obtained by the Company as of the Date of this Prospectus 115

Table 4.16: Number of Employees of the Company by Department as of 31 December 2022G, 2023G and 2024G 118

Table 4.17: The Ownership Structure as of 11 Jumada al-Akhirah 1400H (corresponding to 26 April 1980G) 118

Table 4.18: The Ownership Structure as of 4 Ramadan 1420H (corresponding to 12 December 1999G) 118

Table 4.19: The Ownership Structure as of 13 Ramadan 1420H (corresponding to 20 December 1999G) 119

Table 4.20: The Ownership Structure as of 1 Thul-Hijjah 1436H (corresponding to 14 September 2015G) 119

Table 4.21: The Ownership Structure as of 6 Muharram 1439H (corresponding to 14 September 2015G) 119

Table 4.22: The Ownership Structure as of 5 Jumada al-Ula 1442H (corresponding to 20 December 2020G) 120

Table 4.23: Shareholding Structure as of 13 Jumada al-Ula 1444H (corresponding to 7 December 2022G) 120

Table 4.24: Shareholding Structure as of 12 Sha'ban 1446H (corresponding to 11 February 2025G) 120

Table 5.1: Direct Ownership Structure of the Company Pre- and Post-Offering 122

Table 5.2: Company's Board of Directors 123

Table 5.3: Audit Committee Members 133

Table 5.4: Nomination and Remuneration Committee Members 136

Table 5.5: Details of Senior Executives 137

Table 5.6: Summary of Employment Contracts between the Company, the Chief Executive Officer and the Chief Financial Officer 139

Table 5.7: Directors and Top Five Senior Executives Remuneration in the Financial Years Ended 31 December 2022G, 2023G and 2024G 139

Table 5.8: Interests of the Directors in the Company's Shares 141

Table 6.1: Consolidated Statement of Profit or Loss and Other Comprehensive Income for the Financial Years Ended 31 December 2022G, 2023G and 2024G 155

Table 6.2: Revenue by Segment for the Financial Years Ended 31 December 2022G, 2023G and 2024G 160

Table 6.3: Future Minimum Rentals Receivable Under Non-Cancellable Operating Leases for the Financial Years Ended 31 December 2022G, 2023G and 2024G 160

Table 6.4: Long-Term Lease Revenue by Type for the Financial Years Ended 31 December 2022G, 2023G and 2024G 161

Table 6.5: Long-Term Lease Contract Revenue by Customer Type for the Financial Years Ended 31 December 2022G, 2023G and 2024G 163

Table 6.6: Long-Term Lease Contract Revenue by Customer Industry for the Financial Years Ended 31 December 2022G, 2023G and 2024G 165

Table 6.7: Long Term Lease Contract Revenue by Top Vehicle Type for the Financial Years Ended 31 December 2023G and 2024G 168

Table 6.8: Sales of Motor Vehicles for the Financial Years Ended 31 December 2022G, 2023G and 2024G 170

Table 6.9: Short-Term Lease Revenue by Region for the Financial Years Ended 31 December 2023G and 2024G 171

Table 6.10: Cost of Revenue Breakdown for the Financial Years Ended 31 December 2022G, 2023G and 2024G 171

Table 6.11: Long-Term Lease Gross Profit for the Financial Years Ended 31 December 2022G, 2023G and 2024G 176

Table 6.12: Sales of Motor Vehicles Gross Profit for the Financial Years Ended 31 December 2022G, 2023G and 2024G 177

Table 6.13: Short-Term Rental Lease Gross Profit for the Financial Years Ended 31 December 2022G, 2023G and 2024G 178

Table 6.14: Selling and Marketing Expenses Breakdown for the Financial Years Ended 31 December 2022G, 2023G and 2024G 179

Table 6.15: General and Administrative Expenses Breakdown for the Financial Years Ended 31 December 2022G, 2023G and 2024G 181

Table 6.16: Employees' Salaries and Other Benefits by Cost Centre for the Financial Years Ended 31 December 2022G, 2023G and 2024G 184

Table 6.17: Other Income Breakdown for the Financial Years Ended 31 December 2022G, 2023G and 2024G 185

Table 6.18: Finance Costs Breakdown for the Financial Years Ended 31 December 2022G, 2023G and 2024G 188

Table 6.19: Principal Elements of Zakat as of 31 December 2022G, 2023G and 2024G 189

Table 6.20: Movement of Zakat Provision as of 31 December 2022G, 2023G and 2024G 189

Table 6.21: Statement of Financial Position as of 31 December 2022G, 2023G and 2024G 190

Table 6.22: Key Performance Indicators as of 31 December 2022G, 2023G and 2024G 191

Table 6.23: Non-Current Assets as of 31 December 2022G, 2023G and 2024G 193

Table 6.24: Net Book Value of Property and Equipment as of 31 December 2022G, 2023G and 2024G 193

Table 6.25: Right-of-Use, Net as of 31 December 2022G, 2023G and 2024G 195

Table 6.26: Lease Liabilities as of 31 December 2022G, 2023G and 2024G 196

Table 6.27: Lease Liabilities, Current and Non-Current Portions as of 31 December 2022G, 2023G and 2024G 196

Table 6.28: Intangible Assets, Net as of 31 December 2022G, 2023G and 2024G 197

Table 6.29: Current Assets as of 31 December 2022G, 2023G and 2024G 197

Table 6.30: Trade Receivables as of 31 December 2022G, 2023G and 2024G 197

Table 6.31: Gross Trade Receivable Ageing by Customer Type as of 31 December 2024G 198

Table 6.32: Movement in Impairment Loss on Trade Receivables Balances During the Year for the Financial Years Ended 31 December 2022G, 2023G and 2024G 198

Table 6.33: Cash and Cash Equivalents as of 31 December 2022G, 2023G and 2024G 199

Table 6.34: Prepayments and Other Current Assets as of 31 December 2022G, 2023G and 2024G 200

Table 6.35: Inventories as of 31 December 2022G, 2023G and 2024G 201

Table 6.36: Non-Current Liabilities as of 31 December 2022G, 2023G and 2024G 202

Table 6.37: Term Loans as of 31 December 2022G, 2023G and 2024G 202

Table 6.38: Employees' Benefits - Amount Recognised in Statement of Profit or Loss as of 31 December 2022G, 2023G and 2024G 204

Table 6.39: Current Liabilities as of 31 December 2022G, 2023G and 2024G 204

Table 6.40: Accounts Payable as of 31 December 2022G, 2023G and 2024G 205

Table 6.41: Accounts Payable Ageing as of 31 December 2024G 205

Table 6.42: Accruals and Other Current Liabilities as of 31 December 2022G, 2023G and 2024G 206

Table 6.43: Due to Related Parties as of 31 December 2022G, 2023G and 2024G 207

Table 6.44: Shareholders' Equity as of 31 December 2022G, 2023G and 2024G 208

Table 6.45: Statement of Changes in Equity as of 31 December 2022G, 2023G and 2024G 208

Table 6.46: Share Capital as of 31 December 2022G, 2023G and 2024G 209

Table 6.47: Summary of Cash Flow Statement for the Financial Years Ended 31 December 2022G, 2023G and 2024G 209

Table 6.48: Cash Flow Statement for the Financial Years Ended 31 December 2022G, 2023G and 2024G 210

Table 6.49: Impact of the Restatement on the Group's Consolidated Financial Statements for the Financial Years Ended 31 December 2022G and 2023G 212

Table 7.1: Dividends Declared and Distributed in the Years Ended 31 December 2022G, 2023G and 2024G 214

Table 11.1: Direct and an Indirect Structure of the Company Pre-and Post-Offering 226

Table 11.2: Details of Commercial Registration Certificates Obtained by the Company 227

Table 11.3: Details of Regulatory Licences and Certificates Obtained by the Company 228

Table 11.4: Summary of Operational Licences Obtained by the Company 228

Table 11.5: Details of Material Agreements with Key Clients 233

Table 11.6: Shariah Compliant Facilities Agreement between the Company and the Saudi Investment Bank: 241

Table 11.7: Islamic Financing Agreement between the Company and Riyad Bank: 243

Table 11.8: Shariah Compliant Facilities Agreement between the Company and Arab National: 244

Table 11.9: Details of Insurance Policies 245

Table 11.10: Insurance Claims as of 31 December 2024G 245

Table 11.11: Description of the Properties Owned by the Company 245

Table 11.12: Details of Lease Agreements Entered into by the Company as Lessee 246

Table 11.13: Contracts and Transactions with Related Parties 262

Table 11.14: Details of Registered Trademarks 263

Table 11.15: Details of Registered Domain Names 263

Table 11.16: Overview of the Currently Active Non-Material Claims Initiated by and Against the Company As of 31 December 2024G 263

Table 12.1: Underwritten Shares 273

LIST OF EXHIBITS

Exhibit 1: The Structure of the Company as of the Date of this Prospectus	xxv
Exhibit 3.1: The Kingdom's GDP (in Billion) Between 2020G to 2029G	39
Exhibit 3.2: Special Economic Zones in Saudi Arabia	40
Exhibit 3.3: The Kingdom's Inflation Between 2020G to 2029G	41
Exhibit 3.4: The Kingdom's Population by Different Age Groups Between 2020G to 2029G	43
Exhibit 3.5: The Kingdom's Population by Saudis vs Expatriates Between 2020G to 2029G	43
Exhibit 3.6: Long-Term Leasing Industry Value Chain in Saudi Arabia	46
Exhibit 3.7: The Market Size of Long-Term Leasing in the Kingdom Between 2020G to 2024G	47
Exhibit 3.8: The Market Size of Long-Term Leasing in the Kingdom Between 2025G to 2029G	50
Exhibit 3.9: Short-Term Rental Value Chain in Saudi Arabia	53
Exhibit 3.10: The Market Size of Short-Term Rentals in the Kingdom Between 2020G to 2024G	54
Exhibit 3.11: The Market Size of Short-Term Rentals in the Kingdom Between 2025G to 2029G	56
Exhibit 3.12: The Sales of Motor Vehicles Value Chain	58
Exhibit 3.13: The Market Size of Motor Vehicle Sales in the Kingdom Between 2020G to 2029G	60
Exhibit 4.1: Ownership Structure of the Company as of the date of this Prospectus	68
Exhibit 4.2: Company's Backlog as of 31 December 2024G	78
Exhibit 4.3: The Geographic Location of the Company's Operations as of 31 December 2024G	114
Exhibit 5.1: Organisational Structure of the Company	122

1

Definitions and Abbreviations

1. Definitions and Abbreviations

Admission	Admission of the Shares to full 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	The Advisors of the Company in relation to the Offering, whose names appear on pages from (vi) to (vii) of this Prospectus.
Affiliate	A person who controls another person, or is controlled by that other person, or who is under common control with that person by a third person. In any of the preceding, control could be direct or indirect.
Audit Committee	The Audit Committee of the Company.
Auditor	KPMG Professional Services.
Bankruptcy Law	The Bankruptcy Law issued under Royal Decree M/50 dated 28 Jumada al-Ula 1439H (corresponding to 14 February 2018G), as amended.
Bidding Participation Application	The application submitted by the Participating Entities to the Bookrunners for participation in the book-building process, to be submitted no later than the last day of the book-building process period. This term includes, when applicable, the appended applications when and if the price range is changed.
Board Secretary	The Secretary of the Board of Directors.
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 by CMA Board Resolution No. 2-94-2016 dated 15 Shawwal 1437H (corresponding to 20 July 2016G), as amended by CMA Board Resolution No. 1-103-2022 dated 2 Rabi al-Awwal 1444H (corresponding to 28 September 2022G), and as further amended from time to time.
Bookrunners	Saudi Fransi Capital Company 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 summarised in Section 11.14 (*Summary of Bylaws*).
Capital Market Institution	A person licensed by the Capital Market Authority to conduct securities business.
Chairman	The Chairman of the Board of Directors.
Chief Executive Officer or CEO	The Chief Executive Officer of the Company.
Chief Financial Officer or CFO	The Chief Financial Officer of the Company.
CMA	The Capital Market Authority of the Kingdom.
CML	The Capital Market Law issued pursuant to Royal Decree M/30 dated 2 Jumada al-Akhirah 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 pursuant to Royal Decree No. M/132 dated 1 Thul-Hijjah 1443H (corresponding to 30 June 2022G), as amended.
Company or Issuer	Cherry Trading Company.
Control	The ability to, directly or indirectly, influence the acts or decisions of another person, individually or collectively with a relative or affiliate, through any of the following: (i) holding thirty per cent. or more of the voting rights in the Company; or (ii) the right to appoint thirty per cent. or more of the administrative staff. The word "**controller**" shall be construed accordingly.
Corporate Governance Regulations	The Corporate Governance Regulations, issued by CMA Board Resolution No. 8-16-2017 dated 16 Jumada al-Ula 1438H (corresponding to 13 February 2017G), as amended by CMA Board Resolution No. 8-5-2023 dated 25 Jumada al-Akhirah 1444H (corresponding to 18 January 2023G) and as further amended from time to time.
Director	Includes the members of the Company's Board of Directors.
Directors (and each a Director)	Members of the Company's Board of Directors appointed by the General Assembly and whose names appear in Table 1 (*The Company's Board of Directors*).
Exchange or Tadawul	The Saudi Exchange (Tadawul).
Executive Management	The Senior Executives of the Company.
Extraordinary General Assembly	An Extraordinary General Assembly of the Company's Shareholders convened in accordance with the Bylaws.

Financial Advisors	Saudi Fransi Capital Company and EFG Hermes KSA.
Financial Due Diligence Advisor	PricewaterhouseCoopers - Public Accountants.
Financial Statements	The audited special purpose consolidated financial statements of the Group for the financial years ended 31 December 2024G, 2023G and 2022G as set out in Section 19 (*Financial Statements and Auditor's Report*).
Financial Year	The Company's financial year starting from 1 January to 31 December of each calendar year.
Foreign Investors	1. Non-GCC individuals residing outside the Kingdom and non-GCC entities incorporated outside the Kingdom who are permitted to invest indirectly to acquire the economic benefits of the Offer Shares by entering into SWAP Agreements with Capital Market Institutions licensed by the CMA to purchase listed shares on the Exchange. 2. Any foreign natural or legal person who is a client of a Capital Market Institution licensed by the CMA to conduct management activities, provided that the Capital Market Institution has been appointed under terms that enable it to make all investment decisions on behalf of the client without obtaining prior approval from the client.
Foreign Strategic Investors	A foreign legal person aiming to acquire a direct interest in the share of a listed company for a period of no less than two years for the purpose of contributing to enhancing the financial or operational performance of such listed company.
G	The Gregorian calendar.
GASTAT	The General Authority for Statistics, a Government agency in the Kingdom responsible for the implementation of statistical works, including conducting national surveys.
GCC	The Cooperation Council for the Arab States of the Gulf, consisting of the Kingdom of Bahrain, the State of Kuwait, the Sultanate of Oman, the State of Qatar, the Kingdom of Saudi Arabia and the United Arab Emirates.
GCC Corporate Investors	Any company with the majority of its share capital being owned by GCC natural persons 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 Muharram 1418H (corresponding to 26 May 1997G), as well as GCC funds with the majority of its capital being owned by GCC citizens or governments.
GCC Countries	The Gulf Cooperation Council countries.
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 of the Company's Shareholders.
GOSI	The General Organisation for Social Insurance in the Kingdom.
Government	The Government of the Kingdom (and "**Governmental**" shall be interpreted accordingly).
Group	The Company and its historical subsidiaries H-10 Logistics Services Company, Elegant Vehicle Carwash Services Company and Aoun Equipment Rental Company as of and for the financial years ended 31 December 2022G, 2023G and 2024G. As of the date of this Prospectus, the Company does not have any subsidiaries.
H	The Hijri calendar.
IFRS	The International Financial Reporting Standards.
Implementing Regulation of the Companies Law	The Implementing Regulation of the Companies Law for Listed Joint Stock Companies issued by CMA Board Resolution No. 8-127-2016 dated 16 Muharram 1438H (corresponding to 17 October 2016G) pursuant to the Companies Law issued by Royal Decree No. M/132 dated 1 Thul-Hijjah 1443H (corresponding to 30 June 2022G), as amended by CMA Board Resolution No. 2-114-2024 dated 4 Rabi' al-Thani 1446H (corresponding to 7 October 2024G), and as further amended from time to time.
Individual Subscribers	Individuals holding 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 natural persons resident in the Kingdom or GCC natural persons.
Investment Funds Regulations	The Investment Funds Regulations issued by CMA Board Resolution No. 1-219-2006 dated 3 Thul-Hijjah 1427H (corresponding to 24 December 2006G), based on the Capital Market Law issued by Royal Decree No. M/30 dated 2 Jumada al-Akhirah 1424H (corresponding to 31 July 2003G), as amended by CMA Board Resolution No. 2-22-2021 on 12 Rajab 1442H (corresponding to 24 February 2021G) and as further amended from time to time.
Investors	The Participating Parties and Individual Subscribers.
Kingdom	The Kingdom of Saudi Arabia.
Labour Law	The Labour Law issued pursuant to Royal Decree No. M/51 dated 23 Sha'ban 1426H (corresponding to 27 September 2005G), as amended.
Lead Manager	Saudi Fransi Capital Company.
Legal Advisor	STAT Law Firm.

Listing Rules	The Listing Rules approved by CMA Board Resolution No. 3-123-2017 dated 9 Rabi' al-Thani 1439H (corresponding to 27 December 2017G), as amended by CMA Board Resolution No. 2-53-2025 dated 21 Thul-Qi'dah 1446H (corresponding to 19 May 2025G).
Lock-up Period	The six-month period from the date on which trading of the Shares commences on the Exchange during which the Substantial Shareholder may not dispose of any of its Shares.
Main Market	The market in which the registered and offered shares are traded under Part IV of the Rules on the Offer of Securities and Continuing Obligations.
Market Consultant	Euromonitor International Limited Company.
Market Study Report	The market study report prepared exclusively for the Company by the Market Consultant.
MHRSD	The Saudi Arabian Ministry of Human Resources and Social Development.
MISA	The Saudi Arabian Ministry of Investment.
MoC	The Saudi Arabian Ministry of Commerce.
National Transformation Programme	A programme developed to support the achievement of "**Saudi Vision 2030**" and to identify the challenges faced by government entities in the economic and development sectors.
Net Offering Proceeds	The Offering Proceeds net of expenses related to the Offering.
Nominal Value	[●] Saudi Arabian Riyals (SAR [●]) per Share.
Nomination and Remuneration Committee	The Nomination and Remuneration Committee of the Company.
Offer Price	[●] Saudi Arabian Riyals (SAR [●]) per Share.
Offer Shares	Nine million (9,000,000) Shares, representing thirty per cent. (30%) of the Company's share capital.
Offering	The initial public offering of nine million (9,000,000) ordinary shares with a value of ten Saudi Arabian Riyals (SAR 10) per Share, representing thirty per cent. (30%) of the Company's share capital at an Offer Price of SAR [●] per Share.
Offering Period	A period of two (2) days commencing on Wednesday, 21 Jumada al-Ula 1447H (corresponding to 12 November 2025G), until the end of Thursday, 22 Jumada al-Ula 1447H (corresponding to 13 November 2025G).
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, 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) Receiving Agents authorised by the CMA to trade in securities as principals, in compliance with the provisions of the Prudential Rules upon the submission of a Subscription Application Form; (3) clients of a Receiving Agent authorised 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 Securities Depository Centre, 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 Sha'ban 1435H (corresponding to 9 June 2014G), issued by CMA Board Resolution No. 9-28-2014 dated 20 Rajab 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 Securities Depository Centre; (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 under the laws of the Kingdom.
Prospectus	This document prepared by the Company in relation to the Offering.
Prudential Rules	The Prudential Rules issued by CMA Board Resolution No. 1-40-2012 dated 17 Safar 1434H (corresponding to 30 December 2012G), based on the Capital Market Law issued by Royal Decree No. M/30 dated 2 Jumada al-Akhirah 1424H (corresponding to 31 July 2003G), as amended by Capital Market Authority Board Resolution No. 1-129-2022 dated 4 Jumada al-Akhirah 1446H (corresponding to 28 December 2022G).

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 paragraphs 1, 2, 3, 4 or 5 above; (7) any company controlled by any person referred to in paragraphs 1, 2, 3, 4, 5 or 6 above; or (8) Persons acting in concert, with a collective shareholding of five per cent. or more of the class of shares to be listed.
Qualified Foreign Investors or QFI	A foreign investor qualified in accordance with the provisions of the Rules for Foreign Investment in Securities to invest in shares listed on the Main Market.
Receiving Agents	The entities listed on pages viii to x, each of which are authorised by the CMA to practice securities business pursuant to the Capital Market Institutions Regulations issued by CMA Board Resolution No. 1-83-2005 dated 21 Jumada al-Ula 1426H (corresponding to 28 June 2005G) as amended by CMA Board Resolution No. 1-94-2025 dated 9 Rabi' al-Awwal 1447H (corresponding to 1 September 2025G), as further amended from time to time.
Related Party	As defined in the Glossary of Defined Terms Used in the Regulations and Rules of the CMA issued by CMA Board Resolution No. 4-11-2004 dated 20 Sha'ban 1425H (corresponding to 4 October 2004G), as amended by CMA Board Resolution No. 11-94-2025 dated 9 Rabi' al-Awwal 1447H (corresponding to 1 September 2025G) to include: (1) affiliates of the Issuer except for wholly-owned companies; (2) Substantial Shareholders of the Issuer; (3) Directors and Senior Executives of the Issuer; (4) directors 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) or (5) above; or (7) any company controlled by any person described in paragraphs (1), (2), (3), (5) or (6) above.
Relatives	Husbands, wives and minor children. For the purposes of the Corporate Governance Regulations, this includes: (1) fathers, mothers, grandfathers and grandmothers (and their ancestors); (2) children and grandchildren and their descendants; (3) siblings, maternal and paternal half-siblings; and (4) husbands and wives.
Risk Factors	A group of potential risks that should be understood and considered prior to making an investment decision in relation to the Offer Shares.
Rules for Foreign Investment in Securities	The Rules for Foreign Investment in Securities issued by CMA Board Resolution No. -57-2025 dated 28 Thul-Qi'dah 1446H (corresponding to 26 May 2025G).
Rules on the Offer of Securities and Continuing Obligations	The Rules on the Offer of Securities and Continuing Obligations issued by CMA Board Resolution No. 3-123-2017 dated 9 Rabi' al-Thani 1439H (corresponding to 27 December 2017G) in accordance with the Capital Market Law issued by Royal Decree No. M/30 dated 2 Jumada al-Akhirah 1424H (corresponding to 31 July 2003G), as amended by CMA Board Resolution No. 1-94-2025 dated 9 Rabi' al-Awwal 1447H (corresponding to 1 September 2025G).
SAIBOR	The Saudi Arabian Interbank Offered Rate.
SAR	The Saudi Arabian Riyal, which is the lawful currency of the Kingdom.
SAMA	The Saudi Central Bank (SAMA).
Saudi Vision 2030	The national strategic economic programme announced by the Saudi Government in 2016G, which aims to reduce dependence on oil and the petrochemical industry, diversify the Saudi economy, and enhance public services.
Saudisation	Nationalisation requirements applicable in the Kingdom in relation to the labour market.
Senior Executives	The members of the Company's senior management whose names appear in Section 5.4.3 (*Biographies of Senior Executives*).
Shareholder	Any holder of Shares in the Company.
Shares	Ordinary shares of the Company with a fully paid nominal value of ten Saudi Arabian Riyals (SAR 10) per Share in the Company's capital issued from time to time.
SOCPA	The Saudi Organisation for Chartered and Professional Accountants.
Subscribers	The Participating Entities and Individual Subscribers participating in the Offering.
Subscription Application Form	The subscription application form to be used by Participating Entities and Individual Subscribers (as the case may be) to subscribe for the Offer Shares.
Substantial Shareholder	Saudi Edarah Holding Company.

SWAP Agreements	Non-GCC nationals who are not residents in the Kingdom and non-GCC institutions incorporated outside the Kingdom are permitted to acquire an economic interest in the shares by entering into SWAP Agreements with a Receiving Agent. Under such SWAP Agreements, the Receiving Agent will be registered as the legal owner of such shares.
Underwriters	Saudi Fransi Capital Company and EFG Hermes KSA.
Underwriting Agreement	The Underwriting Agreement entered into between the Company, the Selling Shareholders and the Underwriters in connection with the Offering.
Value Added Tax (VAT)	The Council of Ministers of the Kingdom resolved on 2 Jumada Al-Awwal 1438H (corresponding to 30 January 2017G) 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 five per cent., and a number of products (such as basic food, health care and education services) are exempted from such tax. As of 1 July 2020G, VAT was further increased to 15 per cent. by the Ministry of Finance of the Kingdom.
ZATCA	The Zakat, Tax and Customs Authority in the Kingdom.

Your Rights ..
cherry
Rent A Car

2

Risk Factors

2. Risk Factors

Prior to making an investment decision with respect to the Offer Shares, all prospective investors should carefully consider the following risk factors and other information contained in this Prospectus. 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, they do not necessarily comprise all of the risks 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 position, results of operations and/or future prospects. As a result, the price of the Company's Shares may decline, the Company's ability to pay dividends could be impaired and/or investors may lose all or part of their investments.

The Company's Directors also confirm that, to the best of their knowledge and belief, aside from those mentioned in this Section, there are no other material risks as of the date of this Prospectus 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 the Offer Shares and the Offering in general, as well as 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 duly licensed 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 might reflect their expected impact on the Company.

2.1 Risks Related to the Operations of the Company

2.1.1 Risks Related to Concentration of Revenue in Long-Term Vehicle Leasing Segment

The Company derives a substantial portion of its revenue from its long-term vehicle leasing business segment. In the financial years ended 31 December 2022G, 2023G and 2024G, the Company derived 72.1 per cent., 56.4 per cent. and 71.3 per cent., respectively, of its revenue from this segment, representing SAR 239.4 million, SAR 243.4 million and SAR 324.3 million.

The Company's long-term vehicle lease business is heavily reliant on securing and renewing long-term vehicle lease contracts with clients. A failure to renew existing contracts upon expiration or to attract new clients could adversely affect the Company's revenue and growth prospects.

The Company's ability to secure and retain long-term vehicle lease contracts depends on various factors, including its competitiveness in pricing, the quality and reliability of its fleet management services, client satisfaction and its capacity to maintain strong relationships with existing clients. Additionally, the Company's success relies on its ability to purchase vehicles from car agencies in the Kingdom, as well as its ability to adapt to changing market trends, such as increased demand for electric vehicles and flexible lease terms. Broader economic conditions, such as corporate spending trends and the financial stability of target clients, also play a significant role. There can be no assurance that the Company will continue to successfully renew or secure new contracts at a rate sufficient to maintain or grow its revenues. Any failure to do so, whether due to competitive pressures, economic factors or operational challenges, would have a material adverse effect on the Company's business, financial position, results of operations and/or future prospects.

2.1.2 Risks Related to Concentration of Revenue Among Major Long-Term Vehicle Leasing Clients

The Company derives a substantial portion of its long-term vehicle leasing revenue from a select group of clients. The top five clients in the long-term vehicle leasing business segment accounted for 31.0 per cent., 36.0 per cent. and 56.0 per cent of the Company's total revenue for the financial years ended 31 December 2022G, 2023G and 2024G, respectively, representing SAR 73.6 million, SAR 88.2 million, and SAR 180.7 million for the same periods. The following tables summarise the revenue contributed from the Company's top long-term vehicle leasing clients and sectorial contributions in the financial years ended 31 December 2022G, 2023G and 2024G. For further details on the Company's long-term vehicle lease clients, see Section 4.6.1.1 (*Long-Term Lease*)).

Table 2.1: Overview of Revenue Contributions from Top Clients and Sectoral Contributions for the Financial Years Ended 31 December 2022G, 2023G and 2024G

Description	Financial Year Ended 31 December					
	2022G		2023G		2024G	
	% of Long-Term Lease Contract Revenue	SAR	% of Long-Term Lease Contract Revenue	SAR	% of Long-Term Lease Contract Revenue	SAR
Top 3 Clients	36.2%	84,531,144	32.9%	76,514,376	43.4%	137,753,039
Top 5 Clients	49.8%	116,315,204	45.7%	106,272,220	56.8%	180,616,302
Top 10 Clients	70.2%	164,031,481	64.3%	149,412,157	74.6%	237,101,315
Government and Quasi-Government Sector	79.8%	186,522,566	78.1%	181,407,286	85.7%	272,587,077
Private Sector	20.2%	47,077,687	21.9%	50,930,751	14.3%	45,420,063
Number of Clients	-	236	-	197	-	187
Average Monthly Revenue per Client (SAR)	-	82,486	-	98,282	-	141,714

Source: Management information.

Table 2.2: Revenue Contribution to Long-Term Leasing Segment by Each Top 10 Client for the Financial Years Ended 31 December 2022G, 2023G and 2024G

Customer	Customer Type	Revenue (SAR in '000)			Weighted Average Number of Vehicles			Average Monthly Revenue Per Vehicle (SAR)		
		2022G (Mgmt)	2023G (Mgmt)	2024G (Mgmt)	2022G (Mgmt)	2023G (Mgmt)	2024G (Mgmt)	2022G (Mgmt)	2023G (Mgmt)	2024G (Mgmt)
Customer 1	Quasi-government	9,453	14,632	74,504	426	617	2,819	1,850	1,977	2,202
Customer 2	Quasi-government	47,125	40,640	39,386	3,106	2,620	2,695	1,264	1,293	1,218
Customer 3	Government	-	15,125	23,863	-	598	946	-	2,110	2,103
Customer 4	Government	16,999	17,814	21,788	451	441	533	3,144	3,365	3,404
Customer 5	Quasi-government	-	-	21,076	-	-	1,042	-	-	1,686
Customer 6	Government	20,407	18,060	15,933	485	337	302	3,505	4,467	4,400
Customer 7	Government	3,131	2,920	13,867	151	114	230	1,731	2,128	5,015
Customer 8	Government	16,072	11,454	11,371	635	472	486	2,110	2,023	1,951
Customer 9	Government	15,712	6,361	7,873	104	43	88	12,577	12,217	7,468
Customer 10	Government	6,254	6,188	7,441	150	203	172	3,463	2,538	3,614
Top 10		**135,154**	**133,195**	**237,101**	**5,508**	**5,445**	**9,311**	**2,045**	**2,039**	**2,122**
Others		98,447	99,143	80,906	4,316	3,703	2,848	1,901	2,231	2,367
Total		**233,600**	**232,338**	**318,007**	**9,824**	**9,147**	**12,159**	**1,982**	**2,117**	**2,179**
As a Percentage of Long-Term Leasing Revenue										
Top 3		36.2%	32.9%	43.3%	-	-	-	-	-	-
Top 5		49.8%	45.7%	56.8%	-	-	-	-	-	-
Top 10		70.2%	64.3%	74.6%	-	-	-	-	-	-
Government Customers		79.8%	78.1%	85.7%	-	-	-	-	-	-
Private Customers		20.2%	21.9%	14.3%	-	-	-	-	-	-
Key Performance Indicators										
No. of Customers		236	197	187	-	-	-	-	-	-
Average Monthly Revenue Per Customer (SAR)		82,486	98,282	141,714	-	-	-	-	-	-

Source: Management information.

This client concentration was underscored by a growth in the average monthly long-term lease revenue per client (from SAR 82,000 in 2022G to SAR 142,000 in 2024G), which was slightly offset by a decrease in the number of customers, particularly private sector clients, from 184 in 2022G to 129 in 2024G (with total customers of 187 in 2024G) due to the Company's strategy to: (a) discontinue business with customers in the logistics sector due to high maintenance cost and low vehicle re-sale values; (b) stricter financial background checks to avoid accepting small customers with weak or low credit profiles and (c) terminating contracts with late-paying customers.

Accordingly, the Company's revenues would be negatively affected if a major long-term vehicle lease client does not renew or if there is a reduction in business with such client. Contractual relationships with the Company's major clients do not guarantee sales volumes or longevity and the Company's relationship with such clients could change at any time. Moreover, the Company may fail to maintain its corporate clients in general, or any of its clients in particular, resulting in the loss of a significant share of the Company's revenues without the same being offset by other clients. This would have an adverse effect on the Company's business, financial position, results of operations and/or future prospects.

The Company's revenues depend significantly on the ability of the Company's management to attract new clients. As of 31 December 2024G, the remaining value of the Company's existing contracts with its current clients amounted to SAR 1.2 billion (for further details regarding the remaining value of existing contracts, see Section 2.1.7 (*Risks Related to Calculation of Backlog of Existing Contracts*)). In the event that the Company's management fails to continue to attract new clients in the short-term car rental or sector or to retain its existing clients in the future, this would have an adverse effect on the Company's business, financial position, results of operations and/or future prospects.

2.1.3 Risks Related to Concentration of Long-Term Vehicle Lease Contract Revenue from Government and Quasi-Government Clients

A substantial portion of the Company's long-term vehicle lease contract revenue is derived from Government and quasi-government clients including ministries, municipalities and public service sector (which accounted for an average of approximately 52 per cent. of government revenue between 2022G to 2024G) and the utilities and facilities sector (which accounted for an average of approximately 19 per cent. of government revenue between 2022G to 2024G). In the financial year ended 2024G, the top five clients are all Government related, contributing to approximately 56.8 per cent. of total long-term vehicle lease contract revenue. This dependency exposes the Company to significant risks associated with revenue concentration in this sector, including:

- **Exposure to Policy Changes and Budgetary Constraints**: The Company remains susceptible to shifts in Government priorities, budget reallocations and regulatory changes that impact the availability or scope of government tenders for long-term vehicle leases. For example, historically, there were budget allocations for the outright purchase of vehicles by several Government and quasi-government entities while most of them currently lease their fleets and there is no guarantee that in future they do not revert back to the ownership model. Additionally, potential changes in emissions standards, including a shift towards electric vehicles, or fleet management requirements could increase operating costs or necessitate additional or more than budgeted capital investment. Failure to adapt to these evolving requirements may jeopardise the Company's ability to retain critical contracts;
- **Client Dependency and Financial Impact of Contract Non-Renewal**: The Company's reliance on top Government and quasi-government clients underscores its vulnerability to changes in contractual relationships. The top five Government and quasi-government clients in each period accounted for approximately 86.0 per cent. of total long-term vehicle lease contract revenue during the financial years ended 31 December 2022G, 2023G and 2024G. The termination, non-renewal or reduction of any major Government and quasi-government client contract could result in a material decline in revenue, given their outsized contribution to the Company's revenue and financial performance, given the limited ability to immediately replace such clients with comparable private sector clients; and
- **Payment Delays and Liquidity Pressures**: Government and quasi-government clients often adhere to extended payment cycles, creating potential liquidity challenges for the Company. The concentration of revenue in the Government and quasi-government sector amplifies this risk, as any delays in payments by one or more major Government and quasi-government clients could strain the Company's cash flows, potentially necessitating reliance on external short-term financing to bridge liquidity gaps. As of 31 December 2024G, the Company's receivables from all Government and quasi-government clients overdue by more than 180 days amounted to SAR 31.6 million, reflecting the inherent liquidity risk associated with this revenue concentration.

Overall, the Company's reliance on Government and quasi-government clients increases its vulnerability to sector-specific risks, including payment delays, evolving regulations and shifting fleet requirements. Should any of these risks materialise, they could have a material adverse effect on the Company's business, financial position, results of operations and/or future prospects.

2.1.4 Risks Related to Revenue Stagnation from Existing Clients

The Company's long-term vehicle lease contract revenue remained relatively stable during the financial years ended 31 December 2022G and 2023G, averaging SAR 241.0 million annually, despite revenue from new customers should contributed SAR 24.5 million due to a drop in revenue from existing customers which decreased from SAR 224.5 million in 2022G to SAR 207.8 million in 2023G, driven by a decrease in the weighted average number of leased vehicles from 7,603 in 2022G to 7,227 in 2023G.

This decrease in existing revenue came mainly from Government customers (decreasing by SAR 11.2 million) on the back of (i) conclusion of the leasing agreements with key customers and; (ii) limited number of tenders in 2022G due to Government entities offering extensions on contracts with vehicle leasing companies that were near expiration during COVID-19. Accordingly, this limited the Company's ability to bid for new tenders in 2022G to offset the lost revenue from the conclusion of certain leasing agreements.

While the Company was able to increase its revenue from existing Government customers between 2023G to 2024G by an amount of SAR 17.7 million due to the higher number of tenders in 2023G, going-forward, the growth in revenue from Government customers will primarily depend on the availability of Government tenders, coupled with the Company's ability to secure these tenders. See further Section 2.1.3 (*Risks Related to Concentration of Long-Term Vehicle Lease Contract Revenue from Government and Quasi-Government Clients*) for a discussion of the risks associated with Government clients.

The following tables shows the evolution of Long-Term Lease Revenue between the financial years ended 31 December 2022G, 2023G and 2024G:

Table 2.3: Evolution of Long-Term Lease Revenue Between the Financial Years Ended 31 December 2022G and 2023G

SAR in '000	Existing	New	Lost	2022G to 2023G
Government	(11,150)	22,738	(7,917)	3,671
Quasi-government	(1,308)	119	(7,596)	(8,786)
Private	7,428	1,605	(5,180)	3,853
Total	**(5,030)**	**24,461**	**(20,693)**	**(1,262)**

Source: Management information.

Table 2.4: Evolution of Long-Term Lease Revenue Between the Financial Years Ended 31 December 2023G and 2024G

SAR in '000	Existing	New	Lost	2023G to 2024G
Government	17,730	12,527	(11,559)	18,698
Quasi-government	58,795	21,891	(9,204)	71,482
Private	(5,878)	4,081	(3,713)	(5,511)
Total	**70,646**	**38,499**	**(24,476)**	**84,669**

Source: Management information.

The risks associated with fluctuations in demand, tender activity and contract renewals remain significant. Any renewed decline in these areas could adversely affect the Company's business, financial position, results of operations, and/or future prospects.

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

The Company's continued success depends on the effective implementation of its growth strategy, which involves expanding its fleet, broadening its geographic presence in the Kingdom and introducing new service offerings. This approach is guided by the Company's assessment of industry trends, including projected increases in demand for both long-term vehicle lease and short-term car rental solutions due to factors such as growth in domestic tourism, the development of business hubs and initiatives associated with Saudi Vision 2030.

Executing this strategy requires additional financing, which may not always be obtainable on acceptable terms. Any future borrowings or capital raisings undertaken to fund the purchase of new vehicles and the development of infrastructure could place pressure on the Company's financial position (for further details, see Section 2.1.12 (*Risks Related to Financing and Ability to Obtain Financing*)). At the same time, the Company relies on timely vehicle deliveries from manufacturers and distributors, and any supply chain disruption, regulatory change or shift in import tariffs could affect the availability and cost of acquiring suitable vehicles (for further details about vehicle purchases, see Section 2.1.8 (*Risks Related to Suppliers and Vehicle Purchases*). The Company's ability to absorb these costs efficiently and integrate the expanded fleet into existing operations is critical. Failure to negotiate favourable supply arrangements or to manage maintenance, insurance and depreciation expenses effectively may have a negative impact on results.

Efficiently incorporating new branches, service centres and digital platforms into the Company's existing network also represents a challenge. Any delay in securing suitable premises or establishing consistent service standards may limit the Company's capacity to meet client expectations. In parallel, attracting, training and retaining experienced managers, technical staff, and support personnel capable of handling larger fleets and more complex logistics is essential. If the Company cannot recruit or upskill sufficient personnel, fleet utilisation rates may suffer and client satisfaction may decline.

Should any of these factors prevent the Company from meeting its growth targets, the Company's long-term competitiveness and market position could weaken. Such outcomes may lead to reduced revenues, operating inefficiencies and diminished returns on capital employed, thereby having a material adverse effect on the Company's business, financial position, results of operations and/or future prospects.

2.1.6 Risks Related to Inaccurate Estimate of Costs for Pricing Long-Term Vehicle Lease and Short-Term Car Rental Offerings

The Company determines the pricing for its long-term vehicle lease and short-term car rental offerings based on a range of financial and operational factors. For long-term vehicle lease, contract pricing is calculated through an internal rate of return methodology, incorporating costs associated with vehicle acquisition, client-requested modifications, interest expenses on bank facilities utilised for vehicle procurement, maintenance costs, administrative expenses, insurance and other direct costs. Additionally, the Company applies a profit margin to the total cost and factors in an estimate of the vehicle's future resale value to arrive at the contractual monthly lease rate.

The accuracy of the Company's costs estimates is essential for ensuring profitability. Key variables, such as maintenance costs and the residual value of vehicles, are subject to market fluctuations and operational uncertainties. If the Company's and actual costs exceed those used for pricing purposes, the profitability of the long-term vehicle lease contracts may be adversely impacted, particularly given the nature of long-term vehicle lease contracts, which generally span three to five years and do not allow for adjustments to lease payments during the contract term to reflect higher-than-expected costs.

Similarly, the pricing of short-term car rental offerings is determined based on a combination of market demand analysis, client-specific requirements, competitive benchmarks and financial considerations, including historical patterns of vehicle usage, which have demonstrated that higher mileage, prolonged use and inconsiderate use or heavy use can lead to accelerated depreciation and a lower residual value of vehicles. These financial considerations include proposed effects on topline revenue, depreciation and recovery of initial capital outflows. However, the accuracy of these judgments and estimates is critical to ensuring that pricing aligns with actual incurred costs. If such estimates prove inaccurate and actual costs—particularly maintenance and repairs—exceed the assumptions used for pricing, the Company's profitability would be adversely impacted.

This risk is particularly pronounced in the long-term vehicle lease segment, which accounted for 72.1 per cent., 56.4 per cent. and 71.3 per cent. of total revenue for the financial years ended 31 December 2022G, 2023G and 2024G, respectively. Long-term vehicle lease contracts typically have on average a three to five years term and concluded without provisions for pricing adjustments, exposing the Company to risks of cost inflation over the duration of the contracts.

Failure to accurately estimate key cost variables, such as maintenance expenses, interest rates or future vehicle resale values, could erode profitability and adversely impact the Company's financial performance. Should these risks materialise, they may have a material adverse effect on the Company's business, financial position, results of operations and/or future prospects.

2.1.7 Risks Related to Calculation of Backlog of Existing Contracts

As of 31 December 2022G, 2023G and 2024G, the Company had accumulated backlog (the value of existing signed contracts) valued at approximately SAR 1.1 billion, SAR 1.1 billion and SAR 1.2 billion, respectively.

The value of existing signed contracts reflects the Company's calculation of the awarded contract value, representing future revenues expected to be recorded under existing long-term vehicle lease contracts. The Company calculates the number of existing contracts by subtracting the amount of previously recognised revenue from the total value of long-term vehicle lease contracts awarded to the Company, which in most cases represents the remaining contractual value as well as the new contracts granted to the Company. The backlog value of existing contracts does not necessarily indicate future revenue and may be subject to revisions and changes up or down, as the case may be, due to the conclusion of new contracts or the early termination of existing contracts with the relevant penalty (for which the Company may not obtain full compensation) or the clients' failure to complete existing contracts or pay outstanding amounts.

Since the value of existing contracts may not accurately represent the revenues that the Company expects to generate during any period, they should not be considered or relied upon as a stand-alone indicator. Consequently, the Company cannot provide assurances about its clients' requirements, the value of existing contracts or estimates of delays. If the Company achieves less than expected revenues from the existing contracts, this will have a negative effect on the Company's business, financial position, results of operations and/or future prospects. For further details on the Company's calculation of its backlog value, see Section 4.6.1.1(d) (*Existing Long-Term Lease Contracts*).

2.1.8 Risks Related to Suppliers and Vehicle Purchases

The Company purchases the majority its fleet from car agencies in the Kingdom including Toyota (Abdul Latif Jameel Automotive Wholesale Co. Ltd., Saudi Hala Auto Company, Mohammed Naser Alsayer Sons Establishment Company), Isuzu (Alissa Universal Motors, Alesayi Motors Trading Company), Nissan (Manahil International, Petromin) and GMC/Chevrolet (Aljomaih Automotive), amongst others. The top five suppliers of the Company accounted for 38.8 per cent, 29.1 per cent, and 74.0 per cent of the Company's total purchases during the financial years ended 31 December 2022G, 2023G and 2024G, respectively, representing SAR 56.8 million, SAR 162.9 million and SAR 288.4 million, for the same periods. For more details on the Company's top five suppliers, see Section 4.6.7 (*Suppliers*).

While it is common industry practice for companies to procure from one or two key suppliers, fleet supply costs may increase if car agencies implement strategies to limit sales to the car rental industry or improve the profitability of such sales (e.g. through higher prices). Sales to the short-term car rental industry have been relatively less profitable for car agencies compared to retail sales due to sales incentive and other discount programmes. Any of these car agencies may decide, or be obliged for regulatory reasons, to significantly curtail sales to the short-term car rental industry as a result.

Moreover, fleet supply costs could increase if car agencies implement strategies to limit sales to the long-term vehicle lease and short-term car rental industry or improve the profitability of such sales (e.g., by offering lower discounts) or if the prices of cars increase more generally. In such circumstances, there can be no assurance that the Company will be able to pass on such increased costs to its clients or that some of its competitors will not continue to benefit from sales incentives and other discount programmes. If the Company is unable to maintain relationships with car agencies, obtain favourable pricing and other terms when it acquires vehicles and is unable to pass on increased costs to clients, its business, financial position, results of operations and/or future prospects would be materially adversely affected.

Additionally, the global vehicle supply chain is complex and heavily reliant on raw goods and finished materials from multiple suppliers across different regions. Disruptions in supply chains caused by shortages of critical materials, increased costs for transportation, energy and raw materials, and capacity issues among logistics providers can negatively affect vehicle production volumes, delivery schedules, and costs. Specific factors impacting the global supply chain include:

- **Semiconductor Microchip Shortages**: These shortages, exacerbated by the COVID-19 pandemic and increased demand for electronic devices, have caused delays and halts in new vehicle production. Semiconductor chips, essential for modern vehicle components, such as engines and transmissions, remain in short supply, delaying vehicle deliveries to the Company;
- **Geopolitical Tensions and Trade Restrictions**: Conflicts in Eastern Europe, along with global trade tensions and new tariffs, have disrupted supply chains, affecting vehicle availability in the Kingdom. The recent 25 per cent. U.S. tariff on steel and aluminium imports has raised raw material costs, impacting vehicle production. In response, Canada and the EU have imposed counter-tariffs, further straining global trade flows. Ongoing U.S.-China trade disputes and new North American tariffs have exacerbated supply chain disruptions, increasing vehicle costs and delivery delays. These trade barriers have resulted in higher vehicle prices, longer procurement timelines, and limited fleet availability for Saudi buyers. If tensions persist, the Company may struggle to secure vehicles at competitive prices, impacting operational efficiency and financial performance;

- **Environmental Regulations**: New restrictions in major producing countries have reduced the output of raw materials essential for vehicle production;
- **Labour Disruptions**: Strikes at major shipping ports across North America and Europe have led to delays in logistics, increased costs and extended delivery times. Broader global labour shortages have compounded these issues, directly affecting vehicle production; and
- **Disruptions in Key Shipping Routes**: The escalation of regional conflicts, including attacks on vital maritime routes such as the Bab Al-Mandab Strait, poses a threat to global supply chains. As the Company depends on timely vehicle deliveries to maintain operational efficiency, such disruptions may lead to delays in fleet acquisition, increased costs, and logistical challenges affecting service availability. For further discussion, see Section 2.2.2 *(Risks Related to Political Instability and Security Concerns in the Middle East Region*).

The Company was historically exposed to the risk of being unable to service newly awarded contracts due to supply chain constraints affecting vehicle availability. This was most notable for two of the contracts the Company bid for in 2022G which was expected to commence in the first-quarter of 2023G. However, due to the global supply chain challenges at the end of 2022G, the Company delivered the total number of vehicles as per the contractual agreement over the fourth-quarter of 2023G and the first quarter of 2024G, representing a delay of approximately nine to 12 months in contract initiation.

The Company faces risks related to its ability to secure a sufficient supply of new vehicles at competitive prices and on favourable terms. If the Company is unable to purchase enough new vehicles, it may not be able to service its long-term vehicle lease clients, it may have to purchase vehicles through more expensive alternatives and it may be forced to retain older vehicles in its short-term car rental fleet for longer periods, leading to higher maintenance costs and reduced operational efficiency. If the Company is unable to provide vehicles to its long-term vehicle lease clients, to recover the increased costs associated with vehicle acquisition or increased maintenance costs due to greater age of vehicles, its business, financial position, results of operations and/or future prospects could be materially adversely affected. See also Section 2.1.39 (*Risks Related to Changes in the Useful Life, Residual Value and Methods of Calculating Depreciation of Vehicles*) for a discussion of risks relating to the changes in the useful life, residual value and methods of calculating depreciation of vehicles.

2.1.9 Risks Related to Cyclicality in Sale of Vehicles Upon Retirement

The Company's used vehicle sales represented approximately 25.1 per cent., 37.7 per cent. and 24.0 per cent. of its total revenue in the financial years ended 31 December 2022G, 2023G and 2024G, respectively. This segment comprises proceeds from vehicle sales upon the expiration of their associated leasing contracts which are typically three to five years post-purchase, with vehicles being transferred from fixed assets to inventory prior to sale under the applicable accounting standards (IAS16 (*property, plant and equipment*) paragraph 68A and IAS 2 (*inventories*)). In the financial year ended 31 December 2023G, used vehicle sales increased significantly, with the number of vehicles sold rising from 1,622 in 2022G to 3,356 in 2023G (increase of 106.9 per cent.), primarily due to the conclusion of long-term vehicle lease agreements with three large Government and quasi-government clients. In 2024G, the Company sold 3,052 vehicles (decrease of 9.1 per cent. compared to 2023G) mainly relating to the conclusion of lease agreements with ten private and Government clients.

Vehicle sales in any given year is primarily driven by the number of expiring lease agreements and the recovery rate achieved on those sales. The Company's ability to maximise recovery rate is influenced by several key factors, including:

- **Broader Market Dynamics**: The broader market dynamics which dictate the selling price of vehicles. These are influenced by a broad range of external factors including inflation, supply-chain dynamics and fluctuating demand for pre-owned vehicles. For instance, during the COVID-19 pandemic, vehicles displayed higher prices due to global supply chain pressures, in contrast with the lower prices for used-vehicles as the market softened post-pandemic. Recovery rates decreased from 67.6 per cent. in 2022G to 60.7 per cent. in 2023G and to 53.7 per cent. in 2024G;
- **Vehicle Age**: The recovery rate decreases as vehicle age increases. For instance, recovery rate in 2024G declined in part due to the Company selling a higher proportion of vehicles aged five years or more (such vehicles increased from 14.1 per cent. in 2023G to 45.1 per cent. in 2024G of sold vehicles); and
- **Vehicle Brand**: The recovery rates for Japanese and Korean brands are higher compared to European brands.

Further, the Company's capital expenditures of SAR 570.7 million and SAR 398.5 million on motor vehicles in 2023G and 2024G, and the average age of its fleet (2.9 years as of 31 December 2024G) indicate that a significant volume of vehicles may be due for sale over the next one to two years. This creates the potential challenge of selling a larger number of vehicles upon the expiry of the relevant long-term vehicle leasing agreements in a market environment that may soften due to inflationary pressures and other economic uncertainties.

Since the Company does not benefit from buy-back commitments with vehicle suppliers, its ability to generate expected proceeds from vehicle sales is inherently tied to prevailing market conditions and its ability to efficiently manage the disposal

process. If the Company encounters difficulties in selling retired vehicles at adequate prices or within acceptable timeframes, it may face challenges in renewing its fleet promptly and at a suitable cost. Over time, such constraints could hinder the Company's ability to maintain a competitive range of vehicle models and services, potentially affecting customer satisfaction and future rental income. A sustained reduction in used vehicle prices, a marked drop in market liquidity or adverse regulatory changes affecting the disposal of older vehicles could have a material adverse effect on the Company's business, financial position, results of operations and/or future prospects. See also Section 2.1.8 (*Risks Related to Suppliers and Vehicle Purchases*) for a discussion of risks relating to the vehicle purchases.

2.1.10 Risks Related to Volatility in Profitability in the Used Vehicle Sales Segment

The profitability of the Company's used vehicle sales segment is influenced by a number of factors, most notably the Company's depreciation policy for used vehicles and the residual value assumptions used for such vehicles. The Company's depreciation policy for its motor vehicles is based on two principal factors: (a) the application of the straight-line method, under which the depreciable amount (i.e. gross book value less residual value) is allocated over the vehicle's estimated useful life of between two and five years, generally aligned with the relevant contract tenure; and (b) the residual value or cost of the vehicle at the time of sale, which is determined with reference to the Company's historical average selling prices over the past five years, segmented by vehicle age bracket. This valuation approach does not incorporate any forward-looking market trends or projections.

Changes to the residual value assumption have a direct impact on used vehicle sales segment profitability. For example, the increase in the average residual value of motor vehicles from 36 per cent. in 2022G to 51 per cent. in 2024G resulted in lower depreciation expenses, thereby improving the profitability of the long-term lease segment. However, this concurrently reduced the contribution margin from the used vehicle sales segment, as the higher residual values raised the cost of vehicles sold.

Other key factors influencing the profitability of the sale of motor vehicles include:

- **Prevailing Market Conditions**: prevailing market conditions such as the post-pandemic softening of the used car market, which led to a decline in average selling prices and, consequently, lower contribution margins; and
- **Age Profile of Vehicles Sold**: older vehicles typically generate higher contribution margins due to greater accumulated depreciation, which lowers their net book value at the time of sale.

As a result, the combined effect of revised residual value assumptions and lower average selling prices led to a decline in contribution margin from 22.7 per cent. in 2022G to 11.5 per cent. in 2023G. This trend was partially offset in 2024G by a shift in the sales mix towards older vehicles, with units aged over five years comprising 45.1 per cent. of total used vehicle sales (compared to 14.1 per cent. in 2023G), which typically yield the highest contribution margins across all age brackets.

Whilst contribution profit on an overall level was positive, the Company recorded a contribution loss of SAR 1.9 million for vehicles sold aged less than four years in 2024G, suggesting that vehicles are sometimes sold below their residual values. This highlights the risks of relying on historical data when determining residual value assumptions. For example, during the year ended 31 December 2023G, the Company revised the residual values of vehicles after conducting an internal technical review, resulting in a net decrease of SAR 5.8 million in depreciation expenses and an increase in the cost of vehicle sales. Prior to such review, the Company calculated the residual value of vehicles based on historical data. In 2024G, the Company recorded a loss of SAR 1.9 million from the sale of vehicles sold that is less than four years old, highlighting the risk of basing assumptions for residual value on historical data. While this does not impact the overall internal rate of return on vehicles from purchase to sale, it may inflate long-term lease profitability due to lower depreciation during the lease term, followed by lower profitability upon sale due to higher residual value.

In 2024G, following a reassessment of useful lives and residual values through an internal technical review, the Company implemented further adjustments to reflect updated market conditions and operational data. Consequently, the revised estimates led to a reduction in depreciation expenses and a corresponding net increase of SAR 12.9 million in the cost of vehicle sales for the year ended 31 December 2024G. Such changes underscore the material impact that adjustments in estimates can have on financial outcomes.

The above highlights that the Company's depreciation methodology and residual value assumptions for motor vehicles are based on historical sales data and are sensitive to market conditions and vehicle age composition. Changes to these assumptions may materially impact the used vehicle sale segment profitability, including the risk of contribution losses on vehicle sales if actual selling prices fall below expected residual values. Should this occur, it could have a material adverse effect on the Company's business, financial position, results of operations and/or future prospects.

2.1.11 Risks Related to the Theft or Misuse of Cars by the Company's Clients

In the short-term car rental and long-term vehicle lease industry, theft and misuse of vehicles by clients can result in financial losses and operational challenges due to the reduction in fleet availability. While in the financial years ended 31 December 2022G, 2023G and 2024G, the Company had no such incidents, they pose potential financial risks as in the Kingdom, even

when a stolen vehicle is reported and a police complaint is filed, the vehicle remains registered under the Company's name until it is officially recovered or deregistered. During this period, the Company must continue to bear financial obligations, such as insurance premiums, which can add to the financial burden. Additionally, stolen vehicles may incur depreciation costs and disrupt fleet availability.

These risks are further amplified by the costs associated with replacing or repairing the vehicles to restore them to serviceable condition. Prolonged recovery timelines or the inability to recover stolen vehicles altogether can exacerbate operational disruptions. Frequent or high-profile occurrences of theft or misuse could also tarnish the Company's reputation, reducing client trust and potentially affecting its ability to attract or retain clients.

If these risks are not adequately addressed, they could lead to additional financial expenses, reduced operational efficiency and reputational challenges, collectively having an adverse effect on the Company's business, financial position, results of operations and/or future prospects.

2.1.12 Risks Related to Financing and Ability to Obtain Financing

The Company relies on external financing to fund 80.0 per cent. of vehicle purchases and the remaining 20.0 per cent. are funded through internally generated cashflow. As of 31 December 2024G, the Company has facilities with the Saudi Investment Bank, Arab National Bank and Riyad Bank for a total value of SAR 1.7 billion and its outstanding loans, which are expected to be fully settled by August 2029G, amounted to SAR 802.6 million. Debt-to-equity ratio increased significantly from 69.3 per cent. as of 31 December 2022G to 156.0 per cent. as of 31 December 2024G, indicating a higher reliance on debt financing to support the Company's operations and growth initiatives. The Company's debt service coverage ratio (DSCR) decreased from 0.97x to 0.74x between 2022G to 2024G, indicting a decline in the Company's ability to meet its short-term debt obligations. The Company's finance cost amounted to SAR 9.5 million, SAR 21.4 million and SAR 47.3 million for the financial years ended 31 December 2022G, 2023G and 2024G, respectively. While leveraging debt can provide opportunities for expansion, such an increase in the gearing ratio also introduces heightened financial risks that could adversely impact the Company's financial position and operations. There is no assurance that the Company will be able to secure additional financing under its current leverage profile or without providing further collateral or enhanced terms.

Historically, the Company has relied on Saudi Edarah Holding Company (the Substantial Shareholder) as an additional source of funding for its operations. As of 31 December 2024G, the due to related parties balance amounted to SAR 10.5 million. Considering the increase in the cash conversion cycle and potential liquidity challenges resulting from operational growth and the build-up of Government and quasi-government and aged receivables, the Company may need to resort to additional commercial loans or higher reliance on Related Party funding. While Related Party funding carried neither interest nor repayment arrangements, obtaining additional funding from commercial banks may place added pressure on the Company in terms of monthly repayment obligations and the associated interest expense on net income.

Certain of the Company's existing financing agreements contain covenants that impose operational and financial restrictions on the Company. Such restrictions may affect the Company's flexibility in planning for, and reacting to, changes in its business or economic conditions and otherwise prohibit or limit its ability to undertake certain business activities or make changes in its ownership structure without the consent of its lenders. See further Section 11.6 (*Financing Agreements*) for a discussion of each of these financing agreements.

The Company's ability to comply with such covenants and restrictions may be affected by events beyond its control, and there is no guarantee that the Company would be able to obtain the lender's consent to waive or amend covenants in a way that is necessary or beneficial for the Company's business. Any request for waivers or amendments may result in increased costs to the Company or lead the lender to modify the terms of the existing financing arrangements or impose additional operating and financial restrictions. In the event of any default under the Company's bank facilities, any of the lenders could elect to terminate its bank facility and declare the entire loan outstanding (together with accrued and unpaid interests, commission and fees) to be immediately due and payable. In the event that any of the lenders accelerates the repayment of the indebtedness due to it, this may lead to cross-default under the Company's other bank facilities and the Company may not have sufficient cash to repay such indebtedness, which could force it into bankruptcy or liquidation. In such circumstances, there can be no assurance that the Company would be able to access sufficient alternative funding to meet all such repayments or to fund its operations. The occurrence of any of the above would have a material adverse effect on the Company's business, financial position, results of operations and/or future prospects. For further details regarding the bank facilities, see Section 11.6 (*Financing Agreements*) and Section 2.1.16 (*Risks Related to Personal Guarantees from Shareholders*) for a discussion of certain risks in connection with certain risks related to personal guarantees from shareholders.

The Company has also issued promissory notes in favour of the Saudi Investment Bank, Arab National Bank and Riyad Bank. The total value of the outstanding notes is SAR 1.8 billion, as of 31 December 2024G. The lenders may present these promissory notes for payment in the event of a breach of the facility agreements. The Company may not have sufficient assets to meet its obligations, which would have a material adverse effect on the Company's business, financial position, results of operations and/or future prospects.

The Company also relies on several factors to expand its business, most importantly its ability to secure financing through internal and external monetary sources. The Company utilises loans granted to it by Saudi banks for the purpose of purchasing new vehicles to expand its fleet and open new branches. In the event that these loans are not available or fail to continue or are not granted under favourable terms, 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, it may not be able to expand its business, which would have a material adverse effect on its business, financial position, results of operations and/or future 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, including:

- **Impact on Cash Flow and Operational Flexibility**: The Company's indebtedness necessitates that a portion of its cash flow from operations be allocated to debt service, reducing the availability of funds for essential needs such as working capital, capital expenditures, and strategic initiatives like acquisitions and marketing efforts. This reliance on debt also limits the Company's flexibility to adapt to changes in the business environment or respond promptly to emerging market opportunities, potentially hindering growth, reducing operational efficiency, and leading to lost market share;
- **Increased Borrowing Costs:** Ongoing indebtedness increases the Company's cost of borrowing. This situation often leads to higher interest expenses and could necessitate additional fees for debt restructuring or refinancing efforts periodically. These increased costs can diminish the Company's profitability and reduce its financial manoeuvrability;
- **Economic and Industry Vulnerability:** With debt, the Company becomes more susceptible to adverse economic and industry conditions. This heightened vulnerability may place the Company at a competitive disadvantage, especially when compared to peers with lower debt levels who might navigate economic downturns more effectively without the burden of significant financial obligations; and
- **Constraints on Growth and Expansion:** Indebtedness can also restrict the Company's ability to sustain operations or achieve its planned growth rates. Specifically, it may limit the Company's capacity to invest in expanding into new geographic areas within the Kingdom or to purchase new vehicles necessary for the expansion of its business. This could inhibit the Company's ability to scale effectively and meet strategic growth objectives.

Furthermore, consideration should be given to the Company's ability to continue servicing its debt in light of recent high SAIBOR rates, an increasing debt-to-equity ratio, a declining debt service coverage ratio (DSCR) and the terms of its loan covenants. However, it should be noted that debt-to-equity ratios for the automotive industry are generally higher than in other industries, and the Company's position should therefore be assessed in the context of industry norms.

The occurrence of any of the aforementioned factors could have a material adverse effect on the Company's business, financial position, results of operations and/or future prospects.

2.1.13 Risks Related to Interest Rates

The Company relies on financing facilities obtained from commercial banks, which carry variable interest rates based on the SAIBOR or equivalent benchmarks. Any fluctuation in interest rate (whether as a result of changes in SAIBOR or the Company's credit rating) will impact the Company's cost of financing and net income, as evidenced by the finance cost on term loans increasing from SAR 9.5 million in 2022G to SAR 47.3 million in 2024G.

Changes to SAIBOR (or equivalent benchmarks) are influenced by various factors beyond the Company's control, including monetary and fiscal policies, economic conditions, inflation, and geopolitical developments. Central banks globally, including SAMA, have increased interest rates in response to inflationary pressures and further increases remain possible, which could further elevate the Company's cost of financing.

The average interest rate on the Company's borrowings as of 31 December 2024G ranged between monthly SAIBOR plus 1.25 per cent. and monthly SAIBOR plus 1.50 per cent., reflecting competitive terms aligned with prevailing market conditions. While the Company had acquired Shari'ah-complaint fixed-for-floating interest rate swap to reduce its interest rate risk, the notional amount of such swap was amortised over its life and had expired in March 2024G. Accordingly, the Company has been fully exposed to the risk of rises in interest rate since March 2024G. To illustrate the impact of an increase in interest rate, a hypothetical 100 basis point increase or decrease in floating rate borrowings for the financial years ended 31 December 2022G, 2023G and 2024G would have resulted in an increase/decrease in the Company's profit before Zakat by SAR 2.8 million, SAR 5.0 million and SAR 8.1 million, respectively. The Company's reliance on variable-rate debt, combined with the absence of hedging mechanisms, exposes it fully to interest rate fluctuations. Such increases in financing costs could adversely impact the Company's profitability, liquidity and ability to meet financial obligations, particularly if interest rates remain elevated over an extended period.

Failure to manage these risks, including refinancing arrangements or implementing hedging strategies, could result in reduced cash flow, increased financial strain and a material adverse effect on the Company's business, financial position, results of operations and/or future prospects.

2.1.14 Risks Related to Liquidity Management

As of 31 December 2024G, the Company's current liabilities of SAR 372.0 million exceeded its current assets of SAR 295.0 million, reflecting a net working capital deficit primarily driven by the financing of non-current vehicle assets through short-term facilities. This liquidity mismatch exposes the Company to challenges in meeting short-term financial obligations, such as accounts payable, accrued expenses and the servicing of short-term borrowings.

The Company's current liabilities include trade payables, accrued expenses and the current portion of lease and term loan obligations, while its current assets are predominantly comprised of trade receivables, inventories and cash balances. The reliance on short-term financing to fund long-term assets may place additional pressure on liquidity, especially during periods of reduced cash inflows or heightened operational expenditure.

Any delay in the collection of trade receivables, particularly from corporate or Government and quasi-government clients, could further exacerbate the liquidity strain. For example, the Company recorded an increase in impairment losses on trade receivables to SAR 10.6 million in 2024G, up from SAR 5.7 million in 2023G and up from SAR 9.8 million in 2022G, indicating an increased credit risk environment. Additionally, the Company's cash flow is sensitive to fluctuations in interest rates on borrowings (see Section 2.1.13 (*Risks Related to Interest Rates*)).

The mismatch between current liabilities and current assets necessitates careful liquidity management to avoid financial constraints that could disrupt operations or delay payments to suppliers. If the Company is unable to secure sufficient working capital or extend the maturity of its short-term obligations, it may face heightened financial risk. Such liquidity challenges could have a material adverse effect on the Company's business, financial position, results of operations and/or future prospects.

2.1.15 Risks Related to Contingent Liabilities

The Company has significant contingent liabilities in the form of letters of guarantee and letters of credit, which, if triggered, could have a material adverse effect on the Company's business, financial position, results of operations and/or future prospects. As of 31 December 2022G, 2023G and 2024G, the Company had outstanding letters of guarantee amounting to SAR 104.2 million, SAR 161.5 million and SAR 220.3 million, respectively. These guarantees have been issued by local banks on behalf of the Company in the ordinary course of business, primarily to secure contractual and regulatory obligations. Additionally, the Company had outstanding letters of credit amounting to SAR 61.7 million as of 31 December 2023G. The Company didn't have any outstanding amounts based on letters of credit as of 31 December 2022G and 2024G.

The Company relies on these instruments to support its operations, particularly for its commitments related to performance guarantees for short-term car rental contracts, letters of guarantee and letters of credit for purchase of fleet. Any failure by the Company to meet the underlying obligations could result in these guarantees or letters of credit or guarantee being drawn upon, leading to immediate cash outflows. Moreover, the issuance of letters of guarantee and letters of credit often requires the Company to maintain sufficient collateral or cash deposits with banks, which may restrict liquidity and limit the Company's ability to utilise its cash reserves for operational or strategic purposes. If such requirements increase, it may put additional pressure on the Company's working capital.

The Company's exposure to interest rate fluctuations in relation to its banking arrangements may further exacerbate the financial impact of these contingent liabilities. Rising interest rates in the Kingdom or adverse changes in the Company's credit profile could increase the cost of maintaining these guarantees and letters of credit. The Company's ability to manage and reduce its exposure to contingent liabilities is dependent on its operational performance, cash flow generation and ongoing relationships with financial institutions. A deterioration in any of these areas could result in the inability to secure new guarantees or letters of credit or renew existing ones, which may affect the Company's ability to secure contracts and maintain its competitive position in the market. Any realisation of these contingent liabilities could have a material adverse effect on the Company's business, financial position, results of operations and/or future prospects.

2.1.16 Risks Related to Personal Guarantees from Shareholders

The Company depends on personal guarantees provided by Saudi Edarah Holding Company and Mr. Nasser Ibrahim Mohammed AlOmair to acquire credit facilities from all the financing banks. For further information about these guarantees, see Section 11.6 (*Financing Agreements*). If these guarantees are withdrawn or cancelled and the Company is unable to acquire further credit support, the commercial banks may increase the margin applicable to the facility or even terminate the facility and accelerate repayment of the outstanding amount, which would have a material adverse effect on the Company's business, financial position, results of operations and/or future prospects.

2.1.17 Risks Related to Collecting Receivables from the Company's Clients

The Company may face difficulties in collecting receivables owing to it by its clients. As a result of the client base it caters to, the Company has a longer receivables cycle. Trade receivables increased from SAR 115.0 million as of 31 December 2022G to SAR 157.0 million as of 31 December 2023G and to SAR 206.7 million as of 31 December 2024G, primarily due to new contracts and an increase in days sales outstanding. This was driven by (i) new contacts; (ii) Government and quasi-government clients settling dues on more extended terms (Government receivables aged over 730 days increased from SAR 3.6 million as of 31 December 2022G to SAR 13.2 million as of 31 December 2024G); and (iii) an increase in aged receivables balances (receivables aged over 730 days increased from SAR 13.8 million as of 31 December 2022G to SAR 27.5 million as of 31 December 2024G).

The following table shows the aging of accounts receivable as of 31 December 2022G, 2023G and 2024G (for further details about the aging of accounts receivable, see Section 6.5.2.2 (*Current Assets*)):

Table 2.5: Aging of Accounts Receivable as of 31 December 2022G, 2023G and 2024G

Book Value	SAR (Million)			% of Total Accounts Receivables (1)		
	2022G	2023G	2024G	2022G	2023G	2024G
Payment Not Overdue	47.7	90.4	73.1	34.0%	48.1%	30.4%
Payment Overdue From 0 to 90 Days	29.8	17.9	64.9	21.2%	9.5%	27.0%
Payment Overdue From 91 to 180 Days	15.5	11.7	30.7	11.0%	6.2%	12.8%
Payment Overdue From 181 to 365 Days	15.9	22.9	28.9	11.3%	12.2%	12.0%
Payment Overdue From 365 to 730 Days	17.6	20.3	15.2	12.5%	10.8%	6.3%
Payment Overdue for More Than 730 Days	13.8	24.6	27.5	9.8%	13.1%	11.4%
Total	**140.4**	**187.8**	**240.3**	-	-	-
Allowance For Expected Credit Losses	25.4	30.7	33.5	-	-	-

Source: The audited special purpose consolidated financial statements of the Group for the financial years ended 31 December 2024G, 2023G and 2022G.

(1) The percentages have been rounded to the first decimal place and may not add up due to rounding.

The amounts written off from accounts receivable for the financial years ended 31 December 2022G, 2023G and 2024G amounted to SAR 20.5 million, SAR 445 thousand and SAR 7.8 million, respectively. The Company has set aside provisions for losses on accounts receivables of SAR 25.4 million, SAR 30.7 million and SAR 33.5 million for the financial years ended 31 December 2022G, 2023G and 2024G, respectively. However, there is no assurance that such provisions will be sufficient. This provision was calculated using accounting assumptions based on the client's credit history (IFRS 9) and the amounts allocated to cover doubtful debts represent approximately 18.07 per cent. in 2022G to 16.35 per cent. in 2023G to 13.96 per cent. in 2024G of the total debts owed to the Company.

As the Company's operations expand, its liquidity position may face additional strain due to the growing cash conversion cycle, which increased by 42 days in 2023G and then decreased by 35 days in 2024G. The Company is required to settle a portion of vehicle purchases in advance and adhere to a pre-agreed payment plan for the remaining balance, while simultaneously managing delayed client payments. The anticipated growth in Government projects and the corresponding increase in motor vehicle purchases are expected to necessitate additional liquidity requirements, especially as the Company plans to reduce reliance on bank debt to fund capital expenditures.

If any of the Company's debtors experience financial difficulties, they may fail to pay their debts to the Company when due. While the Company appoints a specialist law firm to carry out all necessary legal procedures for the collection of overdue accounts receivable, there is no assurance that it will be able to fully collect such receivables.

Additional complexities can arise as market liquidity and finance costs influence the timely collection of receivables. Flexible and extended credit terms offered by competitors can further strain the Company's cash flows. Delays in client payments, client bankruptcies or insolvencies—particularly among major clients—or any other challenges in debt collection could materially and adversely affect the Company's business, financial position, operational results and/or future prospects.

2.1.18 Risks Related to the Company's Obligations to Settle Accounts Payable

The Company's accounts payable amounted to SAR 68.2 million, SAR 176.5 million and SAR 64.5 million as of 31 December 2022G, 2023G and 2024G, respectively. These accounts payable primarily consist of amounts owing suppliers of vehicles (representing 73.4 per cent., 95.5 per cent. and 80.6 per cent. of total accounts payable as of 31 December 2022G, 2023G and 2024G, respectively) and also amounts owing to suppliers of insurance, stores spare parts and other items (representing 26.6 per cent., 4.5 per cent. and 19.4 per cent. of total accounts payable as of 31 December 2022G, 2023G and 2024G, respectively).

There are no credit terms agreed with vehicle suppliers as they operate on a cash basis or upon letters of credit or letters of guarantee. When a purchase order or quotation is issued by vehicle suppliers, payments to these suppliers are made based on an agreed payment plan. On the other hand, operational suppliers offer the Company credit terms ranging from 30 and 90 days.

A decrease in credit terms would affect the Company's liquidity position and negatively impact its working capital. Further, if the Company is unable to make full repayment within the period agreed with its suppliers, this would adversely affect the Company's ability to secure appropriate credit terms in the future, which could have a material adverse effect on its business, financial position, operational results and/or future prospects.

2.1.19 Risks Related to the Company's Reputation and Services

The Company's reputation and brand recognition have developed since its establishment in 1980G, based on consistently delivering quality long-term vehicle lease services to clients across the Kingdom. Key factors include the Company's price competitiveness, its ability to deliver vehicles that meet or exceed client specifications within agreed timelines and the provision of comprehensive services throughout the lease term. These services include regularly scheduled maintenance, efficient handling of unscheduled repairs, timely accident management, vehicle replacements when required and responsive client support to ensure uninterrupted fleet operations for clients.

If the Company fails to sustain these standards, whether due to failure to deliver vehicles that meet client specifications or shortcomings in after-lease services, such as accident management or vehicle replacements, client satisfaction may decline. This risk is heightened if the Company experiences supply chain disruptions, an inability to maintain an adequate variety of vehicles in its fleet or operational inefficiencies that result in extended downtime. For example, prolonged delays in delivering replacement vehicles of similar or higher specifications could erode client trust and satisfaction, particularly among corporate and Government and quasi-government clients who depend on uninterrupted vehicle availability.

Moreover, the Company's inability to maintain high service standards could expose it to adverse publicity. Negative coverage in local media, complaints from clients or unfavourable feedback on public platforms could tarnish the Company's brand perception, making it difficult to attract new clients or retain existing ones. This risk is amplified in today's environment, where social media and review platforms enable rapid dissemination of service-related complaints. Additionally, the loss of key corporate accounts, partnerships or renewals due to dissatisfaction could materially weaken the Company's competitive position and market share.

In severe cases, reputational harm may lead to legal disputes or claims from clients if they believe that service deficiencies, such as failure to provide adequately maintained or safe vehicles, have impacted their operations or safety. Such disputes could result in financial liabilities, regulatory scrutiny and further reputational damage.

A sustained or significant deterioration in the Company's reputation and brand value may result in reduced demand for long-term vehicle lease services, lower fleet utilisation rates and diminished revenues. Such outcomes could have a material adverse effect on the Company's business, financial position, results of operations and/or future prospects.

2.1.20 Risks Related to Marketing Activities

The Company has spent SAR 0.3 million, SAR 0.7 million and SAR 0.5 million on marketing and public relations programme to inform clients about the Company's long-term vehicle lease and short-term car rental services in the financial years ended 31 December 2022G, 2023G and 2024G. Marketing plans usually take a relatively longer time to accomplish its desired goals, which may lead the Company to increase its spending in this area. However, the success or adequacy of these marketing and public relation programmes is not guaranteed, and therefore the Company may have to intensify or replace them with others, 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 programmes are insufficient to realise the intended objectives for its long-term vehicle lease and short-term car rental segments or if the Company's marketing and public relations efforts are not effective and commensurate with the current media environment, recognition of the Company's brand, its competitive position and market share in the long-term vehicle lease and short-term car rental segments may suffer. This, in turn, could lead to lower sales and profits, which could have a material adverse effect on the Company's business, financial position, results of operations and/or future prospects.

2.1.21 Risks Related to the Growing Importance of E-Channels for Short-Term Car Rentals

The increasing reliance on e-channels, such as online platforms and mobile applications, is reshaping the short-term car rental industry by providing clients with greater convenience, enhanced price transparency and the ability to make last-minute bookings. These factors have driven significant adoption of digital reservations, intensifying price competition and raising client expectations for seamless digital experiences. While the Company launched its e-channel booking services in 2024G, reservations through these platforms accounted for less than 5.0 per cent. of the Company's short-term car rental revenue during the financial year ended 31 December 2024G, and the Company anticipates that e-channel bookings will continue to grow in importance. To remain competitive, the Company must ensure its e-channel platforms offer user-friendly functionality, accurate availability and competitive pricing, while keeping pace with industry advancements such as artificial intelligence integration and digital payment innovations. Failure to effectively adapt to the operational and technical demands of e-channel bookings or to meet evolving client expectations could lead to reduced demand, intensified pricing pressure and diminished market share, which would have a material adverse effect on the Company's business, financial position, results of operations and/or future prospects.

2.1.22 Risks Related to Manufacturer Safety Recalls

Vehicles in the Company's fleet may be subject to safety recalls by their manufacturers. Under certain circumstances, recalls may cause the Company to attempt to retrieve rented or leased vehicles from clients or to decline to rent or lease available vehicles until the steps set out in the recall can be applied. If a large number of vehicles are the subject of simultaneous recalls, or if needed replacement parts are not in adequate supply, the Company may not be able to re-rent recalled vehicles for a significant period of time. The Company's fleet also has a concentration in certain car brands and subcategories, such as Toyota Yaris. This concentration could heighten the impact of manufacturer recalls, as issues affecting these brands or subcategories may disproportionately affect the availability of vehicles in the Company's fleet. Additionally, delays in resolving recalls for high-use models could disrupt operations and reduce client satisfaction. The Company could also potentially face liability claims if recalls concern vehicles that it has already re-sold. Depending on their number and severity, recalls could materially and adversely affect the Company's revenue, reduce the residual value of the vehicles involved, create client service problems and harm the Company's reputation.

2.1.23 Risks Related to Employee Misconduct or Errors

Employee misconduct or errors could result in the violation of law by the Company, which would lead to sanctions being imposed on the Company by the competent authorities. They could also result in health and safety violations that could lead to contractual breaches and payment of indemnities for damages. Such monetary consequences would vary based on the misconduct and errors and could also damage the Company's reputation. Such misconduct and errors may result in the disclosure of confidential information, dissemination of misleading information, non-compliance with applicable laws or internal controls and procedures, including a failure to document transactions properly in accordance with the Company's standardised documentation and processes (or failure to take appropriate legal advice in relation to non-standard documentation, as required by the Company's internal policies) or failure to obtain proper internal authorisation or permission. If employees commit any of these misconduct or errors, it could materially and adversely affect the Company's business, financial position, results of operations and/or future prospects.

2.1.24 Risks Related to Reliance on Information Technology Infrastructure

The Company relies on its information technology (IT) systems for critical business operations, including the management of its short-term car rental network, unified electronic contract issuance via the "**Tajeer**" portal, billing, financial reporting, fleet acquisition and logistics, revenue management and client data management. The Company utilises systems such as CarPro, which supports fleet management, revenue optimisation and client relationship management, as well as SAP Business One (SAP B1) for enterprise resource planning (ERP) to streamline processes across finance, procurement and inventory management. Additionally, Menaitech is used for employee management, including time tracking and performance management. These systems are integral to the Company's ability to maintain operational efficiency, optimise vehicle availability, support decision-making and enhance client satisfaction.

However, the Company remains exposed to a range of IT risks, including hardware or software malfunctions, network failures, and cybersecurity threats such as viruses, malware, ransomware, phishing attacks and unauthorised access. A cybersecurity breach could compromise sensitive client, employee or financial data, resulting in significant operational disruption, loss of revenue and reputational damage. For instance, the theft or destruction of confidential information could expose the Company to substantial financial liabilities, regulatory penalties and legal claims, particularly given the growing complexity of data protection regulations in the Kingdom. Furthermore, a prolonged system failure, technical outage or delays in implementing software updates could impede critical processes such as fleet monitoring, revenue management or statutory financial reporting.

The increasing reliance on digital platforms and e-channels for car reservations also amplifies these risks, as the Company must continually invest in enhancing system capabilities, strengthening cybersecurity measures and mitigating potential

vulnerabilities. Failure to adapt to evolving IT standards, respond to cybersecurity incidents promptly, or maintain the integrity and reliability of its IT infrastructure could materially and adversely impact the Company's business, financial position, results of operations and/or future prospects.

2.1.25 Risks Related to the Inability to Adequately Maintain the Confidentiality and Integrity of Client and Employee Data

In its ordinary course of business, the Company collects, transfers and process client and employee information, such as client and employee data, identification card numbers, birth dates and other personal data maintained by the Company or the Company's service providers. Some of this data is private and may be a target of 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 client and employee data would affect the Company's ability to retain its existing clients and attract new ones, which could have a material adverse effect on the Company's business, financial position, results of operations and/or future prospects.

The Personal Data Protection Law issued by Royal Decree No. M/19, dated 9 Safar 1443H (corresponding to 16 September 2021G) came into force on 29 Safar 1445H (corresponding to 14 September 2023G). This law applies to any personal data processing by any means in the Kingdom, related to the data of a citizen or resident, and includes a number of requirements to protect the rights of personal data owners. The Company has implemented procedures and processes to comply with this law but there is no assurance that such procedures and processes are sufficient given its recent implementation.

In addition, the payment card industry imposes strict client credit card data security standards to ensure that the Company's clients' credit card information is protected. Failure to meet such data security standards could result in substantial increased fees to credit card companies, other liabilities and/or loss of the right to collect credit card payments.

Furthermore, adherence to variable privacy and security laws may also lead to an increase in compliance costs due to the imposition of new restrictions or controls on the Company's business models and the development of new administrative processes. These laws and regulations may impose further restrictions on the Company's collection of identity data in one or more of its databases, as well as their disclosure and utilisation. Failure to adhere to the privacy laws, general requirements of the sector or any security breach that involves the theft, loss or disclosure of personal, sensitive or confidential data without permission may result in the imposition of fines, penalties and lawsuits against the Company, which could have a material adverse effect on the Company's business, financial position, results of operations and/or future prospects.

2.1.26 Risks Related to Reliance on Executive Management and Key Personnel

The Company's success depends upon the continued service and performance of its Executive Management and other key personnel 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 short-term car rental and long-term 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 loss of the services of members of the Company's Executive Management or key employees could prevent or delay the implementation and completion of its strategic objectives and divert the management's attention to seek qualified replacements. This could adversely affect the Company's ability to manage its business effectively. Moreover, any member of the Executive Management, as well as any of the key employees, may resign at any time. Losing the ability to hire and retain key executives and employees with high levels of skill in the relevant domains would have a material adverse effect on the Company's business, financial position, results of operations and/or future prospects.

2.1.27 Risks Related to the Failure to Attract and Retain Qualified Employees

The Company faces competition to attract qualified employees in the short-term car rental and long-term vehicle lease sectors, especially sales personnel with the requisite technical skills and knowledge. The Company may need to invest significant 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 would negatively affect its ability to manage its business effectively and efficiently, which would have an adverse impact on the Company's business, financial position, results of operations and/or future prospects.

The Company also relies on certain non-Saudi employees to provide technical and management expertise. Any changes in local laws and regulations which adversely impact expatriates may cause an out flux of workers from the Kingdom or expatriate workers opting to work in other countries, enhancing the difficulty of the Company in retaining necessary non-Saudi employees and disrupting its operations. See Also Section 2.2.12 (*Risks Related to the Increase in Government Fees Applicable to Non-Saudi Employees*) and Section 2.2.11 (*Risks Related to Saudisation, Non-Saudi Employees and Other Labour Law Requirements*) for a discussion of risks relating to increase in Government fees applicable to non-Saudi employees and risks related to non-compliance with Saudisation requirements.

2.1.28 Risks Related to Human Resources

The Company's operations depend heavily on its workforce and are subject to compliance with labour laws and regulations in the Kingdom. Non-compliance with these laws may result in disputes relating to employee rights or human resources management, potentially leading to legal challenges, fines or other penalties imposed by Government authorities. For example, disputes could arise from issues such as employee compensation, termination or workplace conditions. Such disputes could consume management time, result in financial liabilities and harm the Company's reputation.

In addition, failure to comply with employment laws governing hiring practices, fair employment standards, workplace safety or employer obligations could adversely affect the Company. Violations of these regulations may lead to penalties, legal claims or operational disruptions, impacting employee morale, productivity and retention. For example, a failure to adhere to Saudisation requirements or provide adequate workplace safety measures could expose the Company to regulatory scrutiny, fines or reputational damage.

The Company must continually monitor and adapt to changes in labour laws and regulations to remain compliant. Any failure to do so may increase costs, restrict the Company's ability to attract and retain talent, or hinder its ability to maintain a stable and efficient workforce. These risks could collectively have a material adverse effect on the Company's business, financial position, results of operations and/or future prospects.

2.1.29 Risks Related to Insurance for the Company's Fleet

The Company maintains a comprehensive motor insurance policy to cover its operations, including coverage of its vehicle fleet for risks such as traffic accidents, fire, theft, robbery and natural disasters. However, the insurance coverage may not be sufficient in all cases or may not cover all of the risks that the Company would be exposed to. The Company has concluded one insurance policy, which is valid as of the date of this Prospectus. Notwithstanding such policies, 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 risks, losses, damage and liability are either uninsurable or uneconomical to insure (for example, among others, losses related to war, terrorism, geopolitical climate, threats to cyber security, currency fluctuation and general economic crisis). For further details on the Company's insurance policies, see Section 11.7 (*Insurance Policies*).

As of 31 December 2024G, the Company maintained a fleet of 15,620 vehicles, requiring significant resources for maintenance, insurance and vehicle turnover. Improper fleet management could result in increased costs, while changes in insurance premiums directly impact the Company's profit margins. For instance, vehicle insurance costs increased from SAR 10.6 million in 2022G to SAR 18.4 million in 2023G, representing a 73.7 per cent. increase which is in line with the increase in the average insurance cost per vehicle from SAR 871 per vehicle in 2022G to SAR 1,500 per vehicle in 2023G. This was driven by higher insurance compensation received in 2022G which then resulted in higher insurance premiums in 2023G, impacting the profitability of the long-term vehicle leasing segment and resulting in a decline in the gross margin from 31.4 per cent. to 26.5 per cent. between 2022G to 2023G. The higher insurance premiums in 2023G can also be directly attributed to the Company's reliance on third-party workshops (dealers and non-dealers) in 2022G which resulted in a higher loss ratio. As in-house workshop capabilities became fully function in 2023G, maintenance activities were predominantly managed in-house. This, coupled with the Company's active management of its loss ratio for claims related to accidents, resulted in a decrease in insurance premiums in 2024G as highlighted by a decrease in the average insurance cost per vehicle from SAR 1,500 per vehicle in 2023G to SAR 1,100 per vehicle in 2024G, representing a 26.5 per cent. decrease.

As the Company continues to expand its fleet, it faces increased exposure to higher insurance premiums, as a larger fleet is statistically more likely to experience accidents. An increase in insurance premiums, combined with potential inadequacies in securing sufficient coverage, could have a material adverse effect on the Company's business, financial position, results of operations and/or future prospects.

2.1.30 Risks Related to Litigation

The Company may be involved as a claimant or defendant in lawsuits and regulatory proceedings related to its business operations with multiple parties, including suppliers, clients or regulatory authorities.

As of 31 December 2024G, the Company had initiated 67 cases for a total amount of SAR 48.8 million, and there were four cases initiated against the Company for a total amount of approximately SAR 72,8 thousand, for further details on these litigations, see Section 11.13 (*Litigation*). Unfavourable outcome in lawsuits and regulatory proceedings could have a material adverse effect on the Company's business, financial position, results of operations and/or future prospects. In addition, regardless of their outcomes, any lawsuits or regulatory proceedings could result in substantial costs and may require the Company to allocate substantial resources to defend against these lawsuits and regulatory proceedings, which would have a material adverse effect on the Company's business, financial position, results of operations and/or future prospects.

2.1.31 Risks Related to Leasing Real Estate

Revenues generated from its short-term car rental branches amounted to 2.7 per cent., 6.0 per cent. and 4.6 per cent. of the Company's total revenue for the financial years ended 31 December 2022G, 2023G and 2024G, respectively. These branches rely heavily on strategic placement and availability of short-term car rental branches across the Kingdom, which are essential for maintaining service accessibility and competitiveness. As of 31 December 2024G, the Company had 27 short term rental branches used for its short-term rental segment, all of which were situated on leased properties. These leases generally have terms of one to ten years and typically provide for renewal options for similar periods by mutual agreement on the renewal terms, including rent (for further details, see Section 11.9.2 (*Leases*)). The Company may fail to renew leases on commercially acceptable terms or at all, in which case, the Company may be forced to renew ongoing leases on onerous terms or close branches in desirable locations, thus losing the use of the facilities that it renovated or constructed at its own cost.

In addition, lease agreements that are not registered on the Ejar platform are deemed by the Ministry of Justice to be non-enforceable administratively and judicially according to a ministerial circular dated 4 Jumada al-Ula 1440H (corresponding to 10 January 2019G) (in accordance with Council of Ministers Resolution No. 292 dated 16 Jumada al-Ula 1438H (corresponding to 13 February 2017G)). As of the date of this Prospectus, the Company has four lease agreements that are not registered on the Ejar platform. In the event of any dispute between the Company and the relevant lessor, the Company may encounter difficulties in enforcing its contractual rights under the lease. The Company may also face difficulties obtaining or renewing licences and permits in relation to such leased sites.

Moreover, as of the date of this Prospectus, four of the Company's lease agreements have been modified from the standard form Unified Commercial Contract issued by Ejar. The modified provisions in these agreements are not directly enforceable through the Enforcement Courts in the Kingdom. As a result, in the event of a dispute, the Company would be required to seek enforcement through the general court system, which may result in additional legal costs, delays in dispute resolution and potential uncertainties in enforcing contractual rights. Any delays in enforcing lease agreements could impact the Company's ability to secure continued access to leased properties, potentially disrupting operations at affected locations.

As of 31 December 2024G, the Company's lease liabilities amounted to SAR 20.0 million, reflecting its commitments under long-term vehicle lease agreements primarily related to operational facilities and vehicle fleet requirements. The Company's ability to manage these liabilities effectively is critical to ensuring operational continuity and maintaining financial stability. Changes in lease terms or conditions, whether due to renegotiations, renewals or amendments, could result in increased financial obligations. For instance, landlords may impose higher rental rates or stricter terms upon lease renewals, particularly in the event of rising market demand for commercial properties or vehicle lease. Additionally, compliance with lease agreements may be impacted by evolving regulatory requirements, such as those concerning contractual terms or accounting standards, potentially leading to increased administrative burdens or financial liabilities.

Failure to renew any of the leases for its branches and parking lots on commercially acceptable terms, or at all, or failure to secure enforceable lease terms, prolonged legal disputes, or adverse rulings in connection with non-standard lease agreements, could materially affect the Company's operations and regulatory compliance, which would in turn have a material adverse effect on the Company's business, financial position, results of operations and/or future prospects.

2.1.32 Risks Related to Infectious Diseases or Any Public Health Threats

The spread of infectious diseases or significant public health threats could adversely affect the Company's operations, financial performance and service delivery. For example, the outbreak of COVID-19 in December 2019G caused unprecedented disruptions to global and domestic economies, impacting business practices across industries, including long-term vehicle lease and short-term car rental companies. In response, many countries, including the Kingdom, implemented measures such as travel bans, curfews, inter-city movement restrictions and mandatory quarantines to curb the spread. These measures, while necessary for public health, disrupted normal business operations and necessitated significant adjustments to workplace operations.

Increased sanitation requirements, the adoption of personal protective equipment and the shift towards contactless transactions are among the changes that have added to operational costs and necessitated adjustments in service delivery. The Company's adaptability to these changes is vital for maintaining trust and ensuring business continuity. Moreover, the Company's ability to sell its used vehicles may be affected by pandemics or the Company may have to sell its used vehicles at prices below their fair market value, leading to lower than expected revenue from the sale of used vehicles. In addition, employee mobility restrictions due to health safety measures or infection have led to temporary closures of rental branches and maintenance centres, reducing the availability of rental cars. The pandemic has also strained the supply chain, affecting both local car agents and international manufacturers of vehicles and parts.

Financially, the pandemic has heightened the risk of delayed payments or renegotiations of terms with leasing clients, potentially straining cash flows. Should COVID-19 resurge or another infectious disease emerge, similar or more severe restrictions could again disrupt the business, adversely affecting the Company's business, financial position, results of operations and/or future prospects.

2.1.33 Risks Related to Protection of Intellectual Property Rights

As of the date of this Prospectus, the "Cherry" trademark has been registered in the Kingdom (for further details, see Section 11.12.1 (*Trademarks*)). Policing the 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 a third party misappropriates or infringes on the Company's intellectual property or damages its reputation, the value of the Company's brand may be harmed. Any damage to the Company's reputation would result in lower demand for its services, which would have an adverse effect on the Company's business, financial position, results of operations and/or future prospects.

From time to time, the Company may also be required to renew the registration of these trademarks or initiate litigation to protect its rights to trademarks and other intellectual property. Third parties may also assert that the Company has infringed on or otherwise violated their intellectual property rights, which could lead to litigation. Any litigation to validate the Company's intellectual property is inherently uncertain and could divert the attention of management or result in substantial costs and the diversion of resources, which would 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 would have a material adverse effect on the Company's business, financial position, results of operations and/or future prospects.

2.1.34 Risks Related to Related Party Transactions

In its ordinary course of business, the Company enters into agreements with certain Related Parties, including the Selling Shareholders and affiliates. See Section 11.10 (*Related Party Transactions*) for further details relating to such Related Party transactions. As of 31 December 2024G, all transactions entered into with Related Parties were concluded on arms-length terms and documented by written agreements. Related Party transactions are reflected and recorded in the financial statements (see Section 19 (*Financial Statements and Auditor's Report*)).

The Company maintains ongoing business relationships with Elegant Vehicle Carwash Services Company and Aoun Requirement Rental Company Limited, two former subsidiaries, one providing car washing services and the other offering leasing and rental services of heavy vehicles and equipment, which were previously part of the Company but have been transferred to Saudi Edarah Holding Company (the Substantial Shareholder) in 2024G. These entities continue to provide services essential to the Company's operations under contractual agreements concluded on an arm's-length basis. The reliance on these related entities may introduce additional risks, particularly if these agreements are not maintained or the terms become less favourable in the future.

The total amount payable to Related Parties by the Company as of 31 December 2022G, 2023G and 2024G were SAR 22.5 million, SAR 41.7 million and SAR 10.5 million, respectively, comprising 5.4 per cent., 5.4 per cent. and 1.1 per cent. of the Company's total payables as of the same dates. For the financial years ended 31 December 2022G, 2023G and 2024G, revenues from transactions with Related Parties which related to long-term vehicle leasing amounted to approximately SAR 0.8 million, SAR 1.5 million and SAR 1.2 million, respectively, representing 0.3 per cent., 0.6 per cent. and 0.4 per cent. of total revenue for those periods. In respect of the same periods, costs from transactions with Related Parties amounted to SAR 6.2 million in 2024G which represented 2.0 per cent. of total cost of sale and 1.6 per cent. of total cost for the same period.

If contracts and transactions with Related Parties are not carried out in accordance with written agreements, not concluded on arm's length terms or not approved by the General Assembly (to the extent any Director has a direct/indirect interest), this could have an adverse effect on the Company's business, financial position, results of operations and/or future prospects.

2.1.35 Risks Related to the Engagement of Directors or Senior Executives in Businesses Competing with the Company's Business

As of the date of this Prospectus, none of the Company's Directors or Senior Executives are engaged in activities that compete with the Company's business. However, there is a risk that they may engage in competing businesses in the future, either through direct involvement, such as owning or managing competing entities, or indirect participation, such as serving on the boards of companies operating in the same industry.

Given their roles, Directors and Senior Executives have access to the Company's confidential information, strategic plans, and operational insights. If such individuals were to use this information for personal gain or in a manner detrimental to the Company, it could compromise the Company's competitive position, erode shareholder value and harm its reputation. Furthermore, conflicts of interest may arise if their involvement in competing businesses negatively influences their decision-making, leading to decisions that prioritise personal or competing business interests over those of the Company.

While none of the Directors or Senior Executives are party to agreements with the Company which prevent them from competing as of the date of this Prospectus, and the Company's governance framework requires Directors to obtain approval from the General Assembly before engaging in any competing business, in accordance with Article 44 of the Corporate Governance Regulations and Article 27 of the Companies Law (see Section 5.7 (*Conflicts of Interest*) for more details), there is no guarantee that such approvals or governance mechanisms will fully prevent conflicts of interest or misuse of Company information.

Any failure to effectively manage such conflicts or mitigate the risks of competing engagements by Directors or Senior Executives could have a material adverse effect on the Company's business, financial position, operational results and/or future prospects.

2.1.36 Risks Related to Newly Adopted Corporate Governance Manual and Compliance with Corporate Governance Regulations

The Company's ability to operate effectively and maintain investor confidence depends significantly on its adherence to corporate governance standards. The Board of Directors has adopted an internal corporate governance manual, effective from 22 Rajab 1446H (corresponding to 22 January 2025G). Such manual includes rules and procedures related to corporate governance derived from the Corporate Governance Regulations issued by the 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, independence requirements, rules related to conflict of interests and Related Party transactions.

Failure to comply with the provisions of the governance rules, particularly the mandatory provisions of the Corporate Governance Regulations issued by the CMA, could lead to reputational damage and subject the Company to regulatory penalties, which could have a material adverse effect on the Company's operations, financial position, results of operations and/or future prospects.

2.1.37 Risks Related to the Failure by the Audit Committee and the Nomination and Remuneration Committee to Perform its Duties as Required

The Audit Committee and the Nomination and Remuneration Committee were established by Board resolutions dated 24 Rabi al-Thani 1446H (corresponding to 27 October 2024G) and 22 Rajab 1446H (corresponding to 22 January 2025G), respectively. Their charters were approved by the Extraordinary General Assembly on 13 Sha'ban 1446H (corresponding to 12 February 2025G), in accordance with the Corporate Governance Regulations and the Company's Corporate Governance Manual (see Section 5.3 (*Board of Directors Committees*)).

The formation of these committees follows the Company's transition to a publicly listed joint stock company. Prior to the Offering, the Company was not subject to the Corporate Governance Regulations and continuous disclosure requirements issued by the CMA, and accordingly, formal governance structures such as the Audit Committee and Nomination and Remuneration Committee were not previously in place. As a result, the implementation of these governance frameworks is new for the Company and its Board of Directors.

Given the recent establishment of these committees, there is a risk that they may require time to fully develop their oversight capabilities and working dynamics. This early-stage maturity may affect the committees' ability to discharge their duties effectively, including matters relating to financial oversight, compliance, executive remuneration, and board nominations.

Failure by these committees or their members to fulfil their responsibilities or adopt practices that safeguard the interests of the Company and its Shareholders could impact the Company's compliance with Corporate Governance Regulations and continuous disclosure requirements issued by the CMA. This, in turn, may impair the Board of Directors' ability to oversee the Company's business effectively, potentially resulting in material adverse effects on the Company's business, financial position, operational results and/or future prospects.

2.1.38 Risks Related to the Lack of Experience of Senior Executives of the Company in Managing a Listed Joint Stock Company

The Senior Executives have limited or no experience in managing a listed joint stock company and complying with the laws and regulations applicable to them. For instance, once listed on the Exchange, the Company will have to issue its annual financial statements within a period of no more than three months from the end of each financial year and its quarterly financial statements within 30 days from the end of each quarter. The Company's financial statements for the financial years ended 31 December 2022G, 2023G and 2024G were all issued more than three months after the end of the Company's financial year. Therefore, if the Company fails to issue its annual financial statements within three months from the end of the Company's financial year or if it fails to comply in a timely manner with any of the other laws, regulations and disclosure requirements applicable to listed companies, this will subject the Company to regulatory penalties and fines, which would result in decreased investor confidence, which in turn would have a material adverse effect on the Company's business, financial position, results of operations and/or future prospects.

2.1.39 Risks Related to Changes in the Useful Life, Residual Value and Methods of Calculating Depreciation of Vehicles

The Company's management determines the estimated useful lives of vehicles by considering the anticipated usage of the asset and its physical depreciation. Depreciation of motor vehicles is based on two factors: (i) the straight-line method, whereby the depreciable amount (i.e. gross book value less residual value) is depreciated over a useful life ranging between two to five years, in line with the contract tenure range; and (ii) the residual value or cost of the vehicle at the time of sale. Residual value is determined using the estimated average selling price based on the Company's five-year historical vehicle sales data and does not incorporate forward-looking market trends.

In the financial year ended 31 December 2023G, the residual value assumption was increased from 40.0 per cent. to 45.0 per cent., resulting in a reduction in depreciation expenses, which improved profitability for the long-term vehicle lease segment. However, this adjustment negatively impacted the contribution margin for the sale of motor vehicles due to the higher residual value. The average gross book value of vehicles sold in 2023G was approximately 5.0 per cent. higher compared to 2022G, but the average cost per vehicle sold remained relatively stable at approximately SAR 38,628 during this period.

The change in residual value assumption, coupled with a lower average selling price per vehicle in 2023G, led to a decrease in the contribution margin for vehicle sales, dropping from 22.7 per cent. in 2022G to 11.9 per cent. in 2023G. Partly due to the change in the assumed age of vehicles from two years to five years, the age mix of vehicles sold in 2023G differed from the previous year. The proportion of vehicles sold with an age of less than one year decreased to approximately 4.0 per cent. in 2023G, compared to 13.0 per cent. in 2022G. These younger vehicles historically yield lower contribution margins (0.4 per cent. in 2022G and 3.5 per cent. in 2023G), which influenced the overall contribution margin trend during the period. The change in the residual value estimate, combined with the lower average selling price per vehicle in 2024G, led to a decrease in the contribution margin to 11.5 per cent. However, this decline was partially offset by a higher proportion of vehicles sold that were over five years old (increasing from 14.1 per cent of total vehicle sales in 2023G to 45.1 per cent in 2024G), as these vehicles generated the highest contribution margins across all age groups. While contribution profit at an overall level remained positive, the Company recorded contribution losses for vehicles sold in the one to two-year age bracket, amounting to negative SAR 38,000 in 2022G and negative SAR 43,000 in 2023G. These losses indicate that vehicles are occasionally sold below their residual values, highlighting the risks of basing residual value assumptions solely on historical data.

Such adjustments may inflate profitability during the lease term due to lower depreciation charges but result in reduced profitability upon vehicle sale due to higher residual values. While these adjustments do not affect the overall internal rate of return on vehicles from purchase to sale, they introduce risks tied to management's assumptions and the accuracy of historical data. Any inaccuracies in these assumptions or modifications to useful lives, residual values or depreciation methods could have a material adverse effect on the Company's business, financial position, results of operations and/or future prospects.

2.1.40 Risks Related to Potential Zakat and Tax Liability

The Company submitted all Zakat returns, settled Zakat charges payable and obtained certificates from ZATCA for all years since its inception up until 2024G, in addition, the current certificate is valid until 13 Thul-Qi'dah 1447H (corresponding to 30 April 2026G). The Company received final Zakat assessment from ZATCA for all years from its inception until 2018G. However, ZATCA has not issued final assessments of Zakat (or any additional requests or amendments regarding the assessment of Zakat liabilities) for 2019G to 2024G. Accordingly, the Company's final Zakat liabilities for 2018G to 2023G remain uncertain (see Section 10 (*Declarations*)). Where the final Zakat or tax outcome is different from the amounts initially recorded, such differences will impact the Zakat and tax provision in the year in which such determinations are made. This could negatively affect the Company's projected net income and retained earnings.

The Selling Shareholders gave an undertaking on 24 Ramadan 1446H (corresponding to 24 March 2025G) to bear any future additional amounts of Zakat imposed by ZATCA in relation to previous years up to Admission. Should ZATCA issue Zakat assessments in respect of the Company and require it to pay additional Zakat amounts for the years in which the Company did not receive a final assessment and should the Selling Shareholders default on their undertaking to pay such additional amounts, this could have a material adverse effect on the Company's business, financial position, results of operations and/or future prospects.

2.1.41 Risks Related to Amendments to International Accounting Standards

The Company's audited financial statements and the accompanying notes are prepared in accordance with the IFRS as endorsed in the Kingdom and other standards and pronouncements issued by SOCPA. The ongoing evolution of these standards introduces complexities in financial reporting that could materially impact the Company's financial condition and results of operations.

In 2024G, the Company adopted several amendments to accounting standards, including changes to IAS 1 concerning the classification of liabilities as current or non-current and non-current liabilities with covenants, IFRS 16 regarding lease liability in sale and leaseback transactions and amendments to IAS 7 and IFRS 7 addressing supplier finance arrangements. While these

amendments did not have a significant financial impact, they have increased the need for precise and detailed disclosures in the Company's financial statements. Ongoing updates to IFRS, including forthcoming amendments to IAS 21, IFRS 9 and IFRS 7, as well as improvements such as IFRS Accounting Standards - Volume 11, IFRS 18 (presentation and disclosure in financial statements), and IFRS 19 (subsidiary without public accountability: disclosure), alongside the revised IAS 1 regarding non-current liabilities with covenants effective from 1 January 2025G, may require the Company to adjust its accounting policies and implement additional compliance measures to meet evolving requirements.

These amendments, along with others potentially issued in the future, require significant interpretation and adjustments in the application of accounting policies. This introduces risks of errors, restatements, and regulatory scrutiny, which may adversely affect investor confidence. Additionally, transitioning to a new accounting framework or adopting significant amendments could uncover gaps in previous accounting practices or necessitate retrospective and prospective adjustments.

Failure to adapt effectively to changes in IFRS and related accounting pronouncements could lead to material errors or adjustments, impacting the Company's reported financial position, results of operations, and/or future prospects.

2.1.42 Risks Related to the Use of Accounting Assumptions, Estimates and Judgments, and the Corresponding Errors

The Company's financial statements rely heavily on various accounting assumptions, estimates and judgments, which are essential for handling complex financial reporting requirements. These include areas such as revenue recognition, impairment of assets, expected credit loss provisions, depreciation and amortisation of vehicles, and the valuation of lease liabilities. Inaccurate assumptions or errors in judgments, particularly regarding the valuation of motor vehicles and other key assets, could result in significant variances in financial reporting, regulatory scrutiny, or investor concerns.

Key areas of subjectivity include:

- **Revenue Recognition**: Revenue from long-term vehicle leases and short-term rentals must align with contractual performance obligations. Variations in client usage patterns or regulatory changes could necessitate adjustments in recognition. For the year ended 31 December 2024G, revenue from long-term vehicle leases constituted SAR 324.3 million, demonstrating the importance of precise accounting in this area;
- **Depreciation and Useful Life Estimates**: The Company's fleet depreciation rates are based on estimated useful lives and expected residual values. Any misalignment with actual market conditions, as seen in the recent reassessment, can materially affect profitability. See further Sections 2.1.10 (*Risks Related to Volatility in Profitability in the Used Vehicle Sales Segment*) and 6.3.5.2 (*Estimates and Assumptions*);
- **Provisions for Expected Credit Losses (ECL)**: ECL provisions on trade receivables amounted to SAR 33.5 million as of 31 December 2024G, reflecting heightened credit risk. These provisions depend on historical trends, economic forecasts and client-specific risk factors, which are inherently uncertain. See further Section 6.3.5.2 (*Estimates and Assumptions*);
- **Impairment of Non-Financial Assets**: The Company periodically assesses property and equipment for impairment. As of 31 December 2024G, the carrying amount of vehicles and other property totalled SAR 1.1 billion. Any adverse changes in market conditions or forecasted cash flows could result in substantial write-downs; and
- **Lease Liabilities and Right-of-Use Assets**: The valuation of lease liabilities and related right-of-use assets involves assumptions about discount rates and lease terms. Changes in these assumptions could materially impact financial results. As of 31 December 2024G, lease liabilities stood at SAR 19.9 million.

Any inaccuracies in these assumptions or errors in their application could result in financial restatements or regulatory scrutiny, adversely affecting investor confidence. The inherent subjectivity and complexity of these accounting areas present continuous risks to the Company's financial reporting accuracy and compliance. These risks, if realised, could materially and adversely affect the Company's business, financial position, results of operations and/or future prospects.

2.1.43 Risks Related to Restatement of Financial Statements

The Company's financial statements have undergone restatements due to corrections in accounting estimates and adjustments to key financial statement line items. Specifically, during 2024G, the Company corrected the carrying values of property and equipment (motor vehicles), vehicles held for sale and the related depreciation expenses, following the identification of misapplied estimates regarding useful economic lives and residual values of vehicles. These miscalculations led to errors in the depreciation charge in prior years, requiring retrospective adjustments to align with the applicable financial reporting framework and a restatement of the financial statements for the financial years ended 31 December 2022G and 2023G.

Furthermore, the Company identified understatements in allowances for expected credit losses (ECL) related to trade receivables. This arose due to: (i) a significant customer undergoing financial restructuring prior to 31 December 2022G, which was not appropriately reflected in impairment provisions at the time; and (ii) an increase in default rates among walk-in customers during 2023G, necessitating revisions to expected credit loss estimates. These corrections resulted in increased impairment losses and adjustments to the Company's financial position. As a result of such restatement, the profit and loss statement decreased by SAR 4.7 million for the financial year ended 31 December 2022G and increased by SAR 5.6 million for the financial year ended 31 December 2023G. Further details relating to such restatement, please see Section 6.6 *(Restatement of Prior Year Financial Statements*).

The necessity for these restatements highlights the risks associated with the Company's reliance on accounting assumptions, estimates and judgments, as discussed in Section 2.1.42 (*Risks Related to the Use of Accounting Assumptions, Estimates and Judgments, and the Corresponding Errors*). While Management has taken corrective measures to enhance its financial reporting accuracy, there can be no assurance that similar issues will not arise in the future. Any further adjustments or restatements could lead to financial volatility, increased regulatory scrutiny and adverse impacts on investor confidence. Such risks, if realised, could materially and adversely affect the Company's business, financial position, results of operations and/or future 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

General economic conditions can significantly impact the Company's operations and financial performance. Declines in consumer confidence and/or consumer spending, reductions in disposable income due to increases in interest rates and value-added tax (VAT), reductions in wages or employment levels, and increases in fuel prices may curtail the demand for long-term vehicle lease and short-term car rental services. Prolonged economic downturns may also constrain consumer credit availability, negatively impacting purchasing decisions. These conditions could diminish the demand for the Company's services across both the corporate and consumer segments, adversely affecting revenue generation.

Weaker economic conditions can also lead to bankruptcies, headcount reductions and hiring freezes and financial difficulties among the Company's corporate clients, prompting them to scale back on long-term vehicle lease and short-term car rental expenditures or resulting in payment defaults. The Kingdom's economy, which remains heavily reliant on oil revenues, is particularly exposed to oil price volatility. A sustained decline in oil prices could lead to reduced Government spending, public sector austerity measures and lower corporate investment, all of which would dampen economic activity and diminish the demand for long-term vehicle lease and short-term car rental services.

Changes in consumer and corporate behaviour during challenging economic periods, including a shift towards lower-cost alternatives, could also adversely affect the Company's revenue. Competitors may respond to these conditions by adopting aggressive pricing strategies, offering discounts or promotional offers, and intensifying market competition, further pressuring the Company's profitability.

Additionally, external geopolitical events, trade disruptions or economic instability could exacerbate financial uncertainty, impacting consumer spending and business sentiment. Such conditions may reduce demand for the Company's services and limit its ability to secure favourable financing for future capital expenditures, potentially delaying strategic projects and affecting its growth trajectory. These factors, individually or collectively, could have a material adverse effect on the Company's business, financial position, results of operations and/or future prospects.

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

The Company's assets, operations and client base are situated in the Kingdom. The wider Middle East Region is subject to several geopolitical and security risks, which may directly or indirectly affect the Company's business and operational stability.

For instance, the escalation of regional conflicts, including attacks on key maritime routes like the Bab al-Mandab Strait, poses a threat to supply chains and logistics. As a company reliant on timely vehicle deliveries to maintain operational efficiency, such disruptions may lead to delayed fleet acquisition, increased costs and potential interruptions in service availability, adversely impacting client satisfaction and revenue streams. Further, any blockade or escalation affecting commercial shipping could necessitate alternative and costlier logistics arrangements, directly influencing the Company's profitability and operational efficiency.

Moreover, as the political, economic and social environments in the Middle East Region remain subject to continuing developments, investments in the Middle East Region are characterised by uncertainty. Any unexpected changes in the political, social, economic or other 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 clients in such regions, and investments that the Company has made or may make in the future, which in turn would have a material adverse effect on the Company's business, financial position, results of operations and/or future prospects.

2.2.3 Risks Related to Structural Changes in the Transportation Industry

The transportation industry is undergoing significant structural changes driven by technological advancements, evolving client preferences and the expansion of public mobility initiatives. In the Kingdom, large-scale projects, such as the Riyadh Metro (commenced operations in December 2024G) and the Haramain High Speed Railway (commenced operations in October 2018G) have been designed to encourage wider use of public transport. At the same time, new mobility business models, including ride-hailing services (such as Uber and Careem), short-term vehicle subscriptions and emerging autonomous transport solutions, may alter traditional patterns of vehicle usage and reduce reliance on short-term car rental and long-term vehicle lease services.

These shifts, along with the introduction of integrated digital platforms and data-driven fleet management solutions, could enable competitors to deliver greater efficiency, enhance user experiences and lower operating costs. Certain competitors may also benefit from substantial capital resources and advanced technologies, allowing them to implement sophisticated operational models, develop more appealing pricing strategies, strengthen their brand presence and potentially attract clients away from the Company. As a result, the Company could face heightened price competition, the erosion of short-term car rental and long-term vehicle lease volumes and difficulties in sustaining current market share.

In order to maintain a competitive position, the Company must anticipate and respond effectively to these changes by continuously enhancing service offerings, integrating innovative technologies and refining its business model. This may entail investing in new mobility platforms, forming strategic partnerships or adapting pricing and marketing initiatives to address shifts in consumer demand. A failure to adopt a systematic and comprehensive approach to emerging mobility trends, digitalisation and shifts in transport infrastructure and regulation could result in the loss of clients, diminished brand value and reduced revenue generation.

If the Company is unable to respond promptly and strategically to structural changes in the transportation industry, there may be a material adverse effect on the Company's profitability, competitive standing, long-term growth targets, and overall financial and operational performance. This could in turn have a material adverse impact on the Company's business, financial position, results of operations and/or future prospects.

2.2.4 Risks Related to Expected Launch of a Number of Initiatives Related to Public Transport in the Kingdom

Significant developments are taking place in Riyadh in the public transportation sector, the first phase of which began in March 2023G. This project includes the establishment of a train network and a parallel bus network, aligned with the comprehensive plan for public transport developed by the Royal Commission for the City of Riyadh. The primary objective of this project is to offer integrated public transport solutions to the city's residents and visitors, catering to their current and future needs. Among the initiatives undertaken is the King Abdulaziz Public Transport Project in Riyadh, encompassing a comprehensive network of 22 train lines and 6,765 bus stations, extending over a distance of 1,200 km. Additionally, several other public bus networks and taxi service transformation projects are planned for major cities. These efforts are aligned with the Royal Commission for the City of Riyadh's strategic plan to provide integrated public transport solutions, aimed at addressing the current and future mobility needs of residents and visitors.

The primary goals of these projects are to reduce the dependency on private vehicles, enhance the efficiency of urban mobility, support the local economy and improve environmental sustainability by providing affordable, rapid public transport options that utilise the latest international technologies. These initiatives are also expected to improve traffic flow by seamlessly connecting various parts of the city. While the Company recognises the transformative potential of these public transport initiatives, it has not yet fully assessed their implications for the short-term car rental sector or its operations specifically. The increased availability and convenience of public transport could potentially reduce the demand for short-term car rentals, particularly in urban areas where the new networks provide comprehensive coverage.

If the adoption of public transport significantly shifts consumer behaviour away from private and rental car use, this could result in a decline in the Company's revenues. Such a shift would require strategic adjustments in business operations to mitigate revenue losses and adapt to the evolving transportation landscape. Failure to effectively respond to these changes could have a material adverse effect on the Company's business, financial position, results of operations and/or future prospects.

2.2.5 Risks Related to Competition and the Company's Market Share

The Company operates in a fragmented marketplace within the Kingdom's short-term car rental and long-term vehicle lease sectors, where price, brand perception, vehicle quality, geographic coverage, innovation and service standards all influence client choice. Certain market participants invest heavily in promotional activities or leverage existing distribution channels, potentially widening their client base. At the same time, the growing use of digital comparison tools enables price-sensitive clients to rapidly evaluate multiple providers, often placing downward pressure on prices and margins.

If the Company seeks to adjust its pricing upwards for any reason, competitors may respond with lower rates, aggressive promotional campaigns or additional incentives, reinforcing client expectations of discounts and making it difficult for the Company to preserve its margins. Some competitors may also be better positioned to negotiate advantageous fleet acquisition terms or secure strategic partnerships with manufacturers and distributors. Others may introduce advanced digital platforms or alternative mobility solutions aimed at meeting evolving client requirements, thus positioning themselves more favourably in the market.

As these competitive pressures intensify, the Company may encounter difficulties in maintaining current utilisation levels, attracting new clients or expanding its client base. Over time, any sustained reduction in the Company's market penetration could erode both market share and revenue. In such circumstances, increased marketing expenses may be required to support pricing strategies or highlight service improvements, potentially raising operating costs. If the Company fails to respond effectively to these competitive challenges—by, for example, refining its pricing models, enhancing vehicle maintenance and availability, introducing value-added services or developing stronger digital sales channels—it may experience a material adverse effect on its business, financial position, results of operations and/or future prospects.

2.2.6 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 to the supply of vehicles by manufacturers;
- disruption of short-term car rental channels; or
- less efficient or non-routine operating practices necessitated by unexpected adverse events.

Any of these factors could have a material adverse effect on the Company's business, financial position, results of operations and/or future 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 clients depend on them. As part of the Fiscal Balance Programme Plan, the Ministry of Energy issued a statement on 24 Rabi' al-Awwal 1439H (corresponding to 12 December 2017G) to reform prices of energy products. As a result, the prices of energy products in the Kingdom are adjusted monthly in accordance with the procedures for the adjustment of energy and water products prices. Effective 1 January 2025G, Saudi Aramco increased the retail price of diesel in the Kingdom from SAR 1.15 per litre to SAR 1.66 per litre, marking a 44.3 per cent. rise compared to the start of 2024G. This adjustment follows a 53.0 per cent. increase implemented on 1 January 2024G, when prices rose from SAR 0.75 to SAR 1.15 per litre. The annual review of diesel prices is part of Saudi Aramco's pricing mechanism, implemented in 2022G, with the latest adjustment marking the fourth review under this system. When energy costs increase, it could impact the behaviour of the Company's clients who look for transportation alternatives to long-term vehicle lease or short-term car rental, which would have a material adverse effect on the Company's operations, financial position, results of operations and/or future prospects.

2.2.8 Risks Related to Changes in the Regulatory Environment

The short-term car rental and long-term vehicle lease industries in the Kingdom are governed by an extensive and evolving framework of laws and regulations. Compliance with these regulations can significantly affect the Company's operations, requiring adjustments to its commercial practices, legal structure, ownership model or corporate governance. Such changes may result in increased administrative, legal and operational expenses, potentially reducing the Company's revenues and profitability.

Regulatory requirements are subject to frequent amendments, and their interpretation or enforcement may vary. This creates challenges for the Company in anticipating and adapting to these changes in a timely manner. Non-compliance with applicable laws, licensing requirements or regulatory obligations, such as maintaining accurate tax invoices, books, and accounting records within the prescribed regulatory period, may expose the Company to fines, penalties and other punitive actions such as the closure of branches. This could lead to increased costs, reputational harm and diminished client trust, negatively impacting the Company's competitive position.

In addition, failure to obtain or maintain necessary permits and licences may hinder the Company's ability to meet client demand, introduce new products or implement its growth strategies. Such failures could result in operational delays or interruptions, erode the Company's market share and reduce demand for its short-term car rental and long-term vehicle lease services.

The dynamic nature of the regulatory environment necessitates ongoing investments in compliance, which may divert resources from other areas of the business. The need to modify operations to adhere to new or revised regulations could further restrict the Company's ability to conduct business efficiently. Collectively, these risks could have a material adverse effect on the Company's business, financial position, operational results and/or future prospects.

2.2.9 Risks 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 short-term car rental activities.

As of the date of this Prospectus, the Company has two expired civil defence and municipality licences for the Company's head office, and the Company is in the process of renewing these licences (for further details on Government licences, certificates, permits and approvals, see Section 11.4 (*Government Consents, Licences and Certificates*).

The processes for obtaining these licences, certificates, permits and approvals are often lengthy and complex, and most of these regulatory documents can be suspended or terminated if the Company fails to meet ongoing compliance requirements. The relevant regulatory authorities may also refuse to renew or modify a licence, certificate or permit and may impose additional conditions that could adversely impact the Company's operations.

Failure to obtain, maintain or renew the necessary licences, certificates, permits or approvals, could materially impair the Company's ability to achieve its strategic objectives. Any of these factors would have a material adverse effect on the Company's business, financial position, results of operations and/or future prospects.

2.2.10 Risks Related to Unanticipated Costs Related to Compliance with Health and Safety and Environmental Laws and Regulations

The Company has adopted safety standards to comply with applicable laws and regulations in the Kingdom. If the Company fails to comply with the relevant standards, it may be liable to penalties and the business and/or reputation of the Company might be materially and adversely affected.

There can be no assurance that the Company will not be subject to potential liability, including remediation obligations with respect to any environmental contamination or liability in the event of accidents at its workshops. If an environmental liability arises in relation to or an accident occurs at any workshop owned or operated by the Company and it is not remedied, is not capable of being remedied or is required to be remedied at the cost of the Company, this may have a material adverse effect on its reputation and its business, financial position, results of operations and/or future prospects, by virtue of the cost and reputational implications for the Company.

The legal framework in the Kingdom for environmental protection and health and safety compliance is continuously changing and there can be no assurance that stricter regulations, restrictions or requirements will not be introduced in the future, such as regulations on discharges into air and water, the handling and disposal of solid and hazardous waste, land use and reclamation and remediation of contamination. In particular, the Company's operations are subject to regulations administered by the General Authority for Meteorology and Environmental Protection, which, among other things, pertain to the impact of materials on the environment and the handling and disposal of waste. Failure to comply with these regulations can have unfavourable consequences, including penalties which may exceed one hundred thousand Saudi Arabian Riyals, as well as reputational harm. Moreover, amendments to existing laws and regulations related to health and safety standards and environmental protection may impose more onerous requirements on the Company and subject its operations to more rigorous scrutiny than is currently the case. The Company's compliance with such laws or regulations may necessitate further capital expenditures or subject it to other obligations or liabilities which could have a material adverse effect on its business, financial position, results of operations and/or future prospects. Any failure to comply with such increased obligations or responsibilities may result in reputational damage to the Company, administrative and civil penalties, criminal sanctions or the suspension or termination of the Company's operations. Any such sanctions may not be covered by any contractual indemnification or insurance and could have a material adverse effect on the Company's business, financial position, results of operation and/or future prospects.

2.2.11 Risks Related to Saudisation, Non-Saudi Employees and Other Labour Law Requirements

The Saudisation (Nitaqat) programme was adopted pursuant to ministerial resolution no. 4040 dated 12 Shawwal 1432H (corresponding to 10 September 2011G), under which the Ministry of Human Resources and Social Development ("**MHRSD**") requires private entities operating in the Kingdom, including the Company, to employ and maintain a certain ratio of Saudi personnel. The ratio of Saudi workers varies depending on a Company's licensed activities and the number of employees. As of 31 December 2024G, the Company achieved a Saudisation rate of 40.9 per cent. and has been classified under the "High Green" category, thereby complying with current Saudisation requirements. This classification enables the Company to secure new work visas for hiring additional foreign nationals and transfer sponsorship of locally hired expatriate employees, among other benefits.

Moreover, in July 2016G, the MHRSD introduced the "Nitaqat Mawzon" (Balanced Nitaqat) amendment, which aims to improve market performance and eliminate non-productive Saudisation. Under this programme, points are calculated based on five key factors: (i) the Saudisation rate; (ii) the average wage for Saudi workers; (iii) the percentage of female Saudisation; (iv) job sustainability for Saudi nationals; and (v) the percentage of Saudi nationals with high wages. While the programme was initially scheduled for implementation on 12 Rabi al-Awwal 1438H (corresponding to 11 December 2016G), its enforcement has been postponed indefinitely. The Company has not taken measures to improve its Saudisation rating in anticipation of the programme's formal implementation. If a new implementation deadline is announced, the Company may be unable to promptly adjust its workforce to comply with the updated requirements, which would negatively affect its ability to maintain Saudisation compliance.

Under Saudi Labour Law, foreign employees are only permitted to work for the entity that sponsors them in the Kingdom, or they must be engaged through a licensed manpower company or a valid services agreement, and in both cases, they must be registered via the Ajeer system. As of the date of this Prospectus, all of the Company's employees are either under its sponsorship or are legally employed based on the needs of the businesses. Sponsorship transfers between companies incur fees depending on the employee's transfer history.

Non-compliance with laws governing non-Saudi employees could expose the Company to fines, penalties or restrictions, such as the suspension of recruitment systems or work visa services. For instance, the penalties for seconding employees under an entity's sponsorship without an Ajeer certificate include fines of up to SAR 25,000 per employee for first-time violations, with increased penalties for repeated infractions.

In addition, under Saudi Labour Law, foreign employees must perform the job functions stated on their Iqama (residency permit). While as of the date of this Prospectus, no Company's foreign employees carry out job functions different from those defined on their Iqama, if this was to occur in future, penalties for entities employing individuals in roles inconsistent with their Iqama include fines per employee for first-time violations, with escalating penalties for repeated breaches.

The Company's inability to comply with existing or amended Saudisation or Labour Law requirements could lead to sanctions from Government authorities, including fines, recruitment restrictions or the suspension of work visa issuances. Additionally, changes in minimum wage requirements or increased reliance on Saudi talent could raise the Company's labour costs. If the Company fails to recruit or retain the required number of Saudi nationals or foreign employees in line with legal requirements, or if it incurs significant penalties due to non-compliance, this will have a material adverse effect on the Company's business, results of operations, financial position and/or future prospects. See also Section 4.10 (*Employees*).

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

The Government approved several resolutions intended to implement comprehensive reforms in the Saudi Arabian labour market, with additional fees being imposed on each non-Saudi employee working for Saudi entities and companies as of 14 Rabi al-Thani 1439H (corresponding to 1 January 2018G), and on increased fees for residence permit issuances and renewal fees of non-Saudi employee families which came into force as of 7 Sha'ban 1438H (corresponding to 1 July 2017G). Such fees have increased gradually from SAR 4,800 to up to SAR 9,600 annually for each employee during the year 2020G. As a result, the Government fees paid by the Company for its non-Saudi employees amounted to SAR 4.1 million, SAR 5.1 million and SAR 4.5 million for the financial years ended 31 December 2022G, 2023G and 2024G, respectively. As any further increase in residence permit issuance and renewal fees will increase the cost of living, non-Saudi employees may seek employment opportunities in other countries. In such cases, it may be difficult for the Company to retain its non-Saudi employees and if it is unable to replace them with properly qualified Saudi employees, the Company may be forced to incur additional Government fees related to the issuance and renewal of residence permits for non-Saudi employees and their family members. This could have a material adverse effect on the Company's business, financial position, results of operations and/or future prospects. For further details of the achieved Saudisation by the Company, see Section 4.10 (*Employees*). See also Section 2.1.27 (*Risks Related to the Failure to Attract and Retain Qualified Employees*) for a discussion of certain risks related to employing and sponsoring non-Saudi employees.

2.2.13 Risks Related to Exchange Rates

The Company's results of operations may be affected by volatility in currency exchange rates and the Company's ability to effectively manage its currency risks. Although the Company does not directly make any purchases abroad in foreign currencies, in the financial years ended 31 December 2022G, 2023G and 2024G, a significant portion of the Company's vehicles, equipment and materials were from local suppliers that purchase them abroad in foreign currencies including the USD, JPY and KRW (such as local car agencies selling vehicles to the Company). As part of the Kingdom's policy, as of the date of this Prospectus, the SAR is pegged to the USD at an exchange rate of SAR 3.75 for USD 1. The fluctuations in the exchange rates of the JPY and KRW against the SAR and USD impact the Company's operations in connection with the purchase of new vehicles and the sale of used vehicles, in addition to the Company's dependence on Japanese and South Korean cars for its long-term vehicle lease and short-term car rental fleets. For further details on the Company's fleet, see Section 4.6.2

(*Fleet*). If the Kingdom's policy of pegging the Saudi Arabian Riyal to the USD were to change in the future, the Company may experience a significant increase in SAR-denominated costs of its operations. As the Company continues to expand its vehicle fleet, its exposure to USD and other currencies may increase. Accordingly, the Company may experience a significant increase in the costs of its operations. As the Company has not concluded any hedging agreements to reduce its currency risk exposure, adverse changes in foreign exchange rates could have a material adverse effect on its business, financial position, results of operations and/or future prospects.

2.3 Risks Related to the Offer Shares

2.3.1 Risks Related to Post-Offering Effective Control by the Substantial Shareholder

Following the Offering, the Substantial Shareholder will own 70 per cent. of the Company's Shares. As a result, it will have the ability to significantly influence the Company's business through the 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 Shareholder conflict with the interests of the minority Shareholders (including the Subscribers), the minority Shareholders might be disadvantaged and the Substantial Shareholder might otherwise exercise its control over the Company in a manner that would have a material adverse effect on the Company's business, financial position, results of operations and/or future prospects.

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

The Company's Shares have not been offered or traded in a public share market before the date of this Prospectus. 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 after the Offering will exist and continue. 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 on the Exchange

The sale of a substantial number of the Shares on the Exchange 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, the Substantial Shareholder (who owns 70 per cent. of the Shares following the Offering) will be subject to a Lock-up Period of six months, during which it may not dispose of any Shares. The sale of a substantial number of Shares by the Substantial Shareholder following the expiration of the Lock-up Period, or the perception that such sales could occur, could have an adverse effect on the price of the Company's Shares on the Exchange.

