



لتأجير السيارات
Rent a Car

رؤية
VISION
2030
المملكة العربية السعودية
KINGDOM OF SAUDI ARABIA

Accelerating Towards The Future

ANNUAL REPORT

2022

بِسْمِ اللَّهِ الرَّحْمَنِ الرَّحِيمِ



The Custodian of the Two Holy Mosques

King Salman bin Abdulaziz Al Saud

(May Allah protect him)



**His Royal Highness
Prince Mohammad bin Salman
bin Abdulaziz Al Saud**

Crown Prince and Prime Minister
(May Allah protect him)

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Net profit

190m

Saudi riyals

53

car rental
branches

9

vehicle
maintenance
centers



At a Glance

Revenues increased to SAR

968m

Membership platform increased by

150,000+

users

49.4%
32.5%
18.1%

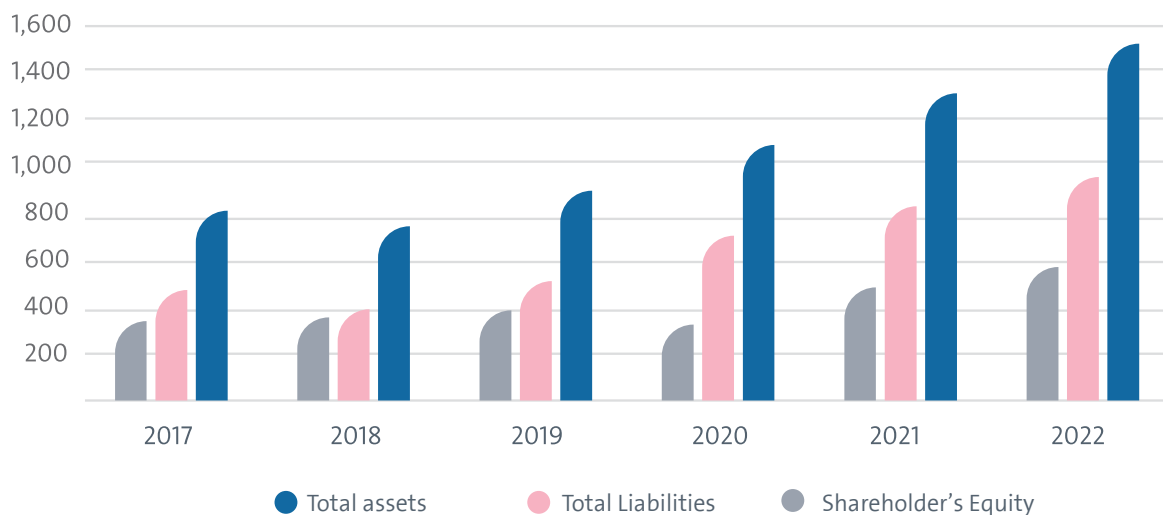


Revenue from business segments (%)

- Rental Services
- Car Leasing
- Used Vehicle Sales Services



Statement of financial position for the past five years





More than

25,000

cars

50%

increase in women's
employment

480,000+

Theeb members

01

Overview

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About Theeb

Theeb Rent a Car is one of the largest car rental companies in the Kingdom, with over 30 years of experience, a diversified customer base and fleet of more than 25,000 vehicles. The company is one of the leading car rental companies in the Kingdom, covering all regions across the Kingdom from 53 car rental branches, 9 vehicle maintenance centers, and 2 used vehicle sales branches. The company's core activities consist of the following business segments:

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

We at Theeb believe that our ambition drives further success. We are always looking to elevate our services and improve our customers' experience while ensuring their utmost safety.



Vision, Mission, and Values

Vision

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

Mission

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

Values

- Honesty and integrity in dealing with clients
- Compliant with public regulations and traditions
- Effective contribution in serving the community and its growth

Awards and Recognition



- Ranking 14th out of 25 leading companies in the Great Place to Work Award for the year 2022



- ISO 14001:2015 (Environmental Management System) Certificate



- ISO 45001:2018 (Occupational Health & Safety Management System) Certificate



- ISO 9001:2015 (Quality Management System Standard) Certificate

Our Story

1998

Theeb opened the head office and main showroom in Riyadh, along with a showroom for the sale of used vehicles.

Theeb expanded to its first airport location in Dammam Airport.

1999

Theeb launched the first owned large-scale workshop in Riyadh, which covers 5,000 square meters.