2.3.4 Risks Related to the Issuance of New Shares Post-Offering

If the Company decides to raise additional capital by issuing new Shares, the newly issued Shares will adversely affect the share price in the market or dilute the current shareholders' ownership percentage in the Company, if they do not subscribe to such newly issued Shares.

2.3.5 Risks Related to Fluctuations in the Market Prices 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 the following:

- market volatility and fluctuations in the price of vehicles and fleet acquisition or resale costs;
- negative variations in the Company's operating performance and improved performance of its competitors;
- actual or anticipated fluctuations in its quarterly or annual operating results;
- the publication of negative research reports by securities analysts about the Company, its competitors or the long-term vehicle lease or short-term car rental industries;
- the public's negative reaction to its press releases and other public announcements;
- the resignation or retirement of key personnel;
- negative important and strategic decisions by the Company or its competitors, and negative changes in its business strategy;

- press reports, whether or not factual, about the Company or the short-term car rental or long-term vehicle leasing industries in the Kingdom;
- changes in the regulatory environment affecting the Company or the long-term vehicle lease or short-term car rental industries;
- changes in adopted accounting rules and policies;
- terrorist acts, acts of war or widespread civil unrest;
- 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 USD; and
- changes in general market and economic conditions, including changes due to any further developments in connection with the on-going armed conflict in Ukraine.

The occurrence of any of these risks or other factors could cause the market price of the Company's Shares to decline significantly. The stock market in general experiences extreme price and volume fluctuations from time-to-time. Periodic and/or constant market fluctuations could result in extreme volatility in the price of the Shares, which could cause a decline in the value of the Shares and higher price volatility if the trading volume of the Shares is low, which would have an adverse effect on the Subscribers' investments in the Company's shares.

2.3.6 Risks Related to the Distribution of Dividends

The future distribution of dividends will depend on, amongst other things, several factors, including future earnings, financial position, cash flows, working capital requirements, capital expenditures and distributable reserves of the Company. Moreover, the Company may not be able to pay dividends to the Shareholders, and the Board of Directors may not recommend, or the Shareholders may not approve, the payment of dividends. It may also incur expenses or liabilities that would reduce or eliminate the cash available for the dividend distribution. If the Company does not pay dividends on the Shares, the Shareholders may not receive any return on their investment, unless they sell the Shares at a price higher than the price at the time of purchase. For further details regarding the dividend policy of the Company, see Section 7 (*Dividend Distribution Policy*).

3

Market Overview

3. Market Overview

The information in this Section is based on the Market Study Report prepared by the Market Consultant (Euromonitor International) exclusively for the Company in December 2024G and January 2025G. The Market Consultant is an independent provider of strategic market research. The Market Consultant was established in 1972G and is headquartered in London, United Kingdom. For more information about the Market Consultant, visit (www.euromonitor.com).

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

The Board of Directors believes that the information and data from other sources contained in this Section, including that provided by the Market Consultant, are reliable. However, such information and data have not been independently verified by the Company, the Directors, the Senior Executives or other advisors, and thus none of them bears any liability for the accuracy or completeness of said information, therefore, no confirmation or guarantee can be provided regarding the accuracy, correctness or completeness of any of this information. Moreover, industry and market data are subject to change and cannot always be verified with complete certainty due to limits on the availability and reliability of raw data, the voluntary nature of the data gathering process and other limitations and uncertainties inherent in any survey of market size. External sources have been used for some of the information about the competitors, who have not been contacted to verify the accuracy or the completeness of the information included herein. Market estimates and assumptions are based on varying levels of quantitative and qualitative analyses and actual results and future events could differ materially from such estimates, predictions or statements.

The Market Consultant has prepared this study in an independent and objective manner, and it has taken adequate care to ensure its accuracy and completeness. Research has been conducted with an "overall industry" perspective, and it may not necessarily reflect the performance of individual companies in the industry.

3.1 Macroeconomic Overview

3.1.1 Saudi Arabia is Actively Diversifying its Dynamic and Expanding Economy by Reducing its Reliance on Oil and Investing in Key Sectors Like Tourism, Technology and Infrastructure Through Strategic Reforms and Initiatives

Saudi Arabia's nominal GDP reached approximately SAR 4.1 trillion (USD 1.1 trillion) in 2024G, achieving a 10.5 per cent. CAGR from 2020G to 2024G. Historically reliant on oil, the Kingdom is undergoing a major transformation under Saudi Vision 2030, which seeks to diversify the economy by boosting investments in infrastructure, tourism, and technology. In real GDP terms, the Saudi economy faced a contraction of 3.6 per cent. in 2020G due to the COVID-19 pandemic but rebounded with growth rates of 5.1 per cent. in 2021G and 7.5 per cent. in 2022G, driven by non-oil private investment and export reforms. However, real GDP declined by 0.8 per cent. in 2023G amid global uncertainties and OPEC+ oil output cuts (during 2022G to 2023G) (GASTAT (2024G). Gross Domestic Product Fourth Quarter of 2023G), with a moderate recovery of 1.4 per cent. anticipated for 2024G. By the third-quarter of 2024G, oil activities grew by 0.3 per cent., and non-oil activities increased by 4.2 per cent. year-over-year (GASTAT (2024G) Saudi economy grows by 2.8 per cent. during third quarter of 2024G). On the other hand, the budget expenditure is reached in SAR 1,293 billion in 2023G (which is expected to reach SAR 1,374.7 billion by 2024G while deficit expected to reach SAR 115.6 billion and debt to reach SAR 1,215.9 billion by the end of 2024G) (Ministry of Finance, Budget Performance Report Q4 2024G). The following exhibit shows the Kingdom's GDP between 2020G to 2029G:

Exhibit 3.1: The Kingdom's GDP (in Billion) Between 2020G to 2029G

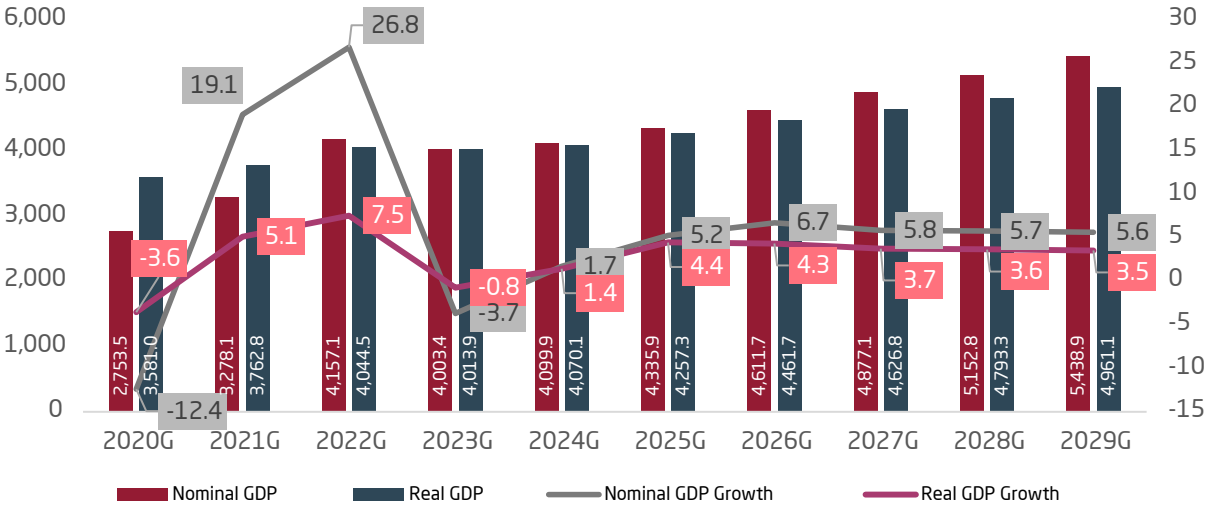


Table 3.1: The Kingdom's Oil and Non-oil Revenues (in SAR billion) Between 2020G to 2023G

Category	Data Type	2022G	2023G	CAGR 2020G-2023G
Oil Revenue	SAR billion	857.0	752.0	22.1%
Non-Oil Revenue	SAR billion	411.0	441.0	6.1%
Budget Expenditure[2]	SAR billion	1,164.0	1,293.0	6.3%
Budget Deficit[2]	SAR billion	104.0	(81.0)	(34.9)%
Debt[2]	SAR Billion	990.0	1,050.0	7.1%

Source: Euromonitor International estimates from United Nations (UN), World Bank (WB), International Monetary Fund (IMF), General Authority for Statistics (GASTAT), SAMA and Euromonitor's Economies and Consumers database.

(1) GASTAT data published only for the first and second quarter of 2024G.

(2) Ministry of Finance, Actual Budget Performance for the years 2020G to 2023G. Data published until the fourth quarter of 2024G but actual numbers are missing.

Saudi Vision 2030 has made significant progress, with one-third of 1,064 planned projects completed and 561 initiatives in progress (Arabian Business Insights (2024G): Third of Saudi Vision 2030 projects 'completed' Government says). Reforms have driven growth in non-oil sectors like tourism, education, and healthcare while creating employment opportunities (total employed population to reach 18.2 million people by 2029G). The following table sets out some of the key initiatives under Saudi Vision 2030:

Table 3.2: Key Initiatives Under Saudi Vision 2030

Key Initiatives	Details
National Transformation Programme	Aims to achieve 34 Saudi Vision 2030 objectives, including digital transformation, water and food security, and e-governance. Saudi Vision 2030 aims to attract USD 100 billion (SAR 375 billion) annually in FDI by 2030G (Bloomberg (2023G): Saudi Arabia upbeat on FDI as 2030G goal remains distant).
National Development Fund (NDF)	Enhances financial sustainability and aligns investments with economic priorities, targeting a 16 per cent. GDP contribution from tourism by 2034G, up from 11.5 per cent. (SAR 460.4 billion or USD 122.6 billion) in 2023G (Quality of life programme – Ministry of Tourism of Saudi Arabia published by International Monetary Fund – 2024G report).
National Investment Strategy	Seeks to raise private sector GDP contribution to 65 per cent. by 2030G up from 45 per cent. in 2023G, boost non-oil exports to 50 per cent. of GDP, and reduce unemployment of Saudis to 5 per cent. by 2030G (Ministry of Investment Saudi: An Economic Overview of the National Investment Strategy of the Kingdom of Saudi Arabia).

Saudi Arabia's Special Economic and Zones (SEZs) drive growth across key sectors, attracting global companies through strategic locations, advanced infrastructure and investor-friendly policies:

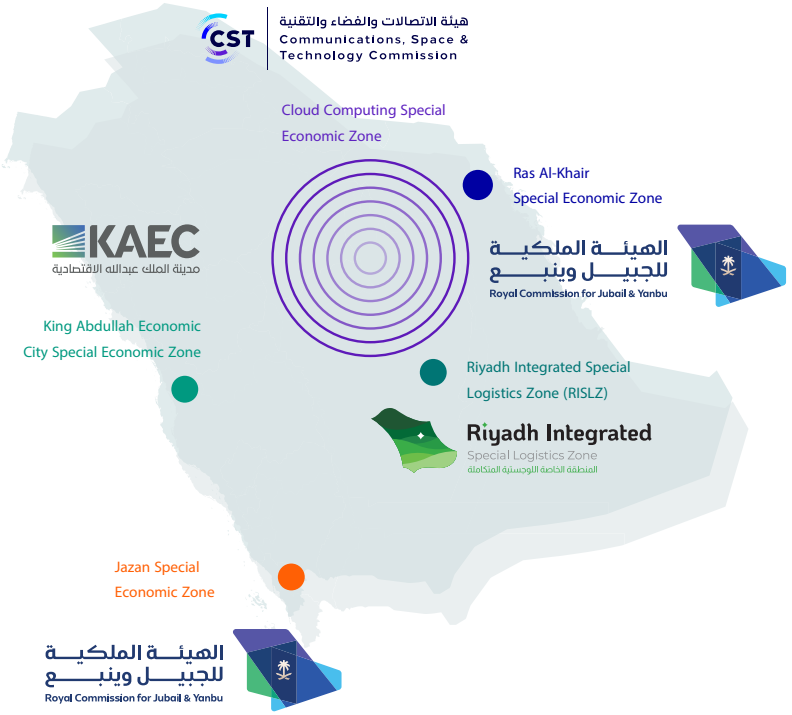
- **King Abdullah Economic City (KAEC)**: Hosts major firms like Emaar EC, Sanofi, Pfizer, Almarai, and Mars Saudi Arabia. Linked to Jeddah, Medina, and Mecca via the Haramain High-Speed Railway;
- **Jazan SEZ**: A 24.6 km² hub on a key Red Sea shipping route, driving Saudi Arabia's mining and metals industries;
- **Ras Al-Khair**: Aims to develop a SAR 52.6 billion (USD 14.0 billion) maritime sector, partnering with Hyundai Heavy Industries, Saudi Aramco, and Baosteel; and
- **Riyadh Integrated Special Logistics Zone (RISLZ)**: Launched in 2022G, enhances logistics with advanced regulations, tech, and infrastructure. Hosts Amazon, Alibaba, and DHL cargo operations.

Saudi Arabia's Public Investment Fund (PIF) is playing a key role in driving Saudi Vision 2030, focusing on investments in emerging sectors. At the end of 2023G, the fund expanded its portfolio to SAR 943.0 billion (USD 251.5 billion), a 101 per cent. increase as compared to 2022G (PIF Annual Report 2023G). In 2023G, the Public Investment Fund (PIF) launched Tasaru Mobility Investments, introduced Ceer (Saudi Arabia's first electric car brand), and partnered with Foxconn and Lucid Motors, which plans to produce 155,000 vehicles annually by 2026G. (PFI Press Releases (2023G): PI by F Establishes "Tasaru Mobility Investments" to Enable the Development of Saudi Arabia's Automotive and Mobility Ecosystem)PIF created 93 new ventures (up from 71 in 2022G) and generated 644,000 jobs in 2023G, a 29 per cent. increase over 2022G (PIF Media Release (2024G):PIF launches new local business opportunities at largest Private Sector Forum in Saudi Arabia). FDI inflows reached SAR 95.9 billion (USD 25.6 billion), exceeding the National Investment Strategy's target by 15.5 per cent. (Saudi Gazette (2024G): Saudi Arabia reports USD 25.5 billion in FDI for 2023G, surpassing National Investment Strategy targets).

Enhanced logistics, SEZs, and industrial expansion are driving demand for transportation solutions. During H1 2024G, 184 regional headquarters were established by foreign companies in Saudi Arabia, notable companies are PepsiCo, DiDi, Unilever, Siemens, KPMG, Novartis, Baker Hughes, Halliburton, and Philips. The influx of companies and jobs in Saudi Arabia and rising salaries will increase demand for B2B long-term leasing and individual rental services, boosting the transportation market.

The following exhibit sets out the special economic zones in Saudi Arabia.

Exhibit 3.2: Special Economic Zones in Saudi Arabia



Source: Image obtained from Economic Cities and Special Zones Authority Brochure – Investing in Saudi Arabia's Special Economic Zone).

3.1.2 Saudi Arabia's Ambitious Infrastructure Development, Significantly Enhances the Nation's Transport Network and Logistics Capabilities

Saudi Arabia is executing extensive infrastructure projects across the transportation, water, and energy sectors. The Riyadh transport network, Royal Commission for Riyadh City (RCRC) received contracts worth SAR 13 billion (USD 3.5 billion) in 2023G to position the city as a logistics hub with a 500km network (Arabian Gulf Business Insight (2024G): Parsons wins USD 53 million 3-year contract for roads programme in Riyadh). The Riyadh Metro, launched in December 2024G, spans 176km and serves 1.1 million passengers (Alstom celebrates the launch of the Riyadh Metro network). Metro rail projects drive economic growth by attracting businesses and tourists, increasing accessibility, and boosting demand for rental cars for travel, and logistics.

In renewable energy, Saudi Arabia plans to invest SAR 8 billion (USD 2.1 billion) by 2025G, with projects like the 300MW Sakaka solar power plant and 400MW Dumat Al-Jandal wind farm (Arab News (2022G): How the GCC countries have fared on their net-zero commitments so far). The SAR 31.5 billion (USD 8.4 billion) green hydrogen plant in NEOM is poised to become the largest of its kind globally (Reuters(2023G): Saudi NEOM Green Hydrogen Co closes deal on USD 8.4 billion green hydrogen plant). The country is modernising Jubail Port with a new railway to improve logistics and reduce congestion, enhancing its global shipping competitiveness (S&P Global (2023G): Saudi Arabia aims to quadruple containerised trade by 2030G).

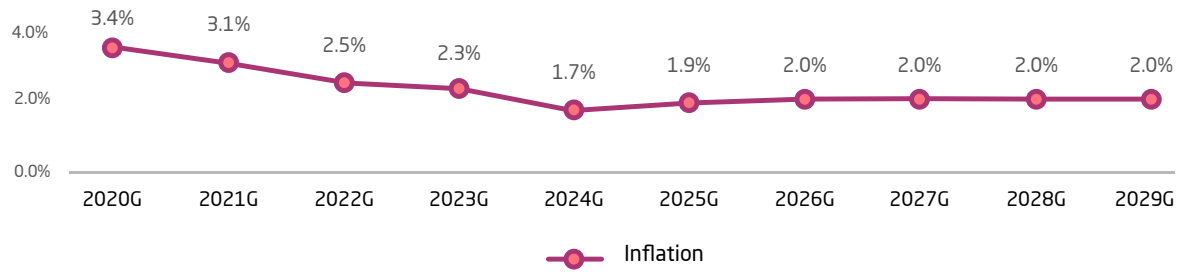
Saudi Arabia is investing over SAR 1 trillion (USD 266.7 billion) to transform its transportation and logistics sector under Saudi Vision 2030, aiming to become a global trade hub (Arab News (2024G): Saudi Arabia to invest USD 267 billion in logistics to become global hub by 2030G). The Ministry of Transport is integrating electric vehicles, drones, and autonomous vehicles while developing smart cities and intermodal transport systems. Recent initiatives include the launch of the Logisti platform and the implementation of the Saudi Road Code (Arab News (2023G): Unified platform for transport and logistics sector to accelerate Saudi Arabia's digital transformation). Long-term leasing, especially electric vehicles, helps businesses manage transportation costs while supporting Saudi Arabia's goal to reduce carbon emissions by 278 million tons annually and achieve carbon neutrality by 2060G (Saudi Govt Green Initiatives (SGI): Paving the way to net zero emissions by 2060G).

3.1.3 Reduced Inflationary Pressure and Rising Disposable Incomes have Boosted Consumer Spending on Services and Vehicles

Saudi Arabia reduced inflation from 3.4 per cent. in 2020G to 2.3 per cent. in 2023G, with further decline expected to reach 2.0 per cent. by 2029G. The Citizen's Account Programme allocated SAR 20.0 billion (USD 5.3 billion) to help families combat rising living costs. Assistance is determined based on family size, dependents, and annual income (Ministry of Human Resources and Social Development Saudi Arabia Citizens Account Programme). The social insurance system provides comprehensive benefits, including pensions and disability funds, for both private and public sector workers, further supporting economic stability and improving standards of living. As a result, disposable income per capita reached SAR 49,150.6 (USD 13,106.8) in 2024G, growing at a CAGR of 6.3 per cent. from 2020G.

The following chart shows the Kingdom's Inflation between 2020G to 2029G:

Exhibit 3.3: The Kingdom's Inflation Between 2020G to 2029G



Source: Euromonitor International estimates from United Nations (UN), World Bank (WB), International Monetary Fund (IMF), General Authority of Statistics (GasTAT), SAMA and Euromonitor's Economies and Consumers database.

One outcome of rising disposable income is growth of vehicle purchases, for example Saudi Arabia imported over one million vehicles in the 15 months leading to March 2024G. This was also driven by improved regulations and growing demand for eco-friendly electric cars (Arab News (2024G): Saudi Arabia imports over one million vehicles in 15 months). The Electric Vehicle Infrastructure Company (EVIQ), a joint venture, aims to install 5,000 fast charging stations by 2030G. Hence, spending on vehicles grew at a 9.1 per cent. CAGR, from SAR 1.1 billion (USD 293.3 million) in 2020G to SAR 1.5 billion (USD 400.0 million) in 2024G.

The following table shows the Kingdom's macroeconomic indicators between 2020G to 2029G:

Table 3.3: The Kingdom's Macroeconomic Indicators Between 2020G to 2029G

Category	Data Type	2020G	2021G	2022G	2023G	2024G	2025G	2026G	2027G	2028G	2029G	CAGR 2020G - 2024G	CAGR 2025G- 2029G
	Monetary Indicators												
Disposable Income per Capita	SAR	38,509.9	44,922.8	46,094.2	47,930.3	49.150.6	50.610.3	52,020.0	53.651.5	55,410.8	57.244.7	6.3%	3.1%
Total Consumer Spending	SAR billion	1,228.4	1,375.1	1,542.3	1,658.4	1739.0	1,821.7	1,907.1	2,003.9	2,108.1	2,215.9	9.1%	5.0%
Consumer Spending per Capita	SAR	38,932.2	44,668.5	47,937.1	49.846.2	51,187.4	52,679.1	54,204.7	56,006.6	57,964.8	59,988.1	7.1%	3.2%
Consumer Spending on Transportation	SAR million	175,471.6	198,372.9	225,611.0	243,761.1	255,068.8	266,749.8	278,841.6	292,628.4	307,534.1	322,925.6	9.8%	4.8%
FDI	SAR million	29,863.2	36,410[1]	-	-	-	-	-	-		-	-	-
Index of Fuel Prices	2010 = 200	159.5	168.4	180.3	205.3	218.3	223.2	-			-	-	-

*Source:*Euromonitor International estimates from United Nations (UN), World Bank (WB), International Monetary Fund (IMF), General Authority for Statistics (GasTAT), SAMA and Euromonitor's Economies and Consumers database.

(1) GASTAT data published only for the first and second quarter of 2024G.

3.2 Demographic Overview

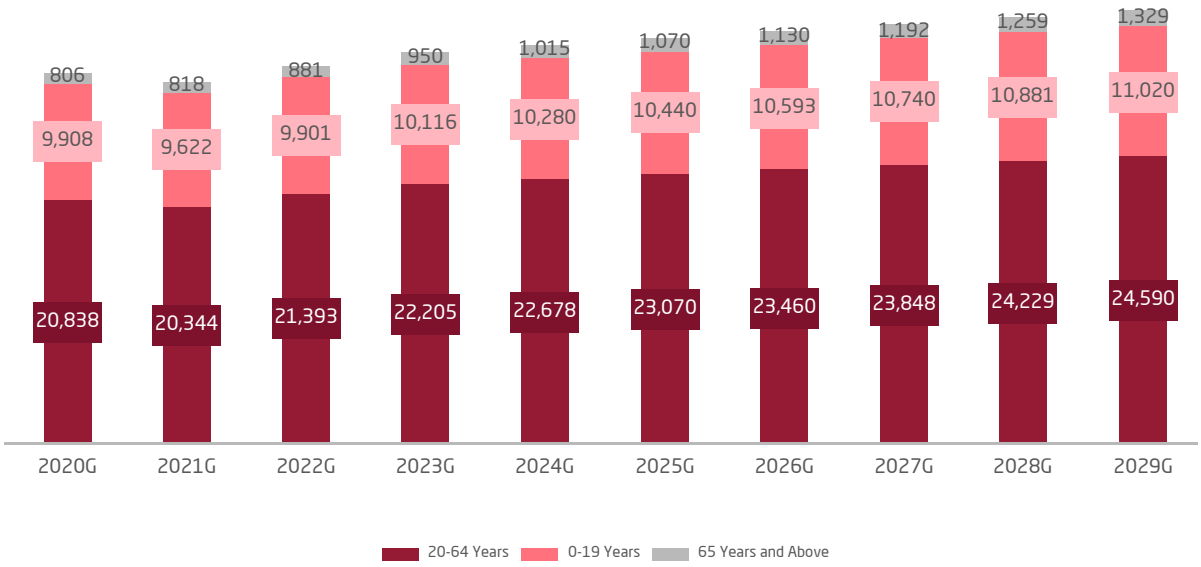
3.2.1 Saudi Arabia's Expanding Demographic, Led by its Young Working Population, is Fuelling Economic Growth and Driving Demand for Essential Services Including Transportation

Saudi Arabia's population is forecasted to reach 33.9 million in 2024G, growing at a 1.9 per cent. CAGR between 2020G–2024G. Saudi nationals, comprising 58.8 per cent. of the population (2023G), are projected to grow at a 2.2 per cent. CAGR in the forecast period (2025G to 2029G), supported by programmes like Qurra and Wusool, which subsidise school fees (up to 80 per cent.) and workplace transport. Economic liberalisation has driven a resurgence in expats, reaching 13.9 million in 2024G and is expected to grow to 14.6 million by 2029G.

In 2023G, individuals aged 19 to 64 comprised two-thirds of Saudi Arabia's population, with the employed population reaching 15.8 million (47.5 per cent. of overall population), up from 43.2 per cent. in 2020G. It is projected to grow to 18.2 million (49.3 per cent.) by 2029G after expanding a 2.2 per cent. CAGR during 2025G to 2029G.

The following exhibit shows the Kingdom's Population by Different Age Groups between 2020G to 2029G:

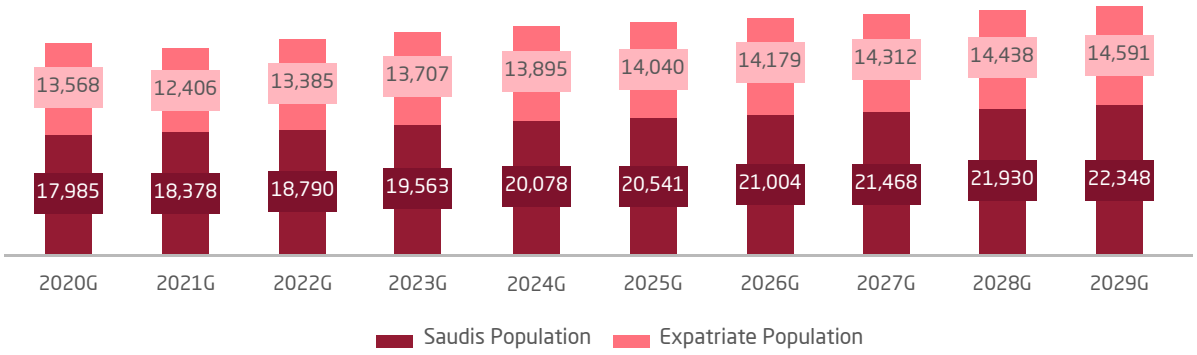
Exhibit 3.4: The Kingdom's Population by Different Age Groups Between 2020G to 2029G



Source: Euromonitor International estimates from UN, WB, GASTAT, and Euromonitor's Economies and Consumers database.

The following exhibit shows the Kingdom's population by Saudis versus expatriates between 2020G to 2029G:

Exhibit 3.5: The Kingdom's Population by Saudis vs Expatriates Between 2020G to 2029G



Urban areas housed 84.9 per cent. of the population, with Riyadh alone accounting for 26.7 per cent. (8.6 million) in 2022G. Backed by a SAR 3 trillion (USD 800 billion) plan, Riyadh aims to double its population by 2030G. Makkah, Madinah, and the Eastern Province were also significant, representing 24.9 per cent., 6.6 per cent., and 15.9 per cent., respectively (General Authority for Statistics (2023G)). Economic growth, middle-class expansion, and tourism initiatives are driving demand for luxury products, services, and mobility solutions, including long-term leases, short-term rentals and sale of motor vehicles.

3.2.2 Saudi Arabia's Working Youth and Women are Fuelling Economic Growth Due to Growing Employment and Consumer Spending, Particularly in the Automotive and Leisure Sectors

Saudi Arabia's economic transformation prioritises job creation and skill-building for youth and women. Programmes like Doroob and Tamheer aim to enhance workforce readiness, while the SAR 4 billion (USD 1.1 billion) Tawteen programme focuses on private-sector employment through technical training and competency development, benefiting 172,000 individuals since 2019G. In 2024G, an additional SAR 900 million (USD 240 million) supported job opportunities, leading to the employment of 38,000 Saudis and increasing private-sector Saudi's employment by 35.3 per cent., from 1.7 million in 2019G to 2.3 million in 2024G.

Middle-class households rose from 2.3 million in 2020G to 2.9 million in 2024G, growing at a CAGR of 5.5 per cent., and are expected to reach 3.4 million by 2029G. Female workforce participation nearly doubled, reaching 35.4 per cent. by mid-2024G due to Saudi Vision 2030 reforms, equal employment opportunities, and incentives for hiring women. The 2018G driving ban lift empowered women, boosting vehicle demand, especially for electrical vehicles, and fostering women's driving clubs. Rising disposable incomes and a young, urban population are driving consumer spending, thereby creating opportunities in automotive, travel and leisure sectors.

3.2.3 Gross National Income Has Shown Strong Growth, Accompanied by Moderate Inflation and Anticipated Wage Increases, Indicating Positive Economic Development

The gross national income increased from SAR 2.8 trillion (USD0.8 trillion) in 2020G to SAR 4.2 trillion (USD 1.1 trillion) in 2024G, a CAGR of 10.6 per cent., indicating strong economic expansion fuelled by economic diversification, foreign investments, and infrastructure projects.

The CPI steadily increased from 122.5 in 2020G to 134.6 in 2024G, reflecting persistent yet moderate inflation. It is expected to reach 148.5 by 2029G. This steady rise suggests a gradual increase in the cost of goods and services, influenced by factors such as urban expansion, rising consumer demand, and large-scale infrastructure development boosting domestic economic activity.

Wages remained stable from 2020G to 2023G around SAR 34.4–34.6/hour (USD 9.1), showing slow wage growth despite economic expansion. From 2024G onwards, wages are expected to increase, reaching SAR 36.6 by 2026G (USD 9.8), suggesting potential labour market improvements, and increased demand for skilled workers.

The following table shows the Kingdom's Demographic Indicators between 2020G to 2029G:

Table 3.4: The Kingdom's Demographic Indicators Between 2020G to 2029G

Category	Data Type	2020G	2021G	2022G	2023G	2024G	2025G	2026G	2027G	2028G	2029G	CAGR 2020G-2024G	CAGR 2025G-2029G
Total Population	million	31.6	30.8	32.2	33.2	33.9	34.6	35.2	35.8	36.4	36.9	1.9%	1.7%
Male Population	million	19.3	18.6	19.7	20.3	20.7	21.0	21.4	21.7	22.0	22.3	1.8%	1.5%
Female Population	million	12.3	12.2	12.5	12.9	13.2	13.5	13.8	14.1	14.4	14.6	2.0%	2.0%
Number of Households	million	8.0	8.2	8.9	9.5	9.9	10.4	10.7	11.1	11.4	11.7	5.6%	3.2%
Average Household Size	Nos	3.9	3.8	3.6	3.5	3.4	3.3	3.3	3.2	3.2	3.2	-	-
Middle Class Households	million	2.3	2.4	2.6	2.8	2.9	3.0	3.1	3.2	3.3	3.4	5.5%	3.1%
Middle Class Households	%	29.2	29.2	29.1	29.1	29.0	29.0	28.9	28.9	28.9	28.9	-	-
Total Employed Population	million	13.6	13.9	15.0	15.8	16.3	16.8	17.2	17.5	17.9	18.2	4.6%	2.2%
Urbanisation	%	5.2	2.4	-	-	-	-	-	-	2.1	1.8	-	-
Wage per Hour	SAR	34.8	34.4	34.4	34.6	35.4	36.0	36.6	-	-	-	0.4%	-
Gross National Income (GNI)	SAR million	2,795,575.0	3,326,443.0	4,193,175.0	4,037,146.5	4,183,867.7	-	-	-	-	-	10.6%	-

Source: Euromonitor International estimates from UN, WB, GASTAT, and Euromonitor's Economies and Consumers database.

3.3 Tourism Landscape

3.3.1 Saudi Arabia's Tourism, Transportation, and Hospitality Sectors are Synergising to Drive Economic Growth, with Increased Tourist Arrivals

In 2023G, Saudi Arabia welcomed around 109 million tourists, with 19.4 million inbound arrivals, projected to reach 21.9 million in 2024G. Of these, 90.9 per cent. travelled for leisure and 9.1 per cent. for business. Tourist spending in 2024G is expected to total SAR 135.0 billion (USD 36.0 billion), with 87 per cent. from leisure tourists (Saudi Press Agency (2024G): Over 100 million Tourists Visit Saudi Arabia in 2023G; UN Tourism and WTTC Laud Kingdom's Achievement). Saudi Arabia's tourism sector has seen rapid growth, moving up 15 places to rank 12th globally in spending (United Nations World Tourism Organisation (UNWTO) 2023G report: UN Tourism Applauds Saudi Arabia's Historic Milestone of 100 million Tourists). The Kingdom aims to attract 150 million visitors by 2030G, investing SAR 3 trillion (USD 800 billion) in tourism, adding 500,000 hotel rooms, and creating 1.6 million jobs (Saudi Press Agency (2024G): Saudi Arabia Invests over USD 800 Billion in Tourism Sector).

Major projects include NEOM, a futuristic city spanning 26,500 square kilometres along the Red Sea coast, and the Red Sea Project, covering 28,000 square kilometres with 50 resorts, 8,000 hotel rooms, and 1,000 residential units. Diriyah Gate, a SAR 64.0 billion (USD 17.1 billion) initiative, will provide over 3,000 hotel rooms. Connectivity is being enhanced with 8,000 kilometres of roads and 200 bridges in the Tabuk region, which will improve access to NEOM and the Red Sea and support pilgrims traveling to Makkah (Saudi Press Agency (2024G): Tabuk's Extensive Road Network Drives Connectivity and Progress).

Religious tourism is a focus, with initiatives like Umrah+ aiming to attract 30 million religious tourists by 2030G. In 2023G, 1.8 million pilgrims visited Mecca, a 70 per cent. increase from 2022G. Riyadh and Jeddah Seasons draw millions, with cultural restorations ongoing. In 2024G, Riyadh Season hit a record six million visitors, while Jeddah Season, lasting 52 days, saw 1.7 million attendees.

Major infrastructure developments are underway for events like the 2027G Asia Cup, 2029G Asian Winter Games, Expo 2030G, and the 2034G FIFA World Cup. Hosting these events is expected to boost the economy, like Qatar's 4.9 per cent. GDP growth in 2022G, driven by the FIFA World Cup. Inbound tourist arrivals are expected to grow at a CAGR of 7.5 per cent. during 2025G to 2029G, reaching 31.4 million trips by 2029G, with spending expanding at a CAGR of 9.7 per cent., expected to reach SAR 214.2 billion (USD 57.1 billion) in 2029G.

The following table show the Kingdom's Tourism Sector Indicators between 2020G to 2029G:

Table 3.5: The Kingdom's Tourism Sector Indicators Between 2020G to 2029G

Category	Data Type	2020G	2021G	2022G	2023G	2024G	2025G	2026G	2027G	2028G	2029G	CAGR 2020G-2024G	CAGR 2025G-2029G
Inbound Arrivals	'000 trips	4.1	3.4	16.6	19.4	21.9	23.6	25.3	27.2	29.1	31.4	51.6%	7.5%
Inbound Arrivals	SAR million	20,099.6	14,715.5	98,294.7	117,152/8	1,34,992.4	1,47,413.1	161,271.9	176,692.0	193,257.6	214,228.2	61.0%	9.7%
Business Inbound	'000 trips	0.8	1.0	1.7	1.8	2.0	2.2	2.3	2.5	2.6	2.9	26.8%	7.5%
Business Inbound	SAR million	3,391.9	2,869.3	14,329.0	15,417.8	17,486.9	18,966.3	20,555.9	22,328.7	24,221.4	26,633.8	50.7%	8.8%
Leisure Inbound	'000 trips	3,366.3	2,461.4	14,971.2	17,646.8	19,883.8	21,398.1	23,022.5	24,702.4	26,457.4	28,530.3	55.9%	7.5%
Leisure Inbound	SAR million	16,707.7	11,846.3	83,965.6	101,735.0	1,17,505.5	1,28,446.8	140,716.0	154,363.3	169,036.1	187,594.4	62.8%	9.8%
Inbound Tourism Spending	SAR million	20,099.6	14,715.5	98,294.7	117,152.8	134,992.4	147,413.1	161,271.9	176,692.0	193,257.6	214,228.2	61.0%	9.7%

Source: Euromonitor International estimates from UN, WB, GASTAT, and Euromonitor's Economies and Consumers database.

3.4 Business Landscape

3.4.1 Investment Reforms, Tax Incentives, and Private Sector Growth Across the Key Industries are Set to Drive Significant Growth in Both Consumer and B2B Demand for Transportation Services

The Saudi Arabian Government has implemented various reforms to improve the Kingdom's appeal as an investment destination. A few notable ones are reducing licence approval times to hours in key sectors (such as tourism, healthcare), raw materials, machinery, and spare parts are exempt from customs duties, with industrial licences processed in 48 hours. The investor licence period has been extended to five years, and e-licences have been introduced in a very efficient manner. To support private sector companies, the Government through its 'The Regional Headquarters (RHQ) programme' offers 30-year tax incentives, 0 per cent. corporate tax, and 10-year Saudisation exemptions.

Under Saudi Vision 2030, the private sector workforce reached 11.3 million, including over 2.4 million Saudi nationals (Arab News (2024G): Saudi private sector employment reaches 11.27 million). The number of SMEs reached 1.3 million by 2023G, with Riyadh hosting 43.7 per cent. of them (The Small and Medium Enterprises General Authority (2024G): 1.3 million Small and Medium Enterprises in the Kingdom, increasing by 3.1 per cent. Compared to the Third Quarter). Programmes like Kafalah and the Social Development Bank, with SAR 22 billion (USD 5.9 billion) budget, are boosting SME growth (Argaam: Social Development Bank allocates SAR 22 billion for small enterprises) Saudi Arabia's B2B long-term leases and short-term rentals is set for growth driven by rising business expansion with increasing multinationals entering the country, increasing emergence of SMEs and sectoral growth such as tourism, real estate and health care.

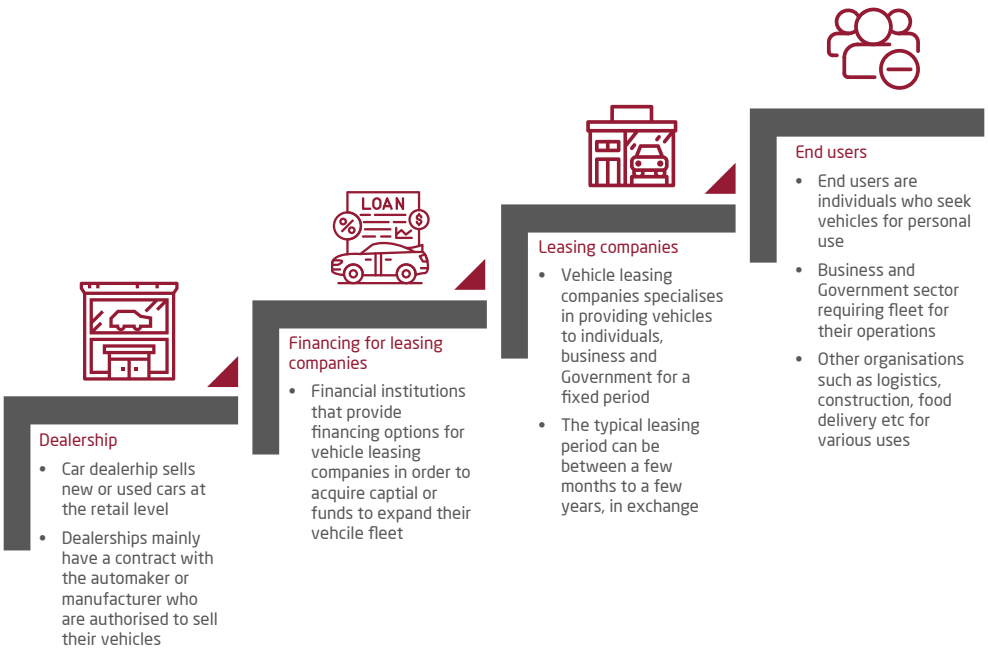
3.5 Long-Term Leasing Market Overview

3.5.1 Long-Term Leasing Market Value Chain

3.5.1.1 The Long-Term Leasing Industry Flourishes on a Diverse Range of Fleets, Flexible Payment Options, and Cost-Effectiveness, Driven by the Collaborative Efforts of Dealers, Financiers, Leasing Companies, and End-Users within the Ecosystem

The long-term leasing industry encompasses multiple touch points across the value chain, starting from vehicle acquisition to end-user utilisation. The key stages within the value chain are as follows:

Exhibit 3.6: Long-Term Leasing Industry Value Chain in Saudi Arabia



Source: Euromonitor International Analysis Based on Primary and Secondary Research

3.5.1.2 Operational Leasing is Widely Chosen for Its Flexible and Cost-Effective Solutions, Offering Tailored Vehicle Management for Corporate and Government Entities

Long-term leasing provides customers with flexible options of using vehicles for a fixed period at an agreed fee. Lease term generally lasts between one to five years after which the vehicle is returned to the leasing company (referred to as the "lessor") or purchased at its value after depreciation.

The following table shows the two types of long-term leasing:

Table 3.6: The Two Types of Long-Term Leasing

Operational Lease	Financial Lease
• The lessor (usually an independent leasing company or dealer) provides the lessee with a vehicle under an agreement. • Factors such as the vehicle's cost, deposit amount, interest rate determine the monthly payment. • At the end of the lease period, the lessee returns the vehicle to the lessor.	• The lessor (typically an independent bank or an affiliate of the vehicle manufacturer) leases the vehicle under an agreement where the lessee pays its full value over a stipulated period. • At the end of the lease period, ownership is transferred to the lessee.

Operational leasing offers lower costs, regular upgrades, and warranties. The lessors cover maintenance, repairs, and insurance. Leasing occurs via tenders or direct orders, serving SMEs, corporations, and Government entities with varying fleet sizes and brand preferences.

3.5.2 Long-Term Leasing Market Overview

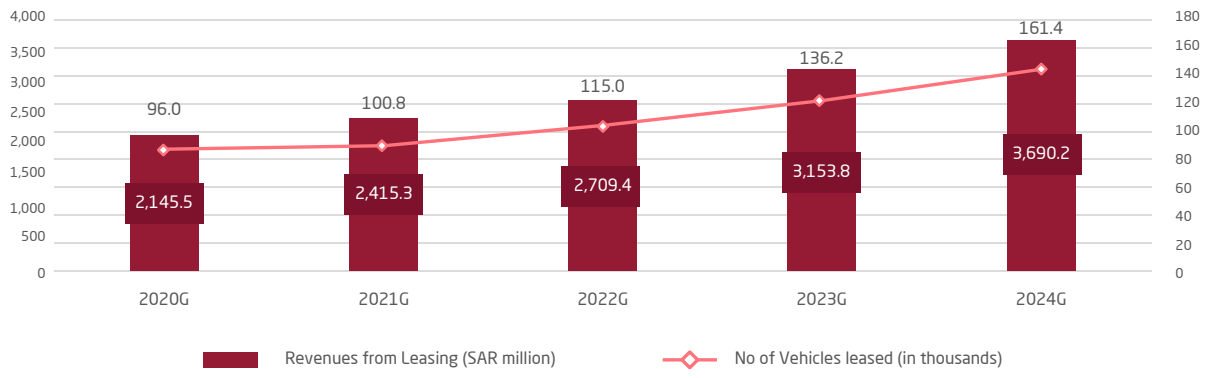
3.5.2.1 Long-Term Leasing Market is Driven by Consumer Preferences, Corporate Demand, Fleet Modernisation, and Increasing Light Commercial Vehicle (Light Commercial Vehicle) Leasing Fuelled by E-Commerce and Logistics Growth

Saudi Arabia's long-term leasing market was valued at SAR 3.7 billion (USD 1.0 billion) in 2024G, with 161,420 vehicles available for private, business, and Government use. In 2020G, the pandemic impacted the leasing segment, leading to delayed payments, reduced renewal budgets, and a shift toward economical vehicles, while global supply chain disruptions also reduced car production. From 2020G to 2021G, the number of leased vehicles increased marginally by 5.0 per cent., from 95,957 to 100,750; post-2021G, the segment recovered rapidly, growing over 18 per cent. during 2023G to 2024G and achieving a CAGR of 13.9 per cent. between 2020G and 2024G.

Leasing offers access to the latest vehicles and flexibility to upgrade without resale hassles. Companies are modernising fleets by investing in fuel-efficient cars, expanding maintenance programmes, and increasing light commercial vehicles to meet rising demand from e-commerce, construction, freight, and intercity deliveries. The pandemic's impact on long-term leasing revenues was relatively mild, this resilience was attributed to long-term contracts and the essential role of logistics services for frontline and critical industries during the pandemic. Hence, the long-term leasing revenues grew consistently during the historic period from SAR 2.1 billion (USD 0.6 billion) in 2020G to SAR 3.7 billion in 2024G, a CAGR of 14.5 per cent. overall.

The following chart shows the market size of long-term leasing in the Kingdom between 2020G to 2024G:

Exhibit 3.7: The Market Size of Long-Term Leasing in the Kingdom Between 2020G to 2024G



Source: Euromonitor International Estimates Based on Primary and Secondary Research.

3.5.3 Customer Landscape in Long-Term Leasing

3.5.3.1 Large Corporates, E-Commerce Companies, and Construction Firms are the Key Customer Segments Driving the Growth of Saudi Arabia's Long-Term Leasing Market

The following table shows the share of long-term leasing by customer type during 2024G and 2029G:

Table 3.7: The Share of Long-Term Leasing by Customer Type During 2024G and 2029G

Long-term Leasing Users	Data Type	2024G	2029G
Corporate and business users	% share of revenues from long-term leasing market	45%	45%
Public and semi-public users		55%	55%

Source: Euromonitor International Estimates Based on Primary and Secondary Research.

3.5.3.2 B2B Sector: Corporate and Business

The private sector approximately holds 45 per cent. share of the revenues in long-term leasing market in Saudi Arabia. Corporate entities, logistics, e-commerce, and ride-hailing services in Saudi Arabia have long driven demand for long-term leasing. Leasing allows businesses to access a diverse fleet without capital investment. As Saudi Arabia becomes a global logistics hub, multinational firms are establishing regional headquarters, further increasing leasing demand. SMEs in construction and e-commerce are also expanding the commercial long-term leasing sector.

The following table shows the key industries in B2B sectors:

Table 3.8: The Key Industries in B2B Sectors

E-Commerce	Construction	Retail & Hospitality
The e-commerce sector is rapidly adapting to the changing needs of consumers by providing convenience through same-day delivery. These companies can scale their fleet up or down to cater to the fluctuating demand by opting for operational leasing	Mega projects such as NEOM, Red Sea Project, and Qiddiya are heavily dependent on transport and mobility solutions to facilitate the movement of people and construction material which has resulted in a dependency on SUVs, minivans, etc. offered by the leasing companies. These are cost-effective solutions for construction companies as it reduces the financial burden of owning the fleet.	Retail chains and restaurants rely on leased vehicles to optimise last-mile delivery operations. This approach enables them to adapt quickly to fluctuating or seasonal demands. Similarly, hotels, resorts, and event organisers lease vehicles to efficiently manage guest transportation, in high-demand destinations.

Long-term leasing supports Saudi Vision 2030's goals of economic diversification and efficient resource use while aligning with these goals by reducing capital expenditure, offering flexibility, and enabling businesses to focus on their core competencies. This trend is evident with companies such as Saudi Basic Industries Corporation (SABIC) SAR 39.8 million (USD 10.6 million) lease with Budget Saudi in Oct 2023G (Zawya (2023G): Vehicle leasing firm Budget Saudi secures SAR 40 million (USD 10.6 million) deal with SABIC), Saudi Post's SAR 42 million (USD 11.2 million) contract with Lumi in June 2023G (Arab News (2023G): Seera's Lumi and Saudi Post sign SAR 42 million (USD 11.2 million) vehicle leasing agreement), and Lumi's SAR 471.2 million (USD 125.7 million) lease for 3,003 vehicles to Saudi Aramco in April 2023G (Argaam (2023G): Seera's Lumi inks contracts worth SAR 471.2 million (USD 126 million) with Aramco).

3.5.3.3 B2b Sector: Public and Semi-Public User

In 2024G, Government ministries, authorities, and semi-Government entities represent around 55 per cent. of the Saudi long-term leasing market. These public and semi-public sectors hold a significant share of leased vehicles. Public and semi-public users, constituting Government bodies, institutions, and organisations, collectively held a substantial portion of the leased share market. The Public Investment Fund (PIF) across its 30 offices has set up 93 portfolios companies as part of the economic expansion plans in the Kingdom. The execution of the National Transformation Programme calls for efficient transportation systems which is expected to be met by leasing companies. Thus, many Government agencies, municipalities, and corporations are expected to replace their existing vehicles through lease agreements.

3.5.4 Pricing Overview in Long-Term Leasing

3.5.4.1 Global Supply Chain Disruptions and Crude Oil Volatility Initially Drove up Saudi Long-Term Leasing Prices in 2021G; However, Market Normalisation and New Entrants Have Since Stabilised Costs, Which Continue to Vary Based on Vehicle Type, Geographic Location, and Contract Terms

The following table shows the several factors upon which long-term leasing prices in Saudi Arabia are based on:

Table 3.9: Long-Term Leasing Prices in Saudi Arabia Vary Based on Several Factors:

Factor	Impact on Long-term Leasing Prices in Saudi Arabia
Vehicle Type	Premium vs. Economy – Economy cars dominate leasing due to cost-effectiveness, while premium vehicles cater to luxury seekers at higher rates.
Geographic Variations	Prices in Riyadh, Jeddah, and Dammam remain stable due to high demand and supply. Remote locations have higher costs due to logistics and operational expenses.
Seasonal & Contract Stability	Festivals and seasons do not impact pricing, as long-term leasing contracts with fixed monthly rates dominate the market.
Other Influences	Premium cars have higher leasing rates due to purchase costs. Leasing in remote areas incurs extra charges due to limited-service facilities.

The 2020G semiconductor shortage disrupted supply chains, reducing vehicle availability and increasing annual leasing revenue per car by 7.2 per cent., from SAR 22,359 (USD 5,962) in 2020G to SAR 23,972 (USD 6,392) in 2021G. Crude oil prices dropped from SAR 206 (USD 55) in January 2020G to SAR 75 (USD 20) mid-2020G before rebounding to SAR 262 (USD 70) by mid-2021G, raising leasing costs (International Energy Agency: World Energy Outlook (2021G)).

As supply chains normalised and new Chinese automakers entered Saudi Arabia, leasing costs stabilised, reducing inflationary pressures through 2024G, with per-vehicle leasing revenue averaging SAR 22,861 (USD 6,096). However, the forecasts of inflation until 2029G is expected to rise and reach two per cent. from the current 1.7 per cent., thus hinting at increase in costs across the leasing value chain which will push the average revenues earned per car through leasing to reach approximately SAR 23,614 (USD 6,297) by 2029G.

3.5.5 Regional Overview

3.5.5.1 Riyadh, Jeddah and Dammam are Dominant Hubs Driving Saudi Arabia's Long-Term Leasing and Economic Growth Through Corporate, Public, and Trade-Focused Infrastructure

The following table shows the share of long-term leasing by region during 2024G and 2029G:

Table 3.10: The Share of Long-Term Leasing by Region During 2024G and 2029G

Long-term Leasing across regions	Data Type	2024G	2029G
Central	% share of revenues from long-term leasing market	40.0%	41.0%
Western		29.0%	29.0%
Eastern		23.0%	23.0%
Others		8.0%	7.0%

Source: Euromonitor International estimates based on primary and secondary research.

Riyadh, the Kingdom's largest city, drives corporate long-term leasing demand due to its multinational firms, Government ministries, and expanding residential and commercial sectors. Its status as an economic hub makes it the focal point for leasing services. Jeddah, a commercial and administrative centre with the Jeddah Islamic Port, fuels international trade and regional governance, increasing leasing demand. Dammam, strategically located in the Eastern Province near oil fields and King Abdulaziz Port, supports energy companies and administrative offices, boosting leasing needs.

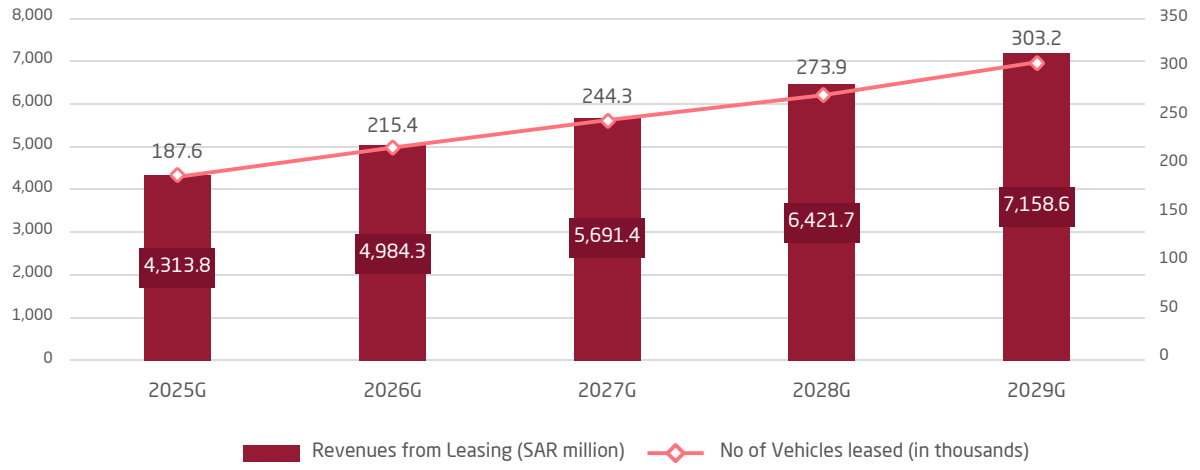
Other promising cities include Al-Khobar, with a large expatriate population relying on long-term leasing; Jubail, home to petrochemical industries requiring corporate and personal leasing; and Yanbu, an industrial and tourism hub with diverse leasing demands.

3.5.6 Long-Term Leasing Market Forecast

Saudi consumers shift to leasing from full ownership due to cost, geography, and travel needs. Providers adopt greener tech, new models, and better fleet management. Furthermore, commitment of contracts for the forecast periods such as Lumi's commitment in 2024G with Saudi Technology and Security Comprehensive Control Company to provide vehicle lease until 2027G are showing strong opportunities to drive growth in the long-term leasing sector. Together, these factors are driving market expansion, higher service volumes, and innovative leasing solutions. Hence, the market for leased vehicles is expected to grow at a CAGR of 13.5 per cent. during 2025G-2029G reaching SAR 7.2 billion (USD 1.9 billion) at the end of 2029G, while the number of leased vehicles is expected to reach 303,200 units.

The following exhibit shows the market size of long-term leasing in the Kingdom between 2025G to 2029G:

Exhibit 3.8: The Market Size of Long-Term Leasing in the Kingdom Between 2025G to 2029G



Source: Euromonitor International estimates based on primary and secondary research.

3.5.7 Competitive Landscape - Long-Term Leasing

3.5.7.1 Top Five Players' Revenues in Leasing Capture 74 Per Cent. of the Long-Term Leasing Market Driven by Partnerships, Government Contracts, Acquisitions and Improved Customer Experience

The following table shows the profile summary key players in long-term leasing as of 2024G:

Table 3.11: The Profile Summary of Key Players in Long-Term Leasing as of 2024G

Company	Market share	Number of Vehicles	Average age of vehicle	Geographies with number of branches	Service Centres	Lease Term	Recent Contracts Won
United Transport Co (Budget Saudi)[6]	31.3%	~24,000[7]	2.5 years	• 111 customer touch points including the below branches • 19 in Riyadh • 15 in Jeddah • 10 in Dammam • 7 in Medina • 5 in Makkah • 4 in Tabuk	16 service centres	1 – 5 years	• Deal with SABIC in October 2023G to supply 263 cars over 4-years, worth SAR 39.8 million (USD 10.6 million)[1]

Company	Market share	Number of Vehicles	Average age of vehicle	Geographies with number of branches	Service Centres	Lease Term	Recent Contracts Won
Seera Group (LUMI)	13.7%	~22,600	2.5 years	41 branches across 18 cities	• 4 in-house vehicle maintenance centres • 25 mobile workshops • 70 third-party repair centres	2 – 5 years	• Agreement with Saudi Posin June 2023G to supply 855 vehicles amounting to SAR 42 million (USD 11.2 million)(2) • Deal with Aramco in April 2023G to lease 3,003 vehicles valued at SAR 471.2 million (USD 125.7 million)(3) • Saudi Technology and Security Comprehensive Control Company (Tahakom) to provide 1,189 vehicles(4)
Theeb rent-a-car	11.2%	~12,000	2.7 years	56 branches	~10 service centres	5 years	• Agreement with Al-Wallan Trading Company in August 2023G, expanding its fleet by adding 1,500 vehicles from 2024G models(5)
The Company	8.8%	~13,760	2.7 years	• 27 branches spread across the Northern, Central, Eastern, Western, and Southern regions • Major cities served include Riyadh, Jeddah, Dammam, Al Khobar, and Al Qasim.	1 central workshop 8 regional workshops 21 mobile service centres	1 – 5 years	• Leasing agreements amounting to SAR 232 million with the National Water Company, the Emirate of Asir, and the Council of Ministers
Key Car Rental	7.7%	~11,000	2.7 years	50 branches across 12 cities	10+ service centres	1 – 5 years	Not available

Source: Euromonitor International Analysis Based on Primary and Secondary Research.

(1) Euromonitor estimates based on Passport, secondary sources and interviews.

(2) Arab News (2023G): Seera's Lumi and Saudi Post sign SAR 42 million (USD 11.2 million) vehicle leasing agreement

(3) Argaam (2023G): Seera's Lumi inks contracts worth SAR 471.2 million (USD 126 million) with Aramco

(4) Saudi Exchange: Lumi Rental Company Announces Signing an Award and Volume Commitment Letter with the Saudi Technology and Security Comprehensive Control Company (Tahakom)

(5) Saudi Gazette (2024G): Theeb Rent a Car signs an agreement with Al-Wallan Trading Company to add 1,500 cars of 2024G models to its fleet

(6) United Transport Company data also includes AutoWorld revenues

(7) AutoWorld fleet share not available

Saudi Arabia has over 600 long-term leasing and renting companies, and among these the five major players controlling 74.2 per cent. of revenue in 2024G. Key players include Budget Saudi (31.3 per cent.), Seera Group (LUMI) (13.7 per cent.), Theeb (12.5 per cent.), the Company (9.0 per cent.) and Key Car Rental (7.7 per cent.) in 2024G. Other notable firms, including Al Wefaq and Hanco, each hold less than five per cent. (Euromonitor estimates based on the revenues reported by listed companies for 2024G and estimations based on industry interviews for the unlisted companies).

To stay competitive, companies focus on cost optimisation, fleet quality, and digital services. Local firms, with strong networks and customer trust, outperform global brands like Hertz and Avis by better adapting to Saudi consumer preferences and regulations.

Notable offerings of leading long-term leasing companies:

- United International Transportation Co. (Budget Saudi), founded in 1978G, leads the Saudi long-term leasing market with a 31.3 per cent. share in 2024G. After acquiring AutoWorld, it expanded its leasing offerings, including unlimited mileage, zero payment, and 30-day credit. Budget Saudi focuses on long-term leasing (one to five years) for transportation and logistics firms.
- Lumi, part of Seera Group (13.7 per cent. share), serves major clients like Saudi Aramco and the Ministry of Interior (Zawaya (2023G): Vehicle leasing firm Budget Saudi secures SAR 39.8 (USD 10.6 million) deal with SABIC). Its app links customers to a Corporate Leasing Portal, streamlining vehicle information and improving communication. In Q3 2024G, its lease rate rose eight per cent. to SAR 26,000 (USD 6,933), with corporate clients contributing 58.4 per cent. of revenue (Lumi Annual Report 2024G).
- Theeb Rent a Car Co. (12.5 per cent. share), founded in 1991, customises lease plans and invests in AI, IoT, and electrical vehicle infrastructure to enhance operations.
- The Company (8.8 per cent. share) has over 40 years of experience, leasing to major clients like Saudi Electricity Co. and STC. Toyota comprises nearly half its fleet, with an average vehicle age of 2.7 years.
- Key Car Rental (7.7 per cent. share) operates 50 branches across 12 cities and six major airports, offering a diverse vehicle fleet.

Market consolidation is increasing, with Budget Saudi acquiring AutoWorld in 2024G. In 2023G, ALTAWKILAT Premium partnered with PEAX to expand its luxury fleet with 100 Hongqi Ousado cars (ALTAWKILAT Press Release (2023G): ALTAWKILAT Premium enters into agreement with PEAX to supply 100 Hongqi Ousado 2023G). Local firms are raising funds and forming partnerships to compete, while technological advancements and regulatory pressures drive further industry consolidation.

Long-term leasing is dominated by large national players who pose a challenge for new entrants owing to their excellent market penetration, vast active and reserve fleet, competitive pricing, strong partnerships with Government and corporate customers. Furthermore, the leading players have accustomed to the Government regulations, signed future contracts, constant updating and expanding fleet on need basis along with providing customers with value added services have helped them to gain a stronghold of the vehicle leasing market.

The following table sets out the key players in long-term leasing 2023G and 2024G:

Table 3.12: Key Players in Long-Term Leasing 2023G and 2024G

Company	Market share (%), 2023G	Market share (%), 2024G
United International Transport Co (Budget)(1)	29.7%	31.3%
Seera Group (LUMI)	12.3%	13.7%
Theeb Rent a Car Co (Theeb)	11.2%	12.5%
The Company	7.7%	8.8%
Key Car Rental	7.5%	7.7%
Others	31.5%	25.8%
Total	**100.0%**	**100.0%**

Source: Euromonitor International Estimates Based on Primary and Secondary Research.

(1) United Transport Company data also includes AutoWorld revenues.

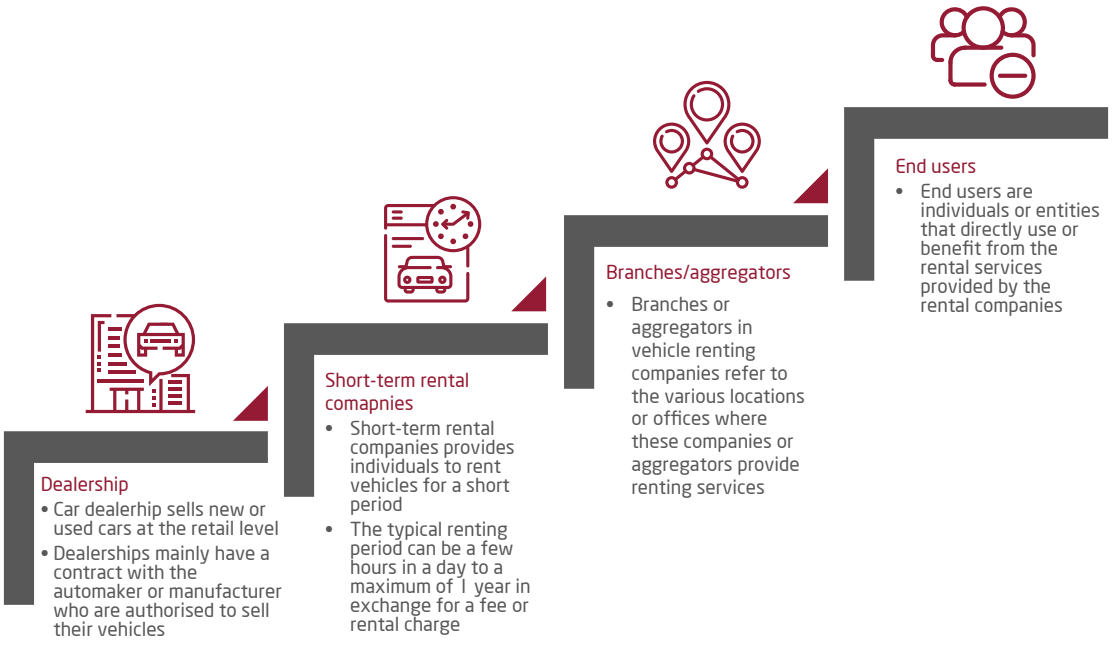
3.6 Short-Term Rental Market Overview

3.6.1 Short-Term Rental Value Chain

3.6.1.1 The Saudi Arabian Short-Term Rental Market Thrives Within a Dynamic Ecosystem, Where Dealerships, Rental Companies, Branch Offices, Aggregators, and End-Users are Intricately Contributing to the Growth

The vehicle renting industry encompasses multiple touch points across the value chain, starting from vehicle dealerships to end-user utilisation. The key stages within the value chain are as follows:

Exhibit 3.9: Short-Term Rental Value Chain in Saudi Arabia



Source: Euromonitor International Analysis Based on Primary and Secondary Research

Regulatory landscape: The Transport General Authority (TGA) governs the long-term leasing and short-term rentals ecosystem, setting minimum fleet sizes for different sectors to regulate and cater to market demands. The TGA reforms aim to consolidate and enhance industry standards (Transport General Authority (TGA)).

The table below shows licensing regime for short-term rental companies in the Kingdom:

Table 3.13: Licensing Regime for Short-Term Rental Companies in the Kingdom

Category Classification	Licence Requirements
Category A	**Fleet Size:** Minimum of 3,000 vehicles. **Services:** Vehicle rental and chauffeur services, and the provision of hourly rental services.
Category B	**Fleet Size:** Minimum of 300 vehicles. **Services:** Vehicle rental and the provision of hourly rental services – branch-level operations.
Category C	**Fleet Size:** 100 vehicles or more. **Services:** Vehicle rental.
Category D	**Fleet Size:** 15 vehicles or more. **Services:** Vehicle rental and minimum operations at a city level.

Vehicle rental establishments in Saudi Arabia are categorised based on scale and operations:

- **Category A (Largest Scale):** Requires a minimum of 3,000 vehicles, allows nationwide operation with a head office and multiple branches, permits rentals with drivers, and allows hourly rentals.

  Note: The Company falls into Category A

- **Category B (Medium Scale):** Requires a minimum of 300 vehicles, allows regional operation with a head office and multiple branches within the region, requires at least 100 vehicles per region, and allows hourly rentals but not rentals with drivers.
- **Category C (Small Scale):** Requires a minimum of 100 vehicles, allows operation within the city of the licence and the surrounding region, prohibits rentals with drivers and hourly rentals, and does not allow contracts with rental agents.
- **Category D (Smallest Scale):** Requires a minimum of 15 vehicles, restricts operation to cities outside of major metropolitan areas (Riyadh, Makkah, Medina, Dammam, Jeddah), prohibits branches, and does not allow rentals with drivers or hourly rentals.

All rental companies must register as approved institutions with a head office. TGA ensures transparency through standardised contracts, clear fee disclosures, and no retention of customer documents. Security deposits must be refunded after valid deductions. In 2024G, TGA launched a classification system to improve competitiveness and assess service quality, using criteria like facilities, vehicles, beneficiaries, and violations (Argaam (2024G):TGA launches service quality score for car rental offices).

Insurance and safety standards have been improved, with mandatory comprehensive coverage for rental vehicles. Rental companies must implement electronic systems for bookings, payments, and document verification, and adhere to operational and professional standards, including staff qualifications. Regular inspections and penalties ensure compliance.

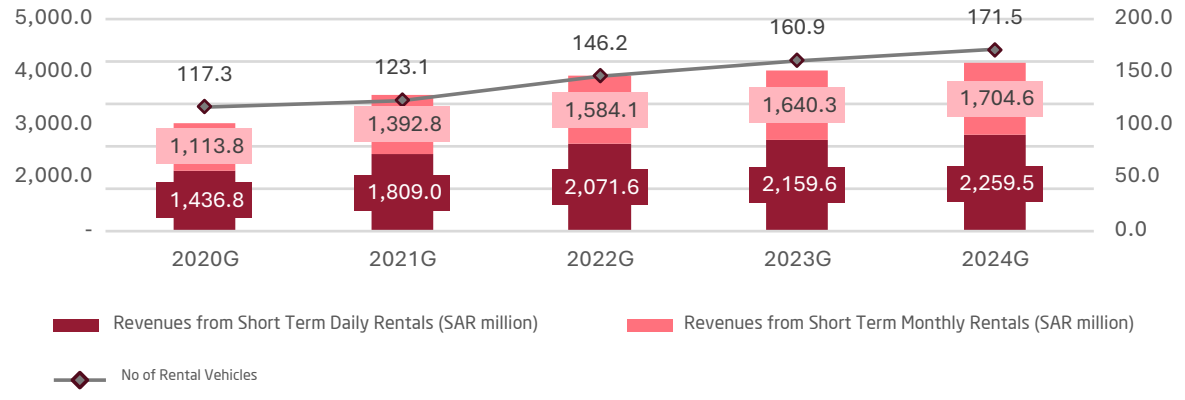
3.6.2 Short-Term Rental Market Overview

3.6.2.1 The Saudi Arabian Short-Term Rental Market Has Surged, Driven by a Robust Economic Recovery, a Booming Tourism Sector, and Rising Disposable Incomes Within a Growing Urban Population

The Saudi Arabian short-term rental market, valued at SAR 4.0 billion in 2024G, has 171,500 vehicles available for rent. Due to the COVID-19 pandemic and semiconductor supply chain disruptions, vehicle availability grew only five per cent., from 117,281 in 2021G to 123,145 in 2022G. This shortage caused rental prices to rise, leading to a 25.5 per cent. revenue increase in 2021G. Rental revenues continued to grow in 2022G, reaching SAR 3.7 billion (USD 1.0 billion), up 14.2 per cent. from 2021G. In 2023G, the economy stabilised, tourism surged, and the country welcomed 27.4 million tourists. The kingdom surpassed pre-pandemic levels of inbound tourists with a remarkable 122 per cent. recovery rate compared to 2019G. From 2020G to 2024G, vehicle availability grew by 10.0 per cent., while rental revenue grew at a CAGR of 11.7 per cent. (Saudi Press Agency (2023G): Saudi Arabia Ranks 1st in International Tourist Arrivals Growth in 2023G).

The following exhibit shows the market size of short-term rentals in the Kingdom between 2020G to 2024G:

Exhibit 3.10: The Market Size of Short-Term Rentals in the Kingdom Between 2020G to 2024G



Source: Euromonitor International Estimations Based on Primary and Secondary Research.

3.6.2.2 Flexible Vehicle Rental Options Dominate, Driven by Short-Term Rentals and Rising Demand, with Rates Increasing Steadily Amid Seasonal and Market Dynamics

Short-term rentals in Saudi Arabia offer daily, weekly, and monthly options, with short-term rentals popular for extended use. Companies offer convenient pick-up locations, after-sales services, and flexible returns at any branch. Rentals can be booked online, in-store, or via mobile apps, with online bookings growing due to convenience. Rental prices vary by duration, with hourly rates being highest, followed by daily, weekly, and monthly rates offering lower per-day costs. Digital services are expanding, enhancing customer service and automating rental processes.

The table below shows the other factors impacting the price of rental vehicles:

Table 3.14: Other Factors Impacting the Price of Rental Vehicles

Factor	Impact on Pricing
Vehicle Type & Class	Premium and commercial vehicles cost 30-40 per cent. more than economy and mid-segment cars.
Location	Urban centres, Tier 1 cities, and tourist hubs have higher rental prices.
Seasonal Demand	Holidays, seasonal fluctuations, and business events increase rental costs.
Market Conditions	Competition, vehicle acquisition costs, and marketing strategies affect pricing.

3.6.3 Customer Landscape in Short-Term Rentals

Private customers lead the Kingdom's short-term rental market, stimulated by tourism, seasonality, and growing demand in the key cities like Riyadh and Jeddah.

Private customers, both domestic and international, as well as businesses play a significant role in driving revenue for the short-term rental industry. The inbound arrivals of tourists reached 21 million trips during 2024G and it is expected to reach 31.4 million by 2029G, while urbanisation growing at an average of two per cent. during 2025G to 2029G coupled with population reaching 36.9 million by 2029G will drive more individuals to rental vehicles in Saudi Arabia.

- **Domestic Customers:** Saudi residents use short-term rental services for personal travel, commuting to office, completing errands and weekend family outings. They also utilise rental services when their personal vehicles are not available.
- **International Customers:** This segments mainly represents religious tourists visiting Mecca and Medina. A lot of religious tourists also visit the Kingdom during festivals like Eid al-Fitr and Eid al-Adha thereby increasing the demand for rental vehicles.

Short-term rentals which offer flexibility and convenience are popular among both tourists and locals who are seeking temporary transportation solutions.

3.6.4 Regional Overview

Riyadh, Jeddah and Dammam are dominant hubs driving Saudi Arabia's short-term rentals with growing tourism, economic growth through corporate, public and trade-focused infrastructure.

Riyadh and Jeddah dominate the Saudi short-term rental market, driven by business travel in Riyadh and religious tourism in Jeddah. In 2023G, Riyadh welcomed 45 million air passengers, while Jeddah saw 35 million(Arabian Gulf Business Insight (2024G): Passenger numbers rise 26 per cent. in Saudi Arabia). Government initiatives and international events have boosted demand for rentals. Key seasons, such as religious holidays and events like Riyadh and Jeddah Seasons, see spikes in demand. Dammam, an industrial hub, relies on rentals due to limited public transport. Makkah and Madinah experience high rental demand during Hajj and Umrah. The Asir region attracts tourists for its natural beauty, and Tabuk, with growing tourism infrastructure, is expected to see rising rental demand.

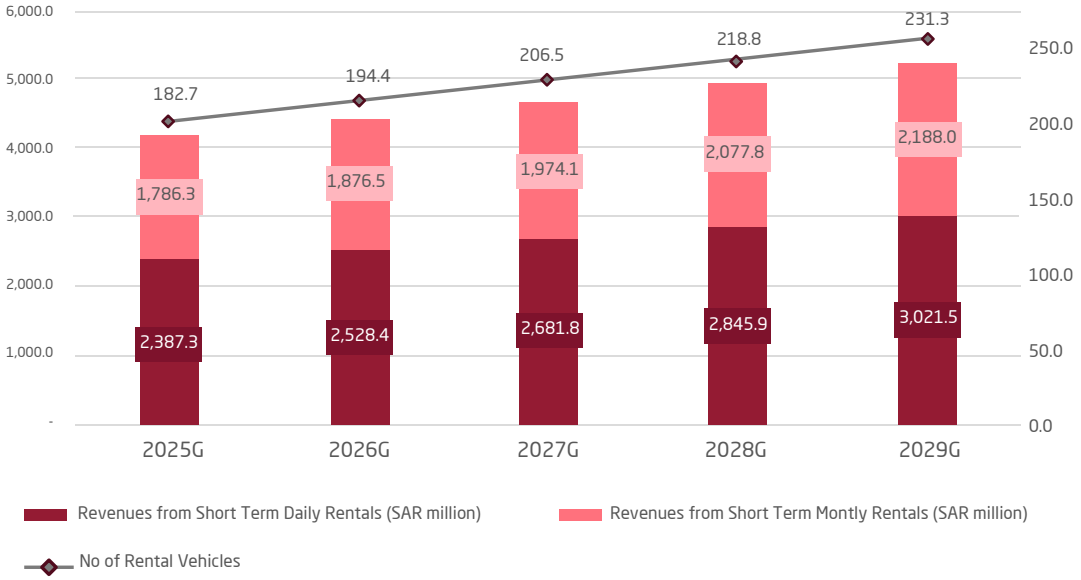
3.6.5 Forecast Overview in Short-Term Rentals

Online short-term rentals are booming in Saudi Arabia, driven by high internet (99 per cent.) and mobile penetration (98.9 per cent.), along with expanding 5G coverage (77 per cent. nationwide, 94 per cent. in Riyadh) (Saudi Press Agency (2024G: KSA Internet Usage Rate 99 per cent.; 98.9 per cent. Used Via Mobile Phones). Platforms like Budget and Lumi offer integrated services, including financing and insurance, with Lumi providing online booking discounts. Increased travel demand and collaborations with agencies and hotels are fuelling growth.

Startups such as Garage, offering on-demand maintenance via mobile apps, are boosting efficiency and customer satisfaction. The market is projected to expand from 182,705 vehicles in 2025G to 231,300 in 2029G, a 6.1 per cent. CAGR. Revenue is

also expected to rise at a 5.7 per cent. CAGR, from SAR 4.2 billion (USD 1.1 billion) in 2025G to SAR 5.2 billion (USD 1.4 billion) in 2029G.

Exhibit 3.11: The Market Size of Short-Term Rentals in the Kingdom Between 2025G to 2029G



Source: Euromonitor International Estimations Based on Primary and Secondary Research.

3.6.6 Competitive Landscape - Short-Term Rentals

Diversified fleets, extensive branch networks, and an enhanced customer experience through technology and online platforms enable the top five players to capture 53 per cent. of the overall market share.

The following table shows the profile summary of Key Players in Short-term Rentals as of 2024G:

Table 3.15: Profile Summary of Key Players in Short-Term Rentals as of 2024G

Company	Market share	Number of Vehicles	Geographies with number of branches	Service centres	Types of rentals offered
United Transport Co (Budget Saudi)(1)	12.3%	~12,000+(2)	– 111 customer touch points including the below branches • 19 in Riyadh • 15 in Jeddah • 10 in Dammam • 7 in Medina • 5 in Makkah • 4 in Tabuk	16	Daily, weekly, monthly
Theeb rent-a-car	12.2%	~12,000+	56 branches	10	Daily, weekly, monthly
Seera Group (LUMI)	11.5%	~11,000	41 branches across 18 cities	• 4 in-house vehicle maintenance centres • 25 mobile workshops • 70 third-party repair centres	Daily, weekly, monthly
Al Wefaq Rent a Car Co	10.2%	~10,000	80 branches in 23 cities	N/A	Daily, weekly, monthly
Key Car Rental	6.4%	~8,000+	50 branches across 12 cities	10+ service centres	Daily, weekly, monthly

Source: Euromonitor International Analysis Based on Primary and Secondary Research.

(1) United Transport Company data also includes AutoWorld revenues.

(2) AutoWorld fleet share not available.

The Saudi Arabian short-term rental market is a competitive industry with over 600 companies offering leasing and rental services across major cities. In 2024G, five key players dominate the market, accounting for 52.6 per cent. of the market share by value. These include United International Transport Co (Budget) (12.3 per cent. share) Theeb Rent a Car Co (Theeb) (12.2 per cent. share), Seera Group (LUMI) (11.5 per cent. share), Al Wefaq Rent a Car Co (Yelo) (10.2 per cent. share), and Key Car Rental (6.4 per cent. share). International brands like Hertz and Avis are less common due to the dominance of local players.

Budget plans to merge its short-term rental unit Payless with AutoWorld and grow its fleet to 65,000 vehicles by 2028G. It plans to cater to budget-conscious customers, including residents, business travellers, and tourists, thereby expanding its customer base.

Theeb, with over 30 years of experience, saw a 53 per cent. increase in new customers in 2023G. The company is expanding its fleet with electric vehicles and charging infrastructure, staying ahead of sustainability trends. Theeb was also known to be the first Saudi rental company to offer fully electric vehicles after participating in the launch of Lucid Motors' Saudi Arabian factory (Theeb Rent a Car Company | Annual Report 2023G | Quarterly Report 2024G).

LUMI, the third-largest player, has grown its rental revenue by 23 per cent. year-over-year between third quarter of 2023G to third quarter of 2024G, (Lumi Investor Presentation 2024G) by embracing an omni-channel approach that includes mobile apps and physical branches. In November 2023G, Lumi signed a five-year, SAR 28 million (USD 7.5 million) deal with MachinesTalk to enhance fleet management using IoT and AI, in partnership with the satellite-supported car-sharing platform AnyCar (Zawya (2023G): Saudi: Lumi, MachinesTalk pen over USD 7 million deal to bolster digital transformation).

Al Wefaq and Key Car Rental round out the top five, with Al Wefaq focusing on customer loyalty through its Amyali Membership Programme.

Emerging companies like Idrive, Ekar, and Invygo are disrupting the market with flexible subscription and car-sharing models. These startups cater to tech-savvy, younger consumers, offering on-demand rentals and subscription-based leasing options.

Despite the dominance of major players, the market remains fragmented with various business models, ensuring a dynamic and competitive landscape. Traditional companies, startups, and peer-to-peer platforms are all targeting specific niches in Saudi Arabia's evolving short-term rental market.

The following table shows the key players in short-term rentals in the Kingdom as of 2023G and 2024G:

Table 3.16: Key Players in Short-Term Rentals in the Kingdom as of 2023G and 2024G

Company	Market share (%), 2023G	Market share (%), 2024G
United International Transport Co (Budget)(1)	11.7%	12.3%
Theeb Rent a Car Co (Theeb)	13.4%	12.2%
Seera Group (LUMI)	9.7%	11.5%
Al Wefaq Rent a Car Co (Yelo)	8.3%	10.2%
Key Car Rental	5.7%	6.4%
Others	51.2%	47.4%
Total	**100.0%**	**100.0%**

Source: Euromonitor International Estimations Based on Primary and Secondary Research.

(1) United Transport Company data also includes AutoWorld revenues.

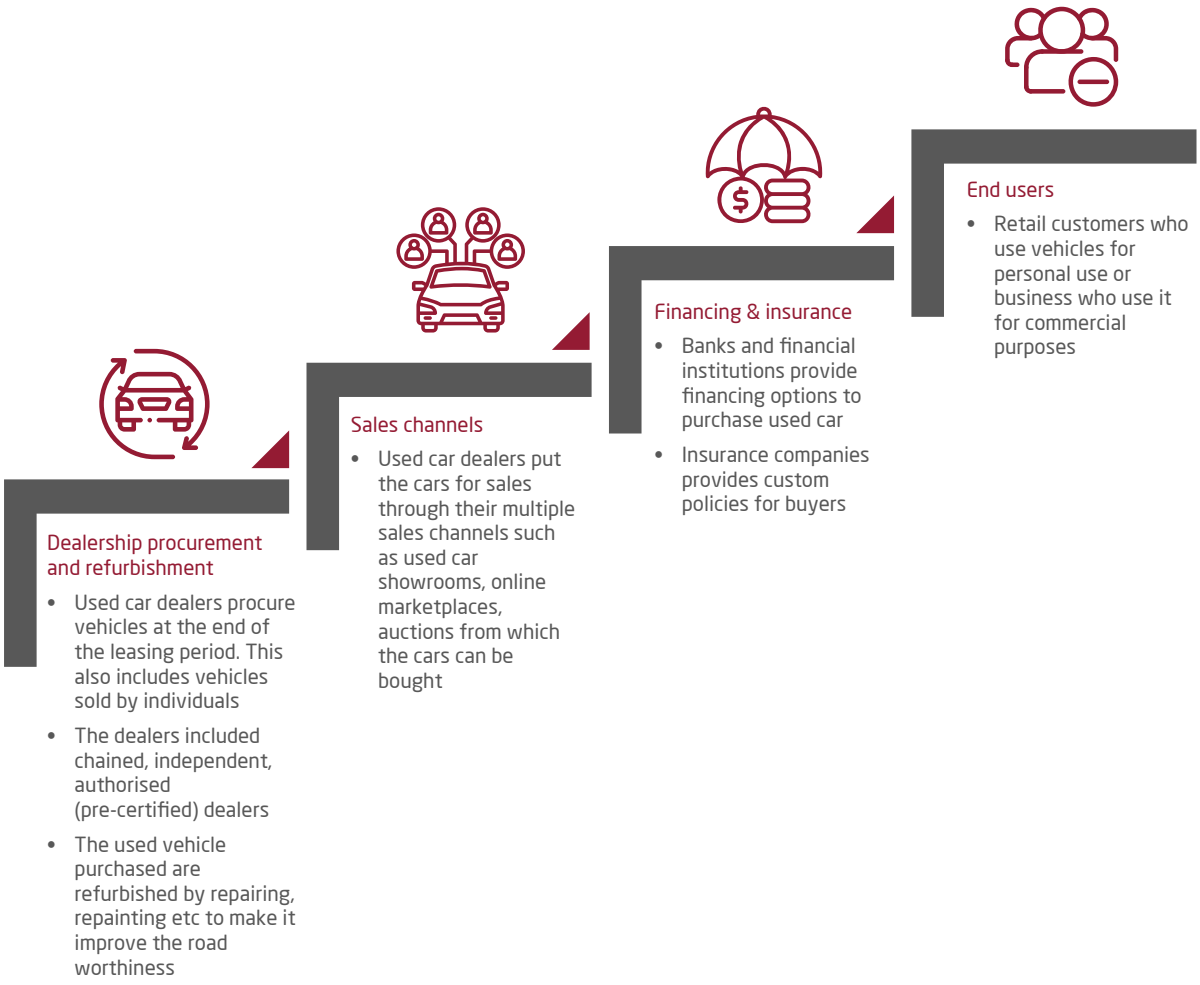
3.7 Sale of Motor Vehicles Market

3.7.1 Sale of Motor Vehicles Market Value Chain

3.7.1.1 The Used Vehicle Market Spans Across Multitude of Stakeholders Such As Procurement, Refurbishment, Distribution, Financing, and Sales, Connecting Leasing Companies, Dealerships, and End Customers Through Diverse Touchpoints and Partnerships

The key stakeholders in the sale of motor vehicles market are as follows:

Exhibit 3.12: The Sales of Motor Vehicles Value Chain



3.7.1.2 Motor Vehicles Sales Channels Can be Categorised into Physical Dealerships, Auctions, and Online Platforms, Each Catering to Diverse Buyer Needs and Sales Strategies

Motor vehicle car sales channels can be broadly categorised into two main groups: physical channels and online channels.

The following table shows the physical and online channels for motor vehicle sales:

Table 3.17: Physical and Online Channels for Motor Vehicle Sales

Physical Channels	Online Channels
These channels involve direct buyer-seller interaction and include: a). **Owned showrooms/dealerships** – Rental and leasing companies sell used vehicles through their own showrooms or auctions (e.g., Lumi Showroom, Lumi Auction). b). **Independent dealerships** – Businesses specialising in used car sales from rental companies, individuals, or corporations, including certified brand dealers (e.g., Yalla Motors, VW Certified). c). **Third-party auction platforms** – Companies organising physical auctions where buyers bid on vehicles (e.g., Muzaida Auctions, KSA Motory).	These channels facilitate used vehicle sales through digital platforms. They include: a). **Online marketplaces**: These are online platforms that connect buyers and sellers of used vehicles. Examples include Haraj.com and Saudisale.com. b). **Direct online sales**: Rental vehicle and leasing companies may sell their used vehicles directly to consumers or businesses through their websites, bypassing third-party or aggregator platforms. For example, Facebook Marketplace etc. c). **Online auctions**: Digital platforms where individuals or businesses can buy and sell pre-owned vehicles through a bidding process. For example, Motory Mazad.

3.7.2 Customer Landscape for Sale of Motor Vehicles

3.7.2.1 Saudi Arabia's Motor Vehicles Sales Market Thrives on Affordability, Diverse Models, and Fragmented Players, Catering to B2C Buyers Like Young Professionals and Expatriates, as well as B2b Users

The Saudi Arabian motor vehicles sales market is experiencing robust growth, driven by several key factors, such as affordability of used vehicles, the wide range of models available. This market serves a diverse customer base, encompassing both Saudi citizens and expatriates as well as B2B businesses. The demand spans a variety of vehicle types, including hatchbacks, sedans, multi-utility vehicles (MUVs), and sport utility vehicles (SUVs).

The market for motor vehicles sales remains highly fragmented with a mix of 2,000+ dealers and online marketplaces. To capitalise on the growing market, dealers are refining their business models by offering certified pre-owned vehicles, focusing on enhanced after-sales support, such as emphasising after-sales service and warranties to build customer trust. The rise of online platforms has also played a significant role, offering a convenient way for consumers to browse and purchase vehicles. Additionally, the availability of a diverse range of models and price points ensures that buyers' varying needs are met. However, the market is not without challenges such as concerns over vehicle quality and transparency in the market persist, as inconsistent vehicle conditions may deter potential buyers.

The Saudi Arabian motor vehicles sales market caters to diverse customer segments, including B2C buyers such as young professionals and expatriates, as well as B2B buyers such as fleet operators in food delivery etc.

B2C:

- **Young Professionals**: This segment primarily aged 25 to 35 years, values affordability and practicality, often opting for cost-effective models like sedans and compact SUVs.
- **Expatriates**: Expatriates, particularly those on short-term contracts, constitute a significant portion of the market. They are drawn to motor vehicles sales due to lower initial costs and the ease of resale before leaving the country.

Apart from these customers, B2C segment also includes citizens who want to have a second car that is inexpensive compared to their main vehicles. These are mostly used for their specific needs such as going off-roading, carrying heavy loads or for any other general-purpose uses.

B2B:

- **Fleet Buyers**: Businesses in logistics, car rentals, and ride-hailing services frequently purchase used cars in bulk to expand or replace fleets at reduced costs. Durable and fuel-efficient models are highly sought after.

3.7.3 Market Overview of Sales of Motor Vehicles

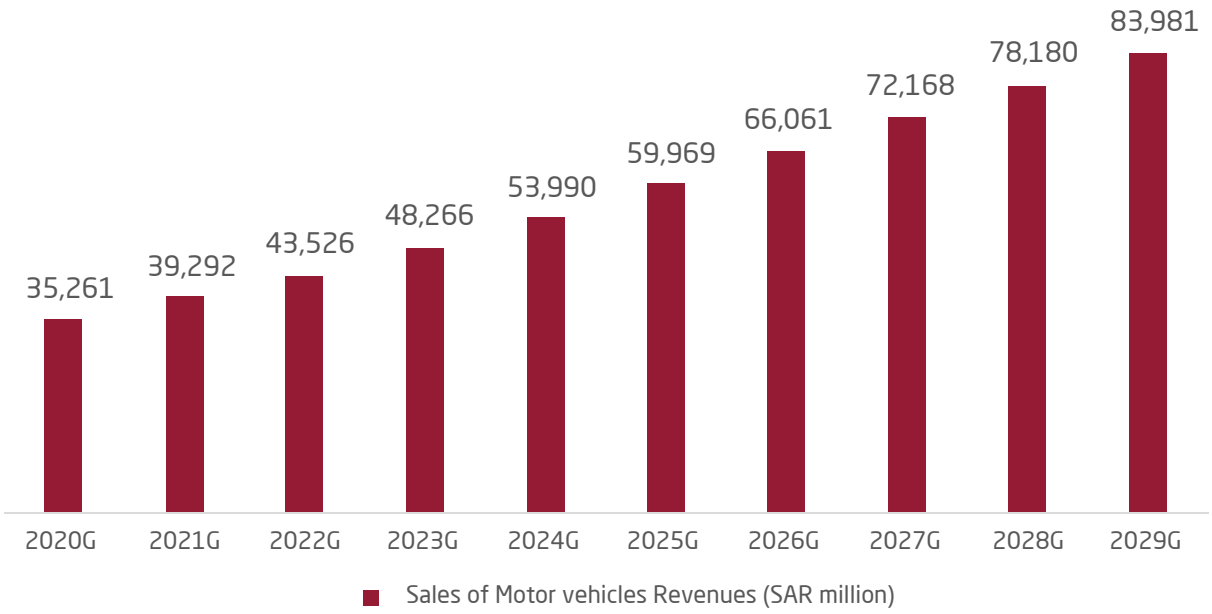
3.7.3.1 Affordability, Population Growth, Improved Vehicle Quality, and Increasing Business Demand for Passenger and Commercial Vehicles are Driving the Growth of Saudi Arabia's Used Vehicles Market

The motor vehicles sales market in Saudi Arabia was valued at SAR 54 billion (USD 14.4 billion) in 2024G, with 1.2 million used cars available. During the pandemic, expat departures reduced demand, but by 2022G, their return and economic recovery fuelled growth. From 2023G to Q1 2024G, Saudi Arabia imported over one million new and used cars worth SAR 83 billion (USD 22 billion), ranking it among the world's top 20 markets (GASTAT). Regulatory improvements further supported market expansion. The motor vehicles sales market grew from SAR 35.2 billion (USD 9.4 billion) in 2020G to SAR 54 billion (USD 14.4 billion) in 2024G, with an 11.2 per cent. CAGR.

Growth is driven by affordability, demand from expats and younger drivers, and rising new car prices. Leasing companies supply well-maintained vehicles to car dealerships who sell them to retail consumers, while digital platforms enhance buying experiences with virtual reality, secure payments, and financing. Saudi Vision 2030 reforms, female drivers, and sustainability efforts further boost demand. The market is projected to grow at an 8.8 per cent. CAGR, reaching SAR 84 billion (USD 22.4 billion) by 2029G.

The following exhibit shows the market size of motor vehicle sales in the Kingdom between 2020G to 2029G :

Exhibit 3.13: The Market Size of Motor Vehicle Sales in the Kingdom Between 2020G to 2029G



Source: Euromonitor International Estimates Based on Primary and Secondary Research

3.7.4 Pricing Overview of Sales of Motor Vehicles

3.7.4.1 Prices of Motor Vehicle Sales in Saudi Arabia are Driven by the Rising Demand for SUVs, and the Key Pricing Factors Such as Brand Reputation, Vehicle History, Fuel Type, and Market Dynamics

The pandemic and economic factors slowed the motor vehicle sales market in 2020G, with a VAT increase from five per cent. to 15 per cent. further delaying new vehicle purchases and raising used car prices. As the economy recovered, SUV demand surged due to their comfort, safety, and off-road capabilities, increasing used vehicle values.

SUVs are favoured by Saudi families for their spaciousness, while sedans are liked by 25 to 34-year-olds, and convertibles, coupes, and hatchbacks appeal more to women (Arab News (2024G): Saudi Arabia's automotive market surges amid shifting consumer preferences). Three to five-year-old vehicles are the most sought after, as leasing companies de-fleet them, followed by one to three-year-old cars. Vehicles with 80,000–150,000 km are popular for their near-new condition. Pricing depends on age, mileage, condition and market demand.

The following table shows the factors influence pricing:

Table 3.18: Factors Influence Pricing

Factor	Impact on Motor Vehicle Sales Value
Brand Reputation	Well-regarded brands like Toyota and Honda retain value better, leading to higher resale prices.
Vehicle History	A clean record with no major accidents and regular maintenance increases resale value.
Fuel Type	Fuel-efficient models (hybrids, diesel) are in higher demand, fetching better prices.
Vehicle Type	Premium and luxury models retain value better than economy vehicles.
Market Dynamics	Special offers, seasonal sales, and demand for specific models influence pricing.

Source: Euromonitor International Analysis Based on Primary and Secondary Research.

3.7.5 Regional Overview

3.7.5.1 Saudi Arabia's Motor Vehicle Sales Market Thrives with Riyadh Driven by Young Professionals, Jeddah by Tourism, Dammam by Industrial Demand, and Smaller Cities too Experiencing Rapid Growth

Riyadh's motor vehicle sales market thrives due to its young professional population seeking affordable transport. A strong economy and job growth further drive demand, with dealerships and online sales making it highly competitive. Jeddah benefits from a robust economy, tourism, and authorised dealerships, with both residents and visitors driving demand. Major dealerships offer diverse options, reflecting a mature market. Dammam, an industrial hub, sees high demand due to limited public transport and a growing workforce. Smaller cities like Jazan and Arar are also experiencing growth, as rising populations seek cost-effective mobility solutions through motor vehicle sales.

3.7.6 Competitive Landscape - Motor Vehicle Sales Market

3.7.6.1 The Used Car Market in Saudi Arabia is Highly Fragmented, with Local Players Opening Showrooms to Strengthen Their Presence, while Online Platforms Offer Unique Services and Convenience, Allowing Both to Coexist Effectively

The following table shows the key highlights of leading motor vehicle sales companies as of 2024G:

Table 3.19: Key Highlights of Leading Motor Vehicle Sales Companies as of 2024G

Company	Key highlights
The United International Transport Co (Budget)	• The company displays rental and leased cars in their showrooms and there are 5 such showrooms found in kingdom's central cities (Riyadh, Jeddah, Dammam, Medina, Abha)
Seera Group (LUMI)	• Expanded its reach by opening its first showroom in Riyadh in late 2022G to cater to a larger customer base[1] • Established a second showroom in Jeddah's Al Jawhara district, spanning an area of 2,960 square meters and showcasing up to 120 pre-owned vehicles • Opening a third showroom in Dammam, offering increased accessibility through its physical presence and integrated digital platforms.[2] • Lumi offers a digitised bidding process for corporate and business buyers to purchase individual or multiple pre-owned vehicles.

Company	Key highlights
Theeb Rent a Car Co (Theeb)	• The company operates two used vehicle sales showrooms in Qadisyya, east of Riyadh and Jeddah.
Al Wefaq Rent a Car Co (Yelo)	• With more than 80 branches across 23 cities in the Kingdom of Saudi Arabia, it operates a used car showroom in Riyadh.

Source: Euromonitor International analysis based on primary and secondary research.

(1) Seera (2022G): Lumi opens its first car showroom to sell vehicles to consumers.

(2) Lumi Investor Presentation (2024G).

Saudi Arabia motor vehicles sales market is highly fragmented, with 96.6 per cent. of the market spread across over 2,000 dealers. The United International Transport Co. (Budget) and Seera Group (LUMI) lead the market by value, each holding a 1.0 per cent. and 0.9 per cent. share respectively. Theeb Rent a Car Co. follows with a 0.6 per cent. share by value, while Al Wefaq Rent a Car Co. (Yelo), and Key Car Rental each hold a 0.3 per cent. share by value.

United International Transportation's all of its pre-owned vehicles undergo rigorous quality inspections to ensure the highest standards, such as comprehensive mechanical and technical evaluation. Lumi sells rental and lease vehicles after 2–4 years through its Riyadh and Jeddah showrooms, maintaining a young fleet. United ensures rigorous inspections and assists with ownership transfers (United Transportation Company Annual Report (2023G)). Theeb, with 0.6 per cent. share, is known for reliability and focuses on vehicles under five years old for sustainability. Al Wefaq Rent a Car held 0.5 per cent. share, remaining a key regional brand. These companies leverage strong brand recognition and strategic fleet management to enhance their positions in Saudi Arabia's competitive used vehicle market.

Online marketplaces are transforming the sector. CarSwitch simplifies transactions with inspections, verified histories, and financing. Syarah offers a full online ecosystem, including financing and home delivery. CAFU, known for digital automotive services, entered the market in October 2023G with CAFU Cars, integrating digital solutions into vehicle ownership.

The motor vehicle sales market in Saudi Arabia is expected to remain highly fragmented due to the coexistence of traditional and emerging players. The market will remain highly competitive, with established brands like Lumi, Theeb, and Budget maintaining strong positions, while digital platforms drive industry innovation. This mix of traditional and tech-driven approaches ensures diverse buying and selling options for consumers.

The following table shows the key players in motor vehicle sales market 2023G and 2024G:

Table 3.20: Key Players in Motor Vehicle Sales Market 2023G and 2024G

Company	Market share (%), 2023G	Market share (%), 2024G
The United International Transport Co (Budget)	1.0%	1.0%
Seera Group (LUMI)	0.7%	0.9%
Theeb Rent a Car Co (Theeb)	0.6%	0.6%
Al Wefaq Rent a Car Co (Yelo)	0.5%	0.5%
Key Car Rental	0.3%	0.3%
Others	96.8%	96.5%
Total	100.0%	100.0%

Source: Euromonitor International Analysis Based on Primary and Secondary Research.

3.8 Position of the Company

The Company is a Visionary in Saudi Arabia's Mobility Sector, Excelling in Fleet, Inventory, and Maintenance Management with Over 40 Years of Customer Centric Services and Strong Market Presence.

Cherry Trading Company, a Saudi Closed Joint Stock Company headquartered in Riyadh is a prominent long-term leasing and rental company, operating for over 40 years in the Kingdom. The company has a strong history of leasing helping it to attain a revenue market share of 8.8 per cent. in long-term leasing operations during 2024G gaining 1.1 per cent. share over 2023G (7.7 per cent.) making it the fourth largest player in long-term leasing market in both years. In the rental space, the Company has a market share of 0.5 per cent. in 2024G and 0.7 per cent. share in 2023G. The Company's core business offerings include vehicle rentals for individuals and businesses, long-term leasing for both private and Government sectors, and the sale of used vehicles from its own fleet.

3.8.1 Strengths of the Company

The Company managed 15,620 vehicles, with Toyota making up 39.9 per cent. of the fleet. The average fleet age was 2.68 years, with 65 per cent. of vehicles manufactured between 2022G–2024G. In 2024G, rental vehicles averaged 1.98 years, long-term lease vehicles 2.65 years, and motor vehicle sales 5.83 years. Leasing is the primary revenue stream, contributing 71.3 per cent. (SAR 324.3 million (USD 86.5 million)), followed by used vehicle sales at 24.0 per cent. (SAR 109.1 million (USD 29.1 million)), and daily rentals at 4.7 per cent. (SAR 21.2 million (USD 5.7 million)). Key clients include Saudi Electric Company, Saudi Telecom, and Government agencies.

The Company has a strong presence across Saudi Arabia, with 59.4 per cent. of leasing revenue from the central region. The company has achieved a 10.5 per cent. CAGR in leasing revenue since 2020G, reaching SAR 324.3 million by 2024G, and a 10.6 per cent. CAGR in rentals, growing from SAR 14.1 million (USD 3.8 million) in 2020G to SAR 21.2 million (USD 5.7 million) in 2024G. It utilises CarPro software for fleet management and optimises vehicle distribution to meet demand efficiently.

The company follows a structured pricing strategy, ensuring competitive rates while maintaining profitability. It also prioritises proactive vehicle maintenance through workshops and partnerships with service providers like Petromin Express. Competitors include Lumi, Theeb, Avis, and Hertz, with the top three players holding 46.6 per cent. of the leasing market and 34.2 per cent. of the rental market by revenues in 2024G.

The following table shows the competitive comparison between the Company and rest of the players as of 2024G:

Table 3.21: Competitive Comparison Between the Company and Rest of the Players as of 2024G

Company name	Long-term Leasing Market Share (%)	Short-term Rentals Market Share (%)	Fleet size (nos)	Average age of vehicles (years)	Regional presence
The Company	8.8%	0.5%	16,364(1)	2.7	• 27 branches spread across the Northern, Central, Eastern, Western, and Southern regions • Major cities served include Riyadh, Jeddah, Dammam, Al Khobar, and Al Qasim • 1 central workshop • 8 regional workshops • 21 mobile service centres
United Transport Co (Budget Saudi)	31.3%	12.3%	~52,000(2)	2.5	• 111 customer touch points including the below branches ○ 19 in Riyadh ○ 15 in Jeddah ○ 10 in Dammam ○ 7 in Medina ○ 5 in Makkah ○ 4 in Tabuk • 16 service centres
Seera Group (LUMI)	13.7%	11.5%	~33,600	2.5	• 41 branches across 18 cities • 4 in-house vehicle maintenance centres • 25 mobile workshops • 70 third-party repair centres
Theeb rent-a-car	12.5%	12.2%	~24,000	2.7	• 56 branches • ~10 service centres
Key Car Rental	7.7%	10.2%	~8,000	2.7	• 50 branches across 12 cities • 10+ service centres
Al Wefaq Rent a Car Co	~6%	6.4%	~10,000	N/A	• 80 branches in 23 cities • 10+ service centres

Source: Euromonitor International Analysis Based on Primary and Secondary Research.

(1) Includes leased, rented, replacement, service, ready-not rented and stolen/missing fleet.

(2) AutoWorld fleet share also included.

3.8.2 Challenges

The Company faces strong competition from leading companies in both long-term leasing and short-term rental operations who are focusing on competitive advantages such as fleet expansion and acquiring new customers. In the short-term rental space, the company's lack of presence in key locations such as airports limits its ability to capture international customers interested in premium vehicles for rent. Competitors are focusing on increased technological adoption to enhance the customer experience and operations management. Additional challenges include managing complex regulations, high capital and insurance costs, and pressure from new policies changes that control vehicle purchases and leasing by the Government. The increasing competition from companies like Budget, Lumi, and Theeb, combined with economic fluctuations and investments in public transportation, further complicates the market. Compliance with Saudisation and changing expatriate worker regulations also pose operational hurdles.

3.8.3 Opportunities for the Company

The Company projects SAR 1.2 billion (USD 324.7 million) in total revenue from contracts won by September 2024G, with SAR 399 million (USD 106 million) expected in 2025G. The Company which currently has majority of Government leasing may look at increasing revenues by targeting large and medium corporate clients in the private sector. Also, expansion into high-growth secondary cities could support in gaining market share while reducing reliance on competitive tier-1 hubs. Proactively adapting to the shift in increasing adoption of electrical vehicles, light commercial vehicles and vehicles at all price points can create competitive advantage and attract more corporate clients. In the technology front, focusing on Mobility-as-a-Service (MaaS), artificial intelligence in vehicle management could support the company to stay ahead of its competitors. Furthermore, providing new business models such as subscriptions to boost customer retention, focusing on mid-market to premium vehicles catering to the international customers may be lucrative for gaining share in short-term rentals.

The Company's core strengths lie in its unwavering dedication to luxury, convenience, and technological advancements, seamlessly delivered through user-friendly online platforms. With a vision for regional expansion and a commitment to contributing to Saudi Vision 2030, the Company remains dedicated to setting new industry benchmarks.

4

Business Description

4. Business Description

4.1 Overview

Cherry Trading Company is a Saudi closed joint stock company pursuant to ministerial resolution no. 156 dated 14 Jumada al-Ula 1442H (corresponding to 29 December 2020G) with commercial registration no. 1010156896 dated 13 Ramadan 1420H (corresponding to 20 December 1999G). The Company's head and registered office is located at Dammam Road, Granada District, Postal Code 13242, Riyadh, Kingdom of Saudi Arabia. As of the date of this Prospectus, the capital of the Company is three hundred million Saudi Arabian Riyals (SAR 300,000,00), divided into thirty million (30,000,000) ordinary shares, with a fully paid nominal value of ten Saudi Arabian Riyals (SAR 10) per Share.

As of the date of this Prospectus, the Company's main activities according to its main commercial registration certificate include renting of cranes with operator, renting and operational leasing of passenger car (without drivers), renting and operational leasing of trucks, utility trailers and recreational vehicles (without drivers), renting buses without driver, electronic car rental, renting and operational leasing of machine tools, combined office administrative service activities, public taxi, educational transport, renting buses with driver, light transport of goods, wholesale and retail sale of used specialized passenger vehicles including (ambulances, minibuses, and jeeps) and activities of car service and maintenance centres.

The Company operates through three primary business segments, each designed to address distinct mobility requirements and client specific needs (for more details, see Section 4.6 (*Overview of the Company's Business*)):

- **Long-term Lease:** This segment serves corporate clients, Government entities and medium to large enterprises, offering customised leasing solutions with flexible contract terms, comprehensive fleet management services and fixed monthly payment structures. Clients benefit from vehicle procurement, maintenance, insurance, replacement services and regulatory compliance management under a single lease agreement, allowing them to optimise costs, enhance efficiency and focus on core business operations. The Company's structured leasing model enables its clients to scale their fleet without incurring capital expenditures, while also benefiting from advanced digital fleet management tools. In the financial years ended 31 December 2022G, 2023G and 2024G, the revenue from the long-term lease segment represented 72.1 per cent., 56.4 per cent. and 71.3 per cent., respectively, of the Company's total revenue, demonstrating the importance of leasing operations to its business model. As of 31 December 2024G, the long-term lease fleet consisted of 14,597 vehicles;
- **Short-term Rental:** This segment offers daily, weekly and monthly rental solutions, catering to corporate clients, expatriates, tourists and individual clients with varied transportation needs. Vehicles are rented through the Company's physical branches, online platform and mobile application, providing clients with seamless booking and rental management. The Company's well-maintained fleet, digital reservation system and client support services ensure a convenient and efficient rental experience, making it a preferred choice for short-term mobility solutions. In the financial years ended 31 December 2022G, 2023G and 2024G, the revenue from the short-term rental segment represented 2.7 per cent., 6.0 per cent. and 4.7 per cent., respectively, of the Company's total revenue. As of 31 December 2024G, the short-term lease fleet consisted of 1,023 vehicles; and
- **Sales of Motor Vehicles:** The Company exclusively sells used vehicles from its own fleet, ensuring a steady flow of high-quality pre-owned vehicles into the secondary market. Vehicles are sold through direct showroom sales, online listings and business-to-business transactions. The structured fleet disposal strategy ensures that vehicles meet high resale standards, maximising their residual value while maintaining fleet quality and sustainability. The Company employs a data-driven pricing model, leveraging market demand analytics, brand-specific depreciation trends and vehicle condition assessments to optimise sales revenue. In the financial years ended 31 December 2022G, 2023G and 2024G, the revenue from the sales of motor vehicles represented 25.2 per cent., 37.7 per cent. and 24.0 per cent., respectively, of the Company's total revenue. In the same periods, the Company sold 1,622, 3,356 and 3,052 vehicles, respectively.

The Company has established itself as a leading mobility solutions provider in the Kingdom, with a strong market position in the long-term vehicle lease segment and a growing presence in short-term rentals and used vehicle sales. Its leadership is underpinned by over four decades of operational experience, deep-rooted client relationships and a proven track record of executing large-scale leasing contracts across both public and private sectors. The Company's consistent performance in securing and renewing high-value contracts has positioned it as a trusted partner for long-term fleet solutions. This is particularly evident in its robust engagement with Government and quasi-Government entities, where it has become a preferred leasing vendor for mission-critical mobility needs.

The Company's operations are supported by a vertically integrated infrastructure comprising a central workshop, eight regional fixed-location workshops and 13 mobile service units as of 31 December 2024G, enabling efficient fleet maintenance and service delivery across the Kingdom. This service model enhances fleet uptime, accelerates turnaround times and reduces dependency on third-party maintenance providers, thereby ensuring cost efficiency and quality control. The Company's predictive maintenance protocols, enabled by telematics and real-time diagnostics, further support optimal asset performance and lifecycle planning, minimising downtime and maximising fleet productivity.

As a qualified and approved vendor for major Government and quasi-Government entities, the Company benefits from high levels of tender access and contract visibility. Its inclusion in the Etimad platform enables direct participation in a broad pipeline of public sector leasing opportunities, many of which are structured as multi-year engagements with high renewal potential. This unique positioning has allowed the Company to steadily grow its leasing portfolio with strategic clients, reinforcing its credibility and ensuring consistent income generation. As of 31 December 2024G, the Company maintained a backlog of SAR 1.2 billion in long-term leasing contracts, offering predictable revenue streams, stable cash flows and enhanced visibility over future earnings.

The Company has implemented a comprehensive strategy built around market expansion, operational excellence, digital transformation and disciplined cost management. Its market expansion plans are focused on deepening penetration in Tier-1 cities, entering under-served secondary cities and growing presence in key transport nodes such as airports, business zones and commercial hubs. In parallel, the Company continues to invest in predictive fleet analytics, digital platforms and structured vehicle lifecycle management to optimise efficiency and enhance customer experience. Key initiatives include the deployment of advanced fleet telematics, automated servicing schedules and AI-driven demand forecasting models that support dynamic vehicle allocation and pricing.

In addition to expanding physical coverage, the Company is reinforcing its digital infrastructure to create a seamless, omnichannel experience for both leasing and rental customers. This includes an upgraded mobile application, integrated booking engines, digital contract management and personalised client dashboards for corporate fleet users. The Company is also preparing to launch a digital vehicle auction platform in 2025G, aimed at accelerating the resale of decommissioned fleet vehicles while maximising residual value recovery. By combining digital transformation with operational agility, the Company seeks to drive long-term scalability, elevate service standards and maintain its competitive advantage in the Kingdom's evolving mobility ecosystem.

As of 31 December 2024G, the total number of Company employees was 800 (for further details, see Section 4.10 (*Employees*)).

The Company generated revenues of SAR 331.9 million, SAR 431.8 million and SAR 454.6 million in the financial years ended 31 December 2022G, 2023G and 2024G, respectively. Net income amounted to SAR 60.0 million, SAR 56.9 million and SAR 63.1 million in the financial years ended 31 December 2022G, 2023G and 2024G, respectively. The total value of the Company's assets amounted to SAR 819.8 million, SAR 1.219 billion and SAR 1.445 billion as of 31 December 2022G, 2023G and 2024G, respectively. The Company's total liabilities amounted to SAR 418.7 million, SAR 767.5 million and SAR 930.3 million as of 31 December 2022G, 2023G and 2024G, respectively. For further details on the Company's financial performance, see Section 6 (*Management's Discussion and Analysis of Financial Position and Results of Operations*).

4.2 Corporate History

The Company was established on 11 Jumada al-Ula 1400H (corresponding to 26 April 1980G) as a sole proprietorship owned by Mohammed Abdullah Turki AlDhayan under the name "Cherry Trading Company" and registered under commercial registration no. 1010013375 dated 11 Jumada al-Ula 1400H (corresponding to 26 April 1980G). On 13 Ramadan 1420H (corresponding to 20 December 1999G), it was registered as a limited liability company under commercial registration no. 1010156896.

The following table outlines the key historical milestones and events in the Company's history from its establishment to the date of this Prospectus:

Table 4.1: Key Historical Changes and Events

Date	Change
1980G	• The Company was established as a sole proprietorship owned by Mohammed Abdullah Turki AlDhayan.
1999G	• Mohammed Abdullah Turki AlDhayan transferred his entire shareholding to Oudah Abdullah AlOudah. • The Company was registered under the commercial registration no. 1010013375 as a limited liability company named "Cherry Trading Company".
2017G	• The Company increased its capital from two million Saudi Arabian Riyals (SAR 2,000,000) to one hundred million Saudi Arabian Riyals (SAR 100,000,000).

Date	Change
2020G	• The Company increased its capital from one hundred million Saudi Arabian Riyals (SAR 100,000,000) to one hundred fifty million Saudi Arabian Riyals (SAR 150,000,000). • The Company converted from a limited liability company to a closed joint-stock company.
2022G	• The Company increased its capital from one hundred fifty million Saudi Arabian Riyals (SAR 150,000,000) to three hundred million Saudi Arabian Riyals (SAR 300,000,000).

Source: The Company.

4.3 Company Ownership Structure

4.3.1 Current Shareholding Structure

As of the date of this Prospectus, the Company's capital is three hundred million Saudi Arabian Riyals (SAR 300,000,000), divided into thirty million (30,000,000) ordinary shares, with a fully paid nominal value of ten Saudi Arabian Riyals (SAR 10) per Share.

The following table sets out the direct ownership structure in the Company and its capital before and after the Offering:

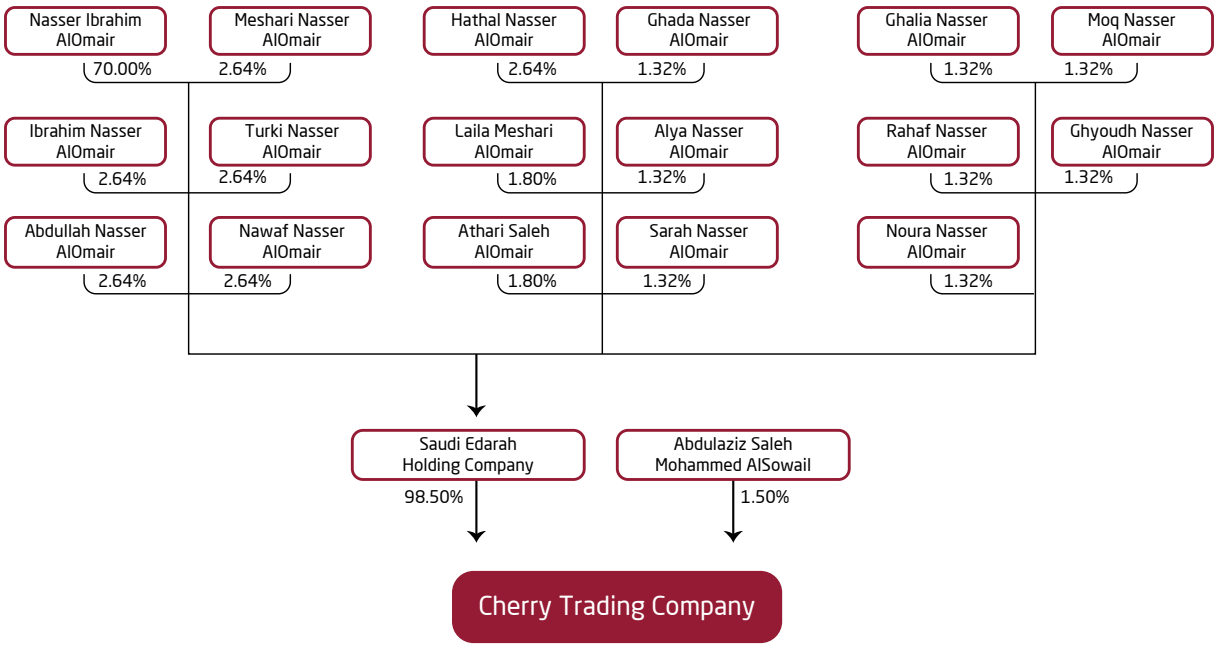
Table 4.2: Direct Ownership Structure of the Company Pre- and Post- Offering

Shareholder	Pre-Offering			Post-Offering		
	No. of Shares	Shareholding (%)	Nominal Value (SAR)	No. of Shares	Shareholding (%)	Nominal Value (SAR)
Saudi Edarah Holding Company	29,550,000	98.50%	295,500,000	20,685,000	68.95%	206,850,000
Abdulaziz Saleh Mohammed AlSowail	450,000	1.50%	4,500,000	315,000	1.05%	3,150,000
Total	**30,000,000**	**100.0%**	**300,000,000**	**21,000,000**	**100.0%**	**210,000,000**

Source: The Company.

The following chart illustrates the current ownership structure of the Company as of the date of this Prospectus:

Exhibit 4.1: Ownership Structure of the Company as of the date of this Prospectus



Source: The Company.

The following table sets out the details of the Shareholder indirectly holding 5.0 per cent. or more of the Shares in the Company as of the date of this Prospectus:

Table 4.3: Details of Shareholders Indirectly Holding Five Per Cent. or More Shares in the Company as of the Date of this Prospectus

Shareholder	Shareholding (Pre-Offering)			Shareholding (Post-Offering)		
	No. of Shares	Ownership (%)[1]	Overall Nominal Value (SAR)	No. of Shares	Ownership (%)[1]	Overall Nominal Value (SAR)
Nasser Ibrahim Mohammed AlOmair	20,685,000	68.95%	206,850,000	14,478,000	48.26%	144,780,000
Total	**20,685,000**	**68.95%**	**206,850,000**	**14,478,000**	**48.26%**	**144,780,000**

Source: The Company.

(1) The ownership percentages have been rounded to the nearest two decimal places.

4.3.2 Overview of Substantial Shareholder

Saudi Edarah Holding Company is a closed joint stock company incorporated in the Kingdom and registered under commercial registration no. 1010659287, dated 21 Safar 1442H (corresponding to 8 October 2020G) issued in Riyadh. Saudi Edarah Holding Company's head office is located in AlRabwah District, P.O. Box 8656, Riyadh, Kingdom of Saudi Arabia. Its current share capital is five hundred thousand Saudi Arabian Riyals (SAR 500,000), divided into fifty thousand (50,000) fully paid ordinary shares with a nominal value of ten Saudi Arabian Riyals (SAR 10) per share.

As of the date of this Prospectus, the main activities of the Saudi Edarah Holding Company, according to its main commercial registration certificate, include real estate activities with own or leased property (residential), real estate activities with own or leased property (non-residential), and construction of residential and non-residential buildings, including hotel apartments and resorts.

The following table sets out the ownership structure of Saudi Edarah Holding Company as of the date of this Prospectus:

Table 4.4: Ownership Structure of Saudi Edarah Holding Company

Shareholder	No. of Shares	Nominal Value per Share (SAR)	Total Nominal Value (SAR)	Shareholding (%) [1]
Nasser Ibrahim Mohammed AlOmair	35,000	10	350,000	70.0%
Ibrahim Nasser Ibrahim AlOmair	1,320	10	13,200	2.64%
Abdullah Nasser Ibrahim AlOmair	1,320	10	13,200	2.64%
Meshari Nasser Ibrahim AlOmair	1,320	10	13,200	2.64%
Turki Nasser Ibrahim AlOmair	1,320	10	13,200	2.64%
Nawaf Nasser Ibrahim AlOmair	1,320	10	13,200	2.64%
Hathal Nasser Ibrahim AlOmair	1,320	10	13,200	2.64%
Laila Meshari Ibrahim AlOmair	900	10	9,000	1.80%
Athari Saleh AlMalafikh	900	10	9,000	1.80%
Ghada Nasser Ibrahim AlOmair	660	10	6,600	1.32%
Alya Nasser Ibrahim AlOmair	660	10	6,600	1.32%
Sarah Nasser Ibrahim AlOmair	660	10	6,600	1.32%
Ghalia Nasser Ibrahim AlOmair	660	10	6,600	1.32%
Rahaf Nasser Ibrahim AlOmair	660	10	6,600	1.32%
Noura Nasser Ibrahim AlOmair	660	10	6,600	1.32%
Moq Nasser Ibrahim AlOmair	660	10	6,600	1.32%
Ghyoudh Nasser Ibrahim AlOmair	660	10	6,600	1.32%
Total	**50,000**	**-**	**500,000**	**100.00%**

Source: The Company.

(1) Ownership percentages have been rounded to the nearest two decimal places.

4.3.3 Overview of the Historic Subsidiaries

Historically, the Company owned three subsidiaries: Aoun Equipment Rental Company, H-10 Logistics Services Company and Elegant Vehicle Carwash Services Company. On 4 Rabi al-Thani 1445H (corresponding to 19 October 2023G), Aoun Equipment Rental Company was liquidated. On 19 Jumada al-Akhirah 1445H (corresponding to 1 January 2024G), the Company transferred the ownership of its two remaining subsidiaries, H-10 Logistics Services Company and Elegant Vehicle Carwash Services Company to Saudi Edarah Holding Company. As of the date of this Prospectus, the Company does not have any subsidiaries.

4.4 Vision, Mission and Strategy

4.4.1 Vision

The Company's vision for the future of transportation is one where convenience, flexibility and sustainability all come together.

4.4.2 Mission

The Company's mission is to deliver reliable and innovative vehicle leasing solutions that empower Government and private sector clients to achieve their mobility needs with confidence. By leveraging its extensive fleet and commitment to operational excellence, the Company aims to provide seamless, cost-effective and sustainable transportation services that drive growth and efficiency for its clients and stakeholders.

4.4.3 Strategy

The Company has established a comprehensive strategy aimed at reinforcing its position in the Kingdom's vehicle leasing and mobility sector. The strategy is built around sustainable growth, operational efficiency, market expansion, digital transformation and customer-centric innovation. By leveraging its expertise in long-term vehicle lease and short-term car rental, the Company seeks to optimise its business model, expand its service offerings and capture new market opportunities while maintaining strong financial performance. The core pillars of the Company's strategy include:

4.4.3.1 Maximising Growth through a Targeted Segment Strategy

The Company has implemented a structured growth strategy designed to strengthen its market position across key leasing and rental segments. This strategy focuses on expanding its presence in the long-term vehicle lease market, broadening customer reach and optimising fleet operations to enhance profitability. Additionally, the Company is actively positioning itself to capture new opportunities in the short-term car rental sector, leveraging its brand equity, geographic expansion and tourism-driven demand.

(a) Expanding Leadership in Long-Term Vehicle Lease

To maintain and enhance its market position in the long-term vehicle lease segment, the Company is focusing on key strategic initiatives that ensure continued contract growth, diversification and operational efficiency. These initiatives include:

(i) Sustained Growth through Strategic Bidding and Backlog Management

The Company continues to strengthen its position in the long-term vehicle lease market by actively pursuing leasing contracts across Government, quasi-Government and private sector clients. By leveraging its established relationships and reputation, the Company strategically bids for high-value contracts, ensuring a diversified and stable revenue base. As of 31 December 2024G, the Company maintained an extensive backlog worth SAR 1.2 billion, providing revenue visibility and supporting fleet optimisation. The Company's approach to backlog management includes continuous contract renewals, proactive engagement with existing and potential clients and structured bidding processes that focus on securing contracts with strong profitability margins.

(ii) Leveraging Approved Vendor Status

The Company is recognised as an approved vendor for Government contracts through platforms such as Etimad, allowing access to a steady pipeline of leasing tenders. This status facilitates the expansion of its leasing portfolio with public sector entities, offering significant growth potential. The Company is also an approved vendor for major corporations and Government-related entities in the Kingdom, including Saudi Aramco, NEOM, SABIC and Public Investment Fund entities. This positioning enables the Company to secure high-value leasing agreements with some of the most prominent organisations in the Kingdom.

The Company aims to increase participation in Government tenders and corporate leasing contracts, further strengthening its foothold in these segments by offering value-driven leasing solutions tailored to both public and private sector requirements. By capitalising on its compliance track record and efficient service offerings, the Company is well-positioned to secure additional long-term agreements with leading Government bodies and large enterprises.

(iii) Enhancing Private Sector Penetration

While Government and corporate clients have historically formed the backbone of the Company's leasing business, there is a strategic focus on expanding into the medium to large enterprises segment. To achieve this, the Company is customising leasing solutions tailored to the needs of medium to large enterprises, offering flexible payment structures, dedicated fleet servicing and cost-control mechanisms. Additionally, the Company is expanding its focus on multinational firms relocating to Riyadh, positioning itself as one of key leasing providers for international businesses establishing operations in the Kingdom. This expansion into the medium to large enterprises and multinational corporate segments will enhance portfolio diversification and reduce dependency on large corporate clients, ensuring a more balanced leasing revenue mix.

(b) Strengthening Market Position in Short-Term Car Rental

In addition to its robust positioning in long-term vehicle lease segment, the Company is actively strengthening its position in the short-term car rental segment by expanding its geographic footprint, enhancing accessibility through digital solutions and targeting key customer segments. The Company's initiatives in this area include:

(i) Selective Geographic Expansion

The Company is implementing a targeted expansion strategy to increase market penetration in secondary cities where demand for short-term car rental remains underdeveloped. By leveraging its existing branch network and operational infrastructure, the Company aims to expand into 81 secondary cities within two to three years through a combination of mini-service centres and door-to-door vehicle delivery services. Additionally, the Company is partnering with technology-driven vehicle aggregators, such as iDrive, Telgani and Invygo, to enhance accessibility and reach new customer segments. These initiatives expand the Company's footprint, broaden the customer base, increase fleet utilisation and drive revenue growth within the short-term rental segment.

(ii) Capitalising on Tourism Growth and Airport Expansions

The Kingdom's commitment to growing its tourism sector and expanding its airport infrastructure presents significant opportunities for the short-term car rental business. The Company is well-positioned to capture demand from rising international arrivals, business travellers and domestic tourists by expanding its presence in airport locations (expected to launch in the medium term) and launching digital-first booking solutions. This includes enhanced mobile applications, direct integrations with travel platforms and seamless airport pick-up services, ensuring a frictionless rental experience for travellers. The Company is also focused on developing strategic partnerships with airlines, hotels and travel agencies to drive customer acquisition and increase rental bookings from inbound tourism.

(iii) Leveraging Brand Equity in Short-Term Rentals

Building on its long-standing reputation in the long-term vehicle lease segment, the Company is actively investing in marketing and brand development to expand its short-term car rental business. A multi-channel marketing strategy is being deployed, focusing on digital advertising, corporate partnerships and customer engagement campaigns to strengthen brand visibility and enhance market positioning. The Company is also introducing targeted promotional offers, seasonal discounts and loyalty incentives to attract new customers and retain existing ones. Additionally, the Company is developing a B2C retail strategy aimed at increasing penetration among individual customers, further diversifying its revenue base in the short-term rental segment. These initiatives aim to differentiate the Company in a highly competitive rental market and reinforce its position as a leading provider of mobility solutions in the Kingdom.

4.4.3.2 Enhancing Fleet Optimisation and Operational Efficiency

The Company has adopted a comprehensive strategy to improve fleet efficiency, reduce maintenance costs and optimise vehicle lifecycle management. This strategy focuses on strengthening internal maintenance capabilities, integrating advanced analytics for predictive maintenance and implementing structured vehicle disposal processes to maximise residual value. These initiatives collectively enhance fleet uptime, cost-effectiveness and operational reliability across both long-term vehicle lease and short-term car rental segments.

(a) Strengthening Fleet Management and Maintenance Capabilities

To ensure optimal fleet performance and long-term operational sustainability, the Company is enhancing its maintenance infrastructure and adopting advanced analytics to streamline servicing processes. The key initiatives in this area include:

(i) Upgrading Workshop and Service Infrastructure

The Company has invested significantly in the expansion and enhancement of its in-house workshops and mobile service units to improve fleet maintenance efficiency and reduce reliance on third-party repair centres. As of 31 December 2024G, the Company operated a central workshop and eight regional fixed-location workshops strategically located across key regions in the Kingdom, ensuring proximity to high-demand service areas. Additionally, the Company has deployed 13 mobile service units, allowing for on-site vehicle maintenance, emergency repairs and preventive servicing. This integrated maintenance network enhances fleet uptime, service reliability and client satisfaction, supporting both long-term vehicle lease and short-term car rental operations.

(ii) Reducing Maintenance Costs with Predictive Analytics

The Company is leveraging advanced telematics and predictive analytics to optimise maintenance scheduling and reduce overall vehicle servicing costs. Through real-time vehicle tracking and diagnostics, the Company monitors engine performance, fuel efficiency, wear-and-tear patterns and mechanical stress indicators. This data-driven approach enables proactive issue detection and preventive maintenance, minimising unexpected breakdowns and costly repairs. The implementation of predictive maintenance protocols has resulted in improved operational efficiency, reduced downtime and enhanced vehicle longevity, contributing to stronger financial performance and cost control.

(b) Optimising Vehicle Lifecycle Management

In addition to improving fleet maintenance efficiency, the Company has implemented a structured approach to vehicle lifecycle management, ensuring optimal asset utilisation and maximised residual value upon disposal. The Company's key initiatives in this area include:

(i) Maximising Residual Value on Fleet Disposals

The Company has established a structured vehicle disposal strategy to optimise the resale value of fleet vehicles at the end of their leasing cycles. By assessing market conditions, demand trends and depreciation rates, the Company determines the optimal timing for vehicle disposal to maximise resale value. The disposal strategy includes direct sales to corporate clients, bulk sales to dealerships and online retail sales to individual buyers. Additionally, the Company integrates certified pre-owned vehicle programmes and quality inspections to enhance buyer confidence and increase residual value recovery.

(ii) Introducing E-Auction Capabilities

To further streamline the vehicle disposal process, the Company is launching a digital vehicle auction platform in August 2025G, allowing for transparent, competitive bidding by individual and corporate buyers. This e-auction system will improve sales efficiency, accelerate inventory turnover and broaden the potential buyer base beyond traditional dealership networks. By enhancing digital accessibility and automating the bidding process, the Company will ensure a seamless and cost-effective method of fleet disposal, maximising return on investment and reducing holding costs associated with decommissioned vehicles.

By implementing these strategic initiatives, the Company is reinforcing its position as on the leader in vehicle leasing and rental services, ensuring cost efficiency, fleet reliability and enhanced profitability.

4.4.3.3 Strengthening Digital and Technological Capabilities

The Company is committed to leveraging digital transformation and advanced technology to enhance fleet management, customer engagement and operational efficiency. By integrating modern telematics, data analytics and an optimised digital booking experience, the Company is strengthening its technological capabilities to drive business growth and improve service delivery. These strategic initiatives focus on two key areas: digital transformation in fleet operations and customer service, as well as the expansion of data-driven analytics.

(a) Digital Transformation in Fleet Management and Customer Service

The Company is implementing a range of digital enhancements to improve fleet efficiency and elevate customer experience. These initiatives are aimed at streamlining operations, optimising vehicle allocation and providing a seamless rental and leasing experience. The key initiatives in this area include:

(i) Enhancing Digital Fleet Tracking and Automation

The Company is integrating fleet telematics solutions to enhance real-time vehicle tracking, fuel consumption analysis and automated maintenance scheduling. These solutions enable continuous monitoring of vehicle performance, allowing for proactive maintenance, minimising downtime and extending vehicle lifespans. The adoption of advanced tracking systems ensures fleet efficiency, optimised route planning and better resource allocation, leading to cost savings and improved service reliability for long-term vehicle lease and short-term car rental customers.

(ii) Upgrading Online Booking and Customer Engagement

To enhance customer convenience and improve operational efficiency, the Company has developed a mobile-optimised website and a digital booking platform. The Company's upgraded mobile application provides a seamless booking experience, offering features such as instant vehicle selection, real-time pricing transparency, digital contract management and automated service reminders. Additionally, the Company is expanding its digital presence through strategic partnerships with vehicle aggregators, further increasing accessibility to short-term rentals. These enhancements align with the Company's focus on streamlining service accessibility, improving customer engagement and ensuring a frictionless digital experience across all touchpoints.

(b) Expanding Data-Driven Analytics

The Company is harnessing the power of big data analytics to drive efficiency in fleet operations, customer segmentation and risk management. These initiatives enable data-driven decision-making, enhancing fleet allocation, pricing strategies and customer insights. The key initiatives in this area include:

(i) Utilising Data for Demand Forecasting and Fleet Optimisation

The Company is leveraging historical data to analyse leasing demand trends, adjust fleet distribution and improve contract pricing. Data-driven insights enable predictive analytics, helping the Company anticipate market fluctuations, seasonal demand variations and customer preferences, as well as optimise fleet allocation, minimise idle vehicle inventory and improve overall fleet profitability. These initiatives enhance operational agility and data-driven decision-making, ensuring a more responsive approach to market changes.

(ii) Enhancing Credit Risk Management and Pricing Optimisation

To strengthen financial performance and mitigate credit risks, the Company employs big data analytics to assess client creditworthiness, optimise lease terms and reduce default risks. Data-powered algorithms evaluate customer payment behaviours, financial histories and risk profiles, allowing for more accurate credit assessments and tailored pricing strategies. This approach improves loan approval rates, enhances customer segmentation and ensures that pricing models align with risk-adjusted returns. The integration of automated risk management tools further streamlines the credit approval process, ensuring financial stability while maintaining business growth.

The Company's strategic focus on digital transformation and advanced data analytics reinforces its position as an innovative and technology-driven leader in the Kingdom's vehicle leasing and rental market. By continuously investing in digital enhancements and data-driven capabilities, the Company is improving service delivery, customer engagement and operational efficiency to drive long-term growth and sustainability.

4.4.3.4 Financial Strength, Risk Management and Governance Enhancements

The Company is committed to maintaining financial strength, optimising cost structures and enhancing governance frameworks to ensure sustainable long-term growth. By focusing on disciplined financial management, risk mitigation strategies and regulatory compliance, the Company is strengthening its position as one of the market leaders in the Kingdom's vehicle leasing segment. These efforts are centred around two key areas: financial and cost management and corporate governance and compliance.

(a) Strengthening Financial and Cost Management

The Company is implementing a range of financial strategies to enhance profitability, optimise cost efficiency and ensure a stable cash flow position. These initiatives focus on operational cost reductions, revenue growth and disciplined capital allocation. The Company has established a structured cost optimisation strategy to enhance financial efficiency while maintaining service quality. This includes leveraging bulk vehicle procurement discounts, securing preferential supplier agreements and automating fleet maintenance schedules to reduce overhead costs. Additionally, the Company is focusing on streamlining operational expenses, optimising branch and workshop efficiency and implementing fleet utilisation analytics to improve profitability while maintaining a competitive pricing structure.

(b) Strengthening Corporate Governance and Compliance

The Company is focused on enhancing its corporate governance framework and ensuring full compliance with all relevant regulations. This includes adherence to environmental, social and governance (ESG) standards, regulatory oversight and internal risk management practices. The key initiatives in this area include:

(i) Enhancing ESG Compliance and Reporting

The Company is implementing corporate governance best practices in line with the CMA requirements, focusing on transparency, accountability and ethical business conduct. To support sustainability initiatives, the Company is incorporating environmental, social and governance (ESG) considerations into fleet procurement, operational efficiency and stakeholder engagement strategies. Additionally, enhanced financial reporting measures ensure compliance with regulatory standards, providing investors with reliable and accurate disclosures.

(ii) Ensuring Regulatory Compliance Across Business Segments

The Company actively monitors leasing and rental regulations, vehicle safety standards and data protection laws to ensure full regulatory compliance across all business operations. A dedicated regulatory compliance team ensures adherence to local and regional legal frameworks, mitigating risks associated with licensing, taxation and operational compliance. By maintaining a robust internal audit framework and risk assessment protocols, the Company ensures that governance standards remain aligned with evolving regulatory expectations while supporting operational resilience and long-term sustainability.

The Company's comprehensive strategic roadmap is designed to solidify its market position in the Kingdom's vehicle leasing market, expand into new customer segments and enhance operational efficiencies. Through a data-driven approach to fleet management, digital transformation, financial optimisation and sustainability integration, the Company is positioned to capitalise on future growth opportunities while maintaining strong revenue visibility and market competitiveness.

4.5 Strengths and Competitive Advantages

The Company has established itself as one of the leading players in the Kingdom's vehicle leasing industry, leveraging its strong market position, diversified client base and operational excellence. Its competitive strengths are driven by a combination of favourable market dynamics, extensive geographic coverage and a commitment to service innovation. The Company benefits from strong demand for leasing and rental solutions, supported by Saudi Vision 2030 initiatives, rapid economic expansion and increasing mobility needs across corporate and Government sectors. Its ability to provide tailored leasing structures, advanced fleet management solutions and seamless customer experiences reinforces its position in the sector. The key strengths that differentiate the Company in the Kingdom's evolving mobility landscape include the following:

4.5.1 Operating in a Strong and Growing Market with Favourable Mobility Trends Driving Demand for Car Leasing and Rentals in the Kingdom

The Kingdom's vehicle leasing and rental market is experiencing strong growth, driven by economic diversification, infrastructure modernisation and rising workforce participation under the Saudi Vision 2030. As businesses and individuals increasingly seek flexible and cost-effective mobility solutions, demand for leasing and rental services continues to expand. The Company is well-positioned to capitalise on these trends, leveraging its extensive experience, strategic leasing operations and robust fleet management capabilities.

4.5.1.1 Market Growth Driven by Saudi Vision 2030 and Economic Expansion

Saudi Vision 2030 is a key driver of the country's evolving mobility landscape, with government-led initiatives supporting the expansion of the vehicle leasing and rental sectors. Economic diversification efforts, along with rapid urbanisation and infrastructure development, are increasing the demand for fleet leasing and rental services across corporate, Government and retail segments. Additionally, growth in tourism, expatriate employment and business travel is contributing to higher demand for flexible mobility solutions, further strengthening market fundamentals.

The Company is well-positioned to benefit from these favourable trends, particularly as businesses and Government agencies shift towards long-term leasing models to optimise fleet management costs. With over 40 years of experience, an extensive fleet and a strong track record of securing Government contracts, the Company continues to enhance its competitive position through strategic fleet investments, digital innovations and expansion into high-growth customer segments.

4.5.1.2 Projected Market Growth and Demand Trends

Pursuant to the Market Research Report, the Kingdom's leasing and car rental market is expected to experience significant expansion from 2025G to 2029G, supported by strong economic, demographic and tourism trends. Real GDP is forecasted to grow at a CAGR of 4.0 per cent. during this period, with Nominal GDP at 5.8 per cent. and total consumer spending rising by 5.0 per cent. Transportation expenditures, a key driver of vehicle leasing demand, are projected to increase by 4.8 per cent., while the employed population is expected to reach 18.2 million by 2029G, growing at a CAGR of 2.2 per cent. Household formation is also accelerating, with a projected increase of 3.2 per cent., reflecting rising demand for personal and corporate mobility solutions.

The Kingdom's inbound tourism sector is set to grow in the same period at a CAGR of 7.5 per cent., with tourism spending expected to rise by 9.7 per cent., largely driven by leisure and religious visitors. This growth presents a significant opportunity for short-term car rentals, as increased visitor volumes boost demand for flexible transportation options across key cities and travel hubs.

4.5.1.3 Expansion of Leasing, Rental and Used Car Segments

Pursuant to the Market Research Report, vehicle leasing in the Kingdom is projected to grow at a CAGR of 12.8 per cent. in terms of fleet size and 13.5 per cent. in revenue between 2025G and 2029G, reflecting strong demand from corporate clients, medium to large enterprises and Government entities. The vehicle rental market is also expected to expand, with projected CAGRs of 6.1 per cent. in fleet size and 5.7 per cent. in total revenue. Within this segment, daily and short-term rentals remain attractive growth areas, supported by demand from business travellers, expatriates and domestic consumers, with CAGRs of 6.1 per cent. and 5.2 per cent., respectively.

The used car market is anticipated to grow steadily, with an expected 8.8 per cent. increase in revenue between 2025G and 2029G, driven by the rising demand for affordable mobility solutions. As more vehicles transition from leasing and rental fleets to the secondary market, the Company is well-positioned to capitalise on the demand for high-quality pre-owned vehicles through its structured resale programmes.

The combination of strong economic tailwinds, rising corporate and Government leasing demand and increasing consumer adoption of flexible mobility solutions provides a compelling growth trajectory for the Company. By leveraging its strong position, operational scale and advanced fleet management capabilities, the Company is well-positioned to capture increasing demand and expand its market presence in the Kingdom's evolving mobility sector.

4.5.2 One of the Leading Car Leasing Companies in the Kingdom with a Growing Market Share

The Company has established itself as a leading provider of mobility solutions in the Kingdom, offering long-term vehicle lease, short-term car rental and used vehicle sales. Its extensive experience, strategic presence and commitment to service excellence have strengthened its competitive positioning across key market segments, making it a preferred leasing and rental partner for Government entities and medium to large enterprises. Pursuant to the Market Research Report, the Company's market share in the long-term leasing segment grew from 7.7 per cent. to 8.8 per cent. from 2023G to 2024G, reflecting strong momentum driven by its reputation for reliability, operational efficiency and tailored leasing solutions for Government, semi-Government and private sector clients. As demand for flexible and cost-effective mobility solutions grows, the Company leverages its industry standing, advanced fleet management and digital innovation to drive sustainable growth. Its leadership is reinforced by a strong portfolio of long-term lease contracts, an expanding short-term rental network and a well-recognised brand known for reliability and quality service.

4.5.2.1 Expanding Market Share and Geographic Presence

Pursuant to the Market Research Report, the Company's market share in the Kingdom's long-term leasing segment has grown from 7.7 per cent. in 2023G to 8.8 per cent. in 2024G, reflecting its ability to capture increasing demand across key business segments. Its geographic footprint spans major cities, including Riyadh, Jeddah, Al Khobar and Abha, granting it access to over 80.0 per cent. of the Kingdom's leasing market. This strategic expansion into both Tier-1 and secondary cities has broadened its market reach and strengthened its position as a preferred mobility provider for corporate, Government and medium to large enterprises clients.

As a recognised and approved vendor on key Government procurement platforms, including Etimad, the Company benefits from direct access to a steady pipeline of public sector tenders and contracts, reinforcing its revenue visibility and market position. Additionally, the Company's ability to secure long-term leasing agreements provides stable and predictable income streams, reducing exposure to short-term rental demand fluctuations. By leveraging its widespread presence, the Company benefits from economies of scale that enhance operational efficiency, fleet optimisation and cost competitiveness. Its integrated service network enables seamless lease management, fleet maintenance and vehicle availability, reinforcing customer trust and satisfaction.

4.5.2.2 Diverse Fleet and Omni-Channel Customer Access

The Company offers a diverse fleet composed of highly reputable global brands, ensuring that clients have access to a broad selection of vehicles tailored to their specific mobility needs. By maintaining a well-balanced mix of economy, mid-range and premium vehicles, the Company serves a wide range of leasing customers, from large corporations and Government entities to medium to large enterprises and retail clients seeking cost-effective fleet solutions.

The Company's long-term lease model is structured to provide cost-effective and fully managed fleet solutions, covering vehicle procurement, maintenance, insurance and regulatory compliance under a fixed monthly payment structure. This approach enables clients to optimise fleet operations without the financial burden and administrative complexities associated with vehicle ownership.

Additionally, the Company's omni-channel service model enhances customer accessibility, allowing clients to engage with leasing and rental services through multiple touchpoints, including physical branches, digital platforms and mobile applications. This seamless approach ensures flexibility, convenience and an optimised customer experience, further strengthening the Company's competitive positioning in the Kingdom's leasing market.

The Company's digital-first approach to short-term rentals enhances customer experience by offering seamless booking, flexible rental options and instant access to vehicle availability through its online platforms and mobile applications. This technology-driven model enables clients to book, manage and extend rentals with ease, reinforcing customer satisfaction and loyalty.

Through strategic market expansion, a diversified fleet offering and a commitment to service excellence, the Company continues to capture a growing share of the Kingdom's leasing sector, reinforcing its status as a leading provider of long-term vehicle lease solutions.

4.5.3 Comprehensive Leasing and Rental Solutions Supported by a Nationwide Fleet Maintenance Network

The Company's extensive geographic coverage and diverse service offerings create strategic synergies between its leasing and rental segments, reinforcing its market position and brand equity. By integrating a comprehensive and technology-driven fleet maintenance network with its leasing and rental operations, the Company enhances service reliability, cost efficiency and operational flexibility, ensuring seamless fleet management for corporate, Government and retail clients. Its investment in predictive maintenance technologies and structured fleet renewal strategies further supports optimal asset utilisation, cost management and high service reliability.

4.5.3.1 Highly Efficient Fleet Management and Maintenance Infrastructure

The Company operates a nationwide fleet maintenance network, consisting of a central workshop, eight regional workshops and 13 mobile service centres as of 31 December 2024G, ensuring nationwide service coverage. This infrastructure enables the Company to provide timely maintenance, repairs and diagnostics, reducing vehicle downtime and enhancing overall fleet reliability. By strategically positioning these facilities across key locations, the Company ensures that leased and rented vehicles remain in peak condition, minimising disruptions for clients and optimising fleet utilisation.

A key component of the Company's fleet management strategy is its investment in predictive maintenance technologies, which leverage fleet telematics and real-time diagnostics to optimise servicing schedules. By monitoring vehicle performance, mileage and maintenance history through advanced digital platforms, the Company can proactively address potential mechanical issues before they escalate, reducing unplanned repairs and enhancing fleet reliability. This data-driven approach ensures that

maintenance interventions are strategically timed, minimising vehicle downtime while extending the operational lifespan of the fleet.

Additionally, the Company's maintenance operations are designed to support internal combustion engine vehicles, ensuring efficient servicing while managing routine maintenance costs. The ability to oversee fleet maintenance internally allows the Company to maintain strict quality control standards, optimise servicing schedules and reduce reliance on third-party workshops, ultimately improving cost efficiency and operational responsiveness.

4.5.3.2 Synergies Between Leasing and Rental Segments

The Company's leasing and rental services are interconnected, allowing it to leverage cross-segment synergies that enhance customer engagement and market penetration. By building brand equity in long-term leasing, the Company strengthens its visibility in the short-term rental segment, attracting a broader client base seeking flexible mobility solutions. This integrated approach allows the Company to scale its offerings efficiently while maintaining high service standards across both business lines.

Additionally, the Company's ability to efficiently repurpose lease-returned vehicles for short-term car rental operations provides a strategic advantage in fleet utilisation. By reallocating well-maintained vehicles from long-term leasing contracts into the short-term rental fleet, the Company extends the revenue-generating potential of its assets while maintaining a modern, high-quality rental offering. This flexible fleet management approach allows the Company to respond dynamically to shifting market demand, ensuring optimal asset deployment across its leasing and rental operations.

4.5.3.3 Optimised Vehicle Lifecycle and Residual Value Maximisation

The Company has developed a structured and data-driven approach to fleet renewal and vehicle lifecycle management, ensuring that its assets are continuously optimised for maximum residual value and return on investment. By leveraging fleet usage data, market trends and vehicle depreciation analytics, the Company strategically plans its vehicle acquisition, leasing duration and disposal cycles to minimise value erosion and maximise profitability. This systematic approach ensures that fleet assets are replaced at optimal intervals, reducing maintenance costs and enhancing overall fleet efficiency.

As part of its fleet optimisation strategy, the Company has implemented structured resale programmes designed to maximise asset value recovery. Vehicles reaching the end of their leasing or rental cycle undergo a detailed assessment to determine the most suitable resale channel, including direct sales through certified pre-owned programmes, online auction platforms and business-to-business transactions. These structured disposal initiatives increase buyer confidence, streamline sales processes and enhance overall asset realisation. By maintaining a transparent and structured resale strategy, the Company ensures strong demand for its decommissioned fleet, further reinforcing its financial stability.

Through a combination of proactive fleet maintenance, structured vehicle lifecycle management and data-driven residual value optimisation, the Company continues to strengthen its market position in fleet management and operational efficiency. Its ability to sustain a high-performing fleet while maximising asset value ensures long-term financial sustainability and reinforces its reputation as one of the leading mobility solutions providers in the Kingdom.

4.5.4 Robust and Growing Revenue Backlog Driven by Long-Term Contracts with Government and Quasi-Government Customers

The Company's revenue backlog, supported by multi-year leasing agreements with Government and quasi-Government entities, provides financial stability and long-term income visibility. With a strong track record in securing and renewing large-scale contracts, the Company benefits from a steady pipeline of revenue, reinforcing its position as a trusted mobility solutions provider for high-profile clients in the Kingdom.

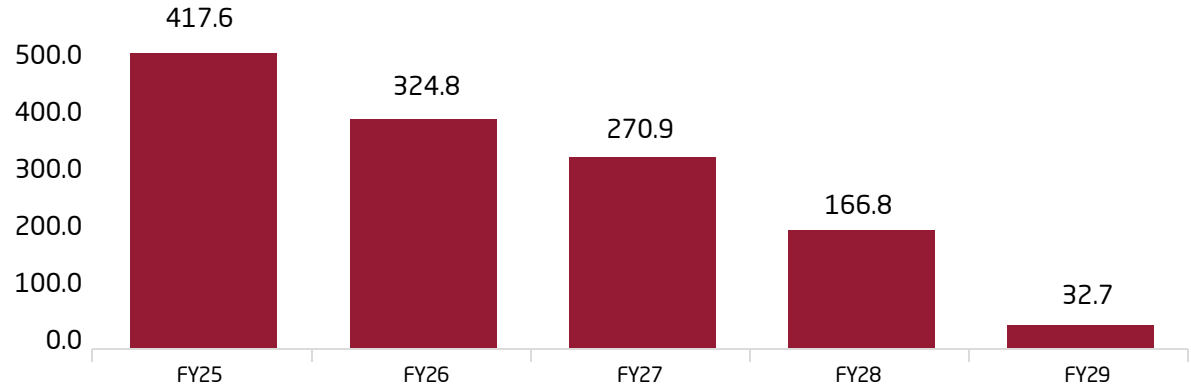
4.5.4.1 Strong Backlog and Revenue Visibility

As of 31 December 2024G, the Company maintained a backlog of long-term leasing contracts valued at SAR 1.2 billion, reflecting strong customer confidence and a stable revenue base. The Company's extensive client portfolio includes major Government entities and medium to large enterprises, with a significant portion of contracts secured through its status as an approved Government service provider. This strong Government exposure minimises recoverability risks and enhances the predictability of cash flows, positioning the Company for sustained financial growth.

By consistently delivering high-quality leasing solutions and maintaining strong relationships with key clients, the Company has established a solid foundation for contract renewals and long-term engagements. Notable contract extensions further underscore the Company's ability to retain high-value clients while strengthening its leasing portfolio.

The exhibit below shows the Company's backlog as of 31 December 2024G:

Exhibit 4.2: Company's Backlog as of 31 December 2024G



Source: The Company.

4.5.4.2 Expansion of Contractual Agreements and Revenue Growth

The Company's backlog has demonstrated consistent growth, driven by increased contract values and the expansion of leasing agreements with key Government clients. Annual contract escalations, particularly with high-profile clients, highlight the Company's success in deepening customer relationships and increasing fleet deployments. These agreements provide a reliable foundation for revenue expansion while reinforcing the Company's market leadership in the Kingdom's leasing sector.

Through its proven ability to secure, renew and expand long-term leasing contracts, the Company continues to strengthen its financial resilience and growth trajectory. By capitalising on its Government partnerships and expanding its leasing footprint, the Company remains well-positioned to sustain a growing revenue backlog and drive long-term value creation.

4.5.5 Strong and Growing Financial Profile Supported by Healthy Margins

The Company has demonstrated consistent financial growth, supported by a strong revenue base, healthy margins and disciplined cost management. A combination of long-term lease expansion, operational efficiencies and strategic asset sales has strengthened profitability, reinforcing the Company's financial resilience and ability to capitalise on favourable market conditions.

4.5.5.1 Revenue Growth and Expansion in Long-Term Leasing

In the financial year ended 31 December 2024G, the Company's revenue grew by 5.3 per cent. to SAR 454.7 million, up from SAR 431.8 million in the previous year. This increase was largely driven by a substantial SAR 80.9 million increase in long-term lease revenue, reflecting strong demand from quasi-Government clients. The weighted average number of leased vehicles increased by 3,012 units, with quasi-Government customers alone contributing an additional SAR 71.5 million from 2,879 vehicles. This growth aligns with the broader expansion in Government tenders, supported by improved supply chain stability that enabled the Company to fulfil new contracts efficiently and on schedule.

4.5.5.2 Margin Expansion and Cost Efficiency Improvements

The Company's gross margin increased from 25.7 per cent. in 2023G to 32.0 per cent. in 2024G, driven by improved fixed cost absorption following revenue growth in long-term leasing. Reduced insurance costs further contributed to margin expansion, reflecting enhanced risk management and operational efficiencies. Additionally, the sale of motor vehicles provided a secondary boost to margins, particularly from the disposal of vehicles aged over five years, where higher depreciation expenses lowered net book values and maximised contribution margins upon resale.

At the net income level, margins improved from 13.2 per cent. in 2023G to 13.9 per cent. in 2024G, supported by both higher leasing profitability and strategic asset sales. This improvement was partially offset by an increase in finance costs, which rose by SAR 25.9 million due to higher term loan obligations during the period. Despite this, the Company successfully maintained a strong balance between revenue growth and cost control, ensuring sustainable profitability.

4.5.5.3 Return on Equity and Financial Resilience

The Company's Return on Equity (ROE) remained strong at 12.3 per cent. in 2024G, compared to 12.6 per cent. in 2023G, demonstrating sustained profitability and capital efficiency. This reflects the Company's ability to generate consistent financial returns while optimising capital deployment. By maintaining a disciplined approach to fleet expansion, cost management, and strategic contract execution, the Company continues to reinforce its financial foundation, positioning itself for long-term growth and profitability in the Kingdom's mobility sector.

4.5.6 Led by a Highly Experienced Management Team

The Company is led by a highly experienced leadership team with extensive industry expertise, a proven track record of execution and a strategic vision that continues to drive growth and innovation in the Kingdom's vehicle leasing and rental sector. Their collective expertise spans fleet management, financial structuring, regulatory compliance and customer-centric mobility solutions.

Supported by a robust corporate governance framework, the leadership team is instrumental in navigating the evolving regulatory landscape and capitalising on emerging mobility trends. Their in-depth knowledge of the local market enables the Company to proactively address industry challenges while leveraging opportunities for expansion.

Under their guidance, the Company has successfully implemented operational efficiencies, secured high-value Government and corporate contracts and introduced innovative leasing solutions that enhance customer satisfaction. This strategic approach has strengthened the Company's reputation as a trusted mobility partner, reinforcing its position as one of the leading providers of vehicle leasing services in the Kingdom.

4.6 Overview of the Company's Business

The Company is one of the leading providers of vehicle leasing and mobility solutions in the Kingdom, offering a comprehensive suite of services, including long-term lease, short-term rental and sales of motor vehicles. These services cater to a diverse client base, ranging from corporate entities and Government institutions to individual consumers, ensuring flexibility, convenience and efficiency in meeting various transportation needs.

The Company has developed a strong operational framework, integrating advanced fleet management systems, high service standards and a client-centric approach, which enables it to maintain its market position. By leveraging a nationwide presence, a well-maintained vehicle fleet and tailored service offerings, the Company has established itself as a trusted partner for Government entities, businesses and individuals seeking reliable, cost-effective and fully managed mobility solutions.

4.6.1 Business Segments

The Company operates through three primary business segments, each designed to address distinct mobility requirements and client specific needs:

- **Long-term Lease**: This segment serves corporate clients, Government entities and medium to large enterprises, offering customised leasing solutions with flexible contract terms, comprehensive fleet management services and fixed monthly payment structures. Clients benefit from vehicle procurement, maintenance, insurance, replacement services and regulatory compliance management under a single lease agreement, allowing them to optimise costs, enhance efficiency and focus on core business operations. The Company's structured leasing model enables its clients to scale their fleet without incurring capital expenditures, while also benefiting from advanced digital fleet management tools;
- **Short-term Rental**: This segment offers daily, weekly and monthly rental solutions, catering to corporate clients, expatriates, tourists and individual clients with varied transportation needs. Vehicles are rented through the Company's physical branches, online platform and mobile application, providing clients with seamless booking and rental management. The Company's well-maintained fleet, digital reservation system and client support services ensure a convenient and efficient rental experience, making it a preferred choice for short-term mobility solutions; and
- **Sales of Motor Vehicles**: The Company exclusively sells used vehicles from its own fleet, ensuring a steady flow of high-quality pre-owned vehicles into the secondary market. Vehicles are sold through direct showroom sales, online listings and business-to-business transactions. The structured fleet disposal strategy ensures that vehicles meet high resale standards, maximising their residual value while maintaining fleet quality and sustainability. The Company employs a data-driven pricing model, leveraging market demand analytics, brand-specific depreciation trends and vehicle condition assessments to optimise sales revenue.

The table below provides an overview of the average share of each business segment in the Company's revenue for the financial years ended 31 December 2022G, 2023G and 2024G:

Table 4.5: Average Share of Each Business Segment in the Revenue of the Company in the Financial Years 2022G, 2023G and 2024G

Business Segment	Financial Year Ended 31 December					
	2022G		2023G		2024G	
	% of Total Revenue	Total Revenue (SAR)	% of Total Revenue	Total Revenue (SAR)	% of Total Revenue	Total Revenue (SAR)
Long-term Lease	72.13%	239,426	56.36%	243,401	71.34%	324,342
Short-term Rental	2.72%	9,032	5.97%	25,785	4.66%	21,203
Sales of Motor Vehicles	25.15%	83,475	37.67%	162,654	24.00%	109,111
Total	**100.00%**	**331,933**	**100.00%**	**431,840**	**100.00%**	**454,656**

Source: The Company.

The table below provides the total revenue by segment for the financial years ended 31 December 2022G, 2023G and 2024G:

Table 4.6: Total Revenue Breakdown by Segment for the Financial Years Ended 31 December 2022G, 2023G and 2024G

Currency: SAR'000	2022G	2023G	2024G
Public Sector	112,921	116,592	136,290
Quasi Government	73,601	64,815	136,297
Government	**186,523**	**181,407**	**272,587**
Private	47,078	50,931	45,420
Long-Term Lease Contract Revenue	**233,600**	**232,338**	**318,007**
Other Lease Income [1]	5,826	11,063	6,335
Long-Term Lease Revenue	**239,426**	**243,401**	**324,342**
Short-Term Lease Rental Revenue	9,032	25,785	21,203
Sale of Motor Vehicles	83,475	162,654	109,111
Total Revenue	**331,933**	**431,841**	**454,656**
% of Total Revenue			
Public Sector	34.0%	27.0%	30.0%
Quasi Government	22.2%	15.0%	30.0%
Government	56.2%	42.0%	60.0%
Private	14.2%	11.8%	10.0%
Long-Term Lease Contract Revenue	70.4%	53.8%	69.9%
Other Lease Income	1.8%	2.6%	1.4%
Long-Term Lease Revenue	72.1%	56.4%	71.3%
Short-Term Lease Rental Revenue	2.7%	6.0%	4.7%
Sale of Motor Vehicles	25.1%	37.7%	24.0%
Total Revenue	**100.0%**	**100.0%**	**100.0%**

Source: Management information.

(1) Other lease income consisted of: (i) revenue through purchase orders related to vehicles that were leased to customers post-contract expiration due to temporary extensions requested by the customer which are recorded separately as per the new ERP system; and (ii) additional charges to customers in relation to damages / early contract termination.

4.6.1.1 Long-Term Lease

(a) Long-Term Lease Offering

The Company provides tailored long-term lease solutions designed to address the specific mobility needs of corporate clients (primarily medium to large enterprises) and Government entities across the Kingdom. These leasing solutions offer significant financial advantages, operational efficiencies and strategic flexibility, allowing businesses to optimise fleet utilisation, reduce capital expenditure and enhance business continuity.

By offering customisable lease terms ranging from 24 to 60 months, the Company enables clients to align fleet commitments with operational cycles, project timelines and financial planning objectives. Each lease agreement is structured to cover all aspects of vehicle procurement, maintenance, insurance and compliance management, ensuring that clients benefit from hassle-free, fully managed fleet operations.

The predictable cost structure of the Company's long-term lease services ensures that clients can streamline budgeting, enhance financial stability and avoid the risks associated with vehicle depreciation and asset disposal. With fixed monthly payments covering essential fleet management services, clients can focus on core business and operational excellence without the complexities of vehicle ownership and administration. By integrating advanced fleet management technology, sustainability initiatives and personalised client support, the Company's long-term lease solutions play a role in enabling businesses to scale efficiently and maintain regulatory compliance.

(i) Structure and Flexibility of Leasing Solutions

The Company's long-term lease solutions are structured to provide flexibility, scalability and customisation, catering to the mobility requirements of corporate clients, Government entities and medium to large enterprises across the Kingdom. Through its adaptable leasing framework, the Company enables clients to optimise fleet utilisation, enhance financial planning and minimise operational risks associated with vehicle ownership. By offering fully managed long-term lease solutions, the Company ensures that its clients benefit from an efficient and cost-effective transportation strategy that aligns with their operational and financial objectives.

The Company has established itself as one of the leading providers of long-term lease solutions in the Kingdom, leveraging its nationwide branch network, extensive fleet and dedicated service infrastructure to meet the evolving demands of businesses across various sectors. The structured long-term lease approach ensures that clients benefit from a comprehensive package that integrates vehicle procurement, maintenance and fleet management services under a single agreement, providing them with operational continuity and financial stability.

Lease Terms and Customisation

To accommodate the diverse needs of its clients, the Company offers long-term lease structures with tailored contract durations, vehicle specifications and financial arrangements, allowing businesses to optimise their vehicle usage based on their operational cycles and financial planning strategies:

- **Flexible Lease Durations**: The Company provides long-term lease agreements with terms generally ranging from 24 to 60 months, ensuring alignment with clients' operational cycles, project requirements and financial planning considerations. Where necessary, extension options may be integrated into contracts to accommodate evolving business needs or extended project timelines. The flexibility of these long-term lease durations enables businesses to efficiently scale their fleet size without the burden of long-term capital commitments;
- **Customised Contract Structures**: long-term lease agreements are structured based on specific client requirements, allowing flexibility in vehicle selection, mileage limits, maintenance coverage and optional services such as insurance, driver provisions, fuel management solutions and telematics integration. These long-term lease contract structures are designed to provide clients with a tailored leasing experience that aligns with their strategic and financial objectives; and
- **Sector-Specific Lease Solutions**: The Company tailors long-term lease solutions to accommodate industry-specific requirements, ensuring that businesses in sectors such as logistics, construction, Government services and retail have access to vehicles that meet their operational needs. Whether for passenger transport, logistics support or executive mobility, the Company offers customised long-term lease solutions that integrate specialised vehicle configurations, including custom colours, internal and external cameras, reinforced suspension systems, oxygen tanks, modifications required for ambulances and emergency response vehicles, etc. Additionally, the Company provides branding options and ensures compliance with sector-specific regulatory standards.

Comprehensive Lease Management Services

The Company's long-term lease model encompasses a full-service approach, ensuring that clients benefit from seamless fleet management without the complexities associated with vehicle procurement, servicing and regulatory compliance. The Company's ability to handle the entire vehicle leasing lifecycle allows clients to operate their fleet efficiently, reducing downtime and ensuring fleet reliability:

- **End-to-End Fleet Management**: From vehicle acquisition and registration to daily operations, the Company oversees all aspects of long-term lease management, allowing clients to focus on their core business activities while ensuring continuous vehicle availability. The Company also offers fleet tracking and monitoring solutions through real-time GPS-based vehicle tracking systems, providing clients with enhanced visibility over their leased vehicles;
- **Scheduled Maintenance and Repairs**: All long-term lease vehicles undergo regular maintenance, inspections and repairs, carried out through the Company's in-house service centres and authorised third-party workshops, ensuring fleet reliability and compliance with operational safety standards. Maintenance schedules are proactively managed to minimise vehicle downtime, with clients receiving alerts for scheduled servicing, repairs and regulatory renewals;
- **Fleet Replacement and Disposal Strategy**: The Company follows a structured replacement and disposal process, ensuring that long-term lease vehicles exceeding five years or 150,000kilometres are either reassigned within the fleet, resold through the Company's used car showroom or disposed of through trade-in agreements. The resale strategy is designed to maximise asset value, ensuring that older long-term lease fleet vehicles are replaced with newer, more efficient models that align with evolving market demands; and
- **Accident and Breakdown Support**: The Company provides 24/7 roadside assistance for long-term lease vehicles, ensuring that clients experience minimal disruption in case of mechanical failures or accidents. The dedicated support team coordinates towing, repairs and insurance claims, streamlining the recovery process for clients.

Fixed Monthly Cost Structure

To enhance financial predictability for clients, the Company's long-term lease agreements operate under a structured fixed monthly payment model, which consolidates various fleet-related expenses into a single, predictable cost. This approach helps businesses streamline their financial planning while avoiding unexpected expenditures associated with vehicle ownership, depreciation and resale risks.

The fixed monthly payment, payable within one to three months, covers: (i) preventative and corrective maintenance, ensuring long-term lease vehicles remain in peak condition; (ii) comprehensive insurance coverage, protecting clients from financial liabilities associated with accidents and damages; (iii) roadside assistance and replacement vehicle services where applicable, minimising operational disruptions in the event of breakdowns or accidents; and (iv) regulatory compliance, including vehicle registration, periodic inspections and environmental compliance measures.

Technology-Driven Lease Management

To enhance the long-term lease experience, the Company has integrated modern digital fleet management tools, including CarPro and SAP Business One (SAP B1), enabling real-time monitoring, predictive maintenance scheduling and automated compliance tracking. The use of advanced fleet telematics allows clients to: (i) track long-term lease usage, location and performance metrics in real-time; (ii) receive automated alerts for maintenance, insurance renewals and contract milestones; and (iii) optimise fleet efficiency by analysing vehicle utilisation data and fuel consumption trends.

By integrating flexibility, cost efficiency, sustainability and technology-driven long-term lease management, the Company's long-term lease solutions provide clients with a comprehensive, value-driven approach to mobility management. These structured lease offerings ensure operational continuity, financial stability and regulatory compliance, reinforcing the Company's position as one of the leaders in the Kingdom's leasing market.

(ii) Advantages of Long-Term Lease

The Company's long-term lease solutions provide significant advantages across financial, operational and regulatory aspects, ensuring that clients benefit from a structured, cost-effective and strategically aligned fleet management approach. These benefits enable businesses to optimise asset utilisation, minimise risk and enhance operational efficiency while maintaining regulatory compliance.

Financial Benefits

The financial advantages of opting for a long-term lease with the Company include capital efficiency, predictable expenses and enhanced cost control:

- **Capital Conservation**: Leasing eliminates the need for substantial upfront capital investment in vehicle ownership, allowing businesses to allocate financial resources toward revenue-generating activities. Instead of tying up funds in depreciating assets, clients can leverage a long-term lease to preserve liquidity and maintain financial flexibility. The structured lease model also mitigates the risks associated with fluctuating residual values, reducing the impact of asset depreciation on financial statements; and
- **Predictable Monthly Expenditures**: Fixed monthly payments under a long-term lease simplify budgeting and financial planning, allowing businesses to forecast expenses with greater accuracy. By incorporating vehicle-related costs such as maintenance, insurance and roadside assistance into a single monthly fee, clients can avoid unexpected financial burdens and streamline expenditure management. This model ensures that companies benefit from stable, manageable cash flows, reducing financial uncertainty associated with vehicle ownership.

Operational Benefits

From an operational perspective, leasing through the Company provides businesses with increased efficiency, reduced administrative overhead and optimised fleet performance:

- **Reduction in Administrative Burden**: The Company assumes full responsibility for fleet management, covering vehicle procurement, servicing, documentation and compliance requirements. This eliminates the need for clients to establish dedicated fleet management teams, allowing them to focus on core business activities. Additionally, the Company's integrated service network ensures that leased vehicles are maintained at optimal performance levels without clients having to manage multiple service providers;
- **Fleet Scalability and Optimisation**: Long-term lease agreements offer clients the flexibility to scale their fleet based on operational demands. Whether expanding or reducing fleet size in response to project requirements, seasonal fluctuations or market conditions, businesses benefit from a dynamic and responsive leasing model; and
- **Risk Mitigation Against Depreciation and Disposal**: At the end of the lease term, vehicles are returned to the Company without clients having to manage resale processes or negotiate secondary market values. This eliminates exposure to residual value risks and ensures that clients consistently operate a modern and efficient fleet without concerns regarding vehicle obsolescence or resale depreciation.

Regulatory and Compliance Assurance

The Company ensures that all leased vehicles meet the latest regulatory and safety standards, alleviating compliance concerns for clients and enabling them to focus on their business objectives:

- **Compliance with Environmental and Safety Standards**: All vehicles leased by the Company are maintained in line with current environmental, emissions and safety regulations, ensuring that clients remain compliant with local and industry-specific requirements. Regular inspections and updates guarantee that fleets operate within regulatory frameworks, eliminating the need for clients to monitor and manage these obligations independently; and
- **Customisable Fleet Specifications for Industry-Specific Needs**: The Company provides leasing solutions tailored to sector-specific operational requirements, offering modifications for industries requiring enhanced safety, cargo configurations or accessibility adaptations. Whether for logistics, healthcare, utilities, security or construction, clients can customise their long-term lease agreements to align with sector-specific regulations, ensuring compliance with both operational and legal mandates.

By leveraging these financial, operational and regulatory advantages, the Company's long-term lease solutions support clients in achieving business efficiency, financial stability and fleet reliability, reinforcing its position as one of the leading providers of mobility solutions in the Kingdom.

(iii) Client-Centric Support and Technological Advancements

The Company is committed to delivering a client-first approach by integrating dedicated client support, tailored lease management and modern technology to optimise the long-term lease experience. By prioritising proactive client engagement and continuous technological innovation, the Company ensures that its leasing solutions align with evolving industry needs and client expectations.

Dedicated Client Support

The Company places a strong emphasis on personalised client service, ensuring that every long-term lease agreement is managed with precision, transparency and adaptability:

- **Personalised Service with Dedicated Account Management**: Each client is assigned a dedicated account manager who acts as the primary liaison throughout the lease period. This relationship-driven model ensures that all client queries, contract modifications and fleet management requests are handled efficiently. Account managers work closely with clients to understand their operational needs, monitor fleet performance and provide tailored recommendations to enhance cost efficiency and fleet utilisation. In addition, for large clients the Company offers end-to-end fleet management services, including allocating dedicated personnel based in clients' offices for efficient fleet management; and
- **Regular Client Engagements and Performance Reviews**: The Company conducts structured client interactions through scheduled meetings, performance assessments and feedback sessions to ensure that leasing services remain aligned with client expectations. This approach allows for proactive service adjustments, customisation of lease agreements and continuous optimisation of fleet operations. The Company's emphasis on long-term relationship management enhances client loyalty and ensures high lease renewal rates.

Integration of Modern Technologies

Recognising the growing impact of technological advancements in fleet management, the Company incorporates state-of-the-art vehicle technology, safety features and digital fleet management solutions into its long-term lease offerings:

- **Advanced Safety, Navigation and Operational Technologies**: The Company's leased vehicles are equipped with the latest Advanced Driver Assistance Systems (ADAS), real-time GPS tracking, remote diagnostics and telematics solutions, enhancing both driver safety and fleet efficiency. Clients benefit from real-time vehicle monitoring, automated alerts for maintenance and compliance and advanced security features such as collision prevention systems, lane departure warnings and emergency braking assist;
- **Digital Fleet Management and Predictive Analytics**: Through integrated fleet management platforms, the Company enables clients to track vehicle performance, monitor fuel efficiency and manage driver behaviour in real time. The use of predictive analytics enhances maintenance scheduling, reduces downtime and improves overall fleet productivity, ensuring seamless long-term lease operations; and
- **Customised Connectivity Solutions**: Clients can opt for fully integrated vehicle connectivity features, including Wi-Fi-enabled dashboards, remote fleet diagnostics and automated reporting systems, allowing for more efficient fleet coordination and data-driven decision-making.

Sustainability and Green Fleet Initiatives

Aligned with Saudi Vision 2030 and global trends in sustainable mobility, the Company has taken proactive steps to integrate fuel-efficient, hybrid and electric vehicles into its long-term lease portfolio. This initiative supports the transition toward low-emission transportation solutions while enabling clients to meet corporate sustainability targets and benefit from lower fuel and maintenance costs.

Key aspects of its commitment to green mobility include the following:

- **Hybrid and Electric Vehicle Integration**: The Company continuously evaluates and updates its long-term lease fleet composition to include the latest fuel-efficient models, hybrid vehicles and fully electric vehicle options, ensuring compliance with evolving environmental regulations. These options support corporate clients in reducing their carbon footprint while enhancing cost savings on fuel and maintenance;
- **Emission Monitoring and Green Fleet Advisory**: The Company assists clients in assessing and transitioning their fleets toward eco-friendly vehicle options, such as Euro 5 compliant vehicles, providing data-driven insights on fleet carbon footprints, alternative fuel adoption and regulatory compliance measures;
- **Eco-Friendly Fleet Lifecycle Management**: The Company ensures that leased vehicles undergo environmentally responsible disposal, refurbishment or resale processes at the end of the lease term, promoting sustainability across its fleet operations; and
- **Digital Fleet Management for Efficiency**: The Company invests in advanced fleet management technologies that enhance operational efficiency, reduce idle time and optimise fuel consumption, supporting businesses in minimising environmental impact while improving fleet performance.

By integrating sustainability-driven leasing solutions, innovative fleet management technologies and tailored green mobility strategies, the Company strengthens its position as one of the leading providers of efficient, cost-effective and environmentally responsible long-term lease services.

(iv) Strategic Impact of Long-Term Lease Services

The Company's long-term lease services are structured to address clients' immediate mobility needs and also to serve as a strategic enabler of business efficiency, operational resilience and financial flexibility. Through a well-integrated leasing model, the Company supports clients in reducing capital expenditure, enhancing fleet management capabilities and responding dynamically to market demands, ensuring that long-term lease solutions contribute meaningfully to business growth and competitive advantage.

The strategic benefits of long-term lease solutions extend beyond transportation, allowing clients to optimise resource allocation, scalability and operational continuity:

- **Focus on Core Business Functions**: By outsourcing fleet management, maintenance, compliance and insurance to the Company, clients eliminate the need for internal fleet administration and associated overhead costs. This allows businesses to concentrate on core operations and revenue-generating activities rather than fleet logistics, ensuring greater efficiency and productivity;
- **Scalability and Fleet Optimisation**: The flexibility of long-term lease solutions enables clients to scale their fleet size in response to project demands, seasonal fluctuations and market changes without the financial burden of asset ownership. Clients can expand or reduce their leased fleet without the complexities of asset disposal, ensuring that operational efficiency is maintained in both high-demand and low-demand periods; and
- **Operational Resilience and Risk Mitigation**: With a structured replacement strategy, leased vehicles are regularly upgraded, ensuring that clients benefit from a modern, fuel-efficient and regulation-compliant fleet without facing risks related to vehicle obsolescence or depreciation. The Company also provides business continuity support through replacement vehicles and emergency fleet solutions, ensuring minimal disruption to client operations in case of unexpected breakdowns or fleet adjustments.

By aligning financial efficiency, operational agility and long-term strategic impact, the Company's long-term lease services serve as a key enabler of business success, providing clients with the resources, flexibility and support necessary to thrive in an evolving market landscape.

(b) Lease Sale Channels

The Company employs a highly structured, data-driven and sector-specific approach to lease sales, ensuring strong market penetration, client retention and scalable fleet leasing solutions across corporate, medium to large enterprises and Government sectors. By leveraging specialised acquisition teams, advanced digital platforms and comprehensive market intelligence, the Company optimises leasing operations to secure high-value contracts, enhance client engagement and expand its presence in the Kingdom's vehicle leasing market.

The Company's lease portfolio, together with complementary short-term rental services, is designed to meet the evolving mobility demands of businesses while ensuring cost-efficient, scalable and fully managed fleet operations. These services are reinforced by a structured client acquisition strategy, a dedicated risk management framework and ongoing client engagement initiatives, ensuring the development of sustainable, long-term partnerships.

(i) Client Acquisition Strategies for Long-Term Lease Services

The Company has established sector-specific client acquisition strategies, ensuring efficient client targeting, competitive bidding and structured lease agreements that align with the business objectives of Government and Quasi-Government clients, and corporate clients.

Government and Quasi-Government Clients

The Company actively pursues Government and Quasi-Government leasing contracts through the Etimad platform, a critical channel for securing long-term public sector fleet agreements. By leveraging strategic bidding practices, regulatory compliance expertise and proactive contract management, the Company ensures that its fleet availability, financial targets and operational capabilities align with Government mobility requirements. This structured approach enhances the Company's ability to secure high-value leasing agreements and reinforce its role as a trusted fleet solutions provider in the Kingdom's public sector. The Company's Government leasing strategy is built on the following key components:

- **Strategic Bidding and Tender Participation**: The Company selects and pursues Government and Quasi-Government contracts strategically, ensuring that each bid aligns with fleet capacity, financial sustainability and long-term business growth objectives. The bidding process for Government clients only is through the Etimad portal, with the Company having qualified to use it. For Quasi-Government clients, the bidding is through their own portals. For both categories prioritising projects that match the Company's fleet capabilities and service standards. Additionally, the Company develops customised bidding proposals that ensure leasing agreements meet all regulatory, financial and service-level requirements mandated by Government authorities and Quasi-Government entities. By tailoring proposals to specific ministry and agency needs, the Company enhances its competitiveness in the public sector leasing market; and
- **Efficient Contract Execution and Compliance**: The Company maintains full compliance with Government leasing regulations, ensuring that contract execution is transparent, efficient and aligned with financial sustainability goals. The Company engages in structured contract negotiations, ensuring that tender conditions reflect operational feasibility and align with predefined financial frameworks. Additionally, the Company implements ongoing service-level monitoring, ensuring that all leased Government vehicles remain fully operational, safety-compliant and regularly maintained throughout the contract period. By proactively managing fleet performance, maintenance schedules and regulatory obligations, the Company ensures seamless contract execution and long-term client satisfaction.

In the financial years ended 31 December 2022G, 2023G and 2024G, the revenue from Government and Quasi-Government clients represented 79.8 per cent., 78.1 per cent. and 85.7 per cent., respectively, of the Company's total long-term lease revenue, including 48 per cent., 50 per cent. and 43 per cent. of the revenue from Government clients and 32 per cent., 28 per cent. and 43 per cent. of the revenue from Quasi-Government clients in the same periods.

Corporate Clients

For corporate clients, the Company follows a structured and multi-stage acquisition process, ensuring that potential clients are thoroughly vetted for financial stability, operational needs and long-term fleet viability. By implementing rigorous client selection criteria, tailored leasing proposals and cutting-edge fleet management solutions, the Company ensures that its corporate leasing services align with the business objectives, financial capacity and mobility requirements of each client. This approach is structured around the following key elements:

- **Pre-Qualified Client Selection**: The Company conducts an annual evaluation of potential corporate clients to develop a pre-approved target list. This selection process prioritises businesses with substantial leasing requirements, ensuring a focus on high-value, long-term agreements that enhance financial stability and revenue predictability. Fleet size requirements are also assessed to ensure that lease agreements are scaled efficiently to meet current and projected operational needs while avoiding fleet underutilisation or over-expansion. Additionally, the Company performs a comprehensive financial review, analysing credit history, revenue projections and operational viability to mitigate lease default risks and maintain a financially stable leasing portfolio;
- **Customised Proposals and Demonstrations**: To enhance client confidence and service alignment, the Company provides bespoke lease agreements tailored to the client's industry, fleet composition and operational requirements. These tailored contracts ensure that leasing structures align with business growth strategies, providing flexibility in fleet composition, maintenance and service inclusions. Additionally, the Company offers pilot leasing programmes, allowing clients to evaluate vehicle performance, service reliability and operational benefits before committing to long-term agreements. This approach ensures high client satisfaction and improved lease conversion rates, reinforcing the Company's reputation as a trusted mobility solutions provider; and
- **Technology-Enabled Fleet Management Solutions**: The Company integrates advanced fleet management technologies to enhance lease administration, vehicle tracking and operational efficiency. By leveraging CarPro and SAP B1 digital platforms, the Company enables real-time fleet monitoring, automated lease contract management and predictive cost analytics, streamlining client interactions and enhancing financial transparency. Additionally, the integration of IoT-enabled vehicle diagnostics and predictive maintenance tools

ensures that corporate fleets remain efficient, cost-effective and compliant with operational safety standards. These technologies support data-driven decision-making, proactive maintenance scheduling and improved cost control, enabling clients to optimise their leasing operations with real-time performance insights.

In the financial years ended 31 December 2022G, 2023G and 2024G, the revenue from corporate clients represented 52.0 per cent., 50.0 per cent. and 57.0 per cent., respectively, of the Company's total long-term lease revenue.

Through these targeted acquisition strategies, the Company strengthens its position as one of the leading providers of long-term lease solutions, securing high-value corporate, Government and Quasi-Government contracts that contribute to its sustainable growth and market position in the Kingdom's leasing sector.

(ii) Cross-Selling Opportunities and Additional Client Engagement Strategies

The Company actively leverages its long-term lease and short-term rental agreements to provide clients with a comprehensive, value-added mobility solution. By integrating flexible rental packages, industry-specific service enhancements and technology-driven client engagement models, the Company ensures that its offerings align with client operational needs and evolving business requirements. These cross-selling strategies not only enhance service flexibility and revenue diversification but also strengthen long-term client relationships across corporate, Government and medium to large enterprises sectors.

Cross-Selling Initiatives

To optimise fleet usage, increase client retention and expand revenue streams, the Company integrates short-term rental options, premium fleet services and auxiliary mobility solutions into its leasing agreements.

Integrated Lease and Rental Packages

Clients have the flexibility to combine long-term lease agreements with short-term rental solutions. This ensures business continuity, cost optimisation and fleet scalability. It is particularly beneficial for seasonal fleet expansion, allowing businesses to temporarily increase vehicle availability without long-term commitments. This ensures mobility during high-demand periods. It also supports corporate travel and executive mobility by providing premium rental options for business executives and temporary workforce mobility needs. Additionally, it enables project-based fleet scaling for companies that require short-term fleet augmentation for new contracts, temporary assignments or site-specific operations.

Customised Service Enhancements

To meet sector-specific leasing requirements, the Company offers a range of tailored service add-ons. For example, driver services allow businesses and Government entities to lease vehicles with professionally trained chauffeurs, enhancing operational convenience. GPS tracking and fleet monitoring integrate real-time vehicle tracking and analytics tools to improve fleet visibility, optimise route planning and reduce operational risks. Comprehensive insurance solutions ensure that all leased and rented vehicles are covered under a single, cost-effective insurance policy, reducing the administrative burden on clients. Premium vehicle upgrades provide executive and luxury fleet options for clients requiring high-end mobility solutions for senior management and VIP personnel.

Strong Client Engagement and Fleet Support During Lease Term

To ensure high lease renewal rates, client satisfaction and long-term service continuity, the Company has established a comprehensive engagement strategy during lease term focused on proactive fleet maintenance, accident management and seamless lease transitions.

Proactive Fleet Maintenance Programmes

The Company operates a comprehensive maintenance network designed to ensure high fleet uptime, regulatory compliance and operational efficiency. As of 31 December 2024G, the Company's maintenance infrastructure included nine in-house workshops strategically distributed across key locations, including one central in Riyadh and additional regional ones in Jeddah, Al-Khobar, Abha, Jalajil and Qassim, and 21 mobile service units moved across the Kingdom as required. This structure enables the Company to provide rapid vehicle servicing, preventive maintenance and emergency repairs, minimising downtime and enhancing fleet longevity.

Regular fleet inspections and scheduled servicing programmes are conducted across the Company's workshops to maintain peak operational performance and compliance with regulatory standards. Vehicles are subject to routine check-ups, oil and fluid changes, battery inspections and tyre replacements, ensuring optimal safety and reliability.

To further enhance service accessibility, the Company operates a fleet of mobile service units, allowing for on-site repairs and emergency maintenance at client locations. These mobile workshops are equipped to handle minor repairs, diagnostics and component replacements, ensuring minimal disruptions to client operations. In addition, 24/7 roadside assistance is available to support clients in the event of unexpected breakdowns, providing towing services, vehicle replacements and immediate technical support.

By integrating preventive maintenance, mobile servicing and emergency support, the Company ensures that its leased fleet remains fully functional, safe and compliant, reinforcing its commitment to delivering high-quality leasing solutions to corporate and Government clients across the Kingdom.

Accident and Claims Management

The Company provides comprehensive accident management services, ensuring that clients experience minimal disruption in the event of vehicle incidents. By streamlining insurance claims processing, repair coordination and vehicle replacements, the Company simplifies what can often be a complex and time-consuming process. Clients benefit from a fully managed claims handling system, where the Company liaises directly with insurance providers, expedites approvals and ensures that all necessary documentation is processed efficiently.

To minimise downtime, the Company offers expedited repair services through its network of in-house workshops and authorised third-party service providers. This ensures that accident-damaged vehicles are restored to operational condition as quickly as possible, reducing the impact on client business operations. The workshops are equipped to handle bodywork repairs, mechanical fixes and insurance-mandated inspections, ensuring that vehicles meet all regulatory and safety requirements before being returned to service.

Where necessary, the Company provides temporary replacement vehicles, allowing clients to maintain business continuity while repairs are being completed. This ensures that companies do not face operational setbacks due to vehicle unavailability, particularly in industries where fleet reliability is essential. Through this integrated accident and claims management framework, the Company enhances client convenience, mitigates risk and reinforces its commitment to providing uninterrupted mobility solutions.

Seamless End-of-Lease Transition and Fleet Renewal

As lease agreements approach expiration, the Company provides structured vehicle transition services to ensure a seamless shift for clients, minimising disruptions to their operations. The Company offers lease extension options, allowing clients to retain vehicles beyond the initial contract period under flexible renewal terms. This ensures that businesses can maintain continuity without the immediate need for fleet replacements, particularly in cases where projects or operational requirements extend beyond initial timelines.

To support fleet modernisation, the Company offers fleet renewal programmes, enabling clients to upgrade to newer models with enhanced efficiency, safety features and fuel economy. This process allows businesses to keep their fleets updated while maintaining financial flexibility and operational reliability.

The Company also conducts comprehensive vehicle inspections and refurbishment services as part of the end-of-lease process. Returning vehicles undergo detailed assessments, repairs and conditioning, ensuring that they meet resale or redeployment standards. This structured approach enhances fleet lifecycle value by maintaining vehicle performance, resale viability and compliance with safety and regulatory requirements. By integrating extension, renewal and resale options, the Company ensures that clients experience a smooth and efficient fleet transition, reinforcing its commitment to flexibility, service continuity and operational excellence.

By integrating cross-selling opportunities, digital fleet management solutions and industry-specific service enhancements, the Company strengthens its market position, enhances client retention and provides businesses with a highly adaptable, technology-driven leasing model. These initiatives not only support operational efficiency but also position the Company as a preferred mobility solutions provider across the Kingdom.

(iii) Client Management Strategies

The Company has implemented a structured client management framework that ensures seamless lease administration, efficient invoicing, transparent financial transactions and enhanced client engagement. Through advanced digital platforms, automated financial reporting and proactive fleet monitoring, the Company optimises client interactions, enhances service reliability and supports long-term business relationships.

Invoice and Receivable Management

The Company employs a centralised lease billing system, which integrates automated invoicing, credit assessment and real-time payment tracking, ensuring financial accuracy and efficiency in lease transactions. This system enhances cash flow management, mitigates credit risks and provides clients with seamless financial operations. The key components of the Company's financial management framework are:

- **Automated Invoicing and Credit Terms**: Lease invoices are generated on a monthly basis, with billing cycles tailored to corporate and Government client payment structures. The Company evaluates client creditworthiness before assigning credit terms, offering either a 30-day or 90-day credit period, depending on the client's financial history and leasing volume. Billing accuracy is ensured through SAP Business One (SAP B1), the Company's enterprise resource planning (ERP) system, which integrates lease data, payment schedules and receivables management; and
- **Predictive Financial Reporting and Risk Management**: The Company's financial monitoring system provides real-time tracking of outstanding receivables, enabling early identification of potential delays or defaults. Predictive analytics within SAP B1 assist in assessing future cash flows, outstanding balances and credit exposure, ensuring that lease agreements remain financially sustainable.

Digital Client Portals and Reporting Dashboards

The Company provides clients with access to digital portals and fleet reporting tools, offering real-time data on lease performance, vehicle usage and cost management. These technology-driven solutions enhance operational oversight, financial transparency and administrative efficiency, ensuring that clients can effectively manage their leasing agreements and optimise fleet utilisation. The key features of the Company's digital client management system are:

- **Fleet Performance Monitoring and Cost Analysis**: Clients can access fleet utilisation metrics, mileage tracking and fuel consumption data through the Company's CarPro fleet management system, ensuring optimal vehicle allocation and operational efficiency. Predictive maintenance alerts notify clients of upcoming service requirements, reducing vehicle downtime and optimising fleet longevity. Cost tracking dashboards enable businesses to monitor total lease expenditures, insurance costs and maintenance expenses, ensuring better financial planning and expense control; and
- **Automated Lease Administration and Contract Management**: Lease agreements, renewal notifications and service requests are managed through a secure digital client portal, reducing administrative burdens for corporate and Government clients. The portal facilitates electronic documentation, contract amendments and fleet expansion requests, streamlining lease administration processes and ensuring seamless contract execution.

By employing a structured client management approach that integrates advanced financial automation, digital reporting solutions and predictive fleet analytics, the Company ensures seamless lease operations, enhanced financial transparency and sustained client engagement. These initiatives reinforce market position, strengthen client retention and support long-term profitability in the Kingdom's leasing sector.

(c) Vehicle Leasing Clients Overview

The Company has developed a diverse and extensive portfolio of long-term lease and short-term rental clients across multiple industries within the Kingdom, serving both corporate and Government sectors. The Company's ability to provide customised leasing solutions, flexible fleet options and high service reliability has contributed to its strong market position and high lease renewal rates.

The Company's strategic focus on integrating advanced fleet management technology, expanding service capabilities and incorporating sustainability initiatives has enabled it to cater to the specific needs of various industries, including logistics, construction, healthcare, utilities and energy. The introduction of fuel-efficient, hybrid and electric vehicles into the fleet aligns with global sustainability objectives and client preferences for environmentally responsible mobility solutions.

(i) Client Segmentation

The Company has established itself as one of the leading providers of long-term lease and short-term rental services, catering to a diverse portfolio of clients across corporate, medium to large enterprises and Government sectors within the Kingdom. With a fleet of 15,620 vehicles as of 31 December 2024G, the Company strategically tailors its leasing solutions to meet industry-specific mobility needs, ensuring operational efficiency, cost-effectiveness and enhanced service reliability.

The Company segments its vehicle leasing clients based on fleet size and operational requirements, allowing for customised service offerings that align with business growth strategies, fleet optimisation needs and industry regulations:

- **Large Clients**: This category includes major corporations and Government entities with extensive operations across multiple regions, typically managing fleets exceeding 500 vehicles. The Company provides dedicated fleet management, strategic vehicle allocation and tailored contract structures to support their large-scale mobility needs. Large clients include multinational corporations, energy and infrastructure companies and Government institutions, where comprehensive lease agreements ensure access to fully managed fleets, routine maintenance and immediate vehicle replacements. The Company's integration of digital fleet management tools such as CarPro and SAP B1 allows these clients to monitor fleet performance, maintenance schedules and cost allocation in real time, optimising efficiency;
- **Mid-Size Clients**: This segment consists of medium-sized enterprises, Government entities, industrial service providers and regional business hubs, typically requiring fleets of 50 to 500 vehicles. The Company offers scalable leasing solutions with flexible contract durations, vehicle replacements and tailored financing options. These clients benefit from customised fleet expansion models, operational support and cost-controlled lease structures, ensuring that their mobility solutions remain adaptable to business cycles. Additionally, the Company provides mid-term leasing options, allowing businesses to adjust fleet size based on project demands, seasonal workforce expansion and operational growth; and
- **Small Clients**: This category consists of startups, small enterprises and local businesses with fleet requirements of fewer than 50 vehicles. The Company ensures cost-effective, adaptable leasing solutions, offering budget-friendly pricing models, easy lease terms and flexible upgrade options. Clients in this segment benefit from hassle-free fleet management services, simplified documentation and digital tracking tools, ensuring that they can manage operational logistics without the complexities of large-scale fleet administration. The Company's short-term rental offerings also provide a bridge for small businesses seeking temporary mobility solutions without long-term financial commitments.

(ii) Client-Centric Service Approach

The Company places client satisfaction at the core of its business strategy, ensuring that every aspect of its long-term lease and short-term rental services is designed to enhance client experience, maximise fleet efficiency and deliver consistent service quality. Through proactive client engagement, advanced fleet maintenance, sustainability initiatives and data-driven service enhancements, the Company has built a strong reputation for reliability and long-term partnerships with key clients across the Kingdom. The Company's commitment to client excellence is demonstrated through the following key initiatives:

- **Proactive Client Management**: The Company maintains dedicated client service teams for each client segment, ensuring that clients receive personalised support, immediate issue resolution and tailored service enhancements. Each corporate and Government client is assigned a dedicated account manager, responsible for fleet performance monitoring, contract optimisation and seamless service coordination. This structure supports long-term relationships based on transparency, operational reliability and high service availability;
- **Advanced Fleet Maintenance and Operational Excellence**: As of 31 December 2024G, the Company operated nine in-house maintenance workshops in Riyadh, Jeddah, Al-Khobar, Abha, Jalajil and Qassim, as well as 21 mobile service units providing on-site repairs and emergency assistance. These workshops are equipped with state-of-the-art diagnostic and repair tools, ensuring that the fleet remains operationally efficient, compliant with safety regulations and optimally maintained. The Company also collaborates with third-party maintenance providers such as Petromin Express for fluid and filter changes and Bin Shihon for battery and tyre replacements, ensuring comprehensive service coverage;
- **Sustainability and Fleet Innovation**: In alignment with global environmental sustainability goals, the Company has introduced hybrid and electric vehicles (EVs) into its fleet, catering to corporate and Government clients focused on reducing carbon emissions and operational fuel costs. Additionally, the Company implements regular vehicle emission testing, energy-efficient maintenance practices and fleet electrification strategies, ensuring that it remains one of the leaders in sustainable mobility solutions; and
- **Client Engagement and Service Enhancement**: The Company actively monitors client satisfaction metrics, collecting feedback through regular surveys, contract performance evaluations and digital service tracking. The integration of CarPro and SAP B1 fleet management systems enables clients to track fleet performance, receive predictive maintenance alerts and manage lease renewals digitally. These digital tools improve fleet cost transparency, enhance operational planning and streamline lease administration processes, reinforcing the Company's market position in vehicle leasing solutions.

Through these strategic initiatives, the Company continuously enhances its service offerings, fleet sustainability and client engagement strategies, ensuring that its leasing solutions remain competitive, adaptable and aligned with evolving market

demands. This commitment to client-centric mobility solutions, technological integration and sustainability-focused leasing models underscores the Company's long-term vision for leadership in the Kingdom's vehicle leasing sector.

(iii) Revenues from Long-Term Lease Clients

The Company's long-term lease segment is supported by a diverse portfolio of corporate and Government clients, including key entities across the utilities, telecommunications, municipal services and public sector organisations. These clients rely on the Company's leasing solutions for fleet management efficiency, cost optimisation and operational continuity. The portfolio includes large-scale enterprises and Government bodies, reflecting the Company's ability to secure long-term contracts and maintain strong client relationships in the Kingdom's vehicle leasing sector.

The following table provides the Company's revenues from its top five clients in the long-term vehicle leasing segment in the financial years ended 31 December 2022G, 2023G and 2024G.

Table 4.7: Revenues from Top Five Clients in the Long-Term Vehicle Leasing Segment in the Financial Years Ended 31 December 2022G, 2023G and 2024G

Client	Revenue (SAR Million)			% of Total Revenue		
	2022G	2023G	2024G	2022G	2023G	2024G
Client 1	9.5	14.6	74.5	3.9%	6.0%	23.0%
Client 2	47.1	40.6	39.4	19.7%	16.7%	12.1%
Client 3	-	-	21.1	-	-	6.5%
Client 4	-	15.1	23.9	-	6.2%	7.4%
Client 5	17.0	17.8	21.8	7.1%	7.3%	6.7%
Total	**73.6**	**88.1**	**180.7**	**30.7%**	**36.2%**	**55.7%**

Source: The Company.

The Company's ability to maintain contracts with high-profile corporate and Government entities underscores its competitive position in the Kingdom's vehicle leasing market. The strategic focus on long-term partnerships allows for stable revenue streams, predictable cash flows and operational scalability. Furthermore, the diversity of its client base across industries mitigates sector-specific risks, ensuring sustainable business growth.

See also Section 2.1.1 (*Risks Related to Concentration of Revenue in Long-Term Vehicle Leasing Segment*) for a discussion of client retention risks and revenue stability considerations.

(d) Existing Long-Term Lease Contracts

The Company's existing lease contracts form a critical component of its long-term revenue visibility, reflecting committed leasing agreements with corporate, medium to large enterprises and Government clients. These contracts provide predictable revenue streams, stable fleet utilisation and enhanced financial planning certainty. The Company's backlog—representing the accumulated value of active long-term lease agreements and newly signed contracts that have not yet commenced—is a key measure of business sustainability and growth potential.

The Company calculates its backlog valuation by subtracting from the total value of all long-term lease agreements already recognised long-term lease revenue, providing a representation of future lease income. This calculation includes new contracts, renewals and lease extensions but does not incorporate any revenues from short-term rental, vehicle disposals or resale transactions.

The Company also integrates fleet maintenance schedules and vehicle replacement cycles into its backlog management approach to ensure continued contract fulfilment and minimal operational disruptions. Proper fleet maintenance enhances contract continuity, ensuring that vehicles remain in service for the entirety of their lease term, while structured vehicle replacements allow for a seamless transition into renewed or newly signed contracts.

As of 31 December 2022G, 2023G and 2024G, the Company's backlog was valued at approximately SAR 1,066.2 million, SAR 1,123.7 million and SAR 1,212.8 million, respectively, covering 11,704, 13,630 and 14,973 leased vehicles during those periods. As of 31 December 2024G, the average remaining contracted period per vehicle stood at 2.5 years, reinforcing the Company's long-term revenue stability and client commitment.

The table below shows the residual value of the Company's existing contracts as of 31 December 2024G:

Table 4.8: Residual Value of the Company's Existing Contracts as of 31 December 2024G

SAR Million	2025G	2026G	2027G	2028G	2029G and Beyond
Clients in the Leasing Segment	417.6	324.8	270.9	166.8	32.7

Source: The Company.

The Company continuously optimises its backlog realisation strategy by ensuring that contracted vehicles are efficiently deployed, well-maintained and positioned for renewal, mitigating potential fluctuations in leasing demand while maximising fleet profitability.

(i) Backlog Risk Management and Mitigation Strategies

The Company's contracted backlog serves as a financial buffer against market uncertainties, as it provides an outlook on future lease revenues and fleet deployment commitments. A well-managed backlog helps the Company sustain operational stability, mitigate revenue volatility and support long-term strategic planning.

To strengthen backlog security and risk mitigation, the Company implements several key measures:

- **Diversified Client Portfolio**: The Company actively balances its leasing exposure across corporate, medium to large enterprises and Government sectors, ensuring broad market reach and minimised dependency on a single segment;
- **Optimised Fleet Utilisation**: The Company monitors lease expiration dates, vehicle rotation efficiency and client fleet expansion trends, ensuring fleet assets remain in high demand and effectively allocated;
- **Early Renewal and Lease Extension Policies**: Dedicated client engagement teams proactively negotiate renewals and contract extensions ahead of expiry, reducing the risk of contract non-renewals and fleet downtime; and
- **Contract Structuring and Financial Safeguards**: Lease agreements incorporate early termination penalties, client creditworthiness assessments and structured payment schedules, ensuring that financial risks related to default or non-renewal are mitigated.

Although early contract terminations and client defaults remain a potential risk, the Company's structured leasing framework, diversified client base and proactive renewal strategies enable it to maintain a high degree of backlog security.

For a detailed discussion of risks associated with contract backlog realisation and potential financial impacts, refer to Section 2.1.7 *(Risks Related to Calculation of Backlog of Existing Contracts*).

(ii) Lease Contract Renewals and Market Competitiveness

The Company's ability to maintain long-term leasing relationships reflects its strong client retention, operational reliability and strong position in the long-term lease market. Securing contract renewals is a critical factor in ensuring revenue stability and sustaining market competitiveness.

Key factors driving the Company's success in lease renewals include:

- **customised leasing solutions**, offering flexible contract terms, fleet upgrades and tailored service agreements to meet evolving client needs;
- **proactive client engagement**, with dedicated relationship managers working closely with clients to assess future fleet requirements and optimise renewal processes;
- **digital lease management integration**, leveraging CarPro and SAP B1 systems to provide real-time fleet tracking, automated renewal notifications and digital contract execution; and
- **fleet maintenance and service excellence**, ensuring that leased vehicles remain in optimal condition, minimising downtime and maximising client retention.

With ongoing investments in fleet expansion, service innovation and digital transformation, the Company is well-positioned to sustain its strong position in the long-term lease market and expand its long-term lease portfolio. By proactively managing its backlog, enhancing contract renewals and continuously improving its leasing portfolio, the Company reinforces its position as one of the leading providers of long-term lease solutions in the Kingdom.

(iii) Long-Term Lease Pricing

The pricing structure for long-term leases is influenced by multiple factors, ensuring that lease agreements align with market trends, operational costs and asset lifecycle management. The Company adopts a structured approach to pricing that incorporates fleet acquisition costs, customisation requirements, resale values and operational cost projections to offer competitive and sustainable lease agreements:

- **Fleet Purchase and Acquisition Costs**: The cost of acquiring vehicles plays a central role in determining lease pricing. The Company benefits from bulk purchase agreements with key suppliers, allowing for competitive procurement rates. These cost efficiencies are factored into lease pricing, ensuring affordability while maintaining profitability;
- **Vehicle Resale and Residual Value**: The projected resale value of leased vehicles at the end of their lease term is a key pricing determinant. The Company continuously evaluates market trends, depreciation rates and secondary market demand to optimise resale strategies. Vehicles with higher residual value enable lower lease pricing, making leasing more cost-effective for clients;
- **Customisation and Special Modifications**: Sector-specific lease agreements often require customised vehicle specifications, including reinforced suspensions, internal and external cameras, ambulance fittings and branded vehicle exteriors. Pricing reflects these modifications, ensuring that tailored solutions meet industry standards while maintaining cost efficiency;
- **Operational and Maintenance Costs**: The inclusion of maintenance, insurance and roadside assistance services in lease agreements impacts pricing. The Company factors in expected servicing costs, scheduled maintenance and risk coverage when structuring lease payments. Vehicles with higher anticipated maintenance requirements may have pricing adjustments to cover long-term service costs;
- **Lease Duration and Mileage Allowance**: Lease pricing varies based on contract duration and mileage caps. Longer lease terms typically benefit from lower monthly payments, while agreements with extended mileage allowances may have pricing adjustments to account for increased wear and tear; and
- **Market Demand and Competitive Benchmarking**: The Company regularly benchmarks lease pricing against industry standards and competitor offerings, ensuring that pricing remains competitive while reflecting market demand. Adjustments are made based on leasing trends, fleet availability and economic conditions affecting vehicle costs.

By integrating these factors into its lease pricing model, the Company ensures a balanced approach that supports financial sustainability while providing clients with cost-effective and value-driven leasing solutions.

4.6.1.2 Short-Term Rental

The Company's operations, although predominantly centred around long-term lease, include a strategically important short-term rental service. This aspect of the business, despite its smaller contribution to overall revenue, plays a crucial role in meeting the immediate mobility needs of a diverse clientele, complementing the long-term leasing operations effectively. The Company offers a wide range of rental cars to both retail customers and corporate clients through a network of 27 branches as of 31 December 2024G. Since its inception, the Company has been committed to addressing the diverse mobility needs of its clientele on a daily, weekly and monthly basis. In the financial years ended 31 December 2022G, 2023G and 2024G, the revenue from the short-term rental business segment represented 2.7 per cent., 6.0 per cent. and 4.7 per cent., respectively, of the Company's total revenue for the same period. As of 31 December 2024G, the car rental fleet consisted of 1,023 vehicles.

(a) Short-Term Rental Offering

The Company provides short-term rental services designed to meet the mobility needs of individual consumers and corporate clients. Through a nationwide branch network and a digitally integrated booking system, the Company ensures flexible, convenient and accessible rental solutions for clients across the Kingdom. The service is structured to accommodate short-term requirements, making it suitable for business travellers, expatriates, Government agencies and local residents needing temporary transportation solutions.

(i) Core Short-Term Rental Services

The Company's short-term rental services offer a wide range of vehicles with seamless client support, ensuring that clients receive customised mobility solutions that align with their specific transportation needs. The key features include:

- **Customisable Rental Periods**: Clients have the flexibility to choose rental durations ranging from daily and weekly to monthly agreements, allowing them to select the most cost-effective and convenient solution for their mobility needs. Businesses and frequent travellers benefit from discounted rates on extended rental contracts, providing long-term cost savings while maintaining fleet flexibility;
- **Diverse Vehicle Fleet**: The Company maintains an extensive selection of modern passenger and commercial vehicles, including fuel-efficient sedans, spacious SUVs and utility vans, ensuring that clients have access to the right vehicle for their intended use. Fleet options are regularly updated to include the latest models, providing clients with enhanced safety features, improved fuel economy and advanced in-car technology;
- **Comprehensive Service Inclusions**: Rental agreements are structured to simplify the client experience by including comprehensive maintenance, emergency roadside assistance, accident support and standard insurance coverage. These inclusions ensure that clients receive end-to-end mobility solutions without concerns about unexpected costs or vehicle maintenance responsibilities;
- **Strategic Fleet Distribution**: The Company strategically allocates vehicles across its rental branches based on demand analytics, seasonal trends and fleet utilisation metrics, ensuring that clients in major cities, business districts and transport hubs have reliable access to rental vehicles. This data-driven approach enhances fleet efficiency, reduces wait times and optimises the availability of vehicles based on client demand;
- **Short-Term Rentals for Long-Term Lease Clients**: The Company's short-term rental hubs support its long-term lease clients by providing temporary vehicle replacements in the event of scheduled maintenance, repairs or fleet transition periods. This ensures that corporate and Government clients experience minimal disruption to their operations, maintaining mobility continuity without the need for additional vehicle ownership costs.

To further enhance client convenience, the Company has introduced a direct vehicle delivery service, allowing clients to request on-demand vehicle drop-offs at their chosen locations. This service eliminates the need for clients to visit rental branches, making it especially beneficial for busy professionals, corporate clients and those requiring immediate transportation in urban areas.

(ii) Supplementary Services

In addition to its core rental offerings, the Company provides a range of value-added services designed to enhance flexibility, security and client convenience. These services ensure that clients have customised rental experiences that align with their specific needs, whether for business, leisure or specialised travel requirements, including the following:

- **Unlimited Mileage Plans**: Clients who require extensive travel coverage, including intercity or cross-country driving, can opt for unlimited mileage plans, ensuring that they are not restricted by daily mileage limits. This service is particularly advantageous for corporate clients, logistics providers and frequent travellers who require extended use without the concern of excess mileage fees;
- **Enhanced Insurance Packages**: The Company offers comprehensive insurance upgrades that reduce or eliminate deductible costs in the event of accidents, theft or vehicle damage, providing additional peace of mind for renters. These insurance packages cater to corporate clients seeking full risk mitigation, international travellers unfamiliar with local driving conditions and premium clients who prefer worry-free rentals;
- **Child Safety Features**: To accommodate families, the Company provides certified child safety seats, ensuring that parents can travel with compliant and properly fitted safety solutions. This service is in alignment with local and international road safety regulations, catering to families, expatriates and visitors travelling with young children;
- **Extended Rental Flexibility**: Clients can easily extend their rental periods without administrative hassle, ensuring that sudden changes in travel or business schedules do not disrupt mobility plans. This service is particularly useful for corporate clients managing fluctuating workforce mobility, expatriates transitioning between assignments and seasonal business travellers needing longer-term access to vehicles;
- **One-Way Rental Options**: The Company enables one-way rentals, allowing clients to pick up vehicles in one city and drop them off in another. This service is designed to accommodate cross-regional business travel, tourism and intercity relocation needs, ensuring that clients have greater flexibility without the inconvenience of returning vehicles to the original rental location;
- **Cross-Border Travel Permits**: Clients requiring regional mobility beyond the Kingdom's borders can access pre-approved cross-border documentation for travel to GCC countries and Jordan. This service ensures full

compliance with international road regulations, insurance coverage extensions and seamless border crossing processes, making it ideal for business professionals, diplomats and long-distance travellers; and

- **24/7 Roadside Assistance and On-Site Maintenance**: The Company provides round-the-clock roadside support, emergency breakdown assistance and mobile maintenance services, ensuring that clients receive immediate technical support wherever they are. These services cover battery replacements, tyre changes, towing and minor mechanical repairs, enhancing client confidence in the reliability of the Company's fleet.

These supplementary services reflect the Company's commitment to innovation and client-centric mobility solutions, ensuring that its short-term rental offerings remain competitive, adaptable and aligned with evolving consumer preferences.

(iii) Technology-Enabled Fleet Management and Digital Booking Solutions

The Company continuously invests in digital transformation to enhance fleet operations, client engagement and service efficiency. Through its integration of CarPro and SAP B1, the Company has developed a data-driven approach to fleet management and client service automation, providing a more seamless rental experience (for further details, see Section 4.6.6 (*Information Technology*)):

- **Automated Reservation and Booking Management**: Clients can reserve, modify and manage rental bookings online, ensuring a streamlined, contactless and paperless rental process. The digital reservation system allows for quick vehicle selection, instant price comparison and personalised rental recommendations based on previous usage patterns;
- **Fleet Optimisation and Vehicle Availability Monitoring**: The Company's fleet tracking and distribution system ensures that rental vehicles are allocated based on real-time demand data, reducing vehicle downtime and optimising fleet utilisation. This helps minimise excess inventory, reduce wait times and ensure high service efficiency across multiple locations; and
- **Client Data Management for Personalised Service**: The digital platform allows for real-time client engagement, preference tracking and automated billing, ensuring that each renter receives a tailored service experience. Clients can access exclusive corporate rental programmes and personalised contract renewal options, improving overall client satisfaction and retention.

By continuously investing in digital innovation, fleet management technology and client experience enhancements, the Company reinforces its market position in the Kingdom's short-term rental industry, ensuring that its rental services remain technologically advanced, client-focused and highly competitive.

(b) Short-Term Rental Retail Clients and Corporate Clients and Their Acquisition Methods

The Company's short-term rental services cater to retail clients and corporate clients, offering a range of flexible, technology-driven rental solutions that align with diverse mobility needs. The segmentation of these client groups enables tailored service offerings, ensuring efficient fleet utilisation, strategic pricing models and enhanced client experience.

Retail clients accounted for 91.0 per cent., 96.0 per cent. and 99.0 per cent. of short-term rental revenue in the financial years ended 31 December 2022G, 2023G and 2024G, respectively. Corporate clients represented nine per cent., four per cent. and one per cent. of short-term rental revenue over the same period.

(i) Retail Clients

Client Profile and Rental Demand

Retail clients include individual renters seeking vehicles for business travel, leisure trips or personal mobility solutions. This segment consists of local residents, expatriates and tourists, each requiring different levels of rental flexibility, service customisation and pricing options.

The Company's strategically located 27 short-term rental branches as of 31 December 2024G across the Central, Western, Eastern, Northern and Southern regions of the Kingdom ensure accessibility to key urban hubs, business districts and residential zones, capturing a broad market of renters. The absence of airport locations positions the Company's network as one of the leading providers of city-based rental services, catering to clients preferring centrally located, easily accessible branches.

Branch Network and Service Efficiency

The Company's physical rental network plays a critical role in client acquisition, fleet deployment and service convenience. Each branch is strategically supervised by regional managers, ensuring standardised service quality, fleet readiness and compliance with operational protocols. The network is designed to enhance operational efficiency, optimise fleet utilisation and improve overall client satisfaction through key service enhancements:

- **Real-time Fleet Management and Availability**: The CarPro fleet management system enables real-time tracking of vehicle inventory, ensuring optimal allocation of vehicles based on rental demand, availability and maintenance schedules;
- **Rapid Vehicle Turnaround**: By integrating automated vehicle check-in/check-out systems, the Company has significantly reduced wait times, ensuring efficient vehicle handovers, streamlined return procedures and minimised administrative processing; and
- **Client Service Standardisation**: Dedicated regional oversight ensures uniform service protocols, reducing client complaints, improving issue resolution and strengthening long-term client relationships.

Digital Booking and Online Engagement

The Company has developed a robust digital rental platform, integrating its website (www.cherry.com.sa) and mobile application, both of which are available in Arabic and English. These platforms enhance rental accessibility, facilitate seamless bookings and improve client convenience. The platform offers several key features designed to streamline the rental process and enhance user experience:

- **Automated Reservation and Booking Management**: Clients can reserve, modify and manage their rentals online, ensuring a contactless and efficient rental process. The system enables quick vehicle selection, instant price comparisons and AI-powered rental recommendations based on previous usage trends;
- **Paperless Contracting and Digital Payments**: Digital document uploads and electronic payment gateways reduce the need for physical paperwork, improving transaction security and processing efficiency; and
- **Online Client Support and Service Integration**: The platform provides real-time access to rental invoices, contract history and service updates, ensuring full transparency in rental transactions.

Service Expansion and Client Retention

The Company continuously enhances its retail rental offerings, aligning with client preferences through personalised discounts and targeted digital engagement strategies. These initiatives are designed to improve client retention, enhance service satisfaction and strengthen long-term relationships with renters:

- **Premium Rental Options**: The Company offers exclusive access to newer model vehicles, priority servicing and flexible mileage packages, catering to high-value clients seeking enhanced rental experiences; and
- **Satisfaction-driven Retention Strategies**: Continuous feedback collection, client reviews and real-time service enhancements ensure that the Company maintains a strong renewal rate among retail renters, continuously improving its short-term rental offerings.

The Company expects digital channels to account for an increasing share of reservations, aligning with broader trends in the Kingdom's digital transformation and the evolving preferences of tech-savvy clients.

(ii) Corporate Clients

Business Rental Solutions and Key Client Segments

Corporate clients include a diverse range of businesses, from multinational corporations and Government agencies to local enterprises. The Company offers customised rental agreements, ensuring that businesses can manage workforce mobility, executive transport and project-based vehicle needs effectively.

Direct Relationship Management and B2B Engagement

The Company employs a highly structured corporate acquisition model, focused on relationship-driven client engagement, direct account management and tailored rental solutions:

- **Dedicated Corporate Account Managers**: Each corporate client is assigned a relationship manager, responsible for fleet performance monitoring, contract adjustments and proactive service coordination;
- **Monthly Invoicing and Credit Facilities**: The Company offers flexible credit terms (30-day or 90-day payment cycles) based on client creditworthiness, ensuring businesses can optimise cash flow while maintaining fleet operations; and
- **Business-Specific Rental Packages**: Corporate agreements include custom fleet allocations, dedicated support teams and operational flexibility, tailored to industry-specific mobility requirements.

Digital Fleet Management and Enterprise Solutions

To streamline corporate client engagement, the Company integrates CarPro's enterprise fleet management system, allowing businesses to digitally track vehicle usage, monitor rental costs and schedule fleet renewals. This system enhances operational efficiency and ensures seamless fleet management through the following key features:

- **Real-time Fleet Utilisation Analytics**: Companies receive custom dashboards with usage insights, mileage reports and predictive maintenance alerts, enabling data-driven fleet management and optimised vehicle allocation;
- **Automated Contract Renewals and Fleet Expansion Support**: The system facilitates seamless contract extensions, fleet additions and real-time vehicle allocation adjustments, ensuring that businesses can scale their mobility solutions efficiently without disruptions; and
- **Secure Digital Access and Remote Account Management**: Corporate clients can approve rental extensions, modify fleet allocations and access detailed expenditure reports via a secure portal, reducing administrative overhead and improving financial transparency.

Strategic Growth and Corporate Partnership Expansion

The Company continues to expand its corporate rental portfolio, leveraging long-term B2B contracts, strategic fleet investments and targeted client acquisition initiatives. This approach strengthens the Company's ability to provide tailored mobility solutions while ensuring long-term partnerships with corporate clients:

- **Industry-Specific Fleet Solutions**: The Company has developed customised rental packages for logistics, Government, oil & gas and financial services sectors, ensuring that clients receive bespoke mobility solutions aligned with industry requirements;
- **Strategic Corporate Alliances**: By securing high-profile clients and enterprise contracts, the Company enhances its market presence and reputation within the Kingdom's corporate sector, reinforcing its position as a preferred provider for business mobility; and
- **Technology-Driven Competitive Edge**: The Company's commitment to fleet automation, AI-powered pricing strategies and predictive maintenance analytics ensures that corporate clients benefit from cost efficiency, optimised fleet availability and seamless service experiences.

Through these strategic initiatives, the Company reinforces its position as one of the leading providers of short-term rental services, ensuring that both retail and corporate clients receive highly tailored, technology-driven mobility solutions.

(c) Short-Term Rental Pricing

The Company has implemented a dynamic pricing model for its short-term rental services, designed to balance market competitiveness, client affordability and financial sustainability. The pricing strategy is governed by a structured pricing policy, which incorporates market demand trends, operational costs, seasonal factors and client segmentation to ensure that rental rates remain optimally positioned within the Kingdom's competitive vehicle rental market.

The Company's pricing structure for short-term rental services is reviewed periodically by the Pricing Committee, ensuring that rental rates reflect real-time market conditions, cost fluctuations and evolving client expectations. This model enables the Company to offer flexible, client-centric pricing options, allowing it to maintain market position and financial sustainability.

The pricing strategy incorporates the following elements:

- **Market Demand Analysis**: The Company continuously evaluates market trends, client preferences and seasonal fluctuations, allowing for timely price adjustments based on anticipated demand surges or slow periods. This ensures that rental pricing remains competitive while maximising revenue potential;
- **Client Segmentation and Pricing Tiers**: The Company employs a tiered pricing structure, with separate rate bands for retail clients and corporate clients, ensuring that each segment receives a cost-effective and tailored rental experience;
- **Operational Cost Considerations**: The pricing model accounts for key cost components, including fleet depreciation, maintenance costs, insurance expenses, financing charges and administrative overheads, ensuring that rental rates support profitable operations; and
- **Competitor Benchmarking**: The Company monitors pricing strategies of local and international vehicle rental operators, ensuring that its rates remain aligned with market trends while maintaining a competitive edge in the Kingdom's car rental industry.

(i) Retail Client Pricing Strategy

For retail clients, the Company's pricing structure is designed to be responsive to consumer demand fluctuations, ensuring that pricing remains attractive while maintaining profitability. The pricing model for individual renters is reviewed annually, with adjustments made in response to market conditions, cost trends and client feedback.

The retail pricing strategy incorporates various dynamic factors:

- **Flexible Rental Periods**: The Company offers daily, weekly and monthly rental packages, allowing clients to choose rental durations that best suit their travel needs. Pricing adjustments are applied to longer-term rentals, incentivising clients to opt for extended durations;
- **Seasonal Adjustments and Promotions**: The Company implements special pricing strategies during peak demand periods, such as Ramadan, school holidays and major local festivals. Promotional campaigns, including discounted rental packages and extended mileage allowances, help drive client engagement and maximise fleet utilisation; and
- **Weekend and Off-Peak Discounts**: To boost demand during non-peak periods, the Company offers weekend promotions and lower weekday rates, ensuring that rental demand remains consistent across different timeframes.

(ii) Corporate Client Pricing Strategy

For corporate clients, the Company's pricing framework is structured to provide cost-effective, car rental solutions, catering to business travel, project-based mobility and fleet outsourcing requirements. The pricing strategy is customised based on corporate client engagement levels, fleet size requirements and contract duration.

The corporate pricing model includes the following tailored benefits:

- **Volume-Based Discounts**: Corporate clients benefit from tiered discounting structures, where higher transaction volumes result in preferential rates. Businesses with large-scale rental needs receive greater pricing incentives, aligning rental expenses with budgetary requirements;
- **Long-Term Engagement Incentives**: The Company offers discounted rates for long-term corporate agreements, ensuring that clients with recurring rental needs receive cost-efficient mobility solutions;
- **Fleet Customisation and Flexible Rental Terms**: Corporate clients enjoy customised rental terms, allowing for fleet adjustments based on seasonal or project-specific demands, ensuring optimal fleet scalability; and
- **Integrated Billing and Financial Flexibility**: The Company provides centralised invoicing, credit facilities and digital payment integrations, allowing corporate clients to streamline financial processes and manage rental expenses efficiently.

(iii) Fleet Utilisation and Revenue Optimisation

The Company's short-term rental services play a strategic role in its fleet optimisation strategy, ensuring that vehicles generate revenue across different utilisation cycles. By leveraging data-driven fleet allocation models, the Company ensures that vehicles remain operationally productive, even during off-peak leasing cycles.

The Company implements a comprehensive fleet management strategy, ensuring that rental vehicles are allocated efficiently:

- **Maximising Off-Peak Fleet Utilisation**: The Company strategically deploys available rental vehicles among its various car rental branches during periods of low corporate leasing demand, ensuring that fleet productivity remains high;
- **Optimised Vehicle Rotation and Depreciation Management**: By cycling fleet assets through both short-term rentals and long-term leases, the Company maintains an efficient balance between vehicle depreciation and revenue generation;
- **Rental Pricing Integration with Fleet Lifespan Management**: The Company's rental pricing structure accounts for vehicle age, mileage and residual value depreciation, ensuring that rental pricing aligns with fleet sustainability objectives; and
- **Enhanced Profitability Through Digital Pricing Adjustments**: The Company employs real-time pricing adjustments, allowing for immediate response to shifts in rental demand, fleet availability and seasonal utilisation trends.

(iv) Strategic Importance of Dynamic Pricing

The adaptability of the Company's pricing model plays a critical role in ensuring that rental services remain competitive while supporting long-term business sustainability. The Company's dynamic pricing strategy allows it to continuously optimise revenue streams, respond to market shifts and enhance client satisfaction.

The pricing strategy is continuously refined, ensuring that the Company remains at the forefront of the Kingdom's evolving car rental sector. By integrating client feedback, operational cost analysis and competitive benchmarking, the Company ensures that its short-term rental pricing structure remains optimised for sustainable profitability and maintaining its market position.

For a discussion of certain risks related to cost estimation for rental pricing, see Section 2.1.6 (*Risks Related to Inaccurate Estimate of Costs for Pricing Long-Term Vehicle Lease and Short-Term Car Rental Offerings*).

4.6.1.3 Sales of Motor Vehicles

The Company exclusively sells used vehicles from its own fleet and does not engage in third-party vehicle sales. The vehicles sold under this segment originate from both long-term lease and short-term rental operations, ensuring a steady flow of decommissioned vehicles ready for resale. Vehicles from the long-term lease business are typically sold upon lease expiration, which generally occurs after 24 to 60 months, while vehicles from the short-term rental business are sold after completing their rental lifecycle, usually within three years to ensure a modern fell for short-term rental operations.

In the financial years ended 31 December 2022G, 2023G and 2024G, the Company sold 1,622, 3,356 and 3,052 vehicles, respectively, with revenues from the sales of motor vehicles representing 25.0 per cent., 38.0 per cent. and 24.0 per cent. of total revenue in those respective periods.

(a) Fleet Quality and Residual Value Management

The Company maintains a high-quality fleet disposal strategy, ensuring that vehicles meet stringent resale standards, thereby preserving residual value and maximising market appeal. A structured vehicle maintenance programme and proactive fleet renewal approach allow the Company to sell vehicles that are in optimal mechanical and aesthetic condition, ensuring a competitive position in the used vehicle market.

Each vehicle designated for sale undergoes a comprehensive inspection process, which assesses mechanical systems, electronic components, exterior condition and interior features. Vehicles requiring minor repairs to enhance resale value are refurbished, while those with cosmetic or mechanical defects that do not justify repair costs are sold with full disclosure of their condition.

The Company applies a data-driven pricing model that evaluates multiple factors, including brand, model, vehicle age, mileage, market demand and prevailing used car trends. By leveraging market analytics and fleet performance data, the Company dynamically adjusts inventory and pricing strategies to align with client demand and market fluctuations, ensuring an efficient and profitable sales process.

(b) Breakdown of Vehicles Sold

The following table provides an overview of the vehicles sold by manufacturing company in the financial years ended 31 December 2022G, 2023G and 2024G:

Table 4.9: Overview of the Vehicles Sold by Manufacturing Company in the Financial Years Ended 31 December 2022G, 2023G and 2024G

Vehicles Sold by Manufacturing Company in The Financial Years Ended 31 December 2022G, 2023G and 2024G			
Vehicle Manufacturing Company	**Range 2022G (% of Fleet Vehicles)**	**Range 2023G (% of Fleet Vehicles)**	**Range 2024G (% of Fleet Vehicles)**
Toyota	8.0%	6.0%	7.0%
Nissan	1.0%	1.0%	3.0%
Isuzu	7.0%	21.0%	11.0%
Mitsubishi	1.0%	1.0%	1.0%
Hyundai	-	-	-
Chevrolet	8.0%	6.0%	9.0%

Vehicles Sold by Manufacturing Company in The Financial Years Ended 31 December 2022G, 2023G and 2024G			
Vehicle Manufacturing Company	Range 2022G (% of Fleet Vehicles)	Range 2023G (% of Fleet Vehicles)	Range 2024G (% of Fleet Vehicles)
Kia	4.0%	3.0%	3.0%
Peugeot	23.0%	7.0%	4.0%
GMC	15.0%	11.0%	10.0%
Fiat	8.0%	5.0%	8.0%
Renault	1.0%	4.0%	4.0%
Ford	-	5.0%	5.0%
Dodge	14.0%	-	1.0%
Others	11.0%	31.0%	34.0%

Source: The Company.

(c) Sale Channels for Used Vehicles

The Company employs a diverse sales strategy, ensuring that its used vehicles reach a broad client base through multiple sales channels. This approach allows the Company to maximise resale value, increase transaction efficiency and reach a variety of client segments. The key sales channels include:

- Direct Sales Through Showroom: The Company operates a dedicated showroom in Riyadh, allowing clients to inspect, test drive and purchase used vehicles. The showroom provides an in-person experience for clients who prefer physical vehicle inspections before purchase, making it a critical channel for retail sales; and
- Wholesale Bidding Process: The Company occasionally disposes of vehicles through wholesale channels and competitive bidding processes, enabling it to efficiently offload large vehicle batches to dealerships, used car traders and institutional buyers. These sale channels are structured to ensure competitive pricing and accelerated sales turnover.

Each of these sales channels is supported by targeted marketing strategies, competitive pricing models and flexible financing options, allowing the Company to optimise used vehicle sales and strengthen its presence in the Kingdom's secondary vehicle market. See also Section 2.1.9 (*Risks Related to Cyclicality in Sale of Vehicles Upon Retirement*) for a discussion of certain risks associated with used vehicle sales and fleet disposals.

4.6.2 Fleet

The Company manages a diverse and well-maintained fleet of lease, rental and service vehicles, ensuring that they remain in optimal condition through stringent maintenance routines and a proactive fleet renewal strategy. This structured approach is designed to align with evolving market demands and client preferences, enabling the Company to sustain its competitive edge in the vehicle rental and leasing market.

The Company employs a multi-tiered maintenance framework, integrating in-house service centres, mobile workshops and strategic third-party partnerships to uphold high service reliability and operational efficiency. Each vehicle undergoes rigorous safety and performance assessments, ensuring compliance with manufacturer standards and regulatory requirements.

The fleet renewal strategy is implemented through continuous monitoring of fleet utilisation, demand patterns and residual value trends. The Company ensures timely fleet updates, integrating new models equipped with advanced safety features, enhanced fuel efficiency and compliance with emerging environmental standards. The structured renewal cycle allows the Company to maintain a modern, cost-efficient and high-quality fleet, appealing to both new and existing clients.

This dynamic and technology-driven approach reinforces the Company's position as one of the leading providers in the Kingdom's competitive vehicle rental and leasing landscape, ensuring long-term growth, client satisfaction and operational excellence.

4.6.2.1 Fleet Composition

As of 31 December 2024G, the Company's fleet comprised 15,620 vehicles, supporting its core business segments of long-term lease and short-term rental, as well as an essential service fleet for operational support. The fleet is strategically structured to ensure optimal utilisation, high service quality and strong residual value management, reinforcing the Company's position as one of the leading mobility solutions providers in the Kingdom.

(a) Long-Term Lease Fleet Composition

The Company's long-term lease fleet is designed to meet the diverse needs of corporate clients and Government entities, offering a range of vehicles selected for durability, reliability and cost efficiency. Clients benefit from a comprehensive leasing package, including maintenance, insurance, fleet management and vehicle replacement services, allowing them to optimise their transportation solutions without capital expenditures.

The Company's fleet selection process prioritises vehicle quality, safety and total lifecycle value, ensuring that lease vehicles maintain high resale value upon disposal. As of 31 December 2024G, the lease fleet comprised 14,597 vehicles, serving over 187 clients across utilities, telecommunications, municipal services and public sector organisations. The Company's fleet expansion strategy focuses on sustained growth, technological advancements and client-driven service enhancements. The fleet is continually updated to integrate newer, more efficient models that align with corporate sustainability goals and cost-saving objectives.

To further enhance operational efficiency, the Company incorporates real-time monitoring systems that track vehicle usage, fuel consumption and maintenance schedules. This ensures that all lease vehicles operate at peak performance levels, reducing unexpected downtime and improving overall client satisfaction. Additionally, the Company's dedicated client support teams work closely with clients to tailor lease agreements that align with their operational requirements, ensuring flexibility and cost-effectiveness.

(b) Short-Term Rental Fleet Composition

The Company's short-term rental fleet is optimised to provide flexibility, accessibility and high service standards for individual and corporate clients. The fleet is structured to cater to various client preferences, ensuring availability across economy, mid-range and premium vehicle categories.

A key feature of the short-term rental fleet strategy is maintaining a modern vehicle lineup, with all vehicles replaced after three years of service to enhance client satisfaction, safety and resale value. The Company continuously evaluates fleet composition and demand trends to ensure optimal vehicle allocation across its branch network.

As of 31 December 2024G, the short-term rental fleet comprised 1,023 vehicles. To ensure seamless operations, the Company integrates digital tracking tools, which provide real-time data on fleet utilisation and maintenance requirements. This approach enhances overall efficiency and helps maintain an updated fleet that aligns with client demand and industry trends.

The Company also actively engages in partnership agreements with ride-hailing and mobility service providers, expanding the utilisation of its rental fleet beyond traditional client bases. This allows for higher fleet turnover rates, ensuring that vehicles are efficiently rotated and revenue generation is maximised.

(c) Service Fleet Composition

The Company maintains a dedicated service fleet to support its leasing and rental operations, ensuring seamless vehicle maintenance, emergency roadside assistance and operational logistics. This fleet includes towing vehicles, mobile service units, road assist vans and staff transportation vehicles, strategically deployed across the Kingdom to enhance service efficiency and minimise downtime.

As of 31 December 2024G, the service fleet consisted of 54 vehicles. The service fleet's role includes:

- **Roadside Assistance and Vehicle Recovery**: Ensuring leased and rented vehicles receive prompt support in case of breakdowns or accidents;
- **Mobile Maintenance Units**: Conducting on-site repairs and preventive servicing to reduce vehicle downtime;
- **Fleet Logistics Support**: Facilitating vehicle delivery, replacement and redistribution across operational locations; and
- **Staff Transportation**: Enhancing internal operational efficiency by supporting on-ground service teams.

By continuously investing in its service fleet infrastructure, the Company strengthens its commitment to client satisfaction, fleet reliability and operational excellence.

4.6.2.2 Purchases of Fleet Vehicles

The Company follows a structured and strategic procurement approach for fleet acquisitions, ensuring that both long-term lease and short-term rental operations remain efficient, cost-effective and aligned with evolving market trends. Fleet purchases are based on comprehensive demand assessments, incorporating client preferences, industry trends, manufacturer production cycles and total cost of ownership. This structured approach ensures that the fleet remains modern, diverse and operationally optimised.

The acquisition strategy for short-term rental vehicles is based on a rolling replacement model, with vehicles generally retained for 24 to 60 months for the long-term lease business and three years short-term rental business before being phased out and sold through the Company's used vehicle sales channels. This model ensures that rental clients have access to new, well-maintained and fuel-efficient vehicles, enhancing both client satisfaction and resale value retention. Seasonal fluctuations in demand, such as increased rental activity during holiday periods and peak tourism seasons, are also factored into the purchasing cycle to maintain optimal fleet availability.

For long-term lease, fleet purchases are primarily client-driven, ensuring that each vehicle meets the specific needs and technical requirements of leasing clients. The Company collaborates with corporate clients and Government entities to customise fleet orders, taking into account vehicle type, specifications, operational requirements and contractual duration. By doing so, the Company minimises idle fleet inventory, maximises asset utilisation and enhances cost efficiency.

(a) Fleet Selection Criteria and Supplier Engagement

The Company selects fleet vehicles based on a rigorous evaluation process, incorporating key factors such as:

- **Reliability and Durability**: It is ensuring that vehicles perform efficiently under extended use conditions, are built with superior engineering and withstand varying operational demands over time, reducing downtime and improving fleet longevity. This approach ensures that the vehicles remain operationally sound for an extended period, minimising unforeseen maintenance issues and optimising fleet productivity;
- **Maintenance and Operating Costs**: It is optimising fleet expenditures by prioritising vehicles with low service costs and high fuel efficiency, ensuring that repair expenses are minimal, operational efficiency remains high and vehicles maintain peak performance across their lifecycle. By reducing unnecessary costs, the Company enhances overall profitability and maintains a financially sustainable fleet;
- **Manufacturer Warranty and After-Sales Support**: It is selecting vehicles backed by strong warranties and manufacturer servicing agreements, ensuring that clients benefit from comprehensive coverage, access to certified service centres and minimised costs associated with unexpected repairs and maintenance. This guarantees that vehicles remain in peak condition with manufacturer-backed service support, reducing total ownership costs;
- **Residual Value Retention**: It is purchasing vehicles with strong resale potential to enhance profitability upon fleet disposal, ensuring that depreciation is effectively managed, resale revenues are maximised and fleet renewal cycles are optimally aligned with market demand. A structured resale strategy ensures that vehicles are sold at the right time to extract maximum residual value, supporting overall fleet investment returns; and
- **Regulatory Compliance**: It is ensuring adherence to national regulations, including emissions standards and road safety requirements, verifying that all fleet acquisitions align with Governmental policies, environmental sustainability goals and industry best practices to support long-term operational viability. By complying with the latest safety and environmental guidelines, the Company ensures that its fleet remains legally compliant and socially responsible.

The Company works closely with leading global and regional automobile manufacturers, negotiating bulk purchase agreements and preferential pricing structures to optimise procurement costs. Supplier agreements include fixed-price contracts, fleet priority allocations and tailored financing options, ensuring the Company benefits from cost efficiencies and uninterrupted vehicle availability.

(b) Fleet Composition and Expansion Strategy

As of 31 December 2024G, the Company's combined operational fleet for long-term lease and short-term rental consisted of 15,620 vehicles. Fleet expansion is planned and executed based on forecasted market demand, contractual commitments and operational efficiency metrics.

The following table provides an overview of the overall fleet mix by make as of 31 December 2022G, 2023G and 2024G:

Table 4.10: Overview of the Overall Fleet Mix by Make as of 31 December 2022G, 2023G and 2024G

Brand	2022G (%)	2023G (%)	2024G (%)
Toyota	42.0%	40.0%	46.0%
Nissan	9.0%	12.0%	10.0%
Isuzu	3.0%	12.0%	11.0%
Mitsubishi	10.0%	6.0%	7.0%
Hyundai	7.0%	7.0%	5.0%
Chevrolet	6.0%	6.0%	5.0%
Kia	3.0%	6.0%	5.0%
Peugeot	4.0%	3.0%	2.0%
GMC	1.0%	1.0%	2.0%
Fiat	9.0%	3.0%	-
Renault	1.0%	2.0%	1.0%
Ford	1.0%	1.0%	2.0%
Dodge	1.0%	1.0%	-
Others	4.0%	3.0%	3.0%

Source: The Company.

The Company maintains a structured fleet renewal strategy, ensuring that its long-term lease and short-term rental operations are supported by a modern and well-maintained fleet. This strategy involves a continuous cycle of vehicle acquisitions and disposals to optimise fleet efficiency, minimise maintenance costs and align with evolving market demand. As part of this approach, the Company strategically phases out older models while integrating newer vehicles with improved fuel efficiency, safety features and operational reliability.

The following table provides an overview of the fleet composition by manufacturing year as of 31 December 2022G, 2023G and 2024G. The data illustrates the transition towards a newer fleet, with an increasing proportion of recently manufactured vehicles replacing older units:

Table 4.11: Fleet by Make Year as of 31 December 2022G, 2023G and 2024G

Make Year (in '000)	A of 31 December		
	2022G	2023G	2024G
2016G and below	847	786	467
2017G	609	317	40
2018G	1,309	687	217
2019G	4,315	3,161	2,144
2020G	2,298	1,369	807
2021G	1,319	1,238	768
2022G	1,425	1,422	1,387
2023G	466	4,619	4,970
2024G	-	1,046	4,311
2025G	-	-	509

Source: The Company.

The data reflects a clear shift towards a younger fleet composition, with a growing proportion of vehicles from 2023G and 2024G, ensuring enhanced performance, lower operational costs and improved client satisfaction. The Company's fleet renewal policy is designed to enhance service quality, reduce downtime associated with maintenance and repairs and improve compliance with evolving regulatory requirements. Older models, particularly those manufactured in 2016G and earlier, have been gradually phased out, demonstrating the Company's commitment to maintaining a high-quality and cost-efficient fleet.

By maintaining an optimised fleet age profile, the Company is positioned to strengthen its competitive advantage in the vehicle rental and leasing market, offering clients access to newer, well-maintained vehicles that meet the latest industry standards. The fleet renewal strategy also aligns with the Company's sustainability objectives, as newer models generally feature improved fuel efficiency and lower emissions, supporting the broader transition towards environmentally responsible mobility solutions in the Kingdom.

Fleet expansion initiatives focus on enhancing client choice, improving fuel efficiency and incorporating advanced safety features. The Company continuously monitors emerging vehicle technologies, including hybrid and electric vehicle adoption, to align with sustainability objectives and regulatory developments in the Kingdom.

(c) Impact of Strategic Fleet Procurement

The Company's disciplined and data-driven approach to fleet purchases plays a critical role in maintaining cost efficiency, optimising fleet performance and strengthening market competitiveness. By ensuring timely fleet updates and client-driven acquisitions, the Company enhances its ability to meet changing mobility needs while achieving operational and financial targets.

For a discussion of the suppliers of fleet vehicles, see 4.6.7 (*Suppliers*). Additionally, for a discussion of certain risks related to vehicle purchases, see also Section 2.1.8 (*Risks Related to Suppliers and Vehicle Purchases*).

4.6.2.3 Fleet Management

Fleet management is a core operational function of the Company, ensuring optimal efficiency, cost-effectiveness and strategic allocation of its long-term lease and short-term rental fleets across the Kingdom. The Company employs a data-driven, technology-integrated approach to fleet monitoring, enhancing vehicle utilisation, reducing downtime and ensuring that client demand is met with a well-balanced distribution of vehicles.

(a) Fleet Allocation and Distribution Strategy

The Company leverages advanced analytics, telematics and predictive demand modelling to guide fleet allocation decisions. These methodologies allow the Company to dynamically adjust vehicle distribution, considering factors such as:

- **Regional Demand Trends**: Ensuring high-demand areas are adequately stocked with the appropriate vehicle types, with continuous adjustments based on local economic activity, infrastructure developments and corporate leasing trends. By proactively forecasting changes in demand, the Company maintains an agile and responsive approach to vehicle allocation;
- **Seasonal Variations**: Pre-emptively reallocating fleet resources to accommodate peak rental periods, such as religious holidays, tourism influxes and corporate travel seasons, ensuring sufficient inventory to meet increased client needs. This includes ramping up vehicle availability in key travel hubs and enhancing logistics planning to prevent bottlenecks in supply;
- **Client Segmentation and Preferences**: Ensuring that fleet composition aligns with regional client profiles, including corporate clients requiring executive vehicles, Government contracts demanding fleet-standardised vehicles and retail clients seeking economy options. By continuously monitoring client feedback and transaction data, the Company fine-tunes fleet composition to enhance client satisfaction;
- **Operational Efficiency Metrics**: Tracking key performance indicators such as utilisation rates, average rental periods, turnaround times and downtime costs to refine fleet deployment strategies. By implementing real-time dashboards and automated reporting tools, fleet managers make data-driven decisions to optimise vehicle availability and reduce inefficiencies; and
- **New Market Opportunities**: Evaluating fleet expansion requirements based on emerging demand centres, urbanisation projects and infrastructure developments within the Kingdom. The Company proactively assesses Government tenders, corporate lease agreements and economic trends to determine where additional fleet investments can generate high returns.

This proactive and responsive fleet management approach ensures that vehicles are strategically positioned to meet fluctuating market conditions while maintaining service reliability.

(b) Technology-Enabled Fleet Monitoring and Optimisation

The Company has implemented a centralised digital fleet management system, integrating real-time GPS tracking, telematics and automated maintenance scheduling. These systems enhance operational efficiency by:

- **Providing Real-Time Visibility**: Into fleet status, including vehicle availability, location, fuel consumption and mileage. Fleet managers can remotely track vehicle health indicators, ensuring preventative maintenance is conducted before issues arise, thereby extending the lifespan of the fleet and improving reliability;
- **Reducing Operational Costs**: Through automated maintenance alerts, ensuring that preventive servicing is conducted on schedule, minimising unexpected repairs. This approach reduces vehicle downtime, lowers long-term repair expenses and enhances the profitability of the fleet by ensuring that vehicles remain in peak operational condition;
- **Optimising Fleet Longevity**: By analysing vehicle performance metrics, allowing the Company to identify underperforming vehicles for early disposal or reassignment. Predictive analytics are used to assess depreciation trends, fuel efficiency drops and mechanical wear patterns, enabling informed decision-making on when to retire or replace vehicles; and
- **Enhancing Risk Management**: By monitoring driving behaviour and vehicle usage, ensuring compliance with safety protocols, insurance requirements and regulatory standards. By integrating driver analytics and performance scoring, the Company minimises liability risks and ensures that rented and leased vehicles are operated responsibly.

By integrating technology-driven solutions, the Company maximises fleet performance, minimises downtime and enhances the overall client experience.

(c) Fleet Lifecycle Management and Sustainability Initiatives

A structured vehicle lifecycle strategy ensures that the Company maintains a modern, high-quality fleet while optimising financial performance. Key elements of this strategy include:

- **Lifecycle-Based Vehicle Renewal**: Vehicles in the short-term rental fleet are typically replaced after three years, while long-term lease assets follow structured renewal cycles based on contractual agreements and usage thresholds, typically three to five years. This strategy balances vehicle depreciation with optimal resale timing, maximising return on investment while maintaining high fleet standards;
- **Residual Value Optimisation**: Vehicles are regularly assessed for depreciation trends, ensuring that disposals occur at the optimal resale value, enhancing overall fleet profitability. The Company partners with automotive market analysts to track secondary market conditions and ensure that resale strategies are aligned with fluctuations in demand;
- **Sustainable Fleet Integration**: The Company actively evaluates opportunities to incorporate hybrid and electric vehicles, aligning with regulatory mandates, Government green initiatives and client preferences for environmentally friendly transport solutions. Additionally, fuel-efficient vehicle models are prioritised in procurement, supporting Saudi Vision 2030's sustainability goals; and
- **End-Of-Life Vehicle Disposal**: The Company manages a structured vehicle disposal process, selling used vehicles through direct sales and corporate resale agreements to maximise asset value recovery. A multi-channel resale strategy ensures vehicles are sold through the most profitable avenues, minimising losses from depreciation.

These measures enable the Company to maintain a financially efficient, environmentally responsible and technologically advanced fleet that meets evolving market expectations.

(d) Client-Centric Fleet Management Approach

The Company's fleet management strategy is designed to enhance client experience, accessibility and reliability. By maintaining a well-distributed and well-maintained fleet, the Company ensures that:

- **Diverse Vehicle Selection**: Clients have access to a diverse range of vehicles, from economy to premium segments, ensuring their mobility needs are met with the highest level of convenience and satisfaction. The Company continuously refines its vehicle portfolio to reflect evolving consumer preferences and purchasing behaviours;
- **High Service Reliability**: Vehicles are in peak condition, efficiently allocated and promptly replaced to prevent service disruptions. This reliability is achieved through robust maintenance schedules and a proactive approach to fleet readiness;

- **Tailored Corporate Leasing Solutions**: Corporate leasing clients receive tailored fleet solutions, including custom vehicle configurations, specialised insurance options and fleet management support, ensuring seamless integration into their business operations. The Company works closely with enterprise clients to develop mobility solutions that enhance operational efficiency; and
- **Enhanced Client Convenience**: Through digital fleet tracking, allowing users to access availability, pricing and booking information in real time. Mobile application integration and self-service options streamline the rental experience, reducing wait times and improving client retention.

This client-centric approach reinforces the Company's reputation as a reliable and responsive mobility solutions provider, driving long-term client retention and enhancing market position.

Through a data-driven, technology-integrated and client-focused fleet management strategy, the Company ensures efficient operations, high fleet utilisation and strategic market positioning. By continually refining fleet allocation, embracing innovative mobility solutions and maintaining a focus on client satisfaction, the Company strengthens its role as one of the leading vehicle leasing operators in the Kingdom.

4.6.2.4 Maintenance of Fleet Vehicles

The Company's commitment to maintaining a high-quality long-term lease and short-term rental fleet is underscored by a comprehensive and strategically structured maintenance programme. This programme is designed to ensure that every vehicle in the fleet adheres to the highest standards of operational efficiency, safety and client satisfaction. Through a combination of in-house service centres, mobile workshops and third-party repair partnerships, the Company implements a multi-tiered maintenance strategy that extends vehicle lifespan, optimises performance and maximises resale value.

(a) In-House Maintenance Services

The Company operates multiple service facilities across the Kingdom, ensuring that fleet vehicles receive timely and efficient maintenance. As of 31 December 2024G, the Company had nine vehicle maintenance workshops in strategic locations, including Riyadh, Jeddah, Al Khobar, Abha, Jalajil and Qassim. These centres are equipped to handle a full range of preventative and corrective maintenance services, including:

- **Routine Servicing**: Scheduled inspections, oil and fluid changes and component checks to ensure continued reliability and performance;
- **Mechanical Repairs**: Diagnosis and repair of engine, transmission and electrical systems, ensuring optimal functionality throughout the vehicle's lifecycle;
- **Collision and Bodywork Repairs**: Dedicated body shops providing painting, dent removal and structural restorations to maintain fleet aesthetics and resale value;
- **Specialised Diagnostics**: Utilisation of advanced computerised diagnostic systems to detect and address mechanical and electrical issues proactively; and
- **Towing and Roadside Assistance**: Complimentary vehicle towing services to assist clients in the event of breakdowns, ensuring minimal disruption to fleet operations.

Each maintenance centre is staffed by certified technicians, who undergo continuous training to keep pace with advancements in vehicle technology and repair methodologies. These in-house workshops are crucial for cost control and quality assurance, ensuring that all repairs and servicing meet the Company's stringent standards.

(b) Mobile Workshops

To enhance accessibility and minimise vehicle downtime, the Company operates a network of mobile maintenance units that provide on-site servicing for fleet vehicles. As of 31 December 2024G, the Company had 21 mobile workshop units covering key urban and remote regions in the Kingdom, including Riyadh, Jeddah, Makkah, Al Khobar, Abha, Bisha, Najran, Jazan, Al Baha and Al Qunfudhah. These mobile units are fully equipped with:

- diagnostic tools and repair kits to address minor mechanical and electrical faults on-site;
- scheduled maintenance services, including oil changes, brake inspections and tyre replacements;
- emergency response capabilities to provide immediate support in cases of breakdowns or accidents; and
- fleet optimisation technology, allowing remote fleet managers to request and track maintenance activities via digital platforms.

By strategically positioning these mobile units, the Company ensures that its corporate and Government clients benefit from rapid response times and reduced service interruptions, further enhancing client satisfaction and operational efficiency.

(c) Third-Party Repair Centres

In addition to its in-house and mobile maintenance capabilities, the Company has established strategic alliances with nationwide third-party service providers to extend the reach and efficiency of its fleet maintenance programme. These partnerships include:

- **Petromin Express**: Providing fluid and filter replacement services at multiple locations across the Kingdom;
- **Bin-Shihon Group**: Specialising in battery and tyre replacement services to ensure fleet safety and roadworthiness; and
- **Authorised Service Centres**: Collaborating with leading automotive brands to service vehicles under manufacturer warranties, preserving fleet value and compliance with warranty terms.

By leveraging these third-party relationships, the Company enhances geographic coverage, allowing fleet vehicles to receive prompt and high-quality servicing regardless of location.

(d) Fleet Maintenance Strategy and Efficiency Measures

The Company employs a data-driven approach to fleet maintenance, integrating predictive analytics, telematics and real-time monitoring to optimise service schedules and resource allocation. Key initiatives include:

- **Preventative Maintenance Schedules:** Using predictive modelling to pre-empt potential mechanical failures, reducing repair costs and improving vehicle longevity;
- **Digital Maintenance Records:** Maintaining an electronic database of service history for each fleet vehicle, allowing for precise tracking of maintenance schedules and repair trends;
- **Parts Inventory Management:** Ensuring the availability of high-demand spare parts through centralised procurement and storage strategies, minimising downtime for routine repairs; and
- **Sustainability Initiatives:** Implementing environmentally friendly service practices, including energy-efficient workshop operations and recycling of used vehicle components where feasible.

By maintaining high standards of vehicle care through a combination of in-house workshops, mobile service units and strategic external partnerships, the Company ensures that its long-term lease and short-term rental fleets operate at peak efficiency. These efforts are crucial for sustaining client trust, enhancing operational reliability and maximising fleet profitability in the Kingdom's dynamic vehicle leasing and rental market.

4.6.2.5 Disposal of Fleet Vehicles

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

4.6.3 Site Selection and Development of Short-Term Rental Branches

The Company employs a methodical and data-driven approach to site selection and the development of new short-term rental branches, ensuring that each location aligns with its expansion strategy and market penetration objectives. This structured approach integrates market analysis, client demand assessment and strategic site evaluation to enhance accessibility and service coverage across the Kingdom.

4.6.3.1 Strategic Site Selection for Market Expansion

The Company's site selection process is guided by rigorous market research and advanced analytics, enabling informed decision-making to optimise branch locations. The process includes:

- **Zone Identification:** Potential locations are evaluated based on demographic appeal, population density, traffic flow and economic activity. Areas with high commercial presence, Government projects and tourism hubs are prioritised to ensure maximum exposure to target clients;
- **Competitive Landscape Assessment:** The Company analyses proximity to competitors, existing rental operators and complementary businesses, ensuring that new branches are positioned for sustainable market share growth;
- **Accessibility and Infrastructure Review:** Site selection includes detailed assessments of road connectivity, public transport access, parking availability and ease of navigation for clients. Locations near city centres and major highways are given priority to optimise convenience and fleet mobility; and
- **Regulatory and Compliance Considerations:** All potential sites undergo a compliance review to ensure adherence to Transport General Authority (TGA) regulations, municipal zoning laws and leasing requirements. This reduces the risk of regulatory challenges and ensures long-term operational stability.

The Company has established six short-term temporary rental service points at train stations, facilitating mobility solutions for train passengers. They are not formal branches. They have enhanced brand exposure by integrating rental services with public transport networks, ensuring convenience for travellers and reinforcing the Company's position as a mobility solutions provider.

4.6.3.2 Preliminary Site Evaluation and Management Review

Once potential locations are identified, the Company conducts a multi-tiered screening process to assess operational feasibility and financial viability. This involves:

- **Initial Screening**: Sites are assessed against key operational criteria, including alignment with client demand, fleet servicing logistics and growth potential;
- **Operational Impact Analysis**: Executive Management conducts profitability forecasts and financial impact assessments to determine the long-term sustainability of each site; and
- **Site Visits and Feasibility Studies**: Senior management undertakes on-site evaluations to assess factors such as visibility, parking space availability, security and overall client convenience.

4.6.3.3 Profitability Forecasting and Risk Mitigation

The Company employs comprehensive financial modelling to ensure that each site supports its profitability objectives. This includes:

- **Revenue Projection Models**: Utilising historical rental data, client demographics and seasonal demand trends to forecast site performance;
- **Cost-Benefit Analysis**: Evaluating lease terms, operational costs and capital investment requirements to ensure financial feasibility; and
- **Risk Assessment Frameworks**: Identifying potential challenges, such as economic fluctuations, regulatory changes and competitive pressures, allowing the Company to develop contingency plans.

4.6.3.4 Lease Negotiations and Long-Term Site Development

For rental real estate properties, the Company seeks lease agreements that typically range from five to ten years, ensuring operational continuity and strategic stability. The lease negotiation process involves:

- **Securing Competitive Lease Terms**: Engaging in structured negotiations with landlords to achieve favourable rental rates, renewal options and expansion flexibility;
- **Long-Term Site Planning**: Assessing potential for future expansion, branch upgrades and infrastructure enhancements to align with market growth; and
- **Sustainability Initiatives**: Incorporating eco-friendly branch designs, optimising energy-efficient operations and integrating digital client service solutions to enhance operational efficiency.

The Company's disciplined and data-driven site selection framework ensures that its short-term rental branches are strategically positioned to maximise market reach, optimise client convenience and drive sustainable revenue growth. By combining rigorous market analysis, profitability forecasting and proactive lease management, the Company strengthens its ability to expand operations efficiently while maintaining a competitive edge in the Kingdom's vehicle rental sector.

For further details on the risks associated with leasing real estate properties, refer to Section 2.1.31 (*Risks Related to Leasing Real Estate*).

4.6.4 Marketing and Brand Promotion

The Company operates under the well-established "Cherry" brand, which is recognised across the Kingdom's vehicle rental market. Through targeted marketing initiatives, digital engagement and brand development strategies, the Company aims to enhance its market position and attract a diverse client base. Detailed information about brand protection and registration is provided in Section 11 (*Legal Information*).

4.6.4.1 Digital Presence and Online Engagement

The Company maintains a structured digital marketing strategy to improve client accessibility and streamline the rental process. The Company's website and mobile application serve as central platforms, offering real-time booking capabilities, vehicle selection tools and location-based services. These digital channels are supported by targeted online campaigns and promotions, designed to increase engagement and drive repeat business.

4.6.4.2 Strategic Brand Positioning and Visibility

The Company's brand positioning strategy focuses on increasing visibility through strategically located branches in high-traffic areas, ensuring proximity to key commercial, tourism and transportation hubs. This includes branches located in major urban centres, capturing demand from business travellers, tourists and local clients.

4.6.4.3 Client-Centric Policies and Market Trust

The Company implements transparent rental policies to ensure consistency and clarity in client interactions. Eligibility requirements, rental terms and insurance policies are structured to provide clients with a clear understanding of service expectations. This approach supports client retention and reinforces the Company's reputation for professionalism and reliability in the Kingdom's vehicle rental market.

4.6.4.4 Brand Integrity and Intellectual Property Protection

The Company employs a structured approach to brand management, ensuring that its intellectual property, including trademarks and marketing materials, is protected. Measures include trademark registrations, brand monitoring and legal enforcement actions, preventing unauthorised usage and maintaining consistency across its operations. These protections support brand value and reinforce client confidence. Further details are provided in Section 11 (*Legal Information*).

4.6.4.5 Collaborative Marketing and Partnerships

The Company engages in marketing collaborations to expand its reach and strengthen brand recognition. Key initiatives include corporate and travel partnerships facilitating rental services for business clients and travel agencies targeted promotions and seasonal campaigns offering structured incentives to drive client engagement and participation in industry events reinforcing the Company's role in the Kingdom's mobility sector.

4.6.4.6 Strategic Growth and Market Development

The Company continuously refines its marketing and brand development strategies to align with market trends and client preferences. Through location-based expansion, digital marketing and strategic collaborations, the Company strengthens its position in the Kingdom's vehicle rental market, ensuring sustained growth and market competitiveness.

The Company's marketing initiatives are designed to maintain a robust market presence and a competitive advantage. By implementing a comprehensive marketing strategy that includes a strong online presence, targeted digital advertising and client engagement through social media platforms, the Company effectively reaches a wide audience. Additionally, the Company offers a diverse fleet of vehicles and competitive pricing, catering to various client needs and preferences. These efforts collectively ensure the Company remains a prominent and preferred choice in the vehicle rental industry. For discussions of the associated risks with these marketing activities, see Section 2.1.19 (*Risks Related to the Company's Reputation and Services*) and Section 2.1.20 (*Risks Related to Marketing Activities*).

4.6.5 Insurance and Risk Management

The Company employs a comprehensive risk management framework to address potential operational exposures associated with its long-term lease and short-term rental services. This framework is designed to safeguard the Company's assets, ensure business continuity and protect against financial losses.

4.6.5.1 Vehicle Risks

Vehicle risks pertain to liabilities arising from the operation of the Company's fleet, including legal responsibilities related to accidents or damages involving leased or rented vehicles. To mitigate these risks, the Company implements the following measures:

- **Comprehensive Insurance Coverage**: Each vehicle in the fleet is insured under policies that encompass own damage and third-party liability, thereby reducing the financial impact of incidents;
- **Preventive Maintenance Programmes**: Regular and systematic maintenance schedules are adhered to, ensuring vehicles remain in optimal condition and minimising the likelihood of mechanical failures that could lead to accidents; and
- **Driver Qualification Standards**: The Company enforces strict criteria for driver eligibility, including valid licensing and adherence to safety protocols, to ensure responsible vehicle operation.

4.6.5.2 Property Risks

Property risks involve potential damages to the Company's physical assets, both movable and immovable, which could disrupt operations or escalate costs. The Company addresses these risks through:

- **Asset Insurance Policies**: Properties owned or leased by the Company are covered under insurance policies that protect against a range of perils, ensuring financial support in the event of damage;
- **Regular Safety Inspections**: Routine evaluations of facilities are conducted to identify and rectify hazards, thereby preventing incidents that could cause property damage; and
- **Business Continuity Planning**: The Company has established contingency plans to maintain operational stability in case of property-related disruptions, ensuring that services to clients remain uninterrupted.

4.6.5.3 Insurance Strategy

To effectively manage these risks, the Company maintains a portfolio of insurance policies tailored to its operational needs. Key aspects of this strategy include:

- **Engagement with Reputable Insurers**: The Company collaborates with established insurance providers to secure coverage that aligns with industry standards and regulatory requirements; and
- **Periodic Coverage Reviews**: Insurance policies are regularly assessed and updated to reflect changes in the Company's operations, asset base and emerging risk factors.

Insurance expenses have constituted approximately 5.0 per cent. of the Company's total costs over in 2022G – 2024G, primarily covering vehicle-related incidents such as accidents, theft and other unforeseen events. In the financial year ended 31 December 2023G, insurance costs increased by 73.7 per cent., rising from SAR 10.6 million in 2022G to SAR 18.4 million in 2023G. This increase was largely due to an increase in the average insurance cost per vehicle, which grew from SAR 871 in 2022G to SAR 1,500 in the financial year ended 31 December 2023G. The weighted average number of vehicles remained relatively stable during this period, averaging 12,100 units. The higher premiums in 2023G were influenced by increased insurance compensation claims in 2022G, attributed to the Company's prior reliance on third-party workshops before its in-house maintenance facilities became fully operational. With the transition to predominantly in-house managed maintenance in 2024G, there was a reduction in workshop and maintenance expenses, which lead to decrease to average insurance cost per vehicle of SAR 400 in the financial year ended 31 December 2024G, and decrease in insurance costs by 8.4 per cent. in the financial year ended 31 December 2024G compared to 2023G, decreasing from SAR 18.4 million to SAR 16.9 million in 2024G due to an increase in the number of insured vehicles with the weighted average number of vehicles being 15,051 in the financial year ended 31 December 2024G compared with 12,100 vehicles in the financial year ended 31 December 2023G.

For detailed information on the Company's insurance policies, see Section 11.7 (*Insurance Policies*) for further details on the Company's insurance policies and Section 2.1.29 (*Risks Related to Insurance for the Company's Fleet*) for a discussion of certain risks related to the adequacy and availability of insurance coverage.

4.6.6 Information Technology

The Company's Information Technology (IT) infrastructure plays a crucial role in supporting its long-term lease and short-term rental operations, ensuring efficiency, security and business continuity. The IT strategy is focused on leveraging advanced digital solutions, enhancing cybersecurity and optimising operational workflows through integrated enterprise resource planning (ERP) and fleet management systems.

4.6.6.1 IT Infrastructure and Security Measures

The Company has implemented a robust IT framework to ensure data security, system reliability and seamless service delivery. Key IT controls include:

- **Access Management**: Secure authentication protocols, including multi-factor authentication and role-based access controls, ensuring that only authorised personnel have access to critical systems and data;
- **Network Security**: Deployment of advanced network and endpoint firewalls, alongside real-time intrusion detection systems to safeguard against cyber threats;
- **Data Protection and Encryption**: Comprehensive encryption protocols applied to client transactions and corporate data, ensuring confidentiality and integrity; and
- **Business Continuity and Disaster Recovery**: Implementation of a fully approved business continuity plan and disaster recovery framework to maintain operational resilience in the event of system failures or cyber incidents.

To further enhance IT governance, the Company is refining its policies and procedures by strengthening the IT team with clearly defined roles and responsibilities, implementing advanced cybersecurity measures aligned with regulatory standards in the Kingdom, enhancing data backup protocols and real-time monitoring capabilities and conducting periodic IT audits and vulnerability assessments to ensure compliance with evolving security requirements.

4.6.6.2 Enterprise Resource Planning and Digital Integration

The Company utilises SAP Business One (SAP B1) as its ERP system, enabling integrated management of finance, sales, inventory, procurement and client relationship management (CRM). SAP B1 enhances operational efficiency by providing a unified platform for data-driven decision-making and statutory financial reporting. Additionally, the Company has implemented Menaitech for employee management, offering mobile-enabled solutions for workforce administration, time tracking and payroll processing.

4.6.6.3 Fleet and Revenue Management Systems

The Company leverages CarPro to centralise fleet acquisition, sales and logistics management. Key features of CarPro include:

- **Fleet Management**: Monitoring fleet utilisation, maintenance schedules and asset depreciation to optimise vehicle allocation;
- **Revenue Management System**: Analysing vehicle supply and client demand to adjust rental pricing dynamically across different locations; and
- **Client Data Management**: Providing real-time access to client transaction history and fleet availability, enhancing service responsiveness.

4.6.6.4 Client-Facing Digital Platforms

To enhance client experience, the Company has developed a mobile-optimised website and a digital booking platform that facilitates seamless rental and lease management. The mobile application, which is currently undergoing an upgrade, offers features such as instant booking and vehicle selection, real-time pricing and availability tracking, digital contract management and payment processing and automated reminders for lease renewals and scheduled maintenance. These digital advancements align with the Company's strategy to streamline service accessibility and enhance client engagement.

4.6.6.5 Cybersecurity and Data Protection

In compliance with regulatory standards, the Company has strengthened its cybersecurity framework through multi-layered security protocols to prevent unauthorised access and cyber threats, continuous monitoring and risk assessment to identify vulnerabilities and mitigate risks proactively, data confidentiality measures, including non-disclosure agreements with third-party service providers and alignment with best practices in data governance to ensure compliance with emerging industry regulations.

See also Sections 2.1.25 (*Risks Related to the Inability to Adequately Maintain the Confidentiality and Integrity of Client and Employee Data*) and 2.1.24 (*Risks Related to Reliance on Information Technology Infrastructure*) for a discussion of certain risks relating to client and employee data and reliance on information technology infrastructure.

4.6.7 Suppliers

The Company's operational efficiency and service quality are reinforced by strategic partnerships with a network of key suppliers, primarily comprising authorised vehicle dealerships, spare parts distributors and service providers. These suppliers play a critical role in ensuring the Company maintains a modern, high-quality fleet that aligns with client expectations and market demand.

The following table provides an overview of the Company's total purchases from its top five suppliers in long-term vehicle leasing segment for the financial years ended 31 December 2022G, 2023G and 2024G:

Table 4.12: Total Purchases by the Company from the Top Five Suppliers in Long-Term Vehicle Leasing Segment in the Financial Years Ended 31 December 2022G, 2023G and 2024G

Supplier	Value of Purchases (SAR Million)			% of Total Purchases		
	2022G	2023G	2024G	2022G	2023G	2024G
Abdul Latif Jameel Automotive Wholesale Co. Ltd	27.2	48.8	105.5	18.6%	8.7%	27.2%
Saudi Hala Auto Company	-	45.5	86.7	-	8.1%	22.3%

Supplier	Value of Purchases (SAR Million)			% of Total Purchases		
	2022G	2023G	2024G	2022G	2023G	2024G
Aljomaih Automotive	16.4	3.2	36.0	11.2%	0.6%	9.2%
Alesayi Motors Trading Company	8.4	1.2	35.0	5.7%	0.2%	9.0%
Universal Motors Agencies Company	4.8	64.1	25.2	3.3%	11.5%	6.5%
Total	**56.8**	**162.8**	**288.4**	**38.8%**	**29.1%**	**74.2%**

Source: The Company.

4.6.7.1 Vehicle Procurement and Fleet Supply Agreements

The Company sources its vehicles through structured procurement agreements with leading automobile dealerships in the Kingdom. These agreements are negotiated to secure competitive pricing, priority allocations and flexible payment structures, ensuring cost efficiencies and uninterrupted fleet availability. The Company maintains strong relationships with its top suppliers, which has enabled it to consistently expand its fleet while maintaining favourable commercial terms.

The following table provides the total purchases from key suppliers for fleet acquisitions as a percentage of total purchases in the financial years ended 31 December 2022G, 2023G and 2024G:

Table 4.13: Total Purchase from Key Suppliers for Fleet Purchases in Percentage of Total Purchases in the Financial Years Ended 31 December 2022G, 2023G and 2024G

Name of Supplier	Average Percentage for the Financial Years Ended 31 December 2022G, 2023G and 2024G
Toyota Suppliers	**39.0%**
Abdul Latif Jameel Automotive Wholesale Co. Ltd	26.0 %
Saudi Hala Auto Company	10.0%
Mohammed Naser Alsayer Sons Establishment Company	3.0%
Isuzu Suppliers	**18.0%**
Alissa Universal Motors	13.0%
Alesayi Motors Trading Company	5.0%
Nissan Suppliers	**13.0%**
Manahil International	9.0%
Petromin	4.0%

Source: The Company.

The Company's fleet procurement strategy is designed to optimise costs while maintaining fleet diversity, ensuring availability across multiple vehicle categories, from economy and mid-range sedans to luxury and commercial vehicles. The procurement model incorporates a lifecycle-based approach, allowing the Company to strategically phase out older vehicles while integrating new models that align with emerging market preferences and regulatory requirements.

4.6.7.2 Non-Fleet Supplier Relationships

Beyond vehicle procurement, the Company engages with a range of non-fleet suppliers to support its operations, including spare parts providers, fuel distributors, maintenance service providers and IT infrastructure partners. These suppliers contribute to fleet maintenance, operational efficiency and digital service enhancements.

In the financial years ended 31 December 2022G, 2023G and 2024G, the top ten non-fleet suppliers accounted for 26.0 per cent., 5.0 per cent. and 20.0 per cent., respectively, of total purchases.

Key categories of non-fleet suppliers include: (i) automotive parts and maintenance, where the Company collaborates with authorised spare parts suppliers and third-party repair centres to ensure continuous availability of high-quality replacement parts and cost-effective maintenance solutions; (ii) fuel and energy suppliers, with whom the Company has arrangements to optimise fleet refuelling costs and support the efficient operation of its long-term lease and short-term rental services; and (iii) technology and digital services, encompassing enterprise resource planning (ERP) systems, fleet tracking technologies and client relationship management (CRM) platforms that enhance fleet management, client experience and operational analytics.

4.6.7.3 Strategic Supplier Management and Risk Mitigation

To ensure business continuity and cost efficiency, the Company employs a diversified supplier management approach. Long-term procurement agreements with preferred suppliers secure consistent supply chain support and stable pricing structures. A multi-supplier strategy mitigates dependency on any single supplier, ensuring risk diversification in fleet procurement and operational resources. Regular supplier evaluations assess pricing competitiveness, service quality and compliance with contractual obligations. Dynamic procurement adjustments are made based on market trends, vehicle demand fluctuations and supplier performance assessments.

By maintaining a structured and risk-conscious supply chain strategy, the Company enhances its ability to respond to market conditions, fleet expansion needs and evolving client preferences, ensuring it remains one of the leaders in the Kingdom's vehicle leasing and rental market.

For further details on supplier-related risks, see Section 2.1.8 (*Risks Related to Suppliers and Vehicle Purchases*).

4.6.8 Geographic Locations and Operations

The Company's headquarters is located in Riyadh, the Kingdom. As of 31 December 2024G, the Company operated exclusively within the Kingdom, with no business operations or assets outside the Kingdom. The Company's geographic footprint is strategically structured to ensure market coverage across key regions, including the central, eastern, western, northern and southern regions of the Kingdom.

The following table provides an updated breakdown of the Company's operational locations as of 31 December 2024G:

Table 4.14: Geographic Presence of the Company as of 31 December 2024G

Region	City	As of 31 December 2024G	
		Branches	Workshops
Central Region	Riyadh	7	5
	Al Qassim	3	-
	Al Zulfi	1	-
	Al Hail	1	
	Jalajil	-	1
Total Central Region		**12**	**6**
Eastern Region	Dammam	2	-
	Al Khobar	2	1
	Al Hasa	2	-
	Al Khafji	2	-
Total Eastern Region		**8**	**1**
Western Region	Jeddah	2	1
	Yanbu	1	-
Total Western Region		3	1
Northern Region	Tabuk	1	-
Total Northern Region		**1**	**-**
Southern Region	Abha	2	-
	Khamis Mushayt	1	-
	Jizan	-	1
Total Southern Region		**3**	**1**
Total		**27**	**9**

Source: The Company.

The Company's operational structure includes a mix of branches, workshops and mobile service units designed to provide convenient access to long-term lease and short-term rental services. The workshops are strategically located to ensure efficient fleet maintenance and repair, minimising downtime and optimising vehicle availability.

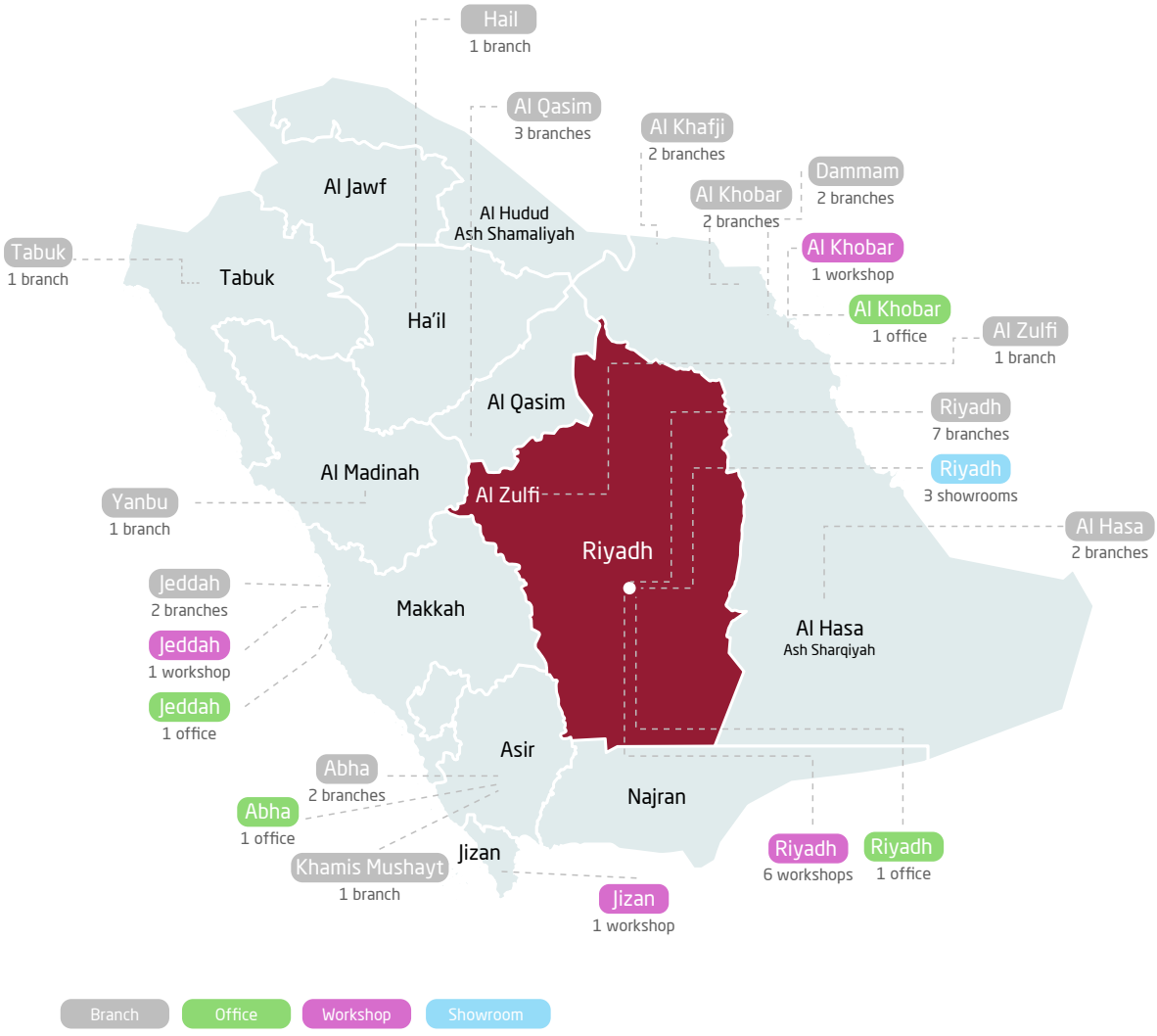
In addition to its nine fixed-location workshops as of 31 December 2024G, the Company also operated mobile workshops, which play a key role in servicing fleet vehicles at client sites and remote locations. As of 31 December 2024G, the Company had 21 mobile workshops strategically positioned across key regions of the Kingdom, further strengthening its service capabilities.

The Company continues to assess opportunities for geographic expansion in alignment with market demand and fleet servicing requirements. As part of its expansion strategy, the Company has undertaken initiatives to increase its presence in high-growth areas by adding new branches and enhancing workshop infrastructure. Planned developments for 2025G include establishing new workshops in Abha and Dammam, each with a servicing capacity of over 70 vehicles per day and increasing the number of mobile workshops by ten additional units, further improving fleet servicing efficiency and accessibility.

The strategic distribution of the Company's locations ensures strong market penetration and accessibility for clients across the Kingdom. The selection of branch locations is based on key factors such as population density, transportation infrastructure, corporate leasing demand and proximity to high-traffic commercial zones. For further details, see Section 4.6.3 (*Site Selection and Development of Short-Term Rental Branches*).

The following map provides a visual representation of the Company's geographic locations, including branches, workshops and mobile service points, as of 31 December 2024G:

Exhibit 4.3: The Geographic Location of the Company's Operations as of 31 December 2024G



Source: The Company.

4.6.9 Certifications

The Company has established itself as one of the leading players in the Kingdom's vehicle leasing sector, demonstrating a strong commitment to service quality, operational efficiency and client-centric innovation. This positioning is reinforced by industry certifications that reflect the Company's adherence to internationally recognised standards and best practices in fleet management, quality assurance and occupational health and safety.

The following table provides details of the Company's certifications as of the date of this Prospectus:

Table 4.15: Certifications Obtained by the Company as of the Date of this Prospectus

Certification	Issuing Entity	Details	Year Obtained
ISO 45001:2018	Otabu Certification Private Limited	Occupational Health & Safety Management System	2025G
ISO 9001:2015	Otabu Certification Private Limited	Quality Management System	2025G

Source: The Company.

These certifications highlight the Company's commitment to maintaining the highest levels of operational excellence and regulatory compliance. By implementing internationally recognised quality and operational benchmarks, including ISO-certified management systems, the Company ensures continuous improvements in fleet operations, client service and workplace safety.

The Company's dedication to upholding industry best practices strengthens its reputation as a trusted provider of mobility solutions in the Kingdom. These certifications enhance client confidence, reinforce the Company's credibility and contribute to its competitive positioning within the evolving vehicle leasing and rental market. By maintaining compliance with global and national regulatory standards, the Company is well-positioned to sustain long-term growth and expand its market presence.

4.6.10 Corporate Social Responsibility

The Company integrates environmental, social and governance (ESG) principles into its business strategy, ensuring responsible and sustainable operations aligned with industry best practices and regulatory requirements in the Kingdom. The Company's corporate social responsibility (CSR) framework focuses on three core pillars: environmental sustainability, social responsibility and governance excellence.

4.6.10.1 Environmental Sustainability

The Company is committed to minimising its environmental footprint by implementing fleet sustainability initiatives and operational efficiencies that support the Kingdom's sustainability objectives. Key environmental initiatives include:

- **Fleet Sustainability and Emissions Reduction**: Incorporating fuel-efficient, hybrid and electric vehicles into the fleet, supported by a structured vehicle maintenance programme that includes regular emissions testing and reduction targets;
- **Energy Efficiency**: Adopting energy-efficient technologies across facilities, workshops and rental branches, with a focus on reducing energy consumption and optimising operational efficiencies; and
- **Green Infrastructure Partnerships**: Exploring collaborations with local Government and private sector entities to expand green energy infrastructure, including the integration of renewable energy solutions into the Company's operations.

4.6.10.2 Social Responsibility

The Company prioritises employee welfare, client safety and community engagement, resulting in a positive impact across all stakeholder groups. The Company's social responsibility initiatives include:

- **Employee Welfare**: Maintaining fair wage structures, comprehensive benefits and a safe and inclusive workplace culture. The Company also provides ongoing training and development programmes to enhance employee skills and professional growth;
- **Community Engagement**: Supporting local community initiatives, environmental sustainability projects and charitable causes, as well as encouraging employee participation in volunteer programmes; and
- **Health and Safety**: Implementing rigorous vehicle maintenance schedules to uphold fleet reliability and safety. The Company also ensures full compliance with the Motor Vehicle Periodic Inspection (MVPI) requirements in the Kingdom, regularly auditing and enhancing safety protocols for both employees and clients.

4.6.10.3 Governance and Ethical Business Practices

The Company upholds stringent corporate governance standards, ensuring transparency, accountability and regulatory compliance. The key governance initiatives under the Company's ESG framework include:

- **Ethical Business Conduct**: Enforcing a robust code of ethics, which defines the Company's commitment to integrity and ethical business practices. Regular ethics training sessions are conducted for employees at all levels to reinforce compliance and accountability;
- **Transparency and Stakeholder Engagement**: Maintaining open communication channels with clients, investors and business partners to address concerns, provide performance insights and enhance trust in the Company's business operations;
- **Board Oversight of ESG Initiatives**: Establishing a dedicated ESG Board Committee, responsible for integrating sustainability considerations into corporate strategy and ensuring long-term value creation; and
- **Regulatory Compliance**: Implementing a comprehensive monitoring system to track compliance with ESG-related regulations, industry standards and corporate policies.

By embedding corporate social responsibility principles into its business model, the Company ensures that its growth strategy aligns with Saudi Vision 2030's sustainability and economic diversification objectives. Through its ongoing environmental, social and governance initiatives, the Company remains committed to enhancing long-term stakeholder value, strengthening its market position and contributing positively to the broader economic and environmental landscape.

4.7 Research and Development

The Company does not have any research and development policy as of the date of this Prospectus.

4.8 Strategic Initiatives and Future Plans

The Company has outlined a series of strategic initiatives and future plans aimed at expanding its market presence, enhancing operational efficiency and aligning with emerging industry trends. These initiatives focus on geographic expansion, fleet optimisation, technological advancements, cost management, client engagement, regulatory compliance and diversification into new business segments.

4.8.1 Expansion and Market Growth

The Company is actively expanding its branch network to strengthen its presence in high-demand locations. Geographic expansion into new urban centres and economic hubs within the Kingdom is under evaluation, with a focus on addressing demand in underserved regions. Additionally, the Company is seeking to enhance its small and medium entities corporate leasing segment through securing additional financings in the amount of SAR 100 million from Riyadh Bank and Saudi Investment Bank to offer vehicles to small and medium entities.

4.8.2 Fleet Optimisation and Innovation

A structured fleet expansion and renewal strategy is in place to introduce newer, fuel-efficient, hybrid and electric vehicles, in line with sustainability objectives and evolving client preferences. Investments in advanced telematics and real-time tracking systems are being explored to enhance fleet management, monitor utilisation rates and improve maintenance scheduling. The Company is also considering the introduction of flexible leasing models, including subscription-based offerings, tailored corporate leasing arrangements and mobility solutions for specific client segments.

4.8.3 Technology and Digital Transformation

The Company is prioritising investments in digital platforms to improve client experience and operational efficiency. Enhancements to the online reservation system and mobile application are underway, integrating AI-driven recommendations, dynamic pricing algorithms and instant contract management capabilities. The use of predictive analytics for demand forecasting and client engagement is also being expanded. Further, the Company is assessing the feasibility of blockchain technology for secure digital contracts, automated lease agreements and streamlined payment processing.

4.8.4 Operational Efficiency and Cost Optimisation

To reduce reliance on third-party repair services and improve maintenance efficiency, the Company is expanding its network of in-house workshops. This initiative is expected to lower operating costs while ensuring higher service quality and faster turnaround times. Additionally, procurement strategies are being refined to negotiate bulk purchasing agreements with key

vehicle suppliers, securing cost advantages and ensuring uninterrupted fleet availability. Sustainability initiatives, including fuel efficiency measures, carbon reduction targets and investments in alternative energy solutions, are also being integrated into operational planning.

4.8.5 Client Experience and Brand Positioning

The Company is planning to enhance its client engagement strategy through the launch of a loyalty programme, offering incentives such as discounted rates, priority service and exclusive benefits for repeat clients. Tailored leasing and rental solutions for large-scale corporate and Government clients are also being developed. Brand positioning efforts are being reinforced through targeted digital marketing campaigns, strategic sponsorships and partnerships aimed at increasing brand recognition within the Kingdom's mobility sector.

Through these strategic initiatives, the Company aims to strengthen its market position, improve financial performance and adapt to the evolving demands of the vehicle rental and leasing industry in the Kingdom. See also Section 2.1.5 (*Risks Related to the Company's Inability to Implement its Growth Strategy in the Future*) for a discussion of certain risks related to the Company's inability to implement its growth strategy in the future.

4.9 Administrative Support Departments

The Company operates multiple administrative support departments that play a crucial role in ensuring operational efficiency, regulatory compliance and strategic business growth. Below is a brief description of each department's key functions as of the date of this Prospectus:

- **CEO Office Department**: Provides executive support and strategic oversight, ensuring alignment between corporate objectives, business operations and stakeholder engagements, while facilitating high-level decision-making and governance functions;
- **Business Development Department**: Identifies and pursues new growth opportunities, including strategic partnerships, market expansion initiatives, and corporate client acquisitions, to drive revenue growth and enhance the Company's market position;
- **Daily Rental Department**: Manages the short-term car rental segment, overseeing branch operations, fleet availability, client service and digital booking platforms to ensure seamless mobility solutions for individual and corporate clients;
- **Finance Department**: Oversees financial planning, budgeting, cash flow management and regulatory compliance, ensuring accurate financial reporting and alignment with Saudi accounting standards and international financial reporting principles;
- **Operations Department**: Ensures the efficient execution of all leasing and rental operations, including fleet allocation, logistics, client service and maintenance coordination, to maximise asset utilisation and service quality;
- **Projects Department**: Manages key corporate initiatives, business transformation programmes and infrastructure developments, ensuring the timely and effective execution of strategic projects that drive operational improvements and business growth;
- **Shared Services Department**: Provides centralised administrative support, including procurement, human resources, IT and facility management, optimising cross-functional collaboration and resource efficiency across all business units; and
- **Used Car Sales Department**: Oversees the remarketing and sale of decommissioned fleet vehicles through multiple channels, including wholesale and direct-to-client sales, to optimise fleet lifecycle management and residual value recovery.

4.10 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 hours, insurance, social insurance benefits, salaries and other allowances, including accommodation and transportation allowances and rewards.

4.10.1 Number of Employees

As of 31 December 2024G, the Company was classified within the category "High Green" with a Saudisation percentage of 40.9 per cent. The total number of employees of the Company is 800 employees.

The following table shows the number of employees of the Company by department as of 31 December 2022G, 2023G and 2024G:

Table 4.16: Number of Employees of the Company by Department as of 31 December 2022G, 2023G and 2024G

Department	Financial Year Ended 31 December											
	2022G				2023G				2024G			
	Saudi	Non - Saudi	Total	Saudisation Percentage	Saudi	Non - Saudi	Total	Saudisation Percentage	Saudi	Non - Saudi	Total	Saudisation Percentage
Business Development	9	3	12	75.0%	5	3	8	62.5%	4	2	6	66.7%
CEO Office	-	2	2	0%	1	3	4	25.0%	2	3	5	40.0%
Daily Rental	51	3	54	94.4%	60	9	69	87.0%	57	10	67	85.1%
Finance	19	12	31	61.3%	14	16	30	46.7%	11	17	28	39.3%
Operations	73	242	315	23.2%	74	217	291	25.4%	51	192	243	21.0%
Projects	83	123	206	40.3%	129	119	247	52.0%	174	157	331	52.6%
Shared Services	79	67	146	54.1%	61	70	131	46.6%	26	85	111	23.4%
Used Car Sales	3	6	9	33.3%	3	7	10	30.0%	2	7	9	22.2%
Total	**317**	**458**	**775**	**40.9%**	**347**	**444**	**791**	**43.9%**	**327**	**473**	**800**	**40.9%**

Source: The Company.

4.11 Evolution of Capital

The Company was originally established on 11 Jumada al-Akhirah 1400H (corresponding to 26 April 1980G) as a sole proprietorship owned by Mohammed Abdullah Turki AlDhayan, registered under commercial registration no. 1010013375, with a paid-up capital of one million Saudi Arabian Riyals (SAR 1,000,000).

The ownership structure of the Company at the time of its establishment was as follows:

Table 4.17: The Ownership Structure as of 11 Jumada al-Akhirah 1400H (corresponding to 26 April 1980G)

Shareholders	Total Nominal Value (SAR)	Shareholding (%)
Mohammed Abdullah Turki AlDhayan	1,000,000	100.0%
Total	**1,000,000**	**100.0%**

Source: The Company.

On 4 Ramadan 1420H (corresponding to 12 December 1999G), Mohammed Abdullah Turki AlDhayan transferred his entire shareholding to Oudah Abdullah AlOudah.

The following table sets out the ownership structure of the Company after the transfer:

Table 4.18: The Ownership Structure as of 4 Ramadan 1420H (corresponding to 12 December 1999G)

Shareholders	Total Nominal Value (SAR)	Shareholding (%)
Oudah Abdullah AlOudah	1,000,000	100.0%
Total	**1,000,000**	**100.0%**

Source: The Company.

On 13 Ramadan 1420H (corresponding to 20 December 1999G), the Company was registered under commercial registration no. 1010156896 as a limited liability company owned by Khalid AlOudah and Sons Holding Company and Khalid Oudah Abdullah AlOudah, with a paid-up share capital of two million Saudi Arabian Riyals (SAR 2,000,000), divided into two thousand (2,000) Shares with a nominal value of one thousand Saudi Arabian Riyals (SAR 1,000) per Share. Khalid AlOudah and Sons Holding Company contributed one thousand eight hundred (1,800) Shares with a total value of one million eight hundred thousand Saudi Arabian Riyals (SAR 1,800,000), representing 90.0 per cent. of the share capital, and Khalid Oudah Abdullah AlOudah contributed two hundred (200) Shares with a total value of two hundred thousand Saudi Arabian Riyals (SAR 200,000), representing 10.0 per cent. of the share capital.

The ownership structure was as follows:

Table 4.19: The Ownership Structure as of 13 Ramadan 1420H (corresponding to 20 December 1999G)

Shareholders	No. of Shares	Nominal Value (SAR)	Total Nominal Value (SAR)	Shareholding (%)
Khalid AlOudah and Sons Holding Company	1,800	1,000	1,800,000	90.0%
Khalid Oudah Abdullah AlOudah	200	1,000	200,000	10.0%
Total	**2,000**	**-**	**2,000,000**	**100.0%**

Source: The Company.

On 1 Thul-Hijjah 1436H (corresponding to 14 September 2015G), Khalid AlOudah and Sons Holding Company and Khalid Oudah Abdullah AlOudah transferred their entire shareholding ownership, for cash consideration, being one thousand nine hundred (1,900) Shares with a total value of one million nine hundred thousand Saudi Arabian Riyals (SAR 1,900,000), representing 95.0 per cent. of the share capital of the Company to Gulf Address Real Estate Investment Company, and one hundred (100) Shares with a total value of one hundred thousand Saudi Arabian Riyals (SAR 100,000), representing 5.0 per cent. of the share capital of the Company, to Nasser Ibrahim Mohammed AlOmair.

The following table sets out the ownership structure of the Company following the share transfer:

Table 4.20: The Ownership Structure as of 1 Thul-Hijjah 1436H (corresponding to 14 September 2015G)

Shareholders	No. of Shares	Nominal Value (SAR)	Total Nominal Value (SAR)	Shareholding (%)
Gulf Address Real Estate Investment Company	1,900	1,000	1,900,000	95.0%
Nasser Ibrahim Mohammed AlOmair	100	1,000	100,000	5.0%
Total	**2,000**	**-**	**2,000,000**	**100.0%**

Source: The Company.

On 6 Muharram 1439H (corresponding to 14 September 2015G), the Company's share capital was increased from two million Saudi Arabian Riyals (SAR 2,000,000), divided into two thousand (2,000) Shares with a nominal value of one thousand Saudi Arabian Riyals (SAR 1,000) per Share, to one hundred million Saudi Arabian Riyals (SAR 100,000,000), divided into one hundred thousand (100,000) Shares with a nominal value of one thousand Saudi Arabian Riyals (SAR 1,000) per Share. Gulf Address Real Estate Investment Company contributed ninety-five thousand (95,000) shares with a total value of ninety-five million Saudi Arabian Riyals (SAR 95,000,000), representing 95.0 per cent. of the share capital, and Nasser Ibrahim Mohammed AlOmair contributed five thousand (5,000) Shares with a total value of five million Saudi Arabian Riyals (SAR 5,000,000), representing 5.0 per cent. of the share capital.

The following table sets out the ownership structure of the Company after the capital increase:

Table 4.21: The Ownership Structure as of 6 Muharram 1439H (corresponding to 14 September 2015G)

Shareholders	No. of Shares	Nominal Value (SAR)	Total Nominal Value (SAR)	Shareholding (%)
Gulf Address Real Estate Investment Company	95,000	1,000	95,000,000	95.0%
Nasser Ibrahim Mohammed AlOmair	5,000	1,000	5,000,000	5.0%
Total	**100,000**	**-**	**100,000,000**	**100.0%**

Source: The Company.

On 5 Jumada al-Ula 1442H (corresponding to 20 December 2020G), the Company's share capital was increased from one hundred million Saudi Arabian Riyals (SAR 100,000,000), divided into one hundred thousand (100,000) Shares with a nominal value of one thousand Saudi Arabian Riyals (SAR 1,000) per Share, to one hundred fifty million Saudi Arabian Riyals (SAR 150,000,000), divided into fifteen million (15,000,000) Shares with a nominal value of ten Saudi Arabian Riyals (SAR 10) per Share, through the capitalisation of retained earnings. On the same date, Gulf Address Real Estate Investment Company and Nasser Ibrahim Mohammed AlOmair transferred their full ownership of the Company to Saudi Edarah Holding Company without consideration, and the Company was converted from a limited liability company into a closed joint stock company.

The following table sets out the ownership structure of the Company following the capital increase, transfer of ownership and conversion:

Table 4.22: The Ownership Structure as of 5 Jumada al-Ula 1442H (corresponding to 20 December 2020G)

Shareholders	No. of Shares	Nominal Value (SAR)	Total Nominal Value (SAR)	Shareholding (%)
Saudi Edarah Holding Company	15,000,000	10	150,000,000	100.0%
Total	**15,000,000**	-	**150,000,000**	**100.0%**

Source: The Company.

On 13 Jumada al-Ula 1444H (corresponding to 7 December 2022G), the Company's share capital was increased from one hundred fifty million Saudi Arabian Riyals (SAR 150,000,000), divided into fifteen million (15,000,000) shares with a nominal value of ten (10) Saudi Arabian Riyals per Share, to three hundred million Saudi Arabian Riyals (SAR 300,000,000), divided into thirty million (30,000,000) Shares with a nominal value of ten (10) Saudi Arabian Riyals per Share.

The following table sets out the shareholding structure of the Company after the capital increase:

Table 4.23: Shareholding Structure as of 13 Jumada al-Ula 1444H (corresponding to 7 December 2022G)

Shareholders	No. of Shares	Nominal Value (SAR)	Total Nominal Value (SAR)	Shareholding (%)
Saudi Edarah Holding Company	30,000,000	10	300,000,000	100.0%
Total	**30,000,000**	-	**300,000,000**	**100.0%**

Source: The Company.

On 12 Sha'ban 1446H (corresponding to 11 February 2025G), Saudi Edarah Holding Company transferred four hundred fifty thousand (450,000) Shares, representing 1.50 per cent. of the Company's share capital, without consideration to Abdulaziz Saleh Mohammed AlSowail.

The following table sets out the shareholding structure of the Company following the transfer:

Table 4.24: Shareholding Structure as of 12 Sha'ban 1446H (corresponding to 11 February 2025G)

Shareholders	No. of Shares	Nominal Value (SAR)	Total Nominal Value (SAR)	Shareholding (%)
Saudi Edarah Holding Company	29,550,000	10	295,500,000	98.5%
Abdulaziz Saleh Mohammed AlSowail	450,000	10	4,500,000	1.50%
Total	**30,000,000**	-	**300,000,000**	**100.0%**

Source: The Company.

4.12 Business Continuity

The Directors acknowledge that there has been no interruption or suspension in Company's business during the 12-month period preceding the date of this Prospectus, which would affect or have a significant impact on its financial position. The Directors also acknowledge that no material change in the nature of its business is contemplated.

5

Organisational Structure and Corporate Governance

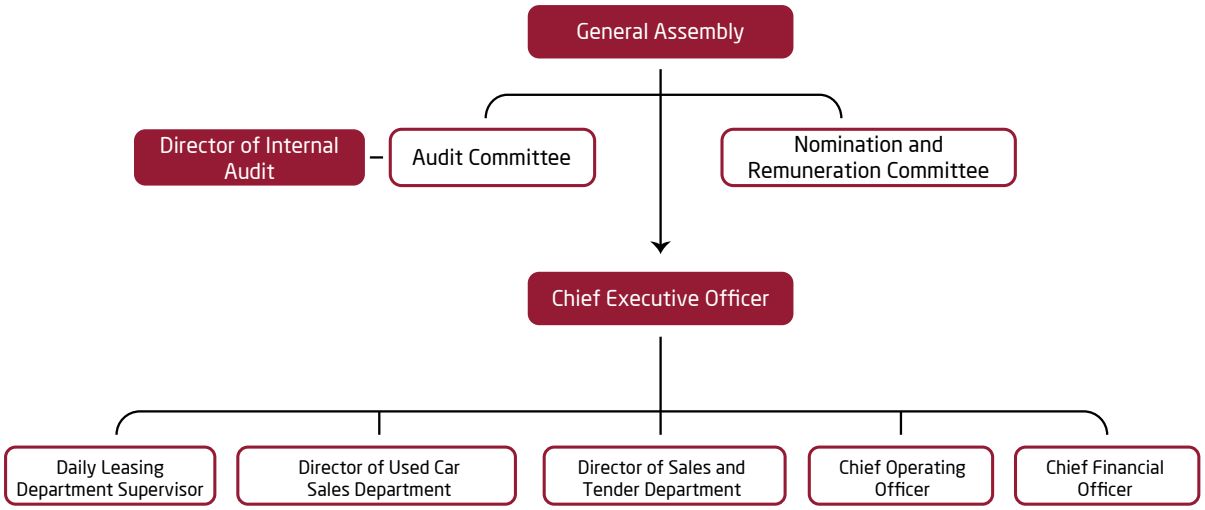
5. Organisational Structure and Corporate Governance

5.1 Organisational Structure

The organisational structure of the Company consists of the General Assembly, the Board of Directors and the Committees derived from it. Without prejudice to General Assemblies' authorities, the Board of Directors has the broadest authorities to manage the Company and has the responsibility for the overall direction, supervision and control of the Company. The Board of Directors delegates responsibility for the overall day-to-day management of the Company to the Executive Management of the Company.

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

Exhibit 5.1: Organisational Structure of the Company



Source: The Company.

The following table summarises the 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	Ownership (%)	Overall Nominal Value (SAR)	No. of Shares	Ownership (%)	Overall Nominal Value (SAR)
Saudi Edarah Holding Company	29,550,000	98.50%	295,500,000	20,685,000	68.95%	206,850,000
Abdulaziz Saleh Mohammed AlSowail	450,000	1.50%	4,500,000	315,000	1.05%	3,150,000
Public	-	-	-	9,000,000	30.0%	90,000,000
Total	**30,000,000**	**100.0%**	**300,000,000**	**30,000,000**	**100.0%**	**300,000,000**

Source: The Company.

5.2 Board of Directors and the Board Secretary

5.2.1 Composition of the Board of Directors

The Board of Directors consists of five Directors who are appointed by the General Assembly by means of cumulative vote (for further details, see Section 11.14 (*Summary of Bylaws*)). The Companies Law, the Corporate Governance Regulations, the Bylaws, and the internal Corporate Governance Manual of the Company determine the duties and responsibilities of the Board of Directors. The term of the Directors' membership on the Board, including the Chairman, shall be for a maximum period of four years for each term. The current term of the Board of Directors commenced on 19 Jumada al-Akhirah 1446H (corresponding to 20 December 2024G) and will end on 3 Sha'ban 1450H (corresponding to 19 December 2028G).

The following table sets out the Directors as of the date of this Prospectus:

Table 5.2: Company's Board of Directors

Name	Position	Nationality	Status	Independence [2]	Direct Ownership (%) [3]		Date of Appointment [1]
					Pre - Offering	Post - Offering	
Riyadh Ibrahim Rumayzan AlRumayzan	Chairman	Saudi	Non-Executive	Independent	-	-	19 Thul-Hijjah 1446H (corresponding to 20 December 2024G)
Sultan Mohammed Abdulrazzaq AlDuwaish	Vice Chairman	Saudi	Non-Executive	Independent	-	-	13 Sha'ban 1446H (corresponding to 12 February 2025G)
Abdulaziz Othman Mohammed AlNasser	Director	Saudi	Non-Executive	Independent	-	-	19 Thul-Hijjah 1446H (corresponding to 20 December 2024G)
Saleh Abdullah Saleh AlYahya	Director	Saudi	Non-Executive	Independent	-	-	19 Thul-Hijjah 1446H (corresponding to 20 December 2024G)
Abdulaziz Saleh Mohammed AlSowail	Director and Chief Executive Officer	Saudi	Executive	Non-Independent	1.50%	1.05%	19 Thul-Hijjah 1446H (corresponding to 20 December 2024G)

Source: The Company.

(1) The dates listed in this table are the dates of appointment to the current positions in the Board of Directors. Their biographies in Section 5.2.4 (*Biographies of the Directors and the Board Secretary*) describe the dates of their appointment to the Board of Directors and any other positions.

(2) An independent Director is a non-executive member of the Board of Directors with complete independence in their position and decisions, and none of the issues affecting independence set out below apply to him/her:

- (i) he/she holds five per cent. or more of the shares of the Company or any other company within its group, or are a relative of someone who owns such percentage;
- (ii) he/she is a relative of any Company Director, or of any other company director within the Group;
- (iii) he/she is a relative of any Senior Executive of the Company, or of any other company within the Group;
- (iv) he/she is nominated to be a director for any company within the Group;
- (v) he/she is an employee, or were a former employee during the previous two years, of the Company or a company within its group, or held a controlling interest in the Company or any party dealing with the Company or any company within its group, such as external auditors or key suppliers, during the preceding two years;
- (vi) he/she have a direct or indirect interest in the business and contracts conducted for the Company;
- (vii) he/she receive financial consideration from the Company in addition to remuneration for their membership of the Board or any of its committees in excess of SAR 200,000 or 50.0 per cent. of their remuneration for the previous year of their membership of the Board or any of its committees, whichever is less;
- (viii) he/she engages in businesses that competes with the Company, or conduct business in any of the Company's lines of activities; or
- (ix) he/she serve for more than nine years, whether consecutive or not, as a Director of the Company.

(3) There is no indirect ownership.

The Board Secretary is Asma Abdulraheem Gharmallah AlGhamdi, was appointed pursuant to a resolution of the Board of Directors dated 4 Rabi' al-Thani 1443H (corresponding to 2 December 2021G). Asma Abdulraheem Gharmallah AlGhamdi. For a summary of her biography, see Section 5.2.4 (*Biographies of the Directors and the Board Secretary*).

5.2.2 Responsibilities of the Board of Directors

The Company is supervised by a Board of Directors which consist of professional and highly experienced members. The Companies Law, the Corporate Governance Regulations, the Company's Bylaws and the Company's internal Corporate Governance Manual define the duties and responsibilities of the Board of Directors. Subject to the powers reserved for the

General Assembly, 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 the overall day-to-day management of the Company to the Company's Executive Management.

Some powers are delegated to the Board of Directors' committees, which consist of the Audit Committee and the Nomination and Remuneration Committee (collectively, the "**Committees**"), and a number of administrative departments with responsibility for dealing with a range of operational and business matters (fur further details about the Company's administrative departments, see Section 4.9 (*Administrative Support Departments*)). In addition, the Board of Directors has the power to form any number of committees it considers necessary for the effective governance, oversight and operations of the Company or delegate some of its powers to one or more of the Directors or third parties. Notwithstanding 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 Board Secretary can be summarised as follows:

5.2.2.1 Board of Directors

Without prejudice to the competencies of the General Assembly as per the Companies Law and its implementing regulations and the Company's bylaws, the Board shall have the broadest powers to manage the Company and guiding its activities to achieve its objectives. Pursuant to the Corporate Governance Regulations, among the main functions and competencies of the Board of Directors are the following:

- laying down the plans, policies, strategies and main objectives of the Company, supervising their implementation and reviewing them periodically, and ensuring that the human and financial resources required to fulfil them are available, including:
    - setting a comprehensive strategy for the Company, key business plans, policies, and mechanisms of risk management and reviewing and guiding them;
    - determining the most appropriate capital structure for the Company, its strategies, and financial objectives, and approving all kinds of estimated budgets;
    - overseeing the main capital expenditures of the Company and the acquisition or disposal of assets;
    - setting performance indicators, and monitoring the implementation thereof and the overall performance of the Company;
    - reviewing and approving the organisational and human resources structures of the Company on a periodic basis; and
    - ensuring that the financial and human resources required for achieving the objectives and main plans of the Company are available;
- setting rules and procedures for internal control and generally overseeing them, including:
    - developing a written policy to remedy actual and potential conflicts of interest scenarios for each of the Board members, the Executive Management, and the shareholders, including misuse of the Company's assets and the mismanagement resulting from transactions with Related Parties;
    - ensuring the integrity of the financial and accounting rules, including rules relating to the preparation of financial reports;
    - ensuring the implementation of appropriate control procedures for risk assessment and management by generally forecasting the risks that the Company may encounter and creating an environment that is aware of the culture of risk management at the Company level and disclosing such risks transparently to the stakeholders and parties related to the Company; and
    - reviewing the effectiveness of the Company's internal control procedures on an annual basis;
- setting forth specific and explicit policies, standards and procedures for membership on the Board, without prejudice to the mandatory provisions of the Corporate Governance Regulations, and implementing them following approval by the General Assembly;
- developing a written policy that regulates the relationship with stakeholders pursuant to the provisions of the Corporate Governance Regulations;
- setting policies and procedures to ensure the Company's compliance with the laws and regulations and the Company's obligation to disclose material information to shareholders and stakeholders, and ensuring the compliance by the Executive Management with these policies and procedures;
- supervising the management of the Company's finances, its cash flows as well as its financial and credit relationships with third parties;

- providing recommendations to the Extraordinary General Assembly as to what it deems appropriate regarding the following:
  - increasing or decreasing the share capital of the Company; and
  - dissolving the Company before the end of its term as specified in its bylaws or deciding the continuity of the Company;
- providing recommendations to the Ordinary General Assembly regarding:
  - use of the Company's reserves, if they are not allocated for a specific purpose in the Company's Bylaws;
  - forming additional financial allocations or reserves for the Company; and
  - the method of distributing the net profits of the Company;
- preparing the Company's interim and annual financial statements and approving them before publishing them;
- preparing the Board report and approving it before publishing it;
- ensuring the accuracy and integrity of the data and information which must be disclosed pursuant to the applicable policies and systems in respect of disclosure and transparency;
- developing effective communication channels allowing shareholders to continuously and periodically review the various aspects of the Company's businesses as well as any material developments;
- forming specialised committees of the Board pursuant to resolutions that shall specify the term, powers and responsibilities of such committees as well as the manner used by the Board to monitor such committees. Such resolutions shall also specify the names of the members and their duties, rights and obligations and shall evaluate the performance and activities of these committees and their members;
- specifying the types of remunerations granted to the Company's employees, such as fixed remunerations, remunerations linked to performance and remunerations in the form of shares without prejudice to the Implementing Regulation of the Companies Law for Listed Joint Stock Companies;
- notifying the Ordinary General Assembly, when convened, of the businesses and contracts in which any Board member has a direct or indirect interest; the notification provided by the member of the Board shall include the nature and extent of such interest, the names of concerned persons, and the expected benefit to be obtained directly or indirectly from interest whether financial or non-financial; and
- setting the values and standards that govern the work at the Company.

In addition to the above, the Board of Directors shall be vested with the other powers and responsibilities stipulated in Part 3 of the Corporate Governance Regulations.

5.2.2.2 Chairman

The Chairman of the Board shall be responsible for leading the Board and supervising its operations and the effective performance of its duties. Pursuant to the Corporate Governance Regulations and without prejudice to the competencies of the Board, the competencies and duties of the Chairman of the Board shall in particular include the following:

- ensuring that the Board members obtain complete, clear, accurate and non-misleading information in due course;
- ensuring that the Board effectively discusses all fundamental issues in due course;
- representing the Company before third parties in accordance with the Companies Law and its Implementing Regulations and the Company's Bylaws;
- encouraging the Board members to effectively perform their duties in order to achieve the interests of the Company;
- ensuring that there are actual communication channels with shareholders and conveying their opinions to the Board;
- encouraging constructive relationships and effective participation between the Board and the Executive Management on the one hand, and the Executive, Non-Executive and Independent Directors on the other hand, and creating a culture that encourages constructive criticism;
- preparing agendas of the Board meetings, taking into consideration any matters raised by Board members or the external auditor and consult with the Board members and the Chief Executive Officer upon preparing the Board's agenda; and
- convening periodic meetings with the Non-Executive Directors without the presence of any executive officers of the Company.

5.2.2.3 Board Secretary

Pursuant to the Corporate Governance Regulations, the responsibilities of the Board Secretary include the following:

- documenting the Board meetings and preparing minutes therefor, which shall include the discussions and deliberations carried during such meetings, as well as the place, date, times on which such meetings commenced and concluded; and recording the decisions of the Board and voting results and retaining them in a special and organised register, and including the names of the attendees and any reservations they expressed (if any). Such minutes shall be signed by the chairman of the meeting, all of the attending members and the Board Secretary;
- retaining the reports submitted to the Board and the reports prepared by it;
- providing the Board members with the agenda of the Board meeting and related worksheets, documents and any additional information, related to the topics included in the agenda items, requested by any Board member;
- ensuring that the Board members comply with the procedures approved by the Board;
- notifying the Board members of the dates of the Board's meetings within sufficient time prior to the date specified for the meeting;
- presenting the draft minutes to the Board members to provide their opinions on them before signing the same;
- ensuring that the Board members receive, fully and promptly, a copy the minutes of the Board's meetings as well as the information and documents related to the Company;
- coordinating among the Board members;
- regulating the disclosure register of the Board and Executive Management; and
- providing assistance and advice to the Board members.

5.2.3 Service Contracts with Directors

Except for the employment agreement entered into with Abdulaziz Saleh Mohammed AlSowail regarding his tenure as Chief Executive Officer, no service or employment agreements have been entered into between the Company and the members of the Board of Directors. (For further details regarding the agreement with Abdulaziz Saleh Mohammed AlSowail, section 5.4.4 (*Employment Contracts with the Chief Executive Officer and the Chief Financial Officer*).

5.2.4 Biographies of the Directors and the Board Secretary

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

5.2.4.1 Riyadh Ibrahim Rumayzan AlRumayzan, Chairman

Nationality:	Saudi.
Age:	55 years.
Position:	Chairman of the Board of Directors.
Membership Status:	Non-Executive.
Independence:	Independent.
Appointment Date (Current Term):	19 Jumada al-Akhirah 1446H (corresponding to 20 December 2024G).
Academic and Professional Qualifications:	• Bachelor's Degree in Mechanical Engineering, King Saud University, Riyadh, Kingdom of Saudi Arabia, in 1993G; and • Postgraduate Diploma in Business Administration, Vadodara Institute, Republic of India, in 2001G.
Current Positions:	• Chairman of the Company's Board of Directors, since 2024G; and • Chief Executive Officer, Al Mawarid Manpower Company, a public joint stock company, manpower sector, since 2016G.

Key Past Professional Experience:	• General Manager, Saudi Basic Industries Corporation (SABIC), a public joint stock company, petrochemicals sector, from 1999G to 2016G; • High-Density Polyethylene Business Manager, Saudi Basic Industries Corporation (SABIC) Europe, a limited liability company, petrochemicals sector, from 2011G to 2013G; • Key Accounts Sales Manager, Saudi Basic Industries Corporation (SABIC) Europe, a limited liability company, petrochemicals sector, from 2009G to 2011G; • High-Density Degradable Ethylene Business Manager, Saudi Basic Industries Corporation (SABIC) Europe, a limited liability company, petrochemicals sector, from 2007G to 2009G; • Technology Business Leader, Saudi Basic Industries Corporation (SABIC) Europe, a limited liability company, petrochemicals sector, from 2001G to 2007G; • Projects Manager, Saudi Basic Industries Corporation (SABIC) Europe, a limited liability company, petrochemicals sector, from 1999G to 2001G; • Senior Engineer, Ministry of Interior, a government entity, from 1997G to 1999G; • Consulting Engineer, Saudi Operation and Maintenance Company, a Saudi-established company, military industries sector, from 1996G to 1997G; and • Deputy Mechanical Engineer, King Abdulaziz Medical City – National Guard (formerly King Fahad National Guard Hospital), a government hospital, from 1993G to 1996G.

5.2.4.2 Sultan Mohammed Abdulrazzaq AlDuwaish, Vice Chairman

Nationality:	Saudi.
Age:	51 years.
Position:	Company Vice Chairman.
Membership Status:	Non-Executive.
Independence:	Independent.
Appointment Date (Current Term):	19 Jumada al-Akhirah 1446H (corresponding to 20 December 2024G).
Academic and Professional Qualifications:	• Bachelor's Degree in Computer Science, King Saud University, Riyadh, Kingdom of Saudi Arabia, in 1995G; • Master's Degree in Business Administration, King Saud University, Riyadh, Kingdom of Saudi Arabia, in 2011G; and • Master's Degree in Business Administration, Arab Academy for Science and Technology, Cairo, Arab Republic of Egypt, in 2009G.
Current Positions:	• Vice Chairman of the of the Board of Directors, since 2025G; • Member of the Nomination and Remuneration Committee of the Company, since 2025G; • General Manager, Athal Development and Investment Company, a limited liability company, real estate development, property and facility management sector, since 2018G; • Board Member, Bahrah Real Estate Development Company, a limited liability company, real estate development sector, since 2021G; • Board Member, Taheel Resources Company, a limited liability company, consulting services and human resources management sector, since 2023G; • Board Member, Al Tuwaijri Trading Company, a closed joint stock company, retail sector, since 2022G; • Chairman of the Board, Global Dishes Company, a limited liability company, food sector, since 2024G; • Board Member, Ajyal Al-Rowad Schools Company, a limited liability company, education sector, since 2016G; • Board Member, Athal Development and Investment Company, a limited liability company, real estate development, property and facility management sector, since 2018G; • Chairman of the Board, Future Investment Company, a limited liability company, endowment sector, since 2021G; • Secretary General, Abdulaziz bin Abdullah Al-Jomaih Charitable Endowment, a charitable endowment, since 2019G; • Member of the Grants Committee, Abdullah Al-Dhayan Endowment, a charitable endowment, since 2018G; • Member of the Experts Committee, Al Rajhi Humanitarian Foundation, a non-profit civil foundation, since 2022G; • Founder and Board Member, Qabas Judicial Association, a non-profit civil judicial association, since 2020G; • Board Member, Obar Al-Majd Real Estate Company, a limited liability company, real estate development sector, since 2012G; • Executive Supervisor, Cooperative Association for Logistics Services, a cooperative association in the logistics sector, since 2023G; • Founder, Al-Masajid Association in Al-Zulfi, a charitable association, since 2023G; and • Founder, Ghadaq Association for Water Provision, a charitable association, since 2023G.Top of FormBottom of Form

Key Past Professional Experience:	• Founder and Board Member, Cooperative Association for Livestock, a cooperative association in the food sector, from 2020G to 2025G; • Board Member, Basqat Al-Khaleej Company, a limited liability company, real estate sector, from 2022G to 2024G; • Board of Trustees Member, King Saud University Scholarship Fund, an educational entity, from 2021G to 2024G; • Fund Manager, Al-Duwaish Family Fund, a civil institution, from 2019G to 2024G; • Board Member, Nawie Food Company, a limited liability company, food sector, from 2021G to 2023G; • Founder and Board Member, Charitable Association for Drinking Water Services, a charitable association, from 2016G to 2023G; • Member of the Endowments Committee, Riyadh Chamber of Commerce, a governmental entity, from 2012G to 2022G; • Board Member, Leadership Development Company for Training, a limited liability company, training sector, from 2010G to 2022G; • Board Member, Maalem Financing Company, a closed joint stock company, financing sector, from 2009G to 2019G; • Member of the Executive Committee, Maalem Financing Company, a closed joint stock company, financing sector, from 2015G to 2019G; • Member of the Nomination and Remuneration Committee, Maalem Financing Company, a closed joint stock company, financing sector, from 2015G to 2019G; • General Supervisor, Ajyal Al-Rowad Schools Company, a limited liability company, education sector, from 2016G to 2018G; • Chief Executive Officer, Obar Al-Majd Real Estate Company, a limited liability company, real estate development sector, from 2012G to 2016G; and • Lecturer, Technical and Vocational Training Corporation, an educational entity, from 2002G to 2012G.

5.2.4.3 Abdulaziz Osman Mohammed AlNasser, Director

Nationality:	Saudi.
Age:	62 years.
Position:	Company Director.
Membership Status:	Non-Executive.
Independence:	Independent.
Appointment Date (Current Term):	19 Jumada al-Akhirah 1446H (corresponding to 20 December 2024G).
Academic and Professional Qualifications:	• Diploma in Financial Control, Institute of Public Administration, Riyadh, Kingdom of Saudi Arabia, in 1990G; and • Bachelor's degree in Business Administration, Imam Muhammad bin Saud Islamic University, Riyadh, Kingdom of Saudi Arabia, in 1987G.
Current Positions:	• Director of the Company, since 2024G. • Member of the Nomination and Remuneration Committee of the Company since 2025G; • Financial Advisor, Riyadh Second Health Cluster (Ministry of Health), a government entity, since 2024G; • Member of the Planning Committee, Riyadh Second Health Cluster (Health Holding Company), a government entity, since 2018G; and • Member of the Operations Committee, King Fahad Medical City, a government entity, since 2004G.
Key Past Professional Experience:	• Member of the Training and Scholarship Committees, Riyadh Second Health Cluster (Health Holding Company), a government company, from 2021G to 2024G; • Executive Director of Finance and Accounts, King Fahad Medical City, a government entity, from 2019G to 2024G; • Head of Financial Affairs, Riyadh Second Health Cluster (Ministry of Health), a government entity, from 2019G to 2024G; • Member of the Training and Scholarship Committees, King Fahad Medical City, a government entity, from 2010G to 2021G; • Executive Director of Finance and Accounts, King Fahad Medical City, a government entity, from 2017G to 2019G; • Member of the Bid Review Committee, General Directorate of Health Affairs, a government entity, from 1997G to 2001G; • Secretary of the Bid Review Committee, General Directorate of Health Affairs, a government entity, from 1993G to 1997G; • Executive Director of Finance and Accounts, King Fahad Medical City, a government entity, from 2017G to 2019G; • Director of Financial Affairs, King Fahad Medical City, a government entity, from 2003G to 2017G; • Financial Affairs Accountant, Ministry of Health, a government entity, from 2002G to 2003G; • Financial Auditor, General Directorate of Health Affairs, a government entity, from 1991G to 1997G; • Accountant, General Directorate of Health Affairs, a government entity, from 1990G to 1991G; and • Accountant, General Directorate of Health Affairs, a government entity, from 1987G to 1988G.

5.2.4.4 Saleh Abdullah Saleh AlYahya, Director

Nationality:	Saudi.
Age:	44 years.
Position:	Company Director.
Membership Status:	Non-Executive.
Independence:	Independent.
Appointment Date (Current Term):	19 Jumada al-Akhirah 1446H (corresponding to 20 December 2024G).
Academic and Professional Qualifications:	• Bachelor's Degree in Accounting, King Saud University, Riyadh, Kingdom of Saudi Arabia, in 2005G; and • Certified Public Accountant (CPA), Saudi Organisation for Chartered and Professional Accountants (SOCPA), Riyadh, Kingdom of Saudi Arabia, in 2007G.
Current Positions:	• Director of the Company, since 2024G. • Chairman of the Audit Committee of the Company, since 2024G; • Member, General Assembly of the Individual Investors Protection Association, a non-profit civil association, since 2025G; • Chairman of the Audit Committee, Al Yusr Leasing and Financing Company, a closed joint stock company, financing sector, since 2023G; • Member of the Audit Committee, Tawareed Financial Solutions Company, a limited liability company, financing sector, since 2023G; • Member of the Audit Committee, Saudi Lime Industries Company, a public joint stock company, building materials sector, since 2023G; • Member of the Audit Committee, Saudi Artificial Intelligence Company, a closed joint stock company, communications, media and technology sector, since 2022G; • Chairman of the Audit Committee, Saudi Tadawul Group, a closed joint stock company, financial sector, since 2022G; • Chairman of the Audit Committee, Muqassa Company, a closed joint stock company, financial sector, since 2022G; • Chairman of the Audit Committee, Baja Company, a closed joint stock company, food sector, since 2022G; • Member of the Audit Committee, Light Weight Construction Company (SIPOREX), a Saudi closed joint stock company, construction sector, since 2021G; • Member of the Audit Committee, Arabian Pipe Company, a public joint stock company, steel pipe manufacturing sector, since 2020G; • Member of the Audit Committee, Sela Company, a closed joint stock company, entertainment, tourism, and sports sector, since 2020G • Member of the Audit Committee, Alandalus Property Company, a public joint stock company, real estate sector, since 2017G; • Member of the Audit Committee, Tadawul Real Estate Company, a limited liability company, real estate sector, since 2017G; and • Chairman of the Partners' Oversight Board, Turki Abdulmohsen Al-Laheid and Saleh Abdullah AlYahya Certified Public Accountants, a limited liability company, accounting sector, since 2016G.
Key Past Professional Experience:	• Licensed Partner, Ernst & Young Professional Services, a limited liability company, professional services sector, from 2014G to 2016G; • Senior Audit Manager, Ernst & Young Professional Services, a limited liability company, professional services sector, from 2011G to 2014G; • Audit Assistant Manager, Ernst & Young Professional Services, a limited liability company, professional services sector, from 2006G to 2011G; and • Accountant, Al-Areel Contracting and Industry Co. Ltd., a limited liability company, contracting sector, from 2002G to 2006G.

5.2.4.5 Abdulaziz Saleh Mohammed AlSowail, Director

Nationality:	Saudi.
Age:	48 years.
Position:	Company Director and Chief Executive Officer.
Membership Status:	Executive.
Independence:	Non-Independent.
Appointment Date (Current Term):	19 Jumada al-Akhirah 1446H (corresponding to 20 December 2024G).
Academic and Professional Qualifications:	• Bachelor's Degree in in Quantitative Methods, King Saud University, Riyadh, Kingdom of Saudi Arabia, in 2000G; and • Master's Degree in Business Administration, University of Hull, Hull, United Kingdom, in 2007G.
Current Positions:	• Director of the Company, since 2024G; • Company Chief Executive Officer, since 2023G; and • Member of the Board of Directors, Saudi Edarah Holding Company, a closed joint stock company, real estate sector, since 2020G.
Key Past Professional Experience:	• Executive Vice President, Al Mawarid Manpower Company, a public joint stock company, manpower sector, from 2020G to 2023G; • Chief Executive Officer, Own Financing Company, a closed joint stock company, financing sector, from 2018G to 2020G; • Head of Banking Inspection, Saudi Central Bank (SAMA), a government entity, from 2015G to 2018G; • Banking Inspection Team Leader, Saudi Central Bank (SAMA), a government entity, from 2012G to 2014G; and • Banking Inspector, Saudi Central Bank (SAMA), a government entity, from 2001G to 2011G.

5.2.4.6 Asma Abdulraheem Gharmallah AlGhamdi, Board Secretary

Nationality:	Saudi.
Age:	31 years.
Position:	Board Secretary.
Academic and Professional Qualifications:	• Bachelor's Degree in Law, Princess Nourah bint Abdulrahman University, Riyadh, Kingdom of Saudi Arabia, in 2017G; and • Master's Degree in Private Law, Princess Nourah bint Abdulrahman University, Riyadh, Kingdom of Saudi Arabia, in 2023G.
Current Positions:	• Board Secretary of the Company, since 2021G; and • Legal Department Supervisor of the Company, since 2018G.
Key Past Professional Experience:	• Legal Representative, AlGhamdi Trading Establishment, a sole proprietorship, retail trade sector, from 2017G to 2018G; and • Legal Assistant, Dr. Fahad Al-Refaei & Partners Law Firm, a sole proprietorship, legal sector, from 2017G to 2018G.

5.3 Board of Directors Committees

The Board of Directors has established the Committees to optimise the management of the Company and to meet relevant 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.

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

5.3.1 Audit Committee

5.3.1.1 Responsibilities of the Audit Committee

The Audit Committee oversees: (i) the integrity, effectiveness and accuracy of the Company's financial statements, reports, and internal control system; (ii) the Company's compliance with legal and regulatory requirements, and the rules of professional conduct; (iii) the qualifications and independence of the Company's external auditors; (iv) the performance of the Company's internal audit and external auditors; and (v) evaluating and supervising the risk management system in the Company and the relevant procedures in this regard. The Audit Committee charter was approved by the General Assembly on 13 Sha'ban 1446H (corresponding to 13 February 2025G).

The responsibilities of the Audit Committee also include the following:

(a) Financial Reports

- analysing the Company's interim and annual financial statements before presenting them to the Board and providing its opinion and recommendations thereon to ensure their integrity, fairness and transparency;
- providing its technical opinion, at the request of the Board, regarding whether the Board's report and the Company's financial statements are fair, balanced, understandable, and contain information that allows shareholders and investors to assess the Company's financial position, performance, business model, and strategy;
- review of annual report and related filings before publication for accuracy and completeness;
- analysing any important or non-familiar issues contained in the financial reports;
- review of audit findings with external auditor and management, including any encountered difficulties;
- coordination with management and external auditor on matters referred to the committee under recognised auditing standards;
- accurately investigating any issues raised by the Company's Chief Financial Officer or any person assuming his/her duties or the Company's compliance officer or external auditor;
- understanding the process by which management prepares interim financial info and the role of internal audit and external auditor in that process;
- examining the accounting estimates in respect of significant matters that are contained in the financial reports; and
- examining the accounting policies followed by the Company and providing its opinion and recommendations to the Board thereon.

(b) Internal Control

- studying and reviewing the Company's internal control, financial control and risk management systems and assessing their effectiveness, including information security and technology controls; and
- understanding the scope of internal audit over financial reporting conducted by the Internal Audit Department, and obtaining reports that include key findings, recommendations and management's comments and responses.

(c) Internal Audit

- approving the internal audit charter;
- reviewing the performance and activities of the head of internal audit, ensuring there are no unjustified restrictions on their work, and recommending their appointment, dismissal, annual remuneration, and salary to the Board of Directors;
- overseeing and monitoring the performance and activities of the Company's Internal Audit Department to ensure that it has the necessary resources and is effectively carrying out its duties in accordance with appropriate professional standards;
- approving the annual internal audit plan and any amendments thereto, and reviewing the performance and activities of the Internal Audit Department in comparison to the approved plan;

- working with the Head of Internal Audit to review the internal audit budget, resource plan, activities and the organisational structure of the internal audit function;
- reviewing the Company's internal audit procedures;
- studying internal audit reports and following up on the implementation of corrective actions for the observations noted therein; and
- holding regular independent meetings with the Head of Internal Audit to discuss any matters the Committee or internal audit management considers necessary to address in closed sessions.

(d) External Auditor

- reviewing the proposed scope, approach, and plan of the external auditor's audit engagement, and providing its views thereon, including coordination of audit efforts with internal audit activities;
- recommending to the Board of Directors the appointment, dismissal and remuneration of the external auditor, and reviewing the terms of their engagement, taking into consideration the auditor's independence;
- reviewing the performance of the external auditor, overseeing its activities and approving any non-audit services to be performed during the engagement period;
- reviewing the external auditor's report, observations and reservations on the Company's financial statements, and following up on the corrective actions taken in response;
- verifying the independence, objectivity, and fairness of the external auditor and the effectiveness of the audit work, taking into account applicable standards and regulations and making recommendations to the Board of Directors in this regard;
- ensuring that the external auditor does not provide technical or administrative services that fall outside the scope of the audit work and making recommendations to the Board on this matter;
- holding regular independent meetings with the external auditor to discuss any matters that the Committee or the auditor considers necessary to be addressed in private sessions;
- responding to inquiries raised by the external auditor; and
- resolving any disagreements between management and the external auditor in relation to the preparation of financial reports.

(e) Ensuring Compliance

- verifying the Company's compliance with applicable laws, regulations, policies, and instructions and monitoring adherence thereto;
- reviewing the effectiveness of the compliance control system, ensuring adherence to applicable regulations and laws, reviewing the results of investigations conducted by management and following up on any cases of non-compliance (including the application of disciplinary actions);
- reviewing reports and findings from competent regulatory or supervisory authorities, and any observations raised by the external or internal auditors and ensuring that the Company takes the necessary corrective measures;
- reviewing the communication and enforcement process of the Company's code of conduct to employees and monitoring compliance therewith;
- reviewing proposed contracts and transactions between the Company and any Related Party and providing its views and recommendations to the Board of Directors;
- ensuring that appropriate mechanisms and arrangements are in place and implemented to allow employees to confidentially and anonymously report any concerns or observations regarding financial, accounting, auditing matters, or any cases of non-compliance; and
- receiving regular updates from Company management and the legal advisor regarding compliance matters.

(f) Reporting

- submitting periodic reports to the Board regarding the Committee's activities and issues identified and providing recommendations to the Board that it deems appropriate in any matter within its competencies, as necessary;
- providing an open avenue of communication amongst the Internal Audit Management, the external auditor and the Board;
- providing an annual report to Shareholders describing the Committee's formation, duties and performance of such duties in addition to such other information as may be required by applicable rules, including approving services outside the auditing scope;

- reviewing any other reports on the Committee's responsibilities issued by the Company;
- preparing an annual written report assessing the adequacy and efficiency of the Company's internal control, financial and risk management systems, including information technology security and controls, and its recommendations in respect thereof, as well as the tasks undertaken by the Committee within its competence. Copies of the report should be made available for collection by the Company's Shareholders at the Company's head office and published on the website of the Company and the Exchange at the time of publishing the invitation to convene the relevant annual General Assembly meeting. A copy of the report should be read out at that meeting; and
- preparing a written report to the Board regarding the Company's internal audit procedures and the Committee's recommendations in this regard.

(g) Miscellaneous

- performing such other activities relating to the Audit Committee Charter, as requested by the Board;
- instituting and overseeing special investigations as needed;
- reviewing and assessing the adequacy and propriety of the Audit Committee Charter on annual basis, providing recommendation to the Board in this regard and guaranteeing that necessary disclosures are made according to relevant laws and regulations;
- confirming, on annual basis, that all responsibilities set forth in the Audit Committee Charter have been performed; and
- regularly assessing the performance of the Committee and every member thereof.

5.3.1.2 Audit Committee Members

The Audit Committee shall be formed by a resolution from the Board of Directors and consist of at least three and no more than five members from among the Shareholders or others; provided that (i) at least one member is an Independent Director; (ii) neither an Executive Director nor the Chairman is a member; (iii) the number of members is not less than three members and not more than five members; (iv) one of its members is specialised in finance and accounting; (v) a person who works or has worked in the Company's Finance Department, the Executive Management or for the Company's external auditor during the preceding two years may not be a member of the Audit Committee; and (viii) a member of the Audit Committee shall not be a member of the audit committees of more than five listed joint stock companies at the same time. 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 by a Board of Directors resolution dated 24 Rabi' al-Thani 1446H (corresponding to 27 October 2024G), for a term of four years. The Audit Committee comprises the following members as of the date of this Prospectus:

Table 5.3: Audit Committee Members

Name	Status	Role
Saleh Abdullah Saleh AlYahya	Independent Director	Chairman of the Audit Committee
Asim Mohammed Hussein Al-Attas	Non-Board Member	Member of the Audit Committee
Noura Fahad Mohammed Abunayan	Non-Board Member	Member of the Audit Committee

Source: The Company.

5.3.1.3 Biographies of the Members of the Audit Committee

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

(a) Saleh Abdullah Saleh AlYahya, Chairman of the Audit Committee

See Section 5.2.4.4 (*Saleh Abdullah Saleh AlYahya, Director*) for further details regarding experiences, qualifications and the current and previous positions of Saleh Abdullah Saleh AlYahya.

(b) Asim Mohammed Hussein Al-Attas, Member of the Audit Committee

Nationality:	Yemeni.
Age:	41 years.
Position:	Member of the Audit Committee.
Appointment Date (Current Term):	24 Rabi' al-Thani 1446H (corresponding to 27 October 2024G)
Academic and Professional Qualifications:	• Master's Degree in Business Administration, HEC Paris, French Republic, in 2017G; and • Bachelor's Degree in Accounting, Al-Ahgaff University, Mukalla, Republic of Yemen, in 2005G.
Current Positions:	• Member of the Audit Committee of the Company, since 2024G; • Board Member, Padel X Company, a limited liability company, since 2023G; and • Chief Financial Officer, Leejam Sports Company, a public joint stock company, fitness and sports centre sector, since 2022G.
Key Past Professional Experience:	• Board Member, Physiotherapia Company, a limited liability company, rehabilitation and care sector, from 2023G to 2024G; • Chief Financial Officer, Al Munajem Foods Company, a public joint stock company, food distribution sector, from 2013G to 2022G; • International Internal Auditor, General Electric Company, a publicly listed company in the United States of America, energy, healthcare, and aviation sectors, from 2010G to 2013G; • Assistant Manager, Advisory Division, Ernst & Young Professional Services, a limited liability company, Professional Services sector, from 2009G to 2010G; • Senior Auditor, Ernst & Young Professional Services, Certified Public Accountants, a limited liability company, Professional Services sector, from 2008G to 2009G; and • Auditor, Audit Division, Ernst & Young Professional Services, Certified Public Accountants, a limited liability company, Professional Services sector, from 2005G to 2008G.

(c) Noura Fahad Mohammed Abunayan, Member of the Audit Committee

Nationality:	Saudi.
Age:	43 years.
Position:	Member of the Audit Committee.
Appointment Date (Current Term):	24 Rabi' al-Thani 1446H (corresponding to 27 October 2024G).
Academic and Professional Qualifications:	• Bachelor's Degree in Accounting, King Saud University, Riyadh, Kingdom of Saudi Arabia, in 2006G; and • Master's Degree in Accounting, King Saud University, Riyadh, Kingdom of Saudi Arabia, in 2016G.
Current Positions:	• Member of the Audit Committee of the Company, since 2024G; and • Chief Internal Audit Officer, Saudi Artificial Intelligence Company, a limited liability company, artificial intelligence sector, since 2024G.
Key Past Professional Experience:	• Director of Internal Audit Department, Saudi Standards, Metrology and Quality Organisation, a government entity, from 2020G to 2021G; • Director of Internal Audit Department, Prince Sultan Cardiac Centre for Armed Forces, a government centre, from 2010G to 2020G; • External Auditor, PricewaterhouseCoopers (PwC), a limited liability company, Professional Services sector, in 2008G; and • Financial Analyst, Riyad Bank, a public joint stock company, financial sector, in 2006G.

5.3.2 Nomination and Remuneration Committee

5.3.2.1 Responsibilities of the Nomination and Remuneration Committee

The Nomination and Remuneration Committee oversees the nomination of Directors and the remuneration of Directors and Senior Executives. The duties and responsibilities of the Nomination and Remuneration Committee are mainly to: (i) lead the process of nominating and evaluating the Directors and Senior Executives of the Company; (ii) ensure the effectiveness and soundness of the Company's Board and Executive Management structures and the relevant internal policies and procedures; and (iii) assist the Board in the review and determination (or recommendation, as appropriate) of the remuneration of Directors, members of the Committees of the Board, Senior Executives and employees of the Company. The Nomination and Remuneration Committee charter was approved by the General Assembly on 13 Sha'ban 1446H (corresponding to 12 February 2025G).

The responsibilities of the Nomination and Remuneration Committee include the following:

(a) Nomination

- suggesting clear policies and standards for membership of the Board and the Executive Management (the **"Nomination Policy**"), which shall be presented before the General Assembly for approval;
- ensuring that appropriate and adequate due diligence is conducted on nominees for Board membership, including verification of their qualifications and experience, prior to submitting recommendations to the Board;
- recommending to the Board the nomination and re-nomination of candidates for Board membership in accordance with applicable regulations and the Nomination and Remuneration Committee Charter;
- conducting annual reviews and assessments of the skills, qualifications, and experience required for membership of the Board and senior executive positions. This includes determining the time commitment required for each role and preparing job descriptions for Executive, Non-Executive, and Independent Board members, as well as senior executive roles;
- on an annual basis, verifying the independence of Independent Directors in accordance with applicable laws and regulations, and confirming the absence of any conflict of interest, including cases where a Board member holds a directorship in another company;
- periodically reviewing succession plans for senior executive positions and providing recommendations to the Board, taking into consideration the Company's strategic direction, operational challenges, and future talent requirements;
- evaluating potential candidates for senior executive positions, including the Chief Executive Officer, and submitting appropriate recommendations to the Board; and
- establishing and periodically reviewing procedures to address vacancies in the Board or senior executive roles, and recommending suitable candidates for appointment, subject to the Board's approval.

(b) Review and Assessment

- regularly reviewing the structure, size, composition, strengths and weaknesses of the Board (including the skills, knowledge, and experience) and the Company's Executive Management and making appropriate recommendations to the Board that are compatible with the interests of the Company;
- developing and overseeing an orientation programme for new Directors; and
- developing, recommending and overseeing an annual self-evaluation process for the Directors and certain Senior Executives of the Company.

(c) Remuneration

- preparing, recommending and overseeing the implementation and disclosure of a policy for the remuneration of Directors, Senior Executives, and members of the Committees of the Board (the "**Remuneration Policy**"), which shall be presented before the General Assembly for approval;
- preparing an annual report on the remuneration and other payments (in cash or in kind) received by the Directors, Executive Management and members of the Committees, and the basis for the remuneration received with respect to the Remuneration Policy (including a description of any significant departures from the Remuneration Policy) (the "**Annual Report on Remuneration**"), for presentation before the Board for consideration;
- regularly reviewing and assessing the effectiveness and appropriateness of the Remuneration Policy and making recommendations to the Board in relation to the same;
- recommending to the Board the form and amount of remuneration to be granted to the Directors, Senior Executives of the Company, and members of the Committees, in accordance with the approved Remuneration Policy;
- reviewing and make recommendations to the Board regarding the Company's incentive plans for Directors and employees, including in relation to adopting, amending, and terminating such plans;
- preparing and overseeing a career progression framework for the Company's employees detailing, among other things, the general range of professional ranks and levels, salary scale, benefits and allowances (in cash or in kind) for the relevant professional rank and level; and
- preparing all disclosures required under the policies of the Company and any laws, regulations, or rules to which the Company is subject, including, at a minimum, disclosures relating to the Remuneration Policy and the Annual Report on Remuneration, and disclosures regarding remuneration in the annual report of the Board.

(d) Other Provisions

- carrying out any other related tasks as requested by the Board of Directors.

5.3.2.2 Nomination and Remuneration Committee Members

The Nomination and Remuneration Committee consists of at least three and no more than five members. Members of the committee shall not be Executive Directors, provided that there shall be at least one Independent Director among them. The Chairman of the Board of Directors can be a member, provided that he is not the chairman of the committee. The Nomination and Remuneration Committee must be chaired by an Independent Director. The Nomination and Remuneration Committee shall convene periodically at least every six months. Additional meetings may be held from time to time at the request of the Board or any of the members.

The Nomination and Remuneration Committee was formed, and its members were appointed pursuant to the Board of Directors' resolution dated 22 Rajab 1446H (corresponding to 22 January 2025G), for a term of three years. The Nomination and Remuneration Committee comprises the following members as of the date of this Prospectus:

Table 5.4: Nomination and Remuneration Committee Members

Name	Status	Role
Abdulaziz Osman Mohammed AlNasser	Independent Director	Chairman of the Nomination and Remuneration Committee
Riyadh Ibrahim Rumayzan AlRumayzan	Chairman of the Board of Directors	Member of the Nomination and Remuneration Committee
Sultan Mohammed Abdulrazzaq AlDuwaish	Vice Chairman of the Board of Directors	Member of the Nomination and Remuneration Committee

Source: The Company.

5.3.2.3 Biographies of the Members of the Nomination and Remuneration Committee

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

(e) Abdulaziz Osman Mohammed AlNasser, Chairman of the Nomination and Remuneration Committee

See Section 5.2.4.3 (*Abdulaziz Osman Mohammed AlNasser, Director*) for further details regarding experiences, qualifications and the current and previous positions of Abdulaziz Osman Mohammed AlNasser.

(f) Riyadh Ibrahim Rumayzan AlRumayzan, Member of the Nomination and Remuneration Committee

See Section 5.2.4.1 (*Riyadh Ibrahim Rumayzan AlRumayzan, Chairman*) for further details regarding experiences, qualifications and the current and previous positions of Riyadh Ibrahim Rumayzan AlRumayzan.

(g) Sultan Mohammed Abdulrazzaq AlDuwaish, Member of the Nomination and Remuneration Committee

See Section 5.2.4.2 (*Sultan Mohammed Abdulrazzaq AlDuwaish, Vice Chairman)* for further details regarding experiences, qualifications and the current and previous positions of Sultan Mohammed Abdulrazzaq AlDuwaish.

5.4 Executive Management

5.4.1 Overview of Executive Management

The Executive Management of the Company 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 Shareholders. The Company has been successful in recruiting and retaining its Executive Management team, developing qualified employees and promoting them to senior positions in the Company.

5.4.2 Members of the Executive Management

The following table sets out the details of the members of the Company's Executive Management:

Table 5.5: Details of Senior Executives

Name	Position	Appointment Date	Nationality	Age (Years)	No. of Shares Held Pre-Offering	No. of Shares Held Post-Offering
Abdulaziz Saleh Mohammed AlSowail	Chief Executive Officer	18 Safar 1445H (corresponding to 3 September 2023G)	Saudi	48	450,000	315,000
Abdul Wahab Suleiman Khattak	Chief Financial Officer	11 Sha'ban 1445H (corresponding to 21 February 2024G)	Pakistani	46	-	-
Zaid Mohammed Zaid AlNasser	Chief Operating Officer	22 Jumada al-Akhirah 1438H (corresponding to 21 March 2017G)	Saudi	32	-	-
Ali Mohammed Ali AlNihabi	Director of Sales and Tenders Department	13 Jumada al-Akhirah 1438H (corresponding to 12 March 2017G)	Saudi	34	-	-
Abdulmajeed Abdullah Ibrahim AlUraini	Director of Used Car Sales Department	29 Safar 1446H (corresponding to 2 September 2024G)	Saudi	29	-	-
Nabeel Ahmad Bashir Khan	Director of Internal Audit	16 Jumada al-Ula 1445H (corresponding to 17 July 2023G)	Pakistani	39	-	-

Source: The Company.

5.4.3 Biographies of Senior Executives

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

5.4.3.1 Abdulaziz Saleh Mohammed AlSowail, Chief Executive Officer

See Section 5.2.4.5 (*Abdulaziz Saleh Mohammed AlSowail, Director*) for further details regarding experiences, qualifications and the current and previous positions of Abdulaziz Saleh Mohammed AlSowail.

5.4.3.2 Abdul Wahab Suleiman Khattak, Chief Financial Officer

Nationality:	Pakistani.
Age:	46 years.
Position	Chief Financial Officer
Academic and Professional Qualifications:	• Master's Degree in Commerce, Higher Education Commission, Islamabad, Islamic Republic of Pakistan, in 2008G; and • Chartered Accountant, Institute of Chartered Accountants, Karachi, Islamic Republic of Pakistan, in 2008G.
Current Positions:	• Chief Financial Officer of the Company, since 2024G.
Key Past Professional Experience:	• Manager, Ernst & Young Professional Services, a limited liability company, Professional Services sector, from 2006G to 2022G; and • Senior Auditor, Ernst & Young Professional Services, a limited liability company, Professional Services sector, from 2002G to 2006G.

5.4.3.3 Zaid Mohammed Zaid AlNasser, Chief Operating Officer

Nationality:	Saudi.
Age:	32 years.
Position	Chief Operating Officer
Academic and Professional Qualifications:	• Bachelor's Degree in Business Administration, Imam Muhammad bin Saud University, Riyadh, Kingdom of Saudi Arabia, in 2015G
Current Positions:	• Chief Operating Officer of the Company, since 2022G.
Key Past Professional Experience:	• Operations Manager of the Company, from 2018G to 2021G; and • Operations Supervisor of the Company, from 2016G to 2017G.

5.4.3.4 Ali Mohammed Ali AlNihabi, Director of Sales and Tenders Department

Nationality:	Saudi.
Age:	34 years.
Position	Director of Sales and Tenders Department
Academic and Professional Qualifications:	• Bachelor's Degree in Business Administration, Qassim University, Qassim, Kingdom of Saudi Arabia, in 2012G.
Current Positions:	• Director of Sales and Tenders Department of the Company, since 2021G.
Key Past Professional Experience:	• Recruitment Consultant, Maximus Saudi Arabia, a limited liability company, from 2019G to 2021G; • Leasing Manager of the Company, from 2017G to 2021G; and • Inspector, Human Resources Development Fund, a government entity, from 2013G to 2017G.

5.4.3.5 Abdulmajeed Abdullah Ibrahim AlUraini, Director of Used Car Sales Department

Nationality:	Saudi.
Age:	29 years.
Position	Director of Used Car Sales Department
Academic and Professional Qualifications:	• Bachelor's Degree in Accounting, Imam Muhammad bin Saud University, Riyadh, Kingdom of Saudi Arabia, in 2022G.
Current Positions:	• Director of Used Car Sales Department of the Company, since 2024G.
Key Past Professional Experience:	• Executive Secretary, Al Bab Company, a company established in the Kingdom, contracting sector, from 2014G to 2017G; and • Sales Management, Bakkah Learning Company, a company established in the Kingdom, education sector, from 2018G to 2022G.

5.4.3.6 Nabeel Ahmad Bashir Khan, Director of Internal Audit

Nationality:	Pakistani.
Age:	39 years.
Position	Director of Internal Audit
Academic and Professional Qualifications:	• Bachelor's Degree in Commerce, University of the Punjab, Lahore, Islamic Republic of Pakistan, in 2006G; • Certified Management Accountant, Institute of Cost and Management Accountants, Islamabad, Islamic Republic of Pakistan, in 2010G; • Chartered and Professional Accountant, Saudi Organisation for Chartered and Professional Accountants (SOCPA), Riyadh, Kingdom of Saudi Arabia, in 2023G; and • Certified Chartered Accountant, Institute of Chartered Accountants, Karachi, Islamic Republic of Pakistan, in 2023G.
Current Positions:	• Director of Internal Audit of the Company, since 2023G.
Key Past Professional Experience:	• Head of Internal Audit Group and Secretary of the Audit Committee, Namir Group, a publicly listed company in the Islamic Republic of Pakistan, the fast-moving consumer goods (FMCG) sector, from 2019G to 2023G; • Senior Finance Manager, Namir Industrial Chemicals Limited, a publicly listed company in the Islamic Republic of Pakistan, fast-moving consumer goods (FMCG) sector, from 2016G to 2019G; • Internal Audit Manager, Surge Laboratories, a limited liability company, pharmaceutical sector, from 2012G to 2016G; • Assistant Manager – Accounts Payable, Paramount Spinning Mills Limited, a publicly listed company in the Islamic Republic of Pakistan, apparel manufacturing sector, from 2011G to 2012G; and • Financial Analyst, Lotte Akhtar Beverages Company, a limited liability company, fast-moving consumer goods (FMCG) sector, from 2010G to 2011G.

5.4.4 Employment Contracts with the Chief Executive Officer and the Chief Financial Officer

The following table summarises the employment contract between the Company and the Chief Executive Officer, as well as the employment contract between the Company and the Chief Financial Officer:

Table 5.6: Summary of Employment Contracts between the Company, the Chief Executive Officer and the Chief Financial Officer

Name	Title	Appointment Date	Contract Execution Date	Contract Term
Abdulaziz Saleh Mohammed AlSowail	Chief Executive Officer	18 Safar 1445H (corresponding to 3 September 2023G).	17 Safar 1445H (corresponding to 2 September 2023G)	A term of five years, subject to automatic renewal.
Abdul Wahab Suleiman Khattak	Chief Financial Officer	11Sha'ban 1445H (corresponding to 21 February 2024G).	11Sha'ban 1445H (corresponding to 21 February 2024G)	A term of two years, subject to automatic renewal.

Source: The Company.

The duties and responsibilities of the Chief Executive Officer can be summarised as follows:

- managing the day-to-day affairs and business of the Company;
- managing the strategic matters, customers services, business transformation of the Company and adopting digital transformation;
- proposing and developing the Company's short- and long-term 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 input 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.

The duties and responsibilities of the Chief Financial Officer can be summarised as follows:

- 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;
- optimising the Company's cash flow, liquidity and working capital facilities; and
- managing the financial forecast and budget processes and supervising the preparation of the Company's financial statements.

5.5 Remuneration of Directors and Senior Executives

The remuneration of the Directors shall be determined in accordance with the Companies Law, Corporate Governance Regulations, the CMA's rules and relevant instructions, the Company's Bylaws and the Remuneration Policy.

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 2022G, 2023G and 2024G. None of the Directors, Committee Members, or Senior Executives received any in-kind rewards or benefits.

Table 5.7: Directors and Top Five Senior Executives Remuneration in the Financial Years Ended 31 December 2022G, 2023G and 2024G

	Financial Year Ended 31 December		
	2022G	2023G	2024G
	(SAR)		
Directors	-	-	-
Members of the Committees	-	-	-
Top Five Senior Executives (including CEO and CFO)	-	-	-
Total.	-	-	-

Source: The Company.

5.6 Corporate Governance

5.6.1 Corporate Governance Regulations and Corporate Governance Manual

The Company's policy is to adopt high standards of corporate governance and its Board of Directors undertakes to comply with the Corporate Governance Regulations, which regulate the management of the Company to ensure adherence to best practices, thereby protecting 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 approved by the Board of Directors on 22 Rajab 1446H (corresponding to 22 January 2025G), includes provisions in relation to the following:

- rights of the Shareholders;
- the Board of Directors (including Board formation, membership, meetings, working procedures, competencies, duties and powers, development, support, evaluation and remuneration);
- committees of the Board of Directors;
- management;
- internal control and audit; and
- various internal policies including conflict of interest policy, disclosure policy, dividend distribution policy, stakeholder protection policy, insider trading policy, nomination policy, remuneration policy, whistleblowing policy, professional conduct and ethics policy, risk management policy, compliance policy, authority and delegation policy, corporate social responsibility policy and investors relations policy.

5.6.2 Composition of the Board

The Company's Board of Directors consists of five Directors, most of whom are independent Directors, in accordance with the provisions of the Corporate Governance Regulations.

5.6.3 Committees

In accordance with the provisions of the Corporate Governance Regulations, the Board of Directors formed the Audit Committee and the Nomination and Remuneration Committee on 24 Rabi' al-Thani 1446H (corresponding to 27 October 2024G) (for further details on these committees, see Section 5.3 (*Board of Directors Committees*)).

5.6.4 Appointment of Directors

In addition, as required by the Implementing Regulations of the Companies Law for Listed Joint Stock Companies, the cumulative voting method shall be used in relation to the appointment of Directors as reflected in the Company's Bylaws (for further details, see Section 11.14 (*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 such 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.

5.6.5 Compliance with Corporate Governance Regulations

As of the date of this Prospectus, the Company complies with the mandatory provisions of the Corporate Governance Regulations that apply to joint stock companies. However, the Company is not currently complying with the provisions set out below which are mandatory only in relation to listed companies as they do not apply to the Company until it is listed on the Exchange. The Directors undertake to comply with these provisions once the Offer Shares are listed on the Exchange:

- Article 8(a) on the Company announcing information about the nominees for the membership in the Board of Directors on the Exchange's website upon the invitation or calling for the General Assembly;
- Article 8(b) on limiting the General Assembly voting to candidates whose information was announced according to Article 8(a);
- Article 13(d) on publishing the invitation to the General Assembly on the websites of the Exchange and Company;
- Article 13(e) on amending the agenda of the General Assembly during the period between the publication of the announcement referred to in Article 13(d) and the date of the General Assembly meeting;
- Article 14(c) on making information related to the General Assembly's agenda available to the Shareholders through the

websites of the Exchange and Company;

- Article 15(d) on granting the Shareholders and the CMA access to the minutes of the General Assembly meetings;
- Article 15(e) on announcing to the public and notifying the CMA and Exchange of the results of the General Assembly as soon as it ends;
- Article 17(d) on notifying the CMA of the names of the members of the Board of Directors, a description of their memberships, as well as any changes in their memberships;
- Article 19(b) on the Board of Directors annually evaluating the extent of the Board member's independence and ensuring that there are no relationships or circumstances that affect or may affect his/her independence;
- Article 30(b) on the Board of Directors convening no less than four meetings per year, and at least one meeting every three months;
- Article 39(f) on the periodic assessment by the Non-Executive Directors of the performance of the Chairman after getting the opinions of the Executive Directors;
- Article 54 on the Audit Committee meeting at least four times during the Company's financial year, as well as meeting periodically with the Company's external and internal auditors;
- Article 55 on the Audit Committee developing arrangements that enable the Company's employees to confidentially provide their remarks in respect of any inaccuracies in the financials;
- Article 65 on the Company publishing the Board membership nomination announcement on the websites of the Company and the Exchange to invite those interested in being nominated for Board membership, provided that the nomination period shall remain open for at least a month from the date of the announcement;
- Articles 73 to 75 on the composition of the internal audit department, and the approval of the audit plan as well as the audit report; and
- Articles 86, 87, 88(b), 89 and 90 relating to disclosure related matters.

The Directors confirm that the Company is currently complying with all the other provisions of the Corporate Governance Regulations and the Companies Law.

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:

- they are compliant with Articles 26 and 27 of the Companies Law and Articles 42 and 44 of the Corporate Governance Regulations;
- they will not vote on General Assembly resolutions that relate to any Related Party transaction or contract in which the Directors have a direct or indirect interest; and
- they will not compete with the Company's business without the approval of the Ordinary General Assembly in accordance with Article 27 of the Companies Law.

As of the date of this Prospectus, none of the Directors, Senior Executives, Board Secretary or any of their relatives have any direct or indirect interest in the Shares of the Company or any other matter that may in any way affect the Company's business, except as set out below:

Table 5.8: Interests of the Directors in the Company's Shares

Party	Position	Direct Ownership	Indirect Ownership	Description
Abdulaziz Saleh Mohammed AlSowail	Director and Chief Executive Officer	1.50%	-	As of the date of this Prospectus, Abdulaziz Saleh Mohammed AlSowail directly owns 1.50% of the Company's Shares.

Source: The Company

As of the date of this Prospectus, none of the Directors is engaged in any activity that competes with the Company's business. In order to engage in activities that compete with the Company, a Director must obtain approval from the General Assembly in accordance with Article 44 of the Corporate Governance Regulations and Article 27 of the Companies Law.

As of the date of this Prospectus, none of the Directors, Senior Executives or any of their Relatives have any direct or indirect interest in the contracts or transactions concluded or intended to be concluded with the Company.

5.8 Bankruptcy/Insolvency

None of the Directors, Senior Executives or the Board Secretary has at any time been declared bankrupt or subject to bankruptcy proceedings.

None of the companies in which any of the Directors, Senior Executives or Board Secretary was employed in a managerial or supervisory capacity, was declared insolvent or bankrupt during the past five years preceding the date of this Prospectus.

5.9 Employees Share Schemes

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 employees in the capital of the Company.

6

Management's Discussion and Analysis of Financial Position and Results of Operations

6. Management's Discussion and Analysis of Financial Position and Results of Operations

6.1 Introduction

The Management Discussion and Analysis section provides analysis covering the operational performance and financial position of the Group, including the Company and its historic subsidiaries H-10 Logistics Services Company, Elegant Vehicle Carwash Services Company and Aoun Equipment Rental Company as of and for the financial years ended 31 December 2022G, 2023G and 2024G. On 4 Rabi al-Thani 1445H (corresponding to 19 October 2023G), one of the Company's subsidiaries, Aoun Equipment Rental Company was liquidated. On 19 Jumada al-Akhirah 1445H (corresponding to 1 January 2024G), the Company transferred the ownership in two of its remaining subsidiaries H-10 Logistics Services Company and Elegant Vehicle Carwash Services Company to Saudi Edarah Holding Company. As of the date of this Prospectus, the Company does not have any subsidiaries and the financial information presented in this Prospectus for the financial year ended 31 December 2024G reflects the information of the Company on a standalone basis, whereas the financial information presented in this Prospectus for the financial years ended 31 December 2022G and 2023G reflects the information of the Group. This section and the attached notes have been prepared based on the audited special purpose consolidated financial statements of the Group for the financial years ended 31 December 2024G, 2023G and 2022G.

The audited special purpose consolidated financial statements of the Group for the financial years ended 31 December 2024G, 2023G and 2022G have been prepared in accordance with IFRS as endorsed in the Kingdom and other standards and pronouncements issued by SOCPA and have been audited by KPMG Professional Services as stated in their report included herein. The audited consolidated financial statements are included in Section 19 (*Financial Statements and Auditor's Report*) of this Prospectus.

Neither KPMG Professional Services, nor any of its subsidiaries, affiliates or any of their employees or their relatives, own any shares or shares of any kind in the Group, which may affect its independence as of the date of issuance of the Auditor's report on the audited consolidated financial statements included in this Prospectus. As of the date of this Prospectus, the Auditor provided the written consent to the reference to its role as Auditor of the audited special purpose consolidated financial statements of the Group for the financial years ended 31 December 2024G, 2023G and 2022G and this approval has not been withdrawn or amended as of the date of this Prospectus.

All amounts in this section have been rounded to the nearest thousand Saudi Arabian Riyals unless otherwise noted, and numbers and percentages have been rounded to the nearest decimal place. Therefore, the sum of these numbers may differ from what is stated in the tables. Accordingly, all ratios, key performance indicators and growth rates are based on rounded figures.

Unless stated otherwise, the financial information as of and for the financial year ended 31 December 2022G was extracted from the financial information for the comparative year presented in the audited special purpose consolidated financial statements of the Group for the financial years ended 31 December 2024G, 2023G and 2022G. The financial information of the Group as of and for the financial year ended 31 December 2023G was extracted from the financial information for the comparative year presented in the audited consolidated financial statements of the Group for the financial year ended 31 December 2024G.

This section may include statements in connection with the Group's future prospects based on the executive management's current plans and expectations regarding the Group's growth and results of operations, and financial conditions, and therefore such statements may involve risks and unconfirmed expectations that may lead to material differences from the Group's actual results as a result of multiple factors and events, including the factors discussed in Section 2 (*Risk Factors*) in this Prospectus.

6.2 Directors' Declaration for Financial Information

The Board of Directors declare the following:

1. The Directors declare that the financial information contained in this section was extracted without material change and is presented in accordance with the audited special purpose consolidated financial statements of the Group for the financial years ended 31 December 2024G, 2023G and 2022G and the accompanying notes that was prepared by the Group in accordance with IFRS as endorsed in the Kingdom.
2. The Directors declare that the Group has sufficient working capital for a period of at least 12 months immediately following the date of publication of the Prospectus.

3. The Directors declare that there has been no significant adverse change in the financial or commercial position of the Group in the three financial years immediately preceding the application for registration and offering of securities set out in this Prospectus and the period included in the audited report until the date of approval of this Prospectus. The members of the Board of Directors confirm that all material facts related to the Group and its financial performance have been disclosed in this Prospectus, and that there are no other information, documents, or facts if they are omitted, the data contained in this Prospectus will become misleading.
4. The Directors declare that the Group does not have any property, including any contractual securities or other assets, the value of which is subject to fluctuations or is difficult to ascertain, which significantly affects the assessment of its financial position, except as disclosed in Section 6.5.2 (*Consolidated Statement of Financial Position*) of this Prospectus.
5. The Directors declare that the Group has not provided any commissions, discounts, brokerage fees or any other non-cash compensation in connection with the issuance or offering of any securities to any of the members of the Board of Directors or suggested members of the Board of Directors and senior executives and those in charge of issuance or offering of these securities or the experts who received any of these payments or benefits during the three years immediately preceding the date of submitting an application for acceptance and offering of securities subject to this Prospectus.
6. The Directors declare that the Group does not have any loans or other liabilities whether covered by a personal guarantee or other kind of guarantee or covered by a mortgage, including any overdrafts from bank accounts, and does not have any secured liabilities or liabilities under acceptance or acceptance credit or any lease purchase liabilities except as disclosed in Section 6.5.2.3(a) (*Term Loans*) of this Prospectus.
7. The Directors acknowledge that, except as disclosed in Section 2 (*Risk Factors*) of this Prospectus, to their knowledge the Group has no information on any government policies or economic, financial, monetary, political or any other factors that have a material impact (directly or indirectly) on the Group's operations.
8. The Directors declare that the Group has no intention of making any material change in its activity.
9. The Directors declare that the Group's operations have not been interrupted in a way that have affected or significantly affected its financial position during the last 12 months.
10. The Directors declare that none of the Group's capital are subject to the right of option.
11. The Directors declare that the Group has provided comprehensive details in this section of any potential liabilities and has accounted for and recorded a provision for the obligations contained in management's discussion and analysis of the financial position and results of operations.
12. The Directors declare that the Group's properties are not subject to any mortgages, rights, or encumbrances as of the date of this Prospectus except as disclosed in Section 6.5.2.3(a) (*Term Loans*) of this Prospectus.
13. The Directors declare that the Group has provided extensive details in this section of all fixed assets and investments, including contractual securities and other assets whose value is volatile or difficult to estimate.
14. The Directors declare that the Group has not issued debt instruments, term loans, secured or unsecured mortgages, current or approved, but not issued, except for what was disclosed in Section 6.6.2.3(a) (*Term Loans*) of this Prospectus.
15. The Directors declare that there was no qualification in the audit reports on the consolidated financial statements of the Group in the past three years preceding the date of this Prospectus.
16. The Directors declare that there have been no material changes in the accounting policies of the Group in the past three years preceding the date of this Prospectus.
17. The Directors declare that no material changes have been made/or obligated to make any material amendments to the published audited consolidated financial statements of the Group in the past three years preceding the date of submitting the registration application and initial public offering application, except for what was disclosed in Section 6.6 (*Restatement of Prior Year Financial Statements*) of this Prospectus.
18. The Directors declare that no material restructuring has been made to the Group in the past three years preceding the date of submitting the registration application and initial public offering application of this Prospectus.
19. The above declarations are made by the Board of Directors in addition to any other declarations expressly set out in this Prospectus.

6.3 Basis of Preparation

6.3.1 Basis of Consolidation

The accompanying consolidated financial statements include the financial statements of the Company and its subsidiaries listed below:

Subsidiary's Name	Country of Incorporation	Principle Activities	Ownership (%)		
			2022G	2023G	2024G
H-10 Logistics Services	Kingdom of Saudi Arabia	Logistics and warehousing services.	100%	100%	-
Elegant Vehicle Carwash Services Company	Kingdom of Saudi Arabia	Vehicle service, cleaning, detailing and maintenance.	100%	100%	-
Aoun Equipment Rental Company Limited	Kingdom of Saudi Arabia	Leasing and rental of heavy vehicles and equipment and trading in heavy vehicles and equipment and spare parts.	100%	-	-

H-10 Logistics Services Company

H-10 Logistics Services Company is a Saudi limited liability company registered in Riyadh, Kingdom of Saudi Arabia. The principal activities of H-10 Logistics Services are logistics and warehousing services.

Elegant Vehicle Carwash Services Company

Elegant Vehicle Carwash Services Company is a Saudi limited liability company registered in Riyadh, Kingdom of Saudi Arabia. The principal activities of the Elegant Vehicle Carwash Services Company are vehicle service, cleaning, detailing and maintenance.

The Substantial Shareholder decided to transfer H-10 Logistics Services and Elegant Vehicle Carwash Services to Saudi Edarah Holding Company as per the resolution signed by Substantial Shareholder dated 17 September 2024G. The transfer was performed at net book value as of 1 January 2024G.

Aoun Equipment Rental Company Limited was a Saudi limited liability company incorporated in the Kingdom and was engaged in the business of leasing and rental of heavy vehicles and equipment and trading in heavy vehicles and equipment and spare parts, as per commercial registration. During the year 2023G, the Substantial Shareholder liquidated its subsidiary Aoun Equipment Rental Company Limited as per the resolution signed by Substantial Shareholder dated 2 October 2023G. The liquidation process was successfully completed on 19 October 2023G.

6.3.2 Statement of Compliance

The audited special purpose consolidated financial statements of the Group for the financial years ended 31 December 2024G, 2023G and 2022G are not the Group's statutory financial statements and have been prepared solely for submitting the application for the Offering be filed with the CMA in order to list the Company's shares on Tadawul. The special purpose consolidated financial statements have been prepared in accordance with IFRS as endorsed in the Kingdom and other standards and pronouncements that are issued by SOCPA.

6.3.3 Basis of Measurement

The consolidated financial statements have been prepared under the historical cost convention except for employees' benefits which are recognised using the projected unit credit method, as well as financial investments and derivatives are measured at fair value through other comprehensive income and at fair value through profit or loss. Further, the consolidated financial statements are prepared using the accrual basis of accounting and the going concern concept.

6.3.4 Functional and Presentation Currency

The consolidated financial statements are presented in Saudi Arabian Riyals (SAR) which is also the Company's functional and presentation currency.

6.3.5 Use of Judgements and Estimates

The preparation of the Group's consolidated financial statements requires management to make judgements, estimates and assumptions that affect the application of the Group's accounting policies and the reported amounts of income, expenses, assets and liabilities, and the disclosure of contingent liabilities, at the reporting date.

These estimates and assumptions are based upon experience and various other factors that are believed to be reasonable under the circumstances and are used to judge the carrying values of assets and liabilities that are not readily apparent from other sources. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised or in the revision period and future periods if the changed estimates affect both current and future periods.

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Group based its assumptions and estimates on parameters available when the consolidated financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising beyond the control of the Group. Such changes are reflected in the assumptions when they occur. As the situation is rapidly evolving with future uncertainties, management will continue to assess the impact based on prospective developments.

The key judgements, estimates and assumptions that have a significant impact on the consolidated financial statements of the Group are discussed below:

6.3.5.1 Judgment

(a) Going Concern

The Group's management has made an assessment of its ability to continue as a going concern and is satisfied that it has the resources to continue in business for the foreseeable future. Furthermore, management is not aware of any material uncertainties that may cast significant doubt upon the Group's ability to continue as a going concern. Therefore, the consolidated financial statements continue to be prepared on the going concern basis.

(b) Lease Classification - Group as Lessor

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 Group, the Group has determined that leasing of vehicles does not substantially transfer all the risks and rewards incidental to ownership of the vehicles subject to the lease arrangement, hence such lease arrangements are classified as an operating lease.

6.3.5.2 Estimates and Assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Group based its assumptions and estimates on parameters available when the consolidated financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising that are beyond the control of the Group. Such changes are reflected in the assumptions when they occur. Information about the assumptions and estimation uncertainties is included in the following areas:

(a) Useful Lives and Residual Value of Property and Equipment

The Group's management determines the estimated useful lives of its property and equipment for calculating depreciation. These estimates are determined after considering the expected usage of the assets or physical wear and tear. Management reviews the residual value and useful lives annually and future depreciation charges would be adjusted where the management believes the useful lives differ from previous estimates.

During the year ended 31 December 2024G, the Group conducted an internal technical review to assess the useful lives and the residual values. Accordingly, the estimated residual values of vehicles have been revised by the Company. The change in estimated residual values has resulted in a decrease in depreciation expenses and an increase in the cost of sales of vehicles by SAR 12.9 million (net) for the year ended 31 December 2024G. The effect of change in estimate in future periods is impracticable to determine.

(b) Provision for Expected Credit Losses ("ECL") of Trade Receivables

The Group has selected a simplified approach for all lease trade receivables. The Group uses a provision matrix to calculate ECL for trade receivables. The provision matrix is initially based on the Group's historical observed default rates. The Group 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 historically observed default rates, forecasted economic conditions and ECL is a significant estimate. The amount of ECL is sensitive to changes in circumstances of forecast economic conditions. The Group's historical credit loss experience and forecast of economic conditions may also not be representative of customers' actual default in the future. The information about the ECL on the Group's trade receivables is disclosed in Section 6.6.2.2(a) (*Trade Receivables*) of this Prospectus.

(c) Employee Benefits

The cost of the employee benefit plan and the present value of the obligation are determined using actuarial valuations. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These include the determination of the discount rate, future salary increases, mortality rates and employee turnover rate. Due to the complexities involved in the valuation and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.

The parameter most subject to change is the discount rate. In determining the appropriate discount rate, management considers the market yield on high quality corporate/Government bonds. The mortality rate is based on publicly available mortality tables for the country. Those mortality tables tend to change only at intervals in response to demographic changes. Future salary increases are based on expected future inflation rates for the country. Further details about employee benefits liabilities are provided in Section 6.5.2.3(b) (*Employees' Benefits*) of this Prospectus.

6.3.6 Material Information on Accounting Policies

The following accounting policies have been consistently applied to all periods presented in these consolidated financial statements, other than explained in Section 6.3.7 (*New Standards, Amendment to Standards and Interpretations*).

6.3.6.1 Foreign Currencies

(a) Transaction and Balances

Transactions in foreign currencies are initially recorded by the Group at the functional currency spot rates at the date the transaction first qualifies for recognition. Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency spot rate of exchange at the reporting date. Differences arising on settlement or translation of monetary items are recognised in consolidated statement of profit or loss and other comprehensive income.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined. The gain or loss arising on translation of non-monetary items measured at fair value is treated in line with the recognition of gain or loss on change in fair value of the item.

6.3.6.2 Current Versus Non-Current Classification

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

(a) Assets

An asset is current when:

- it is expected to be realised or intended to be sold or consumed in the normal operating cycle;
- it is held primarily for the purpose of trading;
- it is expected to be realised within 12 months after the reporting period; or
- it is cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period.

All other assets are classified as non-current.

(b) Liabilities

A liability is current when:

- it is expected to be settled in the normal operating cycle;
- it is held primarily for the purpose of trading.

- it is due to be settled within 12 months after the reporting period; or
- there is no right at the end of the reporting period to defer the settlement of the liability for at least 12 months after the reporting period.

The Group classifies all other liabilities as non-current.

6.3.6.3 Revenue Recognition

Revenue is measured at the fair value of the consideration received or receivable, taking into account contractually defined terms of payment. Revenue is recognised in the statement of profit or loss and other comprehensive income to the extent that it is probable that the economic benefits will flow to the Group and the revenue and costs, if applicable, can be measured reliably.

(a) Rental Income - the Group as a Lessor

Leases in which the Group does not transfer substantially all the risks and rewards incidental to ownership of an asset are classified as operating leases. Rental income arising is accounted for on a straight-line basis over the lease terms and is included in revenue in the consolidated statement of profit or loss and other comprehensive income due to its operating nature.

(b) 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 Group's revenue from other services that are incidental to vehicle rental arrangements is recognised over the time when services are rendered.

(c) Sale of Inventories (Used 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 Group's revenue from sale of vehicles includes only one performance obligation and there is no variable consideration and financing component involved.

6.3.6.4 Expenses

(a) Cost of Revenue

Cost of revenue represents all expenses directly attributable or incidental to the core operating activities of the Group including but not limited to depreciation of vehicles under rental arrangements, cost of vehicle inventories disposed of directly attributable employee related costs etc.

(b) Selling, Marketing and Administrative Expenses

Selling and marketing expenses are costs arising from the Group's efforts underlying marketing activities and function. All other expenses are classified as administrative expenses. Allocation of common expenses between cost of revenue, selling and marketing and administrative expenses, where required, is made on a reasonable basis with regards to the nature and circumstances of the common expenses.

6.3.6.5 Zakat

(a) Zakat

The Group is subject to Zakat in accordance with the regulations of ZATCA). Provision for Zakat for the Group is charged to the consolidated statement of profit or loss and other comprehensive income.

(b) Withholding Tax

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

(c) Value Added Tax (VAT)

Expenses and assets are recognised net of the amount of Value Added Tax (VAT), except:

- when the Value Added Tax (VAT) incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case, the Value Added Tax (VAT) is recognised as part of the cost of acquisition of the asset or as part of the expense item, as applicable; and
- when receivables and payables are stated with the amount of Value Added Tax (VAT) included.

The net amount of Value Added Tax (VAT) recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the consolidated statement of financial position.

6.3.6.6 Property and Equipment

(a) Recognition and Measurement

Items of property and equipment are initially recorded at cost and measured at cost less accumulated depreciation and accumulated impairment losses.

Cost includes purchase price and any costs directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. The cost of self -constructed assets includes the cost of materials and direct labour, any other costs directly attributable to bringing the assets to a working condition for their intended use, the costs of dismantling and removing the items and restoring the site on which they are located and borrowing costs on qualifying assets.

When significant parts of an item of property and equipment have different useful lives, they are accounted for as separate items (major components) of property and equipment.

Gains and losses on disposal of an item of property and equipment (other than vehicles transferred to inventories as 'Vehicles for sale') are determined by comparing the proceeds from disposal with the carrying amount of property and equipment and are recognised net within other operating income in the consolidated statement of profit or loss and other comprehensive income.

(b) Subsequent Costs

The cost of replacing a part of an item of property and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Group, and its cost can be measured reliably. The carrying amount of the replaced part is derecognised. The costs of the day-to-day servicing of property and equipment are recognised in the consolidated statement of profit or loss and other comprehensive income as incurred.

(c) Capital Work-in-Progress

Capital work-in-progress represents all costs relating directly and indirectly to the construction in progress and is capitalised as property and equipment when ready for the intended use.

(d) Depreciation

Depreciation represents the systematic allocation of the depreciable amount of an asset over its estimated useful life. Depreciable amount represents cost of an asset, or other amount substituted for cost, less its residual value. Depreciation is recognised in the consolidated statement of profit or loss and other comprehensive income on a straight-line basis over the estimated useful lives of each part of an item of property and equipment. Leased assets are depreciated over the shorter of the lease term and their useful lives. Land is not depreciated.

Depreciation methods, useful lives and residual values are reviewed at least annually and adjusted prospectively if required.

The estimated useful lives are as follows:

Asset	Years
Buildings and other installations	10 to 20 years
Tools and equipment	3 to 4 years
Computers and IT equipment	3 to 4 years
Motor vehicles	2 to 5 years
Furniture, fixtures and office equipment	4 to 7 years

6.3.6.7 Right of Use Asset and Lease Liabilities

The Group recognises new assets and liabilities for its leases of various types of contracts including branches, accommodations, office rental premises etc. Each lease payment is allocated between the liability and finance cost. The finance cost is charged to the Statement of Profit or Loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The right-of-use asset is depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis. Payments associated with short-term leases and leases of low-value assets are recognised on a straight-line basis as an expense in the Statement of Profit or Loss. Short-term leases are leases with a lease term of 12 months or less. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. In determining the lease term, management considers all facts and circumstances required.

6.3.6.8 Inventories

Inventories represent vehicles 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 recognised as cost of revenue when the inventories are sold. The Group recognises 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.

6.3.6.9 Cash and Cash Equivalents

Cash and cash equivalents in the consolidated statement of financial position comprise cash at banks, term deposits and cash on hand. For the purpose of the consolidated statement of cash flows, cash and cash equivalents consist of bank balances and cash.

6.3.6.10 Financial Instruments

The Group's financial assets primary comprise of cash and cash equivalent, trade receivables, other receivables and unbilled revenue. The Group financial liabilities primary comprises of loans and borrowings, trade and other payables (excluding unearned rental income), contract liabilities and due to related parties.

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

Trade receivables are initially recognised when they are originated. All other financial assets and financial liabilities are initially recognised when the Group becomes a party to the contractual provisions of the instrument. All trade receivables of the Group are without a significant financing component and are initially measured at the transaction price.

On initial recognition, financial asset and financial liabilities are classified as measured at amortised cost.

All borrowing costs are expensed in the period in which they occur. Borrowing costs consist of finance cost and other costs that an entity incurs in connection with the borrowing of funds, with interest paid classified as operating cash outflows.

(a) Impairment of Financial Assets

The Group recognises loss allowances for ECLs on:

- financial assets measured at amortised cost; and
- contract assets.

The Group measures loss allowances at an amount equal to lifetime ECL.

Loss allowances for trade receivables and contract assets are always measured at an amount equal to lifetime ECL. Lifetime ECLs are the ECLs that result from all possible default events over the expected life of a financial instrument.

(b) Measurement of ECLs

At each reporting date, the Group assesses whether financial assets carried at amortised cost are credit impaired.

A financial asset is "credit-impaired" when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Evidence that a financial asset is credit-impaired includes the following observable data:

- the borrower is unlikely to pay its credit obligations to the Group in full, without recourse by the Group to actions such as realising security (if any is held);
- the restructuring of a loan or advance by the Group on terms that the Group would not consider otherwise;
- it is probable that the borrower will enter bankruptcy or other financial reorganisation; and
- the disappearance of an active market for a security because of financial difficulties.

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e., the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Group expects to receive).

(c) Presentation of Allowance for ECL in the Consolidated Statement of Financial Position

Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of the assets

6.3.7 New Standards, Amendment to Standards and Interpretations

The following are a number of accounting standards, amendments and interpretations of accounting standards that have been issued by the International Accounting Standards Board.

6.3.7.1 Currently Effective New Standards, Interpretations and Amendments

Effective date	Amendments in accounting standards
1 January 2024G	Classification of Liabilities as Current or Non-current and Non-current Liabilities with Covenants - Amendments to IAS 1
	Lease Liability in a Sale and Leaseback - Amendments to IFRS 16
	Disclosures: Supplier Finance Arrangements - Amendments to IAS 7 and IFRS 7

Management assessed the financial impact and there is no impact on the consolidated financial statements as of 31 December 2024G.

6.3.7.2 Standards Issued But Not Adopted

Standards and amendments issued but not yet effective up to the date of issuance of the Group's consolidated financial statements are listed below.

Effective for annual periods beginning on or after	New Standards and Amendments
1 January 2025G	Lack of Exchangeability – Amendments to IAS 21
1 January 2026G	Classification and Measurement of Financial Instruments - Amendments to IFRS 9 and IFRS 7
	Annual Improvements to IFRS Accounting Standards - Volume 11
	Power Purchase Agreements - Amendments to IFRS 9 and IFRS 7
1 January 2027G	IFRS 18 – Presentation and Disclosure in Financial Statements
	IFRS 19 - Subsidiaries without Public Accountability: Disclosures
Available for optional adoption/ effective date deferred indefinitely	Sale or contribution of assets between an investor and its associate or joint venture - Amendments to IFRS 10 and IAS 28

Management will assess the financial impact of the new standards and amendments and management expects that they will have no impact on the Group's consolidated financial statements.

6.4 Key Factors Affecting the Group's Operations

Set out below is a list of principal factors that have affected, or are expected to affect, the Group's business as well as its financial and operational results. These factors are based on information currently available to the Group and may not include all factors that could affect the Group's operations. For more information, see Section 2 (*Risk Factors*) of this Prospectus.

6.4.1 Loss of Major Long-Term Vehicle Leasing Customers

In the event that contracts for long-term vehicle leasing are not renewed by the top five customers, it would lead to a significant decline in revenue. As of 31 December 2022G, 2023G and 2024G, the average initial lease term for the top five customers was 3.3, 3.3, and 3.6 years, respectively. Consequently, the Group's revenue would be negatively impacted if one of these major long-term vehicle leasing customers does not renew its contract or if the business volume with that customer decreases. Moreover, there is no guarantee of the stability or sustainability of the business volume generated by the Group's key customers, given that contractual relationships may change at any time. Additionally, the Group may not be able to retain its corporate or other customers, which could result in the loss of a portion of the Group's revenue without being compensated by revenue from other customers. This would significantly and adversely impact the Group's operations, financial position, operating results, and future projections. For further details, see Section 2.1.1 (*Risks Related to Concentration of Revenue in Long-Term Vehicle Leasing Segment*) of this Prospectus.

6.4.2 Ability to Secure and Retain Long-Term Vehicle Leasing Contracts

The Group's long-term vehicle leasing business heavily relies on securing and renewing contracts with customers. If current contracts are not renewed upon expiration, or if the Group fails to acquire new customers, this could negatively affect its revenue and growth prospects. The Group's ability to secure and retain long-term vehicle leasing contracts depends on several factors, including its competitiveness in terms of pricing, the quality and reliability of its fleet management services, customer satisfaction, and its ability to maintain strong relationships with existing customers. Additionally, the Group's success depends on its ability to purchase vehicles from car dealerships in the Kingdom and to adapt to changing market trends, such as the growing demand for electric vehicles and the need to offer flexible leasing terms. Furthermore, general economic conditions, including corporate spending trends and the financial stability of target customers, play an important role. There is no guarantee that the Group will continue to successfully renew or secure new contracts at a sufficient rate to maintain or increase its revenue. Failure to do so, whether due to intense competition, economic factors, or operational challenges, could negatively impact the Group's operations, financial position, operating results, and future outlook. For further details, see Section 2.1.1 (*Risks Related to Concentration of Revenue in Long-Term Vehicle Leasing Segment*) of this Prospectus.

6.4.3 Concentration of Long-Term Vehicle Lease Contract Revenue from Government and Quasi-Government Customers

The Group generates a significant portion of its revenue from long-term vehicle leasing contracts with government and quasi-government sector customers. Approximately 79.8 per cent., 78.1 per cent., and 85.7 per cent. of the Group's total long-term vehicle leasing revenue was derived from government and quasi-government sector customers during the financial years ended 31 December 2022G, 2023G and 2024G, respectively. This reliance exposes the Group to significant risks arising from revenue concentration in this sector, including:

- dependence on customers and the financial impact of contract non-renewal;
- payment delays and liquidity pressures; and
- exposure to policy changes and financial restrictions.

For further details, see Section 2.1.3 (*Risks Related to Concentration of Long-Term Vehicle Lease Contract Revenue from Government and Quasi-Government Clients*) of this Prospectus.

6.4.4 The Group's Ability to Sell Vehicles Upon Retirement

The sale of used vehicles represented 25.1 per cent., 37.7 per cent., and 24.0 per cent. of the Group's total revenue for the financial years ended 31 December 2022G, 2023G and 2024G, respectively. Revenue from this segment consists of proceeds from the sale of vehicles that are sold upon expiration of the associated long-term lease contracts, whereby vehicles are transferred from fixed assets to inventory prior to being sold. For the financial year ended 31 December 2023G, used vehicle sales increased significantly, with the number of vehicles sold increasing from 1,622 for the financial year ended 31 December 2022G to 3,356 for the financial year ended 31 December 2023G (a 106.9 per cent. increase). This increase is mainly attributed to the expiration of long-term lease agreements with three of the Group's major government and semi-government customers. For the financial year ended 31 December 2024G, the Group sold 3,052 vehicles (a 9.1 per cent. decrease compared to the financial year ended 31 December 2023G), primarily due to the expiration of lease contracts with ten clients from both the private and government sectors. For further details, see Section 2.1.9 (*Risks Related to Cyclicality in Sale of Vehicles Upon Retirement*) of this Prospectus.

6.4.5 Financing and Ability to Obtain Financing

The Group relies on external financing to fund 80.0 per cent. of its vehicle purchases, while the remaining 20.0 per cent. was financed through internally generated cash flows. The Group's leverage ratio, which reflects the ratio between debt and equity, increased significantly from 0.7 as of 31 December 2022G to 1.56 as of 31 December 2024G, indicating an increased reliance on debt financing to support the Group's operations and growth initiatives. Although the use of debt can provide opportunities for expansion, the increase in the leverage ratio also carries increased financial risks that could negatively impact the Group's financial position and operations. For further details, see Section 2.1.12 (*Risks Related to Financing and Ability to Obtain Financing*) of this Prospectus.

6.5 Results of Operations for the Financial Years ended 31 December 2022G, 2023G and 2024G

6.5.1 Consolidated Statement of Profit or Loss and Other Comprehensive Income

The following table presents the Group's statement of profit or loss and other comprehensive income for the financial years ended 31 December 2022G, 2023G and 2024G:

Table 6.1: Consolidated Statement of Profit or Loss and Other Comprehensive Income for the Financial Years Ended 31 December 2022G, 2023G and 2024G

SAR in 000s	2022G (Audited)	2023G (Audited)	2024G (Audited)	Variance 2022G-2023G	Variance 2023G-2024G	CAGR 2022G-2024G
Revenue	331,933	431,841	454,656	30.1%	5.3%	17.0%
Cost of revenue	(232,849)	(320,719)	(308,948)	37.7%	(3.7%)	15.2%
Gross profit	**99,084**	**111,122**	**145,708**	**12.1%**	**31.1%**	**21.3%**
Selling and marketing expenses	(3,197)	(4,112)	(4,300)	28.6%	4.6%	16.0%
General and administrative expenses	(20,795)	(25,342)	(24,810)	21.9%	(2.1%)	9.2%c
Impairment loss on trade receivables	(9,848)	(5,765)	(10,627)	(41.5%)	84.3%	3.9%
Other income	6,761	5,187	6,600	(23.3%)	27.2%	(1.2%)
Profit from operations	**72,005**	**81,090**	**112,570**	**12.6%**	**38.8%**	**25.0%**
Finance costs	(9,456)	(21,415)	(47,317)	126.5%	121.0%	123.7%
(Loss) / Gain on derivative instruments at FVTPL	1,210	(605)	(40)	(150.0%)	(93.4%)	NA
Profit before Zakat	**63,759**	**59,069**	**65,213**	**(7.4%)**	**10.4%**	**1.1%**
Zakat expense	(3,729)	(2,163)	(2,160)	(42.0%)	(0.1%)	(23.9%)
Profit for the year	60,030	56,907	63,053	(5.2%)	10.8%	2.5%
Other comprehensive income **Items that will not be reclassified subsequently to profit or loss:**						
Re-measurement (loss)/gain on employees` benefits	1,663	(95)	(344)	(105.7%)	262.1%	NA
Total comprehensive income for the year	**61,693**	**56,811**	**62,708**	**(7.9%)**	**10.4%**	**0.8%**
As a percentage of revenue					**Percentage points**	
Gross profit	29.9%	25.7%	32.0%	(4.2)	6.3	2.1
Selling and marketing expenses	1.0%	1.0%	0.9%	0.0	(0.1)	(0.1)
General and administrative expenses	6.3%	5.9%	5.5%	(0.4)	(0.4)	(0.8)
Impairment loss on trade receivables	3.0%	1.3%	2.3%	(1.7)	1.0	(0.7)
Other income	2.0%	1.2%	1.5%	(0.8)	0.3	(0.5)
Profit from operations	21.7%	18.8%	24.8%	(2.9)	6.0	3.1
Finance costs	2.8%	5.0%	10.4%	2.2	5.4	7.6

SAR in 000s	2022G (Audited)	2023G (Audited)	2024G (Audited)	Variance 2022G-2023G	Variance 2023G-2024G	CAGR 2022G-2024G
Profit before Zakat	19.2%	13.7%	14.3%	(5.5)	0.6	(4.9)
Profit for the year	18.1%	13.2%	13.9%	(4.9)	0.7	(4.2)
Key performance indicators				**Variance / Percentage points**		
EBITDA (SAR in 000s) [1]	174,812	172,138	225,328	(1.5%)	30.9%	13.5%
EBITDA margin	52.7%	39.9%	49.6%	(12.8)	9.7	(3.1)
Long-term lease						
Number of customers	236	197	187	(16.5%)	(5.1%)	(11.0%)
Average monthly contract revenue per customer (SAR)	82,486	98,282	141,714	19.1%	44.2%	31.1%
Average number of leased vehicles	9,824	9,147	12,159	(6.9%)	32.9%	11.3%
Average monthly contract revenue per vehicle (SAR)	1,982	2,117	2,179	6.8%	2.9%	4.9%
Year-end number of leased vehicles	11,142	13,141	14,597	17.9%	11.1%	14.5%
Sales of motor vehicles						
Number of vehicles sold	1,622	3,356	3,052	106.9%	(9.1%)	37.2%
Average selling price per vehicle (SAR)	51,464	48,467	35,751	(5.8%)	(26.2%)	(16.7%)

Source: The audited special purpose consolidated financial statements of the Group for the financial years ended 31 December 2024G, 2023G and 2022G and management information.

(1) EBITDA is computed by adding profit from operations and other income, and excludes costs associated with the (i) depreciation of property and equipment, (ii) depreciation of the right-of-use assets, and (iii) amortisation and write-off of intangible assets, which have been recorded under cost of revenue, general and administrative expenses, and selling and marketing expenses. Note that a write-off amounting to SAR 851 thousand in relation to intangible assets was recorded during the financial year ended 31 December 2022G, which was excluded from the EBITDA during the period as this is considered one-off nature.

6.5.1.1 Revenue

Revenue was generated from (i) long-term lease of vehicles (around 65 per cent. of total revenue over the 2022G-2024G period) across various vehicle types (including SUVs, sedans, pick-ups, buses, etc.) to government and quasi-government customers (around 82 per cent. of total long term lease revenue over the 2022G-2024G period), and private customers with contract durations ranging between two to five years, (ii) sales of motor vehicles (around 30 per cent. of total) which represents the proceeds from vehicle sales upon the expiration of their associated long term leasing contracts or a maximum of three years for vehicles used for short term leases, and (iii) short-term rental lease (around five per cent. of total) which related to daily rental of vehicles to individuals and corporate customers.

Revenue increased by 30.1 per cent. from SAR 331.9 million for the financial year ended 31 December 2022G to SAR 431.8 million for the financial year ended 31 December 2023G driven by the increase in (i) sales of motor vehicles by 94.9 per cent. from SAR 83.5 million for the financial year ended 31 December 2022G to SAR 162.7 million for the financial year ended 31 December 2023G (increasing by SAR 79.2 million) due to an increase in the number of vehicles sold by 1,734 vehicles following the expiration of lease contracts with key customers whereby the vehicles were subsequently sold, in addition to the opening of the new showroom in Al Shifa, and (ii) short-term rental lease revenue by 185.5 per cent. from SAR 9.0 million for the financial year ended 31 December 2022G to SAR 25.8 million for the financial year ended 31 December 2023G (increasing by SAR 16.8 million) due to higher customer demand, particularly in the Southern region, following the acquisition of new vehicles (fleet size increased by around five per cent.) for the short-term rental lease operations. Long-term lease revenue remained relatively stable over the 2022G-2023G period, amounting to SAR 239.4 million for the financial year ended 31 December 2022G compared to SAR 243.4 million in 2023G, in light of the limited no. of tenders occurring during the financial year ended 31 December 2022G (for which revenue would have been recorded during the financial year ended 31 December 2023G due to a lag in time between winning a tender and contract start date which typically ranges between 4-9 months) which can be primarily attributed to governmental entities offering extensions on contracts with vehicle leasing companies that were near expiration during COVID-19 (i.e. contracts that were expected to expire for the financial year ended 31 December 2020G were extended till the financial year ended 31 December 2022G).

Revenue increased by 5.3 per cent. from SAR 431.8 million for the financial year ended 31 December 2023G to SAR 454.7 million for the financial year ended 31 December 2024G driven by an increase in long-term lease revenue by 33.3 per cent. from SAR 243.4 million for the financial year ended 31 December 2023G to SAR 324.3 million for the financial year ended 31 December 2024G (increasing by SAR 80.9 million) due to an increase in the average number of leased vehicles (increasing by

3,012 vehicles) mainly to quasi-government customers. This comes in line with the increase in government tenders during the financial year ended 31 December 2023G, coupled with reduced supply chain disruptions, which enhanced the Group's ability to efficiently service new contracts on time. This was partially offset by a decrease in sales of motor vehicles by 32.9 per cent. from SAR 162.7 million for the financial year ended 31 December 2023G to SAR 109.1 million for the financial year ended 31 December 2024G (decreasing by SAR 53.5 million) due to (1) a decrease in the number of vehicles sold (decreasing by 304 vehicles) due to a fewer number of leasing agreements expiring for the financial year ended 31 December 2024G compared to the financial year ended 31 December 2023G and (2) a decrease in the average selling price per vehicle (decreasing by 26.2 per cent.) associated with a higher proportion of sale of sedans and vehicles aged over five years sold, both of which display a lower average selling price.

6.5.1.2 Cost of Revenue

Cost of revenue mainly comprised of (i) depreciation of property and equipment (which accounted for 42.1 per cent. of total cost of revenue during the financial year ended 31 December 2022G, 26.9 per cent. during the financial year ended 31 December 2023G and 34.9 per cent. during the financial year ended 31 December 2024G) predominantly related to the depreciation of motor vehicles, (ii) cost of sale of vehicles (around 35 per cent. of total cost of revenue over the 2022G-2024G period), related to the net book value / cost of vehicles sold, (iii) employees' salaries and other benefits (around 15 per cent. of total), whereby costs associated with the Company employees (on a standalone basis) have been allocated pro rata based on allocation of employees by department, resulting in a 70.0 per cent. allocation to cost of revenue as most of the Group's workers are operational, and (iv) vehicle workshop and maintenance costs (around five per cent. of total).

Cost of revenue increased by 37.7 per cent. from SAR 232.8 million for the financial year ended 31 December 2022G to SAR 320.7 million for the financial year ended 31 December 2023G, driven by the increase in (i) cost of sale of vehicles amounting to SAR 78.7 million, in line with the increase in vehicles sold, (ii) employees' salaries and other benefits amounting to SAR 8.4 million associated with an increase in headcount, and average monthly cost per employee from SAR 5.5 thousand to SAR 6.2 thousand due to increments granted and the hiring of experienced / senior employees at higher average salaries, and (iii) insurance expenses by 73.7 per cent. from SAR 10.6 million for the financial year ended 31 December 2022G to SAR 18.4 million for the financial year ended 31 December 2023G (increasing by SAR 7.8 million) due to higher insurance premiums recorded for the financial year ended 31 December 2023G. This was partially offset by a decrease in depreciation of property and equipment amounting to SAR 11.6 million driven by an increase in the average residual value of motor vehicles from 36 per cent. for the financial year ended 31 December 2022G to 42 per cent. for the financial year ended 31 December 2023G, leading to a decline in the depreciable amount, and thus lowering the deprecation rate.

Cost of revenue decreased by 3.7 per cent. from SAR 320.7 million for the financial year ended 31 December 2023G to SAR 308.9 million for the financial year ended 31 December 2024G driven by a decrease in the cost of sale of vehicles amounting to SAR 46.6 million in line with the decrease in the number of vehicles sold, coupled with a decrease in the average cost per vehicle sold driven by the fleet composition of vehicles sold. This was partially offset by an increase in (i) depreciation of property and equipment amounting to SAR 21.3 million and (ii) workshop and maintenance expenses amounting to SAR 8.4 million in line with the increase in the average number of vehicles on hand, and (iii) transportation expenses amounting to SAR 3.6 million due to H-10 Logistics Services Company being transferred to Saudi Edarah Holding Company as of January 2024G, and whereby transportation costs incurred by the Company in relation to H-10 Logistics Services Company were no longer eliminated upon consolidation for the financial year ended 31 December 2024G.

6.5.1.3 Gross Profit

Gross profit increased by 12.1 per cent. from SAR 99.1 million for the financial year ended 31 December 2022G to SAR 111.1 million for the financial year ended 31 December 2023G, driven by the increase in revenue during the period, which translated to higher fixed cost absorption, coupled with an increase in the average residual value of motor vehicles (from 36 per cent. for the financial year ended 31 December 2022G to 42 per cent. for the financial year ended 31 December 2023G), which reduced the depreciation rate and resulted in a decrease in depreciation of property and equipment by SAR 11.6 million during the period.

Gross margin decreased from 29.9 per cent. for the financial year ended 31 December 2022G to 25.7 per cent. for the financial year ended 31 December 2023G, due to (i) lower resale value of vehicles on the back of the softening in the used car market post-pandemic, (ii) an increase in the average residual value of motor vehicles from 36 per cent. for the financial year ended 31 December 2022G to 42 per cent. for the financial year ended 31 December 2023G which resulted in a higher cost of sale of vehicles, and (iii) a higher number of Peugeot and Fiat vehicles sold for the financial year ended 31 December 2023G as compared to the financial year ended 31 December 2022G which display low resale values.

Gross profit increased by 31.1 per cent. from SAR 111.1 million for the financial year ended 31 December 2023G to SAR 145.7 million for the financial year ended 31 December 2024G driven by the increase in long-term lease revenue during the period, which translated to higher fixed cost absorption (in particular depreciation expenses and employee costs).

Gross margin increased from 25.7 per cent. for the financial year ended 31 December 2023G to 32.0 per cent. for the financial year ended 31 December 2024G driven by an increase in gross margin from (i) long-term leasing due to higher fixed cost absorption in line with the increase in revenue coupled with lower insurance costs and (ii) a decrease in the revenue contribution from the sale of motor vehicles segment (decreasing from around 38 per cent. of total revenue for the financial year ended 31 December 2023G to around 24 per cent. for the financial year ended 31 December 2024G), which yielded a lower gross margin (9.6 per cent. for the financial year ended 31 December 2024G) compared to the long-term (38.5 per cent.) and short-term (48.5 per cent.) leasing segments.

6.5.1.4 Selling and Marketing Expenses

Selling and marketing expenses mainly comprised of (i) employees' salaries and other benefits (around 76 per cent. of total selling and marketing expenses over the 2022G-2024G period), with five per cent. of total employees' salaries and other benefits being allocated to selling and marketing expenses, (ii) advertisement costs (around 13 per cent. of total) in relation to a sponsorship agreement with Zulfi Football Club, advertising on social media, and promotional items, (iii) depreciation of the right-of-use assets (around five per cent. of total), and (iv) IT expenses (around one per cent. of total).

Selling and marketing expenses increased by 28.6 per cent. from SAR 3.2 million for the financial year ended 31 December 2022G to SAR 4.1 million for the financial year ended 31 December 2023G, driven by the increase in (i) advertisement costs amounting to SAR 0.5 million due to a sponsorship agreement with Zulfi Football Club, and (ii) employees' salaries and other benefits amounting to SAR 0.3 million, associated with an increase in the average monthly cost per employee.

Selling and marketing expenses increased by 4.6 per cent. from SAR 4.1 million for the financial year ended 31 December 2023G to SAR 4.3 million for the financial year ended 31 December 2024G, driven by an increase in employees' salaries and other benefits amounting to SAR 0.3 million, in line with the increase in the average monthly cost per employee due to the recruitment of senior positions at higher average salaries, and increments granted to employees. This was partially offset by a decrease in advertisement costs amounting to SAR 0.2 million driven by a decrease in promotional expenses, coupled with no costs incurred for the sponsorship agreement with Zulfi Football Club (which were booked in January 2025G) due to their ad-hoc nature and accordingly timing of payments will vary from year to year.

6.5.1.5 General and Administrative Expenses

General and administrative expenses mainly comprised of (i) employees' salaries and other benefits (around 66 per cent. of total general and administrative expenses over the 2022G-2024G period), with 25 per cent. of total employees' salaries and other benefits being allocated to general and administrative, (ii) bank charges (around five per cent. of total) in relation to charges for the issuance of LGs and LCs, (iii) fees and subscriptions (around five per cent. of total) mainly related to costs incurred for tracking and GPS services installed on vehicles, and (iv) depreciation of the right-of-use assets (around five per cent. of total).

General and administrative expenses increased by 21.9 per cent. from SAR 20.8 million for the financial year ended 31 December 2022G to SAR 25.3 million for the financial year ended 31 December 2023G, driven by an increase in costs across all cost categories in line with the overall expansion in operations, most notably employees' salaries and other benefits which increased by SAR 2.1 million associated with an increase in headcount and average monthly cost per employee. This was partially offset by a one-off write-off recorded for the financial year ended 31 December 2022G in relation to the write-off of an in-house developed IT system amounting to SAR 0.9 million following the migration to third-party IT systems.

General and administrative expenses remained relatively stable over the 2023G-2024G period, averaging around SAR 25.1 million.

6.5.1.6 Impairment Loss on Trade Receivables

Impairment loss on trade receivables related to the provisions recorded against trade receivables, which is computed based on the expected credit loss model.

Impairment loss on trade receivables decreased by 41.5 per cent. from SAR 9.8 million for the financial year ended 31 December 2022G to SAR 5.8 million for the financial year ended 31 December 2023G, on the back of the Group provisioning for receivables related to a private customer during the financial year ended 31 December 2022G amounting to SAR 9.3 million as this customer was considered in default (and accordingly receivables from this customer were fully provided for over the 2022G-2024G period). This was partially offset by an increase in provision associated with aged receivables (aged over 730 days and excluding receivables from the private customer considered in default), which increased from SAR 13.1 million as of 31 December 2022G to SAR 19.6 million as of 31 December 2023G (whereby aged government receivables increased from SAR 3.6 million as of 31 December 2022G to SAR 11.5 million as of 31 December 2023G).

Impairment loss on trade receivables increased by 84.3 per cent. from SAR 5.8 million for the financial year ended 31 December 2023G to SAR 10.6 million for the financial year ended 31 December 2024G driven by an increase in aged receivables, whereby private receivables aged over 365 days (excluding receivables from the private customer considered in default) increased from SAR 12.2 million as of 31 December 2023G to SAR 14.9 million as of 31 December 2024G, and government receivables aged over 730 days increased from SAR 11.5 million as of 31 December 2023G to SAR 13.2 million as of 31 December 2024G.

6.5.1.7 Other Income

Other income mainly comprised of (i) repairs and maintenance income amounting to SAR 2.1 million for the financial year ended 31 December 2024G related to vehicle repair and maintenance services provided by the Group to its employees and related parties charged at market rates, (ii) support from the Human Resources Development Fund amounting to SAR 1.5 million for the financial year ended 31 December 2024G for the training of Saudi graduates, (iii) the recovery of VAT on receivables written off amounting to SAR 1.3 million, associated with VAT invoiced to customers whose trade receivables were written off for the financial year ended 31 December 2022G, and (iv) other insurance income amounting to SAR 0.6 million for the financial year ended 31 December 2024G related to a daily penalty fee that is charged to customers for each day that the sold vehicles' ownership remains under the Group (i.e. vehicle ownership is not yet transferred by customer) though the vehicle has already been sold. The vehicle remains covered under the Group's insurance policy until ownership is transferred.

Other income decreased by 23.3 per cent. from SAR 6.8 million for the financial year ended 31 December 2022G to SAR 5.2 million for the financial year ended 31 December 2023G, primarily due to the transfer of equity investments to Saudi Edarah Holding Company (the parent company) in the third quarter of 2022G, resulting in no dividend income or fair value impact being recorded for the financial year ended 31 December 2023G as compared to a gain of SAR 2.6 million for the financial year ended 31 December 2022G.

Other income increased by 27.2 per cent. from SAR 5.2 million for the financial year ended 31 December 2023G to SAR 6.6 million for the financial year ended 31 December 2024G primarily due to the recovery of VAT on receivables written off amounting to SAR 1.3 million recorded for the financial year ended 31 December 2024G. This comes as a result of the Group charging VAT to customers for leasing services provided (embedded within the trade receivable balance), with an equivalent VAT payable to Zakat, Tax and Customs Authority being recorded. Accordingly, the VAT write-off was associated with the trade receivable write-off reflected for the financial year ended 31 December 2022G (SAR 20.5 million).

The recovery of VAT on receivables written off has been approved by Zakat, Tax and Customs Authority on the basis that the trade receivables were deemed unrecoverable, that more than 12 months had elapsed since the invoice issuance date and following Management's documented efforts to recover the outstanding balances (e.g., initiating legal proceedings).

6.5.1.8 Finance Cost

Finance costs comprised of (i) finance cost on term loans (around 95 per cent. of total finance cost over the 2022G-2024G period) related to interest costs on loans acquired from Banque Saudi Fransi, Riyadh Bank, The Saudi Investment Bank and Arab National Bank, (ii) finance cost on lease liabilities (around three per cent. of total), and (iii) finance cost on employees' benefits (around two per cent. of total). Term loans received by the Group come at a variable interest ranging between SAIBOR plus 1.25 per cent. and SAIBOR plus 1.50 per cent. Over the 2022G-2024G period, SAIBOR rates ranged between 0.9 per cent. and 6.3 per cent.

Finance cost increased by 126.5 per cent. from SAR 9.5 million for the financial year ended 31 December 2022G to SAR 21.4 million for the financial year ended 31 December 2023G, driven by an increase in term loans during the period, which were used for the acquisition of motor vehicles to service newly awarded contracts (contributing to approximately 77 per cent. of the increase in finance cost), coupled with a higher average monthly SAIBOR rate exhibited (contributing to approximately 23 per cent. of the increase in finance cost).

Finance costs increased by 121.0 per cent. from SAR 21.4 million for the financial year ended 31 December 2023G to SAR 47.3 million for the financial year ended 31 December 2024G on the back of a net increase in term loans during the period, which were used for the acquisition of motor vehicles to service newly awarded contracts. SAIBOR rates remained relatively stable during the financial years 2023G-2024G.

6.5.1.9 (Loss) / Gain on Derivative Instruments at FVTPL

(Loss) / Gain on derivative instruments at fair value through profit and loss ("**FVTPL**") comprised of gains or losses recorded on the Group's Shariah-compliant interest rate SWAP Agreement entered with Riyad Bank.

Derivative instruments at FVTPL recorded a gain of SAR 1.2 million for the financial year ended 31 December 2022G due to the increase in fair value associated with the increase in SAIBOR rates.

Derivative instruments at FVTPL recorded a loss of SAR 0.6 million for the financial year ended 31 December 2023G due to the decrease in the fair value of the contract as it neared expiration (to expire in the first quarter of 2024G).

Derivative instruments at FVTPL recorded a loss of SAR 40 thousand for the financial year ended 31 December 2024G due to the decrease in fair value of the contract which expired in the first quarter of 2024G.

6.5.1.10 Zakat Expense

Zakat expense decreased by 42.0 per cent. from SAR 3.7 million for the financial year ended 31 December 2022G to SAR 2.2 million for the financial year ended 31 December 2023G, in line with the decrease in the Zakat base.

Zakat expenses remained relatively stable over the 2023G-2024G period, averaging around SAR 2.2 million.

The Group submitted its Zakat assessments for all years up to 2023G and paid the obligations accordingly. Zakat returns assessments from the Zakat, Tax and Customs Authority was approved for all years until 2018G. The final assessments for the years from 31 December 2019G up to 31 December 2023G have not been received.

6.5.1.11 Revenue by Segment for the Financial Years Ended 31 December 2022G, 2023G and 2024G

The following table presents the Group's revenue by segment for the financial years ended 31 December 2022G, 2023G and 2024G:

Table 6.2: Revenue by Segment for the Financial Years Ended 31 December 2022G, 2023G and 2024G

SAR in 000s	2022G (Audited)	2023G (Audited)	2024G (Audited)	Variance 2022G-2023G	Variance 2023G-2024G	CAGR 2022G-2024G
Long-term lease	239,426	243,401	324,342	1.7%	33.3%	16.4%
Short-term rental lease	9,032	25,785	21,203	185.5%	(17.8%)	53.2%
Rental revenue	248,458	269,187	345,545	8.3%	28.4%	17.9%
Sales of motor vehicles	83,475	162,654	109,111	94.9%	(32.9%)	14.3%
Total	**331,933**	**431,841**	**454,656**	**30.1%**	**5.3%**	**17.0%**
As a percentage of revenue					**Percentage points**	
Long-term lease	72.1%	56.4%	71.3%	(15.7)	14.9	(0.8)
Short-term rental lease	2.7%	6.0%	4.7%	3.3	(1.3)	2.0
Rental revenue	74.9%	62.3%	76.0%	(12.6)	13.7	1.1
Sales of motor vehicles	25.1%	37.7%	24.0%	12.6	(13.7)	(1.1)
Total	**100.0%**	**100.0%**	**100.0%**	-	-	-

Source: The audited special purpose consolidated financial statements of the Group for the financial years ended 31 December 2024G, 2023G and 2022G.

The Group has entered into leases on its fleet of vehicles. The commercial and non-commercial vehicle leases have lease terms ranging between two to five years. Some leases contain options to terminate before the end of the lease term in exchange for additional penalty payments.

The following table presents the Group's future minimum rentals receivable under non-cancellable operating leases for the financial years ended 31 December 2022G, 2023G and 2024G:

Table 6.3: Future Minimum Rentals Receivable Under Non-Cancellable Operating Leases for the Financial Years Ended 31 December 2022G, 2023G and 2024G

SAR in 000s	2022G (Audited)	2023G (Audited)	2024G (Audited)	Variance 2022G-2023G	Variance 2023G-2024G	CAGR 2022G-2024G
Within 1 year	269,078	322,585	417,560	19.9%	29.4%	24.6%
After 1 year, but not more than 5 years	797,083	801,144	795,207	0.5%	(0.7%)	(0.1%)
Total	**1,066,161**	**1,123,729**	**1,212,766**	**5.4%**	**7.9%**	**6.7%**

Source: The audited special purpose consolidated financial statements of the Group for the financial years ended 31 December 2024G, 2023G and 2022G.

(a) Long-Term Lease

The following table presents the Group's long-term lease revenue by type for the financial years ended 31 December 2022G, 2023G and 2024G:

Table 6.4: Long-Term Lease Revenue by Type for the Financial Years Ended 31 December 2022G, 2023G and 2024G

SAR in 000s	2022G (Audited)	2023G (Audited)	2024G (Audited)	Variance 2022G-2023G	Variance 2023G-2024G	CAGR 2022G-2024G
Contract revenue	233,600	232,338	318,007	(0.5%)	36.9%	16.7%
Other lease income	5,826	11,063	6,335	89.9%	(42.7%)	4.3%
Total	**239,426**	**243,401**	**324,342**	**1.7%**	**33.3%**	**16.4%**
As a percentage of long-term lease total revenue				**Percentage points**		
Contract revenue	97.6%	95.5%	98.0%	(2.1)	2.5	0.4
Other lease income	2.4%	4.5%	2.0%	2.1	(2.5)	(0.4)

Source: Management information.

Long-term lease revenue accounted for around 65 per cent. of total revenue over the 2022G-2024G period and related to revenue from the long-term lease (ranging between two to five years) of various vehicle types (e.g. SUVs, sedans, pick-ups, buses, etc.) and is comprised of contract revenue (around 97 per cent. of total long-term lease revenue over the 2022G-2024G period) related to revenue from lease contracts with government, quasi-government and private customers (around 82 per cent. of total contract revenue), and private customers (around 18 per cent.).

Contract revenue remained relatively stable over the 2022G-2023G period, amounting to SAR 233.6 million for the financial year ended 31 December 2022G compared to SAR 233.3 million for the financial year ended 31 December 2023G, driven by a decrease in average number of leased vehicles, from 9,824 for the financial year ended 31 December 2022G to 9,147 for the financial year ended 31 December 2023G, which was attributed to:

- the conclusion of leasing agreements with key government customers; and
- limited number of tenders occurring during the financial year ended 31 December 2022G (for which revenue would have been recorded during the financial year ended 31 December 2023G due to a lag in time between winning a tender and contract start date which typically ranges between 4-9 months) which can be primarily attributed to governmental entities offering extensions on contracts with vehicle leasing companies that were near expiration during COVID-19 (i.e. contracts that were expected to expire for the financial year ended 31 December 2020G were extended till the financial year ended 31 December 2022G). Accordingly, this limited the Group's ability to bid for new tenders for the financial year ended 31 December 2022G to offset the loss in revenue related to the conclusion of certain leasing agreements.

Contract revenue increased by 36.9 per cent. from SAR 232.3 million for the financial year ended 31 December 2023G to SAR 318.0 million for the financial year ended 31 December 2024G driven by an increase in the average number of leased vehicles from 9,147 to 12,159 (increasing by 3,012 vehicles), which came on the back of improved vehicle procurement, resulting from reduced supply chain disruptions, which enhanced the Group's ability to efficiently service the new contracts. This was notably the case for contracts with two quasi-government customers, which the Group bid for the financial year ended 31 December 2022G and expected to commence in the first quarter of 2023G; however, due to the supply chain challenges faced at the end of the financial year ended 31 December 2022G, the Group delivered the total number of vehicles as per the contractual agreement over the period between the fourth quarter of 2023G and the first quarter of 2024G (around nine to 12 months delay in contract initiation).

Other lease income (around three per cent. of total) mainly comprised:

- leasing revenue through purchase orders related to vehicles that were leased to customers post-contract expiration due to temporary extensions requested by the customer;
- additional charges to customers in relation to damages / early contract termination;
- leasing revenue from one government contract related to buses and the supply of a driver, which get booked through a purchase order; and
- lease rental income amounting to SAR 4.0 million for the financial year ended 31 December 2022G for services rendered prior to 2022G, which did not get recorded at the time of rendering the service as the customer had filed for bankruptcy. Accordingly, this revenue was recorded for the financial year ended 31 December 2022G upon receipt of payment.

Other lease income increased by 89.9 per cent. from SAR 5.8 million for the financial year ended 31 December 2022G to SAR 11.1 million for the financial year ended 31 December 2023G, driven by (i) the implementation of the new IT systems as of August 2022G, which records separately any revenue for additional months leased beyond the pre-agreed contract terms, whereby these were previously recorded within contract revenue in the old system, and (ii) SAR 1.2 million of revenue in relation to the lease of vehicles to a related party, which was settled through a purchase order during the financial year ended 31 December 2023G.

This was partially offset by (i) no prior period revenue from customers, as these were recorded under other income for the financial year ended 31 December 2023G, and (ii) additional charges related to damages / early contract termination being allocated to customers within contract revenue as of August 2022G (due to implementation of the new IT systems).

Other lease income decreased by 42.7 per cent. from SAR 11.1 million for the financial year ended 31 December 2023G to SAR 6.3 million for the financial year ended 31 December 2024G, mainly driven by leasing revenue from temporary contract extensions being recorded as part of contract revenue for the financial year ended 31 December 2024G following enhancements made to the Group's IT system.

(b) Short-Term Rental Lease

Short-term rental lease revenue accounted for around five per cent. of total revenue over the 2022G-2024G period and related to revenue from short-term and the daily rental of vehicles to individual and corporate customers.

Short-term rental revenue increased by 185.5 per cent. from SAR 9.0 million for the financial year ended 31 December 2022G to SAR 25.8 million for the financial year ended 31 December 2023G, driven by higher customer demand, particularly in the Southern region, associated with the Group acquiring new vehicles for its short-term rental lease operations (fleet increased by around five per cent. between 31 December 2022G and 31 December 2023G), in addition to no longer utilising vehicles aged over three years for this segment.

Short-term rental revenue decreased by 17.8 per cent. from SAR 25.8 million in financial year ended 31 December 2023G to SAR 21.2 million in financial year ended 31 December 2024G driven by a decline in revenue in the Central (decreasing by SAR 2.6 million) and Western (decreasing by SAR 2.0 million) regions due to the closure of four branches (two in each region), and whereby new replacement branches were either operational by the end of the financial year ended 31 December 2024G, with only a few months of operations, or still under construction.

(c) Sales of Motor Vehicles

Sales of motor vehicles accounted for around 30 per cent. of total revenue over the 2022G-2024G period and represented proceeds from vehicles sold after:

- a maximum of three years for vehicles used for short-term leases, which aligns with market practices in the Kingdom to ensure a modern fleet for short-term lease operations; and
- two to five years for vehicles used for private and government long-term leases (based on the contract tenure).

Sales of motor vehicles increased by 94.9 per cent. from SAR 83.5 million for the financial year ended 31 December 2022G to SAR 162.7 million for the financial year ended 31 December 2023G, driven by an increase in the number of vehicles sold from 1,622 vehicles for the financial year ended 31 December 2022G to 3,356 vehicles for the financial year ended 31 December 2023G, mainly from vehicles aged over two years, following the expiration of lease contracts with key customers (whereby the vehicles were subsequently sold), in addition to the opening of the new showroom in Al Shifa.

Sales of motor vehicles decreased by 32.9 per cent. from SAR 162.7 million for the financial year ended 31 December 2023G to SAR 109.1 million for the financial year ended 31 December 2024G driven by a decline in:

- the number of vehicles sold from 3,356 for the financial year ended 31 December 2023G to 3,052 in financial year ended 31 December 2024G, primary from vehicles aged between two to five years (whose revenue decreased by SAR 72.2 million in line with the decrease in the number of vehicles sold by 1,171), due to a fewer number of leasing agreements expiring for the financial year ended 31 December 2024G compared to the financial year ended 31 December 2023G; and
- the average selling price per vehicle from SAR 48.5 thousand for the financial year ended 31 December 2023G to SAR 35.8 thousand for the financial year ended 31 December 2024G, driven by a higher proportion of Sedans sold (increasing from around 13 per cent. of total sales of motor vehicles for the financial year ended 31 December 2023G to around 36 per cent. of total for the financial year ended 31 December 2024G), as well as vehicles aged over five years (increasing from around 14 per cent. for the financial year ended 31 December 2023G to around 45 per cent. of total in the financial 2024G), both of which display a lower average selling price.

The following table presents the Group's long-term lease contract revenue by customer type for the financial years ended 31 December 2022G, 2023G and 2024G:

Table 6.5: Long-Term Lease Contract Revenue by Customer Type for the Financial Years Ended 31 December 2022G, 2023G and 2024G

SAR in 000s	2022G	2023G	2024G	Variance 2022G-2023G	Variance 2023G-2024G	CAGR 2022G-2024G
Public sector	112,921	116,592	136,290	3.3%	16.9%	9.9%
Quasi-government	73,601	64,815	136,297	(11.9%)	110.3%	36.1%
Government	186,523	181,407	272,587	(2.7%)	50.3%	20.9%
Private	47,078	50,931	45,420	8.2%	(10.8%)	(1.8%)
Total	**233,600**	**232,338**	**318,007**	**(0.5%)**	**36.9%**	**16.7%**
As a percentage of long-term lease contract revenue					**Percentage points**	
Public sector	48.3%	50.2%	42.9%	1.9	(7.3)	(5.4)
Quasi-government	31.5%	27.9%	42.9%	(3.6)	15.0	11.4
Government	79.8%	78.1%	85.7%	(1.7)	7.6	5.9
Private	20.2%	21.9%	14.3%	1.7	(7.6)	(5.9)
Average number of leased vehicles					**Variance**	
Public sector	3,173	3,366	3,787	6.1%	12.5%	9.2%
Quasi-government	4,469	3,698	6,577	(17.3%)	77.9%	21.3%
Government	7,642	7,064	10,364	(7.6%)	46.7%	16.5%
Private	2,182	2,084	1,796	(4.5%)	(13.8%)	(9.3%)
Total	**9,824**	**9,147**	**12,159**	**(6.9%)**	**32.9%**	**11.3%**
Average monthly revenue per vehicle (SAR) [1]					**Variance**	
Public sector	2,966	2,887	2,999	(2.7%)	3.9%	0.6%
Quasi-government	1,372	1,461	1,727	6.5%	18.2%	12.2%
Government	2,034	2,140	2,192	5.2%	2.4%	3.8%
Private	1,798	2,037	2,108	13.3%	3.5%	8.3%
Total	**1,982**	**2,117**	**2,179**	**6.8%**	**2.9%**	**4.9%**
Number of leased days					**Variance**	
Public sector	1,161,278	1,231,942	1,385,903	6.1%	12.5%	9.2%
Quasi-government	1,635,650	1,353,320	2,407,171	(17.3%)	77.9%	21.3%
Government	2,796,928	2,585,262	3,793,074	(7.6%)	46.7%	16.5%
Private	798,626	762,682	657,253	(4.5%)	(13.8%)	(9.3%)
Total	**3,595,554**	**3,347,944**	**4,450,327**	**(6.9%)**	**32.9%**	**11.3%**

Source: Management information.

(1) The average monthly rate per vehicle has been computed by dividing the "contract revenue" by the "average number of leased vehicles" for each customer type.

Government Customers

Government customer revenue accounted for around 82 per cent. of total long-term lease contract revenue over the 2022G-2024G period and was generated from:

- public sector customers (around 57 per cent. of total government long-term lease contract revenue over the 2022G-2024G period) related to ministries, municipalities and governmental organisations. The Group bids for public sector tenders through a government portal whereby payments by these customers are made through the Ministry of Finance; and
- quasi-government customers (around 43 per cent. of total government long-term lease contract revenue over the 2022G-2024G period), which mainly comprised revenue from three customers in which the Government holds a significant ownership stake and whereby bidding for these tenders occurs through their respective portals, and payments are made directly by these customers (i.e. not through the Ministry of Finance).

Government customer revenue decreased by 2.7 per cent. from SAR 186.5 million for the financial year ended 31 December 2022G to SAR 181.4 million for the financial year ended 31 December 2023G, driven by a decrease in the average number of leased vehicles from 7,642 for the financial year ended 31 December 2022G to 7,064 for the financial year ended 31 December 2023G, attributed to:

- the conclusion of leasing agreements with key government customers; and
- limited number of tenders occurring during the financial year ended 31 December 2022G (for which revenue would have been recorded during the financial year ended 31 December 2023G) which can be primarily attributed to governmental entities offering extensions on contracts with vehicle leasing companies that were near expiration during COVID-19. Accordingly, this limited the Group's ability to bid for new tenders for the financial year ended 31 December 2022G to offset the loss in revenue related to the conclusion of certain leasing agreements.

This was offset by an increase in the average monthly lease revenue per vehicle by 5.2 per cent. from SAR 2.0 thousand to SAR 2.1 thousand during the same period, associated with a positive mix impact stemming from the vehicle type composition, as well as the Group's ability to negotiate slightly higher rates upon renewal with some key government customers.

Government customer revenue increased by 50.3 per cent. from SAR 181.4 million for the financial year ended 31 December 2023G to SAR 272.6 million for the financial year ended 31 December 2024G driven by an increase in revenue from:

- quasi-government customers by SAR 71.5 million driven by (i) the delivery of vehicles to a customer in relation to a contract secured in December 2022G and whereby vehicle procurement did not occur until the fourth quarter of 2023G (whose full period effect was recorded in financial year ended 31 December 2024G). Revenue from this customer increased by SAR59.9 million between the financial year ended 31 December 2023G and the financial year ended 31 December 2024G, and (ii) securing a contract with a new customer for the financial year ended 31 December 2024G whereby revenue from this customer amounted to SAR 21.1 million for the financial year ended 31 December 2024G. This was partially offset by loss of one contract for the financial year ended 31 December 2024G (whose revenue amounted to SAR 8.9 million for the financial year ended 31 December 2023G) as the Group opted not to rebid for this contract due to this customer requesting diesel vehicles, which display low resale values: and
- public sector customers by SAR 19.7 million, mainly stemming from (i) the full-year effect of new customers acquired for the financial year ended 31 December 2023G (whose revenue increased by SAR 10.7 million between the financial year ended 31 December 2023G and the financial year ended 31 December 2024G) and (ii) an increase in revenue from existing customers amounting to SAR 17.7 million, in line with the higher number of government tenders which occurred for the financial year ended 31 December 2023G. This was partially offset by the conclusion of contracts with two major customers as of August 2024G with no subsequent renewal (leading to a decrease in revenue amounting to SAR 9.6 million during that period).

In the 2023G-2024G period, the average monthly lease revenue per vehicle remained relatively stable, averaging SAR 2.2 thousand.

Private Customers

Private customer revenue accounted for around 18 per cent. of total long-term lease contract revenue over the 2022G-2024G period and was mainly generated from customers within the following industries: (i) transportation and logistics (around 45 per cent. of total private long-term lease contract revenue over the 2022G-2024G period), (ii) trading and contracting (around 24 per cent. of total), and (iii) consulting and professional services (around 13 per cent. of total).

Private customer revenue also included revenue from related parties, which amounted to SAR 0.8 million and SAR 1.5 million during the financial year ended 31 December 2022G and the financial year ended 31 December 2023G, respectively, of which SAR 86 thousand for the financial year ended 31 December 2022G and SAR 0.3 million for the financial year ended 31 December 2023G related to Elegant Vehicle Carwash Services Company (a subsidiary of the Group), which were not eliminated upon consolidation as these fell below the auditor's materiality threshold. These amounts are considered immaterial given that they accounted for 0.03 per cent. and 0.07 per cent. of total revenue for the financial years 2022G and 2023G, respectively.

Private customer revenue increased by 8.2 per cent. from SAR 47.1 million for the financial year ended 31 December 2022G to SAR 50.9 million for the financial year ended 31 December 2023G, driven by an increase in the average monthly revenue per vehicle from SAR 1.8 thousand for the financial year ended 31 December 2022G to SAR 2.0 thousand for the financial year ended 31 December 2023G driven (i) by securing 17 new customers, who generated a higher average monthly revenue per vehicle of SAR 2.6 thousand as compared to SAR 2.0 thousand for existing customers (i.e. customers having generated revenue during the financial years 2022G and 2023G) due to (i) higher rates exhibited with new customers and (ii) the loss of 59 customers for the financial year ended 31 December 2023G upon contract expiration, who generated an average monthly revenue per vehicle of SAR 1.3 thousand. This was coupled with an increase in revenue from existing customers amounting to SAR 6.4 million during that period, which was in line with the increase in the average number of leased vehicles from 1,875 for the financial year ended 31 December 2022G to 2,029 for the financial year ended 31 December 2023G.

Private customer revenue decreased by 10.8 per cent. from SAR 50.9 million for the financial year ended 31 December 2023G to SAR 45.4 million for the financial year ended 31 December 2024G in line with the decrease in the average number of vehicles leased from 2,084 to 1,796 during that period which was largely associated with the conclusion of leasing agreements with two private customers (whose revenue decreased by SAR 4.3 million): one customer in the transportation and logistics sector as the Group aims to decrease its exposure to private customers within the logistics sector and the other customer is no longer served by the Group due to an ongoing legal case.

The following table presents the Group's long-term lease contract revenue by customer industry for the financial years ended 31 December 2022G, 2023G and 2024G:

Table 6.6: Long-Term Lease Contract Revenue by Customer Industry for the Financial Years Ended 31 December 2022G, 2023G and 2024G

SAR in 000s	2022G	2023G	2024G	Variance 2022G-2023G	Variance 2023G-2024G	CAGR 2022G-2024G
Ministries, municipalities and public services	112,290	108,055	114,515	(3.8%)	6.0%	1.0%
Utilities and facilities	9,570	14,741	95,701	54.0%	549.2%	216.2%
Media and Communication	49,106	42,254	40,513	(14.0%)	(4.1%)	(9.2%)
Manufacturing and Industrial	18,420	20,304	24,589	10.2%	21.1%	15.5%
Transportation and Logistics	21,527	23,622	20,195	9.7%	(14.5%)	(3.1%)
Others	22,688	23,362	22,494	3.0%	(3.7%)	(0.4%)
Total	**233,600**	**232,338**	**318,007**	**(0.5%)**	**36.9%**	**16.7%**
As a percentage of long-term lease contract revenue					**Percentage points**	
Ministries, municipalities and public services	48.1%	46.5%	36.0%	(1.6)	(10.5)	(12.1)
Utilities and facilities	4.1%	6.3%	30.1%	2.2	23.8	26.0
Media and Communication	21.0%	18.2%	12.7%	(2.8)	(5.5)	(8.3)
Manufacturing and Industrial	7.9%	8.7%	7.7%	0.8	(1.0)	(0.2)
Transportation and Logistics	9.2%	10.2%	6.4%	1.0	(3.8)	(2.8)
Others	9.7%	10.1%	7.1%	0.4	(3.0)	(2.6)
Average number of leased vehicles					**Variance**	
Ministries, municipalities and public services	3,652	3,383	3,253	(7.4%)	(3.8%)	(5.6%)
Utilities and facilities	428	619	3,863	44.6%	524.1%	200.4%
Media and Communication	3,192	2,680	2,729	(16.0%)	1.8%	(7.5%)
Manufacturing and Industrial	476	491	594	3.2%	21.0%	11.7%
Transportation and Logistics	1,101	1,179	983	7.1%	(16.6%)	(5.5%)
Others	976	797	737	(18.3%)	(7.5%)	(13.1%)
Total	**9,824**	**9,147**	**12,159**	**(6.9%)**	**32.9%**	**11.3%**
Average monthly revenue per vehicle (SAR)[1]					**Variance**	
Ministries, municipalities and public services	2,562	2,662	2,933	3.9%	10.2%	7.0%
Utilities and facilities	1,865	1,985	2,065	6.4%	4.0%	5.2%

SAR in 000s	2022G	2023G	2024G	Variance 2022G-2023G	Variance 2023G-2024G	CAGR 2022G-2024G
Media and Communication	1,282	1,314	1,237	2.5%	(5.9%)	(1.8%)
Manufacturing and Industrial	3,225	3,449	3,451	6.9%	0.1%	3.4%
Transportation and Logistics	1,630	1,670	1,712	2.5%	2.5%	2.5%
Others	1,937	2,444	2,542	26.2%	4.0%	14.6%
Total	**1,982**	**2,117**	**2,179**	**6.8%**	**2.9%**	**4.9%**
Number of leased days					**Variance**	
Ministries, municipalities and public services	1,336,628	1,238,008	1,190,708	(7.4%)	(3.8%)	(5.6%)
Utilities and facilities	156,538	226,521	1,413,715	44.7%	524.1%	200.5%
Media and Communication	1,168,153	980,848	998,986	(16.0%)	1.8%	(7.5%)
Manufacturing and Industrial	174,191	179,534	217,301	3.1%	21.0%	11.7%
Transportation and Logistics	402,888	431,500	359,721	7.1%	(16.6%)	(5.5%)
Others	357,156	291,533	269,896	(18.4%)	(7.4%)	(13.1%)
Total	**3,595,554**	**3,347,944**	**4,450,327**	**(6.9%)**	**32.9%**	**11.3%**

Source: Management information.

(1) The average monthly rate per vehicle has been computed by dividing the "contract revenue" by the "average number of leased vehicles" for each customer industry.

Ministries, Municipalities and Public Services Customer

Ministries, municipalities, and public services customer revenue accounted for around 43 per cent. of total long-term contract revenue over the 2022G-2024G period and mainly related to:

- governmental organisations (around 45 per cent. of total ministries, municipalities and public services revenue during the period) comprising revenue from four main government customers. Leased vehicles to governmental organisations mainly comprised (i) SUVs (around 73 per cent. of total leased vehicles), (ii) sedans (around 15 per cent. of total) and (iii) vans (around ten per cent. of total);
- municipalities (around 40 per cent. of total ministries, municipalities and public services revenue during the period) in relation to revenue from 30 municipalities across the Kingdom. Leased vehicles mainly comprised (i) SUVs (around 81 per cent. of total leased vehicles), (ii) sedans (around 14 per cent. of total), and (iii) pick-ups (around five per cent. of total); and
- ministries (around 15 per cent. of total ministries, municipalities and public services revenue during the period) in relation to revenues from six ministries.

Ministries, municipalities and public services customer revenue decreased by 3.8 per cent. from SAR 112.3 million for the financial year ended 31 December 2022G to SAR 108.1 million for the financial year ended 31 December 2023G, driven by a decrease in the number of vehicles leased by existing customers (i.e. customers having generated revenue during the financial years 2022G and 2023G) from 3,483 for the financial year ended 31 December 2022G to 2,636 for the financial year ended 31 December 2023G associated with the conclusion of leasing agreements with key government customers coupled with the limited number of tenders occurring for the financial year ended 31 December 2022G which limited the Group's ability to offset the loss in revenue related to the conclusion of certain leasing agreements.

This was partially offset by (i) the acquisition of one municipality as a customer for the financial year ended 31 December 2023G, whose revenue amounted to SAR 15.1 million during that period and (ii) an increase in the average monthly revenue per vehicle by 3.9 per cent. from SAR 2.6 thousand to SAR 2.7 thousand during the same period, associated with a positive mix impact stemming from the vehicle type composition, as well as the Group's ability to negotiate slightly higher rates upon renewal with some key government customers.

Ministries, municipalities and public services customer revenue increased by 6.0 per cent. from SAR 108.1 million for the financial year ended 31 December 2023G to SAR 114.5 million for the financial year ended 31 December 2024G driven by (i) by an increase in revenue from existing customers amounting to SAR 13.6 million (equivalent to 165 additional leased vehicles) in light of the higher number of tenders for the financial year ended 31 December 2023G and (ii) the full-year effect of new customers acquired for the financial year ended 31 December 2023G (whose revenue increased by SAR 10.7 million between the financial year ended 31 December 2023G and the financial year ended 31 December 2024G). This was reflected through an increase in the average monthly revenue per vehicle from SAR 2.7 thousand for the financial year ended 31 December 2023G to SAR 2.9 thousand for the financial year ended 31 December 2024G on the back of higher rates secured

with the two customers due to high value SUVs procured for these contracts for the financial year ended 31 December 2024G.

This was partially offset by (i) no revenue recorded from a quasi-government customer (whose revenue amounted to SAR 8.9 million for the financial year ended 31 December 2023G) as the Group opted not to bid for the new iteration of the tender, due to the customer requesting diesel vehicles which display low resale value and (ii) the conclusion of contracts with two major government customers as of August 2024G with no subsequent renewal (leading to a decrease in revenue amounting to SAR 9.6 million during that period).

Utilities and Facilities Customer

Utilities and facilities customer revenue accounted for around 15 per cent. of total long-term contract revenue over the 2022G-2024G period and related mainly to two quasi-government customers, having accounted for over 99 per cent. of utilities and facilities customer revenue during that period. Leased vehicles mainly comprised (i) pick-ups (around 56 per cent. of total vehicles leased), (ii) SUVs (around 22 per cent. of total), and (iii) sedans (around 21 per cent. of total).

Utilities and facilities customer revenue increased by 54.0 per cent. from SAR 9.6 million for the financial year ended 31 December 2022G to SAR 14.7 million for the financial year ended 31 December 2023G, driven by an increase in the average number of vehicles leased from 428 for the financial year ended 31 December 2022G to 619 for the financial year ended 31 December 2023G due to additional vehicles requested by the largest customer within this customer industry category during the fourth quarter of the financial year ended 31 December 2022G as well during the financial year ended 31 December 2023G.

Utilities and facilities customer revenue increased by 549.2 per cent. from SAR 14.7 million for the financial year ended 31 December 2023G to SAR 95.7 million for the financial year ended 31 December 2024G driven by:

- an increase in revenue from one quasi-government customer by SAR59.9 million due to the delivery of vehicles pertaining to a contract secured in December 2022G and whereby vehicle procurement did not occur until the fourth quarter of 2023G (whose full period effect was recorded in financial year ended 31 December 2024G). In addition, vehicle leased by this customer for the financial year ended 31 December 2024G came at a higher average monthly rate due to a higher composition of SUVs and pick-ups (average monthly rate per vehicle for this customer increased from SAR 2.0 thousand for the financial year ended 31 December 2023G to SAR 2.2 thousand for the financial year ended 31 December 2024G); and
- securing a contract with a new quasi-government customer for the financial year ended 31 December 2024G and whereby revenue from this customer amounted to SAR 21.1 million for the financial year ended 31 December 2024G.

Media and Communication Customer

Media and communication customer revenue accounted for around 17 per cent. of total long-term contract revenue over the 2022G-2024G period and mainly related to one quasi-government customer, having accounted for around 96 per cent. of total media and communication revenue during that period. Leased vehicles mainly comprised (i) sedans (around 66 per cent. of total vehicles leased), (ii) SUVs (around 18 per cent. of total), and (iii) pick-ups (around 12 per cent. of total).

Media and communication customer revenue decreased by 14.0 per cent. from SAR 49.1 million for the financial year ended 31 December 2022G to SAR 42.3 million for the financial year ended 31 December 2023G, driven by a decrease in the average number of leased vehicles from 3,192 for the financial year ended 31 December 2022G to 2,680 for the financial year ended 31 December 2023G.

Media and communication customer revenue decreased by 4.1 per cent. from SAR 42.3 million for the financial year ended 31 December 2023G to SAR 40.5 million for the financial year ended 31 December 2024G driven by a decline in the average monthly rate per vehicle leased to a quasi-government customer from SAR 1.3 thousand to SAR 1.2 thousand attributed to a higher proportion of sedans leased (which increased from around 64 per cent. of total leased vehicles for the financial year ended 31 December 2023G to around 71 per cent. for the financial year ended 31 December 2024G) which display a lower monthly rate compared to SUVs and pick-ups. This was partially offset by a slight increase in the average number of vehicles leased to a quasi-government customer from 2,620 for the financial year ended 31 December 2023G to 2,695 for the financial year ended 31 December 2024G.

Manufacturing and Industrial Customer

Manufacturing and industrial customer revenue accounted for around eight per cent. of total long-term contract revenue over the 2022G-2024G period and related mainly to one public sector customer, having accounted for around 89 per cent. of manufacturing and industrial revenue during that period. Leased vehicles mainly comprised (i) SUVs (around 75 per cent. of

total vehicles leased), (ii) pick-ups (around ten per cent. of total), and (iii) sedans (around five per cent. of total).

Manufacturing and industrial customer revenue increased by 10.2 per cent. from SAR 18.4 million for the financial year ended 31 December 2022G to SAR 20.3 million for the financial year ended 31 December 2023G, driven by the increase in (i) the average number of leased vehicles from 476 for the financial year ended 31 December 2022G to 491 for the financial year ended 31 December 2023G and (ii) the average monthly revenue per vehicle from SAR 3,225 for the financial year ended 31 December 2022G to SAR 3,449 for the financial year ended 31 December 2023G due to the largest customer within this customer industry category receiving upgraded SUVs for the financial year ended 31 December 2023G.

Manufacturing and industrial customer revenue increased by 21.1 per cent. from SAR 20.3 million for the financial year ended 31 December 2023G to SAR 24.6 million for the financial year ended 31 December 2024G driven by an increase in the average number of vehicles leased to a government customer by 92 due to the Group securing new vehicle leasing agreements. This was coupled with an acquisition of a new customer for the financial year ended 31 December 2024G whose revenue amounted to SAR 0.8 million during that period.

Transportation and Logistics Customer

Transportation and logistics customer revenue accounted for around eight per cent. of total long-term contract revenue over the 2022G-2024G period and related mainly to seven private customers, who contributed around 81 per cent. to total transportation and logistics revenue during that period. Leased vehicles mainly comprised (i) vans (around 57 per cent. of total vehicles leased) and (ii) sedans (around 30 per cent. of total).

Transportation and logistics customer revenue increased by 9.7 per cent. from SAR 21.5 million for the financial year ended 31 December 2022G to SAR 23.6 million for the financial year ended 31 December 2023G, driven by an increase in the average number of leased vehicles from 1,101 in 2022G to 1,179 for the financial year ended 31 December 2023G. This was partially offset by a SAR 1.7 million decrease in revenue from the loss of ten customers, of which the top two lost customers accounted for SAR 1.4 million due to ongoing legal cases with both customers over delayed payments.

Transportation and logistics customer revenue decreased by 14.5 per cent. from SAR 23.6 million for the financial year ended 31 December 2023G to SAR 20.2 million for the financial year ended 31 December 2024G driven by a decrease in the average number of vehicles leased to a private customer by 117 due to the conclusion of leasing agreements. The full contract is expected to conclude during the financial year 2026G with no subsequent renewal as the Group aims to decrease its exposure to private customers within the logistics sector.

Others

Others accounted for around nine per cent. of total long-term contract revenue over the 2022G-2024G period and related mainly to revenue from the following customer industries: (i) trading and contracting (around 49 per cent. of total others revenue during that period) (ii) consulting and professional services (around 27 per cent. of total), and (iii) food and hospitality (around ten per cent. of total).

Others remained relatively stable over the 2022G-2023G and 2023G-2024G periods, averaging SAR 22.8 million.

The following table presents the Group's long term lease contract revenue by top vehicle type for the financial years ended 31 December 2023G and 2024G:

Table 6.7: Long Term Lease Contract Revenue by Top Vehicle Type for the Financial Years Ended 31 December 2023G and 2024G

SAR in 000s	2022G[1]	2023G	2024G	Variance 2022G-2023G	Variance 2023G-2024G	CAGR 2022G-2024G
SUV	-	109,221	149,180	-	36.6%	-
Sedan	-	65,667	77,078	-	17.4%	-
Pick-up	-	24,490	67,320	-	174.9%	-
Vans	-	25,356	17,509	-	(30.9%)	-
Others	-	7,604	6,921	-	(9.0%)	-
Total	**233,600**	**232,338**	**318,007**	**(0.5%)**	**36.9%**	**16.7%**
As a percentage of long-term lease contract revenue					**Percentage points**	
SUV	-	47.0%	46.9%	-	(0.1)	-

SAR in 000s	2022G[1]	2023G	2024G	Variance 2022G-2023G	Variance 2023G-2024G	CAGR 2022G-2024G
Sedan	-	28.3%	24.2%	-	(4.1)	-
Pick-up	-	10.5%	21.2%	-	10.7	-
Vans	-	10.9%	5.5%	-	(5.4)	-
Others	-	3.3%	2.2%	-	(1.1)	-
Average number of leased vehicles					**Variance**	
SUV	-	2,878	4,104	-	42.6%	-
Sedan	-	3,968	4,555	-	14.8%	-
Pick-up	-	930	2,586	-	178.1%	-
Vans	-	1,215	764	-	(37.1%)	-
Others	-	156	151	-	(3.2%)	-
Total	-	**9,147**	**12,159**	-	**32.9%**	-
Average monthly revenue per vehicle (SAR)					**Variance**	
SUV	-	3,162	3,029	-	(4.2%)	-
Sedan	-	1,379	1,410	-	2.2%	-
Pick-up	-	2,194	2,169	-	(1.1%)	-
Vans	-	1,739	1,909	-	9.8%	-
Others	-	4,070	3,829	-	(5.9%)	-
Total	-	**2,117**	**2,179**	-	**2.9%**	-

Source: Management information.

(1) Due to migration to the new IT systems as of August 2022G, the breakdown for the financial year ended 31 December 2022G was not readily available. Accordingly, our commentary will only focus on the financial years 2023G and 2024G.

Long-term lease contract revenue increased from SAR 232.3 million for the financial year ended 31 December 2023G to SAR 318.0 million for the financial year ended 31 December 2024G, driven by an increase in revenue from leased:

- pick-ups by SAR 42.8 million on the back of an increase in the number of leased vehicles from 930 for the financial year ended 31 December 2023G to 2,586 for the financial year ended 31 December 2024G mainly associated with the full year effect of a contract secured with a quasi-government customer in December 2022G whereby the delivery of vehicles occurred between the fourth quarter of 2023G and the first quarter of 2024G. The average monthly revenue per pick-up leased averaged SAR 2.2 thousand over the 2023G-2024G period; and
- SUVs by SAR40.0 million on the back of an increase in the number of leased vehicles from 2,878 vehicles for the financial year ended 31 December 2023G to 4,104 for the financial year ended 31 December 2024G mainly associated with (i) the full-year effect of a contract secured with a government customer who was acquired as a new customer for the financial year ended 31 December 2023G, (ii) the full year effect of a contract secured with a quasi-government customer in December 2022G whereby the delivery of vehicles occurred between the fourth quarter of 2023G and the first quarter of 2024G, (iii) new leasing agreements with government customers, and (iv) the acquisition of quasi-government customer as a new customer for the financial year ended 31 December 2024G. The average monthly revenue per SUV averaged SAR 3.1 thousand over the 2023G-2024G period.

This was partially offset by a decrease in revenue from leased vans by SAR 7.8 million on the back of a decrease in the number of leased vehicles from 1,215 vehicles for the financial year ended 31 December 2023G to 764 vehicles for the financial year ended 31 December 2024G, mainly associated with the loss of a quasi-government customer for the financial year ended 31 December 2024G.

The following table presents the Group's sales of motor vehicles for the financial years ended 31 December 2022G, 2023G and 2024G:

Table 6.8: Sales of Motor Vehicles for the Financial Years Ended 31 December 2022G, 2023G and 2024G

SAR in 000s	2022G	2023G	2024G	Variance 2022G-2023G	Variance 2023G-2024G	CAGR 2022G-2024G
Revenue	83,475	162,654	109,111	94.9%	(32.9%)	14.3%
Cost of sale of vehicles	(64,528)	(143,239)	(96,616)	122.0%	(32.5%)	22.4%
Segment profit	**18,946**	**19,415**	**12,495**	**2.5%**	**(35.6%)**	**(18.8%)**
Key performance indicators					**Variance**	
Number of vehicles sold	1,622	3,356	3,052	106.9%	(9.1%)	37.2%
Average age of vehicle sold (in years)	4.5	4.3	5.2	(4.4%)	20.9%	7.5%
Average selling price per vehicle (SAR)	51,464	48,467	35,751	(5.8%)	(26.2%)	(16.7%)
Average gross book value per vehicle sold (SAR)	76,090	79,884	66,536	5.0%	(16.7%)	(6.5%)
Recovery rate [1]	67.6%	60.7%	53.7%	(6.9)	(7.0)	(13.9)
Average net book value per vehicle sold (SAR)	39,783	42,681	31,657	7.3%	(25.8%)	(10.8%)
Segment margin	22.7%	11.9%	11.5%	(10.8)	(0.4)	(11.2)

Source: Management information.

(1) Recovery rate is computed as the ratio of the average selling price per vehicle to the average gross book value per vehicle sold (expressed as a percentage).

Sales of motor vehicles comprised proceeds from vehicle sales, which as per the Group's newly implemented policy for the financial year ended 31 December 2023G, are sold:

- after a maximum of three years for vehicles used for short-term leases, which aligns with market practices in the Kingdom to ensure a modern fleet for short-term lease operations; and
- immediately upon expiration of long-term lease contracts (i.e. between two to five years).

Sales of motor vehicles increased by 94.9 per cent. from SAR 83.5 million for the financial year ended 31 December 2022G to SAR 162.7 million for the financial year ended 31 December 2023G in line with the increase in number of vehicles sold from 1,622 vehicles to 3,356 vehicles, mainly from vehicles aged over two years following the Group's newly implemented policy on immediate sale of vehicles post conclusion of long-term lease contracts. Accordingly, the vehicles sold for the financial year ended 31 December 2023G mainly pertained to vehicles servicing contracts with large government customers. This was coupled with the opening of the new showroom in Al Shifa.

This was partially offset by a decrease in the average selling price per vehicle by 5.8 per cent. from SAR 51.5 thousand for the financial year ended 31 December 2022G to SAR 48.5 thousand for the financial year ended 31 December 2023G due to (i) softening in the used car market post-pandemic, and (ii) sale of luxury vehicles for the financial year ended 31 December 2022G as these did not meet customer specifications.

- Sales of motor vehicles decreased by 32.9 per cent. from SAR 162.7 million for the financial year ended 31 December 2023G to SAR 109.1 million for the financial year ended 31 December 2024G driven by a decline in:
- the number of vehicles sold from 3,356 for the financial year ended 31 December 2023G to 3,052 in financial year ended 31 December 2024G, primary from vehicles aged between two to five years (whose revenue decreased by SAR 72.2 million in line with the decrease in the number of vehicles sold by 1,171), due to a fewer number of leasing agreements expiring for the financial year ended 31 December 2024G compared to the financial year ended 31 December 2023G; and
- the average selling price per vehicle from SAR 48.5 thousand for the financial year ended 31 December 2023G to SAR 35.8 thousand for the financial year ended 31 December 2023G, driven by a higher proportion of sedans sold (increasing from around 13 per cent. of total for the financial year ended 31 December 2023G to around 36 per cent. of total for the financial year ended 31 December 2024G), as well as vehicles aged over five years (increasing from around 14 per cent. of total for the financial year ended 31 December 2023G to around 45 per cent. of total for the financial year ended 31 December 2024G), both of which display a lower average selling price.

The following table presents the Group's short-term lease revenue by region for the financial years ended 31 December 2023G and 2024G:

Table 6.9: Short-Term Lease Revenue by Region for the Financial Years Ended 31 December 2023G and 2024G

SAR in 000s	2022G (Audited) [1]	2023G (Audited)	2024G (Audited)	Variance 2022G-2023G	Variance 2023G-2024G	CAGR 2022G-2024G
Central	-	5,653	3,098	-	(45.2%)	-
Eastern	-	6,338	5,518	-	(12.9%)	-
Southern	-	6,965	7,749	-	11.3%	-
Western	-	6,829	4,838	-	(29.2%)	-
Total	**-**	**25,785**	**21,203**	**-**	**(17.8%)**	**-**
As a percentage of total revenue					**Percentage points**	
Central	-	21.9%	14.6%	-	(7.3)	-
Eastern	-	24.6%	26.0%	-	1.4	-
Southern	-	27.0%	36.5%	-	9.5	-
Western	-	26.5%	22.8%	-	(3.7)	-

Source: Management information.

(1) Due to migration to the new IT systems as of August 2022G, the breakdown for the financial year ended 31 December 2022G was not readily available. Accordingly, our commentary will only focus on the financial years 2023G and 2024G.

Short-term rental lease revenue accounted for around five per cent. of total revenue over the 2022G-2024G period and related to revenue from short-term / daily rentals of vehicles to individual and corporate customers.

Short-term rental revenue increased by 185.5 per cent. from SAR 9.0 million for the financial year ended 31 December 2022G to SAR 25.8 million for the financial year ended 31 December 2023G driven by higher customer demand, particularly in the Southern region, associated with the Group acquiring new vehicles for its short-term rental lease operations (fleet increased by around five per cent. between December 2022G and December 2023G), in addition to no longer utilising vehicles aged over three years for this segment.

Short-term rental revenue decreased by 17.8 per cent. from SAR 25.8 million for the financial year ended 31 December 2023G to SAR 21.2 million for the financial year ended 31 December 2024G, driven by a decline in revenue in the Central (by SAR 2.6 million) and Western (by SAR2.0 million) regions due to the closure of four branches (two in each region), and whereby new replacement branches were either operational by the end of the financial year ended 31 December 2024G, with only a few months of operations, or still under construction.

6.5.1.12 Cost of Revenue for the Financial Years Ended 31 December 2022G, 2023G and 2024G

The following table presents the Group's cost of revenue breakdown for the financial years ended 31 December 2023G and 2024G:

Table 6.10: Cost of Revenue Breakdown for the Financial Years Ended 31 December 2022G, 2023G and 2024G

SAR in 000s	2022G (Audited)	2023G (Audited)	2024G (Audited)	Variance 2022G-2023G	Variance 2023G-2024G	CAGR 2022G-2024G
Cost of sale of vehicles	64,528	143,239	96,616	122.0%	(32.5%)	22.4%
Employees' salaries and other benefits	36,528	44,891	45,609	22.9%	1.6%	11.7%
Workshop and maintenance expenses	11,711	12,644	21,040	8.0%	66.4%	34.0%
Insurance	10,615	18,438	16,883	73.7%	(8.4%)	26.1%
Transportation expenses	1,434	1,864	5,502	30.0%	195.2%	95.9%
Fees and subscriptions	2,333	2,415	3,234	3.5%	33.9%	17.7%
IT Expenses	-	1,683	2,211	NA	31.4%	NA
Short-term building rentals	996	1,145	1,606	15.0%	40.3%	27.0%

SAR in 000s	2022G (Audited)	2023G (Audited)	2024G (Audited)	Variance 2022G-2023G	Variance 2023G-2024G	CAGR 2022G-2024G
Utilities	1,047	1,473	1,499	40.7%	1.8%	19.7%
Vehicle registration	1,005	1,418	431	41.1%	(69.6%)	(34.5%)
Other	2,816	2,733	3,884	(2.9%)	42.1%	17.4%
Cost of revenue (excluding depreciation of property and equipment and depreciation of the right-of-use assets)	133,013	231,942	198,514	74.4%	(14.4%)	22.2%
Depreciation of property and equipment	98,005	86,365	107,694	(11.9%)	24.7%	4.8%
Depreciation of the right-of-use assets	1,831	2,412	2,740	31.7%	13.6%	22.3%
Total	**232,849**	**320,719**	**308,948**	**37.7%**	**(3.7%)**	**15.2%**
As a percentage of revenue					**Percentage points**	
Cost of sale of vehicles	19.4%	33.2%	21.3%	13.8	(11.9)	1.9
Employees' salaries and other benefits	11.0%	10.4%	10.0%	(0.6)	(0.4)	(1.0)
Workshop and maintenance expenses	3.5%	2.9%	4.6%	(0.6)	1.7	1.1
Insurance	3.2%	4.3%	3.7%	1.1	(0.6)	0.5
Transportation expenses	0.4%	0.4%	1.2%	0.0	0.8	0.8
Fees and subscriptions	0.7%	0.6%	0.7%	(0.1)	0.1	0.0
IT Expenses	0.0%	0.4%	0.5%	0.4	0.1	0.5
Short-term building rentals	0.3%	0.3%	0.4%	0.0	0.1	0.1
Utilities	0.3%	0.3%	0.3%	0.0	0.0	0.0
Vehicle registration	0.3%	0.3%	0.1%	0.0	(0.2)	(0.2)
Other	0.8%	0.6%	0.9%	(0.2)	0.3	0.1
Cost of revenue (excluding depreciation of property and equipment and depreciation of the right-of-use assets)	**40.1%**	**53.7%**	**43.7%**	**13.6**	**(10.0)**	**3.6**
Depreciation of property and equipment	29.5%	20.0%	23.7%	(9.5)	3.7	(5.8)
Depreciation of the right-of-use assets	0.6%	0.6%	0.6%	0.0	0.0	0.0
Total	**70.1%**	**74.3%**	**68.0%**	**4.2**	**(6.3)**	**(2.1)**

Source: The audited special purpose consolidated financial statements of the Group for the financial years ended 31 December 2024G, 2023G and 2022G.

(a) Cost of Sale of Vehicles

Cost of sale of vehicles related to the net book value / cost of motor vehicles sold which increased from 27.7 per cent. of total cost of revenue for the financial year ended 31 December 2022G to 44.7 per cent. for the financial year ended 31 December 2023G and decreased to 31.3 per cent. of total cost of revenue for the financial year ended 31 December 2024G.

Cost of sale of vehicles increased by 122.0 per cent. from SAR 64.5 million for the financial year ended 31 December 2022G to SAR 143.2 million for the financial year ended 31 December 2023G, in line with the increase in number of vehicles sold from 1,622 for the financial year ended 31 December 2022G to 3,356 for the financial year ended 31 December 2023G, coupled with an increase in the average cost per vehicle sold from SAR 39.8 thousand for the financial year ended 31 December 2022G to SAR 42.7 thousand for the financial year ended 31 December 2023G stemming from the increase in the average residual value of motor vehicles during that period.

Cost of sale of vehicles decreased by 32.5 per cent. from SAR 143.2 million for the financial year ended 31 December 2023G to SAR 96.6 million for the financial year ended 31 December 2024G driven by a decrease in the number of vehicles sold from 3,356 for the financial year ended 31 December 2023G to 3,052 for the financial year ended 31 December 2024G, coupled with a decrease in the average cost per vehicle sold from SAR 42.7 thousand for the financial year ended 31 December 2023G to SAR 31.7 thousand for the financial year ended 31 December 2024G, driven by the fleet composition of vehicles sold.

(b) Employees' Salaries and Other Benefits

Employees' salaries and other benefits accounted for around 15 per cent. of total cost of revenue over the 2022G-2024G period and comprised (i) basic salaries and other allowances (around 66 per cent. of total employees' salaries and other benefits over the 2022G-2024G period), (ii) iqama fees (around eight per cent. of total), and (iii) GOSI expenses (around five per cent. of total). Over the 2022G-2024G period, employees' salaries and other employee benefits in relation to the Company's employees (on a standalone basis) were allocated based on the number of employees in each department, and not actual salaries incurred by cost centre, whereby 70.0 per cent. of total employees' salaries and other benefits were allocated to cost of revenue due to the large composition of operational workers.

Employees' salaries and other benefits increased by 22.9 per cent. from SAR 36.5 million for the financial year ended 31 December 2022G to SAR 44.9 million for the financial year ended 31 December 2023G driven by an increase in total employee headcount from 812 for the financial year ended 31 December 2022G to 864 for the financial year ended 31 December 2023G, coupled with an increase in the average monthly cost per employee from SAR 5.5 thousand for the financial year ended 31 December 2022G to SAR 6.2 thousand for the financial year ended 31 December 2023G due to (i) salary increments offered following the salary benchmarking exercise undertaken by the Group, (ii) the hiring of experienced / senior employees at higher average salaries, and (iii) additional compensation (SAR 1.8 million) offered to Saudi employees who work with one of the Group's government customers whereby, in addition to vehicle leasing, the Group also provides employees for fleet management support and onsite workshop services.

Employees' salaries and other benefits increased by 1.6 per cent. from SAR 44.9 million for the financial year ended 31 December 2023G to SAR 45.6 million for the financial year ended 31 December 2024G driven by an increase in the average monthly cost per employee from SAR 6.2 thousand for the financial year ended 31 December 2023G to SAR 7.2 thousand for the financial year ended 31 December 2024G, on the back of (i) hiring additional experienced / senior employees at higher average salaries, (ii) a five per cent. to ten per cent. salary increment offered to employees as part of the second phase of the Group's salary benchmarking process, and (iii) additional compensation amounting to SAR 2.9 million offered to the Saudi employees who work with one of the Group's government customers, whereby, the amount recorded for the financial year ended 31 December 2024G related to a 4.5 year contract (between June 2016G and December 2020G), while the amount recorded for the financial year ended 31 December 2023G (SAR 1.8 million) related to a separate 3-year contract (between December 2020G to the December 2023G).

This was partially offset by a decrease in headcount for (i) the Company (on a standalone basis) from 765 for the financial year ended 31 December 2023G to 754 for the financial year ended 31 December 2024G, and (ii) the transfer of H-10 Logistics Services Company and Elegant Vehicle Carwash Services Company to Saudi Edarah Holding Company as of January 2024G, whose combined employee costs recorded under cost of revenue amounted to SAR 3.5 million for the financial year ended 31 December 2023G.

(c) Workshop and Maintenance Expenses

Workshop and maintenance expenses accounted for around five per cent. of total cost of revenue over the 2022G-2024G period and related to the upkeep and repair of the Group's fleet during leasing operations (as necessary), and maintenance costs associated with the preparation of vehicles prior to their sale. These costs are partially offset by compensation received from insurance companies based on estimates by a third-party.

Workshop and maintenance expenses increased by 8.0 per cent. from SAR 11.7 million for the financial year ended 31 December 2022G to SAR 12.6 million for the financial year ended 31 December 2023G driven by a higher number of vehicles sold. This was partially offset by (i) a drop in the average maintenance and repair cost per vehicle (before insurance compensation), from SAR 1.8 thousand for the financial year ended 31 December 2022G to SAR 1.6 thousand for the financial year ended 31 December 2023G as the Group expanded its in-house workshop capabilities, thus reducing reliance on third-party workshops. Consequently, insurance compensation decreased by SAR 4.6 million in the 2022G-2023G period. Note that the average maintenance and repair cost per vehicle is expected to drop further going forward as internal capabilities ramp up and (ii) a decrease in fines amounting to SAR 0.7 million, which can be attributed to system improvements whereby fines were appropriately allocated to customers (fines that are not allocated to customer are borne by the Group on the customer's behalf).

Workshop and maintenance expenses increased by 66.4 per cent. from SAR 12.6 million for the financial year ended 31 December 2023G to SAR 21.0 million for the financial year ended 31 December 2024G driven by the increase in (i) the average number of vehicles on hand from 12.1 thousand for the financial year ended 31 December 2023G to 15.1 thousand for the financial year ended 31 December 2024G, and (ii) the average maintenance cost per vehicle from SAR 1.6 thousand for the financial year ended 31 December 2023G to SAR 1.7 thousand for the financial year ended 31 December 2024G, which was attributed to the higher composition of pick-ups used for leasing operations, which require higher maintenance compared to other types. This was coupled with a decline in insurance compensation received as a percentage of workshop and maintenance expenses (from 49.2 per cent. for the financial year ended 31 December 2023G to 38.8 per cent. for the financial year ended 31 December 2024G) due to lower amounts recharged by the Group to its insurance provider as a means to manage the loss ratio of claims related to accidents.

(d) Insurance

Insurance expenses accounted for around five per cent. of total cost of revenue over the 2022G-2024G period and primarily related to vehicles insurance covering accidents, theft, and other incidents.

Insurance expenses increased by 73.7 per cent. from SAR 10.6 million for the financial year ended 31 December 2022G to SAR 18.4 million for the financial year ended 31 December 2023G driven by an increase in the average insurance cost per vehicle from SAR 0.9 thousand for the financial year ended 31 December 2022G to SAR 1.5 thousand for the financial year ended 31 December 2023G (average number of vehicles remained relatively stable, averaging 12.1 thousand vehicles) associated with higher insurance compensation received for the financial year ended 31 December 2022G, which led to increased premiums for the financial year ended 31 December 2023G. This was due to the Group's prior reliance on third-party workshops before its in-house workshop capabilities became fully functional for the financial year ended 31 December 2023G.

Insurance decreased by 8.4 per cent. from SAR 18.4 million for the financial year ended 31 December 2023G to SAR 16.9 million for the financial year ended 31 December 2024G, despite the increase in the average number of vehicles on hand during the period, due to the decline in insurance compensation received for the financial year ended 31 December 2023G, which led to decreased premiums for the financial year ended 31 December 2024G and resulted in a drop in the average insurance cost per vehicle from SAR 1.5 thousand for the financial year ended 31 December 2023G to SAR 1.1 thousand for the financial year ended 31 December 2024G.

With maintenance activities being predominantly managed in-house, coupled with the Group actively managing its loss ratio for claims related to accidents, this will continue to lower insurance premiums going forward.

(e) Transportation Expenses

Transportation expenses accounted for around one per cent. of total cost of revenue over the 2022G-2024G period and related to the transportation of damaged vehicles and vehicles whose contracts have expired to the Group's workshop in Riyadh for repair and maintenance.

Transportation expenses increased by 30.0 per cent. from SAR 1.4 million for the financial year ended 31 December 2022G to SAR 1.9 million for the financial year ended 31 December 2023G due to an increase in conclusion of ongoing leasing contracts, which resulted in a higher number of vehicles sold, coupled with a regional mix of vehicle deliveries.

Transportation expenses increased by 195.2 per cent. from SAR 1.9 million for the financial year ended 31 December 2023G to SAR 5.5 million for the financial year ended 31 December 2024G due to H-10 Logistics Services Company being transferred out, and transportation costs incurred by the Company in relation to H-10 Logistics Services Company no longer being eliminated. Transportation expenses incurred by the Company in relation to H-10 Logistics Services Company amounted to SAR 3.8 million for the financial year ended 31 December 2023G and SAR4.9 million for the financial year ended 31 December 2024G, although these revenues and costs got eliminated upon consolidation prior to the transfer.

(f) Fees and Subscriptions

Fees and subscriptions accounted for around one per cent. of total cost of revenue over the 2022G-2024G period and comprised (i) tracking and GPS services (around 73 per cent. of total fees and subscriptions over the 2022G-2024G) which get charged on a monthly basis per GPS device installed, and (ii) dues and subscriptions (around 27 per cent. of total) in relation to the procurement of customer credit information and attestations by government bodies.

Fees and subscriptions increased by 3.5 per cent. from SAR 2.3 million for the financial year ended 31 December 2022G to SAR 2.4 million for the financial year ended 31 December 2023G driven by an increase in dues and subscriptions amounting to SAR 0.6 million in line with the increase in operations, partially offset by a decrease in tracking and GPS services amounting to SAR 0.5 million due to the decline in the average number of leased vehicles during the period by 677 vehicles, coupled with Group transitioning to a new GPS service provider offering more competitive rates.

Fees and subscriptions increased by 33.9 per cent. from SAR 2.4 million for the financial year ended 31 December 2023G to SAR 3.2 million for the financial year ended 31 December 2024G in line with the growth in operations and the increase in the average number of vehicles during the period.

(g) IT Expenses

IT expenses accounted for less than one per cent. of total cost of revenue over the 2022G-2024G period and related mainly to fees incurred in relation to the Group's IT systems.

IT expenses increased from nil for the financial year ended 31 December 2022G to SAR 1.7 million for the financial year ended 31 December 2023G as IT expenses were classified under 'other' for the financial year ended 31 December 2022G.

On an overall level, IT expenses (including the associated costs recorded under others for the financial year ended 31 December 2022G) increased by 93.7 per cent. from SAR 0.9 million for the financial year ended 31 December 2022G to SAR 1.7 million for the financial year ended 31 December 2023G driven by the full year effect of the introduction of the new IT systems in the second half of the financial year ended 31 December 2022G, whereby previously the Group relied on in-house developed IT systems.

IT expenses increased by 31.4 per cent. from SAR 1.7 million for the financial year ended 31 December 2023G to SAR 2.2 million for the financial year ended 31 December 2024G due to (i) the subcontracting of one IT employee in Khobar, (ii) costs incurred in relation to obtaining cybersecurity certifications and mobile application integration, and (iii) the overall growth in operations.

(h) Short-term Building Rentals

Short-term building rentals accounted for less than one per cent. of total cost of revenue over the 2022G-2024G period and primarily related to leases for branches, workshops, showrooms, and employee accommodation which do not fall under IFRS16 given their short-term nature (i.e. contract tenure less than 12 months).

Short term building rentals increased by 15.0 per cent. from SAR 1.0 million for the financial year ended 31 December 2022G to SAR 1.1 million for the financial year ended 31 December 2023G due to the Group leasing one new workshop in Al Khobar and one employee accommodation in Riyadh.

Short term building rentals increased by 40.3 per cent. from SAR 1.1 million for the financial year ended 31 December 2023G to SAR 1.6 million for the financial year ended 31 December 2024G due to the opening of a new branch in Tabuk and a new warehouse in Jeddah during the financial year ended 31 December 2024G.

(i) Utilities

Utilities accounted for less than one per cent. of total cost of revenue over the 2022G-2024G period and related to electricity and telephone expenses.

Utilities increased by 40.7 per cent. from SAR 1.0 million for the financial year ended 31 December 2022G to SAR 1.5 million for the financial year ended 31 December 2023G driven by the expansion in operations.

Utilities remained relatively stable over the 2023G-2024G period, averaging around SAR 1.5 million.

(j) Vehicle Registration

Vehicle registration accounted for less than one per cent. of total cost of revenue over the 2022G-2024G period and related to the yearly inspection conducted on vehicles whose age exceeded three years (as per the Kingdom's regulations).

Vehicle registration increased by 41.1 per cent. from SAR 1.0 million for the financial year ended 31 December 2022G to SAR 1.4 million for the financial year ended 31 December 2023G on the back of a higher composition of vehicles above the 3-year age bracket for the financial year ended 31 December 2023G.

Vehicle registration decreased by 69.6 per cent. from SAR 1.4 million for the financial year ended 31 December 2023G to SAR 0.4 million for the financial year ended 31 December 2024G mainly due to the lower composition of vehicles aged over three years for the financial year ended 31 December 2024G.

(k) Other

Other accounted for around one per cent. of total cost of revenue over the 2022G-2024G period and primarily comprised (i) security expenses (around 18 per cent. of total other over the 2022G-2024G), (ii) professional audit fees (around 17 per cent. of total), (iii) licence fees (around six per cent. of total), (iv) withholding tax charges (around six per cent. of total) and (v) food expenses (around five per cent. of total), amongst other operational costs.

Others remained relatively stable averaging SAR 2.8 million over the 2022G-2023G period, given the overall growth in operations, which was offset by the reclassification of accounts from general and administrative expenses to cost of revenue during the financial year ended 31 December 2022G (leading to a higher level of costs recorded under others within cost of revenue during that period), which did not occur during the financial year ended 31 December 2023G.

Other increased by 42.1 per cent. from SAR 2.7 million in financial year ended 31 December 2023G to SAR 3.9 million for the financial year ended 31 December 2024G driven by the overall growth in operations, in particular an increase in (i) selling commissions amounting to SAR 0.3 million due to the Group promoting its Used Car Sales Manager to Head of Sales in September 2024G whereby he now gets paid a SAR 75 riyal commission per vehicle on all vehicles sold, (ii) computer supplies amounting to SAR 0.3 million due to the installation of printers, and (iii) repairs and maintenance costs

amounting to SAR 0.2 million in relation to the purchase of required certifications for the "Exit 17" workshop, and the head office building.

(l) Depreciation of Property and Equipment

Depreciation of property and equipment constituted the top cost component, accounting for around 34.0 per cent. of total cost of revenue over the 2022G-2024G period and related to the depreciation expense associated with (i) motor vehicles (around 98 per cent. of total depreciation of property and equipment over the 2022G-2024G period), and (ii) other operational fixed assets (around two per cent. of total).

Note that the Group undertakes an assessment at year-end, that is verified by the auditor, to estimate the residual value of its vehicles by ageing bracket based on the historical sale as a percentage of the total purchase price (less any associated selling expenses). Accordingly, the motor vehicle residual value is updated on a yearly basis using the latest five-year vehicle sales data.

Depreciation of property and equipment decreased by 11.9 per cent. from SAR 98.0 million for the financial year ended 31 December 2022G to SAR 86.4 million for the financial year ended 31 December 2023G, driven by the increase in in the average residual value of motor vehicles from 36 per cent. to 42 per cent., leading to a decline in the depreciable amount and thus lowering the deprecation rate. This was partially offset by additions of SAR 574 million made to property and equipment during the period.

Depreciation of property and equipment increased by 24.7 per cent. from SAR 86.4 million for the financial year ended 31 December 2023G to SAR 107.7 million for the financial year ended 31 December 2024G driven by the full year effect of motor vehicles additions made for the financial year ended 31 December 2023G, coupled with additions of SAR 416 million made to property and equipment during the period. This was partially offset by an increase in the average residual value of motor vehicles from 42 per cent. to 51 per cent., leading to a decline in the depreciable amount, and thus lowering the depreciation rate.

(m) Depreciation of the Right-of-use Assets

Depreciation of right-of-use assets accounted for around one per cent. of total cost of revenue over the 2022G-2024G period and increased by 31.7 per cent. from SAR 1.8 million for the financial year ended 31 December 2022G to SAR 2.4 million for the financial year ended 31 December 2023G driven by right-of-use assets additions amounting to SAR 5.5 million during the period.

Depreciation of right-of-use assets increased by 13.6 per cent. from SAR 2.4 million for the financial year ended 31 December 2023G to SAR 2.7 million for the financial year ended 31 December 2024G driven by right-of-use assets additions amounting to SAR 5.1 million during the period.

The following table presents the Group's long-term lease gross profit for the financial years ended 31 December 2022G, 2023G and 2024G:

Table 6.11: Long-Term Lease Gross Profit for the Financial Years Ended 31 December 2022G, 2023G and 2024G

SAR in 000s	2022G(1)	2023G(1)	2024G(1)	Variance 2022G-2023G	Variance 2023G-2024G	CAGR 2022G-2024G
Long-term lease – Revenue	239,426	243,401	324,342	1.7%	33.3%	16.4%
Depreciation expense – motor vehicles	(89,059)	(76,673)	(101,193)	(13.9%)	32.0%	6.6%
Long-term lease - Segment profit	**150,367**	**166,729**	**223,149**	**10.9%**	**33.8%**	**21.8%**
Other costs	(67,073)	(82,481)	(98,232)	23.0%	19.1%	21.0%
Long-term lease - Gross profit	**83,295**	**84,247**	**124,917**	**1.1%**	**48.3%**	**22.5%**
Gross margin	34.8%	34.6%	38.5%	(0.2)	3.9	3.7

Source: The audited special purpose consolidated financial statements of the Group for the financial years ended 31 December 2024G, 2023G and 2022G and management information.

(1) Management information.

Long-term lease gross profit increased by 1.1 per cent. from SAR 83.3 million for the financial year ended 31 December 2022G to SAR 84.2 million for the financial year ended 31 December 2023G in line with the increase in revenue during the period (by SAR 4.0 million). This comes despite the decrease in gross margin from 34.8 per cent. for the financial year ended 31 December 2022G to 34.6 per cent. for the financial year ended 31 December 2023G which can be attributed to the increase in (i) the average insurance cost per vehicle from SAR 0.9 thousand for the financial year ended 31 December 2022G to SAR 1.5 thousand for the financial year ended 31 December 2023G associated with a higher insurance compensation received for the financial year ended 31 December 2022G (due to the Group relying on third-party workshops during that period), which led to increased premiums for the financial year ended 31 December 2023G, and (ii) employees' salaries and other benefits associated with an increase in headcount and average monthly cost per employee.

This was partially offset by the increase in the average residual value of motor vehicles from 36 per cent. for the financial year ended 31 December 2022G to 42 per cent. for the financial year ended 31 December 2023G, which decreased the yearly depreciation expense of motor vehicles.

Long-term lease gross profit increased by 48.3 per cent. from SAR 84.2 million for the financial year ended 31 December 2023G to SAR 124.9 million for the financial year ended 31 December 2024G in line with the increase in long-term lease revenue during that period (by SAR 80.9 million). This was coupled with an increase in long-term lease gross margin from 34.6 per cent. for the financial year ended 31 December 2023G to 38.5 per cent. for the financial year ended 31 December 2024G due to (i) higher fixed cost absorption (mainly depreciation and employee costs) in line with the increase in long-term lease revenue, (ii) an increase in the average residual value of motor vehicles from 42 per cent. for the financial year ended 31 December 2023G to 51 per cent. for the financial year ended 31 December 2024G, which decreased the yearly depreciation expense of motor vehicles, and (iii) a decrease in insurance costs by SAR 1.6 million due to a decline in insurance compensation received for the financial year ended 31 December 2023G, which led to decreased premiums for the financial year ended 31 December 2024G.

This was partially offset by an increase in (i) the average maintenance cost per vehicle, which was attributed to a higher composition of pick-ups used for leasing operations which require higher maintenance compared to other vehicle types, and (ii) transportation expenses by SAR 3.6 million following the transfer of H-10 Logistics Services Company to Saudi Edarah Holding Company, and whereby transportation costs incurred by Company (on a standalone basis) in relation to H-10 Logistics Services Company was not eliminated for the financial year ended 31 December 2024G.

The following table presents the Group's sales of motor vehicles gross profit for the financial years ended 31 December 2022G, 2023G and 2024G:

Table 6.12: Sales of Motor Vehicles Gross Profit for the Financial Years Ended 31 December 2022G, 2023G and 2024G

SAR in 000s	2022G[2]	2023G[2]	2024G[2]	Variance 2022G-2023G	Variance 2023G-2024G	CAGR 2022G-2024G
Sales of motor vehicles – Revenue	83,475	162,654	109,111	94.9%	(32.9%)	14.3%
Cost of sale of vehicles	(64,528)	(143,239)	(96,616)	122.0%	(32.5%)	22.4%
Sales of motor vehicles - Segment profit	**18,946**	**19,415**	**12,495**	**2.5%**	**(35.6%)**	**(18.8%)**
Other costs	(1,722)	(1,866)	(1,984)	8.4%	6.3%	7.3%
Sales of motor vehicles - Gross profit	**17,225**	**17,549**	**10,510**	**1.9%**	**(40.1%)**	**(21.9%)**
Gross margin	20.6%	10.8%	9.6%	(9.8)	(1.2)	(11.0)
Key performance indicators				**Variance / Percentage points**		
Number of vehicles sold	1,622	3,356	3,052	106.9%	(9.1%)	37.2%
Average selling price per vehicle (SAR)	51,464	48,467	35,751	(5.8%)	(26.2%)	(16.7%)
Average gross book value per vehicle sold (SAR)	76,090	79,884	66,536	5.0%	(16.7%)	(6.5%)
Recovery rate[1]	67.6%	60.7%	53.7%	(6.9)	(7.0)	(13.9)
Average net book value per vehicle sold (SAR)	39,783	42,681	31,657	7.3%	(25.8%)	(10.8%)
Segment margin	22.7%	11.9%	11.5%	(10.8)	(0.4)	(11.2)

Source: The audited special purpose consolidated financial statements of the Group for the financial years ended 31 December 2024G, 2023G and 2022G and management information.

(1) Recovery rate is computed as the ratio of the average selling price per vehicle to the average gross book value per vehicle sold (expressed as a percentage).

(2) Management information.

Sales of motor vehicles gross profit increased by 1.9 per cent. from SAR 17.2 million for the financial year ended 31 December 2022G to SAR 17.5 million for the financial year ended 31 December 2023G, in line with the increase in sale of motor vehicle revenue by SAR 79.2 million during that period. This was partially offset by the decrease in sales of motor vehicle gross margin from 20.6 per cent. for the financial year ended 31 December 2022G to 10.8 per cent. for the financial year ended 31 December 2023G driven by the (i) softening in the used car market post-pandemic, (ii) an increase in residual value from 36 per cent. to 42 per cent., and (iii) the higher number of Peugeot and Fiat vehicles sold for the financial year ended 31 December 2023G as compared to the financial year ended 31 December 2022G which display low resale values.

Sales of motor vehicles gross profit decreased by 40.1 per cent. from SAR 17.5 million for the financial year ended 31 December 2023G to SAR 10.5 million for the financial year ended 31 December 2024G, in line with the decrease in sale of motor vehicle revenue by SAR 53.5 million during that period.

The following table presents the Group's short-term rental lease gross profit for the financial years ended 31 December 2022G, 2023G and 2024G:

Table 6.13: Short-Term Rental Lease Gross Profit for the Financial Years Ended 31 December 2022G, 2023G and 2024G

SAR in 000s	2022G[(1)]	2023G[(1)]	2024G[(1)]	Variance 2022G-2023G	Variance 2023G-2024G	CAGR 2022G-2024G
Short-term rental lease – Revenue	9,032	25,785	21,203	185.5%	(17.8%)	53.2%
Depreciation expense – motor vehicles	(7,937)	(7,722)	(4,501)	(2.7%)	(41.7%)	(24.7%)
Short-term rental lease - Segment profit	**1,095**	**18,063**	**16,702**	**1549.6%**	**(7.5%)**	**290.6%**
Other costs	(2,530)	(8,738)	(6,422)	245.4%	(26.5%)	59.3%
Short-term rental lease - Gross profit	**(1,435)**	**9,326**	**10,280**	**749.9%**	**10.2%**	**NA**
Gross margin	(15.9%)	36.2%	48.5%	52.1	12.3	64.4

Source: The audited special purpose consolidated financial statements of the Group for the financial years ended 31 December 2024G, 2023G and 2022G and management information.

(1) Management information.

Short-term rental lease gross profit increased from a gross loss of SAR 1.4 million for the financial year ended 31 December 2022G to a gross profit of SAR 9.3 million for the financial year ended 31 December 2023G, driven by (i) higher customer demand, particularly in the Southern region, associated with the Group acquiring new vehicles in addition to no longer utilising vehicles aged over three years for this segment. This was highlighted by a SAR 16.8 million increase in revenue between the financial year ended 31 December 2022G and the financial year ended 31 December 2023G, translating to higher fixed cost absorption (namely depreciation of motor vehicles) and (ii) an increase in the average residual value of motor vehicles from 36 per cent. for the financial year ended 31 December 2022G to 42 per cent. for the financial year ended 31 December 2023G, which decreased the yearly depreciation expense of motor vehicles. This was partially offset by an increase in insurance costs and employees' salaries and other benefits. As a result, short-term rental lease gross margin increased from -15.9 per cent. for the financial year ended 31 December 2022G to 36.2 per cent. for the financial year ended 31 December 2023G.

Note that the short-term rental lease segment recorded a gross loss for the financial year ended 31 December 2022G due to (i) lower fixed cost absorption, reflecting the low revenue level during the period (i.e. prior to Management's strategy to expand this segment), and (ii) the lower residual value recorded for the financial year ended 31 December 2022G, which led to a higher depreciation expense as compared to the financial year ended 31 December 2023G.

Short-term rental lease gross profit increased by 10.2 per cent. from SAR 9.3 million for the financial year ended 31 December 2023G to SAR10.3 million for the financial year ended 31 December 2024G in line with the increase in gross margin from 36.2 per cent. for the financial year ended 31 December 2023G to 48.5 per cent. for the financial year ended 31 December 2024G given that the Group applied, as of the financial year ended 31 December 2024G, higher residual values for vehicles sold having aged three years or less (which mainly applies to vehicles used for the short-term rental lease segment) thus leading to a decline in the depreciation expense incurred associated with this segment.

6.5.1.13 Selling and Marketing Expenses for the Financial Years Ended 31 December 2022G, 2023G and 2024G

The following table presents the Group's selling and marketing expenses breakdown for the financial years ended 31 December 2022G, 2023G and 2024G:

Table 6.14: Selling and Marketing Expenses Breakdown for the Financial Years Ended 31 December 2022G, 2023G and 2024G

SAR in 000s	2022G (Audited)	2023G (Audited)	2024G (Audited)	Variance 2022G-2023G	Variance 2023G-2024G	CAGR 2022G-2024G
Employees' salaries and other benefits	2,609	2,953	3,258	13.2%	10.3%	11.7%
Advertisement costs	251	718	501	186.1%	(30.2%)	41.3%
IT expenses	-	48	63	NA	31.3%	NA
Other	196	207	268	5.6%	29.5%	16.9%
Selling and marketing expenses (excluding depreciation of the right-of-use assets)	3,056	3,926	4,090	28.5%	4.2%	15.7%
Depreciation of the right-of-use assets	141	186	211	31.9%	13.4%	22.3%
Total	**3,197**	**4,112**	**4,300**	**28.6%**	**4.6%**	**16.0%**
As a percentage of revenue					**Percentage points**	
Employees' salaries and other benefits	0.8%	0.7%	0.7%	(0.1)	0.0	(0.1)
Advertisement costs	0.1%	0.2%	0.1%	0.1	(0.1)	0.0
IT expenses	0.0%	0.0%	0.0%	0.0	0.0	0.0
Other	0.1%	0.0%	0.1%	(0.1)	0.1	(0.0)
Selling and marketing expenses (excluding depreciation of the right-of-use assets)	0.9%	0.9%	0.9%	0.0	0.0	0.0
Depreciation of the right-of-use assets	0.0%	0.0%	0.0%	0.0	0.0	0.0
Total	**1.0%**	**1.0%**	**0.9%**	**0.0**	**(0.1)**	**(0.1)**

Source: The audited special purpose consolidated financial statements of the Group for the financial years ended 31 December 2024G, 2023G and 2022G.

(a) Employees' Salaries and Other Benefits

Employees' salaries and other benefits accounted for around 76 per cent. of total selling and marketing expenses over the 2022G-2024G period and mainly related to (i) basic salaries and other allowances (around 66 per cent. of total employees' salaries and other benefits over the 2022G-2024G period), (ii) iqama fees (around seven per cent. of total), and (iii) GOSI expenses (around five per cent. of total). Over the 2022G-2024G period, employees' salaries and other employee benefits in relation to the Company employees (on a standalone basis) were allocated based on the number of employees in each department, and not actual salaries incurred by cost centre, whereby 5.0 per cent. of total employees' salaries and other benefits were allocated to selling and marketing expenses.

Employees' salaries and other benefits increased by 13.2 per cent. from SAR 2.6 million for the financial year ended 31 December 2022G to SAR 3.0 million for the financial year ended 31 December 2023G, driven by an increase in total employee headcount from 812 for the financial year ended 31 December 2022G to 864 for the financial year ended 31 December 2023G, coupled with an increase in the average monthly cost per employee from SAR 5.5 thousand for the financial year ended 31 December 2022G to SAR 6.2 thousand for the financial year ended 31 December 2023G due to (i) salary increments offered following the salary benchmarking exercise undertaken by the Group, and (ii) the hiring of experienced / senior employees at higher average salaries.

Employees' salaries and other benefits increased by 10.3 per cent. from SAR 3.0 million for the financial year ended 31 December 2023G to SAR 3.3 million for the financial year ended 31 December 2024G driven by an increase in the average monthly cost per employee from SAR 6.2 thousand for the financial year ended 31 December 2023G to SAR 7.2 thousand for the financial year ended 31 December 2024G associated with (i) the hiring additional experienced / senior employees at higher average salaries, (ii) a five per cent. to ten per cent. salary increment offered to employees as part of the second phase of the Group's salary benchmarking process, and (iii) additional compensation offered to Saudi employees who work with one of the Group's government customers. This was partially offset by a decline in the Company's headcount (on a standalone basis) from 765 for the financial year ended 31 December 2023G to 754 for the financial year ended 31 December 2024G.

(b) Advertisement Costs

Advertisement costs accounted for around 13 per cent. of total selling and marketing expenses over the 2022G-2024G period and mainly comprised (i) media advertising (around 71 per cent. of total advertisement costs over the 2022G-2024G period) in relation to advertising on social media platforms and (ii) promotional items (around 11 per cent. of total) in relation to brochures and other advertising.

Advertisement costs increased by 186.1 per cent. from SAR 0.3 million for the financial year ended 31 December 2022G to SAR 0.7 million for the financial year ended 31 December 2023G mainly driven by a sponsorship agreement with Zulfi Football Club amounting to SAR 0.4 million and an increase in promotional items amounting to SAR 0.1 million in line with the growth in short-term rental operations and the number of branches.

Advertisement costs decreased by 30.2 per cent. from SAR 0.7 million for the financial year ended 31 December 2023G to SAR 0.5 million for the financial year ended 31 December 2024G driven by a decrease in promotional items, coupled with no costs recorded related to the sponsorship agreement with Zulfi Football Club (which were booked in January 2025G) due to their ad-hoc nature and accordingly timing of payments will vary from year to year.

(c) IT Expenses

IT expenses accounted for around one per cent. of total selling and marketing expenses over the 2022G-2024G period and mainly related to fees incurred in relation to the Group's IT systems.

IT expenses increased from nil for the financial year ended 31 December 2022G to SAR 48 thousand for the financial year ended 31 December 2023G as IT expenses were classified under 'others' for the financial year ended 31 December 2022G.

IT expenses amounted to SAR 63 thousand for the financial year ended 31 December 2024G.

(d) Other

Other accounted for around six per cent. of total selling and marketing expenses over the 2022G-2024G and primarily comprised (i) short-term rental (around 43 per cent. of total other over the 2022G-2024G period), (ii) security expenses (around eight per cent. of total), (iii) professional audit fees (around eight per cent. of total), and (iv) IT expenses amounting to SAR 25 thousand in 2022G, which were presented separately in 2023G.

Others remained relatively stable over the 2022G-2023G period, averaging SAR 0.2 million.

Others increased by 29.5 per cent. from SAR 0.2 million for the financial year ended 31 December 2023G to SAR 0.3 million for the financial year ended 31 December 2024G driven by an increase in short-term rentals amounting to SAR 35 thousand following the opening of a new branch in Tabuk and a new warehouse in Jeddah during the financial year ended 31 December 2024G.

(e) Depreciation of the Right-of-use Assets

Depreciation of right-of-use assets accounted for around five per cent. of total selling and marketing expenses over the 2022G-2024G period and increased by 31.9 per cent. from SAR 0.1 million for the financial year ended 31 December 2022G to SAR 0.2 million for the financial year ended 31 December 2023G driven by right-of-use assets additions amounting to SAR 5.5 million during the period.

Depreciation of right-of-use assets remained relatively stable averaging around SAR 0.2 million during the financial years 2023G and 2024G.

6.5.1.14 General and Administrative Expenses for the Financial Years Ended 31 December 2022G, 2023G and 2024G

The following table presents the Group's general and administrative expenses breakdown for the financial years ended 31 December 2022G, 2023G and 2024G:

Table 6.15: General and Administrative Expenses Breakdown for the Financial Years Ended 31 December 2022G, 2023G and 2024G

SAR in 000s	2022G (Audited)	2023G (Audited)	2024G (Audited)	Variance 2022G-2023G	Variance 2023G-2024G	CAGR 2022G-2024G
Employees' salaries and other benefits	14,084	16,177	16,289	14.9%	0.7%	7.5%
Fees and subscriptions	1,122	1,363	1,386	21.5%	1.7%	11.1%
Bank charges	1,329	1,385	1,140	4.2%	(17.7%)	(7.4%)
IT expenses	-	673	884	NA	31.4%	NA
Short-term building rentals	460	805	741	75.0%	(8.0%)	26.9%
Utilities	436	658	621	50.9%	(5.6%)	19.3%
Stationary, publications and advertising	124	139	61	12.1%	(56.1%)	(29.9%)
Other	410	2,057	1,574	401.7%	(23.5%)	95.9%
General and administrative expenses (excluding depreciation of the right-of-use assets, depreciation of property and equipment, and amortisation and write-off of intangible assets)	**17,965**	**23,256**	**22,697**	**29.5%**	**(2.4%)**	**12.4%**
Depreciation of the right-of-use assets	845	1,113	1,265	31.7%	13.7%	22.4%
Depreciation of property and equipment	503	441	552	(12.3%)	25.2%	4.8%
Amortisation and write-off of intangible assets	1,482	532	296	(64.1%)	(44.4%)	(55.3%)
Total	**20,795**	**25,342**	**24,810**	**21.9%**	**(2.1%)**	**9.2%**
As a percentage of revenue					**Percentage points**	
Employees' salaries and other benefits	4.2%	3.7%	3.6%	(0.5)	(0.1)	(0.6)
Fees and subscriptions	0.3%	0.3%	0.3%	0.0	0.0	0.0
Bank charges	0.4%	0.3%	0.3%	(0.1)	(0.0)	(0.1)
IT expenses	0.0%	0.2%	0.2%	0.2	0.0	0.2
Short-term building rentals	0.1%	0.2%	0.2%	0.1	0.0	0.1
Utilities	0.1%	0.2%	0.1%	0.1	(0.1)	0.0
Stationary, publications and advertising	0.0%	0.0%	0.0%	0.0	0.0	0.0
Other	0.1%	0.5%	0.3%	0.4	(0.2)	0.2
General and administrative expenses (excluding depreciation of the right-of-use assets, depreciation of property and equipment, and amortisation and write-off of intangible assets)	**5.4%**	**5.4%**	**5.0%**	**0.0**	**(0.4)**	**(0.4)**
Depreciation of the right-of-use assets	0.3%	0.3%	0.3%	0.0	0.0	0.0
Depreciation of property and equipment	0.2%	0.1%	0.1%	(0.1)	0.0	(0.1)
Amortisation and write-off of intangible assets	0.4%	0.1%	0.1%	(0.3)	0.0	(0.3)
Total	**6.3%**	**5.9%**	**5.5%**	**(0.4)**	**(0.4)**	**(0.8)**

Source: The audited special purpose consolidated financial statements of the Group for the financial years ended 31 December 2024G, 2023G and 2022G.

(a) Employees' Salaries and Other Benefits

Employees' salaries and other benefits accounted for around 66 per cent. of total general and administrative expenses over the 2022G-2024G period and comprised (i) basic salaries and other allowances (around 66 per cent. of total employees' salaries and other benefits over the 2022G-2024G period), (ii) iqama fees (around eight per cent. of total), and (iii) GOSI expenses (around five per cent. of total). Over the 2022G-2024G period, employees' salaries and other employee benefits in relation to the Company's employees (on a standalone basis) were allocated based on the number of employees in each department and not actual salaries incurred by cost centre, whereby 25.0 per cent. of total employees' salaries and other benefits were allocated to general and administrative expenses.

Employees' salaries and other benefits increased by 14.9 per cent. from SAR 14.1 million for the financial year ended 31 December 2022G to SAR 16.2 million for the financial year ended 31 December 2023G driven by an increase in total employee headcount from 812 to 864, coupled with an increase in the average monthly cost per employee from SAR 5.5 thousand for the financial year ended 31 December 2022G to SAR 6.2 thousand for the financial year ended 31 December 2023G due to (i) salary increments offered following the salary benchmarking exercise undertaken by the Group, and (ii) the hiring of experienced / senior employees at higher average salaries.

Employees' salaries and other benefits remained relatively stable over the 2023G-2024G period, averaging around SAR 16.2 million.

(b) Fees and Subscriptions

Fees and subscriptions accounted for around five per cent. of total general and administrative expenses over the 2022G-2024G period and related to (i) GPS services (around 64 per cent. of total fees and subscriptions over the 2022G-2024G period), which get charged monthly per GPS device installed, and (ii) dues and subscriptions (around 26 per cent. of total) in relation to the procurement of customer credit information and attestations by government bodies.

Fees and subscriptions increased by 21.5 per cent. from SAR 1.1 million for the financial year ended 31 December 2022G to SAR 1.4 million for the financial year ended 31 December 2023G, driven by an increase in dues and subscriptions amounting to SAR 0.3 million in line with the expansion in operations, coupled with an increase in audit fees associated with H-10 Logistics Services Company and Elegant Vehicle Carwash Services Company (i.e. the subsidiaries of the Group which were transferred to Saudi Edarah Holding Company as of 1 January 2024G) amounting to SAR 0.1 million. This was partially offset by a decrease in tracking and GPS services amounting to SAR 0.2 million due to (i) a decrease in the average number of leased vehicles during the period by 677 vehicles and (ii) the Group transitioning to a new GPS service provider offering more competitive rates.

Fees and subscriptions remained relatively stable over the 2023G-2024G period, averaging SAR 1.4 million.

(c) Bank Charges

Bank charges accounted for around five per cent. of total general and administrative expenses over the 2022G-2024G period in relation to (i) charges for the issuance of letters of guarantee and letters of credit (around 96 per cent. of total bank charges over the 2022G-2024G period), (ii) and other bank transaction-related charges (around four per cent. of total).

Bank charges remained relatively stable over the 2022G-2023G period, averaging SAR 1.4 million.

Bank charges decreased by 17.7 per cent. from SAR 1.4 million for the financial year ended 31 December 2023G to SAR 1.1 million for the financial year ended 31 December 2024G due to a decrease in letters of guarantee and letters of credit issued for the financial year ended 31 December 2024G.

(d) IT Expenses

IT expenses accounted for around two per cent. of total general and administrative expenses over the 2022G-2024G period and related to fees incurred in relation to the Group's IT systems.

IT expenses increased from nil in 2022G to SAR 0.7 million in 2023G as IT expenses were classified under 'other' for the financial year ended 31 December 2022G. On an overall level, IT expenses (the associated costs recorded under other for the financial year ended 31 December 2022G) increased by 93.4 per cent. from SAR 0.3 million for the financial year ended 31 December 2022G to SAR 0.7 million for the financial year ended 31 December 2023G driven by the full year impact of the introduction of the Group's new IT systems in the second half of the financial year ended 31 December 2022G.

IT expenses increased by 31.4 per cent. from SAR 0.7 million for the financial year ended 31 December 2023G to SAR 0.9 million for the financial year ended 31 December 2024G due to (i) the subcontracting of one IT employee in Khobar, (ii) costs associated with obtaining cybersecurity certifications and mobile application integration, and (iii) the overall growth in operations.

(e) Short-Term Building Rentals

Short-term building rentals accounted for around three per cent. of total general and administrative expenses over the 2022G-2024G period and primarily related to lease costs associated with branches, workshops, showrooms, and employee accommodation, which does not fall under IFRS16 given their short-term nature (i.e. contract tenure less than 12 months).

Short-term building rentals increased by 75.0 per cent. from SAR 0.5 million for the financial year ended 31 December 2022G to SAR 0.8 million for the financial year ended 31 December 2023G due to additional lease costs recorded by Elegant Vehicle Carwash Services Company amounting to SAR 0.3 million.

Short-term building rentals decreased by 8.0 per cent. from SAR 0.8 million for the financial year ended 31 December 2023G to SAR 0.7 million for the financial year ended 31 December 2024G due to no costs being recorded in relation to short-term buildings leased by Elegant Vehicle Carwash Services Company in light of its transfer to Saudi Edarah Holding Company as of January 2024G. This was partially offset by the opening of a new branch in Tabuk and a new warehouse in Jeddah during the financial year ended 31 December 2024G.

(f) Utilities

Utilities accounted for around two per cent. of total general and administrative expenses over the 2022G-2024G period and mainly related to electricity and telephone expenses.

Utilities increased by 50.9 per cent. from SAR 0.4 million for the financial year ended 31 December 2022G to SAR 0.7 million for the financial year ended 31 December 2023G driven by the expansion in operations.

Utilities remained relatively stable over the 2023G-2024G period, averaging SAR 0.6 million.

(g) Stationery, Publications and Advertising

Stationary, publications and advertising accounted for around less than one per cent. of general and administrative expenses over the 2022G-2024G period and mainly comprised (i) printing expenses (around 77 per cent. of total stationary, publications and advertising expenses over the 2022G-2024G period), and (ii) office supplies and stationery (around 23 per cent. of total).

Stationary, publications and advertising expenses remained relatively stable over the 2022G-2023G period, averaging SAR 0.1 million.

Stationery, publications and advertising expenses decreased by 56.1 per cent. from SAR 139 thousand for the financial year ended 31 December 2023G to SAR 61 thousand for the financial year ended 31 December 2024G due to the increased utilisation of owned stationery for cost management purposes.

(h) Other

Other accounted for around six per cent. of total general and administrative expenses over the 2022G-2024G and primarily comprised (i) security expenses (around 19 per cent. of total other over the 2022G-2024G period), (ii) audit fees (around 18 per cent. of total), (iii) material costs (around seven per cent. of total), (iv) licence fees (around seven per cent. of total) and (v) vehicle insurance (around six per cent. of total), amongst other operational costs.

Other increased by 401.7 per cent. from SAR 0.4 million for the financial year ended 31 December 2022G to SAR 2.1 million for the financial year ended 31 December 2023G, given the overall growth in operations, coupled with the reclassification of accounts pertaining to the Group's IT systems from general and administrative expenses to cost of revenue during the financial year ended 31 December 2022G (leading to a lower level of costs recorded under other within general and administrative expenses during that period), which did not occur for the financial year ended 31 December 2023G.

Other decreased by 23.5 per cent. from SAR 2.1 million for the financial year ended 31 December 2023G to SAR 1.6 million for the financial year ended 31 December 2024G primarily driven by the transfer of H-10 Logistics Services Company and Elegant Vehicle Carwash Services Company to Saudi Edarah Holding Company as of January 2024G, whose combined costs recorded within "Other" under general and administrative expenses amounted to SAR 1.0 million for the financial year ended 31 December 2023G.

This was partially offset by the overall growth in operations, in particular an increase in (i) selling commissions amounting to SAR 0.1 million due to the Group promoting its Used Car Sales Manager to Head of Sales in September 2024G, whereby he now gets paid a SAR75 commission per vehicle on all vehicles sold, (ii) computer supplies amounting to SAR 0.1 million due to the installation of printers, and (iii) repairs and maintenance costs amounting to SAR 0.1 million in relation to the purchase of required certifications for the "Exit 17" workshop and the head office building.

(i) Depreciation of the Right-of-Use Assets

Depreciation of right-of-use assets accounted for around five per cent. of total general and administrative expenses over the 2022G-2024G period and increased by 31.7 per cent. from SAR 0.8 million for the financial year ended 31 December 2022G to SAR 1.1 million for the financial year ended 31 December 2023G driven by right-of-use assets additions amounting to SAR 5.5 million during the period.

Depreciation of right-of-use assets increased by 13.7 per cent. from SAR 1.1 million for the financial year ended 31 December 2023G to SAR 1.3 million for the financial year ended 31 December 2024G driven by right-of-use assets additions amounting to SAR 5.1 million during the period.

(j) Depreciation of Property and Equipment

Depreciation of property and equipment accounted for around two per cent. of total general and administrative expenses over the 2022G-2024G period and primarily comprised depreciation of fixed assets related to the head office.

Depreciation of property and equipment remained relatively stable over the 2022G-2023G period, averaging SAR 0.5 million.

Depreciation of property and equipment increased by 25.2 per cent. from SAR 0.4 million for the financial year ended 31 December 2023G to SAR 0.6 million for the financial year ended 31 December 2024G in line with the increase in the net book value of non-motor vehicle and land related fixed assets during the period.

(k) Amortisation and Write-off of Intangible Assets

Amortisation and write-off of intangible assets accounted for around three per cent. of total general and administrative expenses over the 2022G-2024G period and decreased by 64.1 per cent. from SAR 1.5 million for the financial year ended 31 December 2022G to SAR 0.5 million for the financial year ended 31 December 2023G due to the recording of a write-off in relation to a previously utilised in-house IT system during the financial year ended 31 December 2022G (amounting to SAR 0.9 million) and no write offs recorded for the financial year ended 31 December 2023G.

Amortisation and write-off of intangible assets decreased by 44.3 per cent. from SAR 0.5 million for the financial year ended 31 December 2023G to SAR 0.3 million for the financial year ended 31 December 2024G driven by the transfer of intangible assets to Saudi Edarah Holding Company, which were mainly in relation to H-10 Logistics Services Company and Elegant Vehicle Carwash Services Company.

The following table presents the Group's employees' salaries and other benefits by cost centre for the financial years ended 31 December 2022G, 2023G and 2024G:

Table 6.16: Employees' Salaries and Other Benefits by Cost Centre for the Financial Years Ended 31 December 2022G, 2023G and 2024G

SAR in 000s	2022G (Audited)	2023G (Audited)	2024G (Audited)	Variance 2022G-2023G	Variance 2023G-2024G	CAGR 2022G-2024G
Cost of revenue	36,528	44,891	45,609	22.9%	1.6%	11.7%
General and administrative expenses	14,084	16,177	16,289	14.9%	0.7%	7.5%
Selling and distribution expenses	2,609	2,953	3,258	13.2%	10.3%	11.7%
Total	**53,221**	**64,021**	**65,156**	**20.3%**	**1.8%**	**10.6%**
Key performance indicators					**Variance**	
Average headcount	812	864	754	6.4%	(12.7%)	(3.6%)
Average monthly cost per employee (SAR)	5,460	6,173	7,205	13.1%	16.7%	14.9%

Source: The audited special purpose consolidated financial statements of the Group for the financial years ended 31 December 2024G, 2023G and 2022G.

Employees' salaries and other benefits increased by 20.3 per cent. from SAR 53.2 million for the financial year ended 31 December 2022G to SAR 64.0 million for the financial year ended 31 December 2023G, driven by an increase in (i) headcount from 812 for the financial year ended 31 December 2022G to 864 for the financial year ended 31 December 2023G related to H-10 Logistics Services Company by 14 employees and Elegant Vehicle Carwash Services Company by 51 employees associated with the expansion in operations, and (ii) the average monthly cost per employee from SAR 5.5 thousand for the financial year ended 31 December 2022G to SAR 6.2 thousand for the financial year ended 31 December 2023G due to:

- salary increments offered to employees for the financial year ended 31 December 2023G following a salary benchmarking exercise undertaken by the Group, and (ii) the hiring of experienced / senior employees;
- additional compensation offered to Saudi employees who work with one of the Group's government customers whereby, in addition to vehicle leasing, the Group also provides employees for fleet management support and onsite workshop services;
- an increase in the termination compensation from nil for the financial year ended 31 December 2022G to SAR 0.4 million for the financial year ended 31 December 2023G (recorded under others within employees' salaries and other benefits) following a Group restructuring which occurred for the financial year ended 31 December 2023G at the Cherry Trading Company (on a standalone basis), whereby average headcount decreased from 778 for the financial year ended 31 December 2022G to 765 for the financial year ended 31 December 2023G;
- an increase in the average monthly medical insurance expense per employee from SAR 174 for the financial year ended 31 December 2022G to SAR 190 for the financial year ended 31 December 2023G due to upgraded medical insurance provided to employees; and
- reversals amounting to SAR 0.5 million recorded for the financial year ended 31 December 2022G in relation to salaries paid to Saudi trainees, which were recharged to a training institute in the Kingdom. Recharges for the financial year ended 31 December 2023G period amounted to SAR 0.5 million, and such reversals are recorded under others (under cost of revenue, general and administrative and selling and marketing).

Employees' salaries and other benefits remained relatively stable averaging around SAR 64.6 million during the financial years 2023G-2024G driven by an increase in the:

- average monthly basic salary per employee from SAR 4.0 thousand for the financial year ended 31 December 2023G to SAR 4.7 thousand for the financial year ended 31 December 2024G on the back of hiring additional experienced / senior employees at higher average salaries coupled with a five per cent. to ten per cent. salary increment offered to employees as part of the second phase of the Group's salary benchmarking process;
- additional compensation amounting to SAR 2.9 million offered to the Saudi employees who work with one of the Group's government customers, whereby, the amount recorded for the financial year ended 31 December 2024G related to a 4.5 year contract (between June 2016G and December 2020G), while the amount recorded for the financial year ended 31 December 2023G (SAR 1.8 million) related to a separate 3-year contract (between December 2020G to the December 2023G); and
- remuneration of board of directors and board committee members (amounting to SAR 0.4 million for the financial year ended 31 December 2024G), which was newly incurred for the financial year ended 31 December 2024G as these were formally established as of September 2024G.

This was offset by a decrease in headcount related to (i) the Company on a standalone basis (from 765 for the financial year ended 31 December 2023G to 754 for the financial year ended 31 December 2024G) and (ii) the transfer of H-10 Logistics Services Company and Elegant Vehicle Carwash Services Company to Saudi Edarah Holding Company as of January 2024G, whose combined total employee costs amounted to SAR 5.0 million for the financial year ended 31 December 2023G and (iii) a decrease in employee accommodation rent expense (by SAR 1.1 million) as the Group discontinued this allowance for most employees following salary increases provided to them.

6.5.1.15 Other Income for the Financial Years Ended 31 December 2022G, 2023G and 2024G

The following table presents the Group's other income breakdown for the financial years ended 31 December 2022G, 2023G and 2024G:

Table 6.17: Other Income Breakdown for the Financial Years Ended 31 December 2022G, 2023G and 2024G

SAR in 000s	2022G (Audited)	2023G (Audited)	2024G (Audited)	Variance 2022G-2023G	Variance 2023G-2024G	CAGR 2022G-2024G
Repairs and maintenance income	554	1,180	2,118	113.0%	79.5%	95.5%
Support from the Human resources development fund	1,898	2,070	1,513	9.1%	(26.9%)	(10.7%)
Other insurance income	1,109	969	589	(12.6%)	(39.2%)	(27.1%)
Scrap sales	148	61	93	(58.8%)	52.5%	(20.7%)
Gain (loss) on derecognition of lease	-	(125)	22	NA	(117.6%)	NA
Gain on disposal of property, plant and equipment	-	58	17	NA	(70.7%)	NA

SAR in 000s	2022G (Audited)	2023G (Audited)	2024G (Audited)	Variance 2022G-2023G	Variance 2023G-2024G	CAGR 2022G-2024G
Dividends income from equity instruments designated at FVOCI	1,892	-	-	(100.0%)	NA	(100.0%)
Revaluation gain on investments in equity instruments designated at FVPL	415	-	-	(100.0%)	NA	(100.0%)
Others	745	974	2,248	30.7%	130.8%	73.7%
Total	**6,761**	**5,187**	**6,600**	**(23.3%)**	**27.2%**	**(1.2%)**

Source: The audited special purpose consolidated financial statements of the Group for the financial years ended 31 December 2024G, 2023G and 2022G.

(a) Repairs and Maintenance Income

Repairs and maintenance income accounted for around 21 per cent. of other income over the 2022G-2024G and related to vehicle repair and maintenance services provided by the Group to its employees and related parties, which is charged at market rates.

Repairs and maintenance income increased by 113.0 per cent. from SAR 0.6 million for the financial year ended 31 December 2022G to SAR 1.2 million for the financial year ended 31 December 2023G driven by an increase in services provided to employees.

Repairs and maintenance income increased by 79.5 per cent. from SAR 1.2 million for the financial year ended 31 December 2023G to SAR 2.1 million in financial 2024G driven by an increase in services offered to employees, coupled with repairs and maintenance income from H-10 Logistics Services Company and Elegant Vehicle Carwash Services Company amounting to SAR 0.3 million for the financial year ended 31 December 2024G.

(b) Support from the Human Resources Development Fund

Support from the Human Resources Development Fund accounted for around 30 per cent. of other income over the 2022G-2024G and related to funds received from Human Resources Development Fund for the training of Saudi graduates.

Support from Human Resources Development Fund increased by 9.1 per cent. from SAR 1.9 million for the financial year ended 31 December 2022G to SAR 2.1 million for the financial year ended 31 December 2023G due to the hiring of additional Saudi nationals.

Support from Human Resources Development Fund decreased by 26.9 per cent. from SAR 2.1 million for the financial year ended 31 December 2023G to SAR 1.5 million for the financial year ended 31 December 2024G due to the hiring of fewer Saudi nationals for the financial year ended 31 December 2024G.

This income is expected to continue going forward as the Group plans to continue hiring Saudi graduates.

(c) Other Insurance Income

Other insurance income accounted for around 14 per cent. of other income over the 2022G-2024G and related to a daily penalty fee that is charged to customers for each day that the sold vehicles' ownership remains under the Group (i.e. vehicle ownership is not yet transferred by customer) though the vehicle has already been sold. The vehicle remains covered under the Group's insurance policy until ownership is transferred.

Other insurance income decreased by 12.6 per cent. from SAR 1.1 million for the financial year ended 31 December 2022G to SAR 1.0 million for the financial year ended 31 December 2023G, attributed to the faster transfer of vehicle ownership by customers for the financial year ended 31 December 2023G.

Other insurance income decreased by 39.2 per cent. from SAR 1.0 million for the financial year ended 31 December 2023G to SAR 0.6 million for the financial year ended 31 December 2024G in line with the decrease in the number of vehicles sold during the period, coupled with the faster transfer of vehicle ownership by customers in the financial 2024G.

(d) Scrap Sales

Scrap sales accounted for around two per cent. of other income over the 2022G-2024G and related to the sale of spare parts to external customers.

Scrap sales amounted to SAR 0.1 million in the financial years 2022G, 2023G and 2024G.

(e) Gain (loss) on Derecognition of Lease

Loss on derecognition of lease amounted to SAR 0.1 million for the financial year ended 31 December 2023G and related to the early lease termination of two branches in Jeddah and Khobar.

Gain on derecognition of lease amounted to SAR 22 thousand for the financial year ended 31 December 2024G.

(f) Gain on Disposal of Property, Plant and Equipment

Gain on disposal of property, and equipment increased from nil for the financial year ended 31 December 2022G to SAR 0.1 million for the financial year ended 31 December 2023G due to the disposal of fixed assets, not related to motor vehicles.

Gain on disposal of property, and equipment amounted to SAR 17 thousand for the financial year ended 31 December 2024G.

(g) Dividends Income from Equity Instruments Designated at FVOCI

Dividends income from equity instruments designated at fair value through other comprehensive income ("**FVOCI**") relates to dividends received for the financial year ended 31 December 2022G from an equity investment.

Dividends income from equity instruments designated at FVOCI decreased from SAR 1.9 million for the financial year ended 31 December 2022G to nil for the financial year ended 31 December 2023G due to the transfer of the investment to the parent company (Saudi Edarah Holding Company) in the third quarter of the financial year ended 31 December 2022G.

(h) Revaluation Gain on Investments in Equity Instruments Designated at Fair Value through Profit or Loss (FVPL")

Revaluation gain on investments in equity instruments designated at FVPL relates to the revaluation of one of the Group's investments.

Revaluation gain on investments in equity instruments designated at FVPL decreased from SAR 0.4 million for the financial year ended 31 December 2022G to nil for the financial year ended 31 December 2023G due to the transfer of the investment to the parent company (Saudi Edarah Holding Company) in the third quarter of the financial year ended 31 December 2022G.

(i) Others

Others mainly comprised (i) the recovery of VAT on receivables written off amounting to SAR 1.3 million for the financial year ended 31 December 2024G, associated with VAT invoiced to customers whose trade receivables were written off for the financial year ended 31 December 2022G, (ii) income from the collection of trade receivables which were previously written off and (iii) cash-back received from one of the Group's vehicle suppliers on an ad hoc basis.

Others increased by 30.7 per cent. from SAR 0.7 million for the financial year ended 31 December 2022G to SAR 1.0 million for the financial year ended 31 December 2023G driven by SAR 0.5 million in cash-back received from one of the Group's vehicle suppliers. This was partially offset by a one-off gain on disposal of equity instruments designated at FVOCI amounting to SAR 0.3 million for the financial year ended 31 December 2022G (no gain recorded for the financial year ended 31 December 2023G) which related to gains from the transfer of an equity investment to Saudi Edarah Holding Company at book value.

Others increased by 130.8 per cent. from SAR 1.0 million for the financial year ended 31 December 2023G to SAR 2.2 million for the financial year ended 31 December 2024G due to the recovery of VAT on receivables written off amounting to SAR 1.3 million for the financial year ended 31 December 2024G. This comes as a result of the Group charging VAT to customers for leasing services (embedded within the trade receivable balance), with an equivalent VAT payable to Zakat, Tax and Customs Authority being recorded. Accordingly, the VAT write-off was associated with the trade receivable write-off reflected for the financial year ended 31 December 2022G which amounted to SAR 20.5 million.

The recovery of VAT on receivables written off been approved by Zakat, Tax and Customs Authority on the basis that the trade receivables were deemed unrecoverable, that more than 12 months had elapsed since the invoice issuance date and following Management's documented efforts to recover the outstanding balances (e.g., initiating legal proceedings).

6.5.1.16 Finance Costs

The following table presents the Group's finance costs breakdown for the financial years ended 31 December 2022G, 2023G and 2024G:

Table 6.18: Finance Costs Breakdown for the Financial Years Ended 31 December 2022G, 2023G and 2024G

SAR in 000s	2022G (Audited)	2023G (Audited)	2024G (Audited)	Variance 2022G-2023G	Variance 2023G-2024G	CAGR 2022G-2024G
Finance cost on term loans	8,593	20,041	45,827	133.2%	128.7%	130.9%
Finance cost on lease liabilities	635	933	1,075	46.9%	15.2%	30.1%
Finance cost on employees' benefits	228	441	415	93.4%	(5.9%)	34.9%
Total	**9,456**	**21,415**	**47,317**	**126.5%**	**121.0%**	**123.7%**

Source: The audited special purpose consolidated financial statements of the Group for the financial years ended 31 December 2024G, 2023G and 2022G.

(a) Finance Cost on Term Loans

Finance cost on term loans accounted for around 95 per cent. of total finance costs over the 2022G-2024G and related to interest costs on the loans acquired from Bank Saudi Fransi, Riyadh Bank, and The Saudi Investment Bank, which come at a variable interest ranging between SAIBOR plus 1.25 per cent. and SAIBOR plus 1.50 per cent. Over the 2022G-2024G period, SAIBOR rates ranged between 0.9 per cent. and 6.3 per cent.

Finance cost on term loans increased by 133.2 per cent. from SAR 8.6 million for the financial year ended 31 December 2022G to SAR 20.0 million for the financial year ended 31 December 2023G, driven by the increase in term loans during the period (contributing to around 77 per cent. of the increase in finance cost between the financial year ended 31 December 2022G and the financial year ended 31 December 2023G) coupled with an increase in the average monthly SAIBOR rate from 3.1 per cent. for the financial year ended 31 December 2022G to 5.9 per cent. for the financial year ended 31 December 2023G (contributing to around 23 per cent. of the increase in finance cost between the financial year ended 31 December 2022G and the financial year ended 31 December 2023G).

The Group capitalised finance costs amounting to SAR 2.4 million for the financial year ended 31 December 2023G (under motor vehicles net book value in property and equipment) in relation to a SAR 43.0 million loan acquired from Riyad Bank to be used as an advance for the acquisition of 1,500 vehicles. These costs were capitalised due to the long delivery time (estimated to range between 7-9 months) as these vehicles would be produced from Thailand. The capitalisation of these finance costs has been reviewed and approved by the auditors.

Finance cost on term loans increased by 128.7 per cent. from SAR 20.0 million for the financial year ended 31 December 2023G to SAR 45.8 million for the financial year ended 31 December 2024G on the back of a net increase in term loans during the period. The average monthly SAIBOR rate remained relatively stable and amounted to 5.9 per cent. for the financial year ended 31 December 2023G and 6.0 per cent. for the financial year ended 31 December 2024G.

(b) Finance Cost on Lease Liabilities

Finance cost on lease liabilities accounted for around three per cent. of total finance costs over the 2022G-2024G and related to the interest cost associated with lease liabilities.

Finance cost on lease liabilities increased by 46.9 per cent. from SAR 0.6 million for the financial year ended 31 December 2022G to SAR 0.9 million for the financial year ended 31 December 2023G, driven by additions to right-of-use assets and lease liabilities during the financial year ended 31 December 2023G.

Finance cost on lease liabilities increased by 15.2 per cent. from SAR 0.9 million for the financial year ended 31 December 2023G to SAR 1.1 million for the financial year ended 31 December 2024G driven by additions to right-of-use assets and lease liabilities during the period which came at a higher interest rate (8 per cent. as compared to five per cent. for older leases), in line with the overall increase in the Group's incremental borrowing rates.

(c) Finance Cost on Employees' Benefits

Finance cost on employees' benefits accounted for around two per cent. of total finance costs over the 2022G-2024G and related to interest expense associated with employees' defined benefit obligation.

Finance cost on employees' benefits increased by 93.4 per cent. from SAR 0.2 million for the financial year ended 31 December 2022G to SAR 0.4 million for the financial year ended 31 December 2023G due to an increase in the interest

applied on the beginning period employees' defined benefits obligations from 2.1 per cent. for the financial year ended 31 December 2022G to 4.95 per cent. for the financial year ended 31 December 2023G.

Finance cost on employees' benefits remained relatively stable averaging SAR 0.4 million during the financial years 2023G and 2024G.

6.5.1.17 Zakat

The following table presents the Group's principal elements of Zakat as of 31 December 2022G, 2023G and 2024G:

Table 6.19: Principal Elements of Zakat as of 31 December 2022G, 2023G and 2024G

SAR in 000s	As of 31 December 2022G (Audited)	As of 31 December 2023G (Audited)	As of 31 December 2024G (Audited)
Adjusted net income	72,152	62,944	64,860
Shareholders equity, at the beginning of the year	335,405	401,798	446,994
Credit balances, provision and loans	325,944	549,423	709,832
Assets	(586,665)	(928,370)	(1,138,121)
Zakat base	146,835	85,796	83,565

Source: The audited special purpose consolidated financial statements of the Group for the financial years ended 31 December 2024G, 2023G and 2022G.

The following table presents the Group's movement of Zakat provision as of 31 December 2022G, 2023G and 2024G:

Table 6.20: Movement of Zakat Provision as of 31 December 2022G, 2023G and 2024G

SAR in 000s	As of 31 December 2022G (Audited)	As of 31 December 2023G (Audited)	As of 31 December 2024G (Audited)
Balance as of 1 January	10,781	8,951	2,846
Charge for the year	3,729	2,163	2,160
Paid during the year	(5,559)	(8,268)	(2,163)
Relating to transfer of subsidiaries	-	-	(2)
Balance as of 31 December	8,951	2,846	2,841

Source: The audited special purpose consolidated financial statements of the Group for the financial years ended 31 December 2024G, 2023G and 2022G.

Zakat

Zakat payable amounted to SAR 2.8 million as of 31 December 2024G and related to Zakat provisions recorded in accordance with the regulations of Zakat, Tax and Customs Authority in the Kingdom and calculated based on the Group's consolidated financial statements.

Zakat payable decreased from SAR 9.0 million as of 31 December 2022G to SAR 2.8 million as of 31 December 2023G, driven by settlements of SAR 8.3 million, slightly offset by a provision of SAR 2.2 million recorded during the period.

Zakat payable remained stable at SAR 2.8 million as of 31 December 2024G, driven by settlements of SAR 2.2 million, offset by a provision of SAR 2.2 million recorded during the period.

Zakat expense decreased by 42.0 per cent. from SAR 3.7 million for the financial year ended 31 December 2022G to SAR 2.2 million for the financial year ended 31 December 2023G, in line with the decrease in the Zakat base.

Zakat expenses remained relatively stable over the 2023G-2024G period, averaging around SAR 2.2 million.

The Group submitted its Zakat assessments for all years up to 2023G and paid the obligations accordingly. Zakat returns assessments from the Zakat, Tax and Customs Authority was approved for all years until 2018G. The final assessments for the years from 31 December 2019G up to 31 December 2023G have not been received.

6.5.2 Consolidated Statement of Financial Position

The following table presents the Group's statement of financial position as of 31 December 2022G, 2023G and 2024G:

Table 6.21: Statement of Financial Position as of 31 December 2022G, 2023G and 2024G

SAR in 000s	As of 31 December 2022G (Audited)	As of 31 December 2023G (Audited)	As of 31 December 2024G (Audited)
Non-current assets			
Property and equipment	572,547	917,725	1,129,790
Right-of-use assets	18,857	19,825	19,744
Intangible assets	861	1,602	159
Total non-current assets	**592,265**	**939,152**	**1,149,693**
Current assets			
Inventories	10,359	11,314	5,417
Trade receivables	115,010	157,071	206,731
Derivative instruments at FVPL	646	40	-
Prepayments and other current assets	97,558	99,223	33,764
Cash and cash equivalent	3,918	12,640	49,311
Total current assets	227,491	280,289	295,224
Total assets	**819,755**	**1,219,441**	**1,444,917**
Equity and Liabilities			
Equity			
Share capital	300,000	300,000	300,000
General reserve	29,624	35,315	41,620
Retained earnings	71,479	116,600	173,003
Total equity	**401,104**	**451,915**	**514,623**
Liabilities			
Non-current liabilities			
Non-current portion of lease liabilities	15,567	16,265	15,710
Employees' benefits	8,840	8,991	9,779
Non-current portion of term loans	107,566	316,293	532,714
Total non-current liabilities	**131,972**	**341,549**	**558,203**
Current liabilities			
Current portion of term loans	170,521	188,056	269,910
Current portion of lease liabilities	3,094	3,649	4,248
Accounts payable	68,235	176,450	64,462
Accrued expenses and other current liabilities	13,337	13,235	20,170
Due to related party	22,541	41,742	10,460
Zakat payable	8,951	2,846	2,841
Total current liabilities	**286,679**	**425,977**	**372,090**
Total liabilities	**418,652**	**767,526**	**930,293**
Total liabilities and equity	**819,755**	**1,219,441**	**1,444,917**

Source: The audited special purpose consolidated financial statements of the Group for the financial years ended 31 December 2024G, 2023G and 2022G.

The following table presents the Group's key performance indicators as of 31 December 2022G, 2023G and 2024G:

Table 6.22: Key Performance Indicators as of 31 December 2022G, 2023G and 2024G

SAR in 000s	As of 31 December 2022G	As of 31 December 2023G	As of 31 December 2024G
Current ratio (%)	79.4%	65.8%	79.3%
Return on invested capital (%) (1)	10.6%	10.0%	10.2%
Return on equity (%)	15.0%	12.6%	12.3%
Debt-to-equity (%)	69.3%	111.6%	156.0%
Working capital as a percentage of revenue	42.6%	18.0%	35.5%
Average days inventory outstanding (Days)	9	10	5
Average days payables outstanding (Days) (2)	91	70	101
Average days sales outstanding (Days) (3)	170	191	191
Cash conversion cycle (Days)	89	131	96
No. of vehicles (year-end) (4)	12,019	14,066	15,620
Average utilisation of vehicles during the year (long-term and short-term lease)	79.9%	80.3%	84.2%
Net debt (including lease liabilities) (SAR in thousands)	332,516	565,161	796,350
Net debt (including lease liabilities) ÷ EBITDA	1.91	3.28	3.53
Net debt (excluding lease liabilities) (SAR in thousands)	313,855	545,246	776,393
Net debt (excluding lease liabilities) ÷ EBITDA	1.80	3.17	3.45

Source: Management information.

(1) Return on invested capital percentage is computed as profit from operations divided by the average invested capital (based on the beginning and end of period invested capital). Invested capital is computed as the sum of total equity and term loans less cash and cash equivalent.

(2) Average days payables outstanding (Days) is computed based on the additions of vehicles during the year as per the P&E schedule.

(3) Average days sales outstanding (Days) is computed using receivables less accrued receivables (as these were not invoiced to customers yet), over long-term lease revenue as the revenue for this segment is on credit.

(4) Does not include vehicles that were transferred to inventory, classified as "missing" or "disposed".

Non-current Assets

Non- current assets increased from SAR 592.3 million as of 31 December 2022G to SAR 939.2 million as of 31 December 2023G driven by the increase in:

- net book value of property and equipment by SAR 345.2 million related to additions of SAR 574.1 million (SAR 570.7 million of which related to the purchase of 5,413 new vehicles), slightly offset by (i) net transfers to inventory of SAR 142.1 million (in relation to 3,366 vehicles) ready to be sold, and (ii) depreciation charges of SAR 86.8 million recorded during the period;
- right-of-use assets by SAR 1.0 million related to additions of SAR 5.5 million in relation to five leased properties (i) Shifa showroom relating to additions of SAR 1.6 million, (ii) Khamis Mushait showroom relating to additions of SAR 1.2 million, (iii) new Khobar Office relating to additions of SAR 1.0 million, (iv) Dammam Branch relating to additions of SAR 1.0 million, and (v) Jeddah Staff Housing relating to additions of SAR 0.7 million, partially offset by depreciation charges of SAR 3.7 million, and derecognition of SAR 0.8 million recorded during the period in relation to the old Khobar Office, and old Jeddah Store; and
- intangible assets by SAR 0.7 million related to additions of SAR 1.3 million made during the period, partially offset by amortisation of SAR 0.5 million.

Non-current assets increased from SAR 939.2 million as of 31 December 2023G to SAR 1,149.7 million as of 31 December 2024G driven by the increase in:

- net book value of property and equipment by SAR 212.1 million related to additions of SAR 416.3 million (SAR 398.5 million of which related to the purchase of 4,372 new vehicles), slightly offset by (i) net transfers to inventory of SAR

89.4 million (in relation to 2,818 vehicles) ready to be sold, and (ii) depreciation charges of 108.2 million recorded during the period; partially offset by

- intangible assets decreased by SAR 1.4 million associated with net transfers (including amortisation) of SAR 1.2 million related to the transfer of H-10 Logistics Services Company and Elegant Vehicle Carwash Services Company to Saudi Edarah Holding Company as of January 2024G.

Current Assets

Current assets increased from SAR 227.5 million as of 31 December 2022G to SAR 280.3 million as of 31 December 2023G mainly driven by the increase in (i) trade receivables by SAR 42.1 million associated with the acquisition of new customers, and an increase in aged balances, and (ii) cash and cash equivalents by SAR 8.7 million associated with a decrease in working capital requirements in relation to proceeds from sale of vehicles, and an increase in trade payables.

Current assets increased from SAR 280.3 million as of 31 December 2023G to SAR 295.2 million as of 31 December 2024G mainly driven by the increase in (i) trade receivables by SAR 49.7 million due to an increase in aged balances, whereby receivables aged over 730 days increased from SAR 13.8 million as of 31 December 2022G to SAR 27.5 million as of 2024G, as well as the nature of government receivables whereby customers do not settle billed amounts until the full fleet of vehicles has been delivered, mainly impacting new contracts acquired in the fourth quarter and whose full fleet of vehicles are not procured by year end (this has translated to relatively high days sales outstanding levels which increased from 170 days as of 31 December 2022G to an average of 191 days as of 31 December 2023G and 31 December 2024G), and (ii) cash and cash equivalents by SAR 36.7 million stemming from the increase in net income during the period and proceeds from term loans, partially offset by an increase in working capital requirements and purchases of motor vehicles.

Equity

Equity increased from SAR 401.1 million as of 31 December 2022G to SAR 451.9 million as of 31 December 2023G driven by the increase in retained earnings by SAR 45.1 million attributable to total comprehensive income for the year amounting to SAR 56.9 million, partially offset by dividends declared amounting to SAR 6.0 million and a transfer to general reserve amounting to SAR 5.7 million.

Equity increased from SAR 451.9 million as of 31 December 2023G to SAR 514.6 million as of 31 December 2024G driven by the increase in retained earnings by SAR 56.4 million as of 31 December 2024G attributable to total comprehensive income for the year amounting to SAR 62.7 million, partially offset by a transfer to general reserve amounting to SAR 6.3 million.

Non-current Liabilities

Non-current liabilities increased from SAR 132.0 million as of 31 December 2022G to SAR 341.5 million as of 31 December 2023G driven by the increase in non-current portion of term loans by SAR 208.7 million following an increase in bank loan proceeds utilised to fund vehicle purchases for new long-term lease projects secured during the period.

Non-current liabilities increased from SAR 341.5 million as of 31 December 2023G to SAR 558.2 million as of 31 December 2024G driven by the increase in non-current portion of term loans by SAR 216.4 million following an increase in bank loan proceeds utilised to fund vehicle purchases for new long-term lease projects secured during the period.

Current Liabilities

Current liabilities increased from SAR 286.7 million as of 31 December 2022G to SAR 426.0 million as of 31 December 2023G mainly driven by the increase in:

- accounts payable by SAR 108.2 million related to an increase in payables to suppliers for vehicles amounting to SAR 118.4 million on the back of an increase in additions to motor vehicles during the period, slightly offset by a decrease in payables for insurance, stores, spare parts and other suppliers by SAR 10.1 million due to the settlement of insurance payables as the Group made an agreements to consolidated its insurance of all its vehicles under one insurance provider as of the end of 2023G;
- due to related party by SAR 19.2 million driven by (i) exceptional / one-off purchase of vehicles by SAR 12.3 million made in 2023G in relation to a top project, where the vehicles were procured from Kuwait, (ii) increase in interim dividends declared by SAR 6.0 million relating to the profits for the year ended 31 December 2022G, (iii) settlement of lease liabilities by SAR 2.2 million, and (iv) minor operational expenses by SAR 1.6 million settled on behalf of the Group. This was partially offset by settlements of SAR 2.9 million made during the period; and
- current portion of term loans by SAR 17.5 million following an increase in bank loan proceeds utilised to fund vehicle purchases for new long-term lease projects secured during the period.

This was partly offset by a decrease in Zakat payable by SAR 6.1 million related to settlements of SAR 8.3 million, slightly offset by a provision of SAR 2.2 million recorded during the period.

Current liabilities decreased from SAR 426.0 million as of 31 December 2023G and SAR 372.1 million as of 31 December 2024G mainly driven by the decrease in:

- accounts payable by SAR 112.0 million related to a decrease in payables to suppliers for vehicles amounting to SAR 116.5 million due to lower motor vehicle additions made during the period by SAR 398.5 million, partially offset by an increase in service / operational payables amounting to SAR 4.5 million associated with the expansion in operations; and
- due to related party by SAR 31.3 million associated with (i) settlements of due balances amounting to SAR 36.6 million, and (ii) the transfer of equity balances of H-10 Logistics Services Company and Elegant Vehicle Carwash Services Company amounting to SAR 9.3 million to Saudi Edarah Holding Company, partially offset by (iii) the purchase of land and building from Saudi Edarah Holding Company amounting to SAR 11.8 million, and (iv) payments on behalf of the Company amounting to SAR 2.7 million, primarily for lease liabilities amounting to SAR 2.1 million.

This was partially offset by an increase in current portion of term loans by SAR 81.9 million following an increase in bank loan proceeds utilised to fund vehicle purchases for new long-term lease projects secured during the period.

6.5.2.1 Non-Current Assets

The following table presents the Group's non-current assets as of 31 December 2022G, 2023G and 2024G:

Table 6.23: Non-Current Assets as of 31 December 2022G, 2023G and 2024G

SAR in 000s	As of 31 December 2022G (Audited)	As of 31 December 2023G (Audited)	As of 31 December 2024G (Audited)
Property and equipment	572,547	917,725	1,129,790
Right-of-use assets	18,857	19,825	19,744
Intangible assets	861	1,602	159
Total non-current assets	**592,265**	**939,152**	**1,149,693**

Source: The audited special purpose consolidated financial statements of the Group for the financial years ended 31 December 2024G, 2023G and 2022G.

(a) Property and Equipment

The following table presents the Group's net book value of property and equipment as of 31 December 2022G, 2023G and 2024G:

Table 6.24: Net Book Value of Property and Equipment as of 31 December 2022G, 2023G and 2024G

SAR in 000s	As of 31 December 2022G (Audited)	As of 31 December 2023G (Audited)	As of 31 December 2024G (Audited)
Motor vehicles	562,135	906,338	1,103,945
Buildings and other installations	6,626	7,367	13,763
Land	-	-	7,159
Tools, equipment, computers, and IT equipment	1,934	2,024	2,736
Furniture, fixtures, and office equipment	1,353	1,239	1,215
Capital work-in-progress	499	757	973
Total	**572,547**	**917,725**	**1,129,790**
No. of vehicles (year-end)	12,019	14,066	15,620
Average utilisation of vehicles during the year (long-term and short-term lease)	79.9%	80.3%	84.2%

Source: The audited special purpose consolidated financial statements of the Group for the financial years ended 31 December 2024G, 2023G and 2022G.

Property, plant and equipment net book value of the Group reached SAR 1,129.8 million as of 31 December 2024G and was mainly comprised of:

- motor vehicles (amounting to SAR 1,103.9 million, representing 97.7 per cent. of total net book value) related to vehicles utilised for long-term and short-term lease services;
- buildings and other installations (representing 1.2 per cent. of total net book value) related to one building, and leasehold improvements for 17 leased properties recorded under right-of-use assets;
- land (representing 0.6 per cent. of total net book value) related to one land plot of approximately 977 square meters located in Riyadh. The land plot was purchased, along with the head office building in 2024G, which was 80 per cent. financed through a bank loan amounting to SAR 8.8 million as of 31 December 2024G;
- tools, equipment, computers, and IT equipment (representing 0.2 per cent. of total net book value) related mainly to workshop tools and equipment for vehicle repairs;
- furniture, fixtures, and office equipment (representing 0.1 per cent. of total net book value) related to office furniture and equipment; and
- capital work-in-progress (representing 0.1 per cent. of total net book value) related to direct and indirect costs for work on the construction of workshops and ERP enhancements.

Property, plant and equipment net book value increased from SAR 572.5 million as of 31 December 2022G to SAR 917.7 million as of 31 December 2023G, mainly driven by an increase in net book value of motor vehicles by SAR 344.2 million due to additions amounting to SAR 570.7 million associated with the addition of 5,413 new vehicles, partly offset by net transfers of SAR 142.1 million of vehicles (in relation to 3,366 vehicles) from property and equipment to inventory for sale post expiration of lease contracts, and depreciation charges of SAR 86.8million for the year.

Property, plant and equipment net book value increased from SAR 917.7 million as of 31 December 2023G to SAR 1,129.8 million as of 31 December 2024G driven by an increase in net book value of motor vehicles by SAR 197.6 million due to additions of SAR 398.5 million associated with the addition of 4,372 new vehicles, partly offset by net transfers of SAR 89.4 million of vehicles (in relation to 2,818 vehicles) from property and equipment to inventory for sale post expiration of lease contracts, and depreciation charges of SAR 108.2 million for the year. As of 31 December 2024G, Property, plant and equipment was around 22 per cent. depreciated.

Motor Vehicles

Motor vehicles amounted to SAR 1,103.9 million as of 31 December 2024G and related to the vehicles utilised mainly for long-term lease services which accounted for around 94 per cent. of motor vehicles net book value as of 31 December 2024G, and the remaining net book value for short term lease services. As of 31 December 2024G, the Group had 15,620 vehicles at year end.

Vehicles are presented at cost, net of accumulated depreciation and impairment losses. The depreciation policy for its motor vehicles is based on two factors; (i) straight-line method whereby the depreciable amount (i.e. GBV less residual value) is depreciated over a useful life ranging between two to five years, in line with the contract tenure range, and (ii) residual value / cost of vehicle at the time of sale, which is determined based on the estimated average selling price of the Groups' five-year historical vehicle sales data, and does not reflect any forward-looking market trends.

Vehicles net book value increased from SAR 562.1 million as of 31 December 2022G to SAR 906.3 million as of 31 December 2023G driven by additions amounting to SAR 570.7 million, related to 5,413 new vehicles, partly offset by net transfers of SAR 142.1 million of vehicles from property and equipment to inventory for sale post expiration of lease contracts, and depreciation charges of SAR 84.4 million for the year.

Vehicles net book value increased from SAR 906.3 million as of 31 December 2023G to SAR 1,103.9 million as of 31 December 2024G driven by additions of SAR 398.5 million, related to 4,372 new vehicles, partly offset by net transfers of SAR 89.4 million of vehicles from property and equipment to inventory for sale post expiration of lease contracts, and depreciation charges of SAR 105.7 million for the year.

The Group undertakes an annual assessment that is verified by the auditor to estimate the residual value of its motor vehicles by ageing bracket based on the historical sale as a percentage of the total purchase price (less any associated selling expenses). Accordingly, the motor vehicle residual value is updated on a yearly basis using the latest five-year vehicle sales data, whereby the total average residual value increased from around 36 per cent. for the financial year ended 31 December 2022G to around 42 per cent. for the financial year ended 31 December 2023G and around 51 per cent. for the financial year ended 31 December 2024G.

Buildings and Other Installations

Buildings and other installations amounted to SAR 13.8 million as of 31 December 2024G and represented one building, and leasehold improvements in relation to 17 leased properties recorded under right-of-use assets.

Buildings and other installations net book value increased from SAR 6.6 million as of 31 December 2022G to SAR 7.4 million as of 31 December 2023G driven by additions amounting to SAR 1.7 million, mainly related to installation works performed on one workshop, partly offset by depreciation charges of SAR 0.9 million for the year.

Buildings and other installations net book value increased from SAR 7.4 million as of 31 December 2023G to SAR 13.8 million as of 31 December 2024G driven by (i) additions of SAR 4.7 million related to a head office building, (ii) additions of SAR 3.0 million primarily related to installation works in Riyadh, and (iii) transfers from capital work-in-progress of SAR 0.6 million related to workshop and lease improvements. This was partially offset by depreciation charges of SAR 1.1 million for the year.

Tools, Equipment, Computers, and IT Equipment

Tools, equipment, computers, and IT equipment amounted to SAR2.7 million as of 31 December 2024G and related mainly to workshop tools and equipment for vehicle repairs.

Tools, equipment, computers, and IT equipment net book value remained relatively stable, increasing slightly from SAR 1.9 million as of 31 December 2022G to SAR 2.0 million as of 31 December 2023G driven by additions amounting SAR 1.1 million, mainly related to workshop tools and vehicle repair equipment, partly offset by depreciation charges of SAR 1.0 million for the year.

Tools, equipment, computers, and IT equipment net book value increased from SAR 2.0 million as of 31 December 2023G to SAR 2.7 million as of 31 December 2024G driven by additions of SAR 2.3 million related to workshop tools and vehicle repair equipment, partially offset by depreciation charges of SAR 1.0 million. Tools and equipment were around 80.0 per cent. depreciated as of 31 December 2024G.

Furniture, Fixtures, and Office Equipment

Furniture and fixtures amounted to SAR 1.2 million as of 31 December 2024G. Furniture and fixtures NBV decreased from SAR 1.4 million as of 31 December 2022G to SAR 1.2 million as of 31 December 2023G driven by depreciation charges of SAR 0.5 million for the period, partially offset by minimal additions amounting to SAR 0.3 million.

Furniture, fixtures and office equipment remained relatively stable at approximately SAR 1.2 million as of 31 December 2024G driven by additions of SAR 0.5 million, offset by depreciation charges of SAR 0.4 million, and SAR 40 thousand (net) transferred to subsidiaries. Furniture, fixtures, and office equipment were approximately 84.0 per cent. depreciated as of 31 December 2024G.

Capital Work-in-Progress

Capital work-in-progress amounted to SAR 1.0 million as of 31 December 2024G, related to direct and indirect costs for work on the construction of workshops and ERP enhancements as follows: (i) technical consulting services for enhancements to the SAP system and Cherry Mobile App amounting to SAR 0.7 million and (ii) improvements to workshops and buildings amounting to SAR 0.2 million.

(b) Right-of-Use Assets

The following table presents the Group's right-of-use assets:

Table 6.25: Right-of-Use, Net as of 31 December 2022G, 2023G and 2024G

SAR in 000s	As of 31 December 2022G (Audited)	As of 31 December 2023G (Audited)	As of 31 December 2024G (Audited)
Balance as of 1 January	9,371	18,857	19,825
Additions during the year	12,302	5,508	5,102
Derecognition during the year	-	(829)	(968)
Depreciation expense for the year	(2,817)	(3,710)	(4,215)
Total	**18,857**	**19,825**	**19,744**

Source: Audited consolidated financial statements for the financial year ended 2024G.

The following table presents the Group's lease liabilities as of 31 December 2022G, 2023G and 2024G:

Table 6.26: Lease Liabilities as of 31 December 2022G, 2023G and 2024G

SAR in 000s	As of 31 December 2022G (Audited)	As of 31 December 2023G (Audited)	As of 31 December 2024G (Audited)
Balance as of 1 January	8,743	18,661	19,915
Additions during the year	12,302	5,508	5,102
Derecognition during the year	-	(704)	(990)
Finance cost	635	933	1,075
Payments during the year	(3,019)	(4,484)	(5,144)
Total	**18,661**	**19,915**	**19,958**

Source: The audited special purpose consolidated financial statements of the Group for the financial years ended 31 December 2024G, 2023G and 2022G.

The following table presents the Group's lease liabilities, current and non-current portions as of 31 December 2022G, 2023G and 2024G:

Table 6.27: Lease Liabilities, Current and Non-Current Portions as of 31 December 2022G, 2023G and 2024G

SAR in 000s	As of 31 December 2022G (Audited)	As of 31 December 2023G (Audited)	As of 31 December 2024G (Audited)
Lease liabilities – current portion	3,094	3,649	4,248
Lease liabilities - non-current portion	15,567	16,265	15,710
Balance as of the end of the year	18,661	19,915	19,958

Source: The audited special purpose consolidated financial statements of the Group for the financial years ended 31 December 2024G, 2023G and 2022G.

Right-of-Use Assets

Right-of-use assets amounted to SAR 19.7 million as of 31 December 2024G in relation to 17 contracts for leasehold buildings, with lease terms ranging between five to 15 years, mainly in connection with the (i) Abha land amounting to SAR 3.4 million, (ii) Tabuk showroom amounting to SAR 2.8 million, (iii) Exit 17 building amounting to SAR 2.7 million, (iv) Abha office amounting to SAR 2.2 million, and (v) Jeddah showroom amounting to SAR 1.4 million.

Right-of-use assets increased from SAR 18.9 million as of 31 December 2022G to SAR 19.8 million as of 31 December 2023G driven by additions amounting to SAR 5.5 million in relation to (i) Shifa showroom amounting to SAR 1.6 million, (ii) Khamis Mushait amounting to SAR 1.2 million, (iii) new Khobar office amounting to SAR 1.0 million, (iv) Dammam branch amounting to SAR 1.0 million, and (v) Jeddah staff housing amounting to SAR 0.7 million. This was partly offset by (i) depreciation charges of SAR 3.7 million, and (ii) derecognition of SAR 0.8 million recorded during the period, in relation to the old Khobar office amounting to SAR 0.5 million, and old Jeddah store amounting to SAR 0.3 million.

Right-of-use assets remained relatively stable at around SAR 19.8 million as of 31 December 2024G driven by additions amounting to SAR 5.1 million in relation to (i) Abha land amounting to SAR 3.6 million, (ii) Qadsiya showroom amounting to SAR 1.2 million, and (iii) a new workshop amounting to SAR 0.3 million, partly offset by depreciation charges of SAR 4.2 million, and derecognition of SAR 1.0 million in relation to the Al Zalfi workshop. Leases expire in the period between September 2026G and December 2038G.

Lease Liabilities

Lease liabilities represented the present value of future lease liabilities associated with the leased properties. Lease liabilities increased from SAR 18.7 million as of 31 December 2022G to SAR 19.9 million as of 31 December 2023G in line with the increase in right-of-use assets, whereby all right-of-use assets had a yearly incremental borrowing rate of 5.0 per cent.

Lease liabilities remained relatively stable at around SAR 20.0 million as of 31 December 2024G in line with newly added right-of-use assets as of 31 December 2024G set at a yearly incremental borrowing rate of 8.0 per cent.

(c) Intangible Assets

The following table presents the Group's intangible assets, net as of 31 December 2022G, 2023G and 2024G:

Table 6.28: Intangible Assets, Net as of 31 December 2022G, 2023G and 2024G

SAR in 000s	As of 31 December 2022G (Audited)	As of 31 December 2023G (Audited)	As of 31 December 2024G (Audited)
Software	861	1,602	159
Total	**861**	**1,602**	**159**

Source: The audited special purpose consolidated financial statements of the Group for the financial years ended 31 December 2024G, 2023G and 2022G.

Intangible Assets

Intangible assets amounted to SAR 0.2 million as of 31 December 2024G and related to the net book value of software held by the Group.

Intangible assets increased from SAR 0.9 million as of 31 December 2022G to SAR 1.6 million as of 31 December 2023G driven by additions amounting to SAR 1.3 million made during the period, partially offset by amortisation charges of SAR 0.5 million.

Intangible assets decreased to SAR 0.2 million as of 31 December 2024G driven by a net transfer (including amortisation) of SAR 1.2 million related to the transfer of H-10 Logistics Services Company and Elegant Vehicle Carwash Services Company to Saudi Edarah Holding Company as of January 2024G, with minimal additions of SAR 45 thousand made during the period.

6.5.2.2 Current Assets

The following table presents the Group's current assets as of 31 December 2022G, 2023G and 2024G:

Table 6.29: Current Assets as of 31 December 2022G, 2023G and 2024G

SAR in 000s	As of 31 December 2022G (Audited)	As of 31 December 2023G (Audited)	As of 31 December 2024G (Audited)
Trade receivables	115,010	157,071	206,731
Cash and cash equivalent	3,918	12,640	49,311
Prepayments and other current assets	97,558	99,223	33,764
Inventories	10,359	11,314	5,417
Derivative instruments at FVTPL	646	40	-
Total current assets	**227,491**	**280,289**	**295,224**

Source: The audited special purpose consolidated financial statements of the Group for the financial years ended 31 December 2024G, 2023G and 2022G.

(a) Trade Receivables

The following table presents the Group's trade receivables as of 31 December 2022G, 2023G and 2024G:

Table 6.30: Trade Receivables as of 31 December 2022G, 2023G and 2024G

SAR in 000s	As of 31 December 2022G (Audited)	As of 31 December 2023G (Audited)	As of 31 December 2024G (Audited)
Trade receivables	140,380	187,762	240,278
Less: Impairment loss	(16,199)	(21,222)	(33,547)
Impact of restatement	(9,172)	(9,469)	-
Less: Impairment loss on trade receivables - (restated)	(25,370)	(30,691)	(33,547)
Total	**115,010**	**157,071**	**206,731**
Provision as % of gross receivables	18.1%	16.3%	14.0%
Average days sales outstanding (Days)[1]	170	191	191

Source: The audited special purpose consolidated financial statements of the Group for the financial years ended 31 December 2024G, 2023G and 2022G and management information.

(1) Average days sales outstanding (Days) is computed using receivables less accrued receivables (as these were not invoiced to customers yet), over long-term lease revenue as the revenue for this segment is on credit.

The following table presents the Group's gross trade receivable ageing by customer type as of 31 December 2024G:

Table 6.31: Gross Trade Receivable Ageing by Customer Type as of 31 December 2024G

SAR in 000s	Not due	0-90 days	91-180 days	181-365 days	366-730 days	730+ days	Total
Government	26,307	27,829	13,743	12,129	2,241	10,178	92,428
Quasi-government	33,445	24,862	12,045	3,583	422	2,999	77,357
Private	13,347	12,192	4,927	13,157	12,504	14,367	70,493
Total	**73,099**	**64,883**	**30,715**	**28,869**	**15,167**	**27,544**	**240,278**

Source: Management information.

The following table presents the Group's movement in impairment loss on trade receivables balances during the year for the financial years ended 31 December 2022G, 2023G and 2024G:

Table 6.32: Movement in Impairment Loss on Trade Receivables Balances During the Year for the Financial Years Ended 31 December 2022G, 2023G and 2024G

SAR in 000s	2022G (Audited)	2023G (Audited)	2024G (Audited)
Balance as of 1 January	35,982	25,370	30,691
Charge for the year - previously reported	677	5,468	10,627
Impact of restatement	9,172	297	-
Charge for the year – restated	9,848	5,765	10,627
Written-off during the year	(20,460)	(445)	(7,771)
Total	**25,370**	**30,691**	**33,547**

Source: The audited special purpose consolidated financial statements of the Group for the financial years ended 31 December 2024G, 2023G and 2022G.

Trade Receivables

Gross trade receivables amounted to SAR 240.3 million as of 31 December 2024G and comprised receivables from (i) long term lease government customers amounting to SAR 166.4 million, (ii) long term lease private customers amounting to SAR 57.3 million, (iii) short term lease amounting to SAR 6.9 million, and (iv) accrued receivables amounting to SAR 9.6 million in relation to short-term and long-term lease receivables amounting to SAR 6.3 million and SAR 3.3 million respectively, that were not yet billed at closing (against a total provision of SAR 33.5 million that was recorded during the period).

Customers requesting short term lease services pay advances upfront as these are mostly individuals, however a small portion of receivables was recorded against short term revenue and pertained to corporate customers. As of 31 December 2024G, the top ten customers accounted for 66 per cent. of total gross receivables, and related to long term lease customers.

Credit terms extended by the Group to its private lease customers range between 30 to 90 days and will vary based on the extent of the customer's business engagement, the industry tenure influencing their creditworthiness, and the size of the customer's business, including the number of lease contracts. Credit terms with government customers stipulated in the contracts are 90 days, which are often delayed and settled beyond credit terms however Management is consistently in contact with its government customers to follow up on payments and ensure timely collection of receivables.

Gross trade receivables increased from SAR 140.4 million as of 31 December 2022G to SAR 187.8 million as of 31 December 2023G driven by the acquisition of new customers, and an increase in aged balances whereby receivables aged over 730 days increased from SAR 13.8 million as of 31 December 2022G to SAR 24.6 million as of 31 December 2023G, in particular from government customers within the over 730 days category, which increased from SAR 3.6 million as of 31 December 2022G to SAR 11.5 million as of 31 December 2023G.

Gross trade receivables increased from SAR 187.8 million as of 31 December 2023G to SAR 240.3 million as of 31 December 2024G driven by (i) the acquisition of new customers, (ii) an increase in aged balances whereby receivables aged over 730 days increased to SAR 27.5 million as of 31 December 2024G. A legal case was raised in relation to a large aged private receivables balance, of which SAR 12.0 million was aged 365+ days, which the Group won, and is expecting the balance to be settled, and

the nature of government receivables whereby customers do not settle billed amounts until the full fleet of vehicles has been delivered, mainly impacting new contracts acquired in the fourth quarter, and whose full fleet of vehicles are not procured by year end. This contributed to high days sales outstandings levels, which increased from 170 days as of 31 December 2022G to around 191 days as of 31 December 2024G.

Impairment Loss

Impairment loss on trade receivables is calculated using the simplified approach method in accordance with IFRS9 – expected credit loss model, whereby an impairment analysis is performed using a provision matrix to measure expected credit losses for trade receivables. Historical loss rates are adjusted to reflect current and forward-looking information, including macroeconomic indicators that affect customers' ability to settle their dues. This translated to a progressive increase in the ECL provision percentage per ageing bracket for private receivables, and 100 per cent. provision for private receivables in the over 730 days ageing category.

Provisioning for government customers aged below three years is based on Moody's average historical default rates for Saudi Arabia's credit rating, which was A1 as of 31 December 2023G, and Aa3 as of 31 December 2024G, whereby a 100 per cent. provision is recorded for government receivables aged over three years. This was slightly revised compared to the period ended 31 December 2022G, where a 100 per cent. provision was applied on government receivables aged over two years.

Impairment loss on trade receivables increased from SAR 25.4 million as of 31 December 2022G to SAR 30.7 million as of 31 December 2023G driven by a provision charge of SAR 5.8 million recorded during the period, primarily in relation to a top private customer amounting to SAR 1.9 million, and short-term rentals amounting to SAR 2.2 million, partly offset by a write-off amounting to SAR 0.4 million. A write-off of SAR 20.5 million was approved by the board of directors and recorded for the financial year ended 31 December 2022G for private receivables that were deemed unrecoverable.

Impairment loss on trade receivables increased from SAR 30.7 million as of 31 December 2023G to SAR 33.5 million as of 31 December 2024G driven by a provision charge of SAR 10.6 million recorded during the period (primarily in relation to a top customer amounting to SAR 2.5 million, slightly offset by a write-off of SAR 7.8 million in relation to unrecoverable long and short-term private lease receivables.

As of 31 December 2024G, gross receivables aged over 365 days amounted to SAR 42.7 million (around 18 per cent. of total gross receivables), of which SAR 27.5 million were aged over 730 days.

(a) Cash and Cash Equivalents

The following table presents the Group's cash and cash equivalents as of 31 December 2022G, 2023G and 2024G:

Table 6.33: Cash and Cash Equivalents as of 31 December 2022G, 2023G and 2024G

SAR in 000s	As of 31 December 2022G (Audited)	As of 31 December 2023G (Audited)	As of 31 December 2024G (Audited)
Bank balances - current accounts	3,917	12,638	49,280
Cash on hand	1	2	32
Total cash and cash equivalents	**3,918**	**12,640**	**49,311**

Source: The audited special purpose consolidated financial statements of the Group for the financial years ended 31 December 2024G, 2023G and 2022G.

Bank Balances -Current Accounts

Bank balances - current accounts are non-interest-bearing deposits accounts which are readily available to be used on a day-to-day basis (deposits, withdrawals, and payments), and for other working capital cycle uses. As of 31 December 2024G, bank balances amounted to SAR 49.3 million and there were no trapped / restricted cash balances.

Cash on Hand

Cash on hand relates to petty cash balances kept on hand. As of 31 December 2024G, cash on hand amounted to SAR 32 thousand.

(b) Prepayments and Other Current Assets

The following table presents the Group's prepayments and other current assets as of 31 December 2022G, 2023G and 2024G:

Table 6.34: Prepayments and Other Current Assets as of 31 December 2022G, 2023G and 2024G

SAR in 000s	As of 31 December 2022G (Audited)	As of 31 December 2023G (Audited)	As of 31 December 2024G (Audited)
Advance payments to suppliers	83,588	55,694	9,851
Receivables from insurance companies	5,236	7,422	6,389
VAT receivable	-	24,354	4,419
Prepaid insurance	4,452	6,409	3,856
Employees' receivables	1,216	1,705	3,844
Prepaid IPO expenses	413	1,024	2,362
Prepaid short-term rent	636	724	752
Others	2,017	1,892	2,291
Total prepayments and other current assets	**97,558**	**99,223**	**33,764**

Source: The audited special purpose consolidated financial statements of the Group for the financial years ended 31 December 2024G, 2023G and 2022G.

Advance Payments to Suppliers

Advance payments to suppliers amounted to SAR 9.9 million as of 31 December 2024G and related to advances that certain suppliers require in relation to vehicles, contracting, and rent, whereby advances for vehicle purchases range between 20 per cent. to 80 per cent. of the purchase / contract value.

Advance payments to suppliers decreased from SAR 83.6 million as of 31 December 2022G to SAR 55.7 million as of 31 December 2023G and decreased further to SAR 9.9 million as of 31 December 2024G due to receipt of assets and the capitalisation of amounts.

Receivables from Insurance Companies

Receivables from insurance companies amounted to SAR 6.4 million as of 31 December 2024G and related to pending insurance claims raised by the Group for their vehicles. The Group consolidated its vehicles insurance under one insurance provider as of February 2024G, and prior to that, relied on several insurance providers. Settlements by insurance companies were typically made every 45 days. Receivables from insurance companies increased from SAR 5.2 million as of 31 December 2022G to SAR 7.4 million as of 31 December 2023G driven by an increase in insurance cost following the growth in fleet size.

Receivables from insurance companies decreased from SAR 7.4 million as of 31 December 2023G to SAR 6.4 million as of 31 December 2024G due to settlements made by insurance companies amounting to SAR 2.6 million, partially offset by an increase in unbilled third-party claims, and claims with the new insurance provider.

VAT Receivable

VAT receivable amounted to SAR 4.4 million as of 31 December 2024G. VAT receivable increased from nil as of 31 December 2022G to SAR 24.4 million as of 31 December 2023G, and decreased to SAR 4.4 million as of 31 December 2024G mainly associated with the Group's policy of recording the net of VAT payable and receivable, with a payable balance recorded for the period ended 31 December 2022G under accrued expenses and other current liabilities.

Prepaid Insurance

Prepaid insurance amounted to SAR 3.9 million as of 31 December 2024G and related to employee medical and vehicles insurance. Prepaid insurance increased from SAR 4.5 million as of 31 December 2022G to SAR 6.4 million as of 31 December 2023G mainly driven by an increase in prepaid vehicle insurance by SAR 2.2 million, in line with the expansion in fleet.

Prepaid insurance decreased from SAR 6.4 million as of 31 December 2023G to SAR 3.9 million as of 31 December 2024G following the consolidation of vehicle insurance under a single insurance provider, and expiry of old policies for the financial year ended 31 December 2024G.

Employees' Receivables

Employee receivables amounted to SAR 3.8 million as of 31 December 2024G and relate to advances granted to employees for housing allowances and advance salaries. All employees are eligible for advances upon completion of the probation period, and advance threshold not exceeding two months basic salary which is deducted from the monthly salary over a maximum period of six months. Employee receivables increased from SAR 1.2 million as of 31 December 2022G to SAR 1.7 million as of 31 December 2023G, and to SAR 3.8 million as of 31 December 2024G driven by an increase in advances granted to employees.

Prepaid IPO Expenses

Prepaid IPO expenses amounted to SAR 2.4 million as of 31 December 2024G and related to prepayments for IPO consulting services.

Prepaid IPO expenses increased from SAR 0.4 million as of 31 December 2022G to SAR 1.0 million as of 31 December 2023G and further increased to SAR 2.4 million as of 31 December 2024G as the Group progressed towards its prospective filing date. These IPO expenses will be settled by Saudi Edarah Holding Company, and accordingly there will be no income statement impact.

Prepaid Short-Term Rent

Prepaid short-term rent relates to prepayments made for branches, workshops, showrooms, and employee accommodation which do not fall under IFRS16 due to their short-term nature (i.e. contract tenure less than 12 months). Prepaid short-term rent remained relatively stable over the 31 December 2022G, 31 December 2023G, and 31 December 2024G periods averaging SAR 0.7 million.

Others

Others amounted to SAR 2.3 million as of 31 December 2024G and comprised margin deposits amounting to SAR 1.2 million, and prepaid employee iqama fees amounting to SAR 1.1 million). Others remained relatively stable over the 31 December 2022G, 31 December 2023G, and 31 December 2024G periods averaging SAR 2.1 million.

(c) Inventories

The following table presents the Group's inventories as of 31 December 2022G, 2023G and 2024G:

Table 6.35: Inventories as of 31 December 2022G, 2023G and 2024G

SAR in 000s	As of 31 December 2022G (Audited)	As of 31 December 2023G (Audited)	As of 31 December 2024G (Audited)
Vehicles held for sale – previously reported	9,757	6,998	1,020
Impact of restatement	(385)	1,267	-
Vehicles held for sale closing balance – (restated)	9,373	8,265	1,020
Spare parts and supplies	986	3,049	4,397
Total Inventories	**10,359**	**11,314**	**5,417**
Average days inventory outstanding (Days)	9	10	5

Source: The audited special purpose consolidated financial statements of the Group for the financial years ended 31 December 2024G, 2023G and 2022G.

Spare Parts and Supplies

Spare parts and supplies related to spare parts and supplies for maintenance purposes.

Spare parts and supplies increased from SAR 1.0 million as of 31 December 2022G to SAR 3.0 million as of 31 December 2023G due to increased operational requirements associated with the expansion in fleet, as well as shifting maintenance services in-house to provide fast and comprehensive services to customers. The Group's number of vehicles increased from 12,019 vehicles as of 31 December 2022G to 14,066 vehicles as of 31 December 2023G.

Spare parts and supplies increased from SAR 3.0 million as of 31 December 2023G to SAR 4.4 million as of 31 December 2024G due to increased operational requirements associated with the expansion in fleet. The Group's number of vehicles increased from 14,066 as of 31 December 2023G to 15,620 as of 31 December 2024G.

Vehicles Held for Sale

Vehicles held for sale related to vehicles that are transferred from property and equipment upon the expiration of lease contracts.

Vehicles held for sale decreased from SAR 9.4 million as of 31 December 2022G to SAR 8.3 million as of 31 December 2023G driven by the increase in vehicles sold over the period (from 1,622 vehicles sold in 2022G to 3,356 vehicles sold in 2023G).

Vehicles held for sale decreased from SAR 8.3 million as of 31 December 2023G to SAR 1.0 million as of 31 December 2024G due to a decrease in net transfers to inventory, as fewer lease contracts expired for the financial year ended 31 December 2024G.

Days inventory outstanding averaged eight days over the 2022G-2024G period, exhibiting relatively low levels, due to the high turnover rate of sales for used vehicles, and the Group's policy to ensure vehicles are sold within 30 days of handover to the used vehicles division. On that basis, the Group did not record provisions for slow-moving inventory for the periods ended 31 December 2022G, 31 December 2023G, and 31 December 2024G.

6.5.2.3 Non-Current Liabilities

The following table presents the Group's non-current liabilities as of 31 December 2022G, 2023G and 2024G:

Table 6.36: Non-Current Liabilities as of 31 December 2022G, 2023G and 2024G

SAR in 000s	As of 31 December 2022G (Audited)	As of 31 December 2023G (Audited)	As of 31 December 2024G (Audited)
Non-current portion of term loans	107,566	316,293	532,714
Non-current portion of lease liabilities	15,567	16,265	15,710
Employees' benefits	8,840	8,991	9,779
Total non-current liabilities	**131,972**	**341,549**	**558,203**

Source: The audited special purpose consolidated financial statements of the Group for the financial years ended 31 December 2024G, 2023G and 2022G.

(a) Term Loans

The following table presents the Group's term loans as of 31 December 2022G, 2023G and 2024G:

Table 6.37: Term Loans as of 31 December 2022G, 2023G and 2024G

SAR in 000s	As of 31 December 2022G (Audited)	As of 31 December 2023G (Audited)	As of 31 December 2024G (Audited)
Balance as of 1 January	305,863	278,087	504,348
Loans obtained during the year	138,239	530,618	572,411
Finance cost during the year	8,593	20,041	45,827
Finance cost repaid during the year	(11,587)	(20,126)	(37,643)
Transfer to accrued finance cost	2,994	86	(8,184)
Loans repaid during the year	(166,015)	(304,357)	(274,134)
Balance as of 31 December	278,087	504,348	802,624
Less: current portion	(170,521)	(188,056)	(269,910)
Non-current portion	107,566	316,293	532,714
Debt-to-equity (%)	69.3%	111.6%	156.0%
Gearing ratio[1]	1.03	1.67	1.71

Source: The audited special purpose consolidated financial statements of the Group for the financial years ended 31 December 2024G, 2023G and 2022G.

(1) Gearing ratio is computed by dividing total liabilities less cash and cash equivalents over total equity.

Term loans amounted to SAR 802.6 million as of 31 December 2024G and comprised:

- 35 loans obtained from Riyad Bank amounting to SAR 465.8 million primarily for vehicle purchases whereby the top ten loans maturity ranges between September 2025G and December 2027G, and loans mainly carry an interest rate of SAIBOR plus 1.35 per cent. to 1.50 per cent.;
- four loans obtained from Arab National Bank amounting to SAR 184.9 million for a top quasi-government project, whereby the main outstanding balance relates to a loan bearing an interest rate of SAIBOR plus 1.35 per cent. and is structured with monthly payments of SAR 3.0 million over the contract's life (amounting to 75 per cent. of the loan value), ending with a balloon payment of 25 per cent. of the loan value payable on November 2028G;
- 27 loans obtained from The Saudi Investment Bank amounting to SAR 167.2 million primarily for vehicle purchases whereby the top ten loans maturity ranges between December 2027G and February 2028G and bear an interest rate of SAIBOR plus 1.25 per cent. to 1.50 per cent.; partially offset by deferred finance costs amounting to SAR 15.3 million relating to interest payable for future periods which is booked by Riyad Bank as a liability (recorded as a contra account to match the loan balance as per Riyad Bank's books). Deferred finance costs are amortised over their respective life in line with interest payable. Deferred finance costs increased from an average of SAR 4.4 million as of 31 December 2022G and 31 December 2023G to SAR 15.3 million as of 31 December 2024G due to the increase in proceeds from Riyad Bank loans.

The Group's vehicle acquisition strategy is as follows: 80 per cent. of the contract value for new long term lease contracts is funded through loans, while the remaining 20 per cent. is funded by the Group, however, the Group aims to increase the contribution of equity funding in the future. Vehicles purchased for the short-term leasing segment are funded by the Group.

Loans increased from SAR 278.1 million as of 31 December 2022G to SAR 504.3 million as of 31 December 2023G driven by additions of SAR 548.7 million, SAR 411.6 million of which from Riyad Bank, and SAR 137.1 million from SAIB. These were mainly in relation to new projects secured, partly offset by loan repayments amounting to SAR 322.2 million.

Loans increased from SAR 504.3 million as of 31 December 2023G to SAR 802.6 million as of 31 December 2024G driven by additions of SAR 602.2 million mainly in relation to the new contracts secured with two quasi-government customers, partially offset by repayments amounting to SAR 293.3 million.

An outstanding Banque Saudi Fransi loan balance amounted to SAR 64.2 million as of 31 December 2022G was settled during 2023G upon expiration of the lease contract. Accordingly, no outstanding balance for Banque Saudi Fransi remained as of 31 December 2023G, and 31 December 2024G.

The term loans are payable over a period ranging up to 48 months from the date of drawdown, with the last instalment payable in August 2029G. The loans are secured by assignment of the project revenues (through a Tawarruq finance structure), promissory notes, and personal guarantees from the Substantial Shareholder.

As of 31 December 2024G, the Group had an outstanding loan from Riyad Bank amounting to SAR 8.8 million which was used to fund 80 per cent. of the purchase of a land plot and head office building during the financial year ended 31 December 2024G. This loan was secured by a mortgage with the real estate pledged as collateral.

Additionally, the Group was subject to certain covenants as of 31 December 2024G in relation to facilities from The Saudi Investment Bank, including (i) a leverage ratio not exceeding 3:1, (ii) net assets not reduced below SAR 400 million, and (iii) at least 40 per cent. of annual revenues must be deposited in bank accounts. The Group was compliant with all covenants as of 31 December 2024G.

(b) Employees' Benefits

The following table presents the Group's employees' benefits – amount recognised in statement of profit or loss as of 31 December 2022G, 2023G and 2024G:

Table 6.38: Employees' Benefits – Amount Recognised in Statement of Profit or Loss as of 31 December 2022G, 2023G and 2024G

SAR in 000s	As of 31 December 2022G (Audited)	As of 31 December 2023G (Audited)	As of 31 December 2024G (Audited)
Balance as of 1 January	10,414	8,840	8,991
Included in consolidated statement of profit or loss			
Current service cost	1,822	1,557	1,718
Finance cost	228	441	415
Included in consolidated statement of other comprehensive income			
Remeasurement loss on employees' benefit	(1,663)	95	344
Paid during the year	(1,962)	(1,943)	(1,408)
Relating to transfer of subsidiaries	-	-	(281)
Total	**8,840**	**8,991**	**9,779**

Source: The audited special purpose consolidated financial statements of the Group for the financial years ended 31 December 2024G, 2023G and 2022G.

Employees' End of Service Benefits

Employees' benefits amounted to SAR 9.8 million as of 31 December 2024G and represents the estimated payable to employees upon termination and calculated based on the actuarial study conducted in accordance with IFRS reporting standards. Employees' benefits remained relatively stable, slightly increasing from SAR 8.8 million as of 31 December 2022G to SAR 9.0 million as of 31 December 2023G as a result of a decrease in the discount rate per annum from 4.95 per cent. to 4.75 per cent.

Employees' benefits increased to SAR 9.8 million as of 31 December 2024G mainly due to an increase in the experience variance metric (i.e. actual experience versus assumptions) (SAR 0.7 million) slightly offset by the decrease in headcount during the period. An annual salary growth rate of 2.0 per cent. was assumed over the period, with a retirement age of 60 years.

6.5.2.4 Current Liabilities

The following table presents the Group's current liabilities as of 31 December 2022G, 2023G and 2024G:

Table 6.39: Current Liabilities as of 31 December 2022G, 2023G and 2024G

SAR in 000s	As of 31 December 2022G (Audited)	As of 31 December 2023G (Audited)	As of 31 December 2024G (Audited)
Current portion of term loans	170,521	188,056	269,910
Accounts payable	68,235	176,450	64,462
Accrued expenses and other current liabilities	13,337	13,235	20,170
Due to related party	22,541	41,742	10,460
Current portion of lease liabilities	3,094	3,649	4,248
Zakat payable	8,951	2,846	2,841
Total current liabilities	**286,679**	**425,977**	**372,090**

Source: The audited special purpose consolidated financial statements of the Group for the financial years ended 31 December 2024G, 2023G and 2022G.

(a) Accounts Payable

The following table presents the Group's accounts payable as of 31 December 2022G, 2023G and 2024G:

Table 6.40: Accounts Payable as of 31 December 2022G, 2023G and 2024G

SAR in 000s	As of 31 December 2022G (Audited)	As of 31 December 2023G (Audited)	As of 31 December 2024G (Audited)
Suppliers for vehicles	50,082	168,434	51,961
Suppliers for insurance, stores, spares and others	18,153	8,016	12,500
Total	**68,235**	**176,450**	**64,462**
Average days payables outstanding (Days) – suppliers for vehicles[1]	91	70	101
Average days payables outstanding (Days) – suppliers for insurance, stores, spares and others[2]	129	92	59

Source: The audited special purpose consolidated financial statements of the Group for the financial years ended 31 December 2024G, 2023G and 2022G.

(1) Average days payables outstanding (Days) – suppliers for vehicles is computed based on the additions of vehicles during the year as per the P&E schedule.

(2) Average days payables outstanding (Days) – suppliers for insurance, stores, spares and others is computed based on cost of revenue excluding (i) cost of sale f vehicle, (ii) depreciation, and (iii) employee costs as the payables do not relate to these cost categories.

The following table presents the Group's accounts payable ageing as of 31 December 2024G:

Table 6.41: Accounts Payable Ageing as of 31 December 2024G

SAR in 000s	0-30 days	31-60 days	61-90 days	91-120 days	121-180 days	181-365 days	365+ days	Total
Accounts payable	26,165	17,930	2,530	3,657	5,901	7,560	718	64,462

Source: Management information.

Accounts Payable

Accounts payable amounted to SAR 64.5 million as of 31 December 2024G and were in relation to payables to (i) suppliers for vehicles amounting to SAR 52.0 million in connection with the purchase of motor vehicles, and (ii) supplier for insurance, stores, spare parts, and other services amounting to SAR 12.5 million mainly related to insurance companies and third-party maintenance providers.

Accounts payable to vehicle suppliers (which accounted for 80.6 per cent. of payables as of 31 December 2024G) are capex in nature, while payables to insurance, stores, spare parts and other are operational in nature. There are no credit terms agreed with vehicle suppliers as they operate on a cash basis / letter of credit / letter of guarantee. Instead, when a purchase order or quotation is issued, payments to these suppliers are made based on an agreed payment plan. As for operational suppliers, credit terms extended range between 30 and 90 days.

Accounts payable increased from SAR 68.2 million as of 31 December 2022G to SAR 176.5 million as of 31 December 2023G driven by an increase in payables to vehicles suppliers by SAR 118.4 million on the back of higher additions made to motor vehicles during the period (SAR 570.7 million for the financial year ended 31 December 2023G compared to SAR 151.1 million for the financial year ended 31 December 2022G), partly offset by a decrease in payables settled with insurance companies amounting to SAR 5.3 million as the Group made an agreement to consolidate insurance of all its vehicles under one insurance provider as of February 2024G.

Accounts payable decreased from SAR 176.5 million as of 31 December 2023G to SAR 64.5 million as of 31 December 2024G driven by a decrease in payables to vehicles suppliers amounting to SAR 116.5 million due to lower motor vehicle additions made during the period amounting to SAR 398.5 million, partially offset by an increase in service / operational payables by SAR 4.5 million, associated with the expansion in operations.

Days payables outstanding for vehicle suppliers averaged 87 days over the 31 December 2022G, 31 December 2023G, and 31 December 2024G periods, while days payables outstanding for other / operational payables decreased from 129 days as of 31 December 2022G to 59 days as of 31 December 2024G, in line with credit terms extended by suppliers, mainly due to the large settlement of trade payable balances related to insurance companies.

As of 31 December 2024G, SAR 8.3 million of trade payables, which represented 12.8 per cent. of total balance, were aged over 180 days, out of which SAR 0.7 million were aged over 365 days. Aged trade payable balances were mainly in relation to suppliers for vehicles as settlements to these suppliers are based on a pre-agreed payment plan.

(a) Accrued Expenses and Other Current Liabilities

The following table presents the Group's accruals and other current liabilities as of 31 December 2022G, 2023G and 2024G:

Table 6.42: Accruals and Other Current Liabilities as of 31 December 2022G, 2023G and 2024G

SAR in 000s	As of 31 December 2022G (Audited)	As of 31 December 2023G (Audited)	As of 31 December 2024G (Audited)
Accrued finance costs	1,725	1,640	9,824
Employees' related accruals	3,087	2,419	3,899
Advances from customers	2,227	6,042	3,747
Accrued expenses	1,204	2,998	2,546
VAT payable	5,094	-	-
Others	-	136	154
Total	**13,337**	**13,235**	**20,170**

Source: The audited special purpose consolidated financial statements of the Group for the financial years ended 31 December 2024G, 2023G and 2022G.

Accrued Finance Costs

Accrued finance costs amounted to SAR 9.8 million as of 31 December 2024G and related to finance costs on loans for Riyad Bank amounting to SAR 9.2 million, SAIB amounting to SAR 0.5 million, and ANB amounting to SAR 34 thousand that are yet to be paid. Accrued finance cost remained relatively stable at an average of SAR 1.7 million as of 31 December 2022G and 31 December 2023G, and increased to SAR 9.8 million as of 31 December 2024G driven by the increase in loans, and delays in collections of receivables from certain government customers which resulted in the roll over of certain balances and higher associated finance costs.

Employees' Related Accruals

Employees' related accruals amounted to SAR 3.9 million as of 31 December 2024G and were mainly related to vacation and air ticket accruals amounting to SAR 2.5 million and bonuses amounting to SAR 1.0 million. Employees' related accruals decreased from SAR 3.1 million as of 31 December 2022G to SAR 2.4 million as of 31 December 2023G driven by no employee bonus accruals recorded as of 31 December 2023G relative to 31 December 2022G as accrued bonuses were settled. Employees' related accruals increased to SAR 3.9 million as of 31 December 2024G driven by an increase in employee bonus accruals amounting to SAR 1.0 million.

Advances from Customers

Advances from customers amounted to SAR 3.7 million as of 31 December 2024G and related to short term leasing services. Advances from customers increased from SAR 2.2 million as of 31 December 2022G to SAR 6.0 million as of 31 December 2023G driven by (i) the increase in short term lease revenue during the period, and (ii) an exceptional case where two government customers paid an advance for long term lease amounting to SAR 1.1 million for the financial year ended 31 December 2023G as long term lease customers do not typically pay advances.

Advances from customers decreased from SAR 6.0 million as of 31 December 2023G to SAR 3.7 million as of 31 December 2024G driven by the decrease in short-term rental lease revenue during the period amounting to SAR 4.6 million.

Accrued Expenses

Accrued expenses amounted to SAR 2.5 million as of 31 December 2024G and mainly related to (i) maintenance fees amounting to SAR 1.4 million in connection with vehicle tires and batteries, (ii) logistics and transportation fees amounting to SAR 0.7 million, and (iii) audit fees amounting to SAR 0.3 million, amongst others.

Accrued expenses increased from SAR 1.2 million as of 31 December 2022G to SAR 3.0 million as of 31 December 2023G driven by an increase in vehicle maintenance accruals by SAR 1.9 million, and logistics accruals by SAR 0.8 million associated with the expansion in fleet. This was partly offset by a one-off year-end provision of SAR 0.5 million recorded as of 31 December 2022G, in relation to tyres, oil, and grease expenses.

Accrued expenses decreased from SAR 3.0 million as of 31 December 2023G to SAR 2.5 million as of 31 December 2024G driven by a decrease in vehicle maintenance accruals amounting to SAR 0.5 million and logistics accruals amounting to SAR 0.1 million, associated with fewer vehicle additions for the financial year ended 31 December 2024G relative to the financial year ended 31 December 2023G, partially offset by higher IT accruals amounting to SAR 0.1 million and professional accruals amounting to SAR 0.1 million, driven by the expansion in operations.

VAT Payable

VAT payable decreased from SAR 5.1 million as of 31 December 2022G to nil as of 31 December 2023G and 31 December 2024G as the Group recorded a receivable balance during the period.

Others

Others amounted to SAR 0.2 million as of 31 December 2024G and mainly related to goods receipt / invoice receipt for spare parts purchases. Others remained relatively stable over the 31 December 2023G, and 31 December 2024G periods, averaging SAR 0.1 million.

(b) Due to Related Party Balances

The following table presents the Group's due to related parties balances as of 31 December 2022G, 2023G and 2024G:

Table 6.43: Due to Related Parties as of 31 December 2022G, 2023G and 2024G

SAR in 000s	As of 31 December 2022G (Audited)	As of 31 December 2023G (Audited)	As of 31 December 2024G (Audited)
Saudi Edarah Holding Company	22,541	41,742	10,460
Total	**22,541**	**41,742**	**10,460**

Source: The audited special purpose consolidated financial statements of the Group for the financial years ended 31 December 2024G, 2023G and 2022G.

Due to related party balances related to Saudi Edarah Holding Company, the parent company. Due to related parties increased from SAR 22.5 million as of 31 December 2022G to SAR 41.7 million as of 31 December 2023G driven by (i) exceptional / one-off purchase of vehicles amounting to SAR 12.3 million made for the financial year ended 31 December 2023G in relation to a top government project, where the vehicles were procured from Kuwait, (ii) interim dividends declared amounting to SAR 6.0 million relating to the profits for the year ended 31 December 2022G, (iii) settlement of lease liabilities amounting to SAR 2.2 million, and (iv) minor operational expenses amounting to SAR 1.6 million settled on behalf of the Group. This was partially offset by settlements of SAR 2.9 million made during the period.

Due to related party balance decreased from SAR 41.7 million as of 31 December 2023G to SAR 10.5 million as of 31 December 2024G driven by (i) settlements of due balances amounting to SAR 36.6 million, and (ii) the transfer of equity balances of H-10 Logistics Services Company and Elegant Vehicle Carwash Services Company amounting to SAR 9.3 million to Saudi Edarah Holding Company, partially offset by (iii) the purchase of land and building from Saudi Edarah amounting to SAR 11.8 million, and (iv) payments on behalf of the Company amounting to SAR 2.7 million primarily for lease liabilities amounting to SAR 2.1 million. Related party balances are non-interest-bearing and are expected to be settled for the financial year ended 31 December2025G.

(c) Contingencies and Commitments

Contingent Liabilities

The Group has outstanding letters of guarantee amounting to SAR 220,330,886 as of 31 December 2024G, SAR 161,515,842 as of 31 December 2023G, SAR 104,210,041 as of 31 December 2022G and SAR 42,835,074 as of 1 January 2022G issued by the local banks on behalf of Group in the ordinary course of business and outstanding letter of credit amounting to SAR nil as of 31 December 2024G, SAR 61,743,899 as of 31 December 2023G, SAR nil as of 31 December 2022G and SAR 4,939,935 as of 1 January 2022G.

Commitments

As of 31 December 2024G, the Group has no future capital commitments (31 December 2023G: SAR nil, 31 December 2022G: SAR nil and 1 January 2022G: SAR nil).

6.5.2.5 Shareholders' Equity

The following table presents the Shareholders' equity as of 31 December 2022G, 2023G and 2024G:

Table 6.44: Shareholders' Equity as of 31 December 2022G, 2023G and 2024G

SAR in 000s	As of 31 December 2022G (Audited)	As of 31 December 2023G (Audited)	As of 31 December 2024G (Audited)
Share capital	300,000	300,000	300,000
Retained earnings	71,479	116,600	173,003
General reserve	29,624	35,315	41,620
Total equity	**401,104**	**451,915**	**514,623**

Source: The audited special purpose consolidated financial statements of the Group for the financial years ended 31 December 2024G, 2023G and 2022G.

The following table presents the Group's statement of changes in equity as of 31 December 2022G, 2023G and 2024G:

Table 6.45: Statement of Changes in Equity as of 31 December 2022G, 2023G and 2024G

SAR in 000s	Share capital	General reserve	Retained earnings	Total equity
Balance as of 1 January 2022G	150,000	23,221	217,184	390,405
Impact of restatements	-	401	3,605	4,006
Balance as of 1 January 2022G (restated)	150,000	23,621	220,789	394,410
Profit for the year	-	-	60,030	60,030
Other comprehensive income for the year	-	-	1,663	1,663
Total comprehensive income for the year (restated)	-	-	61,693	61,693
Increase in share capital	150,000	-	(150,000)	-
Dividends paid to shareholders	-	-	(55,000)	(55,000)
Transferred to general reserve	-	6,003	(6,003)	-
Balance as of 31 December 2022G (restated)	300,000	29,624	71,479	401,104
Profit for the year	-	-	56,907	56,907
Other comprehensive loss for the year	-	-	(95)	(95)
Total comprehensive income for the year (restated)	-	-	56,811	56,811
Dividends to shareholders	-	-	(6,000)	(6,000)
Transferred to general reserve	-	5,691	(5,691)	-
Balance as of 31 December 2023G (restated)	300,000	35,315	116,600	451,915
Profit for the year	-	-	63,053	63,053
Other comprehensive loss for the year	-	-	(344)	(344)
Total comprehensive income for the year	-	-	62,708	62,708
Transferred to general reserve	-	6,305	(6,305)	-
Balance as of 31 December 2024G	**300,000**	**41,620**	**173,003**	**514,623**

Source: The audited special purpose consolidated financial statements of the Group for the financial years ended 31 December 2024G, 2023G and 2022G.

The following table presents the Group's share capital as of 31 December 2022G, 2023G and 2024G:

Table 6.46: Share Capital as of 31 December 2022G, 2023G and 2024G

Shareholder	Shareholding percentage		
	2022G	2023G	2024G
Saudi Edarah Holding Company	100%	100%	100%
Total	**100%**	**100%**	**100%**

Source: The audited special purpose consolidated financial statements of the Group for the financial years ended 31 December 2024G, 2023G and 2022G.

Share Capital

Share capital amounted to SAR 300.0 million as of 31 December 2024G and pertained to 30 million shares stated at SAR ten each. During the period ended 31 December 2022G, the shareholders agreed to increase the share capital from SAR 150.0 million to SAR 300.0 million through a transfer from retained earnings. Legal formalities with respect to the increase in share capital were completed as of 31 December 2022G.

Retained Earnings

Retained earnings increased from SAR 71.5 million as of 31 December 2022G to SAR 116.6 million as of 31 December 2023G driven by total comprehensive income for the year amounting to SAR 56.8 million, slightly offset by dividends declared amounting to SAR 6.0 million, and a transfer to general reserve amounting to SAR 5.7 million.

Retained earnings increased from SAR 116.6 million as of 31 December 2023G to SAR 173.0 million as of 31 December 2024G driven by total comprehensive income for the year amounting to SAR 62.7 million, partially offset by a transfer to general reserve amounting to SAR 6.3 million.

The Group settled dividends of SAR 55.0 million for the financial year ended 31 December 2022G (in relation to the financial year 2021G performance) and declared interim dividends of SAR 6.0 million in 2023G (in relation to the financial year ended 31 December 2022G performance) which are yet to be settled. Dividends in relation to the financial year ended 31 December 2023G performance are yet to be declared.

General Reserve

General reserve increased from SAR 29.6 million as of 31 December 2022G to SAR 35.3 million as of 31 December 2023G and further to SAR 41.6 million as of 31 December 2024G, in accordance with Saudi corporate law, whereby ten per cent. of annual net income is transferred to general reserve until the reserve reaches 30 per cent. of the capital.

However, after the issuance of new Companies Law which came into force during January 2023G, the requirement to transfer net income to general reserve has become voluntary. Management has decided not to amend its position by continuing its practice of transferring net income to general reserve. This reserve is not available for distribution to the shareholders.

6.5.3 Consolidated Statement of Cash Flows

The following table presents the Group's summary of cash flow statement for the financial years ended 31 December 2022G, 2023G and 2024G:

Table 6.47: Summary of Cash Flow Statement for the Financial Years Ended 31 December 2022G, 2023G and 2024G

SAR in 000s	2022G (Audited)	2023G (Audited)	2024G (Audited)
Net (cash used) / generated from operating activities	76,137	(209,387)	(239,678)
Net cash used in investing activities	(6,683)	(4,601)	(17,858)
Net cash generated from/ (used in) financing activities	(85,161)	222,711	294,208
Net change in cash and cash equivalent	(15,706)	8,723	36,671
Cash and cash equivalent at beginning of the year	19,624	3,918	12,640
Cash and cash equivalents at end of the year	3,918	12,640	49,311

Source: The audited special purpose consolidated financial statements of the Group for the financial years ended 31 December 2024G, 2023G and 2022G.

The following table presents the Group's cash flow statement for the financial years ended 31 December 2022G, 2023G and 2024G:

Table 6.48: Cash Flow Statement for the Financial Years Ended 31 December 2022G, 2023G and 2024G

SAR in 000s	2022G (Audited)	2023G (Audited)	2024G (Audited)
Cash flows from operating activities:			
Profit before Zakat	63,759	59,069	65,213
Adjustments to reconcile profit before Zakat to net cash flows:			
Depreciation and amortisation	102,807	91,048	112,758
Impairment loss on trade receivables	9,848	5,765	10,627
Finance costs	9,456	21,415	47,317
Loss/(gain) on derivative instruments at FVPL	(1,210)	605	40
Dividends income from investments designated at FVOCI	(1,892)	-	-
Gain on sale of investments designated at FVOCI	(328)	-	-
Revaluation (gain) on investments designated at FVPL	(415)	-	-
Gain on disposal of property and equipment	-	(58)	(17)
(Gain)/loss on derecognition of lease	-	125	(22)
Provision for employees' benefits	1,822	1,557	1,718
Total	**183,847**	**179,527**	**237,633**
Working capital adjustments:			
Inventories	64,585	141,176	95,269
Trade receivable	(33,726)	(47,826)	(60,668)
Prepayment and other current assets	(80,273)	(1,665)	64,806
Due to a related party	72,961	13,201	(22,909)
Accounts payable	35,757	108,215	(111,959)
Accrued expenses and other current liabilities	3,781	(16)	(1,021)
Cash generated from operating activities	246,932	392,612	201,151
Purchase of motor vehicles	(151,051)	(570,729)	(398,541)
Finance costs paid	(11,587)	(20,126)	(37,643)
Lease interest paid	(635)	(933)	(1,075)
Employees' benefits paid	(1,962)	(1,943)	(1,408)
Zakat paid	(5,559)	(8,268)	(2,163)
Net (cash used) / generated from operating activities	76,137	(209,387)	(239,678)
Cash flows from investing activities:			
Purchase of property and equipment (excluding motor vehicles)	(7,479)	(3,386)	(17,731)
Cash and cash equivalent transferred on disposal of subsidiaries	-	-	(99)
Proceed from disposal of property and equipment	-	58	17
Dividends received from investments designated at FVOCI	1,892	-	-
Additions to intangible assets	(1,096)	(1,273)	(45)
Net cash used in investing activities	**(6,683)**	**(4,601)**	**(17,858)**
Cash flows from financing activities:			
Repayment of term loans	(166,015)	(304,357)	(274,134)
Proceeds from term loans	138,239	530,618	572,411
Dividends to shareholders	(55,000)	-	-
Principal repayment of lease liabilities	(2,384)	(3,551)	(4,069)
Net cash generated from / (used in) financing activities	**(85,161)**	**222,711**	**294,208**

SAR in 000s	2022G (Audited)	2023G (Audited)	2024G (Audited)
Cash and cash equivalents			
Net change in cash and cash equivalent	(15,706)	8,723	36,671
Cash and cash equivalent at beginning of the year	19,624	3,918	12,640
Cash and cash equivalents at end of the year	**3,918**	**12,640**	**49,311**
Non-cash transactions:			
Transfer from property and equipment to inventories	71,677	142,131	89,371
Additions to right-of-use assets and lease liabilities	12,302	5,508	5,102
Investments designated at FVOCI and FVPL transferred to related party	15,085	-	-
Increase in share capital	150,000	-	-
Re-measurement (loss)/gain on employees' benefits	1,663	(95)	(344)
Write-off of trade receivables	20,460	445	7,771
Write-off inventory	429	-	-
Dividend payable	-	6,000	-

Source: The audited special purpose consolidated financial statements of the Group for the financial years ended 31 December 2024G, 2023G and 2022G.

6.5.3.1 Net Cash (Used In) / Generated from Operating Activities

Net cash from operating activities decreased from SAR 76.1 million for the financial year ended 31 December 2022G to -SAR 209.4 million for the financial year ended 31 December 2023G driven by an increase in the purchase of motor vehicles (SAR 570.7 million for the financial year ended 31 December 2023G compared to SAR 151.1 million for the financial year ended 31 December 2022G), partly offset by a decrease in working capital requirements by SAR 213.1 million, resulting from inventories by SAR 141.2 million in relation to the proceeds from sale of vehicles, and accounts payable by SAR 108.2 million in relation to the increase in additions to motor vehicles and corresponding increase in payables to suppliers for vehicles.

Net cash from operating activities decreased from -SAR 209.4 million for the financial year ended 31 December 2023G to -SAR 239.7 million for the financial year ended 31 December 2024G driven by an increase in working capital requirements associated with the settlement of accounts payable and due to related party balances, coupled with the purchase of motor vehicles.

6.5.3.2 Net Cash used in Investing Activities

Net cash from investing activities increased from -SAR 6.7 million for the financial year ended 31 December 2022G to -SAR 4.6 million for the financial year ended 31 December 2023G driven by lower non motor vehicles capex additions (SAR 3.4 million for the financial year ended 31 December 2023G compared to SAR 7.5 million for the financial year ended 31 December 2022G).

Net cash from investing activities decreased from -SAR 4.6 million for the financial year ended 31 December 2023G to -SAR 17.9 million for the financial year ended 31 December 2024G driven by higher non motor vehicles capex additions of SAR 17.7 million made for the financial year ended 31 December 2024G.

6.5.3.3 Net Cash Generated from / (Used In) Financing Activities

Net cash from financing activities increased from SAR 85.2 million for the financial year ended 31 December 2022G to SAR 222.7 million for the financial year ended 31 December 2023G, and to SAR 294.2 million for the financial year ended 31 December 2024G driven by proceeds from term loans amounting to SAR 530.6 million for the financial year ended 31 December 2023G, and SAR 572.4 million for the financial year ended 31 December 2024G to finance the motor vehicles purchases as well as the land and head office building purchased for the financial year ended 31 December 2024G, partly offset by the settlement of loans amounting to SAR 304.4 million for the financial year ended 31 December 2023G and SAR 274.1 million for the financial year ended 31 December 2024G.

Additionally, the Group settled dividends of SAR 55.0 million for the financial year ended 31 December 2022G and declared interim dividends of SAR 6.0 million for the financial year ended 31 December 2023G, of which SAR 4.0 million are expected to be settled in the first half of the financial year 2025G.

6.6 Restatement of Prior Year Financial Statements

6.6.1 Correction of the Carrying Values of Property and Equipment (Vehicles), Inventories Held for Sale (Vehicles) and the Resulting Depreciation Expense on Property and Equipment (Vehicles) and Cost of Sales of Vehicles

During 2024G, the management corrected the carrying values of property and equipment (vehicles), inventories held for sale (vehicles) and the resulting depreciation expense on property and equipment (vehicles) and cost of sales of vehicles by restating each of the affected consolidated financial statement line items for the prior periods. The restatement arose as the estimates relating to the useful economic lives and residual values of vehicles has not been accurately applied and the depreciation charge for the prior years has not been accounted for in accordance with the requirements of the applicable financial reporting framework.

6.6.2 Correction of Expected Credit Loss (ECL) Estimate

The Group determined that the allowances for trade receivables were understated due to two primary factors:

- key customer restructuring (2022G): a significant customer entered into restructuring and faced substantial financial difficulties prior to 31 December 2022G. This situation was not adequately reflected in the allowances for trade receivables at that time, resulting in an understatement of impairment losses; and
- walk-in customers default (2023G): during 2023G, it was identified that certain walk-in customers had defaulted on their obligations, leading to a low recoverability rate. The expected credit losses associated with these customers were underestimated, necessitating an adjustment to the allowances for trade receivables.

The following table presents impact of the restatement on the Group's consolidated financial statements for the financial years ended 31 December 2022G and 2023G:

Table 6.49: Impact of the Restatement on the Group's Consolidated Financial Statements for the Financial Years Ended 31 December 2022G and 2023G

SAR in 000s	2022G Audited	2022G Restated	Restated vs. Audited	2023G Audited	2023G Restated	Restated vs. Audited
Cost of revenue	(237,290)	(232,849)	4,441	(326,530)	(320,719)	5,811
Impairment loss on trade receivables	(677)	(9,848)	(9,172)	(5,468)	(5,765)	(297)
General and administrative expenses	(20,825)	(20,795)	31	(25,444)	(25,342)	102
Impact on the consolidated statement of profit or loss for the year	-	-	(4,701)	-	-	5,616
Property and equipment	583,403	592,265	8,862	926,030	939,152	13,122
Inventories	10,743	10,359	(385)	10,047	11,314	1,267
Trade receivables	124,182	115,010	(9,172)	166,540	157,071	(9,469)

Source: Audited special purpose consolidated financial statements of the Group for the financial years ended 31 December 2024G, 2023G and 2022G.

7

Dividend Distribution Policy

7. Dividend Distribution Policy

Pursuant to Article 107 of the Companies Law, each Shareholder is entitled to the rights attached to each of its Shares, including in particular the right to receive a portion of the declared dividends. With the exception of the distribution of interim dividends by the Board of Directors following authorisation to do so by the Shareholders at a General Assembly meeting, the declaration and distribution of dividends is generally recommended by the Board of Directors to the Shareholders at a General Assembly meeting for approval. 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. Dividends will be distributed in Saudi Arabian Riyals.

The following is a summary of the dividends that the Company has announced and distributed since the beginning of 2022G:

Table 7.1: Dividends Declared and Distributed in the Years Ended 31 December 2022G, 2023G and 2024G

SAR	Financial Year Ended 31 December		
	2022G [1]	2023G [2]	2024G
Declared Dividends Throughout the Period	55,000,000	6,000,000	-
Paid Dividends Throughout the Period	55,000,000	6,000,000	-
Net Income for the Period	60,030,298	56,906,826	63,052,827
Ratio of Dividends Declared to Net Income	91.62%	10.54%	-

Source: The Company.

(1) The General Assembly approved the distribution of dividends amounting to SAR 55.0 million for the financial year ended 31 December 2022G at its meeting held on 23 Muharram 1445H (corresponding to 9 August 2023G).

(2) The General Assembly approved the distribution of dividends amounting to SAR 6.0 million for the financial year ended 31 December 2023G at its meeting held on 14 Rabi' al-Awwal 1446H (corresponding to 17 September 2024G).

Offer Shares are not entitled to any dividends announced prior to the date of this Prospectus, as the first entitlement of Offer Shares shall be dividends announced by the Company from the date of this Prospectus and the subsequent financial years. As of the date of this Prospectus, there are no declared or outstanding dividends for the prior financial years.

8

Use of Proceeds

8. Use of Proceeds

The total Offering Proceeds are estimated at SAR [●], of which approximately twenty-seven million Saudi Arabian Riyals (SAR 27,000,000) will be applied towards the Offering expenses, which include the fees of the Financial Advisors, Underwriters, Bookrunners, Lead Manager, Legal Advisor to the Issuer, Legal Advisor to the Financial Advisors, Underwriters, Bookrunners and Lead Manager, Financial Due Diligence Advisor, Auditor, Market Consultant, Receiving Agents and the Exchange, as well as regulatory fees, marketing, printing and distribution fees and other costs and expenses related to the Offering.

The Net Offering Proceeds of approximately SAR [●] will be distributed to the Selling Shareholders. 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

Statements by Experts

9. Statements by Experts

All Advisors and Auditor, whose names are listed starting on pages from (vii) to (viii), 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 this Prospectus, and neither they, nor 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.

10

Declarations

10. Declarations

As of the date of this Prospectus, the Directors declare that:

(1) they have not at any time been declared bankrupt or been subject to bankruptcy proceedings;

(2) none of the companies in which any of the Directors, Senior Executives or the Board Secretary has been employed, in a managerial or supervisory capacity, was declared bankrupt or insolvent during the past five years;

(3) except as specified in Section 11.10 (*Related Party Transactions*), none of the Directors, Senior Executives, Board Secretary, or any of 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 in relation to the business of the Company;

(4) except as otherwise described in Section 5.7 (*Conflicts of Interest*) and Section 11.10 (*Related Party Transactions*), none of the Directors, Senior Executives, Board Secretary or their relatives have any shareholding or interest of any kind in the Company or 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;

(5) all of the transactions with Related Parties described in Section 11.10 (*Related Party Transactions*), including the determination of the financial consideration for contracts, have been carried out in a systematic and legal manner and on appropriate and fair commercial principles used in transactions with third parties;

(6) 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 in connection with the issue or sale of any securities by the Company;

(7) there has not been any interruption in the business of the Company which may have or has had a significant effect on the financial position during the last 12 months;

(8) there is no intention to introduce any material changes to the nature of the Company's business;

(9) the Directors will not vote on General Assembly resolutions that relate to any transaction or contract in which they have a direct or indirect interest;

(10) there has been no material adverse change in the financial or trading position of the Company in the three years ended 31 December 2022G, 2023G and 2024G immediately preceding the date of filing the application for registration and the offering of securities that are the subject of this Prospectus and during the period from the end of the period covered in the Auditors' Report to the date of approval of this Prospectus;

(11) as of the date of this Prospectus, the Company does not have any employee share schemes in place for its employees or any other similar arrangement involving the employees in the capital of the Company;

(12) the Company does not have any securities (contractual or otherwise) or assets, the value of which is subject to fluctuation that would adversely and materially affect its financial position;

(13) except as disclosed in Section 2 (*Risk Factors*), 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;

(14) except as disclosed in Section 2 (*Risk Factors*), the Company is not aware of any material seasonal information or business cycles related to its business that would affect the Company's operations or financial position;

(15) the statistical information used in Section 3 (*Market Overview*) obtained from third party sources represents the latest information available from each respective source;

(16) except as stated in Section 2.1.29 (*Risks Related to Insurance for the Company's Fleet*), the Company has insurance policies with sufficient insurance coverage to carry out its activities and it renews its insurance policies regularly to ensure continued insurance coverage;

(17) all of the contracts and agreements which the Company considers to be material or significant or which may 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;

(18) except as specified in Section 11.10 (*Related Party Transactions*), 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;

(19) the Selling Shareholders will incur all of the expenses and costs related to the Offering, and such costs will be deducted from the Offering Proceeds, including the fees of the Financial Advisors, Underwriters, Bookrunners, Lead Manager, Legal Advisor to the Issuer, Legal Advisor to the Financial Advisors, Underwriters, Bookrunners and Lead Manager, Financial Due Diligence Advisor, Auditor, Market Consultant, Receiving Agents and the Exchange, as well as marketing, printing and distribution costs and other expenses related to the Offering, except for any such expenses and costs that were already incurred or paid by the Company that will be reimbursed to the Company from the Offering Proceeds;

(20) as of the date of this Prospectus, the Company is not involved in any material disputes or objections related to ZATCA. The Selling Shareholders shall, each according to its relevant shares, incur any additional claims that may be filed by ZATCA against the Company for the preceding years until the date of Admission. Relevant Shareholders' Undertakings have been given;

(21) they have developed procedures, controls and systems that would enable the Company to meet all the requirements of the relevant laws and regulations, including the Companies Law, the CML and its implementing regulations (including the Rules on the Offer of Securities and Continuing Obligations), and the Listing Rules;

(22) all of the Company's non-Saudi employees are under its sponsorship;

(23) as of the date of this Prospectus, the Shareholders whose names appear in Section 4.3.1 (*Current Shareholding Structure*) are the legal and beneficial owners, whether direct or indirect owners, of the Shares;

(24) 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 investor's decision to invest in the Offer Shares;

(25) except as disclosed in Section 2.2.9 (*Risks Related to Licences and Approvals*), the Company has obtained all necessary licences and permits to carry out its business activities;

(26) except as disclosed in Section 11.13 (*Litigation*), the Company is not subject to any lawsuits or regulatory proceedings (including any litigation pending or threatened) that, individually or in aggregate, could materially affect the Company's business or financial condition;

(27) except as disclosed in Section 11.6 (*Financing Agreements*), the Company has not issued any debt instruments, nor does it have any term loans or any other outstanding loans or indebtedness (including bank overdrafts, financial liabilities under acceptance, acceptance credits or purchase commitments);

(28) except as disclosed in Section 11.6 (*Financing Agreements*), 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;

(29) the Company has working capital sufficient for at least 12 months immediately following the date of publication of this Prospectus;

(30) no Shares in the Company are under option;

(31) the audited special purpose consolidated financial statements of the Group for the financial years ended 31 December 2024G, 2023G and 2022G, and the accompanying notes thereto have been prepared in compliance with IFRS as endorsed in the Kingdom and other standards and pronouncements issued by SOCPA;

(32) the financial information appearing in this Prospectus has been extracted without material change and is presented in accordance with the audited special purpose consolidated financial statements of the Group for the financial years ended 31 December 2024G, 2023G and 2022G;

(33) The financial information appearing in Section 6 (*Management's Discussion and Analysis of Financial Position and Results of Operations*) has been extracted without material change and is presented in accordance with the Financial Statements. Furthermore, financial information which is not derived from the Financial Statements has been obtained from management of the Company;

(34) 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. Further, the Company confirms that it does not produce any products;

(35) the Company is capable of preparing the required reports in a timely manner in accordance with the implementing regulations issued by the CMA;

(36) all necessary approvals have been obtained from lenders in relation to the Offering;

(37) except as disclosed in Section 11.6 (*Financing Agreements*), there have been no breaches of the contractual terms and conditions under the agreements with the providers of all loans, facilities and financing;

(38) all terms and conditions that may affect the decisions of the Investors to invest in Offer Shares have been disclosed;

(39) all of the material facts regarding the Company and its financial performance have been disclosed in this Prospectus, and there are no other facts the omission of which would make any statement herein misleading;

(40) the Company does not own any assets outside the Kingdom;

(41) the issuance does not constitute a breach of the relevant laws and regulations in Saudi Arabia;

(42) the issuance does not constitute a breach of any contract or agreement entered into by the Company;

(43) all material legal issues concerning the Company have been disclosed in this Prospectus;

(44) the Directors are not to be subject to any claims, litigious cases or any other type of legal proceedings that could individually or collectively have a material effect on the business of the Issuer or its financial position;

(45) neither the Directors nor the CEO have the power to vote on any contract or proposal in which they have an interest;

(46) this Prospectus contains all of the information required to be included under the Rules on the Offer of Securities and Continuing Obligations, and no facts that may affect the application for registration and offer of securities were omitted from this Prospectus;

(47) the information and data contained in this Prospectus that were obtained from third parties, including information obtained from the Market Study Report prepared by the Market Consultant, is reliable and there is no reason for the Issuer to believe that such information is materially inaccurate;

(48) they have submitted, and will submit, to the CMA all of the documents required under CML and the Rules on the Offer of Securities and Continuing Obligations;

(49) 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;

(50) the internal control, accounting, and information technology systems of the Company are sufficient and adequate;

(51) except as disclosed in Section 11.10 (*Related Party Transactions*), there are no conflicts of interest related to the Directors with respect to contracts or transactions entered into with the Company;

(52) as of the date of this Prospectus, none of the Directors has engaged in any activities similar to or competitive with the activities of the Company. The Directors undertake to fulfil this regulatory requirement in the future as per Article 27 of the Companies Law and Chapter 6 of Part 3 of the Corporate Governance Regulations;

(53) 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;

(54) 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;

(55) 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. The CEO do not have the right to vote on a contract or proposal in which he or she as a direct or indirect interest;

(56) the Directors and the CEO do not have the right to vote on remuneration to themselves under the Company's Bylaws; and

(57) all necessary approvals have been obtained for the Company's Shares to be listed on the Exchange and for the Company to become a public joint stock company.

The Directors undertake to:

(1) record all Board of Directors resolutions by means of written minutes of meetings, which shall be signed by the Directors;

(2) disclose the details of any Related Party transactions in accordance with the Companies Law and the Corporate Governance Regulations;

(3) comply with the provisions of Articles 27, 71 and 72 of the Companies Law and Chapter 6 of Part 3 of the Corporate Governance Regulations;

(4) if applicable, amend the Company's Bylaws after listing in accordance with the Corporate Governance Regulations issued by CMA and other applicable laws and regulations; and

(5) the Company undertakes to submit the latest annual/interim statements to the CMA (as applicable), provided that such statements are included in either the preliminary Prospectus prior to the commencement of the Offering, the final Prospectus or announcing it prior to the listing of the Shares (as applicable), in accordance with the time periods stipulated in the continuing obligations of listed companies.

11

Legal Information

11. Legal Information

11.1 Declarations Related to the Legal Information

The members of the Board of Directors hereby certify that:

- the issuance does not constitute a breach of the relevant laws and regulations in Saudi Arabia;
- the issuance does not constitute a breach of any contract/agreement entered into by the Issuer;
- all material legal issues concerning the Issuer have been disclosed in the Prospectus;
- except as disclosed in Section 11.13 (*Litigation*) of this Prospectus, neither the Issuer are not subject to any claims, litigious cases or any other type of legal proceedings that could individually or collectively have a material effect on the business of the issuer or its financial position; and
- the members of the Board of Directors of the Issuer are not subject to any claims, litigious cases or any other type of legal proceedings that could individually or collectively have a material effect on the business of the Issuer or its financial position.

11.2 The Company

Cherry Trading Company is a Saudi joint stock company with commercial registration no. 1010156896 dated 13 Ramadan 1420H (corresponding to 20 December 1999G) issued in Riyadh, Kingdom of Saudi Arabia. The Company's headquarters is located in the Dammam Branch Road, Granada District, P.O Box 13242, Riyadh, Kingdom of Saudi Arabia. As of the date of this Prospectus, the share capital of the Company is three hundred million Saudi Arabian Riyals (SAR 300,000,000) divided into thirty million (30,000,000) ordinary shares, with a fully paid nominal value of ten Saudi Arabian Riyal (SAR 10) per Share. For further details, see Section 4.11 (*Evolution of Capital)*.

As of the date of this Prospectus, the Company's main activities according to its main commercial registration certificate include renting of cranes with operator, renting and operational leasing of passenger car (without drivers), renting and operational leasing of trucks, utility trailers and recreational vehicles (without drivers), renting buses without driver, electronic car rental, renting and operational leasing of machine tools, combined office administrative service activities, public taxi, educational transport, renting buses with driver, light transport of goods, wholesale and retail sale of used specialized passenger vehicles including (ambulances, minibuses, and jeeps) and activities of car service and maintenance centres.

11.3 Ownership Structure

The following table summarises the shareholding structure of the Company pre-and post-Offering:

Table 11.1: Direct and an Indirect Structure of the Company Pre-and Post-Offering

Shareholder	Pre-Offering			Post-Offering		
	No. of Shares	Shareholding (%)	Overall Nominal Value (SAR)	No. of Shares	Shareholding (%)	Overall Nominal Value (SAR)
Saudi Edarah Holding Company	29,550,000	98.50%	295,500,000	20,685,000	68.95%	206,850,000
Abdulaziz Saleh Mohammed AlSowail	450,000	1.50%	4,500,000	315,000	1.05%	3,150,000
Public	-	-	-	9,000,000	30.0%	90,000,000
Total	**30,000,000**	**100.0%**	**300,000,000**	**30,000,000**	**100.0%**	**300,000,000**

Source: The Company.

For further details regarding the Shareholders and the shareholding structure of the Company, see Section 4.3.1 (*Current Shareholding Structure*).

11.4 Government Consents, Licences and Certificates

The Company holds several operational and regulatory licences and certificates from relevant competent authorities which are periodically renewed. The Directors declare that the Company obtained all licences and certificates necessary to execute their operations in order to engage in the relevant activities, except for certain operational licences expired or not obtained, as disclosed in tables below. The following tables list licences and certificates held by the Company as of the date of this Prospectus:

Table 11.2: Details of Commercial Registration Certificates Obtained by the Company

Location	Type of Commercial Registration	Commercial Registration No.	Registration Date	Expiration Date
Riyadh, Kingdom of Saudi Arabia	Main	1010156896	13 Ramadan 1420H (corresponding to 21 December 1999G)	5 Muharram 1450H (corresponding to 29 May 2028G)
Riyadh, Kingdom of Saudi Arabia	Branch	1010156759	6 Ramadan 1420H (corresponding to 14 December 1999G)	Indefinite term
Riyadh, Kingdom of Saudi Arabia	Branch	1010466174	7 Rabi' al-Awwal 1438H (corresponding to 6 December 2016G)	7 Rabi' al-Awwal 1447H (corresponding to 30 August 2025G)
Riyadh, Kingdom of Saudi Arabia	Branch	1010155634	22 Jumada al-Akhirah 1420H (corresponding to 2 October 1999G)	Indefinite term
Riyadh, Kingdom of Saudi Arabia	Branch	1010328266	19 Rabi' al-Awwal 1433H (corresponding to 11 February 2012G)	12 Sha'ban 1447H (corresponding to 31 January 2026G)
Riyadh, Kingdom of Saudi Arabia	Branch	1010306317	1 Jumada al-Ula 1432H (corresponding to 5 April 2011G)	2 Sha'ban 1447H (corresponding to 21 January 2026G)
Jeddah, Kingdom of Saudi Arabia	Branch	4030129693	1 Thul-Hijjah 1420H (corresponding to 7 March 2000G)	16 Ramadan 1448H (corresponding to 23 February 2027G)
AlKhobar, Kingdom of Saudi Arabia	Branch	2051024002	27 Thul-Qi'dah 1420H (corresponding to 4 March 2000G)	16 Ramadan 1448H (corresponding to 23 February 2027G)
AlKhafji, Kingdom of Saudi Arabia	Branch	2057473815	16 Rajab 1442H (corresponding to 28 February 2021G)	20 Sha'ban 1448H (corresponding to 28 January 2027G)
Unaizah, Kingdom of Saudi Arabia	Branch	1128184628	2 Safar 1442H (corresponding to 19 September 2020G)	2 Safar 1447H (corresponding to 27 July 2025G)
Yanbu, Kingdom of Saudi Arabia	Branch	4700114516	6 Safar 1443H (corresponding to 13 September 2021G)	8 Rabi' al-Awwal 1449H (corresponding to 10 August 2027G)
Abha, Kingdom of Saudi Arabia	Branch	5850135910	28 Rajab 1443H (corresponding to 1 March 2022G)	28 Rajab 1448H (corresponding to 6 January 2027G)
Tabuk, Kingdom of Saudi Arabia	Branch	3550157554	16 Sha'ban 1445H (corresponding to 26 February 2024G)	16 Sha'ban 1448H (corresponding to 24 January 2027G)
Hail, Kingdom of Saudi Arabia	Branch	3350181733	27 Jumada al-Akhirah 1446H (corresponding to 28 December 2024G)	27 Rajab 1451H (corresponding to 4 December 2029G)

Source: The Company.

Table 11.3: Details of Regulatory Licences and Certificates Obtained by the Company

Issuing Authority	Licence No.	Purpose	Issue Date	Expiration Date
MHRSD	119512-34965345	Certificate of compliance with Saudisation requirements	6 Ramadan 1444H (corresponding to 28 March 2023G)	15 Safar 1447H (corresponding to 9 August 2025G)
	984765-15559404	Wage protection certificate	27 Thul-Hijjah 1446H (corresponding to 3 June 2025G)	28 Muharram 1447H (corresponding to 23 July 2025G)
Riyadh Chamber of Commerce and Industry	100200	Chamber of Commerce and Industry membership certificate	24 Thul-Qi'dah 1420H (corresponding to 1 March 2000G)	5 Muharram 1450H (corresponding to 29 May 2028G)
ZATCA	1116229509	Certificate enabling the Company to finalise all processes	26 Shawwal 1446H (corresponding to 24 April 2025G)	2 Thul-Qi'dah 1447H (corresponding to 30 April 2026G)
	111240000717294	VAT registration certificate	8 Jumada al-Ula 1446H (corresponding to 10 November 2024G)	8 Jumada al-Akhirah 1446H (corresponding to 9 December 2024G)
GOSI	97479823	Certificate of fulfilment of the GOSI obligations	22 Thul-Hijjah 1446H (corresponding to 18 June 2025G)	25 Rabi' al-Awwal 1447H (corresponding to 17 September 2025G)

Source: The Company.

Table 11.4: Summary of Operational Licences Obtained by the Company

Head Office
Commercial Registration No. 1010156896
Unified No. 7018056338
Dammam Branch Road, Granada District, P.O Box 13242, Riyadh, Kingdom of Saudi Arabia.

Issuing Authority	Licence No.	Purpose	Issue Date	Expiration Date
General Directorate of Civil Defence, Kingdom of Saudi Arabia	4-000920099-46	Civil defence licence	18 Shawwal 1446H (corresponding to 16 April 2025G)	18 Shawwal 1447H (corresponding to 6 April 2026G)
General Directorate of Civil Defence, Kingdom of Saudi Arabia	4-000929915-46	Civil defence licence	29 Rabi' al-Awwal 1446H (corresponding to 2 October 2024G)	15 Thul-Qi'dah 1447H (corresponding to 3 May 2026G)
General Directorate of Civil Defence, Kingdom of Saudi Arabia	1-001428264-45	Civil defence licence	26 Thul-Hijjah 1445H (corresponding to 2 July 2024G)	26 Thul-Hijjah 1446H (corresponding to 22 June 2025G) [1]
General Directorate of Civil Defence, Kingdom of Saudi Arabia	1-001784950-46	Civil defence licence	30 Rajab 1446H (corresponding to 30 January 2025G)	4 Sha'ban 1447H (corresponding to 23 January 2026G)
Riyadh Municipality, Kingdom of Saudi Arabia	450915223972	Engaging in commercial activity (rental of passenger cars without a driver)	27 Thul-Hijjah 1445H (corresponding to 3 July 2024G)	27 Thul-Hijjah 1446H (corresponding to 23 June 2025G) [1]
Riyadh Municipality, Kingdom of Saudi Arabia	43099677705	Engaging in commercial activity (rental of passenger cars without a driver)	17 Shawwal 1443H (corresponding to 18 May 2022G)	17 Shawwal 1447H (corresponding to 5 April 2026G)
Riyadh Municipality, Kingdom of Saudi Arabia	460617839387	Engaging in commercial activity (rental of passenger cars without a driver)	4 Sha'ban 1446H (corresponding to 3 February 2025G)	4 Sha'ban 1447H (corresponding to 23 January 2026G)
Transport General Authority	14/00013048	Car rental licence	17 Rabi' al-Thani 1446H (corresponding to 20 October 2024G)	9 Sha'ban 1449H (corresponding to 6 January 2028G)
Transport General Authority	14/00013055	Car rental licence	17 Rabi' al-Thani 1446H (corresponding to 20 October 2024G)	9 Sha'ban 1449H (corresponding to 6 January 2028G)

Transport General Authority	14/00006521	Car rental licence	18 Shawwal 1443H (corresponding to 19 May 2022G)	9 Sha'ban 1449H (corresponding to 6 January 2028G)
Transport General Authority	14/00012246	Car rental licence	28 Thul-Hijjah 1445H (corresponding to 4 July 2024G)	9 Sha'ban 1449H (corresponding to 6 January 2028G)

Riyadh Branch (2)
Commercial Registration No. 1010328266
Unified No. 7007293124
Muahammad Ibn Ahmad Abi Shiba Street, AlMarwah District, Riyadh, Kingdom of Saudi Arabia.

Issuing Authority	Licence No.	Purpose	Issue Date	Expiration Date
Riyadh Municipality, Kingdom of Saudi Arabia	40021751777	Engaging in commercial activity (Wholesale and retail sale of used specialised passenger motor vehicles including (ambulances, minibuses and jeeps))	21 Thul-Qi'dah 1425H (corresponding to 2 January 2005G)	5 Rabi' al-Awwal 1447H (corresponding to 28 August 2025G)
General Directorate of Civil Defence, Kingdom of Saudi Arabia	2-001283445-46	Civil defence licence	13 Rajab 1446H (corresponding to 13 January 2025G)	5 Rabi' al-Awwal 1447H (corresponding to 28 August 2025G)
General Department of Traffic	3512	Operating a showroom for buying and selling cars licence	13 Rabi' al-Awwal 1433H (corresponding to 5 February 2012G)	13 Rabi' al-Awwal 1448H (corresponding to 26 August 2026G)

Riyadh Branch (3)
Commercial Registration No. 1010306317
Unified No. 7014727973
Obaidullah AlFaiqh Street, AlFaisaliyah District, Riyadh, Kingdom of Saudi Arabia.

Issuing Authority	Licence No.	Purpose	Issue Date	Expiration Date
Riyadh Municipality, Kingdom of Saudi Arabia	40102409816	Engaging in commercial activity (Tyre and tube repair, fitting or replacement for passenger motor vehicles)	17 Rajab 1439H (corresponding to 3 April 2018G)	17 Rajab 1450H (corresponding to 4 December 2028G)
General Directorate of Civil Defence, Kingdom of Saudi Arabia	1-001708232-46	Civil defence licence	12 Sha'ban 1446H (corresponding to 11 February 2025G)	12 Sha'ban 1447H (corresponding to 31 January 2026G)

Jeddah Branch
Commercial Registration No. 4030129693
Unified No. 7013257238
Amro bin Mourrah Street, Abhur AlJunoobiyah District, Jeddah, Kingdom of Saudi Arabia.

Issuing Authority	Licence No.	Purpose	Issue Date	Expiration Date
Jeddah Municipality, Kingdom of Saudi Arabia	43016030053	Engaging in commercial activity (rental of passenger cars without a driver)	5 Safar 1443H (corresponding to 12 September 2021G)	5 Safar 1448H (corresponding to 19 July 2026G)
Jeddah Municipality, Kingdom of Saudi Arabia	460116428001	Engaging in commercial activity (rental of passenger cars without a driver)	22 Safar 1446H (corresponding to 26 August 2024G)	22 Safar 1447H (corresponding to 16 August 2025G)
General Directorate of Civil Defence, Kingdom of Saudi Arabia	1-001571622-46	Civil defence licence	22 Safar 1446H (corresponding to 26 August 2024G)	22 Safar 1447H (corresponding to 16 August 2025G)
General Directorate of Civil Defence, Kingdom of Saudi Arabia	3-00766957-46	Civil defence licence	11 Safar 1446H (corresponding to 15 August 2024G)	5 Safar 1448H (corresponding to 19 July 2026G)
Transport General Authority	14/00004829	Car rental licence	22 Safar 1443H (corresponding to 29 September 2021G)	9 Sha'ban 1449H (corresponding to 6 January 2028G)
Transport General Authority	14/00007986	Car rental licence	17 Rajab 1444H (corresponding to 8 February 2023G)	9 Sha'ban 1449H (corresponding to 6 January 2028G)
Transport General Authority	14/00008262	Car rental licence	20 Rajab 1444H (corresponding to 11 February 2023G)	9 Sha'ban 1449H (corresponding to 6 January 2028G)
Transport General Authority	14/00012724	Car rental licence	28 Safar 1446H (corresponding to 1 September 2024G)	9 Sha'ban 1449H (corresponding to 6 January 2028G)

AlKhobar Branch
Commercial Registration No. 2051024002
Unified No. 7013808659
Hammad Ibn Abi Hanaifa Street, AlKhuzama District, AlKhobar, Kingdom of Saudi Arabia.

Issuing Authority	Licence No.	Purpose	Issue Date	Expiration Date
Eastern Province Municipality, Kingdom of Saudi Arabia	43109761651	Engaging in commercial activity (renting and operational leasing of passenger cars (without drivers))	3 Muharram 1444H (corresponding to 1 August 2022G)	3 Muharram 1447H (corresponding to 28 June 2025G)
Eastern Province Municipality, Kingdom of Saudi Arabia	42085409689	Engaging in commercial activity (renting and operational leasing of passenger cars (without drivers))	27 Ramadan 1442H (corresponding to 9 May 2021G)	27 Ramadan 1447H (corresponding to 16 March 2026G)
Eastern Province Municipality, Kingdom of Saudi Arabia	440611378051	Engaging in commercial activity (renting and operational leasing of passenger cars (without drivers))	13 Sha'ban 1444H (corresponding to 5 March 2023G)	13 Sha'ban 1447H (corresponding to 1 February 2026G)
AlAhsa Municipality, Kingdom of Saudi Arabia	441212651626	Engaging in commercial activity (renting buses without driver)	5 Muharram 1445H (corresponding to 23 July 2023G)	5 Muharram 1448H (corresponding to 20 June 2026G)
AlAhsa Municipality, Kingdom of Saudi Arabia	440611340886	Engaging in commercial activity (renting and operational leasing of trucks, utility trailers and recreational vehicles (without drivers))	26 Jumada al-Akhirah 1446H (corresponding to 27 December 2024G)	26 Jumada al-Akhirah 1447H (corresponding to 17 December 2025G)
AlAhsa Municipality, Kingdom of Saudi Arabia	441212631073	Engaging in commercial activity (renting and operational leasing of passenger cars (without drivers))	14 Muharram 1445H (corresponding to 1 August 2023G)	14 Muharram 1448H (corresponding to 29 June 2026G)

General Directorate of Civil Defence, Kingdom of Saudi Arabia	3-001210035-46	Civil defence licence	30 Rabi' al-Awwal 1446H (corresponding to 3 October 2024G)	5 Muharram 1448H (corresponding to 20 July 2026G)
General Directorate of Civil Defence, Kingdom of Saudi Arabia	3-001207824-46	Civil defence licence	8 Safar 1446H (corresponding to 12 August 2024G)	14 Muharram 1448H (corresponding to 29 June 2026G)
General Directorate of Civil Defence, Kingdom of Saudi Arabia	4-001103324-46	Civil defence licence	14 Sha'ban 1446H (corresponding to 12 February 2025G)	13 Sha'ban 1447H (corresponding to 1 February 2026G)
General Directorate of Civil Defence, Kingdom of Saudi Arabia	3-001089693-46	Civil defence licence	19 Rabi' al-Thani1446H (corresponding to 22 October 2024G)	26 Jumada al-Akhirah 1447H (corresponding to 17 December 2025G)
General Directorate of Civil Defence, Kingdom of Saudi Arabia	3-000942495-45	Civil defence licence	17 Jumada al-Ula 1446H (corresponding to 19 November 2024G)	3 Muharram 1447H (corresponding to 28 June 2025G)
Transport General Authority	13/00000873	Truck rental licence	24 Thul-Qi'dah 1444H (corresponding to 13 June 2023G)	26 Thul-Qi'dah 1447H (corresponding to 13 May 2026G)
Transport General Authority	14/00006702	Car rental licence	4 Muharram 1444H (corresponding to 2 August 2022G)	9 Sha'ban 1449H (corresponding to 6 January 2028G)
Transport General Authority	14/00008146	Car rental licence	15 Sha'ban 1444H (corresponding to 7 March 2023G)	9 Sha'ban 1449H (corresponding to 6 January 2028G)
Transport General Authority	14/00008147	Car rental licence	2 Rajab 1444H (corresponding to 24 January 2023G)	9 Sha'ban 1449H (corresponding to 6 January 2028G)
Transport General Authority	14/00009526	Car rental licence	14 Muharram 1445H (corresponding to 1 August 2023G)	9 Sha'ban 1449H (corresponding to 6 January 2028G)
Transport General Authority	14/00012910	Car rental licence	17 Rabi' al-Thani 1446H (corresponding to 20 October 2024G)	9 Sha'ban 1449H (corresponding to 6 January 2028G)
Transport General Authority	14/00013056	Car rental licence	18 Rabi' al-Thani 1446H (corresponding to 21 October 2024G)	9 Sha'ban 1449H (corresponding to 6 January 2028G)
Transport General Authority	40/00000155	Bus rental licence	22 Muharram 1445H (corresponding to 9 August 2023G)	25 Muharram 1448H (corresponding to 10 July 2026G)
Transport General Authority	010102017000	Car rental licence	11 Ramadan 1439H (corresponding to 26 May 2018G)	9 Sha'ban 1449H (corresponding to 6 January 2028G)

AlKhafji Branch
Commercial Registration No. 2057473815
Unified No. 7021642777
Abu Al Hakam Al Ansari Street, King Fahad District, AlKhafji, Kingdom of Saudi Arabia.

Issuing Authority	Licence No.	Purpose	Issue Date	Expiration Date
Eastern Province Municipality, Kingdom of Saudi Arabia	42044666572	Engaging in commercial activity (renting and operational leasing of passenger cars (without drivers))	22 Jumada al-Ula 1442H (corresponding to 6 January 2021G)	22 Jumada al-Ula 1447H (corresponding to 13 November 2025G)
General Directorate of Civil Defence, Kingdom of Saudi Arabia	4-000650811-46	Civil defence licence	21 Jumada al-Ula 1446H (corresponding to 23 November 2024G)	22 Jumada al-Ula 1447H (corresponding to 13 November 2025G)
Transport General Authority	14/00006144	Car rental licence	3 Sha'ban 1443H (corresponding to 6 March 2022G)	9 Sha'ban 1449H (corresponding to 6 January 2028G)

Buraidah Branch Commercial Registration No. 1128184628 Unified No. 7008139565 King Abdulaziz Road, Ar Rawdah District, Buraidah, Kingdom of Saudi Arabia.				
Issuing Authority	**Licence No.**	**Purpose**	**Issue Date**	**Expiration Date**
AlQassim Municipality, Kingdom of Saudi Arabia	440611268883	Engaging in commercial activity (renting and operational leasing of passenger cars (without drivers))	11 Rajab 1444H (corresponding to 2 February 2023G)	11 Rajab 1447H (corresponding to 31 December 2025G)
General Directorate of Civil Defence, Kingdom of Saudi Arabia	3-001091264-46	Civil defence licence	14 Jumada al-Akhirah 1446H (corresponding to 15 December 2024G)	11 Rajab 1447H (corresponding to 31 December 2025G)
Transport General Authority	14/00008119	Car rental licence	13 Rajab 1444H (corresponding to 4 February 2023G)	9 Sha'ban 1449H (corresponding to 6 January 2028G)
Transport General Authority	14/00012023	Car rental licence	15 Thul-Qi'dah 1445H (corresponding to 23 May 2024G)	9 Sha'ban 1449H (corresponding to 6 January 2028G)
Yanbu Branch **Commercial Registration No. 4700114516** **Unified No. 7025765251** **King Abdulaziz Ibn Abdulraham Street, AlHadaek District, Yanbu, Kingdom of Saudi Arabia.**				
Issuing Authority	**Licence No.**	**Purpose**	**Issue Date**	**Expiration Date**
AlMadina AlMunawwara Municipality, Kingdom of Saudi Arabia	42125969016	Engaging in commercial activity (renting and operational leasing of passenger cars (without drivers))	10 Muharram 1443H (corresponding to 18 August 2021G)	10 Muharram 1447H (corresponding to 5 July 2025G)
General Directorate of Civil Defence, Kingdom of Saudi Arabia	5-000759988-46	Civil defence licence	11 Thul-Hijjah 1445H (corresponding to 1 July 2024G)	10 Muharram 1447H (corresponding to 5 July 2025G)
Transport General Authority	14/00004932	Car rental licence	3 Rabi' al-Thani 1443H (corresponding to 8 November 2021G)	9 Sha'ban 1449H (corresponding to 6 January 2028G)
Abha Branch **Commercial Registration No. 5850135910** **Unified No. 7028078454** **King Fahad Road, Airport District, Abha, Kingdom of Saudi Arabia.**				
Issuing Authority	**Licence No.**	**Purpose**	**Issue Date**	**Expiration Date**
Asir Municipality, Kingdom of Saudi Arabia	450213183130	Engaging in commercial activity (renting and operational leasing of passenger cars (without drivers))	25 Rabi' al-Awwal 1445H (corresponding to 10 October 2023G)	25 Rabi' al-Awwal 1447H (corresponding to 17 September 2025G)
General Directorate of Civil Defence, Kingdom of Saudi Arabia	2-001250965-46	Civil defence licence	22 Rajab 1446H (corresponding to 22 January 2025G)	25 Rabi' al-Awwal 1447H (corresponding to 17 September 2025G)
Transport General Authority	14/00006685	Car rental licence	13 Jumada al-Akhirah 1443H (corresponding to 16 January 2022G)	9 Sha'ban 1449H (corresponding to 6 January 2028G)
Transport General Authority	14/00010358	Car rental licence	5 Jumada al-Ula 1445H (corresponding to 19 November 2023G)	9 Sha'ban 1449H (corresponding to 6 January 2028G)

Tabuk Branch Commercial Registration No. 3550157554 Unified No. 7038458027 Dahiyah Ibn Khalifah Al Kalbi, South Faisaliyah District, Tabuk, Kingdom of Saudi Arabia.				
Issuing Authority	**Licence No.**	**Purpose**	**Issue Date**	**Expiration Date**
Tabuk Municipality, Kingdom of Saudi Arabia	450614351617	Engaging in commercial activity (renting and operational leasing of passenger cars (without drivers))	8 Sha'ban 1445H (corresponding to 18 February 2024G)	8 Sha'ban 1447H (corresponding to 27 January 2026G)
General Directorate of Civil Defence, Kingdom of Saudi Arabia	2-001351469-46	Civil defence licence	3 Jumada al-Akhirah 1446H (corresponding to 4 December 2024G)	8 Sha'ban 1447H (corresponding to 27 January 2026G)
Transport General Authority	1400011375	Car rental licence	23 Sha'ban 1445H (corresponding to 4 March 2024G)	9 Sha'ban 1449H (corresponding to 6 January 2028G)

Source: The Company.

(1) The licence has expired and is in the process of renewal.

11.5 Material Agreements

The Company have entered into a number of agreements for the purpose 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, that have not been disclosed. As of the date of this Prospectus, the Company has not breached any of provisions of the material business agreements during the relevant term of such agreements and is not aware of any event which with the passing of time may become a breach or default under any such agreements. These summaries do not purport to describe all the applicable provisions of such agreements. For further details on the Company's leases and insurance policies, see Sections 11.9.2 (*Leases*) and 11.7 (*Insurance Policies*). The following table sets out the material agreements (except for leases agreements and insurance policies) entered into by the Company for the purposes of its business:

Table 11.5: Details of Material Agreements with Key Clients

Car Rental Agreement in the Central Region between the Company (as contractor) and Client 1 (as lessee)	
Date Purpose and Scope Term and Renewal Mechanism	• 14 Jumada al-Ula 1444H (corresponding to 8 December 2022G). • The Company has entered into an agreement with Client 1 to rent cars according to their specified models, types, specifications, and quantities, along with providing maintenance and repair services. • The agreement is for a term of four years, ending on 22 Rajab 1448H (corresponding to 31 December 2026G). The agreement automatically renews at the end of the initial term unless the lessee notifies the contractor in writing of its intention not to renew at least 30 days prior to the expiry of the agreement. • The lessee may, at any time and at its sole discretion, terminate this agreement or any part of the work by giving the contractor a written notice specifying the work to be terminated and the date on which the termination will become effective. • The lessee may terminate the agreement due to: ○ breach of contract: if the contractor materially breaches any term or provision of this contract, the lessee may request in writing that the contractor comply with the terms of the contract; ○ if the contractor fails to remedy the material breach of the agreement within 14 calendar days from the date of receiving the request, the lessee then has the right to terminate this agreement or any part of the work at any time during the continued breach, by giving the contractor written notice, without prejudice to its right to exercise any other legal rights or remedies available to the lessee in this regard; and ○ if the contractor engages in any act that exposes them to bankruptcy or requests relief under law or due to insolvency, or if the contractor becomes unable to fulfil their financial obligations, the lessee may immediately terminate this agreement or any part of the work after giving the contractor written notice, without prejudice to its right to exercise any legal rights or remedies available to it in this regard.
Financial Obligations	• **Total Value of Agreement:** SAR 119,026,380.00. • **Revenues Generated:** SAR 23,816,109.36 for the financial year ended 31 December 2024G. • The contractor provided a bank guarantee in the amount of SAR 7,006,337.

Confidentiality Obligations	• The contractor must protect the lessee's technical information, maintain its confidentiality, and not disclose it to any person other than its subcontractors or individuals appointed by the lessee in writing, as long as these technical details are not part of the public domain. • The contractor must not upload the lessee's files and engineering designs to the internet, unless the highest and latest cybersecurity standards are followed. The contractor is required to maintain the confidentiality of all lessee data and its sensitive infrastructure projects by applying the lessee's basic information security requirements. The contractor will be fully responsible in the event of any leakage of such information and data.
Change of Control	• N/A.
Consent	• Written consent has not yet been obtained. Therefore, the client's name will be anonymised in the Prospectus and will not be disclosed unless written consent is received.
Exclusivity	• N/A.
Governing Law and Disputes	• The agreement is governed by the laws of the Kingdom. • If any dispute arises between the parties, it shall be resolved amicably. If not resolved, it will be referred to the competent judicial authority in the Kingdom.
Car Rental Agreement in the Eastern Region between the Company (as contractor) and Client 1 (as lessee)	
Date	• 14 Jumada al-Ula 1444H (corresponding to 8 December 2022G).
Purpose and Scope	• The Company has entered into an agreement with Client 1 to rent cars according to their specified models, types, specifications, and quantities, along with providing maintenance and repair services.
Term and Renewal Mechanism	• The agreement is for a term of four years, ending on 22 Rajab 1448H (corresponding to 31 December 2026G). The agreement automatically renews at the end of the initial term unless the lessee notifies the contractor in writing of its intention not to renew at least 30 days prior to the expiry of the agreement. • The lessee may, at any time and at its sole discretion, terminate this agreement or any part of the work by giving the contractor a written notice specifying the work to be terminated and the date on which the termination will become effective. • The lessee may, at any time and at its sole discretion, terminate this agreement or any part of the work by giving the contractor a written notice specifying the work to be terminated and the date on which the termination will become effective. • The lessee may terminate the agreement due to: ○ breach of contract: if the contractor materially breaches any term or provision of this contract, the lessee may request in writing that the contractor comply with the terms of the contract; and ○ if the contractor fails to remedy the material breach of the agreement within 14 calendar days from the date of receiving the request, the lessee then has the right to terminate this agreement or any part of the work at any time during the continued breach, by giving the contractor written notice, without prejudice to its right to exercise any other legal rights or remedies available to the lessee in this regard. • If the contractor engages in any act that exposes them to bankruptcy or requests relief under law or due to insolvency, or if the contractor becomes unable to fulfil their financial obligations, the lessee may immediately terminate this agreement or any part of the work after giving the contractor written notice, without prejudice to its right to exercise any legal rights or remedies available to it in this regard.
Financial Obligations	• **Total Value of Agreement:** SAR 85,737,136.80. • **Revenues Generated:** SAR 16,530,384.42 for the financial year ended 31 December 2024G. • The contractor provided a bank guarantee in the amount of SAR 5,717,140.
Confidentiality Obligations	• The contractor must protect the lessee's technical information, maintain its confidentiality, and not disclose it to any person other than its subcontractors or individuals appointed by the lessee in writing, as long as these technical details are not part of the public domain. • The contractor must not upload the lessee's files and engineering designs to the internet, unless the highest and latest cybersecurity standards are followed. The contractor is required to maintain the confidentiality of all lessee data and its sensitive infrastructure projects by applying the lessee's basic information security requirements. The contractor will be fully responsible in the event of any leakage of such information and data.
Change of Control	• N/A.
Consent	• Written consent has not yet been obtained. Therefore, the client's name will be anonymised in the Prospectus and will not be disclosed unless written consent is received.
Exclusivity	• N/A.
Governing Law and Disputes	• The agreement is governed by the laws of the Kingdom. • Any dispute arising out of or in connection with the agreement that cannot be settled within 40 days after one Party receives the other Party's request for amicable settlement shall be referred to the competent courts in the Kingdom.

Car Rental Agreement in the Western Region between the Company (as contractor) and Client 1 (as lessee)	
Date	• 14 Jumada al-Ula 1444H (corresponding to 8 December 2022G).
Purpose and Scope	• The Company has entered into an agreement with Client 1 to rent cars according to their specified models, types, specifications, and quantities, along with providing maintenance and repair services.
Term and Renewal Mechanism	• The agreement is for a term of four years, ending on 22 Rajab 1448H (corresponding to 31 December 2026G). The agreement automatically renews at the end of the initial term unless the lessee notifies the contractor in writing of its intention not to renew at least 30 days prior to the expiry of the agreement. • The lessee may, at any time and at its sole discretion, terminate this agreement or any part of the work by giving the contractor a written notice specifying the work to be terminated and the date on which the termination will become effective. • The lessee may terminate the agreement due to: ○ breach of contract: if the contractor materially breaches any term or provision of this contract, the lessee may request in writing that the contractor comply with the terms of the contract; and ○ if the contractor fails to remedy the material breach of the agreement within 14 calendar days from the date of receiving the request, by giving the contractor written notice, without prejudice to its right to exercise any other legal rights or remedies available to the lessee in this regard. • If the contractor engages in any act that exposes them to bankruptcy or requests relief under law or due to insolvency, or if the contractor becomes unable to fulfil their financial obligations, the lessee may immediately terminate this agreement or any part of the work after giving the contractor written notice, without prejudice to its right to exercise any legal rights or remedies available to it in this regard.
Financial Obligations	• **Total Value of Agreement:** SAR 118,564,300.80. • **Revenues Generated:** SAR 21,691,719.58 for the financial year ended 31 December 2024G. • The contractor provided a bank guarantee in the amount of SAR 7,060,120.
Confidentiality Obligations	• The contractor must protect the lessee's technical information, maintain its confidentiality, and not disclose it to any person other than its subcontractors or individuals appointed by the lessee in writing, as long as these technical details are not part of the public domain. • The contractor must not upload the lessee's files and engineering designs to the internet, unless the highest and latest cybersecurity standards are followed. The contractor is required to maintain the confidentiality of all lessee data and its sensitive infrastructure projects by applying the lessee's basic information security requirements. The contractor will be fully responsible in the event of any leakage of such information and data.
Change of Control	• N/A.
Consent	• Written consent has not yet been obtained. Therefore, the client's name will be anonymised in the Prospectus and will not be disclosed unless written consent is received.
Exclusivity	• N/A.
Governing Law and Disputes	• The agreement is governed by the laws of the Kingdom. • If any dispute arises between the parties, it shall be resolved amicably. If not resolved, it will be referred to the competent judicial authority in the Kingdom.

Car Rental Agreement in the Southern Region between the Company (as contractor) and Client 1 (as lessee)	
Date	• 14 Jumada al-Ula 1444H (corresponding to 8 December 2022G).
Purpose and Scope	• The Company has entered into an agreement with Client 1 to rent cars according to their specified models, types, specifications, and quantities, along with providing maintenance and repair services.
Term and Renewal Mechanism	• The agreement is for a term of four years, ending on 22 Rajab 1448H (corresponding to 31 December 2026G). The agreement automatically renews at the end of the initial term unless the lessee notifies the contractor in writing of its intention not to renew at least 30 days prior to the expiry of the agreement. • The lessee may, at any time and at its sole discretion, terminate this agreement or any part of the work by giving the contractor a written notice specifying the work to be terminated and the date on which the termination will become effective. • The lessee may terminate the agreement due to: ○ breach of contract: if the contractor materially breaches any term or provision of this contract, the lessee may request in writing that the contractor comply with the terms of the contract; and ○ if the contractor fails to remedy the material breach of the agreement within 14 calendar days from the date of receiving the request, the lessee then has the right to terminate this agreement or any part of the work at any time during the continued breach, by giving the contractor written notice, without prejudice to its right to exercise any other legal rights or remedies available to the lessee in this regard. • If the contractor engages in any act that exposes them to bankruptcy or requests relief under law or due to insolvency, or if the contractor becomes unable to fulfil their financial obligations, the lessee may immediately terminate this agreement or any part of the work after giving the contractor written notice, without prejudice to its right to exercise any legal rights or remedies available to it in this regard.
Financial Obligations	• **Total Value of Agreement:** SAR 73,825,252.80. • **Revenues Generated:** SAR 11,996,317.21 for the financial year ended 31 December 2024G. • The lessor provided a bank guarantee in the amount of SAR 5,061,552.
Confidentiality Obligations	• The contractor must protect the lessee's technical information, maintain its confidentiality, and not disclose it to any person other than its subcontractors or individuals appointed by the lessee in writing, as long as these technical details are not part of the public domain. • The contractor must not upload the lessee's files and engineering designs to the internet, unless the highest and latest cybersecurity standards are followed. The contractor is required to maintain the confidentiality of all lessee data and its sensitive infrastructure projects by applying the lessee's basic information security requirements. The contractor will be fully responsible in the event of any leakage of such information and data
Change of Control	• N/A.
Consent	• Written consent has not yet been obtained. Therefore, the client's name will be anonymised in the Prospectus and will not be disclosed unless written consent is received.
Exclusivity	• N/A
Governing Law and Disputes	• The agreement is governed by the laws of the Kingdom. • If any dispute arises between the parties, it shall be resolved amicably. If not resolved, it will be referred to the competent judicial authority in the Kingdom.

Car Rental Agreement between the Company (as lessor) and Client 2 (as lessee)	
Date	• 10 Sha'ban 1440H (corresponding to 15 April 2019G) and amended on 17 Sha'ban 1444H (corresponding to 9 March 2023G).
Purpose and Scope	• The Company has entered into an agreement with Client 2 to rent work cars in all regions of the Kingdom.
Term and Renewal Mechanism	• The agreement original commenced on 10 Sha'ban 1440H (corresponding to 15 April 2019G) and on 17 Sha'ban 1444H (corresponding to 9 March 2023G), it was extended until 12 Shawwal 1447H (corresponding to 31 March 2026G). The agreement automatically renews at the end of the initial term for another year unless the lessee notifies the lessor in writing of its intention not to renew at least 30 days prior to the expiry of the agreement. • The lessee may terminate the agreement and seek compensation from the lessor if the lessor fails to fulfil its contractual obligations as required or if there is a deficiency in service execution and vehicle delivery within the agreed timeframe. Termination is subject to the condition that the lessee issues a written notice to the Lessor, and a period of 15 days elapses from the date of such notice without the issue being rectified
Financial Obligations	• **Total Value of Agreement:** SAR 354,200,000.00. • **Revenues Generated:** SAR 40,116,053.78 for the financial year ended 31 December 2024G.
Confidentiality Obligations	• The lessor undertakes to maintain the confidentiality of any data and information, regardless of their nature or type, that they have obtained or may obtain from the lessee, whether directly or indirectly and in any form.
Change of Control	• N/A.
Consent	• Written consent has not yet been obtained. Therefore, the client's name will be anonymised in the Prospectus and will not be disclosed unless written consent is received.
Exclusivity	• N/A.
Governing Law and Disputes	• The agreement is governed by the laws of the Kingdom. • If any dispute arises between the parties, it shall be resolved amicably. If not resolved within 60 days, it will be referred to the competent chamber of the Board of Grievances.
Car Rental Agreement between the Company (as lessor) and Client 3 (as lessee)	
Date	• 7 Jumada al-Akhirah 1445H (corresponding to 20 December 2023G).
Purpose and Scope	• The Company has entered into an agreement with Client 3 to rent various types of cars.
Term and Renewal Mechanism	• The agreement commenced on 7 Jumada al-Akhirah 1445H (corresponding to 20 December 2023G) and is for a term of four years. • The lessee has the right to terminate this agreement, either in full or in part, at any time without providing a reason. In order to do so, the lessee must notify the lessor in writing of their intention to terminate. The lessor will be entitled only to payment for services rendered up to the termination date.
Financial Obligations	• **Total Value of Agreement:** SAR 257,078,800. • **Revenues Generated:** SAR 21,351,265.44 for the financial year ended 31 December 2024G. • The lessor provided a bank guarantee in the amount of SAR 12,853,940. • If the lessor is delayed in fulfilling its obligations, a penalty of 1% will be deducted for each week of delay, up to a maximum total penalty of 10% of the total value of the agreement. In addition, the lessor will be responsible for all damages, losses, or lost profits incurred by the lessee.
Confidentiality Obligations	• The lessor and its affiliates must not disclose or misuse any confidential information related to the agreement, both during and after its term. • The lessor is only allowed to review project data as needed and must notify the lessee immediately of any breaches of confidentiality. • The lessor cannot share lessee data with third parties without prior consent, unless required by law. Upon completion or termination of the agreement, the lessor must return, destroy, or delete all lessee data upon request. • The lessor cannot reference the lessee or the agreement in advertisements without written consent. • Both parties must comply with relevant cybersecurity regulations.
Change of Control	• N/A.
Consent	• Written consent has not yet been obtained. Therefore, the client's name will be anonymised in the Prospectus and will not be disclosed unless written consent is received.
Exclusivity	• N/A.
Governing Law and Disputes	• The agreement is governed by the laws of the Kingdom. • If any dispute arises between the parties, it shall be resolved amicably. If not resolved within 30 days, it will be referred to the competent judicial authority in the Kingdom.

Car Rental Agreement between the Company (as lessor) and Client 4 (as lessee)	
Date	• The agreement was concluded on 13 Jumada al-Ula 1444H (corresponding to 7 December 2022G).
Purpose and Scope	• The Company has entered into an agreement with Client 4 for the purpose of renting cars in accordance with the terms and specifications set out in this agreement.
Term and Renewal Mechanism	• The agreement is for a term of 900 days starting from the date of operational commencement (being 11 February 2023G).
Financial Obligations	• **Total Value of Agreement:** SAR 70,173,000. • **Revenues Generated:** SAR 29,221,773.00 for the financial year ended 31 December 2024G. • The lessor has provided a final bank guarantee in the amount of SAR 3,508,650. • If the lessor is delayed in fulfilling its obligations, a penalty of 20% of the total value of the agreement will be applied.
Confidentiality Obligations	• The lessor and its affiliates must not disclose or misuse any confidential information related to the agreement, both during and after its term. • The lessor is only allowed to review project data as needed and must notify the lessee immediately of any breaches of confidentiality. • The lessor cannot share lessee data with third parties without prior consent, unless required by law. Upon completion or termination of the agreement, the lessor must return, destroy, or delete all lessee data upon request. • The lessor cannot reference the lessee or the agreement in advertisements without written consent. • Both parties must comply with relevant cybersecurity regulations.
Consent	• N/A.
Change of Control	• Written consent has not yet been obtained. Therefore, the client's name will be anonymised in the Prospectus and will not be disclosed unless written consent is received.
Exclusivity	• N/A.
Governing Law and Disputes	• The agreement is governed by the Government Tenders and Procurement Law issued under Royal Decree No. (M/128) dated 13 Thul-Qi'dah 1440H (corresponding to 16 July 2019G), and its implementing regulations issued by the Minister of Finance Decision No. (1242) dated 21 Rabi' al-Awwal 1441H (corresponding to 18 November 2019G), as amended by Ministerial Decision No. (3479) dated 11 Sha'ban 1441H (corresponding to 4 April 2020G), and any subsequent amendments, laws or regulations that may replace them. • The agreement is governed by the laws of the Kingdom. • Subject to the jurisdiction of the committees established under the Government Tenders and Procurement Law and any applicable or related system, any dispute, conflict, or claim arising from or related to this contract shall be within the jurisdiction of the administrative courts in the Kingdom, unless the contract includes a provision for arbitration in the event of a dispute between the parties.

Car Rental Agreement between the Company (as contractor) and Client 5 (as lessee)	
Date	• The contract was concluded on 26 Jumada al-Akhirah 1441H (corresponding to 20 February 2020G) and amended on 4 Jumada al-Akhirah 1446H (corresponding to 5 December 2024G).
Purpose and Scope	• The Company is required to provide rental vehicles, drivers and other services to the client at Al-Khafji, Saudi Arabia under the contract.
Term and Renewal Mechanism	• The service period under the agreement is four years starting from 29 Thul-Hijjah 1441H (corresponding to 19 August 2020G) to 14 Safar 1446H (corresponding to 18 August 2024G) as extended by an amendment dated 4 Jumada al-Akhirah 1446H (corresponding to 5 December 2024G) for a period of 12 months until 28 Jumada al-Akhirah 1447H (corresponding to 19 December 2025G). • The contract may be terminated: ○ if the client judges the contract to have failed to complete mobilisation; ○ the contract may also terminated by the client by upon written termination notice should the contractor fail to perform the service with due diligence or be in any way in default or in breach of the contract and provided that the contract fails to make good such failure, default or breach within ten (days after receipt of the client's notification to do so; ○ in the event of the bankruptcy, insolvency or liquidation of the contractor except for a voluntary merger or consolidation; and. ○ at the client's convenience upon not less than 30 days prior written notice. Should this occur, the contractor shall stop performance of the terminated service on the termination date and demobilise within 30 days, unless otherwise directed by the client.
Financial Obligations	• **Total Value of Agreement:** SAR 114,603,422.50. • **Revenues Generated:** SAR 23,628,360.18 for the financial year ended 31 December 2024G. • The Company provided a bank guarantee in the amount of USD 617,000,000 and a performance bond in the amount of USD 308,000.
Confidentiality Obligations	• The data and information disclosed, directly or indirectly, to the contractor by the client, and the data and information obtained through or developed from the contractor's performance of the service shall be the property of the client. Each party shall hold in confidence and not divulge such data and information, directly or indirectly, to any third parties, unless otherwise instructed by the other party in writing, or use in any way other than for the purpose of this contract, as long as such information is not in the public domain, except as required by law or legal process. • In treating such data and information as confidential, each party shall exercise the same standard of care for such other party data and information that it exercises for its own confidential data and information. • The foregoing parties' obligation in regard to confidentiality shall perpetually survive the expiry or termination of the Contract, except with respect to such data and information which will have later been disclosed to the public by such party or by the relevant authorities of the concerned governments.
Change of Control	• N/A.
Consent	• Written consent has not yet been obtained. Therefore, the client's name will be anonymised in the Prospectus and will not be disclosed unless written consent is received.
Exclusivity	• N/A.
Governing Law and Disputes	• The agreement is governed by the laws of the Kingdom. • Any dispute etc. arising out of or relating to the contract which is not settled by agreement between the parties shall be settled by arbitration in accordance with the Arbitrations Regulations issued by the Council of Ministers Decision No. 164 dated 21 Jumada al-Akhirah 1403H and the Rules for Implementation of the Arbitration Regulations effective as of 24 Jumada al-Ula 1443H and any amendments thereto.

Vehicle Rental Agreement between the Company (as lessor) and Client 11 (as lessee)	
Date	• The agreement was concluded on 12 Thul-Qi'dah 1444H (corresponding to 1 June 2023G).
Purpose and Scope	• The agreement establishes a general framework under which the Company may lease vehicles to the lessee, subject to the issuance of separate Release Purchase Orders (RPOs) for specific transactions.
Term and Renewal Mechanism	• The agreement is for a term of five years, ending on 7 Muharram 1450H (corresponding to 31 May 2028G). • The lessee may extend the term for a total of 12 Gregorian months by giving the Company written notice at least 30 days before expiry.
Financial Obligations	• The Master Agreement does not stipulate a total contract value. Instead, each RPO shall specify applicable prices, fees and deliverables.
Confidentiality Obligations	• Each party must treat all confidential information received under the agreement as private and must not disclose it without prior written consent. • Exceptions apply for information that becomes public, is lawfully obtained from a third party without restrictions or was already in the receiving party's possession before disclosure.
Change of Control	• N/A.
Consent	• Written consent has not yet been obtained. Therefore, the client's name will be anonymised in the Prospectus and will not be disclosed unless written consent is received.
Exclusivity	• This agreement is not an exclusive agreement and the lessee may request similar services from others, and does not guarantee any minimum vehicle lease offtake.
Governing Law and Disputes	• The agreement is governed by the laws of the Kingdom. • If any dispute arises between the parties, it shall be resolved through arbitration and the place of arbitration shall be Riyadh, and the language of the arbitration shall be English.
First RPO under the Master Framework Agreement	• **Date of RPO:** 13 Thul-Qi'dah 1446H (corresponding to 21 May 2025G); • **Scope of Supply:** ○ 607 rental vehicles and 30 TRP (transport route planning) vehicles; • **Lease Term:** ○ delivery period of seven months from the effective date; ○ 39-month base term; and ○ option to extend by 9 months, further 12-month extension subject to renewal of the Master Agreement; • **Financial Value:** SAR 120,230,523.15.

Source: The Company.

11.6 Financing Agreements

The Company has entered into three financing agreements relating to its business. The following is a summary of the financing agreements which the Company considers material or important or which may otherwise influence a Subscriber's decision with respect to the Offer Shares. As of the date of this Prospectus, the Company has not breached any of provisions of the financing agreements. These summaries include only the material provisions, not all applicable provisions of such agreements and cannot be considered as an alternative to the terms and conditions of those agreements.

The financing agreements to which the Company is a party include provisions that require the submission of a prior notification or obtaining prior written consent in connection with any change of control or change in the ownership structure of the Company, or when offering the Company's Shares for public subscription. The Company, in this regard, obtained all the consents required from the lenders.

The following tables set out the financing agreements entered into by the Company for the purposes of its business:

Table 11.6: Shariah Compliant Facilities Agreement between the Company and the Saudi Investment Bank:

Date of Conclusion and Expiry	• This agreement was concluded on 17 Thul-Hijjah 1445H (corresponding to 23 June 2024G) and will expire on 4 Thul-Hijjah 1446H (corresponding to 31 May 2025G). (1)
Financing Amount and Purpose	• A general facility for the purpose of financing the Company's working capital comprising: ○ Kafalah facilities for issuing credit guarantee letters in favour of beneficiaries approved by the Saudi Investment Bank with a sublimit of SAR 20,000,000 at the SAMA applicable tariff with a tenor of 6 months; ○ a short-term Murabaha facility for commodity purchases and sales with a sublimit of SAR 10,000,000 for the purpose of financing the Company's working capital expenses, including employee expenses (such as salaries, health insurance, visa fees, etc.) with a profit margin of SAIBOR +1.3% p.a., with a tenor of three to six months; and ○ Kafalah facilities for issuing letters of guarantee and/or performance bonds in favour of beneficiaries approved by the Saudi Investment Bank with a sublimit of SAR 150,000,000 for the purpose of obtaining a credit limit with car dealers, at the SAMA applicable tariff + 0.5% p.a., with a tenor of three months. • Kafalah facilities for issuing letters of guarantee and/or performance bonds in favour of beneficiaries approved by the Saudi Investment Bank with a sublimit of SAR 20,000,000 at the SAMA applicable tariff with a tenor of 60 months. • facilities for letters of credit payable on demand and/or on a deferred payment basis with a sublimit of SAR 350,000,000 for the purpose of partially financing of up to 80% of the Company's retail fleet with a fee of 1.5% p.a. with a tenor of five years, comprising: ○ murabaha financing for the purchase and sale of goods to refinance letters of credit or for direct payment to suppliers, with a sublimit of SAR 250,000,000 with a tenor of five years, and a profit margin of SAIBOR + 1.25% p.a. (for up to 12 months), SAIBOR + 1.5% p.a. (for up to years three years) and SAIBOR + 1.6% p.a. (for up to five years); ○ murabaha financing for the purchase and sale of goods to refinance letters of credit or for direct payment to suppliers, with a sublimit of SAR 250,000,000 with a tenor of five years, and a profit margin of SAIBOR + 1.25% p.a. (for up to 12 months), SAIBOR + 1.5% p.a. (for up to years three years) and SAIBOR + 1.6% p.a. (for up to five years); and ○ murabaha financing for the purchase and sale of goods to refinance letters of credit or for direct payment to suppliers, with a sublimit of SAR 50,000,000 for the purpose of financing the Company's retail fleet or refinancing letters of credit issued under the retail sector with a tenor of five years, and a profit margin of SAIBOR + 1.25% p.a. (for up to 12 months) and SAIBOR + 1.35% p.a. (for up to two years). • A medium-term Murabaha facility for the purchase and sale of goods and/or Murabaha-based facilities, (with a sublimit of SAR 27,000,000 for the purpose of partially financing of to 80% of the cost of land purchased and the cost of developing three workshops with a profit margin of SAIBOR + 1.5% p.a. (for up to two years).
The Utilised Financing Amount	• **Available Amount:** SAR 409,775,958 as of 31 December 2024G. • **Utilised Amount:** SAR 167,224,042, as of 31 December 2024G. • The Saudi Investment Bank may at any time (at its discretion) reduce the amount of any facility or terminate the facility.
Financing Limit	• **Total Limit:** SAR 577,000,000.
Guarantees	• A joint and several guarantee signed by Nasser Ibrahim Mohammed AlOmair and Saudi Edarah Holding Company; • power of attorney authorising the purchase and sale of goods; • assignment in favour of the Saudi Investment Bank on the revenues of agreements amounting to SAR 10,000,000 or more (for the private sector); • assignment in favour of the Saudi Investment Bank on the revenues of agreements amounting to SAR 10,000,000 at maximum; • issuing insurance policies against all risks for the Company's workshops in favour of the Saudi Investment Bank, so that the Saudi Investment Bank is the primary beneficiary of the proceeds; • upon the utilisation of the Murabaha facility, a registered mortgage on real estate title deeds that have a market value of no less than 140% at all times which covers the total outstanding amount under the facility and according to the estimates of the Saudi Investment Bank approved appraisers. The Company alone bears all fees and expenses related to the appraisal of the guarantees by the Saudi Investment Bank's approved agents. The Saudi Investment Bank has the right to demand additional guarantees from the Company if the market value decreases; • a notarised waiver in favour of the Saudi Investment Bank of the proceeds of the agreements within 90 days from the date of issuance of the performance guarantee; and • a promissory note for an amount of SAR 577,000,000 in favour of the Saudi Investment Bank.

Covenants	• providing the Saudi Investment Bank with a copy of the annual balance sheet, income statement, and audited accounts within a period not exceeding 120 days from the end of the Company's financial year;
	• providing the Saudi Investment Bank with a copy of the unaudited quarterly financial statement and income statement, along with their disclosures, within a period not exceeding 30 days from the end of each quarter;
	• notifying the Saudi Investment Bank of any changes to its financial position that may impact its ability to fulfill obligations;
	• providing the Saudi Investment Bank monthly reports on any financed projects;
	• complying with all applicable laws, regulations, and government requirements. In case of any breaches or legal proceedings (lawsuits, arbitration, or administrative actions etc.) immediate written notification is required to the Saudi Investment Bank;
	• facilities granted must only be used for purposes approved by the Saudi Investment Bank;
	• allowing the Saudi Investment Bank or its appointed advisors to inspect its premises, records, and financial statements;
	• refraining from amending the Bylaws by reducing the capital or amending the ownership without prior written consent from the Saudi Investment Bank;
	• maintaining insurance for its assets and business, with the Saudi Investment Bank as the first beneficiary, if required;
	• maintaining a leverage ratio that must not exceed 1:3;
	• maintaining a tangible net worth of SAR 400 million or above;
	• depositing at least 40% of its annual revenue into its account with the Saudi Investment Bank;
	• providing the Saudi Investment Bank with quarterly rental control reports and semi-annual vehicle condition reports, including details on their value and status; and
	• obtaining the Saudi Investment Bank's prior written approval before taking major actions such as:
	  ○ mergers, dissolutions, or liquidations;
	  ○ reducing capital or purchasing/redeeming shares;
	  ○ incorporating subsidiaries, investing in other companies;
	  ○ selling, transferring, or making material changes to the business assets;
	  ○ assuming any new liabilities or guarantees for others, outside normal operations;
	  ○ mortgaging or placing liens on assets unless for the Saudi Investment Bank's benefit or for regulatory requirements;
	  ○ declaring, or distributing dividends; and
	  ○ providing financing or guarantees to others (except in the course of normal business.)

Governing Law	• This agreement is governed by the laws of the Kingdom and any disputes arising from this agreement shall be referred to the competent courts in the Kingdom or to the Committees for Banking and Financial Disputes and Violations, without prejudice to the Saudi Investment Bank's right to refer the dispute to any courts outside of the Kingdom.
Consent	• On 25 Sha'ban 1446H (corresponding to 24 February 2025G), the Saudi Investment Bank consented to the Offering and agreed to waive the personal guarantees upon the Company's listing on Tadawul.
Confidentiality Obligations	• N/A.

Source: The Company.

(1) The Company is in the process of renewing this agreement.

Table 11.7: Islamic Financing Agreement between the Company and Riyad Bank:

Date of Conclusion and Expiry	• This agreement was concluded on 3 Safar 1446H (corresponding to 7 August 2024G) and will expire on 10 Thul-Qi'dah 1448H (corresponding to 17 April 2027G).
Financing Amount and Purpose	• The facilities under this agreement comprise the following: • SAR 60,000,000 limit of obligations related to operations with applicable tariff + 0.25 per cent. additional commission for initial and final letters of guarantee and tariff + 1.75 per cent. additional commission on advance payment letters of guarantee; • tawarruq financing limit of SAR 9,750,000 with a profit margin of SAIBOR + 1.5 per cent. p.a.; • facilities for financing private contracts (with a value of over SAR 10,000,000) comprising: ○ direct credit substitute limit (part of multi-purpose facility) of SAR 50,000,000 with applicable tariff + 0.25 per cent. additional commission; ○ tawarruq finance limit (part of direct credit substitute limit) of SAR 50,000,000 with a profit rate of SAIBOR + 1.5 per cent. p.a; ○ multi-purpose facility with a total limit of SAR 50,000,000; ○ tawarruq financing limit of SAR 50,000,000 with a profit margin of SAIBOR + 1.5 per cent. p.a. (as part of the direct credit substitute limit); ○ direct credit substitute limit (as part of the multi-purpose facility) of SAR 50,000,000, subject to the applicable tariff plus 0.25 per cent. additional commission; ○ tawarruq financing limit (as part of the multi-purpose facility) of SAR 50,000,000 with a profit margin of SAIBOR + 1.25 per cent. p.a; ○ tawarruq financing limit (as part of the multi-purpose facility) of SAR 50,000,000 with a profit margin of SAIBOR + 1.5 per cent. p.a; ○ tawarruq financing limit (as part of the multi-purpose facility) of SAR 50,000,000 with a profit margin of SAIBOR + 1.5 per cent. p.a.; and ○ additional facilities for financing the Company's headquarters (Granada Building) comprising a Tawarruq limit of SAR 9,500,000 at a profit margin of SAIBOR + 1.25 per cent. p.a. for financing 80 per cent. of the property's purchase value. This sub-facility is repayable in monthly instalments over a five-year period with the land being mortgaged until full repayment thereof. • facilities for financing Client 2's contracts comprising: ○ tawarruq financing limit (as part of the direct credit substitute limit) of SAR 1,546,000 with a profit rate of SAIBOR + 1.5 per cent. p.a; ○ tawarruq finance limit (as part of the direct credit substitute limit) of SAR 22,909,000 with a profit rate of SAIBOR + 1.5 per cent. p.a.; and ○ direct credit alternatives limit of SAR 24,455,000, subject to the applicable tariff plus 0.25 per cent. additional commission; • facilities for financing government and semi-government sector contracts comprising: ○ tawarruq financing limit (as part of the direct credit substitute limit) of SAR 34,000,000 with a profit rate of SAIBOR + 1.5 per cent. p.a; ○ tawarruq financing limit (as part of the direct credit alternatives limit) of SAR 32,000,000 with a profit rate of SAIBOR + 1.5 per cent. p.a; ○ tawarruq finance limit (as part of the direct credit substitute limit) of SAR 240,000,000 at a profit rate of SAIBOR + 1.45 per cent. p.a., with financing limits and a tenor based on the project's duration, plus an additional three-month loan extension after completion; ○ tawarruq finance limit (as part of the direct credit substitute limit) of SAR 61,000,000 with a profit rate of SAIBOR + 1.5 per cent. p.a; ○ direct credit replacement limit (as part of the multi-purpose facility) of SAR 240,000,000 with a profit rate of SAIBOR + 0.25 per cent. p.a; ○ a multi-purpose facility with a total limit of SAR 240,000,000; and ○ additional Tawarruq facility of SAR 3,863,000 for repaying the Gulf Bank financing, with a profit rate of SAIBOR + 2 per cent. p.a. and a term of four years, repayable in monthly instalments. • facilities for a car rental contract in the Central, Southern, Eastern and Western Regions of SAR 714,000,000 assigned by Client 1 comprising: ○ tawarruq finance limit (as part of the direct credit substitute limit) of SAR 420,000,000 with a profit rate of SAIBOR + 1.35% p.a. Repayment of 70 per cent. is deducted from any amount received by the project and the remaining 30 per cent., constituting the final payment, shall be settled after the sale of the vehicles, with a term of four years; ○ letter of guarantee of SAR 25,000,000, subject to the applicable tariff plus 0.25 per cent. additional commission; and ○ direct credit replacement limit of SAR 450,000,000, subject to the applicable tariff plus 0.25 per cent. additional commission.
The Utilised Financing Amount	• **Available Amount:** SAR 422,053,869 as of 31 December 2024G. • **Utilised Amount:** SAR 450,514,131 as of 31 December 2024G. • Riyad Bank may at any time (at its discretion) reduce the amount of any facility.
Financing Limit	• **Total Limit:** SAR 872,568,000.

Guarantees	• A promissory note for an amount of SAR 952,000,000 in favour of Riyad Bank; • joint and several guarantees granted by Nasser Ibrahim Mohammed AlOmair and Saudi Edarah Holding Company in favour of Riyad Bank for the amount of SAR 872,568,000; • financing limit for purchasing the Company's headquarters shall be secured by a mortgage of the said property; • assignment of receivables to Riyad Bank in the projects for which final guarantees and advance payment are issued by the bank; and • assignment and transfer of the proceeds of unassigned private contracts to Riyad Bank.
Covenants	• The Company may not make any modification to its legal form, ownership structure, or management and/or their guarantors and/or any affiliated companies or making any decisions that may affect their obligations towards Riyad Bank without obtaining prior written consent from Riyad Bank.
Governing Law	• This agreement is governed by the laws of the Kingdom and any disputes arising from this agreement shall be resolved amicably, if not resolved, it shall be referred to the competent courts in the Kingdom. Furthermore, its interpretation is subject to the rules of the International Chamber of Commerce.
Consent	• On 27 Sha'ban 1446H (corresponding to 26 February 2025G), Riyad Bank consented to the Offering.
Confidentiality Obligations	• N/A.

Source: The Company.

Table 11.8: Shariah Compliant Facilities Agreement between the Company and Arab National:

Date of Conclusion and Expiry	• This agreement was concluded on 14 Jumada al-Akhirah 1445H (corresponding to 27 December 2023G) and will expire on 1 Sha'ban 1446H (corresponding to 31 January 2025G). (1)
Financing Amount and Purpose	• Islamic letters of guarantee (final/preliminary) for the purpose of issuing letters of guarantee with a limit of SAR 242,484,000 at the applicable SAMA tariff; • tawarruq financing (direct payment to suppliers) with a limit of SAR 242,484,000 and a profit rate of SAIBOR + 1.30 per cent. p.a.; • murabaha letters of credit payable on demand and/or on a deferred payment basis with a limit of SAR 242,484,000 and a profit rate of SAIBOR + 1.30 per cent. p.a. subject to the condition that all property risk insurance must cover the goods used for this financing limit; • credit financing for the purpose of financing projects with a total value of less than SAR 50,000,000, with a limit of SAR 242,484,000 and a profit rate of SAIBOR + 1.30 per cent. p.a.; and • facilities for vehicle leasing and maintenance contracts with Client 3 comprising: ○ Islamic letters of guarantee with a limit of SAR 14,264,000 at the applicable SAMA tariff, with a term of 48 months; ○ tawarruq specified term for the purpose of purchasing vehicles with a limit of SAR 228,220,000, financing at a profit rate of SAIBOR + 1.30 per cent. p.a., with a term of 4 years and 3 months; ○ guarantees payment (one-time) issuing multiple payment guarantees for the purpose of financing the purchase of vehicles with a limit of SAR 30,000,000, subject to a fee of 1.0 per cent., with a term of 6 months; and ○ murabaha letters of credit/tawarruq financing with a limit of SAR 100,000,000 at the applicable SAMA tariff for opening guarantees, subject to a 1.75 per cent. delay fee.
The Utilised Financing Amount	• **Available Amount:** SAR 57,624,811 as of 31 December 2024G. • **Utilised Amount:** SAR 184,859,189 as of 31 December 2024G.
Financing Limit	• Total Limit: SAR 242,484,000.
Guarantees	• a promissory note for an amount of SAR 242,484,000 in favour of Arab National Bank; • a joint and several guarantee from Nasser Ibrahim Mohammed AlOmair and Saudi Edarah Holding Company for the amount of SAR 161,646,646; • assignment in favour of Arab National Bank of the contracts proceeds for the "Vehicle Leasing and Maintenance Contracts with Client 3"; • vehicle insurance policy in favour of the Arab National Bank for the vehicles leased and financed by Arab National Bank; and • any other guarantees that the Arab National Bank may require.
Covenants	• The Company undertakes that in the event of failing to repay the amounts payable to Arab National Bank, the outstanding amounts will be subject to late payment penalty at a rate of the base rate + 4.0 per cent.
Governing Law	• This agreement is governed by the laws of the Kingdom and any disputes arising from this agreement shall be referred to the competent courts in the Kingdom or to the Committees for Banking and Financial Disputes and Violations, without prejudice to the Arab National Bank's right to refer the dispute to any court outside of the Kingdom.
Consent	• On 6 Ramadan 1446H (corresponding to 6 March 2025G), Arab National Bank consented to the Offering.
Confidentiality Obligations	• N/A.

Source: The Company.

(1) The Company is in the process of renewing this agreement.

11.7 Insurance Policies

The Company maintains insurance policies covering different types of risks they may be exposed to. These insurance policies have been concluded with several insurers. The following table sets out the key particulars of the insurance policies held by the Company:

Table 11.9: Details of Insurance Policies

Policy No.	Types of Insurance Coverage	Insurer	Validity	Maximum Insurance Coverage
P0124-CCC-CCRO-00069310/R1	Corporate Commercial Comprehensive Motor Insurance	Al Rajhi Takaful	From 22 Rajab 1446H (corresponding to 22 January 2025G) to 2 Sha'ban 1447H (corresponding to 21 January 2026G).	SAR 10,000,000 annual aggregate.
GRH - 17433376	Medical Insurance	The Mediterranean and Gulf Cooperative Insurance and Reinsurance Company (Medgulf)	From 1 Jumada al-Ula 1446H (corresponding to 3 November 2024G) to 12 Jumada al-Ula 1447H (corresponding to 2 November 2025G).	SAR 1,000,000 per member.

Source: The Company.

11.8 Insurance Claims

The following table sets out a description of the main details of the insurance claims related to the insurance policies held by the Company as of 31 December 2024G:

Table 11.10: Insurance Claims as of 31 December 2024G

Policy No.	Types of Insurance Coverage	Insurer	Validity	Maximum Insurance Coverage	Claim Summary
P0124-CCC-CCRO-00069310/R1	Corporate Commercial Comprehensive Motor Insurance	Al Rajhi Takaful	From 22 Rajab 1446H (corresponding to 22 January 2025G) to 2 Sha'ban 1447H (corresponding to 21 January 2026G).	SAR 10,000,000 annual aggregate.	246 outstanding insurance claims related to the Company's motor insurance for a total value of SAR 2.4 million.

Source: The Company.

11.9 Real Estate

11.9.1 Title Deeds

The following table sets out a description of the properties owned by the Company:

Table 11.11: Description of the Properties Owned by the Company

Title Deed Particulars	Location	Description and Purpose	Net Book Value	Rights of Third Parties/ Disputes
Title deed no. 498594000192 dated 7 Thul-Hijjah 1445H (corresponding to 13 June 2024G)	Granada District, Riyadh, Kingdom of Saudi Arabia.	A plot of land with a total area of 977.28 sqm for the Company's head office.	SAR 11.8 million, as of 31 December 2024G.	This property has been mortgaged in favour of Riyad Bank in connection with the Company's Islamic Financing Agreement with Riyad Bank (1).

Source: The Company.

(1) For further details on this agreement, see Table 11.7 (*Islamic Financing Agreement between the Company and Riyad Bank:*) in Section 11.6 (*Financing Agreements*).

11.9.2 Leases

As of the date of this Prospectus, the Company has entered into a number of lease agreements to build or carry out its works and operations. The Company, being the lessee in these agreements, ensures payment of the rental amounts as specified in each agreement. The leasing term varies for each lease agreement, generally falling between the ranges of one to fifteen years; some agreements provide for automatic renewal. Most lease agreements stipulate provisions allowing either party to terminate the agreement by giving notice of no less than fifteen days to one month before the end of the agreement period. As of the date of this Prospectus, the Company has registered all lease agreements through Ejar platform except for one agreement. For further details of risks related to non-registration through the Ejar platform, see Section 2.1.31 (*Risks Related to Leasing Real Estate*). The following table sets out the details of the lease agreements entered into by the Company as lessee:

Table 11.12: Details of Lease Agreements Entered into by the Company as Lessee

No.	Lessor	Property Location	Size of Leased Premises (Sqm)	Rent	Term of Lease/Renewal Mechanism	Right to Terminate/Post Termination Procedures	Purpose
1	Mohammed Abdulaziz Mohammed AlQuwaiz	Abi Hassan Ali AlJarjani, Tabuk, Kingdom of Saudi Arabia.	1,200 sqm.	SAR 465,750 annually, for the first five years. SAR 529,000 annually, for the remaining five years.	10 years, starting from 8 Jumada al-Akhirah 1444H (corresponding to 1 January 2023G) to 28 Ramadan 1454H (corresponding to 31 December 2032G). The agreement is terminated at the end of its term. If the parties wish to renew, a new agreement shall be signed.	The affected party has the right to terminate the agreement if the other party has breached its obligations under the agreement and fails to remedy it within 15 days of receiving a notice by the affected party. In the event of the lessee's insolvency, bankruptcy, or liquidation for any reason whatsoever, this agreement shall be deemed terminated as of the date of the lessor's acknowledgment thereof, or upon the expiration of the original or any renewed term, whichever is earlier. Such termination shall not prejudice the lessor's right to demand payment for the period preceding said termination.	Showroom.
2	Faisal Ahmed Salem AlMuhanna	AlKhobar, Eastern Province, Kingdom of Saudi Arabia.	80 sqm.	SAR 12,000 lump-sum.	364 days, starting from 28 Rabi' al-Awwal 1446H (corresponding to 1 October 2024G) to 8 Rabi' al-Thani 1447H (corresponding to 30 September 2025G). The agreement is terminated at the end of its term. If the parties wish to renew, a new agreement shall be signed.	The lessor has the right to terminate the agreement if the lessee fails to pay the rent within 30 or 60 days of the grace period granted by the lessor. The affected party has the right to terminate the agreement if the other party has breached its obligations under the agreement and fails to remedy it within 30 days of receiving a notice by the affected party. The agreement will automatically terminate if any of the following occur: evidence that the property is at risk of collapsing; government decisions mandating changes to building regulations that make the units uninhabitable; submission of force majeure evidence to the competent court; the lessor makes alterations that jeopardise the property's safety and cannot be restored to its original condition; or if the lessor deliberately causes damage or acts with gross negligence towards the property.	Accommodation.

No.	Lessor	Property Location	Size of Leased Premises (Sqm)	Rent	Term of Lease/Renewal Mechanism	Right to Terminate/Post Termination Procedures	Purpose
3	Fatimah Mohammed Ali AlZahrani	King Abdulaziz Road, AlBaha, Kingdom of Saudi Arabia.	100 sqm.	SAR 9,600 lump-sum.	364 days, starting from 26 Muharram 1446H (corresponding to 1 August 2024G) to 6 Safar 1447H (corresponding to 31 July 2025G). The agreement is terminated at the end of its term. The agreement is terminated at the end of the initial term. If the parties wish to renew, a new agreement shall be signed.	The lessor has the right to terminate the agreement if the lessee fails to pay the rent within 30 or 60 days of the grace period granted by the lessor. The affected party has the right to terminate the agreement if the other party has breached its obligations under the agreement and fails to remedy it within 30 days of receiving a notice by the affected party. The agreement will automatically terminate if any of the following occur: evidence that the property is at risk of collapsing; government decisions mandating changes to building regulations that make the units uninhabitable; submission of force majeure evidence to the competent court; the lessor makes alterations that jeopardise the property's safety and cannot be restored to its original condition; or if the lessor deliberately causes damage or acts with gross negligence towards the property.	Accommodation.
4	Khalaf Mouli AlFaraj AlOnazi	AlKhafji, Eastern Province, Kingdom of Saudi Arabia.	240 sqm.	SAR 70,000 lump-sum.	364 days, starting from 5 Thul-Hijjah 1446H (corresponding to 1 June 2025G) to 14 Thul-Hijjah 1447H (corresponding to 31 May 2026G). The agreement is terminated at the end of its term. If the parties wish to renew, a new agreement shall be signed.	The lessor has the right to terminate the agreement if the lessee fails to pay the rent within 30 or 60 days of the grace period granted by the lessor. The affected party has the right to terminate the agreement if the other party has breached its obligations under the agreement and fails to remedy it within 30 days of receiving a notice by the affected party. The agreement will automatically terminate if any of the following occur: evidence that the property is at risk of collapsing; government decisions mandating changes to building regulations that make the units uninhabitable; submission of force majeure evidence to the competent court; the lessor makes alterations that jeopardise the property's safety and cannot be restored to its original condition; or if the lessor deliberately causes damage or acts with gross negligence towards the property.	Accommodation.

No.	Lessor	Property Location	Size of Leased Premises (Sqm)	Rent	Term of Lease/Renewal Mechanism	Right to Terminate/Post Termination Procedures	Purpose
5	Nadia Mohammed Hamad AlBassam	Dammam, Eastern Province, Kingdom of Saudi Arabia.	1 sqm.	SAR 13,700 lump-sum.	One year, starting from 11 Sha'ban 1446H (corresponding to 10 February 2025G) to 21 Sha'ban 1447H (corresponding to 9 February 2026G). Automatically renewable, unless either party notifies the other of its intention not to renew at least 60 days prior to the expiry of the agreement.	The lessor has the right to terminate the agreement if the lessee fails to pay the rent within 30 or 60 days of the grace period granted by the lessor. The affected party has the right to terminate the agreement if the other party has breached its obligations under the agreement and fails to remedy it within 30 days of receiving a notice by the affected party. The agreement will automatically terminate if any of the following occur: evidence that the property is at risk of collapsing; government decisions mandating changes to building regulations that make the units uninhabitable; submission of force majeure evidence to the competent court; the lessor makes alterations that jeopardise the property's safety and cannot be restored to its original condition; or if the lessor deliberately causes damage or acts with gross negligence towards the property.	Accommodation.
6	Dhaif'allah Raja'allah Atian AlMahalbdy	Abi AlBaqa AlAzji, Jeddah, Kingdom of Saudi Arabia	360 sqm.	SAR 160,000 annually.	Five years, starting from 10 Rajab 1444H (corresponding to 1 February 2023G) to 4 Ramadan 1449H (corresponding to 31 January 2028G). Automatically renewable, unless either party notifies the other of its intention not to renew at least 60 days prior to the expiry of the agreement.	The agreement is automatically terminated, without the need for a notice, or judicial ruling, if the lessor or the lessee breaches any of their obligations arising from this agreement, after the breaching party has been notified in writing by the affected party. The affected party has the right to terminate the agreement if the other party has breached its obligations under the agreement and fails to remedy it within 15 days of receiving a notice by the affected party.	Accommodation.
7	Abdulrahman Abdullah Abdulrahman AlSakran	Az Zulfi, Riyadh, Kingdom of Saudi Arabia.	3,025 sqm.	SAR 50,000 semi-annually.	15 years, starting from 1 Muharram 1444H (corresponding to 30 July 2022G) to 16 Jumada al-Akhirah 1459H (corresponding to 29 July 2037G). The agreement is terminated at the end of its term. If the parties wish to renew, a new agreement shall be signed.	The affected party has the right to terminate the agreement if the other party has breached its obligations under the agreement and fails to remedy it within 15 days of receiving a notice by the affected party. In the event of the lessee's insolvency, bankruptcy, or liquidation for any reason whatsoever, this agreement shall be deemed terminated as of the date of the lessor's acknowledgment thereof, or upon the expiration of the original or any renewed term, whichever is earlier. Such termination shall not prejudice the lessor's right to demand payment for the period preceding said termination.	Two workshops, accommodation, three showrooms, and a parking lot.

No.	Lessor	Property Location	Size of Leased Premises (Sqm)	Rent	Term of Lease/Renewal Mechanism	Right to Terminate/Post Termination Procedures	Purpose
8	Abdulrahman Fahad Abdullah AlDamer	Jouda, Kingdom of Saudi Arabia.	1,500 sqm.	SAR 30,000 lump-sum.	364 days, starting from 26 Muharram 1446H (corresponding to 1 August 2024G) to 6 Safar 1447H (corresponding to 31 July 2025G). Automatically renewable, unless either party notifies the other of its intention not to renew at least 60 days prior to the expiry of the agreement.	The affected party has the right to terminate the agreement if the other party has breached its obligations under the agreement and fails to remedy it within 15 days of receiving a notice by the affected party. In the event of the lessee's insolvency, bankruptcy, or liquidation for any reason whatsoever, this agreement shall be deemed terminated as of the date of the lessor's acknowledgment thereof, or upon the expiration of the original or any renewed term, whichever is earlier. Such termination shall not prejudice the lessor's right to demand payment for the period preceding said termination.	Parking lot.
9	Mana Matar Mana AlZmanan	Dawood bin Abi Asam, Najran, Kingdom of Saudi Arabia.	25 sqm.	SAR 11,400 lump sum.	364 days, starting from 20 Rabi' al-Thani 1446H (corresponding to 23 October 2024G) to 30 Rabi' al-Thani 1447H (corresponding to 22 October 2025G). The agreement is terminated at the end of its term. If the parties wish to renew, a new agreement shall be signed.	The lessor has the right to terminate the agreement if the lessee fails to pay the rent within 30 or 60 days of the grace period granted by the lessor. The affected party has the right to terminate the agreement if the other party has breached its obligations under the agreement and fails to remedy it within 30 days of receiving a notice by the affected party. The agreement will automatically terminate if any of the following occur: evidence that the property is at risk of collapsing; government decisions mandating changes to building regulations that make the units uninhabitable; submission of force majeure evidence to the competent court; the lessor makes alterations that jeopardise the property's safety and cannot be restored to its original condition; or if the lessor deliberately causes damage or acts with gross negligence towards the property.	Accommodation.
10	Mohammed Afeef Hassan Shehab AlDeen	Amro bin Murah, South Obhur, Jeddah, Kingdom of Saudi Arabia.	400 sqm.	SAR 250,000 annually, for the first five years. SAR 300,000 annually, for the remaining five years.	10 years, starting from 22 Thul-Hijjah 1442H (corresponding to 1 August 2021G) to 11 Rabi' al-Thani 1453H (corresponding to 31 July 2031G). The agreement is terminated at the end of its term. If the parties wish to renew, a new agreement shall be signed.	The affected party has the right to terminate the agreement if the other party has breached its obligations under the agreement and fails to remedy it within 15 days of receiving a notice by the affected party. In the event of the lessee's insolvency, bankruptcy, or liquidation for any reason whatsoever, this agreement shall be deemed terminated as of the date of the lessor's acknowledgment thereof, or upon the expiration of the original or any renewed term, whichever is earlier. Such termination shall not prejudice the lessor's right to demand payment for the period preceding said termination.	Showroom.

No.	Lessor	Property Location	Size of Leased Premises (Sqm)	Rent	Term of Lease/Renewal Mechanism	Right to Terminate/Post Termination Procedures	Purpose
11	Zaid Saad Zaid AlEissa	King Fahad bin Abdulaziz Saud, Dammam, Kingdom of Saudi Arabia.	104.52 sqm.	SAR 138,000 annually.	10 years, starting from 8 Jumada al-Akhirah 1444H (corresponding to 1 January 2023G) to 28 Ramadan 1454H (corresponding to 31 Thul-Hijjah 2032G). The agreement is terminated at the end of its term. If the parties wish to renew, a new agreement shall be signed.	The affected party has the right to terminate the agreement if the other party has breached its obligations under the agreement and fails to remedy it within 15 days of receiving a notice by the affected party. In the event of the lessee's insolvency, bankruptcy, or liquidation for any reason whatsoever, this agreement shall be deemed terminated as of the date of the lessor's acknowledgment thereof, or upon the expiration of the original or any renewed term, whichever is earlier. Such termination shall not prejudice the lessor's right to demand payment for the period preceding said termination.	Showroom.
12	Sultan Ali Abdulrahman AlGarawi	King Abdulaziz Road, Buraidah, AlQassim, Kingdom of Saudi Arabia.	200 sqm.	SAR 30,000, semi-annually.	364 days, starting from 1 Rajab 1446H (corresponding to 1 January 2025G) to 11 Rajab 1447H (corresponding to 31 December 2025G). The agreement is terminated at the end of its term. If the parties wish to renew, a new agreement shall be signed.	The affected party has the right to terminate the agreement if the other party has breached its obligations under the agreement and fails to remedy it within 15 days of receiving a notice by the affected party. In the event of the lessee's insolvency, bankruptcy, or liquidation for any reason whatsoever, this agreement shall be deemed terminated as of the date of the lessor's acknowledgment thereof, or upon the expiration of the original or any renewed term, whichever is earlier. Such termination shall not prejudice the lessor's right to demand payment for the period preceding said termination.	Showroom.
13	Saudi Edarah Holding Company	Ibn Al Ameed Road, AlJazeera District, Riyadh, Kingdom of Saudi Arabia.	18,942 sqm.	SAR 1,415,914 semi-annually for the first two years, then SAR 1,486,710 semi-annually for the remaining years.	10 years, starting from 1 Ramadan 1446H (corresponding to 1 March 2025G) to 20 Thul-Hijjah 1456H (corresponding to 28 February 2035G). The agreement is terminated at the end of its term. If the parties wish to renew, a new agreement shall be signed.	The affected party has the right to terminate the agreement if the other party has breached its obligations under the agreement and fails to remedy it within 15 days of receiving a notice by the affected party. In the event of the lessee's insolvency, bankruptcy, or liquidation for any reason whatsoever, this agreement shall be deemed terminated as of the date of the lessor's acknowledgment thereof, or upon the expiration of the original or any renewed term, whichever is earlier. Such termination shall not prejudice the lessor's right to demand payment for the period preceding said termination.	Workshop.

No.	Lessor	Property Location	Size of Leased Premises (Sqm)	Rent	Term of Lease/Renewal Mechanism	Right to Terminate/Post Termination Procedures	Purpose
14	Saeed Saad Mohammed AlArm	King Fahad Road, Aseer, Abha, Kingdom of Saudi Arabia.	2,500 sqm.	SAR 460,000 annually.	10 years, starting from 26 Rabi' al-Thani 1443H (corresponding to 1 December 2021G) to 15 Sha'ban 1453H (corresponding to 30 November 2031G). The agreement is terminated at the end of its term. If the parties wish to renew, a new agreement shall be signed.	The affected party has the right to terminate the agreement if the other party has breached its obligations under the agreement and fails to remedy it within 15 days of receiving a notice by the affected party. In the event of the lessee's insolvency, bankruptcy, or liquidation for any reason whatsoever, this agreement shall be deemed terminated as of the date of the lessor's acknowledgment thereof, or upon the expiration of the original or any renewed term, whichever is earlier. Such termination shall not prejudice the lessor's right to demand payment for the period preceding said termination.	Showroom.
15	Mohammed Ali Mohammed AlMasoud	AlSafa District, Abha, Kingdom of Saudi Arabia.	5,000 sqm.	SAR 100,000 annually.	10 years, starting from 1 Sha'ban 1438H (corresponding to 27 April 2017G) to 1 Sha'ban 1448H (corresponding to 9 January 2027G). Automatically renewable, unless either party notifies the other of its intention not to renew at least 15 days prior to the expiry of the agreement	N/A	Accommodation.
16	Smart Villages Industry Company (1)	Jeddah, Kingdom of Saudi Arabia	2,090 sqm.	SAR 216,315 annually.	One year, starting from 24 Safar 1446H (corresponding to 28 August 2024G) to 4 Rabi' Al-Awwal 1447H (corresponding to 27 August 2025G) The agreement is terminated at the end of its term. If the parties wish to renew, a new agreement shall be signed.	N/A	Parking lot.

No.	Lessor	Property Location	Size of Leased Premises (Sqm)	Rent	Term of Lease/Renewal Mechanism	Right to Terminate/Post Termination Procedures	Purpose
17	Majdi Khalid Mohammed AlNuaim	Ibn Sina, AlHofuf, Eastern Province, Kingdom of Saudi Arabia.	155 sqm.	SAR 11,200 lump-sum.	364 days, starting from 24 Safar 1446H (corresponding to 28 August 2024G) to 4 Rabi' al-Awwal 1447H (corresponding to 27 August 2025G). The agreement is terminated at the end of its term. If the parties wish to renew, a new agreement shall be signed.	The lessor has the right to terminate the agreement if the lessee fails to pay the rent within 30 or 60 days of the grace period granted by the lessor. The affected party has the right to terminate the agreement if the other party has breached its obligations under the agreement and fails to remedy it within 30 days of receiving a notice by the affected party. The agreement will automatically terminate if any of the following occur: evidence that the property is at risk of collapsing; government decisions mandating changes to building regulations that make the units uninhabitable; submission of force majeure evidence to the competent court; the lessor makes alterations that jeopardise the property's safety and cannot be restored to its original condition; or if the lessor deliberately causes damage or acts with gross negligence towards the property.	Accommodation.
18	Amal Saleh Ali Ba'jaafar	AlQunfidhah, Makkah AlMukarramah, Kingdom of Saudi Arabia.	25 sqm.	SAR 9,875 lump-sum.	364 days, starting from 24 Jumada al-Ula 1446H (corresponding to 26 November 2024G) to 4 Jumada al-Akhirah 1447H (corresponding to 25 November 2025G). The agreement is terminated at the end of its term. If the parties wish to renew, a new agreement shall be signed.	The lessor has the right to terminate the agreement if the lessee fails to pay the rent within 30 or 60 days of the grace period granted by the lessor. The affected party has the right to terminate the agreement if the other party has breached its obligations under the agreement and fails to remedy it within 30 days of receiving a notice by the affected party. The agreement will automatically terminate if any of the following occur: evidence that the property is at risk of collapsing; government decisions mandating changes to building regulations that make the units uninhabitable; submission of force majeure evidence to the competent court; the lessor makes alterations that jeopardise the property's safety and cannot be restored to its original condition; or if the lessor deliberately causes damage or acts with gross negligence towards the property.	Accommodation.

No.	Lessor	Property Location	Size of Leased Premises (Sqm)	Rent	Term of Lease/Renewal Mechanism	Right to Terminate/Post Termination Procedures	Purpose
19	Fahad Humud Hoshan AlHoshan	Khaleej Adan, Riyadh, Kingdom of Saudi Arabia.	625 sqm.	SAR 250,000 lump-sum.	364 days, starting from 16 Sha'ban 1446H (corresponding to 14 February 2025G) to 25 Sha'ban 1447H (corresponding to 13 February 2026G). The agreement is terminated at the end of the initial term. If the parties wish to renew, a new agreement shall be signed.	The lessor has the right to terminate the agreement if the lessee fails to pay the rent within 30 or 60 days of the grace period granted by the lessor. The affected party has the right to terminate the agreement if the other party has breached its obligations under the agreement and fails to remedy it within 30 days of receiving a notice by the affected party. The agreement will automatically terminate if any of the following occur: evidence that the property is at risk of collapsing; government decisions mandating changes to building regulations that make the units uninhabitable; submission of force majeure evidence to the competent court; the lessor makes alterations that jeopardise the property's safety and cannot be restored to its original condition; or if the lessor deliberately causes damage or acts with gross negligence towards the property.	Accommodation.
20	Abdulrahman Zayed Abdullah AlMuhtab	Gulf Cooperation Council Road, AlKhobar, Kingdom of Saudi Arabia.	800 sqm.	SAR 261,510 annually.	Five years, starting from 12 Sha'ban 1443H (corresponding to 15 March 2022G) to 6 Shawwal 1448H (corresponding to 14 March 2027G). The agreement is terminated at the end of its term. If the parties wish to renew, a new agreement shall be signed.	The affected party has the right to terminate the agreement if the other party has breached its obligations under the agreement and fails to remedy it within 15 days of receiving a notice by the affected party. In the event of the lessee's insolvency, bankruptcy, or liquidation for any reason whatsoever, this agreement shall be deemed terminated as of the date of the lessor's acknowledgment thereof, or upon the expiration of the original or any renewed term, whichever is earlier. Such termination shall not prejudice the lessor's right to demand payment for the period preceding said termination.	Showroom.
21	AlFaraj Trading Establishment	Gulf Cooperation Council Road, AlKhobar, Kingdom of Saudi Arabia.	95 sqm.	SAR 69,500 semi-annually.	Three years, starting from 14 Jumada al-Ula 1446H (corresponding to 16 November 2024G) to 16 Jumada al-Akhirah 1449H (corresponding to 15 November 2027G). The agreement is terminated at the end of its term. If the parties wish to renew, a new agreement shall be signed.	The affected party has the right to terminate the agreement if the other party has breached its obligations under the agreement and fails to remedy it within 15 days of receiving a notice by the affected party. In the event of the lessee's insolvency, bankruptcy, or liquidation for any reason whatsoever, this agreement shall be deemed terminated as of the date of the lessor's acknowledgment thereof, or upon the expiration of the original or any renewed term, whichever is earlier. Such termination shall not prejudice the lessor's right to demand payment for the period preceding said termination.	Showroom.

No.	Lessor	Property Location	Size of Leased Premises (Sqm)	Rent	Term of Lease/Renewal Mechanism	Right to Terminate/Post Termination Procedures	Purpose
22	Noura Raja Sayah AlBlwi	King Abdullah bin Abdulaziz, AlKhafji, Kingdom of Saudi Arabia.	120 sqm.	SAR 20,000 semi-annually.	364 days, starting from 5 Thul-Hijjah1446H (corresponding to 1 June 2025G) to 14 Thul-Hijjah 1447H (corresponding to 31 May 2026G). The agreement is terminated at the end of its term. If the parties wish to renew, a new agreement shall be signed.	The affected party has the right to terminate the agreement if the other party has breached its obligations under the agreement and fails to remedy it within 15 days of receiving a notice by the affected party. In the event of the lessee's insolvency, bankruptcy, or liquidation for any reason whatsoever, this agreement shall be deemed terminated as of the date of the lessor's acknowledgment thereof, or upon the expiration of the original or any renewed term, whichever is earlier. Such termination shall not prejudice the lessor's right to demand payment for the period preceding said termination.	Showroom.
23	Abdulrahman Fahad Abdullah AlDamer	Umm Al Hamam, Riyadh, Kingdom of Saudi Arabia.	1,500 sqm.	SAR 40,000 lump-sum.	364 days, starting from 1 Rajab 1446H (corresponding to 1 January 2025G) to 11 Rajab 1447H (corresponding to 31 December 2025G). Automatically renewable, unless either party notifies the other of its intention not to renew at least 10 days prior to the expiry of the agreement.	The affected party has the right to terminate the agreement if the other party has breached its obligations under the agreement and fails to remedy it within 15 days of receiving a notice by the affected party. In the event of the lessee's insolvency, bankruptcy, or liquidation for any reason whatsoever, this agreement shall be deemed terminated as of the date of the lessor's acknowledgment thereof, or upon the expiration of the original or any renewed term, whichever is earlier. Such termination shall not prejudice the lessor's right to demand payment for the period preceding said termination.	Parking lot.
24	AlNokba Car Rental Establishment	AlMadinah AlMunawarra Branch Road, Jeddah, Kingdom of Saudi Arabia.	140 sqm.	SAR 200,000.	364 days, starting from 25 Thul-Hijjah 1445H (corresponding to 1 July 2024G) to 5 Muharram 1447H (corresponding to 30 June 2025G). The agreement is terminated at the end of its term. If the parties wish to renew, a new agreement shall be signed.	The affected party has the right to terminate the agreement if the other party has breached its obligations under the agreement and fails to remedy it within 15 days of receiving a notice by the affected party. In the event of the lessee's insolvency, bankruptcy, or liquidation for any reason whatsoever, this agreement shall be deemed terminated as of the date of the lessor's acknowledgment thereof, or upon the expiration of the original or any renewed term, whichever is earlier. Such termination shall not prejudice the lessor's right to demand payment for the period preceding said termination.	Showroom.

No.	Lessor	Property Location	Size of Leased Premises (Sqm)	Rent	Term of Lease/Renewal Mechanism	Right to Terminate/Post Termination Procedures	Purpose
25	Hussain Eissa Eissa Wasili	King Khalid Road, Khamis Mushayt, Kingdom of Saudi Arabia.	300 sqm.	SAR 150,000, annually	10 years, starting from 10 Ramadan 1444H (corresponding to 1 April 2023G) to 30 Thul-Hijjah 1454H (corresponding to 31 March 2033G). The agreement is terminated at the end of its term. If the parties wish to renew, a new agreement shall be signed.	The affected party has the right to terminate the agreement if the other party has breached its obligations under the agreement and fails to remedy it within 15 days of receiving a notice by the affected party. In the event of the lessee's insolvency, bankruptcy, or liquidation for any reason whatsoever, this agreement shall be deemed terminated as of the date of the lessor's acknowledgment thereof, or upon the expiration of the original or any renewed term, whichever is earlier. Such termination shall not prejudice the lessor's right to demand payment for the period preceding said termination.	Showroom.
26	Abdulkareem Mohareb Sidik AlJohani	King Abdulaziz Road, Yanbu, Kingdom of Saudi Arabia.	165 sqm.	SAR 70,000 annually.	Five years, starting from 20 Shawwal 1442H (corresponding to 1 June 2021G) to 14 Thul-Hijjah 1447H (corresponding to 31 May 2026G). The agreement is terminated at the end of its term. If the parties wish to renew, a new agreement shall be signed.	The affected party has the right to terminate the agreement if the other party has breached its obligations under the agreement and fails to remedy it within 15 days of receiving a notice by the affected party. In the event of the lessee's insolvency, bankruptcy, or liquidation for any reason whatsoever, this agreement shall be deemed terminated as of the date of the lessor's acknowledgment thereof, or upon the expiration of the original or any renewed term, whichever is earlier. Such termination shall not prejudice the lessor's right to demand payment for the period preceding said termination.	Showroom.
27	Smart Villages Industry Company	Afsan, Jeddah, Kingdom of Saudi Arabia.	3,160 sqm.	SAR 543,375, for the first instalment. SAR 517,500, for the second, third and fourth instalments. SAR 632,500, for the last instalment.	Five years, starting from 24 Safar 1443H (corresponding to 1 October 2021G) to 19 Rabi' al-Thani 1448H (corresponding to 30 September 2026G). The agreement is terminated at the end of its term. If the parties wish to renew, a new agreement shall be signed.	The affected party has the right to terminate the agreement if the other party has breached its obligations under the agreement and fails to remedy it within 15 days of receiving a notice by the affected party. In the event of the lessee's insolvency, bankruptcy, or liquidation for any reason whatsoever, this agreement shall be deemed terminated as of the date of the lessor's acknowledgment thereof, or upon the expiration of the original or any renewed term, whichever is earlier. Such termination shall not prejudice the lessor's right to demand payment for the period preceding said termination.	Workshop.

No.	Lessor	Property Location	Size of Leased Premises (Sqm)	Rent	Term of Lease/Renewal Mechanism	Right to Terminate/Post Termination Procedures	Purpose
28	Saudi Arabia Railways (SAR) (1)	Riyadh, Kingdom of Saudi Arabia.	54 sqm.	SAR 230,000 annually.	Three years, starting from 26 Muharram 1446H (corresponding to 1 August 2024G) to 7 Safar 1447H (corresponding to 1 August 2027G). If a party wishes to renew, it must notify the party of its intention at least 60 days prior to the expiry of the agreement.	If the lessee wishes to terminate the agreement prior to the expiry date, the lessee will be obligated to pay the full value of the agreement. The lessor may terminate the agreement without cause, provided they give the lessee a 30 days written notice.	Showroom.
29	Abdullah Ali Saeed AlBishi	Riyadh, Kingdom of Saudi Arabia.	150 sqm.	SAR 4,800, semi-annually.	364 days, starting from 29 Sha'ban 1446H (corresponding to 28 February 2025G) to 10 Ramadan 1447H (corresponding to 27 February 2026G). The agreement is terminated at the end of its term. If the parties wish to renew, a new agreement shall be signed.	The lessor has the right to terminate the agreement if the lessee fails to pay the rent within 30 or 60 days of the grace period granted by the lessor. The affected party has the right to terminate the agreement if the other party has breached its obligations under the agreement and fails to remedy it within 30 days of receiving a notice by the affected party. The agreement will automatically terminate if any of the following occur: evidence that the property is at risk of collapsing; government decisions mandating changes to building regulations that make the units uninhabitable; submission of force majeure evidence to the competent court; the lessor makes alterations that jeopardise the property's safety and cannot be restored to its original condition; or if the lessor deliberately causes damage or acts with gross negligence towards the property.	Accommodation.
30	Saudi Electricity Company	Afzal bin Zeyad Street, AlJaradeya District, Riyadh, Kingdom of Saudi Arabia.	100 sqm.	SAR 103,500, for the first three instalments. SAR 60,091, for the last instalment.	1,308 days, starting from 24 Thul-Qi'dah 1445H (corresponding to 1 June 2024G) to 3 Sha'ban 1449H (corresponding to 31 December 2027G). The agreement is terminated at the end of its term. If the parties wish to renew, a new agreement shall be signed.	The affected party has the right to terminate the agreement if the other party has breached its obligations under the agreement and fails to remedy it within 15 days of receiving a notice by the affected party. In the event of the lessee's insolvency, bankruptcy, or liquidation for any reason whatsoever, this agreement shall be deemed terminated as of the date of the lessor's acknowledgment thereof, or upon the expiration of the original or any renewed term, whichever is earlier. Such termination shall not prejudice the lessor's right to demand payment for the period preceding said termination.	Workshop.

No.	Lessor	Property Location	Size of Leased Premises (Sqm)	Rent	Term of Lease/Renewal Mechanism	Right to Terminate/Post Termination Procedures	Purpose
31	Awad Bin AlDoh Qirian AlBlwi	Muath bin AlHakeem, AlKhafji, Dammam, Eastern Province, Kingdom of Saudi Arabia.	100 sqm.	SAR 12,500 lump-sum.	364 days, starting from 3 Shawwal 1446H (corresponding to 1 April 2025G) to 12 Shawwal 1447H (corresponding to 31 March 2026G). The agreement is terminated at the end of its term. If the parties wish to renew, a new agreement shall be signed.	The affected party has the right to terminate the agreement if the other party has breached its obligations under the agreement and fails to remedy it within 15 days of receiving a notice by the affected party. In the event of the lessee's insolvency, bankruptcy, or liquidation for any reason whatsoever, this agreement shall be deemed terminated as of the date of the lessor's acknowledgment thereof, or upon the expiration of the original or any renewed term, whichever is earlier. Such termination shall not prejudice the lessor's right to demand payment for the period preceding said termination.	Parking lot.
32	Abdullah Hussain Muhsan AlMamash; Mohammed Hussain Muhsan AlMamash; Hessa Naif Walm AlMutrfi; Hessa AlHussain Mohammed AlMamash; Abdulmohsen Hussain Mohammed AlMamash; Asma Hussain Mohammed AlMamash; Kholoud Hussain Mohammed AlMamash; Bader Hussain Mohammed AlMamash; Badriyah Hussain Mohammed AlMamash; Khawlah Hussain Mohammed AlMamash; Naif Hussain Mohammed AlMamash; Noura Hussain Mohammed AlMamash; Fatima Hussain Mohammed AlMamash; Ohoud Hussain Mohammed AlMamash; and Bandar Hussain Mohammed AlMamash	Jar Allah bin Fahad, Riyadh, Kingdom of Saudi Arabia.	2,020 sqm.	SAR 150,000 semi-annually.	364 days, starting from 29 Jumada al-Ula 1446H (corresponding to 1 December 2024G) to 9 Jumada al-Akhirah 1447H (corresponding to 30 November 2025G). The agreement is terminated at the end of its term. If the parties wish to renew, a new agreement shall be signed.	The affected party has the right to terminate the agreement if the other party has breached its obligations under the agreement and fails to remedy it within 15 days of receiving a notice by the affected party. In the event of the lessee's insolvency, bankruptcy, or liquidation for any reason whatsoever, this agreement shall be deemed terminated as of the date of the lessor's acknowledgment thereof, or upon the expiration of the original or any renewed term, whichever is earlier. Such termination shall not prejudice the lessor's right to demand payment for the period preceding said termination.	Showroom.

No.	Lessor	Property Location	Size of Leased Premises (Sqm)	Rent	Term of Lease/Renewal Mechanism	Right to Terminate/Post Termination Procedures	Purpose
33	Bader Saeed Mohammed Sadhan	Mohammed bin Hamad Abu Shiba, AlShifa, Riyadh, Kingdom of Saudi Arabia.	2,250 sqm.	SAR 350,000 annually.	Five years, starting from 16 Safar 1445H (corresponding to 1 September 2023G) to 10 Rabi' al-Thani 1450H (corresponding to 31 August 2028G). Automatically renewable, unless either party notifies the other of its intention not to renew at least five days prior to the expiry of the agreement.	The affected party has the right to terminate the agreement if the other party has breached its obligations under the agreement and fails to remedy it within 15 days of receiving a notice by the affected party. In the event of the lessee's insolvency, bankruptcy, or liquidation for any reason whatsoever, this agreement shall be deemed terminated as of the date of the lessor's acknowledgment thereof, or upon the expiration of the original or any renewed term, whichever is earlier. Such termination shall not prejudice the lessor's right to demand payment for the period preceding said termination.	Showroom.
34	Abdulmohsen Saleh Abdulaziz AlHafeth	King Fahad Road, AlHafouf, Eastern Provence, Kingdom of Saudi Arabia.	420 sqm.	SAR 57,000 semi-annually.	Three years, starting from 23 Sha'ban 1444H (corresponding to 15 March 2023G) to 25 Ramadan 1447H (corresponding to 14 March 2026G). The agreement is terminated at the end of its term. If the parties wish to renew, a new agreement shall be signed.	The affected party has the right to terminate the agreement if the other party has breached its obligations under the agreement and fails to remedy it within 15 days of receiving a notice by the affected party. In the event of the lessee's insolvency, bankruptcy, or liquidation for any reason whatsoever, this agreement shall be deemed terminated as of the date of the lessor's acknowledgment thereof, or upon the expiration of the original or any renewed term, whichever is earlier. Such termination shall not prejudice the lessor's right to demand payment for the period preceding said termination.	Showroom.
35	Wadi AlMemar AlFareed Real Estate Company	AlKhobar, Eastern Province, Kingdom of Saudi Arabia.	1,008 sqm.	SAR 368,000 lump-sum.	364 days, starting from 29 Sha'ban 1446H (corresponding to 28 February 2025G) to 10 Ramadan 1447H (corresponding to 27 February 2026G). The agreement is terminated at the end of its term. If the parties wish to renew, a new agreement shall be signed.	The affected party has the right to terminate the agreement if the other party has breached its obligations under the agreement and fails to remedy it within 15 days of receiving a notice by the affected party. In the event of the lessee's insolvency, bankruptcy, or liquidation for any reason whatsoever, this agreement shall be deemed terminated as of the date of the lessor's acknowledgment thereof, or upon the expiration of the original or any renewed term, whichever is earlier. Such termination shall not prejudice the lessor's right to demand payment for the period preceding said termination.	Workshop.

No.	Lessor	Property Location	Size of Leased Premises (Sqm)	Rent	Term of Lease/Renewal Mechanism	Right to Terminate/Post Termination Procedures	Purpose
36	Saudi Electricity Company	AlKharj, Riyadh, Kingdom of Saudi Arabia.	50 sqm.	SAR 34,500 annually, for the first three instalments. SAR 25,780 annually, for the last instalment.	1,369 days, starting from 22 Ramadan 1445H (corresponding to 1 April 2024G) to 3 Sha'ban 1449H (corresponding to 31 December 2027G). The agreement is terminated at the end of its term. If the parties wish to renew, a new agreement shall be signed.	The affected party has the right to terminate the agreement if the other party has breached its obligations under the agreement and fails to remedy it within 15 days of receiving a notice by the affected party. In the event of the lessee's insolvency, bankruptcy, or liquidation for any reason whatsoever, this agreement shall be deemed terminated as of the date of the lessor's acknowledgment thereof, or upon the expiration of the original or any renewed term, whichever is earlier. Such termination shall not prejudice the lessor's right to demand payment for the period preceding said termination.	Workshop.
37	Sulaiman Mohammed Abdullah AlYahya	Riyadh, Kingdom of Saudi Arabia.	550 sqm.	SAR 165,000.	353 days, starting from 1 Rajab 1446H (corresponding to 1 January 2025G) to 29 Jumada al-Akhirah 1447H (corresponding to 20 December 2025G). The agreement is terminated at the end of its term. If the parties wish to renew, a new agreement shall be signed.	The affected party has the right to terminate the agreement if the other party has breached its obligations under the agreement and fails to remedy it within 15 days of receiving a notice by the affected party. In the event of the lessee's insolvency, bankruptcy, or liquidation for any reason whatsoever, this agreement shall be deemed terminated as of the date of the lessor's acknowledgment thereof, or upon the expiration of the original or any renewed term, whichever is earlier. Such termination shall not prejudice the lessor's right to demand payment for the period preceding said termination.	Workshop.
38	Saudi Electricity Company	Prince Faisal bin Abdulaziz bin Saud Road, Riyadh, Kingdom of Saudi Arabia.	100 sqm.	SAR 10,350 annually, for the first three instalments. SAR 77,341 annually, for the last instalment.	1,369 days, starting from 22 Ramadan 1445H (corresponding to 1 April 2024G) to 3 Sha'ban 1449H (corresponding to 31 December 2027G). The agreement is terminated at the end of its term. If the parties wish to renew, a new agreement shall be signed.	The affected party has the right to terminate the agreement if the other party has breached its obligations under the agreement and fails to remedy it within 15 days of receiving a notice by the affected party. In the event of the lessee's insolvency, bankruptcy, or liquidation for any reason whatsoever, this agreement shall be deemed terminated as of the date of the lessor's acknowledgment thereof, or upon the expiration of the original or any renewed term, whichever is earlier. Such termination shall not prejudice the lessor's right to demand payment for the period preceding said termination.	Workshop.

No.	Lessor	Property Location	Size of Leased Premises (Sqm)	Rent	Term of Lease/Renewal Mechanism	Right to Terminate/Post Termination Procedures	Purpose
39	Arabic Key Rent a Car Establishment	Southern Ring Branch Road, Aljilah, Riyadh, Kingdom of Saudi Arabia.	75 sqm.	SAR 327,750 lump-sum.	Three years, starting from 1 Rajab 1446H (corresponding to 1 January 2025G) to 3 Rajab 1449H (corresponding to 31 December 2027G). The agreement is terminated at the end of its term. If the parties wish to renew, a new agreement shall be signed.	The agreement will automatically terminate if any of the following occur: evidence that the property is at risk of collapsing; government decisions mandating changes to building regulations that make the units uninhabitable; or in cases of force majeure.	Showroom.
40	Abdullah Mohammed Abdullah AlRasheed	Burayidah, AlQassim, Kingdom of Saudi Arabia.	565 sqm.	SAR 28,750 semi-annually.	364 days, starting from 1 Rajab 1446H (corresponding to 1 January 2025G) to 11 Rajab 1447H (corresponding to 31 December 2025G) The agreement is terminated at the end of its term. If the parties wish to renew, a new agreement shall be signed.	The affected party has the right to terminate the agreement if the other party has breached its obligations under the agreement and fails to remedy it within 15 days of receiving a notice by the affected party. In the event of the lessee's insolvency, bankruptcy, or liquidation for any reason whatsoever, this agreement shall be deemed terminated as of the date of the lessor's acknowledgment thereof, or upon the expiration of the original or any renewed term, whichever is earlier. Such termination shall not prejudice the lessor's right to demand payment for the period preceding said termination.	Warehouse.
41	Sulaiman Mohammed Abdulrahman AlBaz'ei	Wadi Jizan, Riyadh, Kingdom of Saudi Arabia.	2,400 sqm.	SAR 270,000 annually.	Five years, starting from 29 Jumada al-Akhirah 1446H (corresponding to 1 December 2024G) to 24 Rajab 1451H (corresponding to 30 November 2029G). The agreement is terminated at the end of its term. If the parties wish to renew, a new agreement shall be signed.	The affected party has the right to terminate the agreement if the other party has breached its obligations under the agreement and fails to remedy it within 15 days of receiving a notice by the affected party. In the event of the lessee's insolvency, bankruptcy, or liquidation for any reason whatsoever, this agreement shall be deemed terminated as of the date of the lessor's acknowledgment thereof, or upon the expiration of the original or any renewed term, whichever is earlier. Such termination shall not prejudice the lessor's right to demand payment for the period preceding said termination.	Showroom.
42	Saeed Ahmed Ali AlZuhair [1]	Industrial City, Jazan, Kingdom of Saudi Arabia.	1,800 sqm.	SAR 60,000 annually.	Three years, starting from 17 Jumada al-Ula 1445H (corresponding to 1 December 2023G) to 21 Jumada al-Akhirah 1448H (corresponding to 1 December 2026G). Automatically renewable, unless either party notifies the other of its intention not to renew at least 30 days prior to the expiry of the agreement.	The lessor may terminate this agreement if any of the following occur: the lessee fails to make payment within 60 days of the rent due date, if it is determined that the lessee has jeopardised public health or safety in connection with the property, or in the event of the lessee's insolvency or bankruptcy.	Workshop.

No.	Lessor	Property Location	Size of Leased Premises (Sqm)	Rent	Term of Lease/Renewal Mechanism	Right to Terminate/Post Termination Procedures	Purpose
43	Ghazi Musllam Musllam AlLihyani	Makkah AlMukarramah, Kingdom of Saudi Arabia.	8,000 sqm.	SAR 50,000 annually.	364 days, starting from 1 Rajab 1446H (corresponding to 1 January 2025G) to 11 Rajab 1447H (corresponding to 31 December 2025G). Automatically renewable, unless either party notifies the other of its intention not to renew at least 60 days prior to the expiry of the agreement.	The lessor has the right to terminate the agreement if the lessee fails to pay the rent within 30 or 60 days of the grace period granted by the lessor. The affected party has the right to terminate the agreement if the other party has breached its obligations under the agreement and fails to remedy it within 30 days of receiving a notice by the affected party. The agreement will automatically terminate if any of the following occur: evidence that the property is at risk of collapsing; government decisions mandating changes to building regulations that make the units uninhabitable; submission of force majeure evidence to the competent court; the lessor makes alterations that jeopardise the property's safety and cannot be restored to its original condition; or if the lessor deliberately causes damage or acts with gross negligence towards the property.	Warehouse.
44	Mohammed Ahmed Ali AlQahtani (1)	Abha, Kingdom of Saudi Arabia.	40 sqm.	SAR 1,100 monthly.	One year, starting from 1 Rajab 1446H (corresponding to 1 January 2025G) to 12 Rajab 1447H (corresponding to 1 January 2026G). Automatically renewable, unless either party notifies the other of its intention not to renew at least 15 days prior to the expiry of the agreement.	The lessee shall pay the rent on time, refrain from making any modifications or transferring ownership without the lessor's approval, bear the costs of water and electricity consumption and any damages resulting from negligence, and the lessor shall have the right to terminate the agreement if the lessee breaches any of these obligations.	Accommodation.

Source: The Company.

(1) This lease agreement is not registered on the Ejar platform.

11.10 Related Party Transactions

This section provides a summary of the Company's contracts and transactions with Related Parties. The Company's Directors confirm that all contracts with Related Parties mentioned in this section do not include any preferential terms and have been conducted on appropriate commercial bases. In compliance with Article 71 of the Companies Law. The following table sets out the contracts and transactions between the Company and Related Parties:

Table 11.13: Contracts and Transactions with Related Parties

#	Parties	Nature of Agreement/ Transaction	Rental Value for the Financial Year Ended 31 December 2024G	Interest	Approval
1	Saudi Edarah Holding Company (as lessor) and the Company (as lessee)	Lease agreement	SAR 806,266, semi-annually.	Saudi Edarah Holding Company is the Substantial Shareholder of the Company.	This transaction does not require the approval of the Company's General Assembly, as it does not involve any direct or indirect interest of any member of the Board of Directors.
2	The Company (as lessor) and Gulf Address Real Estate Investment Company (as lessee)	Car lease agreement	SAR 132,197	Nasser Ibrahim Mohammed AlOmair who is an indirect shareholder in the Company owns shares in Gulf Address Company.	This transaction does not require the approval of the Company's General Assembly, as it does not involve any direct or indirect interest of any member of the Board of Directors.
3	The Company (as lessor) and Rekaz International Commercial Investment Company (as lessee)	Car lease agreement	SAR 704,131	Rakaz Company is a subsidiary of Saudi Edarah Holding Company.	This transaction does not require the approval of the Company's General Assembly, as it does not involve any direct or indirect interest of any member of the Board of Directors.
4	The Company (as lessor) and Elegant Vehicle Company for Car Services (as lessee)	Car lease agreement	SAR 353,363	Elegant Vehicle Company for Car Services was a subsidiary of the Company as of 31 January 2023G. Effective from 1 January 2024G, the Substantial Shareholder transferred Elegant Vehicle Carwash Services to Saudi Edarah Holding Company, thereby making Elegant Vehicle Carwash Services a sister company of the Company.	This transaction does not require the approval of the Company's General Assembly, as it does not involve any direct or indirect interest of any member of the Board of Directors.
5	The Company (as lessor) and Saudi Edarah Holding Company (As lessee)	Car lease agreement	SAR 7,352	Saudi Edarah Holding Company is the Substantial Shareholder of the Company.	This transaction does not require the approval of the Company's General Assembly, as it does not involve any direct or indirect interest of any member of the Board of Directors.
6	The Company (as lessor) and Tamkeen Rent a Car Company (as lessee)	Car lease agreement	SAR 40,365	Tamkeen Company is a sister company of the Company as Saudi Edarah Holding Company (their common shareholder) owns 70% of it.	This transaction does not require the approval of the Company's General Assembly, as it does not involve any direct or indirect interest of any member of the Board of Directors.

Source: The Company.

11.11 Conflict of Interest

As of the date of this Prospectus, the Directors acknowledge that there is no conflict of interest with the Board of Directors in relation to the contracts and/or transactions entered into with the Company and that they are not engaged in any activities similar to, or competing with, the Company's activities.

11.12 Intellectual Property

11.12.1 Trademarks

As of the date of this Prospectus, the Company registered two trademarks which it uses to carry out its business and relies on to ensure the success of its operations and support its competitive position in the market. Therefore, if the Company fails to protect

its trademarks or if it is forced to take legal action in relation to its trademarks, this can have an adverse effect on its ability to use such trademark (for further details on the 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 trademark:

Table 11.14: Details of Registered Trademarks

Country of Registration	Trademark Registration Certificate No.	Validity/ Expiration Date	Category	Logo
The Kingdom	1439005642	Registered on 12 Jumada al-Ula 1439H (corresponding to 29 January 2018G) valid until 7 Rabi' al-Awwal 1449H (corresponding to 9 August 2027G).	39	
The Kingdom	1443008734	Registered on 4 Ramadan 1443H (corresponding to 5 April 2022G) valid until 5 Rabi' al-Awwal 1453H (corresponding to 25 June 2031G).	39	

Source: The Company.

11.12.2 The Company's Other Intellectual Properties

The Company owns several internet domains registered in its name. The following table sets out details of the internet domains registered to the Company:

Table 11.15: Details of Registered Domain Names

Internet Domain	Expiration Date
www.cherry.com.sa	16 Ramadan 1453H (corresponding to 30 December 2031G).

Source: The Company.

11.13 Litigation

As of the date of this Prospectus, the Company has confirmed that it is not a party to any ongoing or potential lawsuits, claims, or ongoing investigations that could, individually or collectively, have a material impact on the Company. The Company considers any case or claim to be material if its value reaches five per cent. of the revenue for the financial year ended 31 December 2024G, or if the Company deems it material by its nature.

The Company is involved in a number of non-material ongoing lawsuits and claims that arose in the ordinary course of its business. The following table sets out an overview of the non-material lawsuits and claims filed by, and against, the Company as of 31 December 2024G:

Table 11.16: Overview of the Currently Active Non-Material Claims Initiated by and Against the Company As of 31 December 2024G

Type of Claim	Nature of Claims	Estimated Total Value of Claims	Total Amounts Provisioned
Claims initiated by the Company.	Ongoing claims consisting of financial claims related to vehicle leasing and compensation for accidents, including claims for vehicle recovery. In addition, there is one claim related to a case of embezzlement.	67	SAR 48.8 million
Claims initiated against the Company.	Ongoing claims consisting of financial claims related to vehicle leasing and compensation for accidents.	4	SAR 72.8 thousand

Source: The Company.

11.14 Summary of Bylaws

11.14.1 Name of the Company

The name of the Company is “Cherry Trading Company”, a joint stock company.

11.14.2 Head Office of the Company

The head office of the Company shall be located in the city of Riyadh, Kingdom of Saudi Arabia. The Company may establish branches inside and outside the Kingdom by a resolution from the Board of Directors.

11.14.3 Objectives of the Company

The Company’s objects are:

- quarrying of stone, sand, and clay;
- support activities for other mining and quarrying;
- manufacture of other non-metallic mineral products;
- manufacture of refractory products;
- manufacture of clay building materials;
- manufacture of cement, lime, and plaster;
- manufacture of articles of concrete, cement, and plaster;
- manufacture of other non-metallic mineral products;
- manufacture of basic iron and steel;
- casting of iron and steel;
- manufacture of structural metal products;
- water collection, treatment, and supply;
- construction of buildings;
- demolition;
- site preparation;
- electrical installations;
- plumbing, heat, and air-conditioning installation;
- other building completion and finishing;
- completion and finishing of buildings and decorating;
- other specialised construction activities;
- sale of motor vehicles;
- maintenance and repair of motor vehicles;
- sale of motor vehicle parts and accessories;
- sale, maintenance, and repair of motorcycles and related parts and accessories;
- non-specialised wholesale trade;
- freight rail transport;
- urban and suburban passenger land transport;
- freight transport by road;
- transport via pipelines;
- sea and coastal passenger water transport;
- air passenger transport;
- road transportation;
- warehousing and storage;
- cargo handling;

- other transportation support activities;
- short-term accommodation activities;
- food service and mobile food service activities;
- other food service activities;
- beverage serving activities;
- wired telecommunications activities;
- wireless telecommunications activities;
- real estate activities with owned or leased property;
- real estate activities on a fee or contract basis;
- activities of head offices;
- market research and public opinion polling;
- rental of motor vehicles;
- activities of tour operators;
- combined facilities support activities;
- general cleaning of buildings;
- other building and industrial cleaning activities;
- landscape care and maintenance service activities;
- office administrative and support activities; and
- packaging and packing activities.

The Company shall exercise its purposes in accordance with the applicable regulations and after obtaining the necessary licences from the competent authorities, if any.

11.14.4 Duration of the Company

The duration of the Company is 99 years starting from the date of its registration in the commercial register. This duration may always be extended by a decision issued by the Extraordinary General Assembly at least one year before its expiration.

11.14.5 Participation and Ownership in Companies

The Company may own shares and interests in other existing companies or merge with them, and it has the right to participate with others in establishing joint-stock companies or limited liability companies, after fulfilling the requirements of applicable regulations and instructions in this regard. The Company may also dispose of these shares or interests, provided that this does not include brokerage in their trading.

11.14.6 Company's Share Capital

The Company's issued capital is set at SAR 300,000,000, divided into 30,000,000 ordinary shares of equal value, each with a value of SAR 10. All Shares are ordinary shares fully paid in exchange for in-kind contributions, as per the evaluation report of an accredited valuer.

11.14.7 Share Subscription

The Shareholders have subscribed and paid in full their nominal value of SAR 300,000,000.

11.14.8 Bonds and Sukuk

The Company may issue any type of bonds and sukuk inside or outside the Kingdom of Saudi Arabia, in accordance with applicable laws, regulations, and rules, and in compliance with the provisions of Shari'ah.

11.14.9 Share Certificates

The Company issues share certificates that are consecutively numbered, signed by the Chairman of the Board of Directors or an authorised Board Member, and stamped with the Company's seal. The share certificate shall include, in particular, the following: the number and date of the ministerial decision licensing the Company's conversion, the number and date of the ministerial decision declaring the Company's conversion, the value of the capital, the number of Shares issued, the nominal value of each Share, the paid-up amount, a summary of the Company's purpose, its headquarters, and its duration.

11.14.10 Issuance of Shares

Shares are nominal and may not be issued at a value less than their nominal value. However, they may be issued at a value higher than their nominal value. In such cases, the difference in value is recorded in a separate account under Shareholders' equity and may not be distributed as dividends to Shareholders.

Shares are indivisible with respect to the Company. If a Share is jointly owned by multiple people, they must appoint one of them to represent them in exercising the rights associated with the Share. These people shall be jointly liable for the obligations arising from the ownership of the Share.

11.14.11 Board of Directors

The Company shall be managed by a Board of Directors composed of five members, who shall be natural persons, to be appointed by the Ordinary General Assembly for a term not exceeding four years.

11.14.12 Membership Termination

Board membership shall expire upon the expiration of the Board's term, or the expiration of the Board member's term, in accordance with any law or directives applicable in the Kingdom. The Ordinary General Assembly may, at the recommendation of the Board, terminate the membership of Board members that fail to attend three consecutive meetings, or a total of five meetings during their term, without a valid excuse which is satisfactory to the Board.

11.14.13 Powers of the Board

Without prejudice to the powers conferred on the General Assembly, the Board shall be vested with the widest powers to manage the Company in a manner that serves its objectives within and outside the Kingdom. The Board of Directors, acting collectively, shall have the following powers:

1. The Board of Directors must obtain the approval of the General Assembly for the sale of Company assets the value of which exceeds 50 per cent. of the value of its total assets, whether the sale is made through one transaction, or more. In such case, the transaction which leads to the sale of more than 50 per cent. of the value of assets shall require the General Assembly's approval. Said percentage shall be calculated from the date the first transaction is concluded within the previous 12 months.
2. The Board of Directors may also, within its powers, delegate one or more of its Directors or others to carry out certain acts.

11.14.14 Remuneration of Directors

The remuneration of the Board of Directors shall consist of either a percentage of the net profits, in-kind benefits, an attendance allowance for meetings, a fixed amount, or as determined by the Ordinary General Assembly.

The report submitted by the Board of Directors to the Ordinary General Assembly at its annual meeting shall include a detailed account of all the amounts the Board members received or were entitled to receive during the financial year in the form of remuneration, meeting attendance allowances, expense allowances, and other benefits. The report shall also include an account of the amounts received by the Board members in their capacity as employees or executives, or in exchange for technical, administrative, or consulting services. The report shall also include an account of the number of Board meetings and the number of meetings attended by each member from the date of the last General Assembly meeting.

11.14.15 Powers of the Chairman, Deputy Chairman, Managing Director and Board Secretary

1. The Board of Directors shall appoint a Chairman, at its first meeting. It may also appoint a Deputy Chairman and a Managing Director from among its members.
2. The Board of Directors shall appoint a Chief Executive Officer from among its members or from others.
3. The Board of Directors shall appoint a Board Secretary from among its members or from others.
4. The Chairman may delegate certain powers (through a written decision) to Board members or others to carry out specific tasks.
5. In the absence of the Chairman, the Deputy Chairman shall assume their responsibilities, provided that a Deputy Chairman is appointed.

11.14.16 Conflict of Interest

A member of the Board of Directors must notify the Board of any direct or indirect interest they have in transactions or contracts carried out for the Company's account. This notification must be recorded in the minutes of the Board meeting. The member with such an interest may not participate in voting on the resolution related to this matter. The Board must obtain the approval of the General Assembly for these transactions and contracts.

11.14.17 Liability Lawsuit

1. The Company has the right to file a liability lawsuit against the manager or members of the Board of Directors for violating the provisions of the law, the Company's Bylaws, or for errors, negligence, or failure in performing their duties that result in damages to the Company. The General Assembly, or Shareholders shall decide to initiate this lawsuit and appoint a representative for the Company to pursue it. If the Company is under liquidation, the liquidator shall be responsible for filing the lawsuit. In the event of the initiation of any liquidation procedures against the Company under the bankruptcy law, the lawsuit shall be filed by the entity legally representing it.
2. One or more shareholders representing five per cent. of the Company's capital, may file the liability lawsuit on behalf of the Company if the Company fails to do so.

11.14.18 Convening Assemblies

General Assemblies whether general or special shall convene at the invitation of the Board of Directors, and the Board of Directors must call for an Ordinary General Assembly to convene within 30 days from the date on which it is requested to do so by the auditor or by a number of Shareholders representing at least ten per cent. of the Company's voting Shares. The Auditor may also call for the General Assembly to convene if the Board fails to do so within 30 days from the date of the auditor's request.

The call for a General Assembly meeting shall be made at least 21 days prior to the date set for the meeting, in accordance with the provisions of the Companies Law, after taking the following into consideration:

1. Notifying the Shareholders via registered letters sent to the addresses present in the Shareholders' register, or the announcement of the call via means of modern technology.
2. A copy of the invitation and the meeting's agenda shall be sent to the commercial register, and to the CMA if the Company is listed on the market on the date of the call announcement.

11.14.19 Voting at General Assemblies

Members of the Board of Directors are elected by cumulative voting. Members of the Board are not allowed to participate in voting on resolutions of the General Assembly related to transactions or contracts in which they have a direct or indirect interest or that involve a conflict of interest.

11.14.20 Preparing General Assembly Minutes

A record of the General Assembly meeting shall be prepared, including the number of Shareholders present in person or by proxy, the number of Shares they hold in person or by proxy, the number of votes assigned to those Shares, the resolutions adopted, the number of votes for or against each resolution, and a comprehensive summary of the discussions that took place during the meeting.

11.14.21 Powers of The Ordinary General Assembly

Except for matters reserved for the Extraordinary General Assembly, the Ordinary General Assembly has the authority over all matters related to the Company, particularly the following:

1. Election and removal of members of the Board of Directors.
2. Appointment of one or more auditors for the Company in accordance with the requirements of the law, determining their fees, reappointment, and removal.
3. Reviewing and discussing the Board of Directors' report.
4. Reviewing and discussing the Company's financial statements.
5. Discussing the auditor's report, if available, and making decisions regarding it.
6. Deciding on the Board of Directors' proposals regarding profit distribution.
7. Establishing reserves for the Company and determining their uses.

11.14.22 Powers of The Extraordinary General Assembly

The Extraordinary General Assembly is responsible for the following:

1. Amending the Company's Bylaws (except for depriving a Shareholder of or amending any of their fundamental rights as a Shareholder.
2. Amendments that would increase financial obligations on Shareholders, unless approved by all Shareholders.
3. Deciding whether the Company should continue its operations or be dissolved.
4. Approving the Company's purchase of its own Shares.
5. Issuing resolutions on matters within the jurisdiction of the Ordinary General Assembly, under the same conditions and procedures applicable to it.

11.14.23 Attendance Register for Assemblies

Shareholders wishing to attend the General or special assembly must register their names at the Company's headquarters before the scheduled time of the assembly.

11.14.24 Issuance of General Assembly Resolution by Circulation

The Chairman of the Board may propose issuing a General Assembly resolution through circulation without holding a meeting, unless any Shareholder requests in writing that a meeting be convened for deliberation. However, resolutions concerning the election or removal of Board members, the appointment or removal of the Company's auditor (if applicable), or reviewing and discussing the financial statements for the elapsed financial year require the assembly to convene as per the relevant provisions.

11.14.25 Formation of the Audit Committee

An Audit Committee shall be formed by a resolution of the Ordinary General Assembly, consisting of three members who are not executive members of the Board of Directors. These members may be selected from Shareholders or non-Shareholders. The resolution shall define the committee's duties, operational guidelines, and members' remuneration.

11.14.26 Audit Committee Meeting Quorum

The validity of an Audit Committee meeting requires the attendance of the majority of its members. Resolutions are passed by a majority of the votes of those present. In the event of a tie, the side supported by the Committee Chairman shall prevail.

11.14.27 Audit Committee Responsibilities

The audit committee is responsible for overseeing the Company's operations. For this purpose, it has the right to access the Company's records and documents and request any clarification or information from the Board of Directors or executive management. The Committee may also request the Board of Directors to call for a General Assembly meeting if the Board hinders its work or if the Company suffers significant damages or losses.

11.14.28 Audit Committee Reports

The audit committee is responsible for reviewing the Company's financial statements, as well as the reports and observations submitted by the external auditor, and providing its feedback, if any. The audit committee must also prepare a report on its opinion regarding the adequacy of the Company's internal control system and any other tasks performed within its scope of responsibilities.

The Board of Directors must deposit sufficient copies of this report at the Company's main office at least 21 days before the General Assembly meeting, allowing any Shareholder to obtain a copy. The report shall be presented during the General Assembly meeting.

11.14.29 Appointment, Dismissal and Resignation of the External Auditor

The Company shall appoint one or more external auditors from among those licensed in the Kingdom. The General Assembly determines their fees, duration, and scope of work, and may reappoint them, provided their appointment does not exceed the term specified by law.

The General Assembly may dismiss the external auditor by a resolution, and the Chairman of the Board must notify the competent authority of the dismissal and its reasons within five days of the resolution's issuance.

The external auditor may resign by submitting a written notice to the Company, specifying the resignation's effective date. The Company retains the right to claim compensation for any damages caused by the resignation, if applicable. The resigning auditor must provide the Company and the competent authority with a statement of the resignation's reasons. The Board of Directors must then call for a General Assembly meeting to address the resignation's reasons, appoint a new external auditor, and determine their fees, term, and scope of work.

11.14.30 Powers of External Auditor

The external auditor has the right to access the Company's documents, accounting records, and supporting materials at any time. They may request any data or clarifications deemed necessary to verify the Company's assets, liabilities, and other relevant matters within their scope of work.

The Board of Directors must facilitate the auditor's duties. If the auditor encounters difficulties, they must document these issues in a report to the Board of Directors. If the Board fails to address these challenges, the auditor must request the Board to convene a General Assembly meeting to resolve the matter. If the Board does not call for the meeting within 30 days of the auditor's request, the auditor has the right to issue the invitation directly.

11.14.31 Financial Year

The Company's financial year is 12 calendar months, starting on 1 January and ending on 31 December.

11.14.32 Company Losses

If the accumulated losses of the Company reach half of the issued capital, the Board of Directors must disclose this and present its recommendations for addressing the losses within 60 days of becoming aware of the situation.

An Extraordinary General Assembly meeting must be convened within 180 days of becoming aware of such losses to decide whether to continue the Company's operations by taking necessary measures to address the losses or to dissolve the Company.

11.15 Description of Shares

11.15.1 Ordinary Shares

The shares shall be nominative and may not be issued for less than their nominal value. However, it may be issued at a value higher than its nominal value if the Company's Bylaws stipulate that or the Extraordinary General Assembly approves it. In this case, the difference in value is added to a separate item within shareholders' equity, and the implementing regulations of the Companies Law determine the controls for its use. Noting that the share is indivisible with respect to the Company. If several people own one share, they must choose one person from among them to exercise the rights related to this share on their behalf, and they are all responsible for the obligations arising from owning this share.

11.15.2 Repurchase of Shares

Based on Article 114 of the Companies Law, which stipulates that the Company may buy its shares or mortgage them if its bylaws permit this, and the shares purchased by the Company do not have votes in the shareholders' assemblies.

11.15.3 Rights of Ordinary Shareholders

Pursuant to Article 107 of the Companies Law, all rights related to the share are guaranteed to the shareholder, including the right to dispose of it, the right to attend shareholders' assemblies, participate in their deliberations, and vote on their decisions, the right to obtain a share of the net profits that are decided to be distributed, and the right to elect members of the Board of Directors, the right to view the Company's records and documents without prejudice to the confidentiality of information, monitor the work of the Board of Directors, file a liability lawsuit against the Board Members, challenge the invalidity of the decisions of the shareholders' assemblies, and the right to obtain a share of the Company's assets upon liquidation, subject to the conditions and restrictions stipulated in the law, or in the Company's Bylaws.

Each Shareholder shall have the right to discuss the items listed in the Ordinary 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 Ordinary General Assembly and its decision in this regard shall be conclusive.

11.15.4 Voting Rights

Each shareholder has one vote for each share he represents in the General Assembly. The cumulative voting method is followed in voting to elect members of the Board of Directors in accordance with the Corporate Governance Regulations issued by the CMA and any amendments made thereto from time to time.

11.15.5 Amending Shareholders' Rights

The rights of shareholders related to obtaining a share of the profits that are decided to be distributed, the right to obtain a share of the Company's surplus assets upon liquidation, the right to attend General Assemblies, participate in their deliberations, and vote on their decisions, the right to dispose of shares, the right to request access to the Company's books and documents, monitor the work of the Board of Directors, and file a lawsuit. The responsibility on the Board members and the challenge of invalidation of the General Assembly's decisions (subject to the conditions and restrictions contained in the Companies Law and the Bylaws) are derived from the Companies Law and therefore cannot be amended.

12

Underwriting

12. Underwriting

The Underwriters, Saudi Fransi Capital Company and EFG Hermes KSA have undertaken to fully underwrite the Offering of nine million (9,000,000) Offer Shares pursuant to the underwriting agreement entered into with the Company and the Selling Shareholders (the "**Underwriting Agreement**"), subject to certain conditions. The name and address of the Underwriters are set out below:

12.1 Underwriters

Saudi Fransi Capital Company
8092 King Fahd Road
P.O. Box 23454
Riyadh 12313 – 3735
Kingdom of Saudi Arabia
Tel: +966 (11) 282 6666
Fax: +966 (11) 282 6823
Website: www.bsfcapital.sa
Email: CherryIPO@bsf.sa

EFG Hermes KSA
Sky Towers, North Tower
8899 King Fahd Road, Al Olaya District
P.O. Box 300189
Riyadh 12214
Kingdom of Saudi Arabia
Tel: +966 (11) 293 8048
Fax: +966 (11) 293 8032
Website: www.efghermesksa.com
Email: www.efghermesksa.com

The principal terms of the Underwriting Agreement are set out below:

12.2 Summary of Underwriting Arrangements

Under the terms of, and subject to the conditions contained, in the Underwriting Agreement:

(A) The Selling Shareholders undertake to the Underwriters that, on the first Business Day after the allocation of the Offer Shares following the end of the Offering Period, they shall:

(1) sell and allocate the Offer Shares to any Individual Subscriber or Participating Party whose application for Offer Shares has been accepted by the Receiving Agents; and

(2) sell and allocate to the Underwriters the Offer Shares that have not been subscribed by the Individual Subscribers or Participating Parties pursuant to the Offering.

(B) The Underwriters undertakes to the Selling Shareholders that at the date of allocation, it will purchase any Offer Shares that have not been subscribed by the Individual Subscribers or Participating Parties, in accordance with that mentioned below:

Table 12.1: Underwritten Shares

Underwriter	No. of Offer Shares to be Underwritten	% of Offer Shares Underwritten
Saudi Fransi Capital Company	6,300,000	70.0%
EFG Hermes KSA	2,700,000	30.0%
Total	**9,000,000**	**100.0%**

Source: The Company.

The Selling Shareholders have committed to satisfying all the provisions of the Underwriting Agreement.

12.3 Underwriting Costs

The Selling Shareholders will pay the Underwriters an underwriting fee based on the total value of the Offering, as well as the Underwriter's costs and expenses in connection with the Offering.

13

Expenses

13. Expenses

The Selling Shareholders will be responsible for all costs and expenses associated with the Offering, which are estimated at approximately twenty-seven million Saudi Arabian Riyals (SAR 27,000,000). This amount includes the fees of the Financial Advisors, Underwriters, Bookrunners, Lead Manager, Legal Advisor to the Issuer, Legal Advisor to the Financial Advisors, Underwriters, Bookrunners and Lead Manager, Financial Due Diligence Advisor, Auditor, Market Consultant, Receiving Agents and the Exchange, as well as regulatory fees, marketing, printing and distribution fees and other costs and expenses related to the Offering. The Offering expenses will be deducted from the Offering Proceeds and will be apportioned to the Selling Shareholders on a pro rata basis according to the number of Offer Shares being sold by each of them.

14

Undertakings Following Admission

14. Undertakings Following Admission

Following Admission, the Company undertakes to:

(1) complete Form 8 (related to compliance with the Corporate Governance Regulations) and, in the event that the Company does not comply with any of the requirements of the Corporate Governance Regulations, to present justification for such non-compliance;

(2) provide the CMA with the date on which the first General Assembly will be held following Admission so that a representative thereof may attend;

(3) submit transactions and contracts in which a Director has a direct or indirect interest for authorisation by the General Assembly (in accordance with the Companies Law and Corporate Governance Regulations), provided that the interested Director is 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 11.10 (*Related Party Transactions*);

(4) comply with all the mandatory provisions of the Rules on the Offer of Securities and Continuing Obligations, the Listing Rules and the Corporate Governance Regulations immediately upon Admission; and

(5) update the legal entity of the Company in the constitutional documents (including the commercial registration and the Bylaws) to a public joint stock company, upon the convening of the first General Assembly after Admission.

Similarly, following Admission, the Directors undertake to:

(1) record all Board of Directors resolutions by means of written minutes of meetings, which shall be signed by the Chairman and the Board Secretary;

(2) disclose the details of any Related Party transactions in accordance with the Companies Law and the Corporate Governance Regulations; and

(3) notify the Board of Directors of any direct or indirect personal interest they may have in the business and/or contracts concluded on behalf of the Company and record such disclosure of personal interest in the minutes of the meeting of the Board of Directors.

15

Waivers

15. Waivers

The Company has not applied to the CMA for any waivers from any of its regulatory requirements.

cherry
Rent A Car
شيري
لتأجير السيارات
BRONCO

16

Subscription Terms and Conditions

16. Subscription Terms and Conditions

The Company has made an application to the CMA for the registration and offer of the Shares under the Rules on the Offer of Securities and Continuing Obligations, and an application for the listing of the Shares on the Exchange in accordance with the Listing Rules.

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 Bookrunner or Receiving Agent, as applicable, is deemed as acceptance and approval of the subscription terms and conditions.

16.1 Subscription to Offer Shares

The Offering will consist of nine million (9,000,000) Offer Shares with a fully paid nominal value of ten Saudi Arabian Riyals (SAR 10) per share. The Offer Shares represent 30 per cent. (30%) of the Company's share capital at an Offer Price of SAR [●] per Offer Share with a total value of SAR [●]. The CMA also has the right to suspend the Offering if, at any time after its approval of this Prospectus and before the registration of and Admission, a material adverse change occurs in respect of the Company's operations.

The Offering is restricted to the following two tranches of Investors:

Tranche (A): Participating Parties

Comprising the parties entitled to participate in the book-building process as specified under the Book-Building Instructions. including investment funds, companies, Qualified Foreign Investors, GCC Corporate Investors and certain other foreign investors pursuant to SWAP Agreements. Participating Entities will provisionally be allocated nine million (9,000,000) Offer Shares, representing one hundred per cent. (100%) of Offer Shares. The final allocation for the Participating Entities will be made upon the expiry of Individual Subscriber's subscription period, using the discretionary allocation mechanism. As a result, some of the Participating Entities may not be allocated any Offer Shares. If there is sufficient demand by Individual Subscribers, the Financial Advisors, in coordination with the Company shall have the right to reduce the previously allocated Offer Shares to Participating Entities to seven million two hundred thousand (7,200,000) Offer Shares, representing eighty per cent. (80%) of the total Offer Shares.

Tranche (B): Individual Subscribers

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 Saudi Arabian children, as well as any non-Saudi natural persons resident in the Kingdom or GCC natural persons. 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 duplicate subscription is made, the second subscription will be considered void and only the first subscription will be accepted. A maximum of one million eight hundred thousand (1,800,000) Offer Shares, representing twenty per cent. (20%) of the total Offer Shares shall be allocated to Individual Subscribers. If the Individual Subscribers do not subscribe in full to the Offer Shares allocated to them, the Financial Advisors in coordination with the Company, may reduce the number of Offer Shares allocated to Individual Subscribers in proportion to the number of Offer Shares subscribed by them.

16.2 Book-Building and Subscription by Participating Parties

(a) The Selling Shareholders and the Financial Advisors shall determine the price range for the purposes of book-building, which will be made available to all Participating Parties.

(b) Each of the Participating Parties shall submit a Bidding Participation Application during the book-building period. The Participating Entities may change or cancel their Bidding Participation Application at any time during the book-building period, provided that such change is made by submitting an amended or additional Bidding Participation Application, where applicable, prior to the conclusion of fixing the Offer Price, which precedes the commencement of the Offering Period. The number of Offer Shares to be subscribed by each Participating Entity shall be no less than one hundred thousand (100,000) Offer Shares and no more than one million four hundred ninety-nine thousand nine hundred ninety-nine (1,499,999) Offer 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.

(c) All Participating Parties must submit bona fide and allocable Bidding Participation Applications and shall not submit inflated or non-genuine applications for the purpose of obtaining a higher allocation. Participating Entities must have the ability to cover their orders, either through available funds or appropriate funding arrangements, from the time of submitting the Bidding Participation Application until the final allocation.

(d) The Bookrunners will inform the Participating Entities of the Offer Price and the number of Offer Shares provisionally allocated to them, using the discretionary allocation mechanism. As a result, some of the Participating Entities may not be allocated any Offer Shares. Subscriptions by the Participating Entities shall commence from the beginning of the Offering Period in accordance with the subscription terms and conditions set out in the Subscription Application Forms.

(e) After book-building for the Participating Entities is completed, the Bookrunners will announce the coverage percentage for the Participating Entities.

(f) The Financial Advisors, in coordination with the Company, shall 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 and provided that the Offer Price is in accordance with the tick size applied by the Exchange.

16.3 Subscription by Individual Subscribers

Each Individual Subscriber shall subscribe for a minimum of ten Offer Shares and a maximum of two hundred fifty thousand (250,000) ordinary shares. Changes to or withdrawals of the subscription application shall not be permitted once the Subscription Application Form has been submitted.

Individual Subscribers who intend to subscribe for the Offer Shares shall submit a Subscription Form electronically through the Receiving Agents' websites and platforms that provide this service or through any other means provided by the Receiving Agents through which Individual Subscriber will be able to subscribe to the Offer Shares during the Offering Period provided that:

(a) the Individual Subscriber has an investment account and an active investment portfolio with a Receiving Agent;

(b) no changes in the personal information or data of the Individual Subscriber have occurred since his/her subscription in a recent initial public offering; and

(c) Individual Subscribers who are not Saudi nationals or nationals of GCC countries must have an active portfolio with one of the Receiving Agents through which the subscription is to be made.

A signed Subscription Application Form represents a legally binding agreement between the Company, the Selling Shareholders and the relevant Individual Subscriber submitting the application to the Receiving Agents.

Individual Subscribers may obtain a copy of this Prospectus from the websites of the Company (www.cherry.com.sa), the CMA (www.cma.gov.sa) or the Financial Advisors (www.bsfcapital.sa) and (www.efghermesksa.com), and the Subscription Application Forms are available from the Receiving Agents whose details are below:

Receiving Agents
Saudi Fransi Capital Company 8092 King Fahd Road P.O. Box 23454 Riyadh 12313 – 3735 Kingdom of Saudi Arabia Tel: +966 (11) 282 6666 Fax: +966 (11) 282 6823 Website: www.bsfcapital.sa Email: sfc-supportcenter@FransiCapital.com.sa

Receiving Agents
EFG Hermes KSA Sky Towers, North Tower 8899 King Fahd Road, Al Olaya District P.O. Box 300189 Riyadh 12214 Kingdom of Saudi Arabia Tel: +966 (11) 293 8048 Fax: +966 (11) 293 8032 Website: www.efghermesksa.com Email: contact-ksa@efg-hermes.com
Alinma Investment Company Al Anood Tower 2, King Fahd Road P.O. Box 55560 Riyadh 11544 Kingdom of Saudi Arabia Phone: +966 (11) 218 5999 Fax: +966 (11) 218 5970 Website: www.alinmacapital.com Email: info@alinmacapital.com
Al Rajhi Capital Company Head Office, King Fahd Road, Al Murouj District P.O. Box 5561 Riyadh 12263 Kingdom of Saudi Arabia Phone: +966 (92) 000 5856 Fax: +966 (11) 460 0625 Website: www.alrajhi-capital.com Email: arcipo@alrajhibank.com.sa
Al Ahli Capital Company Building 7347, King Saud Road, Al-Murabba District P.O. Box 2216 Riyadh 11495 Kingdom of Saudi Arabia Phone: +966 (92) 000 0232 Fax: +966 (11) 406 0052 Website: www.alahlicapital.com Email: snbc.cm@alahlicapital.com
Riyad Capital Company 2414 - Al Shahada District, Unit No. 69 P.O. Box 13241 Riyadh 7279 Kingdom of Saudi Arabia Phone: +966 (11) 486 5649 Fax: +966 (11) 486 5908 Website: www.riyadcapital.com Email: ask@riyadcapital.com
Al Bilad Investment Company King Fahd Road - Al Olaya P.O. Box 140 Riyadh 11411 Kingdom of Saudi Arabia Phone: +966 (92) 000 3636 Fax: +966 (11) 290 6299 Website: www.albilad-capital.com Email: investmentbanking@albilad-capital.com

Receiving Agents
Al Jazira Capital Company King Fahd Street, Al Rahmaniya P.O. Box 20438 Riyadh 11455 Kingdom of Saudi Arabia Phone: 800 116 9999 Fax: +966 (11) 225 6182 Website: www.aljaziracapital.com.sa Email: IPO-RB@aljaziracapital.com.sa
Alistithmar for Financial Securities and Brokerage Company King Fahd Road P.O. Box 6888 Riyadh 11452 Kingdom of Saudi Arabia Phone: +966 (11) 254 7666 Fax: +966 (11) 489 6253 Website: www.icap.com.sa Email: WebEcare@icap.com.sa
Derayah Financial Company Al Takhasusi Street - Prestige Centre - Third Floor P.O. Box 28654 Riyadh 12331 Kingdom of Saudi Arabia Phone: +966 (11) 299 8000 Fax: +966 (11) 419 5498 Website: www.derayah.com Email: support@derayah.com
ANB Capital Company King Faisal Street, Arab National Bank Financial Building 3851 – Al-Muayyad Al-Jadeed, Al-Murabba District P.O. Box 220009 Riyadh 11311 Kingdom of Saudi Arabia Phone: +966 (11) 406 2500 Fax: +966 (11) 406 2548 Website: anbcapital.com.sa Email: investment.banking@anbcapital.com.sa
Yaqeen Capital Company Al-Wurud District - Al-Olaya Street P.O. Box 884 Riyadh 11421 Kingdom of Saudi Arabia Phone: 800 122 2992 Fax: +966 (11) 205 4819 Website: www.yaqeen.sa Email: addingvalue@yaqeen.sa
Al Khabeer Capital Company Madinah Road, Al-Nozha District P.O. Box 128289 Jeddah 21362 Kingdom of Saudi Arabia Phone: 800 124 7555 Fax: +966 (12) 658 6663 Website: www.alkhabeer.com Email: info@alkhabeer.com

Receiving Agents
Al-Awwl Investment Company (SAB Invest) King Fahd Service Road, Al-Yasmeen District, Building 7383 P.O. Box 13325 Riyadh Kingdom of Saudi Arabia Phone: 800 124 2442 Fax: +966 (12) 216 9102 Website: www.sabinvest.com Email: customercare@sabinvest.com
Saham Capital Financial Company King Abdullah Financial District, 5th Floor, Tower 305 Riyadh 13519 Kingdom of Saudi Arabia Phone: +966 (92) 000 7889 Website: www.sahmcapital.com Email: cs@sahmcapital.com
GIB Capital Company Eastern Ring Road, Granada Business & Residential Park, Low Rise Buildings, Building No. (B1) P.O. Box 89589 Riyadh 11692 Kingdom of Saudi Arabia Phone: 800 124 0121 Fax: +966 (11) 834 8400 Website: www.gibcapital.com Email: GIBC.IB@gibcapital.com
Musharaka Capital Prince Turki Street, Corniche District P.O. Box 712 Al Khobar 31952 Kingdom of Saudi Arabia Tel: +966 92000 6811 Fax: +966 (13) 881 8412 Website: www.musharaka.sa Email: receiving-entity@musharaka.sa
Awaed Alosool Capital AlUrubah Road 2163, AlMathar Ash Shamali, Home Offices Riyadh 12334 Kingdom of Saudi Arabia Tel: 8001111870 Fax: +966 (11) 4455598 Website: www.awaed.capital Email: ipo_awaed@awaed.co

The Receiving Agents will commence receiving Subscription Application Forms electronically through the Receiving Agents' websites and platforms that provide this service or through any other means provided by the Receiving Agents, beginning on Wednesday, 21 Jumada al-Ula 1447H (corresponding to 12 November 2025G) until the end of Thursday, 22 Jumada al-Ula 1447H (corresponding to 13 November 2025G). If the information provided in the Subscription Application Form is incomplete or inaccurate, or not stamped by the relevant Receiving Agent, it will be deemed void. Individual Subscribers will not be entitled to claim any compensation for damages resulting from such cancellation.

Each Individual Subscriber 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 [●] per Offer Share.

Subscriptions by Individual Subscribers for less than ten 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 fifty thousand (250,000) Offer Shares.

Each Individual Subscriber must fulfill and complete all subscription requirements set out in this Prospectus and agree to all related terms and conditions. The Company and the Lead Manager reserve the right to reject any Subscription Application Form, in whole or in part, if any of the subscription terms and conditions are not met or if the required instructions are not followed. No amendments to or withdrawal of the Subscription Application Form shall be permitted after its submission, except with the approval of the Lead Manager. Once completed, the Subscription Application Form constitutes a legally binding agreement between the Company, the Selling Shareholders, and the Individual Subscriber.

16.4 Allocation and Refunds

The Lead Manager shall open and operate an escrow account for the purpose of depositing and keeping subscription monies collected from Participating Entities and Receiving Agents (on behalf of Individual Subscribers). Each of the Receiving Agents shall deposit all amounts received from the Subscribers into escrow accounts, the details of which shall be specified in the Subscription Application Forms.

The announcement of final allocation shall be made no later than 28 Jumada al-Ula 1447H (corresponding to 19 November 2025G) and the excess subscription monies, if any, will be refunded to the Subscribers in whole without any deductions or fees and deposited into the Subscribers' accounts specified in the Subscription Application Forms. The refunds shall be processed no later than 29 Jumada al-Ula 1447H (corresponding to 20 November 2025G) (for further details, see "*Key Dates and Subscription Procedures*", page (xvii), and Section 16 (*Subscription Terms and Conditions*)). Individual Subscribers may contact the Lead Manager or the branch of the Receiving Agent through which their Subscription Application Form was submitted (as applicable) in case additional details are required.

16.4.1 Allocation of Offer Shares to Participating Entities

After completion of the allocation of the Offer Shares to Individual Subscribers, the final allocation of the Offer Shares to the Participating Entities will be made as the Financial Advisors deem appropriate, in coordination with the Company, using the discretionary allocation mechanism. Therefore, the Offer Shares may not be allocated to some of the Participating Entities. A total of nine million (9,000,000) Offer Shares, representing one hundred per cent. (100%) of the Offer Shares shall be initially allocated to the Participating Entities. If the Individual Subscribers subscribe to the Offer Shares allocated thereto, the Financial Advisors in coordination with the Company shall have the right to reduce the number of Offer Shares allocated to the Participating Entities to seven million two hundred thousand (7,200,000) Offer Shares, representing eighty per cent. (80%) of the Offer Shares after the completion of the Individual Subscriber' subscription process. Initially, two million seven hundred thousand (2,700,000) Shares will be allocated to public funds, representing ninety per cent. (90%) of the total number of Offer Shares, noting that if there is sufficient demand by Individual Subscribers to subscribe to the Offer Shares, the Financial Advisors may reduce the number of shares allocated to public funds to two million one hundred sixty thousand (2,160,000) Shares as a minimum, representing twenty-four per cent. (24%) of the total number of Offer Shares, after the completion of the Individual Subscribers' subscription process.

16.4.2 Allocation of Offer Shares to Individual Subscribers

There will be an allocation of a maximum of one million eight hundred thousand (1,800,000) Offer Shares, representing twenty per cent. (20%) of the Offer Shares, to Individual Subscribers. The minimum allocation per Individual Subscriber is ten (10) Offer Shares and the maximum allocation per Individual Subscriber is two hundred fifty thousand (250,000) Offer Shares; the balance of the Offer Shares (if available) will be allocated on a pro rata basis of the percentage applied for by each Individual Subscriber to the number of Offer Shares applied for by each Individual Subscriber. If there are more than one hundred eighty thousand (180,000) Individual Subscribers, the Company will not guarantee the minimum allocation. The Offer Shares will be allocated at the discretion of the Financial Advisors in coordination with the Company. Excess subscription monies, if any, will be refunded to the Individual Subscribers by the Receiving Agents without any charge or withholding by the Receiving Agents.

16.5 Circumstances Where Trading and Listing May be Suspended or Cancelled

16.5.1 Power to Suspend Trading or Cancel Listing

(1) The CMA may suspend trading in listed securities 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) if 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) if information about the proposed transaction of the reverse takeover is leaked, and the issuer cannot accurately assess its financial position and the Exchange cannot be informed accordingly;

(vii) if an application for the financial restructuring of the issuer in the event of its accumulated losses reaching fifty per cent. (50%) or more of its capital is registered with the court in accordance with the Bankruptcy Law;

(viii) if a request for liquidation procedure or the administrative liquidation of the issuer is registered with the court in accordance with the Bankruptcy Law;

(ix) upon the final decision issued by the court to terminate the financial restructuring procedure and the commencement of the liquidation procedure or the administrative liquidation procedure of the issuer in accordance with the Bankruptcy Law; or

(x) upon the final decision issued by the court to commence the liquidation procedure or the administrative liquidation procedure of the issuer in accordance with the Bankruptcy Law.

(2) The suspension of trading pursuant to paragraph (1) may be lifted by considering:

(i) whether the events which led to the suspension have been sufficiently remedied, and whether the suspension is no longer necessary for the protection of investors;

(ii) whether the lifting of the suspension is not likely to interrupt the normal operation of the Exchange;

(iii) the issuer's compliance with any other conditions imposed by the CMA;

(iv) upon the final decision issued by the court to commence the financial restructuring procedure of the issuer in accordance with the Bankruptcy Law, unless the issuer was suspended from exercising of its activities by the relevant competent authority, in case the suspension was in accordance with subparagraph (vi) above; and

(v) upon the final decision issued by the court rejecting the commencement of the liquidation or the administrative liquidation procedure in accordance with the Bankruptcy Law, unless if the issuer was suspended from exercising of its activities by the relevant competent authority, in case the suspension was in accordance with subparagraph (viii) above.

(3) The Exchange will suspend the trading of securities of the Company in any of the following circumstances:

(i) upon the issuer's non-compliance with the disclosure of its periodic financial information within the specified period pursuant to the relevant implementing regulations;

(ii) when the auditor's report on the financial statements of the issuer includes an adverse opinion or a disclaimer of opinion;

(iii) if the liquidity requirements set out in Part 2 and Part 8 of the Listing Rules are not satisfied after the lapse of the period determined by the Exchange to the issuer to rectify its position, unless the CMA agrees otherwise; or

(iv) upon a resolution entered into force by the extraordinary general assembly of the issuer reducing the issuer's capital for the two trading days following the entry into force of the resolution.

(4) The Exchange will lift the suspension referred to in subparagraphs (i) and (ii) of paragraph (3) above after one trading session following the end of the suspension circumstances. If the trading of the issuer's shares are made available for trading over-the-counter, the Exchange will lift the suspension within a period not exceeding five trading sessions following the end of the suspension circumstances.

(5) The Exchange may at any time propose to the CMA the suspension of trading of any listed security or cancel its listing where, in its opinion, it is likely that any of the circumstances set out in paragraph (1) above were to occur.

(6) The issuer whose securities are subject to a trading suspension must continue to comply with the CML, its implementing regulations and the Listing Rules.

(7) Where the suspension of an issuer continues for six (6) months without the issuer taking appropriate action to resolve the reasons that lead to the suspension, the Authority may cancel that issuer's listed securities.

(8) Upon completion of a reverse takeover by the issuer, the listing of the issuer's shares shall be cancelled. Should it wish to re-list its shares, the issuer must submit a new application for listing in accordance with the Listing Rules and comply with applicable requirements under the Rules on the Offer of Securities and Continuing

Obligations.

(9) This paragraph shall not prejudice the suspension of trading and the cancellation of listing resulting from the losses of the issuer pursuant to the relevant implementing regulations of the CML and the Listing Rules.

16.5.2 Voluntary Cancellation of Listing

(1) An issuer whose securities have been listed may not cancel the listing of its securities on the Exchange without the prior approval of the Authority. In order to obtain the Authority's approval, the issuer must submit a request of the cancelation to the Authority with a simultaneous notification to the Exchange and include in its request the following information:

(i) the specific reasons for the request for cancellation;

(ii) a copy of the form of the disclosure described in paragraph (d) below;

(iii) if the cancellation is to take place as a result of an acquisition or other corporate action by the issuer, a copy of the relevant documentation and a copy of each related communication to shareholders; and

(iv) the names and contact information of the financial advisor and legal advisor appointed pursuant to the relevant implementing regulations.

(2) The CMA may, at its discretion, approve or reject the cancellation request.

(3) An issuer must only obtain the consent of its extraordinary general assembly to cancel a listing after the CMA has approved that cancellation.

(4) Where cancellation is made at the issuer's request, it must disclose this to the public as soon as possible. This disclosure must include at least 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.

16.5.3 Temporary Trading Halt

(1) An issuer may request from the Exchange a temporary trading halt upon the occurrence of an event that occurs during trading hours which requires immediate disclosure under the CML, its implementing regulations and the Listing Rules and the issuer cannot maintain the confidentiality of this information until the end of the trading period, the trading halt of that issuer's securities will be made by the Exchange immediately upon receiving the request.

(2) Where a trading halt is made at the issuer's request, the issuer must disclose to the public as soon as possible the reason for the trading halt, the anticipated period of the trading halt and the event that has led to it and the extent to which it affects the issuer's activities.

(3) The CMA may impose a trading halt 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. An issuer whose securities are subject to a trading halt must continue to comply with the CML, its implementing regulations or the Listing Rules.

(4) The Exchange may propose that the CMA exercise its powers in accordance with paragraph (3) above if it becomes aware of information or circumstances affecting the issuer's activities which the Exchange considers would be likely to interrupt the operation of the Exchange or the protection of investors.

(5) A trading halt will be lifted at the end of the period referred to in paragraph (b) above, unless the CMA or the Exchange decides otherwise.

16.5.4 Re-Registering and Listing After Cancellation of Listing

After the cancellation of an issuer's securities listing, if the issuer wishes to re-list such securities, it must submit new applications in accordance with the procedures set out in the Rules on the Offer of Securities and Continuing Obligations and the Listing Rules.

16.6 Approvals and Decisions under which the Shares are Offered

The following are the decisions and approvals under which the Offer Shares are publicly offered:

(1) the Company's Board of Directors' resolution recommending the Offering dated 22 Rajab 1446H (corresponding to 22 January 2025G);

(2) the Company's General Assembly's approval of the Offering dated 13 Sha'ban 1446H (corresponding to 12 February 2025G);

(3) the CMA's approval of the Offering dated 29 Thul-Hijjah 1446H (corresponding to 25 June 2025G);

(4) the conditional approval of Tadawul to list the Shares dated 29 Thul-Qi'dah 1446H (corresponding to 27 May 2025G); and

(5) the Transport General Authority's approval on the Offering dated 3 Ramadan 1446H (corresponding to 3 March 2025G).

16.7 Lock-up Period

The Substantial Shareholder 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.

16.8 Shares' Record and Trading Arrangements

Edaa shall keep a Shareholders' register containing the Shareholders' names, nationalities, addresses, professions, the Shares held by them and the amounts paid for these Shares.

16.9 Saudi Exchange (Tadawul)

In 1990G, full electronic trading of securities in the Kingdom was introduced. Tadawul was founded in 2001G as a 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 the execution of the trade transaction through to settlement. 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, orders can be entered, amended or cancelled from 9:30 a.m. to 10:00 a.m. at other times. Trading times change during the month of Ramadan and are announced by Tadawul's 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 the 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 the "Tadawul" Information Link, which supplies trading data in real time to information providers such as Reuters. Exchange transactions are settled on a T+2 basis, meaning that share ownership is transferred 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 are the responsibility of Tadawul, as the operator of the market, to ensure fair trading and an orderly market.

16.10 Securities Depository Centre Company (Edaa)

Securities Depository Centre Company (Edaa) was established in 2016G as a closed joint stock company in accordance with the Companies Law issued by Royal Decree No. M/3 dated 28 Muharram 1437H (corresponding to 10 November 2015G), with a capital of SAR 400,000,000 divided into 40,000,000 shares, with a nominal value of SAR 10 per share, and is fully owned by the Exchange.

The establishment of Edaa was based on the CMA's approval of Tadawul's board of directors' request in relation to the conversion of the Securities Depository Centre into a joint stock company in accordance with the Capital Market Law issued by Royal Decree No. M/30 dated 2 Jumada al-Akhirah 1424H (corresponding to 2 July 2003G).

The activities of Edaa are to conduct businesses related to depositing, registering, transferring, settling and clearing of securities, as well as recording any ownership restrictions on the deposited securities. Further, it deposits and manages the records of the issuers of securities, and organises issuers' general assemblies, including remote voting services (e-Voting), reporting, notifications, and information, as well as providing other related services that Edaa may provide in accordance with the CML and its implementing regulations.

16.11 Trading of the Company's Shares

Trading of the Shares is expected to commence on the Exchange after finalisation of the allocation process and the announcement of the trading start date by Tadawul. Following Admission, Saudi natural persons, non-Saudi natural persons holding valid residency permits in the Kingdom, GCC natural persons, companies, banks and investment funds will be permitted to trade

in the Offer Shares once they are available for trading on the Exchange. Moreover, Qualified Foreign Investors and Strategic Foreign Investors will be permitted to trade in the Shares in accordance with the Rules for Foreign Investment in Securities. Non-residing foreign investors will also have the right to invest indirectly to acquire economic benefits in the Shares by entering into SWAP Agreements with a Receiving Agent to acquire, hold and trade in the Shares on the Exchange on behalf of such foreign investor. The Receiving Agent shall be deemed the legal owners of the Shares under the SWAP Agreements. Moreover, non-residing foreign investors which are clients of a Receiving Agent authorised by the CMA to conduct managing activities will be permitted to trade in the Shares in accordance with the Rules for Foreign Investment in Securities, provided that the Receiving Agent has been appointed on conditions that enable it to make all investment decisions on the client's behalf without obtaining prior approval from the client.

Furthermore, Shares can only be traded after the allocated Offer Shares have been credited to Subscribers' accounts at Tadawul, the Company has been registered in the Main Market and its Shares have been 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 any pre-trading activities.

16.12 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 or delegated by any of the parties to the subscription without the prior written consent of the other party.

These instructions and 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 texts, 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 to certain GCC investors, Qualified Foreign Investors, Foreign Strategic Investors and/or certain other foreign investors through SWAP Agreements, taking into account the relevant rules and instructions. The Offering does not constitute an offer to sell, or a solicitation of an offer to buy, securities in any jurisdiction in which such offer or solicitation would be unlawful. 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 and the Listing Rules, 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 of: (i) 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 the Listing Rules; 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, the 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 them.

17

Acknowledgements and Declarations by Subscribers

17. Acknowledgements and Declarations by Subscribers

By completing and delivering the Subscription Application Form, each Subscriber:

- agrees to subscribe to the number of Offer Shares specified in the Subscription Application Form;
- represents and warrants that he/she has read this Prospectus and has understood all of its content;
- 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;
- declares that neither he/she nor any of his/her 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;
- accepts the number of Offer Shares allocated to him/her (up to the maximum of the amount subscribed for) as per the Subscription Application Form;
- warrants not to cancel or amend the Subscription Application Form after submitting it to the Receiving Agents or any of the Bookrunners, as applicable; and
- retains his/her right to sue the Company for damages caused directly by incorrect or incomplete information contained in this Prospectus, or by omitting material information that should have been part of this Prospectus and could affect his/her decision to purchase the Shares.

For further details on the allocation process, see Section 16.4 (*Allocation and Refunds*).

18

Documents Available for Inspection

18. Documents Available for Inspection

The following documents will be available for inspection at the Company's head office located at Dammam Road, Granada District, Postal Code 13242, Riyadh, Kingdom of Saudi Arabia, between 9:00 a.m. and 5:00 p.m. from 27 Rabi' al-Thani 1447H (corresponding to 19 October 2025G) until 22 Jumada al-Ula 1447H (corresponding to 13 November 2025G) for a period of not less than 20 days prior to the end of the Offering Period:

- the CMA announcement of the approval of the Offering dated 29 Thul-Hijjah 1446H (corresponding to 25 June 2025G);
- the conditional approval of Tadawul to list the Shares dated 29 Thul-Qi'dah 1446H (corresponding to 27 May 2025G);
- the Transport General Authority's approval on the Offering dated 3 Ramadan 1446H (corresponding to 3 March 2025G);
- the Board of Directors' resolution recommending the Offering dated 22 Rajab 1446H (corresponding to 22 January 2025G);
- the General Assembly's approval on the Offering dated 13 Sha'ban 1446H (corresponding to 12 February 2025G);
- the Bylaws, and all amendments thereto;
- the Company's articles of association, and all amendments thereto;
- the Company's commercial registration certificate;
- the audited special purpose consolidated financial statements of the Group for the financial years ended 31 December 2024G, 2023G and 2022G;
- the Market Study Report prepared by the Market Consultant;
- all other reports, letters, documents, value and data assessments prepared by any expert, including any part thereof mentioned in this Prospectus;
- the contracts and agreements disclosed in Section 11.10 (*Related Party Transactions*);
- the Underwriting Agreement; and
- letters of consent letters of each of the following:
  - (i) Saudi Fransi Capital Company as Financial Advisor, Underwriter, Bookrunner and Lead Manager for including its name, logo, and statements in this Prospectus;
  - (ii) EFG Hermes KSA as Financial Advisor, Underwriter and Bookrunner for including its name, logo, and statements in this Prospectus;
  - (iii) STAT Law Firm as Legal Advisor to the Issuer for including its name, logo, and statements in this Prospectus;
  - (iv) Zeyad Sameer Khoshaim Law Firm (Professional Limited Liability Company) as Legal Advisor to the Financial Advisors, Lead Manager, Bookrunners and Underwriters for including its name, logo, and statements in this Prospectus;
  - (v) PricewaterhouseCoopers – Public Accountants as Financial Due Diligence Advisor for including its name, logo, and statements in this Prospectus;
  - (vi) Euromonitor International Limited Company as Market Consultant for including its name, logo, and statements in this Prospectus; and
  - (vii) KPMG Professional Services as Auditor for including its name, logo, and statements in this Prospectus.

19

Financial Statements and Auditor's Report

19. Financial Statements and Auditor's Report

This Section contains the audited special purpose consolidated financial statements of the Group for the financial years ended 31 December 2024G, 2023G and 2022G and the accompanying notes thereto, which have been prepared in accordance with IFRS as endorsed in the Kingdom and other standards and pronouncements endorsed by SOCPA and audited by the Auditor.

Cherry Trading Company

(A Saudi Closed Joint Stock Company)

Condensed Interim Financial Statements (Unaudited)

For the three-month and six-month period ended 30 June 2025

Together with theIndependent Auditor's Report

KPMG Professional Services Company
Roshn Front, Airport Road
P.O. Box 92876
Riyadh 11663
Kingdom of Saudi Arabia
Commercial Registration No 1010425494

Headquarters in Riyadh

شركة كي بي إم جي للاستشارات المهنية مساهمة مهنية
واجهة روشن، طريق المطار
صندوق بريد ٩٢٨٧٦
الرياض ١١٦٦٣
المملكة العربية السعودية
سجل تجاري رقم ١٠١٠٤٢٥٤٩٤

المركز الرئيسي في الرياض

Independent auditor's report on review of condensed interim financial statements

To the Shareholder of Cherry Trading Company (A Saudi Closed Joint Stock Company)

Introduction

We have reviewed the accompanying 30 June 2025 condensed interim financial statements of Cherry Trading Company ("the Company") which comprises:

- the condensed statement of financial position as at 30 June 2025;
- the condensed statement of profit or loss and other comprehensive income for the three-month period and six-month period ended 30 June 2025;
- the condensed statement of changes in equity for the six-month period ended 30 June 2025;
- the condensed statement of cash flows for the six-month period ended 30 June 2025; and
- the notes to the condensed interim financial statements.

Management is responsible for the preparation and presentation of these condensed interim financial statements in accordance with IAS 34, 'Interim Financial Reporting' that is endorsed in the Kingdom of Saudi Arabia. Our responsibility is to express a conclusion on these condensed interim financial statements based on our review.

Scope of Review

We conducted our review in accordance with the International Standard on Review Engagements 2410, 'Review of Interim Financial Information Performed by the Independent Auditor of the Entity' that is endorsed in the Kingdom of Saudi Arabia. A review of condensed 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.

KPMG Professional Services Company, a professional closed joint stock company registered in the Kingdom of Saudi Arabia with a paid-up capital of SAR110,000,000 and a non-partner member firm of the KPMG global organization of independent member firms affiliated with KPMG International Limited, a private English company limited by guarantee.

شركة كي بي إم جي للاستشارات المهنية مساهمة مهنية، شركة مساهمة مهنية مقفلة مسجلة في المملكة العربية السعودية، رأس مالها (١١٠،٠٠٠،٠٠٠) ريال سعودي مدفوع بالكامل، وهي عضو غير شريك في الشبكة العالمية لشركات كي بي إم جي المستقلة والتابعة لـ كي بي إم جي العالمية المحدودة، شركة انجليزية خاصة محدودة بالضمان.

Independent auditor's report on review of condensed interim financial statements

To the Shareholder of Cherry Trading Company (A Saudi Closed Joint Stock Company) (continued)

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying 30 June 2025 condensed interim financial statements of Cherry Trading Company ("the Company") are not prepared, in all material respects, in accordance with IAS 34, 'Interim Financial Reporting' that is endorsed in the Kingdom of Saudi Arabia.

KPMG Professional Services

Mohammed Najeeb Alkhlaiwi
License No:481

Riyadh on: 5 Rabi ul Awal 1447H
Corresponding to: 28 August 2025

Cherry Trading Company
(A Saudi Closed Joint Stock Company)
Condensed statement of financial position
As at 30 June 2025
(All amounts are expressed in Saudi Riyal unless otherwise stated)

	Note	30 June 2025 (Unaudited)	31 December 2024 (Audited)
Assets			
Non-current assets			
Property and equipment	7	**1,181,615,393**	1,129,790,051
Right-of-use assets	8	**34,755,728**	19,743,911
Intangible assets		**84,951**	158,966
Total non-current assets		**1,216,456,072**	1,149,692,928
Current assets			
Inventories		**6,885,223**	5,416,555
Trade receivables		**248,907,690**	206,731,468
Prepayments and other current assets		**43,161,504**	33,764,432
Cash and cash equivalents		**18,824,304**	49,311,449
Total current assets		**317,778,721**	295,223,904
Total assets		**1,534,234,793**	1,444,916,832
Equity and liabilities			
Equity			
Share capital	9	**300,000,000**	300,000,000
General reserve		**41,620,126**	41,620,126
Retained earnings		**205,047,785**	173,003,268
Total equity		**546,667,911**	514,623,394
Non-current liabilities			
Non-current portion of lease liabilities	8	**29,444,035**	15,710,344
Employees` benefits liabilities		**9,783,187**	9,778,760
Non-current portion of term loans		**524,885,219**	532,714,114
Total non-current liabilities		**564,112,441**	558,203,218
Current Liabilities			
Current portion of term loans		**267,578,109**	269,910,283
Current portion of lease liabilities	8	**5,046,745**	4,247,528
Accounts payable		**134,868,509**	64,461,514
Accrued expenses and other current liabilities		**10,217,800**	20,170,021
Due to a related party	10	**3,715,445**	10,459,545
Zakat payable	5	**2,027,833**	2,841,329
Total current liabilities		**423,454,441**	372,090,220
Total liabilities		**987,566,882**	930,293,438
Total equity and liabilities		**1,534,234,793**	1,444,916,832

Chairman	Chief Executive Officer	Chief Financial Officer
Riyadh Alromizan	Abdulaziz Alsowail	Abdul Wahab Khattak

The accompanying notes 1 through 16 form an integral part of these condensed interim financial statements.

Cherry Trading Company
(A Saudi Closed Joint Stock Company)
Condensed statement of profit or loss and other comprehensive income
For the three-month and six-month period ended 30 June 2025
(All amounts are expressed in Saudi Riyal unless otherwise stated)

	Note	For the three-month period ended 30 June		For the Six-month period ended 30 June	
		2025 (Unaudited)	2024 (Unaudited)	2025 (Unaudited)	2024 (Unaudited)
Revenue	4	**121,097,442**	108,122,995	**223,031,100**	211,279,053
Cost of revenue		**(85,788,076)**	(69,829,273)	**(149,578,191)**	(139,492,191)
Gross profit		**35,309,366**	38,293,722	**73,452,909**	71,786,862
Sales and marketing expenses		**(1,396,791)**	(917,238)	**(2,485,588)**	(1,953,135)
General and administrative expenses		**(6,829,316)**	(5,677,108)	**(13,416,094)**	(11,807,576)
Impairment loss on trade receivables		**1,665,737**	(2,251,316)	**(665,101)**	(5,248,552)
Other operating income		**2,657,818**	507,304	**4,778,320**	2,387,014
Profit from operations		**31,406,814**	29,955,364	**61,664,446**	55,164,613
Finance costs		**(14,539,470)**	(10,715,326)	**(28,798,768)**	(19,714,435)
Loss from derivative instruments at FVTPL		-	-	-	(40,194)
Net profit before Zakat		**16,867,344**	19,240,038	**32,865,678**	35,409,984
Zakat		**(281,176)**	(540,660)	**(821,161)**	(1,081,320)
Net profit for the period		**16,586,168**	18,699,378	**32,044,517**	34,328,664
Other comprehensive income		-	-	-	-
Total comprehensive income for the period		**16,586,168**	18,699,378	**32,044,517**	34,328,664
Earnings per share					
Basic and diluted earnings per share, net profit attributable to ordinary shareholders of the Parent Company	6	**0.55**	0.62	**1.07**	1.14

Chairman	Chief Executive Officer	Chief Financial Officer
Riyadh Alromizan	Abdulaziz Alsowail	Abdul Wahab Khattak

The accompanying notes 1 through 16 form an integral part of these condensed interim financial statements.

Cherry Trading Company
(A Saudi Closed Joint Stock Company)
Condensed statement of changes in equity
For the six-month period ended 30 June 2025
(All amounts are expressed in Saudi Riyal unless otherwise stated)

	Share capital	General reserve	Retained earnings	Total equity
Balance as at 1 January 2024 (Audited)	300,000,000	35,314,843	116,600,139	451,914,982
Net profit for the period (Unaudited)	-	-	34,328,664	34,328,664
Other comprehensive income for the period (Unaudited)	-	-	-	-
Total comprehensive income for the period (Unaudited)	-	-	34,328,664	34,328,664
Balance as at 30 June 2024 (Unaudited)	300,000,000	35,314,843	150,928,803	486,243,646
Balance as at 1 January 2025 (Audited)	**300,000,000**	**41,620,126**	**173,003,268**	**514,623,394**
Net profit for the period (Unaudited)	**-**	**-**	**32,044,517**	**32,044,517**
Other comprehensive income for the period (Unaudited)	**-**	**-**	**-**	**-**
Total comprehensive income for the period (Unaudited)	**-**	**-**	**32,044,517**	**32,044,517**
Balance as at 30 June 2025 (Unaudited)	**300,000,000**	**41,620,126**	**205,047,785**	**546,667,911**

Chairman	Chief Executive Officer	Chief Financial Officer
Riyadh Alromizan	Abdulaziz Alsowail	Abdul Wahab Khattak

The accompanying notes 1 through 16 form an integral part of these condensed interim financial statements.

Cherry Trading Company
(A Saudi Closed Joint Stock Company)
Condensed statement of cash flows
For the six-month period ended 30 June 2025
(All amounts are expressed in Saudi Riyal unless otherwise stated)

	Note	30 June 2025 (Unaudited)	30 June 2024 (Unaudited)
Cash flows from operating activities			
Net profit before Zakat		**32,865,678**	35,409,984
Adjustments for non-cash items:			
Depreciation of property and equipment	7	**64,882,444**	49,019,882
Depreciation of right-of-use assets	8	**2,520,489**	2,002,068
Amortization for intangible assets		**98,015**	146,222
Provision for employees' benefits liabilities		**944,838**	725,455
Impairment loss on trade receivables		**665,101**	5,248,552
Loss from derivative financial instruments at FVTPL		**-**	40,194
Gain on derecognition of lease		**(925,618)**	-
Finance costs		**27,905,418**	19,274,036
Interest cost on lease liabilities	8	**893,351**	440,399
		129,849,716	112,306,792
Changes in working capital:			
Inventories		**29,763,220**	40,750,053
Trade receivables		**(42,841,323)**	(22,214,510)
Prepayments and other current assets		**(9,397,072)**	1,641,922
Due to a related party		**(6,744,100)**	1,215,683
Accounts Payable		**70,406,995**	(73,263,458)
Accrued expenses and other current liabilities		**(9,952,221)**	2,260,403
Cash generated from operating activities		**161,085,215**	62,696,885
Purchase of vehicles	7	**(145,257,672)**	(227,480,162)
Finance cost paid		**(27,905,418)**	(19,274,036)
Employees' benefits liabilities paid		**(940,411)**	(823,757)
Zakat Paid		**(1,634,657)**	(2,162,640)
Net cash used in operating activities		**(14,652,943)**	(187,043,710)
Cash flows from investing activities			
Purchase of property and equipment (excluding vehicles)	7	**(2,682,002)**	(1,231,665)
Cash and cash equivalent transferred on disposal of subsidiary		**-**	(98,953)
Acquisition to intangible assets		**(24,000)**	-
Net cash used in investing activities		**(2,706,002)**	(1,330,618)
Cash flows from financing activities			
Repayment of term loans		**(97,796,162)**	(126,298,035)
Proceeds from term loans		**87,635,093**	320,610,426
Payment of lease liabilities	8	**(2,967,131)**	(2,923,906)
Net cash (used in) / generated from financing activities		**(13,128,200)**	191,388,485
Net change in cash and cash equivalents		**(30,487,145)**	3,014,157
Cash and cash equivalents at the beginning of the period		**49,311,449**	12,640,167
Cash and cash equivalents at end of the period		**18,824,304**	15,654,324
Non-cash transactions:			
Transferred from property and equipment to inventory (net)	7	**31,231,888**	46,796,955
Additions to right-of-use assets and lease liabilities	8	**20,903,657**	302,781

Chairman	Chief Executive Officer	Chief Financial Officer
Riyadh Alromizan	Abdulaziz Alsowail	Abdul Wahab Khattak

The accompanying notes 1 through 16 form an integral part of these condensed interim financial statements.

1. CORPORATE INFORMATION

Cherry Trading Company is a Saudi Closed Joint Stock Company registered in Riyadh, Kingdom of Saudi Arabia under commercial registration number 1010156896 dated 13 Ramadan 1420H (corresponding to 20 December 1999G).

The principal activities of the Company include the wholesale and retail sale of new and used private vehicles, the activities of car service and maintenance centers, public fares, school transportation, real estate management activities for a commission, and car rental with or without a driver in accordance with license No. 01010217000 issued by the Ministry of Transportation in the Kingdom of Saudi Arabia.

The Parent Company's registered office is located at the following address:

2623 Dammam Branch Road

Ghirnatah district, Riyadh 13242-8025,

Kingdom of Saudi Arabia.

The Company is a subsidiary of Saudi Edarah Holding Company (LLC), which is majority-owned by Mr. Nasser Al-Omair.

2. BASIS OF PREPARATION

2.1 Statement of compliance

These condensed interim financial statements have been prepared in accordance with IAS 34 "Interim Financial Reporting" as endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements issued by the Saudi Organization for Chartered and Professional Accountants ("SOCPA").

These condensed interim financial statements do not include all the information and disclosures required in the complete set of annual financial statements. They should be read in conjunction with the Company's annual consolidated financial statements for the year ended 31 December 2024 ("last annual consolidated financial statements"). These Condensed Interim financial statements do not include all of information and disclosures required to prepare a full set of financial statements prepared in accordance with the requirements of IFRS as endorsed in Kingdom of Saudi Arabia and other standards and pronouncements issued by Saudi Organization for Chartered and Professional Accountants. However, selected accounting policies and explanatory notes are included to explain events and transactions that are significant to understand the changes in the financial position and performance since the latest annual financial statements. In addition, results for the interim period ended 30 June 2025 are not necessarily indicative of the results that may be expected for the financial year ending 31 December 2025.

2.2 Basis of measurement

These condensed interim financial statements have been prepared on the historical cost basis except for employees' benefit liabilities which are measured at present value of future obligations using the Projected Unit Credit Method and financial investments measured at fair value. Further, the condensed interim financial statements are prepared using the accrual basis of accounting and the going concern concept.

2.3 Functional and presentation currency

The condensed interim financial statements are presented in Saudi Riyals (SR), which is the functional and presentational currency of the company.

2. BASIS OF PREPARATION (CONTINUED)

2.4 Significant accounting judgments, estimates and assumptions

The preparation of the Company's condensed interim financial statements requires the management to use judgements, estimates and assumptions that affect the reported amounts of income, expenses, assets and liabilities, and the accompanying disclosures of contingent liabilities at the reporting date.

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 consolidated financial statements for the year ended 31 December 2024. However, in the view of the current uncertainty, any future change in the assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amounts of the assets or liabilities affected in the future periods. As the situation is rapidly evolving with future uncertainties, management will continue to assess the impact based on future developments.

3. SUMMARY OF MATERIAL ACCOUNTING POLICIES

The accounting policies applied in the preparation of the Condensed interim financial statements are consistent with those followed in the preparation of the Company's annual consolidated financial statements for the year ended 31 December 2024, except for the adoption of amendments and interpretations effective as of 1 January 2025 and the new accounting policies as mentioned in note 15. The Company has not early adopted any standard, interpretation or amendment that has been issued but is not yet effective. Since the subsidiaries were disposed of during the year ended December 31, 2024, the annual financial statements were prepared on a consolidated basis, while the interim condensed financial statements are presented on a standalone basis.

4. SEGMENT INFORMATION

The Company has three segments, as described below, which are the Company's strategic business units. The strategic business units offer different products and services and are managed separately because they require different marketing strategies. The Company's Chairman, and Company's Chief Executive Officer, Deputy Chief Executive Officer (DCEO) and Company's Chief Financial Officer monitor the results of the Company's operations for the purpose of passing decisions about resource allocation and performance assessment. They are collectively referred to as the "Company's Chief Operating Decision Makers".

For each of the strategic business units, the Chief Operating Decision Maker reviews internal management reports on at least a quarterly basis. The following summary describes the operations in each of the Company's reportable segments:

- Lease segment: represents vehicles leased to customers under medium to longer-term arrangements.
- Rental segment: represents vehicles leased to customers under short-term rental arrangements.
- Used car sale segment: represent sales of used vehicles inventory.

No operating segments have been aggregated to form the above reportable operating segments.

Segment results that are reported to the Chief Operating Decision Maker include items directly attributable to a segment as well as those that can be allocated on a reasonable basis.

Information regarding the results of each reportable segment is included below. Performance is measured based on segment revenue as included in the internal management reports that are reviewed by the Chief Operating Decision Maker. There are no inter segment revenue reported during the period.

4. SEGMENT INFORMATION (CONTINUED)

The following table presents segment information for the period ended:

30 June 2025 (Unaudited)	Long-term leases	Short-term leases	Sales of motor Vehicles	Total
Revenue	**180,529,218**	**11,009,610**	**31,492,272**	**223,031,100**
Depreciation expense– vehicles	**(59,712,870)**	**(3,385,011)**	**-**	**(63,097,881)**
Cost of vehicles sold	**-**	**-**	**(30,090,637)**	**(30,090,637)**
Segment profit	**120,816,348**	**7,624,599**	**1,401,635**	**129,842,582**

30 June 2024 (Unaudited)	Long-term leases	Short-term leases	Sales of motor Vehicles	Total
Revenue	152,441,235	9,051,938	49,785,880	211,279,053
Depreciation expense– vehicles	(45,742,148)	(2,144,138)	-	(47,886,286)
Cost of vehicles sold	-	-	(42,052,238)	(42,052,238)
Segment profit	106,699,087	6,907,800	7,733,642	121,340,529

Unallocated income/ (expenses)	30 June 2025 (Unaudited)	30 June 2024 (Unaudited)
Segment profit	**129,842,582**	121,340,529
Cost of revenue	**(56,389,673)**	(49,553,667)
Sales and marketing expenses	**(2,485,588)**	(1,953,135)
General and administrative expenses	**(13,416,094)**	(11,807,576)
Impairment loss on trade receivables	**(665,101)**	(5,248,552)
Other operating income	**4,778,320**	2,387,014
Finance cost	**(28,798,768)**	(19,714,435)
Loss from derivative financial instruments at FVTPL	**-**	(40,194)
Net profit before Zakat	**32,865,678**	35,409,984

Details of segment assets and liabilities is given below:

30 June 2025 (Unaudited)	Long term lease	Short term lease	Sales of motor vehicles	Unallocated Others	Total
Segment assets	**1,107,249,136**	**47,623,983**	**2,160,919**	**377,200,755**	**1,534,234,793**
Segment liabilities	**-**	**-**	**-**	**987,566,882**	**987,566,882**

31 December 2024 (Audited)	Long term lease	Short term lease	Sales of motor vehicles	Unallocated Others	Total
Segment assets	1,052,992,385	50,952,831	1,019,668	339,951,948	1,444,916,832
Segment liabilities	-	-	-	930,293,438	930,293,438

5. ZAKAT

The Company has filed its Zakat returns for all years up to 31 December 2024 and settled its Zakat liabilities accordingly. Furthermore, the Company has filed its withholding tax returns up to June 2025 and settled its withholding tax liabilities accordingly. Zakat returns has been approved by ZATCA for all years up to 2018. The movement in the zakat provision for the period / year is as follows:

	For the six-month period ended 30 June 2025 (Unaudited)	For the year ended 31 December 2024 (Audited)
Balance as at the beginning of the period/ year	**2,841,329**	2,845,696
Provision during the period/year	**821,161**	2,159,940
Relating to transfer of subsidiaries	**-**	(1,667)
Payment during the period/year	**(1,634,657)**	(2,162,640)
Balance as at the end of the period/ year	**2,027,833**	2,841,329

The opening balance as of 1 January 2024 amounted to SAR 2,845,696. Provision of SAR 1,081,320 was recorded for the period ending 30 June 2024. An amount of SAR 1,667 was transferred on disposal of subsidiaries during the period ended 30 June 2024. An amount of SAR 2,162,640 was paid during the period ended 30 June 2024.

6. EARNINGS PER SHARE

Basic earnings per share is calculated by dividing the profit for the year attributable to the Company's ordinary shareholders by the weighted average of number of ordinary shares outstanding during the period. The calculation of diluted earnings per share ('EPS') is not applicable to the Company, as it has no financial instruments or other arrangements that would have a dilutive effect on earnings per share. Also, no separate calculation of earnings per share from continuing operations has been presented since there were no discontinued operations during the period. The calculation of the earnings per share is as follows:

	For the three-month period ended 30 June (Unaudited)		For the six-month period ended. 30 June (Unaudited)	
	2025	2024	2025	2024
Net profit attributable to shareholders of the company	**16,586,168**	18,699,378	**32,044,517**	34,328,664
Weighted average number of shares	**30,000,000**	30,000,000	**30,000,000**	30,000,000
Earnings per share	**0.55**	0.62	**1.07**	1.14

7. PROPERTY AND EQUIPMENT

	Motor vehicles	Other	Total
Cost			
Balance as at 1 January 2024	1,189,338,415	30,520,852	1,219,859,267
Additions during the year	398,540,933	17,731,362	416,272,295
Transfer from vehicles to inventory	(187,896,472)	-	(187,896,472)
Relating to transfer of subsidiaries	(6,075,638)	(904,894)	(6,980,532)
Disposals during the year	-	(71,952)	(71,952)
Balance as at 31 December 2024	1,393,907,238	47,275,368	1,441,182,606
Balance as at 1 January 2025	**1,393,907,238**	**47,275,368**	**1,441,182,606**
Additions during the period	**145,257,672**	**2,682,002**	**147,939,674**
Transfer from vehicles to inventory	**(54,147,647)**	**-**	**(54,147,647)**
Balance as at 30 June 2025	**1,485,017,263**	**49,957,370**	**1,534,974,633**
Accumulated depreciation			
Balance as at 1 January 2024	283,000,553	19,133,663	302,134,216
Depreciation for the year	105,693,760	2,552,655	108,246,415
Transfer from vehicles to inventory	(98,525,686)	-	(98,525,686)
Relating to transfer of subsidiaries	(206,605)	(183,834)	(390,439)
Disposals during the year	-	(71,951)	(71,951)
Balance as at 31 December 2024	289,962,022	21,430,533	311,392,555
Balance as at 1 January 2025	**289,962,022**	**21,430,533**	**311,392,555**
Depreciation for the period	**63,097,881**	**1,784,563**	**64,882,444**
Transfer from vehicles to inventory	**(22,915,759)**	**-**	**(22,915,759)**
Balance as at 30 June 2025	**330,144,144**	**23,215,096**	**353,359,240**
Net book value			
Balance as at 30 June 2025 (Unaudited)	**1,154,873,119**	**26,742,274**	**1,181,615,393**
Balance as at 31 December 2024 (Audited)	1,103,945,216	25,844,835	1,129,790,051

Cost

The opening balance of cost as of 1 January 2024 amounted to SAR 1,219,859,267, which includes non-vehicle related cost of SAR 30,520,852. Additions during the period ended 30 June 2024 amounted to SAR 228,711,827, which includes non-vehicle related cost of SAR 1,231,665. Transfer from vehicles to inventory during the period ended 30 June 2024 amounted to SAR 99,673,639. An amount of SAR 6,980,532 was transferred on disposal of subsidiaries during the period ended 30 June 2024.

Accumulated depreciation

The opening balance of accumulated depreciation as of 1 January 2024 amounted to SAR 302,134,216, which includes non-vehicle related accumulated depreciation of SAR 19,133,663. Depreciation during the period ended 30 June 2024 amounted to SAR 49,019,882, which includes non-vehicle related depreciation charge of SAR 1,133,596. Transfer from vehicles to inventory during the period ended 30 June 2024 amounted to SAR 52,576,684. An amount of SAR 390,439 was transferred on disposal of subsidiaries during the period ended 30 June 2024.

8. LEASE

	Right-of-use assets	Lease liabilities
Balance as at 1 January 2024	19,825,100	19,914,829
Additions during the year	5,102,126	5,102,126
Derecognition during the year	(968,233)	(990,476)
Depreciation for the year	(4,215,082)	-
Interest cost on lease liabilities	-	1,075,299
Payments during the year	-	(5,143,906)
Balance as at 31 December 2024 (Audited)	19,743,911	19,957,872
Balance as at 1 January 2025	**19,743,911**	**19,957,872**
Additions during the period	**20,903,657**	**20,903,657**
Derecognition during the period	**(3,371,351)**	**(4,296,969)**
Depreciation for the period	**(2,520,489)**	-
Interest cost on lease liabilities	-	**893,351**
Payments during the period	-	**(2,967,131)**
Balance as at 30 June 2025 (Unaudited)	**34,755,728**	**34,490,780**

	30 June 2025 (Unaudited)	31 December 2024 (Audited)
Lease liabilities - Current portion	**5,046,745**	4,247,528
Lease liabilities- Non-current portion	**29,444,035**	15,710,344

Right of use assets

The opening balance of right of use assets as of 1 January 2024 amounted to SAR 19,825,100. Additions for the period ended 30 June 2024 amounted to SAR 302,781. Depreciation for the period ended 30 June 2024 amounted to SAR 2,002,068.

The Company has lease contracts (leases as a lessee) for leasehold buildings (i.e., workshops, accommodations, and locations) and land. Leasehold buildings have lease terms between 5 to 15 years. The Company's obligations under its leases are secured by the lessor's title to the leased assets.

Lease liabilities

The opening balance of lease liabilities as of 1 January 2024 amounted to SAR 19,914,829. Additions for the period ended 30 June 2024 amounted to SAR 302,781. Interest cost for the period ended 30 June 2024 amounted to SAR 440,399. Payments during the period ended 30 June 2024 amounted to SAR 2,923,906.

9. SHARE CAPITAL

As at 30 June 2025, the Company's share capital amounted to SR 300 million (31 December 2024: SR 300 million) comprising of 30 million shares, which are fully paid with a value of SR 10 each.

10. RELATED PARTIES' TRANSACTIONS AND BALANCES

The Company, in the normal course of business, enters into transactions with other entities that fall within the definition of a related party in ISA 24. Related parties represent major shareholders, directors and key management personnel of the Company, and entities controlled, jointly controlled or significantly influenced by such parties. Transactions with related parties were conducted in accordance with approved contractual terms.

Outstanding balances at the end of the period are unsecured, interest free and settled in cash. There have been no guarantees received for any related party payables.

The following are the most significant transactions with related parties carried out by the Group during the six-month period ended 30 June 2025 and 2024:

A. Key management personnel compensation:

	30 June 2025 (Unaudited)	30 June 2024 (Unaudited)
Employees' salaries and other short-term benefits	2,113,232	953,438
Post-employment benefits	205,921	231,422
	2,319,153	1,184,860

B. The significant transactions and the related balances are as follows:

Related party	Nature of relationship	Nature of transactions	Amount of Transactions			
			for the three-month period ended 30 June		for the six-month period ended 30 June	
			2025	2024	2025	2024
			(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Saudi Edarah Holding company	Parent	Expenses paid on behalf of the related party by Cherry	874,088	704,244	1,189,698	1,205,075
		Expenses paid on behalf of the Company by Edarah	1,687,537	543,685	1,687,537	2,503,371
		Transfer of subsidiaries	-	-	-	8,373,322
		Sale of used Vehicles	241,939	-	241,939	-
		Repayments	1,000,000	-	7,000,000	-
H-10 Logistics Services	Entities under common control	Expenses paid on behalf of the related party by Cherry	63,637	1,105,642	75,514	2,210,821
		Services transferred	71,557	128,484	71,557	217,197
		Services received	2,578,198	2,023,180	3,344,807	3,384,391
		Payments	2,833,728	-	2,833,728	-
Elegant Vehicle Carwash Services Company	Entities under common control	Expenses paid on behalf of the related party by Cherry	94,040	827,280	210,675	1,453,490

10. RELATED PARTIES' TRANSACTIONS AND BALANCES (CONTINUED)

B. The significant transactions and the related balances are as follows (continued):

Related party	Nature of relationship	Nature of trans-actions	Amount of Transactions			
			for the three-month period ended 30 June		for the six-month period ended 30 June	
			2025	2024	2025	2024
			(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Elegant Vehicle Carwash Services Company	Entities under common control	Services transferred	**123,887**	176,681	**153,333**	265,022
		Services received	**185,000**	468,457	**185,000**	679,526
		Payments	**185,000**	-	**185,000**	-
Board of Directors and Audit Committee	Board of Directors and Audit Committee	Board of Directors and Audit Committee remuneration	**267,629**	-	**567,629**	-

Due to a related party	30 June 2025	31 December 2024
	(Unaudited)	(Audited)
Saudi Edarah Holding Company	**3,715,445**	10,459,545
	3,715,445	10,459,545

11. CONTINGENCIES AND COMMITMENTS

Contingencies

The Company has outstanding letters of guarantee amounting as at 30 June 2025 to SR 226,254,777 (31 December 2024: SR 220,330,886) issued by local banks in the Kingdom of Saudi Arabia on behalf of the Company in the normal course of business and outstanding letter of credit of amount SR 135,950,091 (31 December 2024: SR nil).

Commitments

As of 30 June 2025, The Company has no future capital commitments (31 December 2024: nil).

12. FAIR VALUE OF ASSETS AND LIABILITIES

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 the asset or liability, assuming that market participants act in their economic best interest.

12. FAIR VALUE OF ASSETS AND LIABILITIES (CONTINUED)

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, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

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

- Level 1- Quoted prices (unadjusted) 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 (unobservable inputs).

If the inputs used to measure the fair value of an asset or liability falls into different levels of the fair value hierarchy, then the fair value measurement is categorized in its entirety in the same level of the fair value hierarchy as the lowest input level that is significant to the entire measurement.

The Company recognizes transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred.

The fair values of financial instruments are not materially different from their carrying values.

The following table shows the carrying amounts and fair values of financial assets and financial liabilities, it does not include fair value information for financial assets and financial liabilities that are not measured at fair value if the carrying amount is a reasonable approximation of fair value.

30 June 2025 (Unaudited)	Carrying amount			
	Amortized cost	Fair value through profit or loss	Fair value through other comprehensive income	Total
Financial assets not measured at Fair value				
Trade receivables	**283,119,441**	-	-	**283,119,441**
Prepayment and other current assets	**5,412,926**	-	-	**5,412,926**
Cash and cash equivalents	**18,824,304**	-	-	**18,824,304**
Financial liabilities not measured at fair value				
Term loans	**792,463,328**	-	-	**792,463,328**
Accounts payable	**134,868,509**	-	-	**134,868,509**
Accrued expenses and other current liabilities	**8,325,298**	-	-	**8,325,298**
Lease liabilities	**34,490,780**	-	-	**34,490,780**
Due to a related party	**3,715,445**	-	-	**3,715,445**

12. FAIR VALUE OF ASSETS AND LIABILITIES (CONTINUED)

31 December 2024 (Audited)	Carrying amount			
	Amortized cost	Fair value through profit or loss	Fair value through other comprehensive income	Total
Financial assets not measured at Fair value				
Trade receivables	**240,278,118**	-	-	**240,278,118**
Prepayment and other current assets	**6,388,768**	-	-	**6,388,768**
Cash and cash equivalents	**49,311,449**	-	-	**49,311,449**
Financial liabilities not measured at fair value				
Term loans	**802,624,397**	-	-	**802,624,397**
Accounts payable	**64,461,514**	-	-	**64,461,514**
Accrued expenses and other current liabilities	**16,423,498**	-	-	**16,423,498**
Lease liabilities	**19,957,872**	-	-	**19,957,872**
Due to a related party	**10,459,545**	-	-	**10,459,545**

13. CAPITAL MANAGEMENT

For the purpose of the Company's share capital management, capital includes issued capital, general reserve and retained earnings attributable to the shareholders of the Company. The Company's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business.

The Company manages the capital structure and makes adjustments to it in light of changes in economic conditions and the requirements of the financial covenants. To maintain or adjust the capital structure, the Company may adjust the dividends paid to the shareholders, return capital to shareholders or issue new shares. The Company monitors capital using a gearing ratio, which is net debt divided by total capital plus net debt.

	30 June 2025	31 December 2024
	(Unaudited)	(Audited)
Total liabilities	**987,566,882**	930,293,438
Cash and cash equivalents	**(18,824,304)**	(49,311,449)
Net debt	**968,742,578**	880,981,989
Share capital	**300,000,000**	300,000,000
General reserve	**41,620,126**	41,620,126
Retained earnings	**205,047,785**	173,003,268
Owners` Equity	**546,667,911**	514,623,394
Net debt to owners` equity ratio	**1.77**	1.71

14. FINANCIAL RISK MANAGEMENT

The Company has exposure to the following risks arising from financial instruments:

- Market risk
- Credit risk
- Concentration risk
- Liquidity risk

The Company's principal financial liabilities consist of term loans and trade and other payables. The main purpose of these financial liabilities is to finance the Company's operations and to provide guarantees to support its operations. The Company's principal financial assets consist of trade and other receivables, bank balances and cash. The Company's activities expose it to a variety of financial risks: market risk (including interest rate risks, currency risks, and price risks), credit risk and liquidity risk. The Company's overall risk management program focuses on robust liquidity management as well as monitoring of various relevant market variables, thereby consistently seeking to minimize potential adverse effects on the Company's financial performance.

Risk management is carried out by the senior management under policies approved by the Board of Directors. Senior management identifies, evaluates and hedges financial risks in close co-operation with the Company's operating units. The most important types of risk are credit risks, currency risks and fair value risks.

The board of directors has overall responsibility for the establishment and oversight of the Company's risk management framework. The executive management team is responsible for developing and monitoring the Company's risk management policies.

The team regularly meets, and any changes and compliance issues are reported to the board of directors. The risk management systems are reviewed regularly by the executive management team to reflect changes in market conditions and the Company's activities. The Company, through its training, management standards and procedures aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

The Board of directors oversees management's compliance with the Company's risk management policies and procedures as well as reviews the effectiveness of the risk management framework in relation to the risks faced by the Company.

Financial instruments carried on the condensed statement of financial position include cash and cash equivalents, accounts and other receivables, accrued and other current liabilities, lease liabilities and trade payables. The particular recognition methods adopted are disclosed in the individual policy statements associated with each item.

Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises of the following types of risk:

- Interest rate risk;
- Foreign currency exchange risk;
- Other price risk

The Company's overall risk management program focuses on the unpredictability of financial market and seeks to minimize potential adverse effects on the financial performance of the Company.

14. FINANCIAL RISK MANAGEMENT (CONTINUED)

- Interest rate risks

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate, because of changes in market interest rates. The Company does not have any fixed rate financial assets and liabilities at fair value through profit or loss. The Company manages interest rate risk by regularly monitoring the interest rate information of its interest-bearing financial instruments.

The Company manages commission rate risk by regularly monitoring commission rate profiles for its commission-bearing financial instruments.

- Foreign currency risks

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 Riyal. The Company's management monitors such fluctuations and manages its effect on the condensed interim financial statements accordingly.

- Other 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 is not affected by price risk as there are no significant investment of the Company in shares or commodities.

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 is exposed to risk on its trade and other receivables and cash at banks.

Company has no significant concentration of credit risks. Concentrations of risk arise when a number of customers are engaged in similar business activities, or activities in the same geographical region, or have economic features that would lead to their failure to meet 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. As the management also constantly monitors the credit exposure towards customers and establishes a provision against these doubtful balances.

To mitigate the risk, the Company has a system of assigning credit limits to its customers based on an overall assessment based on customer profile and payment history. The creditworthiness of counterparties is assessed based on an analysis of quantitative and qualitative data regarding financial risks and business, together with the review of any relevant third party and market information.

The Company's maximum gross exposure to credit risk at the reporting date is as follows:

Financial assets	30 June 2025	31 December 2024
	(Unaudited)	(Audited)
Trade receivables	**283,119,441**	240,278,118
Receivable from insurance companies	**5,412,926**	6,388,768
Cash and cash equivalents	**18,824,304**	49,311,449
	307,356,671	295,978,335

With respect to credit risk arising from the Company's financial assets which include bank balances and cash, the Company's exposure to credit risk arises from default of the counterparty, with a maximum exposure equal to the carrying amounts as disclosed in the condensed statement of financial position. The management believes that the credit risk related to bank balances is not significant as the balances are mainly held with reputable banks in the Kingdom of Saudi Arabia.

14. FINANCIAL RISK MANAGEMENT (CONTINUED)

Trade receivables

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 five largest customers account for 41% of outstanding receivables at 30 June 2025 (31 December 2024: 47%).

The Company applies the IFRS 9 simplified approach for measuring expected credit losses which uses a lifetime expected loss allowance for all account and other receivables.

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. 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 promissory notes or prepayments, which are an integral part of receivables and are taken into account in calculating impairment. There were no past due or impaired receivables from related parties.

The following table shows information about the exposure to credit risk and ECLs for trade receivables:

30 June 2025 (Unaudited)	Weighted average loss rate	Gross carrying amount	Impairment loss allowance
Low risk	**4%**	**217,526,338**	**7,982,335**
Moderate risk	**8%**	**20,117,357**	**1,592,520**
Doubtful	**31%**	**30,329,735**	**9,490,885**
Loss	**100%**	**15,146,011**	**15,146,011**
		283,119,441	**34,211,751**

31 December 2024 (Audited)	Weighted average loss rate	Gross carrying amount	Impairment loss allowance
Low risk	4%	187,384,793	7,748,377
Moderate risk	11%	21,919,609	2,444,053
Doubtful	37%	12,073,526	4,454,030
Loss	100%	18,900,190	18,900,190
		240,278,118	33,546,650

14. FINANCIAL RISK MANAGEMENT (CONTINUED)

Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligations associated with financial liabilities that are settled by delivering cash or another financial asset. Liquidity risk may result from an inability to sell a financial asset quickly at an amount close to its fair value. The Company's approach to manage liquidity is to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when they are due, under normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation. The Company also monitors the levels of expected cash inflows on trade and other receivables together with expected cash outflows on trade and other payables.

The table below summarizes the maturity profile of the Company's financial liabilities based on contractual undiscounted payments:

30 June 2025	Carrying amount	Contractual cashflows	Within 1 year	1 to 5 years	More than 5 years	Total
Term loans	**792,463,328**	**858,428,153**	**304,670,918**	**553,757,235**	-	**858,428,153**
Lease liabilities	**34,490,780**	**44,794,415**	**7,098,360**	**25,116,511**	**12,579,544**	**44,794,415**
Accounts payable	**134,868,509**	**134,868,509**	**134,868,509**	-	-	**134,868,509**
Due to a related party	**3,715,445**	**3,715,445**	**3,715,445**	-	-	**3,715,445**
Accrued expenses and other current liabilities	**8,325,298**	**8,325,298**	**8,325,298**	-	-	**8,325,298**
	973,863,360	**1,050,131,820**	**458,678,530**	**578,873,746**	**12,579,544**	**1,050,131,820**

31 December 2024	Carrying amount	Contractual cashflows	Within 1 year	1 to 5 years	More than 5 years	Total
Term loans	**802,624,397**	**883,138,351**	**311,472,765**	**571,665,586**	-	**883,138,351**
Lease liabilities	**19,957,872**	**24,106,564**	**5,193,906**	**14,252,658**	**4,660,000**	**24,106,564**
Accounts payable	**64,461,514**	**64,461,514**	**64,461,514**	-	-	**64,461,514**
Due to a related party	**10,459,545**	**10,459,545**	**10,459,545**	-	-	**10,459,545**
Accrued expenses and other current liabilities	**16,423,498**	**16,423,498**	**16,423,498**	-	-	**16,423,498**
	913,926,826	**998,589,472**	**408,011,228**	**585,918,244**	**4,660,000**	**998,589,472**

15. NEW STANDARDS OR AMENDMENTS EFFECTIVE IN 2025 AND SUBSEQUENT YEARS

The following are a number of standards, amendments and interpretations of standards that were issued by the IASB as at 30 June 2025.

A. New currently effective requirements:

Effective date	New Standards and Amendments
1 January 2025	Disclosures: Supplier Finance Arrangements - Amendments to IAS 7 and IFRS 7

Management conducted a financial impact assessment and found that there was no impact on the Condensed Interim financial statements as at 30 June 2025.

B. New requirements that will be applied subsequently:

Effective date	New Standards and Amendments
1 January 2026G	Classification and Measurement of Financial Instruments - Amendments to IFRS 9 and IFRS 7
	Annual Improvements to IFRS Accounting Standards - Volume 11
	Contracts Referencing Nature-dependent Electricity - Amendments to IFRS 9 and IFRS 7
1 January 2027G	IFRS 18 – Presentation and Disclosure in Financial Statements
	IFRS 19 - Subsidiaries without Public Accountability: Disclosures
Available for optional adoption/effective date deferred indefinitely	– Sale or Contribution of Assets between an Investor and its Associate or Joint Venture - Amendments to IFRS 10 and IAS 28

Management will assess the financial impact of the new standards and amendments, and it expects that they will not have an impact on the Company's financial statements.

16. APPROVAL OF THE CONDENSED INTERIM FINANCIAL STATEMENTS

These condensed interim financial statements have been approved by the Board of Directors on 27 August 2025 (corresponding to 04 Rabi ul Awwal 1447H)

CHERRY TRADING COMPANY

(Saudi Closed Joint Stock Company)

SPECIAL PURPOSE CONSOLIDATED FINANCIAL STATEMENTS

For the years ended 31 December 2024, 2023 and 2022

WITH INDEPENDENT AUDITOR'S REPORT

KPMG Professional Services Company
Roshn Front, Airport Road
P.O. Box 92876
Riyadh 11663
Kingdom of Saudi Arabia
Commercial Registration No 1010425494

Headquarters in Riyadh

شركة كي بي إم جي للاستشارات المهنية مساهمة مهنية
واجهة روشن، طريق المطار
صندوق بريد ٩٢٨٧٦
الرياض ١١٦٦٣
المملكة العربية السعودية
سجل تجاري رقم ١٠١٠٤٢٥٤٩٤

المركز الرئيسي في الرياض

Independent Auditor's Report

To the Shareholders of Cherry Trading Company (Saudi Closed Joint Stock Company)

Opinion

We have audited the special purpose consolidated financial statements ('consolidated financial statements") of Cherry Trading Company ("the company") and its subsidiaries ("the Group"), which comprise the consolidated statements of financial position as at 31 December 2024, 31 December 2023 and 31 December 2022, the consolidated statements of profit or loss and other comprehensive income, changes in equity and cash flows for the years ended 31 December 2024, 31 December 2023 and 31 December 2022, and notes, comprising material accounting policies and other explanatory information.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at 31 December 2024, 31 December 2023 and 31 December 2022, and its consolidated financial performance and its consolidated cash flows for the respective years ended 31 December 2024, 31 December 2023 and 31 December 2022 in accordance with International Financial Reporting Standards (IFRS) that are endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements issued by the Saudi Organization for Chartered and Professional Accountants (SOCPA).

Basis for Opinion

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

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

KPMG Professional Services Company, a professional closed joint stock company registered in the Kingdom of Saudi Arabia with a paid-up capital of SAR110,000,000 and a non-partner member firm of the KPMG global organization of independent member firms affiliated with KPMG International Limited, a private English company limited by guarantee.

شركة كي بي إم جي للاستشارات المهنية مساهمة مهنية، شركة مساهمة مهنية مقفلة مسجلة في المملكة العربية السعودية، رأس مالها (١١٠،٠٠٠،٠٠٠) ريال سعودي مدفوع بالكامل، وهي عضو غير شريك في الشبكة العالمية لشركات كي بي إم جي المستقلة والتابعة لـ كي بي إم جي العالمية المحدودة، شركة انجليزية خاصة محدودة بالضمان.

Independent Auditor's Report (continued)

To the Shareholders of Cherry Trading Company (Saudi Closed Joint Stock Company)

Key Audit Matters (continued)

Residual value of property and equipment – motor vehicles - See note 3.2 useful lives and residual value of property and equipment the material estimates and assumptions, note 4.7 for the accounting policy relating to motor vehicles and note 6 for the related disclosures.

Key audit matter	How the matter was addressed in our audit
Motor vehicles owned by the Group had net book values of SR 1.1 billion, SR 0.91 billion and SR 0.56 billion as at 31 December 2024, 31 December 2023 and 31 December 2022, respectively, representing 96 %, 99 % and 98 % of total non-current assets, respectively, which are measured at cost less accumulated depreciation and any impairment. Management is required to assess the residual value at least each financial year Wend and evaluate if there are any revisions required. Residual values are mostly influenced by estimations and judgements relating to the estimated useful life of the vehicle, manufacturer, overall state of the vehicles as well as the evolution of the used vehicles markets. The Group assessed the residual values of its motor vehicle fleet considering both external and internal factors to the Group such as actual sales of used motor vehicles throughout the year and previous years, correlation of such values at the year end with factors mentioned above. Due to the significance of the estimation uncertainty involved in determining the residual values of motor vehicles, we consider this to be a key audit matter.	Our audit procedures performed included, among others, the following: • We obtained an understanding of the process to develop the estimate of residual value. • We assessed the management's analysis of the impact on the residual value considering the estimated useful life of the motor vehicle, manufacturer, overall state of the motor vehicles, as well as the evolution of the used- motor vehicles markets. • We tested on a sample basis the accuracy of car sales data used in developing the accounting estimate, by agreeing the disposal details including amounts with the underlying supporting documents. • We have assessed the adequacy of the disclosures made in the consolidated financial statements as required by IAS 16 and IAS 8 and assessed whether the adjustments due to the revision of residual value has been appropriately reflected in the consolidated financial statements and underlying accounting records.

Emphasis of matters

Restriction on Distribution

We draw attention to Note 2.2 to the consolidated financial statements, which describes that these consolidated financial statements are prepared by the Group management solely to use for submitting the application for initial public offering (IPO) to Capital Market Authority (CMA) in Saudi Arabia. Our report is intended solely for the purpose mentioned above and should not be distributed to parties other than shareholders and CMA. Our opinion is not modified with respect to this matter.

Reissuance of the consolidated financial statements

We draw attention to Note 1 to the consolidated financial statements, which explains that these financial statements have been revised and reissued solely to amend the period references presented in the title of each page. This audit report on the consolidated financial statements for the years ended 31 December 2024, 31 December 2023, and 31 December 2022 supersedes our earlier audit report dated 03 June 2025 on the previously issued consolidated financial statements for the same periods. Our opinion is not modified in respect of this matter.

Other matter relating to comparative information

The general purpose consolidated financial statements of the Group for the years ended 31 December 2024, 31 December 2023 and 31 December 2022 were audited by us and we expressed an unmodified opinions on those general purpose consolidated financial statements in our reports dated 15 March 2025, 11 July 2024 and 16 July 2023 respectively.

During the finalisation of the general purpose consolidated financial statements for the year ended 31 December 2024, management restated the statements of financial position as at 31 December 2023 and 31 December 2022, together with the related statements of profit or loss and other comprehensive income, changes in equity, and cash flows for those years.

The restatements arose because:

- the change in estimated useful lives and residual values assigned to vehicles were applied inaccurately; and
- the allowance for expected credit losses on trade receivables was understated following a major customer restructuring and increased defaults by walk-in customers.

Details of these adjustments and their impact are provided in Note 34 to the consolidated financial statements.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRS that are endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements issued by SOCPA, the applicable requirements of the Regulations for Companies, Company's By-Laws and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

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

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

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

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

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

Independent Auditor's Report (continued)

To the Shareholders of Cherry Trading Company (Saudi Closed Joint Stock Company)

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

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, then we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor`s report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the group as a basis for forming an opinion on the group financial statements. We are responsible for the direction, supervision and review of the audit work performed for purposes of the group audit. We remain solely responsible for our audit opinion.

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

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

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

KPMG Professional Services Company

Mohammed Najeeb Alkhlaiwi
License No: 481

Riyadh on: 27 Dhul Hijjah 1446H
Corresponding to: 23 June 2025

CHERRY TRADING COMPANY
(Saudi Closed Joint Stock Company)
SPECIAL PURPOSE CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As at 31 December
(All amounts in Saudi Riyals unless otherwise stated)

	Note	31 December 2024	31 December 2023	31 December 2022	1 January 2022
			(Restated)	(Restated)	(Restated)
ASSETS					
Non-Current Assets					
Property and equipment	6	**1,129,790,051**	917,725,051	572,547,067	584,202,225
Right-of-use assets	7	**19,743,911**	19,825,100	18,856,549	9,370,927
Investments at FVOCI	36c	**-**	-	-	13,858,394
Investments at FVPL	36d	**-**	-	-	483,336
Intangible assets	8	**158,966**	1,602,123	860,909	1,247,176
Total Non-Current Assets		**1,149,692,928**	939,152,274	592,264,525	609,162,058
Current Assets					
Inventories	9	**5,416,555**	11,314,417	10,358,939	3,266,982
Trade receivables	10	**206,731,468**	157,070,980	115,010,105	91,132,560
Derivative instruments at FVPL	33	**-**	40,194	645,626	-
Prepayments and other current assets	11	**33,764,432**	99,223,094	97,558,445	17,285,063
Due from related parties	13	**-**	-	-	35,334,680
Cash and cash equivalent	12	**49,311,449**	12,640,167	3,917,650	19,623,884
Total Current Assets		**295,223,904**	280,288,852	227,490,765	166,643,169
Total Assets		**1,444,916,832**	1,219,441,126	819,755,290	775,805,227
EQUITY AND LIABILITIES					
Equity					
Share capital	14	**300,000,000**	300,000,000	300,000,000	150,000,000
General reserve	15	**41,620,126**	35,314,843	29,624,160	23,621,130
Retained earnings		**173,003,268**	116,600,139	71,479,457	220,789,268
Total Equity		**514,623,394**	451,914,982	401,103,617	394,410,398
Non-Current Liabilities					
Non-current portion of lease liabilities	7	**15,710,344**	16,265,469	15,566,873	6,793,268
Employees` benefits	16	**9,778,760**	8,990,548	8,839,735	10,414,077
Non-current portion of term loans	17	**532,714,114**	316,292,696	107,565,819	173,948,364
Total Non-Current Liabilities		**558,203,218**	341,548,713	131,972,427	191,155,709
Current Liabilities					
Current portion of term loans	17	**269,910,283**	188,055,535	170,521,055	131,914,738
Current portion of lease liabilities	7	**4,247,528**	3,649,360	3,094,333	1,950,000
Accounts payable	18	**64,461,514**	176,449,721	68,234,963	32,477,970
Derivative instruments at FVPL	33	**-**	-	-	564,607
Accrued expenses and other current liabilities	19	**20,170,021**	13,235,057	13,337,034	12,550,626
Due to a related party	13	**10,459,545**	41,742,062	22,540,889	-
Zakat payable	26	**2,841,329**	2,845,696	8,950,972	10,781,179
Total Current Liabilities		**372,090,220**	425,977,431	286,679,246	190,239,120
Total Liabilities		**930,293,438**	767,526,144	418,651,673	381,394,829
Total Equity and Liabilities		**1,444,916,832**	1,219,441,126	819,755,290	775,805,227

The accompanying notes 1 to 38 form an integral part of these special purpose consolidated financial statements

CHERRY TRADING COMPANY
(Saudi Closed Joint Stock Company)
SPECIAL PURPOSE CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
For the years ended 31 December
(All amounts in Saudi Riyals unless otherwise stated)

	Note	For the year ended 31 December		
		2024	2023 (Restated)	2022 (Restated)
Revenue	20	**454,655,643**	431,840,711	331,932,764
Cost of revenue	21	**(308,948,050)**	(320,718,853)	(232,848,974)
Gross Profit		**145,707,593**	111,121,858	99,083,790
Selling and marketing expenses	22	**(4,300,407)**	(4,111,942)	(3,196,815)
General and administrative expenses	23	**(24,809,920)**	(25,341,569)	(20,794,754)
Impairment loss on trade receivables	10	**(10,627,150)**	(5,765,099)	(9,848,363)
Other income	24	**6,599,771**	5,186,862	6,761,087
Profit from Operations		**112,569,887**	81,090,110	72,004,945
Finance costs	25	**(47,316,926)**	(21,415,212)	(9,455,745)
(Loss)/gain on derivative instruments at FVPL	33	**(40,194)**	(605,432)	1,210,233
Profit before Zakat		**65,212,767**	59,069,466	63,759,433
Zakat expense	26	**(2,159,940)**	(2,162,640)	(3,729,135)
Profit for the year		**63,052,827**	56,906,826	60,030,298
Other comprehensive income				
Items that will not be reclassified subsequently to profit or loss:				
Re-measurement (loss)/gain on employees` benefits	16	**(344,415)**	(95,461)	1,662,921
Total comprehensive income for the year		**62,708,412**	56,811,365	61,693,219
Earnings per share (EPS)				
Basic and diluted earnings per share	27	**2.10**	1.89	2.00

The accompanying notes 1 to 38 form an integral part of these special purpose consolidated financial statements

CHERRY TRADING COMPANY
(Saudi Closed Joint Stock Company)
SPECIAL PURPOSE CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
For the years ended 31 December 2024, 2023 and 2022
(All amounts in Saudi Riyals unless otherwise stated)

	Share capital	General reserve	Retained earnings	Total equity
Balance as at 1 January 2022, as previously reported	150,000,000	23,220,542	217,183,973	390,404,515
Impact of restatements (note 34)	-	400,588	3,605,295	4,005,883
Balance as at 1 January 2022 (restated)	**150,000,000**	**23,621,130**	**220,789,268**	**394,410,398**
Profit for the year	-	-	60,030,298	60,030,298
Other comprehensive income for the year	-	-	1,662,921	1,662,921
Total comprehensive income for the year (restated)	-	-	61,693,219	61,693,219
Increase in share capital	150,000,000	-	(150,000,000)	-
Dividends to shareholders (note 36e)	-	-	(55,000,000)	(55,000,000)
Transferred to general reserve	-	6,003,030	(6,003,030)	-
Balance as at 31 December 2022 (restated)	**300,000,000**	**29,624,160**	**71,479,457**	**401,103,617**
Profit for the year	-	-	56,906,826	56,906,826
Other comprehensive loss for the year	-	-	(95,461)	(95,461)
Total comprehensive income for the year (restated)	-	-	56,811,365	56,811,365
Dividends to shareholders (note 36e)	-	-	(6,000,000)	(6,000,000)
Transferred to general reserve	-	5,690,683	(5,690,683)	-
Balance as at 31 December 2023 (restated)	**300,000,000**	**35,314,843**	**116,600,139**	**451,914,982**
Profit for the year	-	-	63,052,827	63,052,827
Other comprehensive loss for the year	-	-	(344,415)	(344,415)
Total comprehensive income for the year	-	-	62,708,412	62,708,412
Transferred to general reserve	-	6,305,283	(6,305,283)	-
Balance as at 31 December 2024	**300,000,000**	**41,620,126**	**173,003,268**	**514,623,394**

The accompanying notes 1 to 38 form an integral part of these special purpose consolidated financial statements

CHERRY TRADING COMPANY
(Saudi Closed Joint Stock Company)
SPECIAL PURPOSE CONSOLIDATED STATEMENT OF CASH FLOWS
For the years ended 31 December
(All amounts in Saudi Riyals unless otherwise stated)

	Note	For the year ended 31 December		
		2024	2023 (Restated)	2022 (Restated)
CASH FLOWS FROM OPERATING ACTIVITIES				
Profit before zakat		**65,212,767**	59,069,466	63,759,433
Adjustments to reconcile profit before zakat to net cash flows:				
Depreciation and amortization	6,7 & 8	**112,757,689**	91,047,724	102,806,569
Impairment loss on trade receivables	10	**10,627,150**	5,765,099	9,848,363
Finance costs	25	**47,316,926**	21,415,212	9,455,745
Loss/(gain) on derivative instruments at FVPL	33	**40,194**	605,432	(1,210,233)
Dividends income from investments designated at FVOCI	36c	-	-	(1,891,500)
Gain on sale of investments designated at FVOCI	36d	-	-	(327,856)
Revaluation (gain) on investments designated at FVPL		-	-	(415,439)
Gain on disposal of property and equipment	24	**(17,390)**	(58,207)	-
(Gain)/loss on derecognition of lease	24	**(22,243)**	125,324	-
Provision for employees` benefits	16	**1,717,888**	1,557,259	1,822,287
		237,632,981	179,527,309	183,847,369
Working capital adjustments:				
Inventories		**95,268,648**	141,175,742	64,585,343
Trade receivable		**(60,668,369)**	(47,825,974)	(33,725,908)
Prepayment and other current assets		**64,806,464**	(1,664,649)	(80,273,382)
Due to a related party		**(22,909,195)**	13,201,173	72,960,594
Accounts payable		**(111,958,777)**	108,214,758	35,756,993
Accrued expenses and other current liabilities		**(1,021,034)**	(16,435)	3,780,814
Cash generated from operating activities		**201,150,718**	392,611,924	246,931,823
Purchase of motor vehicles	6	**(398,540,933)**	(570,728,717)	(151,051,193)
Finance costs paid		**(37,642,574)**	(20,126,473)	(11,587,035)
Lease interest paid	7	**(1,075,299)**	(933,226)	(634,695)
Employees` benefits paid	16	**(1,407,625)**	(1,942,962)	(1,962,129)
Zakat paid	26	**(2,162,640)**	(8,267,916)	(5,559,342)
Net (cash used) / generated from operating activities		**(239,678,353)**	(209,387,370)	76,137,429
INVESTING ACTIVITIES				
Purchase of property and equipment (excluding motor vehicles)	6	**(17,731,362)**	(3,385,786)	(7,479,055)
Cash and cash equivalent transferred on disposal of subsidiaries	36a	**(98,953)**	-	-
Proceed from disposal of property and equipment		**17,391**	58,213	-
Dividends received from investments designated at FVOCI		-	-	1,891,500
Additions to intangible assets	8	**(45,000)**	(1,273,217)	(1,095,519)
Net cash used in investing activities		**(17,857,924)**	(4,600,790)	(6,683,074)
FINANCING ACTIVITIES				
Repayment of term loans		**(274,134,342)**	(304,356,719)	(166,014,937)
Proceeds from term loans		**572,410,508**	530,618,076	138,238,709
Dividends to shareholders		-	-	(55,000,000)
Principal repayment of lease liabilities	7	**(4,068,607)**	(3,550,680)	(2,384,361)
Net cash generated from/ (used in) financing activities		**294,207,559**	222,710,677	(85,160,589)
Net change in cash and cash equivalent		**36,671,282**	8,722,517	(15,706,234)
Cash and cash equivalent at beginning of the year	12	**12,640,167**	3,917,650	19,623,884
Cash and cash equivalent at end of the year	12	**49,311,449**	12,640,167	3,917,650
NON-CASH TRANSACTION:				
Transfer from property and equipment to inventories	6	**89,370,786**	142,131,220	71,677,300
Additions to right-of-use assets and lease liabilities	7	**5,102,126**	5,508,336	12,302,299
Investments designated at FVOCI and FVPL transferred to related party	36	-	-	15,085,025
Increase in share capital		-	-	150,000,000
Re-measurement (loss)/gain on employees` benefits	16	**(344,415)**	(95,461)	1,662,921
Write-off of trade receivables	10	**7,771,076**	444,885	20,460,173
Write off inventory	9	-	-	429,410
Dividends payable		-	6,000,000	-

The accompanying notes 1 to 38 form an integral part of these special purpose consolidated financial statements

1. CORPORATE INFORMATION

Cherry Trading Company ("the Company"), is a Saudi Closed Joint Stock Company registered in Riyadh, Kingdom of Saudi Arabia ("KSA") under Commercial Registration No. 1010156896 dated 13 Ramadan 1420H (corresponding to 20 December 1999G), with branches as detailed in note 35.

The principal activities of the Company are wholesale and retail trade in new and used private cars, car service, maintenance center activities, public fare, school transportation, real estate management activities for commission, and passenger car rental as per the license No. 01010217000 issued by the Ministry of Transportation in the Kingdom of Saudi Arabia.

The Company's registered office is located at the following address:

2623 Dammam Branch Road

Ghirnatah district, Riyadh 13242-8025,

Kingdom of Saudi Arabia.

The Company is wholly owned subsidiary of Saudi Edarah Holding Company (31 December 2023, 31 December 2022 and 1 January 2022: The company is a wholly owned subsidiary of Saudi Edarah Holding Company).

These special purpose consolidated financial statements have been revised and reissued solely to amend the period references appearing in the title of each page.

2. BASIS OF PREPARATION

2.1 Basis of consolidation

The accompanying special purpose consolidated financial statements include the financial statements of the company and its subsidiaries listed below:

Subsidiary`s name	Country of incorporation	Principal activities	Ownership		
			2024	2023	2022
H-10 Logistics Services (*)(***)	Kingdom of Saudi Arabia	Logistics and warehousing services.	-	100%	100%
Elegant Vehicle Carwash Services Company (**)(***)	Kingdom of Saudi Arabia	Vehicle service, cleaning, detailing and maintenance.	-	100%	100%
Aoun Equipment Rental Company Limited (****)	Kingdom of Saudi Arabia	Leasing and rental of heavy vehicles and equipment and trading in heavy vehicles and equipment and spare parts.	-	-	100%

(*) H-10 Logistics Services

H-10 Logistics Services Company is a Saudi limited liability company registered in Riyadh, Kingdom of Saudi Arabia ("KSA"), The principal activities of the Company are Logistics and warehousing services.

(**) Elegant Vehicle Carwash Services Company

Elegant Vehicle Carwash Services Company is a Saudi limited liability company registered in Riyadh, Kingdom of Saudi Arabia ("KSA"), The principal activities of the Company are Vehicle service, cleaning, detailing and maintenance.

(***) The ultimate shareholder decided to transfer H-10 Logistics Services and Elegant Vehicle Carwash Services to Saudi Edarah Holding Company as per the resolution signed by ultimate shareholder dated 17 September 2024. The transfer was done at net book value as at 1 January 2024.

2. BASIS OF PREPARATION (continued)

(****) Aoun Equipment Rental Company Limited

Aoun Equipment Rental Company was a Saudi limited liability company incorporated in Saudi Arabia and was engaged in the business of leasing and rental of heavy vehicles and equipment and trading in heavy vehicles and equipment and spare parts, as per commercial registration. During the year 31 December 2023, the ultimate shareholder liquidated its subsidiary Aoun equipment rental company limited as per the resolution signed by ultimate shareholder dated 2 October 2023. The liquidation process was successfully completed on 19 October 2023.

2.2 Statement of compliance

These special purpose consolidated financial statements (consolidated financial statements) are not the Group's statutory financial statements and have been prepared solely for submitting the application for initial public offering (IPO) to be filed with the Capital Market Authority (CMA) of the Kingdom of Saudi Arabia in order to list the Company's shares on Tadawul in the Kingdom of Saudi Arabia. These special purpose consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as endorsed in the Kingdom of Saudi Arabia ("KSA") and other standards and pronouncements that are issued by the Saudi Organization for Chartered and Professional Accountants ("SOCPA") (here and after referred to as "IFRS endorsed in Saudi Arabia").

2.3 Basis of measurement

These special purpose consolidated financial statements have been prepared under the historical cost convention except for employees' benefits which are recognized using the projected unit credit method, as well as financial investments and derivatives are measured at fair value through other comprehensive income and at fair value through profit or loss. Further, the special purpose consolidated financial statements are prepared using the accrual basis of accounting and the going concern concept.

2.4 Functional and presentation currency

These special purpose consolidated financial statements are presented in Saudi Riyals (SR) which is also the Company's functional and presentation currency.

3. USE OF JUDGEMENTS AND ESTIMATES

The preparation of the Group's consolidated financial statements requires management to make judgements, estimates and assumptions that affect the application of the Group's accounting policies and the reported amounts of income, expenses, assets and liabilities, and the disclosure of contingent liabilities, at the reporting date.

These estimates and assumptions are based upon experience and various other factors that are believed to be reasonable under the circumstances and are used to judge the carrying values of assets and liabilities that are not readily apparent from other sources. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised or in the revision period and future periods if the changed estimates affect both current and future periods.

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Group based its assumptions and estimates on parameters available when the consolidated financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising beyond the control of the Group. Such changes are reflected in the assumptions when they occur. As the situation is rapidly evolving with future uncertainties, management will continue to assess the impact based on prospective developments.

The key judgements, estimates and assumptions that have a significant impact on the consolidated financial statements of the Group are discussed below:

3. USE OF JUDGEMENTS AND ESTIMATES (continued)

3.1 Judgment

Going concern

The Group's management has made an assessment of its ability to continue as a going concern and is satisfied that it has the resources to continue in business for the foreseeable future. Furthermore, management is not aware of any material uncertainties that may cast significant doubt upon the Group's ability to continue as a going concern. Therefore, the consolidated financial statements continue to be prepared on the going concern basis.

Lease classification - Group as lessor

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 Group, the Group has determined that leasing of vehicles does not substantially transfer all the risks and rewards incidental to ownership of the vehicles subject to the lease arrangement, hence such lease arrangements are classified as an operating lease.

3.2 Estimates and assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Group based its assumptions and estimates on parameters available when the consolidated financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising that are beyond the control of the Group. Such changes are reflected in the assumptions when they occur. Information about the assumptions and estimation uncertainties is included in the following areas:

Useful lives and residual value of property and equipment

The Group's management determines the estimated useful lives of its property and equipment for calculating depreciation. These estimates are determined after considering the expected usage of the assets or physical wear and tear. Management reviews the residual value and useful lives annually and future depreciation charges would be adjusted where the management believes the useful lives differ from previous estimates.

During the year ended 31 December 2024, the Group conducted an internal technical review to assess the useful lives and the residual values. Accordingly, the estimated residual values of vehicles have been revised by the Company. The change in estimated residual values has resulted in a decrease in depreciation expenses and an increase in the cost of sales of vehicles by SR 12.9 million (net) for the year ended 31 December 2024. The effect of change in estimate in future periods is impracticable to determine.

Provision for expected credit losses (ECL) of trade receivables

The Group has selected a simplified approach for all lease trade receivables. The Group uses a provision matrix to calculate ECL for trade receivables. The provision matrix is initially based on the Group's historical observed default rates. The Group 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 historically observed default rates, forecasted economic conditions and ECL is a significant estimate. The amount of ECL is sensitive to changes in circumstances of forecast economic conditions. The Group's historical credit loss experience and forecast of economic conditions may also not be representative of customers' actual default in the future. The information about the ECL on the Group's trade receivables is disclosed in note 30.

3. USE OF JUDGEMENTS AND ESTIMATES (continued)

Employee benefits

The cost of the employee benefit plan and the present value of the obligation are determined using actuarial valuations. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These include the determination of the discount rate, future salary increases, mortality rates and employee turnover rate. Due to the complexities involved in the valuation and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.

The parameter most subject to change is the discount rate. In determining the appropriate discount rate, management considers the market yield on high quality Corporate/Government bonds. The mortality rate is based on publicly available mortality tables for the country. Those mortality tables tend to change only at intervals in response to demographic changes. Future salary increases are based on expected future inflation rates for the country. Further details about employee benefits liabilities are provided in note 16.

4. MATERIAL INFORMATION ON ACCOUNTING POLICIES

The following accounting policies have been consistently applied to all periods presented in these consolidated financial statements, other than explained in Note (5).

4.1 Foreign currencies

Transaction and balances

Transactions in foreign currencies are initially recorded by the Group at the functional currency spot rates at the date the transaction first qualifies for recognition. Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency spot rate of exchange at the reporting date. Differences arising on settlement or translation of monetary items are recognized in consolidated statement of profit or loss and other comprehensive income.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined. The gain or loss arising on translation of non-monetary items measured at fair value is treated in line with the recognition of gain or loss on change in fair value of the item.

4.2 Current versus non-current classification

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

Assets

An asset is current when:

- It is expected to be realized or intended to be sold or consumed in the normal operating cycle;
- It is held primarily for the purpose of trading;
- It is expected to be realized within twelve months after the reporting period; or
- It is cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current.

4. MATERIAL INFORMATION ON ACCOUNTING POLICIES (continued)

4.2 Current versus non-current classification

Liabilities

A liability is current when:

- It is expected to be settled in the normal operating cycle;
- It is held primarily for the purpose of trading;
- It is due to be settled within twelve months after the reporting period; or
- There is no right at the end of the reporting period to defer the settlement of the liability for at least twelve months after the reporting period.

The Group classifies all other liabilities as non-current.

4.3 Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable, taking into account contractually defined terms of payment. Revenue is recognized in the statement of profit or loss and other comprehensive income to the extent that it is probable that the economic benefits will flow to the Group and the revenue and costs, if applicable, can be measured reliably.

Rental income – the Group as a lessor

Leases in which the Group does not transfer substantially all the risks and rewards incidental to ownership of an asset are classified as operating leases. Rental income arising is accounted for on a straight-line basis over the lease terms and is included in revenue in the consolidated statement of profit or loss and other comprehensive income due to its operating nature.

Income from other services

Revenue from other services that are incidental to vehicle rental arrangements are recognized when these related services are provided and classified as part of revenue from these core operating activities. The Group's revenue from other services that are incidental to vehicle rental arrangements is recognized over the time when services are rendered.

Sale of inventories (used vehicles)

Revenue from sale of 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 Group's revenue from sale of vehicles includes only one performance obligation and there is no variable consideration and financing component involved.

4.4 Expenses

Cost of revenue

Cost of revenue represents all expenses directly attributable or incidental to the core operating activities of the Group including but not limited to depreciation of vehicles under rental arrangements, cost of vehicle inventories disposed of directly attributable employee related costs etc.

Selling, marketing and administrative expenses

Selling and marketing expenses are costs arising from the Group's efforts underlying marketing activities and function. All other expenses are classified as administrative expenses. Allocation of common expenses between cost of revenue, selling and marketing and administrative expenses, where required, is made on a reasonable basis with regards to the nature and circumstances of the common expenses.

4. MATERIAL INFORMATION ON ACCOUNTING POLICIES (continued)

4.5 Zakat

Zakat

The Group is subject to zakat in accordance with the regulations of Zakat, Tax and Customs Authority ("ZATCA"). Provision for zakat for the Group is charged to the consolidated statement of profit or loss and other comprehensive income.

Withholding tax

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

Value added tax

Expenses and assets are recognized net of the amount of value added tax, except:

- When the value added tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case, the value add tax is recognized as part of the cost of acquisition of the asset or as part of the expense item, as applicable
- When receivables and payables are stated with the amount of value added tax included.

The net amount of value added tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the consolidated statement of financial position.

4.6 Property and equipment

Recognition and measurement

Items of property and equipment are initially recorded at cost and measured at cost less accumulated depreciation and accumulated impairment losses.

Cost includes purchase price and any costs directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. The cost of self-constructed assets includes the cost of materials and direct labor, any other costs directly attributable to bringing the assets to a working condition for their intended use, the costs of dismantling and removing the items and restoring the site on which they are located and borrowing costs on qualifying assets.

When significant parts of an item of property and equipment have different useful lives, they are accounted for as separate items (major components) of property and equipment.

Gains and losses on disposal of an item of property and equipment (other than vehicles transferred to inventories as 'Vehicles for sale') are determined by comparing the proceeds from disposal with the carrying amount of property and equipment and are recognized net within other operating income in the consolidated statement of profit or loss and other comprehensive income.

Subsequent costs

The cost of replacing a part of an item of property and equipment is recognized in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Group, and its cost can be measured reliably. The carrying amount of the replaced part is derecognized. The costs of the day-to-day servicing of property and equipment are recognized in the consolidated statement of profit or loss and other comprehensive income as incurred.

4. MATERIAL INFORMATION ON ACCOUNTING POLICIES (continued)

4.6 Property and equipment (continued)

Capital work-in-progress

Capital work-in-progress represents all costs relating directly and indirectly to the construction in progress and is capitalized as property and equipment when ready for the intended use.

Depreciation

Depreciation represents the systematic allocation of the depreciable amount of an asset over its estimated useful life. Depreciable amount represents cost of an asset, or other amount substituted for cost, less its residual value. Depreciation is recognized in the consolidated statement of profit or loss and other comprehensive income on a straight-line basis over the estimated useful lives of each part of an item of property and equipment. Leased assets are depreciated over the shorter of the lease term and their useful lives. Land is not depreciated.

Depreciation methods, useful lives and residual values are reviewed at least annually and adjusted prospectively if required.

The estimated useful lives are as follows:

Buildings and other installations	10 to 20 years
Tools and equipment	3 to 4 years
Computers and IT equipment	3 to 4 years
Motor Vehicles	2 to 5 years
Furniture, fixtures and office equipment	4 to 7 years

4.7 Right of use asset and lease liabilities

The Group recognizes new assets and liabilities for its leases of various types of contracts including branches, accommodations, office rental premises etc. Each lease payment is allocated between the liability and finance cost. The finance cost is charged to the Statement of Profit or Loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The right-of-use asset is depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis. Payments associated with short-term leases and leases of low-value assets are recognized on a straight-line basis as an expense in the Statement of Profit or Loss. Short-term leases are leases with a lease term of 12 months or less. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. In determining the lease term, management considers all facts and circumstances required.

4.8 Inventories

Inventories represent vehicles 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 Group recognizes an allowance for inventory losses due to factors such as obsolescence, technical faults, physical damage etc.

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.

4. MATERIAL INFORMATION ON ACCOUNTING POLICIES (continued)

4.9 Cash and cash equivalents

Cash and cash equivalents in the consolidated statement of financial position comprise cash at banks, term deposits and cash on hand. For the purpose of the consolidated statement of cash flows, cash and cash equivalents consist of bank balances and cash.

4.10 Financial Instruments

The Group's financial assets primary comprise of cash and cash equivalent, trade receivables, other receivables and unbilled revenue. The Group financial liabilities primary comprises of loans and borrowings, trade and other payables (excluding unearned rental income), contract liabilities and due to related parties.

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

Trade receivables are initially recognized when they are originated. All other financial assets and financial liabilities are initially recognized when the Group becomes a party to the contractual provisions of the instrument. All trade receivables of the Group are without a significant financing component and are initially measured at the transaction price.

On initial recognition, financial asset and financial liabilities are classified as measured at amortized cost.

All borrowing costs are expensed in the period in which they occur. Borrowing costs consist of finance cost and other costs that an entity incurs in connection with the borrowing of funds, with interest paid classified as operating cash outflows.

Impairment of financial assets

The Group recognises loss allowances for ECLs on:

- Financial assets measured at amortized cost.
- Contract assets

The Group measures loss allowances at an amount equal to lifetime ECL.

Loss allowances for trade receivables and contract assets are always measured at an amount equal to lifetime ECL. Lifetime ECLs are the ECLs that result from all possible default events over the expected life of a financial instrument.

Measurement of ECLs

At each reporting date, the Group assesses whether financial assets carried at amortised cost are credit impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Evidence that a financial asset is credit-impaired includes the following observable data:

- the borrower is unlikely to pay its credit obligations to the Group in full, without recourse by the Group to actions such as realizing security (if any is held).
- the restructuring of a loan or advance by the Group on terms that the Group would not consider otherwise.
- it is probable that the borrower will enter bankruptcy or other financial reorganization
- the disappearance of an active market for a security because of financial difficulties.

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e., the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Group expects to receive).

Presentation of allowance for ECL in the consolidated statement of financial position

Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of the assets

5. NEW STANDARDS, AMENDMENT TO STANDARDS AND INTERPETATIONS

The following are a number of accounting standards, amendments and interpretations of accounting standards that have been issued by the IASB.

a) Currently effective new standards, interpretations and amendments:

Effective date	Amendments in accounting standards
1 January 2024	Classification of Liabilities as Current or Non-current and Non-current Liabilities with Covenants - Amendments to IAS 1
	Lease Liability in a Sale and Leaseback - Amendments to IFRS 16
	Disclosures: Supplier Finance Arrangements - Amendments to IAS 7 and IFRS 7

Management assessed the financial impact and there is no impact on the consolidated financial statements as at 31 December 2024.

b) Standards issued but not adopted.

Standards and amendments issued but not yet effective up to the date of issuance of the Group's consolidated financial statements are listed below.

Effective for annual periods beginning on or after	New Standards and Amendments
1 January 2025G	Lack of exchangeability – Amendments to IAS 21
1 January 2026G	Classification and Measurement of Financial Instruments - Amendments to IFRS 9 and IFRS 7
	Annual Improvements to IFRS Accounting Standards - Volume 11
	Power Purchase Agreements - Amendments to IFRS 9 and IFRS 7
1 January 2027G	IFRS 18 – Presentation and Disclosure in Financial Statements
	IFRS 19 - Subsidiaries without Public Accountability: Disclosures
Available for optional adoption/ effective date deferred indefinitely	Sale or contribution of assets between an investor and its associate or joint venture - Amendments to IFRS 10 and IAS 28.

Management will assess the financial impact of the new standards and amendments and management expects that they will have no impact on the Group's consolidated financial statements.

6. PROPERTY AND EQUIPMENT

	Land*	Buildings and other installations*	Tools, equipment, computers, and IT equipment	Motor vehicles	Furniture, fixtures, and office equipment	Capital work-in -progress**	Total
Cost:							
Balance as at 1 January 2024	**-**	**10,348,432**	**12,135,782**	**1,189,338,415**	**7,279,812**	**756,826**	**1,219,859,267**
Additions during the year	7,158,576	7,042,812	2,278,771	398,540,933	456,209	794,994	416,272,295
Transfer to inventories (see note (a) below)	-	-	-	(187,896,472)	-	-	(187,896,472)
Transfer from capital work in progress to building and other installations	-	579,177	-	-	-	(579,177)	-
Relating to transfer of subsidiaries (note 36a)	-	(83,145)	(771,543)	(6,075,638)	(50,206)	-	(6,980,532)
Disposals during the year	-	-	(71,952)	-	-	-	(71,952)
Balance as at 31 December 2024	**7,158,576**	**17,887,276**	**13,571,058**	**1,393,907,238**	**7,685,815**	**972,643**	**1,441,182,606**
Accumulated depreciation:							
Balance as at 1 January 2024	**-**	**2,981,065**	**10,111,514**	**283,000,553**	**6,041,084**	**-**	**302,134,216**
Deprecation during the year	-	1,147,126	966,574	105,693,760	438,955	-	108,246,415
Transfer to inventories (see note (a) below)	-	-	-	(98,525,686)	-	-	(98,525,686)
Relating to transfer of subsidiaries (note 36a)	-	(3,465)	(170,816)	(206,605)	(9,553)	-	(390,439)
Disposals during the year	-	-	(71,951)	-	-	-	(71,951)
Balance as at 31 December 2024	**-**	**4,124,726**	**10,835,321**	**289,962,022**	**6,470,486**	**-**	**311,392,555**
Net book value:							
As at 31 December 2024	**7,158,576**	**13,762,550**	**2,735,737**	**1,103,945,216**	**1,215,329**	**972,643**	**1,129,790,051**

* During the year ended 31 December 2024, the Group acquired land and building amounting to SAR 11,830,576 financed by a bank loan, with the asset pledged as collateral against the loan.

** Capital work-in-progress represents work on construction of workshops and new head office

6. PROPERTY AND EQUIPMENT (continued)

	Land	Buildings and other installations	Tools, equipment, computers, and IT equipment	Motor vehicles	Furniture, fixtures, and office equipment	Capital work-in -progress*	Total
Cost:							
Balance as at 1 January 2023	**-**	**8,687,754**	**11,061,991**	**886,101,040**	**6,936,527**	**498,919**	**913,286,231**
Additions during the year	-	1,660,678	1,123,916	570,728,717	343,285	257,907	574,114,503
Transfer to inventories (see note (a) below)	-	-	-	(267,491,342)	-	-	(267,491,342)
Disposals during the year	-	-	(50,125)	-	-	-	(50,125)
Balance as at 31 December 2023	**-**	**10,348,432**	**12,135,782**	**1,189,338,415**	**7,279,812**	**756,826**	**1,219,859,267**
Accumulated depreciation:							
Balance as at 1 January 2023 – (restated)	**-**	**2,061,280**	**9,128,172**	**323,965,818**	**5,583,894**	**-**	**340,739,164**
Deprecation during the year – previously reported	-	919,785	1,033,461	104,381,673	457,190	-	106,792,109
Impact of restatement (note 34)	-	-	-	(19,986,816)	-	-	(19,986,816)
Deprecation during the year- restated	-	919,785	1,033,461	84,394,857	457,190	-	86,805,293
Transfer to inventories – previously reported	-	-	-	(141,086,127)	-	-	(141,086,127)
Impact of restatement (note 34)	-	-	-	15,726,005	-	-	15,726,005
Transferred to inventories – restated	-	-	-	(125,360,122)	-	-	(125,360,122)
Disposals during the year	**-**	**-**	**(50,119)**	**-**	**-**	**-**	**(50,119)**
Balance as at 31 December 2023 – (restated)	**-**	**2,981,065**	**10,111,514**	**283,000,553**	**6,041,084**	**-**	**302,134,216**
Net book value:							
As at 31 December 2023 - restated	**-**	**7,367,367**	**2,024,268**	**906,337,862**	**1,238,728**	**756,826**	**917,725,051**

* Capital work-in-progress represent work on construction of workshops and new head office.

6. PROPERTY AND EQUIPMENT (continued)

	Land	Buildings and other installations	Tools, equipment, computers, and IT equipment	Motor vehicles	Furniture, fixtures, and office equipment	Capital work-in -progress*	Total
Cost:							
Balance as at 1 January 2022	-	**4,301,380**	**9,748,505**	**870,999,355**	**5,737,051**	-	**890,786,291**
Additions during the year	-	4,386,374	1,394,286	151,051,193	1,199,476	498,919	158,530,248
Transfer to inventories (see note (a) below)	-	-	-	(135,949,508)	-	-	(135,949,508)
Disposals during the year	-	-	(80,800)	-	-	-	(80,800)
Balance as at 31 December 2022	-	8,687,754	11,061,991	886,101,040	6,936,527	498,919	913,286,231
Accumulated depreciation:							
Balance as at 1 January 2022- previously reported	-	**1,305,171**	**8,632,658**	**295,217,381**	**5,404,281**	-	**310,559,491**
Reclassified to inventories	-	-	-	30,458	-	-	30,458
Impact of restatement (note 34)	-	-	-	(4,005,883)	-	-	(4,005,883)
Balance as at 1 January 2022- (restated)	-	**1,305,171**	**8,632,658**	**291,241,956**	**5,404,281**	-	**306,584,066**
Deprecation during the year – previously reported	-	756,109	576,314	103,017,209	179,613	-	104,529,245
Impact of restatements (note 34)	-	-	-	(6,021,139)	-	-	(6,021,139)
Deprecation during the year- restated	-	756,109	576,314	96,996,070	179,613	-	98,508,106
Transferred to inventories – previously reported	-	-	-	(65,407,111)	-	-	(65,407,111)
Impact of restatement (note 34)	-	-	-	1,134,903	-	-	1,134,903
Transferred to inventories – restated	-	-	-	(64,272,208)	-	-	(64,272,208)
Disposals during the year	-	-	(80,800)	-	-	-	(80,800)
Balance as at 31 December 2022 – (restated)	-	**2,061,280**	**9,128,172**	**323,965,818**	**5,583,894**	-	**340,739,164**
Net book value:							
As at 31 December 2022 – restated	-	**6,626,474**	**1,933,819**	**562,135,222**	**1,352,633**	**498,919**	**572,547,067**
As at 1 January 2022 – restated	-	**2,996,209**	**1,115,847**	**579,757,399**	**332,770**	-	**584,202,225**

* Capital work-in-progress represent work on construction of workshops and new head office.

6. PROPERTY AND EQUIPMENT (continued)

a) These represent cost and accumulated depreciation of vehicles retired from fleets and transferred to vehicle inventories (note 9).

Depreciation charge for the year ended has been allocated as follows:

	31 December 2024	31 December 2023 (Restated)	31 December 2022 (Restated)
Cost of revenue (note 21)	**107,694,358**	86,364,665	98,005,322
General and administrative expense (note 23)	**552,057**	440,628	502,784
	108,246,415	86,805,293	98,508,106

7. LEASES

Group as a lessee

The Group has lease contracts (leases as a lessee) for leasehold buildings (i.e., workshops, accommodations, and locations) and land. Leasehold buildings have lease terms between 5 to 15 years. The Group's obligations under its leases are secured by the lessor's title to the leased assets.

The Group also has certain leases of accommodation buildings with lease terms of 12 months or less and leases of office equipment with low value. The Group applies the 'short-term lease' and 'lease of low-value assets' recognition exemptions for these leases.

a) Set out below are the carrying amounts of right-of-use assets recognized and the movements during the year:

	31 December 2024	31 December 2023 (Restated)	31 December 2022 (Restated)	1 January 2022 (Restated)
Balance as at 1 January	**19,825,100**	18,856,549	9,370,927	2,105,741
Additions during the year	**5,102,126**	5,508,336	12,302,299	8,308,244
Derecognition during the year	**(968,233)**	(829,357)	-	-
Depreciation expense for the year	**(4,215,082)**	(3,710,428)	(2,816,677)	(1,043,058)
Balance as at 31 December	**19,743,911**	19,825,100	18,856,549	9,370,927

Depreciation charge for the year ended has been allocated as follows:

	31 December 2024	31 December 2023 (Restated)	31 December 2022 (Restated)
Cost of revenue (note 21)	**2,739,804**	2,411,779	1,830,840
General and administrative expense (note 23)	**1,264,524**	1,113,128	845,003
Selling and marketing expenses (note 22)	**210,754**	185,521	140,834
	4,215,082	3,710,428	2,816,677

7. LEASES (continued)

b) Set out below are the carrying amounts of lease liabilities and the movements during the year:

	31 December 2024	31 December 2023	31 December 2022	1 January 2022
		(Restated)	(Restated)	(Restated)
Balance as at 1 January	**19,914,829**	18,661,206	8,743,268	2,280,167
Additions during the year	**5,102,126**	5,508,336	12,302,299	8,308,244
Derecognition during the year	**(990,476)**	(704,033)	-	-
Finance cost (note 25)	**1,075,299**	933,226	634,695	120,208
Payments during the year	**(5,143,906)**	(4,483,906)	(3,019,056)	(1,965,351)
Balance as at 31 December	**19,957,872**	19,914,829	18,661,206	8,743,268
Lease liabilities - current portion	**4,247,528**	3,649,360	3,094,333	1,950,000
Lease liabilities - non-current portion	**15,710,344**	16,265,469	15,566,873	6,793,268

The maturity analysis of lease liabilities is disclosed in note 30.

c) The following are the amounts recognized in the consolidated statement of profit or loss and other comprehensive income:

	31 December 2024	31 December 2023	31 December 2022
		(Restated)	(Restated)
Depreciation expense of right-of-use assets	**4,215,082**	3,710,428	2,816,677
Finance cost on lease liabilities (note 25)	**1,075,299**	933,226	634,695
Expense relating to short-term leases (included in cost of revenue) (note 21)	**1,605,632**	1,144,856	996,330
Expense relating to short-term leases (included in general and administrative expenses) (note 23)	**741,061**	804,512	459,845
(Gain)/loss on derecognition of lease (note 24)	**(22,243)**	125,324	-
Total amount recognized in consolidated statement of profit or loss and other comprehensive income	**7,614,831**	6,718,346	4,907,547

The Group had total cash outflows for leases of SR 7,490,599 in 2024 (2023: SR 6,433,274, 2022: SR 4,475,231). The Group also had non-cash additions to right-of-use assets and lease liabilities of SR 5,102,126 in 2024 (2023: SR 5,508,336, , 2022: SR 12,302,299).

8. INTANGIBLE ASSETS

Cost:	Software
	SR
	(Restated)
Balance as at 1 January 2022	2,559,158
Additions during the year	1,095,519
Write off during the year	(2,419,798)
Balance as at 31 December 2022 and 1 January 2023	**1,234,879**
Additions during the year	1,273,217
Balance as at 31 December 2023 and 1 January 2024	**2,508,096**
Additions during the year	45,000
Relating to transfer of subsidiaries (note 36a)	(1,460,988)
Balance as at 31 December 2024	**1,092,108**
Accumulated amortization:	
Balance as at 1 January 2022	1,311,982
Amortization during the year	630,862
Write off during the year	(1,568,874)
Balance as at 31 December 2022 and 1 January 2023	**373,970**
Amortization during the year (*)	532,003
Balance as at 31 December 2023 and 1 January 2024	**905,973**
Amortization during the year (*)	296,192
Relating to transfer of subsidiaries (note 36a)	(269,023)
Balance as at 31 December 2024	**933,142**
Net book value:	
As at 31 December 2024	**158,966**
As at 31 December 2023 – restated	1,602,123
As at 31 December 2022 – restated	860,909
As at 1 January 2022 – restated	1,247,176

(*) Amortization charged during the year ended has been allocated to general and administrative expense (note 23).

9. INVENTORIES

	31 December 2024	31 December 2023 (Restated)	31 December 2022 (Restated)	1 January 2022 (Restated)
Vehicles held for sale – previously reported	**1,019,668**	6,997,759	9,757,195	2,193,126
Impact of restatement (note 34)	-	1,267,406	(384,525)	30,458
Vehicle held for sale closing balance - (restated)	**1,019,668**	8,265,165	9,372,670	2,223,584
Spare parts and supplies	**4,396,887**	3,049,252	986,269	1,472,808
Allowance for slow moving inventories	-	-	-	(429,410)
	5,416,555	11,314,417	10,358,939	3,266,982

Movement in the allowance for slow moving inventories is as follows:

	31 December 2024	31 December 2023 (Restated)	31 December 2022 (Restated)	1 January 2022 (Restated)
Balance at 1 January	-	-	429,410	395,639
Charge for the year	-	-	-	33,771
Written off during the year	-	-	(429,410)	-
Balance as at 31 December	-	-	-	429,410

10. TRADE RECEIVABLES

	31 December 2024	31 December 2023 (Restated)	31 December 2022 (Restated)	1 January 2022 (Restated)
Trade receivables	**240,278,118**	187,761,556	140,380,467	127,114,732
Less: Impairment loss on trade receivables (see below) – Previously reported	**(33,546,650)**	(21,221,934)	(16,198,608)	(35,982,172)
Impact of restatement (note 34)	-	(9,468,642)	(9,171,754)	-
Less: Impairment loss on trade receivables (see below) – (restated)	**(33,546,650)**	(30,690,576)	(25,370,362)	(35,982,172)
Balance as at 31 December – restated	**206,731,468**	157,070,980	115,010,105	91,132,560

Movement in impairment loss on trade receivables balances during the year is as follows:

	31 December 2024	31 December 2023 (Restated)	31 December 2022 (Restated)	1 January 2022 (Restated)
Balance as at 1 January	**30,690,576**	25,370,362	35,982,172	26,614,850
Charge for the year – previously reported	**10,627,150**	5,468,211	676,609	9,367,322
Impact of restatement (note 34)	-	296,888	9,171,754	-
Charge for the year – restated	**10,627,150**	5,765,099	9,848,363	9,367,322
Written-off during the year (*)	**(7,771,076)**	(444,885)	(20,460,173)	-
Balance as at 31 December	**33,546,650**	30,690,576	25,370,362	35,982,172

Trade receivables are non-interest bearing and are generally on terms of 30 to 90 days. Note 30 explains how the Group manages and measures credit quality of trade receivables that are neither past due nor impaired.

(*) Trade receivables are written-off when there is no reasonable expectation of recovery. Indications that there are no reasonable expectations of collection include, among other things, the debtor's failure to agree on a payment plan with the Group and the failure to make contractual payments.

11. PREPAYMENTS AND OTHER CURRENT ASSETS

	31 December 2024	31 December 2023	31 December 2022	1 January 2022
		(Restated)	(Restated)	(Restated)
Advance payments to suppliers	9,851,216	55,694,032	83,587,749	8,202,362
Receivables from insurance companies	6,388,768	7,422,241	5,236,314	1,421,264
VAT receivable	4,419,158	24,353,522	-	-
Prepaid insurance	3,856,403	6,408,559	4,452,380	3,042,075
Employees' receivables	3,844,087	1,705,037	1,216,068	2,141,022
Prepaid IPO expenses	2,362,337	1,023,711	412,862	-
Prepaid short-term rent	751,686	723,874	635,811	384,540
Others	2,290,777	1,892,118	2,017,261	2,093,800
	33,764,432	99,223,094	97,558,445	17,285,063

12. CASH AND CASH EQUIVALENTS

	31 December 2024	31 December 2023	31 December 2022	1 January 2022
		(Restated)	(Restated)	(Restated)
Bank balances - current accounts	49,279,843	12,638,127	3,916,990	19,623,884
Cash on hand	31,606	2,040	660	-
	49,311,449	12,640,167	3,917,650	19,623,884

13. RELATED PARTIES

The Group, in the normal course of business, enters into transactions with other entities that fall within the definition of a related party contained in International Accounting Standard 24. Related Parties represent major shareholders, directors and key management personnel of the Group and entities controlled, jointly controlled or significantly influenced by such parties. The transactions with related parties are made at approved contractual terms.

Outstanding balances at the yearend are unsecured, interest free, payable on demand and settled in cash. There have been no guarantees provided or received for any related party receivables or payables.

The following are the transactions with related parties carried out by the Group during the years ended 31 December 2024, 31 December 2023 and 31 December 2022 respectively:

Key management personnel compensation:

The aggregate amount charged in these consolidated financial statements for remuneration, including all benefits to Board of Directors, Chief Executive officer, Deputy Chief Executive officer, Chief Financial officer, Head of Tendering and Sales department is as follows:

	31 December 2024	31 December 2023	31 December 2022
		(Restated)	(Restated)
Employees' salaries and other short-term benefits	2,088,803	869,055	498,462
Post-employment benefits	399,760	41,814	147,036
	2,488,563	910,869	645,498

13. RELATED PARTIES (continued)

The transactions with the related parties are as follows:

Related party	Nature of relationship	Nature of transactions	2024	2023	2022
Saudi Edarah Holding Company	Parent	Expenses paid on behalf of the related party by Cherry	**3,192,796**	42,056,737	29,820,484
		Transfer of equity investments	-	-	15,085,025
		Expenses paid on behalf of the Company by Edarah	**2,608,699**	61,257,910	-
		Transfer of subsidiaries	**8,373,322**	-	-
		Repayments	**33,252,469**	-	-
		Purchase of Land and Building	**11,830,576**	-	-
H-10 Logistics Services	Entities under common control	Expenses paid on behalf of the related party by Cherry	**4,097,976**	-	-
		Services transferred	**310,908**	-	-
		Services received	**5,334,890**	-	-
		Sale of used vehicles	**556,000**	-	-
Elegant Vehicle Carwash Services Company	Entities under common control	Expenses paid on behalf of the related party by Cherry	**1,821,660**	-	-
		Services transferred	**354,513**	-	-
		Services received	**902,962**	--	--
Mr. Nasser Al - Omair	Ultimate shareholder	Expenses paid on behalf of the related party	-	-	3,345,950
Rekaz International Commercial Investment Company	Entities under common control	Expenses paid on behalf of the related party	-	-	11,375,015
Division 9	Entities under common control	Expenses paid on behalf of the related party	-	-	1,395,411
Gulf Address Real Estate Investment Company	Entities under common control	Expenses paid on behalf of the related party	-	-	2,786,306
Zahrat Al-Sahraa Trading & Contracting Company	Entities under common control	Expenses paid on behalf of the related party	-	-	89,156
Safwat Alaitiqan Company	Entities under common control	Expenses paid on behalf of the related party	-	-	733,773
Tamkeen Installment Company	Entities under common control	Expenses paid on behalf of the related party	-	-	258,168
Mr. Abdulaziz Alsowail	Chief Executive Officer	Sale of used vehicle	**500,000**	-	-
Mr. Abdul Wahab Khattak	Chief Financial Officer	Sale of used vehicle	**176,978**	-	-
Board of Directors and Audit Committee	Board of Directors and Audit Committee	Board of Directors and Audit Committee remuneration	**357,671**	-	-

13. RELATED PARTIES (continued)

The related party balances are as follows:

Due from related parties	Nature of relationship	31 December 2024	31 December 2023 (Restated)	31 December 2022 (Restated)	1 January 2022 (Restated)
Saudi Edarah Holding Company	Parent	-	-	-	15,644,252
Mr. Nasser Ebrahim Mohammad Al-Omair	Ultimate shareholder	-	-	-	9,842,545
Rekaz International Commercial Investment Company	Entities under common control	-	-	-	5,294,649
Tamkeen Installment Company	Entities under common control	-	-	-	1,493,135
Al-Omair Trading and Contracting Company	Entities under common control	-	-	-	902,454
Division 9	Entities under common control	-	-	-	910,239
Zahrat Al-Sahraa Trading & Contracting Company	Entities under common control	-	-	-	575,497
Gulf Address Real Estate Investment Company	Entities under common control	-	-	-	463,582
Safwat Alaitiqan Company	Entities under common control	-	-	-	207,202
Al-Awn Concrete Company	Entities under common control	-	-	-	1,125
		-	-	-	35,334,680

Due to a related party	31 December 2024	31 December 2023 (Restated)	31 December 2022 (Restated)	1 January 2022 (Restated)
Saudi Edarah Holding Company	10,459,545	41,742,062	22,540,889	-
	10,459,545	41,742,062	22,540,889	-

14. SHARE CAPITAL

The Company's share capital is divided into 30,000,000 shares of SR 10 each (31 December 2023: into 30,000,000 shares of SR 10 each, 31 December 2022: into 30,000,000 shares of SR 10 each and 1 January 2022: into 15,000,000 shares of SR 10 each). The shareholders respective share holdings as at 31 December 2024, 31 December 2023, 31 December 2022 and 1 January 2022 are as follows:

	Shareholding percentage			
	31 December 2024	31 December 2023 (Restated)	31 December 2022 (Restated)	1 January 2022 (Restated)
Saudi Edarah Holding Company – "The shareholder"	100%	100%	100%	100%
	100%	100%	100%	100%

15. GENERAL RESERVE

In accordance with the Regulations for Companies in the Kingdom of Saudi Arabia and the issued Company's By-law, the Company was required to transfer 10% of its net income for the year to the general reserve until such reserve equals 30% of its share capital. The transfer to general reserve is made by the Company only at the year end. However, after the issuance of new Companies Law issued through Royal Decree M/132 on 1/12/1443H (corresponding to 30 June 2022) (hereinafter referred as "the Law") came into force on 26/6/1444 H (corresponding to 19 January 2023), the requirement to transfer net income to general reserve has become voluntary, however, the management has decided not to amend its position by continuing its practice of transfer of net income to general reserve. The general reserve is not available for distribution to the shareholders of the company currently.

16. EMPLOYEES` BENEFITS

The Group operates an unfunded employees' end of service benefits plan ("EOSB") for its employees as required by the Saudi Arabian Labor Law. The movement in employees` benefit for the year ended is as follows:

	31 December 2024	31 December 2023	31 December 2022	1 January 2022
		(Restated)	(Restated)	(Restated)
Balance as at 1 January	**8,990,548**	8,839,735	10,414,077	11,140,023
Included in consolidated statement of profit or loss				
Current service cost	**1,717,888**	1,557,259	1,822,287	1,533,186
Finance cost	**414,571**	441,055	228,421	205,948
Included in consolidated statement of other comprehensive income				
Remeasurement loss on employees` benefit	**344,415**	95,461	(1,662,921)	(454,393)
Paid during the year	**(1,407,625)**	(1,942,962)	(1,962,129)	(2,010,687)
Relating to transfer of subsidiaries (note 36a)	**(281,037)**	-	-	-
Balance as at 31 December	**9,778,760**	8,990,548	8,839,735	10,414,077

The following were the principal actuarial assumptions applied at the reporting date:

	31 December 2024	31 December 2023	31 December 2022	1 January 2022
		(Restated)	(Restated)	(Restated)
Discount rate	**5.35%**	4.75%	4.95%	2.10%
Expected Salary growth rate	**2%**	2%	2%	2%
Retirement age	**60 years**	60 years	60 years	60 years

16. EMPLOYEES` BENEFITS (continued)

The following is the sensitivity analysis on the balance of the employees` benefit liability for the main actuarial assumptions as at the date of the financial position as follows:

	31 December 2024		31 December 2023		31 December 2022		1 January 2022	
	Change %	Balance	Change %	Balance	Change %	Balance	Change %	Balance
Basis		**9,778,760**		8,990,548		8,839,735		10,414,077
Discount rate								
+1%	**5.82%**	**9,209,352**	5.94%	8,456,154	4.93%	8,404,212	7. 20%	9,669,256
-1%	**6.55%**	**10,418,824**	6.70%	9,592,886	7.38%	9,492,136	8.20%	11,270,116
Annual salary growth								
+1%	**6.70%**	**10,434,344**	6.82%	9,603,773	7.51%	9,503,714	8.10%	11,262,094
-1%	**6.10%**	**9,186,252**	6.15%	8,437,485	5.14%	8,385,332	7.20%	9,661,685

The sensitivity analysis above has been determined based on method that extrapolates the impact on the defined benefit obligation as a result of reasonable changes in key assumptions occurring at the end of the reporting period.The sensitivity analysis is based on a change in a significant assumption, keeping all other assumptions constant. The sensitivity analysis may not be representative of an actual change in the defined obligation as it is unlikely that changes in assumption would occur in isolation from one another.

The following payments are expected for the defined benefit plan in future years:

	31 December 2024	31 December 2023	31 December 2022	1 January 2022
		(Restated)	(Restated)	(Restated)
1 year	**1,792,351**	1,556,041	1,725,448	1,869,787
2 to 5 years	**4,649,498**	3,715,793	3,827,854	3,211,967
6 to 10 years	**2,995,785**	3,070,188	2,984,960	3,045,895
More than 10 years	**4,935,933**	3,930,482	3,764,006	4,225,408
Total expected payment	**14,373,567**	12,272,504	12,302,268	12,353,057

17. BANK LOANS

	31 December 2024	31 December 2024	31 December 2022	1 January 2022
		(Restated)	(Restated)	(Restated)
Balance as at 1 January	**504,348,231**	278,086,874	305,863,102	324,070,032
Loans obtained during the year	**572,410,508**	530,618,076	138,238,709	51,887,171
Finance cost during the year	**45,827,056**	20,040,931	8,592,629	4,679,646
Finance cost repaid during the year	**(37,642,574)**	(20,126,473)	(11,587,035)	(1,685,240)
Transfer to accrued finance cost (note 19)	**(8,184,482)**	85,542	2,994,406	(2,994,406)
Loans repaid during the year	**(274,134,342)**	(304,356,719)	(166,014,937)	(70,094,101)
Balance as at 31 December	**802,624,397**	504,348,231	278,086,874	305,863,102
Less: current portion	**269,910,283**	188,055,535	170,521,055	131,914,738
Non-current portion	**532,714,114**	316,292,696	107,565,819	173,948,364

The Group has obtained bank Islamic facilities from local banks in the form of term loans. The term loans are repayable over a period ranging up to 48 months from the date of drawdown, with the last instalment payable on August 2029G. The installments due in 2025G are shown under current liabilities. These loans are secured by assignment of the project revenues, promissory notes and personal guarantees from the ultimate shareholder.

The Group current liabilities exceeded its current assets as of 31 December 2024, 31 December 2023, 31 December 2022 and 1 January 2022 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.

18. ACCOUNTS PAYABLE

	31 December 2024	31 December 2023	31 December 2022	1 January 2022
		(Restated)	(Restated)	(Restated)
Suppliers for vehicles	**51,961,183**	168,434,042	50,082,301	24,957,176
Suppliers for insurance, stores, spares and others	**12,500,331**	8,015,679	18,152,662	7,520,794
	64,461,514	176,449,721	68,234,963	32,477,970

19. ACCRUED EXPENSES AND OTHER CURRENT LIABILITIES

	31 December 2024	31 December 2023	31 December 2022	1 January 2022
		(Restated)	(Restated)	(Restated)
Accrued finance cost	**9,824,163**	1,639,681	1,725,223	4,719,629
Employees' related accruals	**3,898,756**	2,418,994	3,087,353	3,223,963
Advances from customers	**3,746,523**	6,042,133	2,226,663	1,345,219
Accrued expenses	**2,546,127**	2,998,397	1,203,600	3,095,423
VAT payable	**-**	-	5,094,195	-
Others	**154,452**	135,852	-	166,392
	20,170,021	13,235,057	13,337,034	12,550,626

20. REVENUE

Disaggregated revenue information:

	31 December 2024	31 December 2023 (Restated)	31 December 2022 (Restated)
Long-term lease	**324,341,993**	243,401,458	239,426,362
Sales of motor vehicles	**109,110,992**	162,653,824	83,474,578
Short-term rental lease	**21,202,658**	25,785,429	9,031,824
	454,655,643	431,840,711	331,932,764

Set out below is the disaggregation of the Group's revenue from contracts with customers:

Timing of revenue recognition

	31 December 2024	31 December 2023 (Restated)	31 December 2022 (Restated)
Services over time	**345,544,651**	269,186,887	248,458,186
Products transferred at point in time	**109,110,992**	162,653,824	83,474,578
	454,655,643	431,840,711	331,932,764

Operating leases – the Group as lessor

The Group 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. Some leases contain options to terminate before the end of the lease term in exchange of additional penalty payments. The entity has classified these leases as operating lease because they do not transfer substantially all of the risks and rewards incidental to the ownership of the asset.

Future minimum rentals receivable under non-cancellable operating leases as at the reporting date is as follows:

	31 December 2024	31 December 2023 (Restated)	31 December 2022 (Restated)
Within 1 year	**417,559,692**	322,585,113	269,078,241
After 1 year, but not more than 5 years	**795,206,576**	801,143,999	797,082,949
	1,212,766,268	1,123,729,112	1,066,161,190

21. COST OF REVENUE

	31 December 2024	31 December 2023 (Restated)	31 December 2022 (Restated)
Depreciation of property and equipment (note 6)	**107,694,358**	86,364,665	98,005,322
Cost of sale of vehicles	**96,616,283**	143,238,725	64,528,214
Employees' salaries and other benefits	**45,609,121**	44,890,843	36,528,004
Workshop and maintenance expenses	**21,039,668**	12,643,663	11,711,173
Insurance	**16,883,166**	18,437,730	10,614,865
Transportation expenses	**5,501,860**	1,864,252	1,433,782
Fees and subscriptions	**3,233,971**	2,415,334	2,332,826
Depreciation of the right-of-use assets (note 7)	**2,739,804**	2,411,779	1,830,840
IT Expenses	**2,211,183**	1,683,289	-
Short-term building rentals (note 7)	**1,605,632**	1,144,856	996,330
Utilities	**1,498,612**	1,472,620	1,047,116
Vehicle registration	**430,849**	1,418,282	1,004,552
Other	**3,883,543**	2,732,815	2,815,950
	308,948,050	320,718,853	232,848,974

22. SELLING AND MARKETING EXPENSES

	31 December 2024	31 December 2023 (Restated)	31 December 2022 (Restated)
Employees' salaries and other benefits	**3,257,794**	2,953,391	2,609,143
Advertisement costs	**501,069**	717,968	250,753
Depreciation of the right-of-use assets (note 7)	**210,754**	185,521	140,834
IT Expenses	**63,177**	48,094	-
Other	**267,613**	206,968	196,085
	4,300,407	4,111,942	3,196,815

23. GENERAL AND ADMINISTRATIVE EXPENSE

	31 December 2024	31 December 2023 (Restated)	31 December 2022 (Restated)
Employees' salaries and other benefits	**16,288,972**	16,176,739	14,083,972
Fees and subscriptions	**1,385,988**	1,362,897	1,122,014
Depreciation of the right-of-use assets (note 7)	**1,264,524**	1,113,128	845,003
Bank charges	**1,140,037**	1,384,791	1,329,407
IT expenses	**884,473**	673,316	-
Short-term building rentals (note 7)	**741,061**	804,512	459,845
Depreciation of property and equipment (note 6)	**552,057**	440,628	502,784
Utilities	**620,854**	657,632	435,744
Amortization and write off of intangible assets (note 8)	**296,192**	532,003	1,481,786
Stationery, publications and advertising	**61,468**	139,227	123,930
Other	**1,574,294**	2,056,696	410,269
	24,809,920	25,341,569	20,794,754

24. OTHER INCOME

	31 December 2024	31 December 2023	31 December 2022
		(Restated)	(Restated)
Repairs and maintenance income	**2,117,538**	1,180,422	553,802
Support from the Human Resources Development fund	**1,512,788**	2,069,876	1,897,701
Other insurance income	**589,388**	968,939	1,109,400
Dividends income from equity instruments designated at FVOCI	**-**	-	1,891,500
Revaluation gain on investments in equity instruments designated at FVPL	**-**	-	415,439
Scrap sales	**92,613**	60,591	148,234
Gain/(loss) on derecognition of lease (note 7)	**22,243**	(125,324)	-
Gain on disposal of property and equipment	**17,390**	58,207	-
Others	**2,247,811**	974,151	745,011
	6,599,771	5,186,862	6,761,087

25. FINANCE COSTS

	31 December 2023	31 December 2023	31 December 2022
		(Restated)	(Restated)
Finance cost on term loans (note 17)	**45,827,056**	20,040,931	8,592,629
Finance cost on employees' benefits (note 16)	**414,571**	441,055	228,421
Finance cost on lease liabilities (note 7)	**1,075,299**	933,226	634,695
	47,316,926	21,415,212	9,455,745

26. ZAKAT

The significant components of the Zakat base are comprised of the following:

	31 December 2024	31 December 2023	31 December 2022
		(Restated)	(Restated)
Adjusted net income	**64,860,297**	62,944,427	72,151,533
Shareholders equity, at the beginning of the year	**446,993,746**	401,798,235	335,404,515
Credit balances, provision and loans	**709,831,668**	549,422,930	325,943,864
Assets	**(1,138,120,819)**	(928,370,074)	(586,664,626)
Zakat base	**83,564,892**	85,795,518	146,835,286

The movement in provision for Zakat for the year ended 31 December is as follows:

	31 December 2024	31 December 2023	31 December 2022	1 January 2022
		(Restated)	(Restated)	(Restated)
Balance as at 1 January	**2,845,696**	8,950,972	10,781,179	7,214,519
Charge for the year	**2,159,940**	2,162,640	3,729,135	4,447,629
Paid during the year	**(2,162,640)**	(8,267,916)	(5,559,342)	(880,969)
Relating to transfer of subsidiaries (note 36a)	**(1,667)**	-	-	-
Balance as at 31 December	**2,841,329**	2,845,696	8,950,972	10,781,179

Status of Assessments

The Group submitted its Zakat assessments for all years up to 2023 and paid the obligations accordingly. Zakat returns assessments from the ZATCA was approved for all years until 2018. The final assessments for the years from 31 December 2019G up to 31 December 2023 have not been received.

27. EARNINGS PER SHARE (EPS)

Basic earnings per share is calculated by dividing the income for the year attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the year. The calculation of diluted earnings per share is not applicable to the Group. Also, no separate earning per share calculation from continuing operations has been presented since there were no discontinued operations during the year.

The EPS calculation is given below:

	2024	2023	2022
		(Restated)	(Restated)
Income attributable to ordinary equity holders of the company	**63,052,827**	56,906,826	60,030,298
Weighted average number of ordinary shares for basic and diluted EPS	**30,000,000**	30,000,000	30,000,000
Earnings per share	**2.10**	1.89	2.00

28. CONTINGENCIES AND COMMITMENTS

Contingent liabilities

The Group has outstanding letters of guarantee amounting as at 31 December 2024 SR 220,330,886 (31 December 2023: SR 161,515,842, 31 December 2022: SR 104,210,041 and 1 January 2022: SR 42,835,074) issued by the local banks on behalf of Group in the ordinary course of business and outstanding letter of credit of amount SR nil (31 December 2023: SR 61,743,899, 31 December 2022: SR nil and 1 January 2022: SR 4,939,935).

Commitments

At 31 December 2024, the Group has not future capital commitments (31 December 2023: SR nil, 31 December 2022: SR nil and 1 January 2022: SR nil).

29. SEGMENTAL INFORMATION

The Group has three reportable segments, as described below, which are the Group's strategic business units. The strategic business units offer different products and services and are managed separately because they require different marketing strategies. The Group's Chairman, and Group Chief Executive Officer, Deputy Chief Executive Officer (DCEO) and Group Chief Financial Officer (CFO) monitor the results of the Group's operations for the purpose of making decisions about resource allocation and performance assessment. They are collectively the chief operating decision makers (CODM) for the Group.

For each of the strategic business units, the CODM reviews internal management reports on at least quarterly basis. The following summary describes the operations in each of the Group's reportable segments:

- Lease segment – represents cars leased out to customers under medium to longer term rental arrangements
- Rental segment – represents cars leased out to customers under short term rental arrangements
- Used car sale segment – represents sales of used motor vehicles inventories sales.

No operating segments have been aggregated to form the above reportable operating segments.

Segment results that are reported to CODM include items directly attributable to a segment as well as those that can be allocated on a reasonable basis.

Information regarding the results of each reportable segment is included below. Performance is measured based on segment revenues, as included in the internal management reports that are reviewed by the CODM. There are no inter segment revenue reported during the year.

29. SEGMENTAL INFORMATION (continued)

The following table presents segment information for the year ended 31 December as follows:

2024	Long term lease	Short term lease	Sales of motor vehicles	Total
Revenue	324,341,993	21,202,658	109,110,992	454,655,643
Depreciation expense – motor vehicles	(101,192,636)	(4,501,124)	-	(105,693,760)
Cost of vehicles sold	-	-	(96,616,283)	(96,616,283)
Segment profit	223,149,357	16,701,534	12,494,709	252,345,600

2023 (restated)	Long term lease	Short term lease	Sales of motor vehicles	Total
	(Restated)	(Restated)	(Restated)	(Restated)
Revenue	243,401,458	25,785,429	162,653,824	431,840,711
Depreciation expense – motor vehicles	(76,672,915)	(7,721,942)	-	(84,394,857)
Cost of vehicles sold	-	-	(143,238,725)	(143,238,725)
Segment profit	166,728,543	18,063,487	19,415,099	204,207,129

2022 (restated)	Long term lease	Short term lease	Sales of motor vehicles	Total
	(Restated)	(Restated)	(Restated)	(Restated)
Revenue	239,426,362	9,031,824	83,474,578	331,932,764
Depreciation expense – motor vehicles	(89,058,983)	(7,937,087)	-	(96,996,070)
Cost of vehicles sold	-	-	(64,528,214)	(64,528,214)
Segment profit	150,367,379	1,094,737	18,946,364	170,408,480

	2024	2023	2022
		(Restated)	(Restated)
Segment profit	252,345,600	204,207,129	170,408,480
Cost of revenue	(106,638,007)	(93,085,271)	(71,324,690)
Selling and marketing expenses	(4,300,407)	(4,111,942)	(3,196,815)
General and administrative expenses	(24,809,920)	(25,341,569)	(20,794,754)
Impairment loss on trade receivables	(10,627,150)	(5,765,099)	(9,848,363)
Other income	6,599,771	5,186,862	6,761,087
Finance costs	(47,316,926)	(21,415,212)	(9,455,745)
Loss/(gain) on derivative instruments at FVPL	(40,194)	(605,432)	1,210,233
PROFIT BEFORE ZAKAT	65,212,767	59,069,466	63,759,433

31 December 2024	Long term lease	Short term lease	Sales of motor vehicles	Unallocated others	Total
Segment assets	1,052,992,385	50,952,831	1,019,668	339,951,948	1,444,916,832
Segment liabilities	-	-	-	930,293,438	930,293,438

29. SEGMENTAL INFORMATION (continued)

31 December 2023 (restated)	Long term lease	Short term lease	Sales of motor vehicles	Unallocated others	Total
	(Restated)	(Restated)	(Restated)	(Restated)	(Restated)
Segment assets	860,019,067	46,318,795	8,265,165	304,838,099	1,219,441,126
Segment liabilities	-	-	-	767,526,144	767,526,144

31 December 2022 (restated)	Long term lease	Short term lease	Sales of motor vehicles	Unallocated others	Total
	(Restated)	(Restated)	(Restated)	(Restated)	(Restated)
Segment assets	519,707,828	42,427,394	9,372,670	248,247,398	819,755,290
Segment liabilities	-	-	-	418,651,673	418,651,673

1 January 2022 (restated)	Long term lease	Short term lease	Sales of motor vehicles	Unallocated others	Total
	(Restated)	(Restated)	(Restated)	(Restated)	(Restated)
Segment assets	564,325,309	15,432,090	2,223,584	193,824,244	775,805,227
Segment liabilities	-	-	-	381,394,829	381,394,829

Since the Group's activity depends on long, short term rental lease and sales of motor vehicles and has no direct connection to the Group's assets and liabilities. Therefore, it is not possible and impractical to disclose information pertaining to total assets and total liabilities pertaining to business segments.

30. FINANCIAL INSTRUMENTS RISK MANAGEMENT

The Group's principal financial liabilities comprise, term loans and trade and other payables. The main purpose of these financial liabilities is to finance the Group's operations and to provide guarantees to support its operations. The Group's principal financial assets include trade and other receivables and bank balances and cash. The Group's activities expose it to a variety of financial risks: market risk (including interest rate risks, currency risk and price risk), credit risk and liquidity risk. The Group's overall risk management program focuses on robust liquidity management as well as monitoring of various relevant market variables, thereby consistently seeking to minimize potential adverse effects on the Group's financial performance.

Risk management is carried out by senior management under policies approved by the Board of Directors. Senior management identifies, evaluates and hedges financial risks in close co-operation with the Group's operating units. The most important types of risk are credit risk, currency risk and fair value risk.

The Board of Directors has overall responsibility for establishment and oversight of the Group's risk management framework. The executive management team is responsible for developing and monitoring the Group's risk management policies. The team regularly meets and any changes and compliance issues are reported to the Board of Directors.

Risk management systems are reviewed regularly by the executive management team to reflect changes in market conditions and the Group's activities. The Group, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

The Board of Directors oversees compliance by management with the Group's risk management policies and procedures and reviews the adequacy of the risk management framework in relation to the risks faced by the Group.

30. FINANCIAL INSTRUMENTS RISK MANAGEMENT (continued)

Financial instruments carried on the consolidated statement of financial position include cash and cash equivalents, account receivables, other receivables, accrued and other current liabilities, lease liabilities and trade payables. The particular recognition methods adopted are disclosed in the individual policy statements associated with each item.

Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises of three types of risk:

- Foreign currency exchange risk,
- Commission (interest) rate and
- Other price risk

The Group's overall risk management program focuses on the unpredictability of the financial market and seeks to minimize potential adverse effects on the Group's financial performance.

a) **Interest rate risk**

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group does not have any fixed rate financial assets and liabilities at fair value through profit or loss. The Group manages the interest rate risk by regularly monitoring the interest rate profiles of its interest-bearing financial instruments.

The Group manages the commission rate risk by regularly monitoring the commission rate profiles of its interest-bearing financial instruments.

With all other variables held constant, 100 basis point decrease/increase in the floating rate borrowings would increase/decrease Group's profit before Zakat by SR 8,026,244 (2023: SR 5,043,482, 2022, SR: 2,780,869).

b) **Foreign currency risk**

Foreign currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates. The Group's transactions are principally in Saudi Riyals. The Group's management monitors such fluctuations and manages its effect on the consolidated financial statements accordingly.

Other 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 Group is not affected by price risk as there are no material investment of the Group in equity shares or commodities.

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 Group is exposed to risk on its trade and other receivables and cash at banks.

The Group 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 Group 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 Group has a system of assigning credit limits to its customers based on an extensive evaluation based on customer profile and payment history. The creditworthiness of counterparties is assessed based on an analysis of quantitative and qualitative data regarding financial standing and business risks, together with the review of any relevant third party and market information.

30. FINANCIAL INSTRUMENTS RISK MANAGEMENT (continued))

Credit risk (continued)

The Gross gross maximum exposure to credit risk at the reporting date is as follows:

Financial assets	31 December 2024	31 December 2023	31 December 2022	1 January 2022
		(Restated)	(Restated)	(Restated)
Trade receivables (note 10)	**240,278,118**	187,761,556	140,380,467	127,114,732
Receivable from insurance companies (note 11)	**6,388,768**	7,422,241	5,236,314	1,421,264
Due from related Parties (13)	**-**	-	-	35,334,680
Cash and cash equivalent (note 12)	**49,311,449**	12,640,167	3,917,650	19,623,884
	295,978,335	207,823,964	149,534,431	183,494,560

With respect to credit risk arising from the financial assets of the Group, including bank balances and cash, the Groups exposure to credit risk arises from default of the counterparty, with a maximum exposure equal to the carrying amounts as disclosed in the consolidated statement of financial position. The credit risk in respect of bank balances is considered by management to be insignificant, as the balances are mainly held with reputable banks in the Kingdom of Saudi Arabia.

Trade receivable

Customer credit risk is managed by each business unit subject to the Group'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 47% of outstanding accounts receivable at 31 December 2024 (31 December 2023: 40%, 31 December 2022: 44%, 1 January 2022: 37%).

The Group applies the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all accounts and other receivables.

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. 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 following table provides information about the exposure to credit risk and expected credit losses for trade receivables.

31 December 2024	Weighted average rate	Gross carrying amount	Impairment loss allowance
Low risk	**4%**	**187,384,793**	**7,748,377**
Fair risk	**11%**	**21,919,609**	**2,444,053**
Doubtful	**37%**	**12,073,526**	**4,454,030**
Loss	**100%**	**18,900,190**	**18,900,190**
		240,278,118	**33,546,650**

30. FINANCIAL INSTRUMENTS RISK MANAGEMENT (continued)

Credit risk (continued)

31 December 2023 (restated)	Weighted average rate	Gross carrying amount (Restated)	Impairment loss allowance (Restated)
Low risk	5%	142,501,198	6,493,657
Fair risk	13%	9,559,441	1,277,347
Doubtful	22%	16,356,383	3,575,038
Loss	100%	19,344,534	19,344,534
		187,761,556	30,690,576

31 December 2022 (restated)	Weighted average rate	Gross carrying amount (Restated)	Impairment loss allowance (Restated)
Low risk	4%	112,575,523	4,634,072
Fair risk	8%	5,320,285	445,158
Doubtful	51%	4,438,642	2,245,115
Loss	100%	18,046,017	18,046,017
		140,380,467	25,370,362

1 January 2022 (restated)	Weighted average rate	Gross carrying amount (Restated)	Impairment loss allowance (Restated)
Low risk	4%	87,288,080	3,252,284
Fair risk	9%	3,157,445	275,579
Doubtful	73%	15,811,474	11,596,576
Loss	100%	20,857,733	20,857,733
		127,114,732	35,982,172

Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. Liquidity risk may result from an inability to sell a financial asset quickly at an amount close to its fair value. The Group's approach to managing liquidity is to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when they are due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation. The Group also monitors the levels of expected cash inflows on trade and other receivables together with the expected cash outflows on trade and other payables.

30. FINANCIAL INSTRUMENTS RISK MANAGEMENT (continued)

Liquidity risk (continued)

31 December 2024	Carrying amount	Contractual cashflows	Within 1 year	1 to 5 years	More than 5 years	Total
Term loans	**802,624,397**	**883,138,351**	**311,472,765**	**571,665,586**	**-**	**883,138,351**
Lease liabilities	**19,957,872**	**24,106,564**	**5,193,906**	**14,252,658**	**4,660,000**	**24,106,564**
Accounts payable	**64,461,514**	**64,461,514**	**64,461,514**	**-**	**-**	**64,461,514**
Due to a related party	**10,459,545**	**10,459,545**	**10,459,545**	**-**	**-**	**10,459,545**
Accrued expenses and other current liabilities	**16,423,498**	**16,423,498**	**16,423,498**	**-**	**-**	**16,423,498**
	913,926,826	**998,589,472**	**408,011,228**	**585,918,244**	**4,660,000**	**998,589,472**

31 December 2023 (restated)	Carrying amount	Contractual cashflows	Within 1 year	1 to 5 years	More than 5 years	Total
	(Restated)	(Restated)	(Restated)	(Restated)	(Restated)	(Restated)
Term loans	504,348,231	556,248,421	216,370,919	339,877,502	-	556,248,421
Lease liabilities	19,914,829	22,913,217	4,483,906	14,789,311	3,640,000	22,913,217
Accounts payable	176,449,721	176,449,721	176,449,721	-	-	176,449,721
Due to a related party	41,742,062	41,742,062	41,742,062	-	-	41,742,062
Accrued expenses and other current liabilities	7,192,924	7,192,924	7,192,924	-	-	7,192,924
	749,647,767	804,546,345	446,239,532	354,666,813	3,640,000	804,546,345

31 December 2022 (restated)	Carrying amount	Contractual cashflows	Within 1 year	1 to 5 years	More than 5 years	Total
	(Restated)	(Restated)	(Restated)	(Restated)	(Restated)	(Restated)
Term loans	278,086,874	308,126,091	184,425,399	123,700,692	-	308,126,091
Lease liabilities	18,661,206	21,460,387	3,558,483	11,992,225	5,909,679	21,460,387
Accounts payable	68,234,963	68,234,963	68,234,963	-	-	68,234,963
Due to a related party	22,540,889	22,540,889	22,540,889	-	-	22,540,889
Accrued expenses and other current liabilities	11,110,371	11,110,371	11,110,371	-	-	11,110,371
	398,634,303	431,472,701	289,870,105	135,692,917	5,909,679	431,472,701

1 January 2022 (restated)	Carrying amount	Contractual cashflows	Within 1 year	1 to 5 years	More than 5 years	Total
	(Restated)	(Restated)	(Restated)	(Restated)	(Restated)	(Restated)
Term loans	305,863,102	347,248,511	147,207,893	200,040,618	-	347,248,511
Lease liabilities	8,743,268	10,054,758	2,242,500	4,295,243	3,517,015	10,054,758
Accounts payable	32,477,970	32,477,970	32,477,970	-	-	32,477,970
Accrued expenses and other current liabilities	11,205,407	11,205,407	11,205,407	-	-	11,205,407
	358,289,747	400,986,646	193,133,770	204,335,861	3,517,015	400,986,646

31. CAPITAL MANAGEMENT

For the purpose of the Group's capital management, capital includes issued capital, general reserve and retained earnings attributable to the equity holders of the Group. The Group's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business.

The Group manages its capital structure and makes adjustments in light of changes in economic conditions and the requirements of the financial covenants. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. The Group monitors capital using a gearing ratio, which is net debt divided by total equity. The Group includes within debt, current and non-current portion of borrowings.

	31 December 2024	31 December 2023	31 December 2022	1 January 2022
		(Restated)	(Restated)	(Restated)
Total liabilities	**930,293,438**	767,526,144	418,651,673	381,394,829
Cash and cash equivalents	**(49,311,449)**	(12,640,167)	(3,917,650)	(19,623,884)
Net debt	**880,981,989**	754,885,977	414,734,023	361,770,945
Share capital	**300,000,000**	300,000,000	300,000,000	150,000,000
General reserve	**41,620,126**	35,314,843	29,624,160	23,621,130
Retained earnings	**173,003,268**	116,600,139	71,479,457	220,789,268
Equity	**514,623,394**	451,914,982	401,103,617	394,410,398
Gearing ratio	**1.71**	1.67	1.03	0.92

In order to achieve this overall objective, the Group'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. No changes were made in the objectives, policies or processes for managing capital during the years ended 31 December 2024, 31 December 2023, 31 December 2022 and 1 January 2022.

32. FAIR VALUE OF ASSETS AND LIABILITIES

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

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

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

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

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

All assets and liabilities for which fair value is measured or disclosed in the consolidated financial statements are categorized 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

As at 31 December 2024. 31 December 2023, 31 December 2022 and 1 January 2022, the fair values of the Group's financial instruments, are estimated to approximate their carrying values and are classified under level 2 of the fair value hierarchy. No significant inputs were applied in the valuation of accounts receivable as at 31 December 2024, 31 December 2023, 31 December 2022 and 1 January 2022 respectively.

32. FAIR VALUE OF ASSETS AND LIABILITIES (continued)

Financial instruments not measured at fair value include cash and cash equivalents, trade receivables, trade payables due to others and related parties, lease liabilities, loans and borrowings and accruals and other liabilities.

Due to their short-term nature, the carrying value of cash and cash equivalents, trade receivables, trade payables due to others and related parties and accruals and other liabilities approximates their fair value.

Loans and borrowings carry variable interest rate and hence their carrying amount is adjusted periodically as per market benchmark rate, therefore the carrying amount approximates their fair value.

During the years ended 31 December 2024, 31 December 2023, 31 December 2022 and 1 January 2022 there were no movements between the levels.

31 December 2024	Carrying amount			
	Amortized cost	Fair value through profit or loss	Fair value through OCI	Total
Financial assets measured at Fair value				
Derivative instruments at FVPL	-	-	-	-
Financial assets not measured at Fair value				
Trade receivables	240,278,118	-	-	240,278,118
Prepayment and other current assets	6,388,768	-	-	6,388,768
Cash and cash equivalent	49,311,449	-	-	49,311,449
Financial liabilities not measured at fair value				
Term loans	802,624,397	-	-	802,624,397
Accounts payable	64,461,514	-	-	64,461,514
Accrued expenses and other current liabilities	20,170,021	-	-	20,170,021
Due to a related party	10,459,545	-	-	10,459,545
Lease liabilities	19,957,872	-	-	19,957,872

31 December 2023 (restated)	Carrying amount			
	Amortized cost	Fair value through profit or loss	Fair value through OCI	Total
	(Restated)	(Restated)	(Restated)	(Restated)
Financial assets measured at Fair value				
Derivative instruments at FVPL	-	40,194	-	40,194
Financial assets not measured at Fair value				
Trade receivables	187,761,556	-	-	187,761,556
Prepayment and other current assets	7,422,241	-	-	7,422,241
Cash and cash equivalent	12,640,167	-	-	12,640,167
Financial liabilities not measured at fair value				
Term loans	504,348,231	-	-	504,348,231
Accounts payable	176,449,721	-	-	176,449,721
Accrued expenses and other current liabilities	13,235,057	-	-	13,235,057
Due to a related party	41,742,062	-	-	41,742,062
Lease liabilities	19,914,829	-	-	19,914,829

32. FAIR VALUE OF ASSETS AND LIABILITIES (continued)

31 December 2022 (restated)	Carrying amount			
	Amortized cost	Fair value through profit or loss	Fair value through OCI	Total
	(Restated)	(Restated)	(Restated)	(Restated)
Financial assets measured at Fair value				
Derivative instruments at FVPL	-	645,626	-	645,626
Financial assets not measured at Fair value				
Trade receivables	140,380,467	-	-	140,380,467
Prepayment and other current assets	5,236,314	-	-	5,236,314
Cash and cash equivalent	3,917,650	-	-	3,917,650
Financial liabilities not measured at fair value				
Term loans	278,086,874	-	-	278,086,874
Accounts payable	68,234,963	-	-	68,234,963
Accrued expenses and other current liabilities	13,337,034	-	-	13,337,034
Due to a related party	22,540,889	-	-	22,540,889
Lease liabilities	18,661,206	-	-	18,661,206

1 January 2022 (restated)	Carrying amount			
	Amortized cost	Fair value through profit or loss	Fair value through OCI	Total
	(Restated)	(Restated)	(Restated)	(Restated)
Financial assets measured at Fair value				
Investments	-	483,336	13,858,394	14,341,730
Financial assets not measured at Fair value				
Trade receivables	127,114,732	-	-	127,114,732
Prepayment and other current assets	1,421,264	-	-	1,421,264
Due from related parties	35,334,680	-	-	35,334,680
Cash and cash equivalent	19,623,884	-	-	19,623,884
Financial liabilities measured at fair value				
Derivative instruments at FVPL	-	564,607	-	564,607
Financial liabilities not measured at fair value				
Term loans	305,863,102	-	-	305,863,102
Accounts payable	32,477,970	-	-	32,477,970
Accrued expenses and other current liabilities	12,550,626	-	-	12,550,626
Lease liabilities	8,743,268	-	-	8,743,268

33. DERIVATIVES NOT DESIGNED AS HEDGING INSTRUMENTS

The Group engaged in an interest rate swap agreement with a local bank. Notional amount of SR 6,345,707 as at 31 December 2023 (31 December 2022: SR 31,728,537, 1 January 2022: SR 57,111,367). The derivative instrument matured on 25 March 2024 and was 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 interest rate risk. As at 31 December 2024, the fair value of the derivative instrument at FVPL amounted to, net asset position of SR nil (31 December 2023 net asset position of SR 40,194, 31 December 2022: net asset position of SR 645,626, 1 January 2022: net liability position of SR 564,607).

As at the maturity date, the derivative was settled, and as at 31 December 2024, the notional amount was SR Nil.

The fair value hierarchy for derivatives not designated as hedging instruments for disclosure purpose is companied in level 2, with significant inputs being directly or indirectly observable.

34. RESTATEMENTS

a) Correction of the carrying values of property and equipment (vehicles), inventories held for sale (vehicles) and the resulting depreciation expense on property and equipment (vehicles) and cost of sales of vehicles

During 2024, the management corrected the carrying values of property and equipment (vehicles), inventories held for sale (vehicles) and the resulting depreciation expense on property and equipment (vehicles) and cost of sales of vehicles by restating each of the affected consolidated financial statement line items for the prior periods. The restatement arose as the estimates relating to the useful economic lives and residual values of vehicles have not been accurately applied and the depreciation charge for the prior years has not been accounted for in accordance with the requirements of the applicable financial reporting framework.

b) Correction of Expected Credit Loss (ECL) Estimate

The Group determined that the allowances for trade receivables were understated due to two primary factors:

1. Key Customer Restructuring (2022): A significant customer entered into restructuring and faced substantial financial difficulties prior to 31 December 2022. This situation was not adequately reflected in the allowances for trade receivables at that time, resulting in an understatement of impairment losses.
2. Walk-in Customers Default (2023): During 2023, it was identified that certain walk-in customers had defaulted on their obligations, leading to a low recoverability rate. The expected credit losses associated with these customers were underestimated, necessitating an adjustment to the allowances for trade receivables.

Furthermore, the management has reassessed the comparative figures and accordingly reclassified certain amounts as presented below

Consolidated statement of financial position 1 January 2022	Impact of restatements			
	As previously Reported	Adjustments	Reclassifications	Total
	SR	SR	SR	SR
Property and equipment				
Cost	890,786,291	-	-	890,786,291
Accumulated depreciation	(310,559,491)	4,005,883	(30,458)	(306,584,066)
Non-current assets	**605,186,633**	**4,005,883**	**(30,458)**	**609,162,058**
Inventories	3,236,524	-	30,458	3,266,982
Current assets	**166,612,711**	**-**	**30,458**	**166,643,169**
Total assets	**771,799,344**	**4,005,883**	**-**	**775,805,227**
Retained earnings	217,183,973	3,605,295	-	220,789,268
General reserve	23,220,542	400,588	-	23,621,130
Total equity	**390,404,515**	**4,005,883**	**-**	**394,410,398**
Total liabilities	**381,394,829**	**-**	**-**	**381,394,829**
Total equity and liabilities	**771,799,344**	**4,005,883**	**-**	**775,805,227**

34. RESTATEMENTS (continued)

Consolidated statement of financial position 31 December 2022	Impact of restatements			
	As previously Reported	Adjustments	Reclassifications	Total
	SR	SR	SR	SR
Property and equipment				
Cost	913,286,231	-	-	913,286,231
Accumulated depreciation	(349,600,825)	8,477,136	384,525	(340,739,164)
Non-current assets	**583,402,864**	**8,477,136**	**384,525**	**592,264,525**
Inventories	10,743,464	-	(384,525)	10,358,939
Trade receivables	124,181,859	(9,171,754)	-	115,010,105
Current assets	**237,047,044**	**(9,171,754)**	**(384,525)**	**227,490,765**
Total assets	**820,449,908**	**(694,618)**	**-**	**819,755,290**
Retained earnings	72,104,613	(625,156)	-	71,479,457
General reserve	29,693,622	(69,462)	-	29,624,160
Total equity	**401,798,235**	**(694,618)**	**-**	**401,103,617**
Total liabilities	**418,651,673**	**-**	**-**	**418,651,673**
Total equity and liabilities	**820,449,908**	**(694,618)**	**-**	**819,755,290**

Consolidated statement of financial position 31 December 2023	Impact of restatements			
	As previously reported	Adjustments	Reclassifications	Total
	SR	SR	SR	SR
Property and equipment				
Cost	1,219,859,267	-	-	1,219,859,267
Accumulated depreciation	(315,256,688)	14,389,878	(1,267,406)	(302,134,216)
Non-current assets	**926,029,802**	**14,389,878**	**(1,267,406)**	**939,152,274**
Inventories	10,047,011	-	1,267,406	11,314,417
Trade receivables	166,539,622	(9,468,642)	-	157,070,980
Current assets	**288,490,088**	**(9,468,642)**	**1,267,406**	**280,288,852**
Total assets	**1,214,519,890**	**4,921,236**	**-**	**1,219,441,126**
Retained earnings	112,167,255	4,432,884	-	116,600,139
General reserve	34,826,491	488,352	-	35,314,843
Total equity	**446,993,746**	**4,921,236**	**-**	**451,914,982**
Total liabilities	**767,526,144**	**-**	**-**	**767,526,144**
Total equity and liabilities	**1,214,519,890**	**4,921,236**	**-**	**1,219,441,126**

34. RESTATEMENTS (continued)

Consolidated statement of comprehensive income and other comprehensive income For the year ended 31 December 2022:	Impact of restatements		
	As previously reported	Adjustments	Total
	SR	SR	SR
Cost of revenue	**(237,289,519)**	**4,440,545**	**(232,848,974)**
Depreciation on property and equipment	103,995,753	(5,990,431)	98,005,322
Cost of sale of vehicles	62,978,328	1,549,886	64,528,214
Gross profit	94,643,245	4,440,545	99,083,790
General and administrative expenses	**(20,825,462)**	**30,708**	**(20,794,754)**
Depreciation on property and equipment	533,492	(30,708)	502,784
Impairment loss on trade receivables	(676,609)	(9,171,754)	(9,848,363)
Profit before zakat	68,459,934	(4,700,501)	63,759,433
Profit for the year	64,730,799	(4,700,501)	60,030,298
Total comprehensive income for the year	66,393,720	(4,700,501)	61,693,219

Consolidated statement of comprehensive income and other comprehensive income For the year ended 31 December 2023:	Impact of restatements		
	As previously Reported	Adjustments	Total
	SR	SR	SR
Cost of revenue	(326,529,662)	5,810,809	(320,718,853)
Depreciation on property and equipment	106,249,548	(19,884,883)	86,364,665
Cost of sale of vehicles	129,164,651	14,074,074	143,238,725
Gross profit	105,311,049	5,810,809	111,121,858
General and administrative expenses	(25,443,502)	101,933	(25,341,569)
Depreciation on property and equipment	542,561	(101,933)	440,628
Impairment loss on trade receivables	(5,468,211)	(296,888)	(5,765,099)
Profit before zakat	53,453,612	5,615,854	59,069,466
Profit for the year	51,290,972	5,615,854	56,906,826
Total comprehensive income for the year	51,195,511	5,615,854	56,811,365

Consolidated statement of changes in equity: Balance as at 1 January 2022:	Impact of restatements		
	As previously reported	Adjustments	Total
	SR	SR	SR
Balance as at 1 January 2022	**390,404,515**	**4,005,883**	**394,410,398**

Consolidated statement of changes in equity: Balance as at 31 December 2022:	Impact of restatements		
	As previously reported	Adjustments	Total
	SR	SR	SR
Balance as at 31 December 2022	**401,798,235**	**(694,618)**	**401,103,617**

34. RESTATEMENTS (continued)

Consolidated statement of changes in equity: Balance as at 31 December 2023:	Impact of restatements		
	As previously reported	Adjustments	Total
	SR	SR	SR
Balance as at 31 December 2023	**446,993,746**	**4,921,236**	**451,914,982**

35. BRANCHES

The Company has the following branches:

	Branch Name	Commercial registration number	Location of the branch
1	Cherry trading company	1010156896	Riyadh
2	Cherry rent a car company	1010156759	Riyadh
3	Cherry rent a car company	1010466174	Riyadh
4	Cherry rent a car company	1010155634	Riyadh
5	Cherry rent a car company	1010328266	Riyadh
6	Cherry rent a car company	1010306317	Riyadh
7	Cherry rent a car company	1128184628	Unaizah
8	Cherry rent a car company	4030129693	Jeddah
9	Cherry rent a car company	2051024002	Al Khobar
10	Cherry rent a car company	2057473815	Al Khafji
11	Cherry rent a car company	4700114516	Yanbu
12	Cherry rent a car company	5850135910	Abha
13	Cherry rent a car company	3550157554	Tabuk

36. SIGNIFICANT EVENTS

a) Transfer of H10 and Elegant to Saudi Edarah Holding company at net book value

The ultimate shareholder decided to transfer H-10 Logistics Services and Elegant Vehicle Carwash Services to Saudi Edarah Holding Company as per the resolution signed by ultimate shareholder dated 17 September 2024. The transfer was done at net book value as at 1 January 2024.

	H-10 Logistics Services	Elegant Vehicle Car-wash Services	Total
Assets			
Property and equipment	**6,124,420**	**465,673**	**6,590,093**
Intangible assets	**358,963**	**833,002**	**1,191,965**
Trade receivables	**378,412**	**252,443**	**630,855**
Prepayments and other current assets	**384,554**	**17,520**	**402,074**
Cash and cash equivalents	**44,890**	**54,063**	**98,953**
Total assets	**7,291,239**	**1,622,701**	**8,913,940**
Liabilities			
Employees` benefits liabilities	**214,830**	**66,207**	**281,037**
Accounts Payable	**-**	**29,430**	**29,430**
Accrued expenses and other current liabilities	**97,727**	**130,757**	**228,484**
Due to a related party	**5,768,392**	**3,920,195**	**9,688,587**
Zakat payable	**459**	**1,208**	**1,667**
Total liabilities	**6,081,408**	**4,147,797**	**10,229,205**
Net assets (liabilities) transferred	**1,209,831**	**(2,525,096)**	**(1,315,265)**
Analysis of cash flows on transfer:			
Net cash transferred with the subsidiary (included in cash flows from investing activities)			**98,953**

b) Approval for Initial Public Offering (IPO)

On 17 September 2024, the shareholder of the Company, through a resolution passed in the General Meeting, approved the Company's plan to proceed with an Initial Public Offering (IPO).

c) Investments in equity instruments designated at FVOCI

During the year ended 31 December 2022 the Group transferred the equity investment in Al Mawarid Manpower Company having carrying value of SR 13,858,394 at fair value of SR 14,186,250 to the Parent Company (" Saudi Edarah Holding Company") recording a gain of SR 327,856. During the year ended 31 December 2022, the dividends received from the investment amounted to SR 1,891,500 (31 December 2021G: SR. 1,891,500).

d) Investments in equity instruments designated at FVPL

During the year ended 31 December 2022 the Group transferred the equity instruments in Quoted equity instruments at fair value of SR 898,775 having a carrying value of SR 483,336 as 1 January 2022 to the parent company ("Saudi Edarah Holding Company"). The Group recorded a revaluation gain of SR 415,439 during the year ended 31 December 2022 (note 24).

e) Dividends to shareholders

The Board of Directors proposed and paid a final dividend of SR Nil (31 December 2023: SR 6 million and 31 December 2022: SR 55 million). These dividends were approved by the shareholders in the Annual General Meetings.

37. SUBSEQUENT EVENTS

On 12 February 2025G, the shareholders of Cherry Trading Company, in an Extraordinary General Meeting, approved a resolution to initiate the process of taking the Company public through an Initial Public Offering (IPO) on the Saudi Stock Exchange (Tadawul). The IPO process will involve obtaining the necessary regulatory approvals, meeting the listing requirements, and engaging relevant advisors to facilitate the offering.

38. APPROVAL OF THE SPECIAL PURPOSE CONSOLIDATED FINANCIAL STATEMENTS

These special purpose consolidated financial statements have been approved by the Board of Directors for issuance on 21 Dhul Hijjah, 1446H corresponding to 17 June, 2025G.

cherryrentacar

www.cherry.com.sa