1996

The branch underwent a transformation and became a limited liability company, known as “Theeb Rent a Car Company”, based in Riyadh.

Theeb was established with a capital of SAR 500,000 and the first location was opened outside Riyadh, in Jeddah, marking the beginning of our growth and expansion in the rental car industry.

2010

The company’s capital increased and underwent a transformation into a closed joint stock company.

1991

Theeb started with a 50-car fleet in the Almalaz District of Riyadh.

2020

Theeb's share capital was increased from SAR 153,902,000 to SAR 430,000,000.

2012

Theeb implemented the new operations enterprise resource planning (ERP) and unification of branches and fleet through 1 integrated system.

2017

The initial lease agreement at Theeb for heavy commercial vehicles was signed.

Theeb underwent a comprehensive re-branding process, during which the company updated its logo to better reflect its identity and values.

2021

Theeb was successfully listed on the Saudi Stock Exchange (Tadawul) on March 29th.

2022

Theeb's fleet size successfully exceeded 25,000 cars.

2014

The process of leasing operations at Theeb was officially launched.

2013

Growth Opportunities Company for Trading acquired 30% of the total shares in the company.

Year in Review

January

“Full-to-Full” Service Launch

We introduced our new “Full-to-Full” service to the market after filling more than 12,000 vehicles with approximately 1 million liters of gasoline under marketing campaign “One Push”. Our service aims to improve customer satisfaction by increasing time efficiency and eliminating potential hassles.

Agreement With Ehsan for Charitable Contribution

Theeb signed a memorandum of understanding with the National Charitable Action Platform (Ehsan), under which the company would donate 1 riyal for every individual contract concluded by the company for 12 months.

“Theeb Rent a Car Sales” Show Inaugurated in Riyadh

Theeb Rent a Car opened a new auto show to sell used cars in Qadisyya, east of Riyadh.

February

Agreement with Ekhaa to Sponsor Competitions

Theeb signed an agreement with the Charitable Foundation for Orphan’s Care (Ekhaa) to sponsor 2 competitions organized by Ekhaa during the holy months of Ramadan and Dhul Hijjah.

April

Agreement With Ensan to Support Orphans

Theeb Rent a Car extended its Memorandum of Understanding with the Charity Committee for Orphan Care in Riyadh (Ensan) for another year. According to this agreement, the company will deduct 1 riyal from each lease contract it concludes and transfer it to Ensan to support orphan sponsorship.

May

New Branch in Al-Sulay in Riyadh

Theeb opened its new branch located east of Riyadh, in Al-Sulay district.

June

Move to New Branch in Nahdet Buraidah in Qassim

Theeb announced its move to a new branch in Al Nahda district, Buraidah, Qassim.

July

ISO Certificates

Theeb received various ISO certificates, including ISO 14001 for environmental management system, ISO 45001 for occupational health and safety management system, and ISO 90011 for quality management standards.

New Branch in Hail

Theeb launched a new branch in Hail, expanding the number of branches in the city to 2.

August

Taraffag Yal'theeb CSR Campaign

The Taraffag Yal'theeb CSR campaign was re-launched in our branches and movie theaters, to spread awareness of road safety to our society, and inform on the dangers of reckless driving.

October

New Branch in Al Qayrawan District

Theeb launched a new branch in Al Qayrawan District (North Industrial) in Riyadh. This launch represents a further improvement in Theeb's geographic footprint throughout the Kingdom and is consistent with the company's strategic plans for expansion.

December

Theeb's fleet size has increased to more than 25,000 cars.

November

New Branch in Jeddah - Prince Majid Road

In implementation of its expansion strategy, and to enhance its network of branches, Theeb opened a new branch in Al-Rabwa District, Jeddah.

"Great Place to Work"

Theeb was awarded "Great Place to Work" by GPTW in Saudi Arabia.

National Team Campaign for World Cup 2022

Theeb launched a campaign TVC named "كل طريق صعب.. وراه ذيب" on BeIN Sports and social media with over 12 million views, with the historical legends of the Saudi national team: Captain Fouad Anwar and Saleh Khalifa.

New App and Website

Theeb launched its mobile application (in iOS and Android) and new corporate website, with enhanced features and design to improve the customers' digital experience.

September

92nd National Day Major Campaign

Theeb launched a massive campaign under "Maskeen Khat" with a big reach for the Kingdom's 92nd national day. The campaign focused on showcasing the history and future of the Kingdom, highlighting Saudi Arabia's resilience, strength and generosity through storytelling.

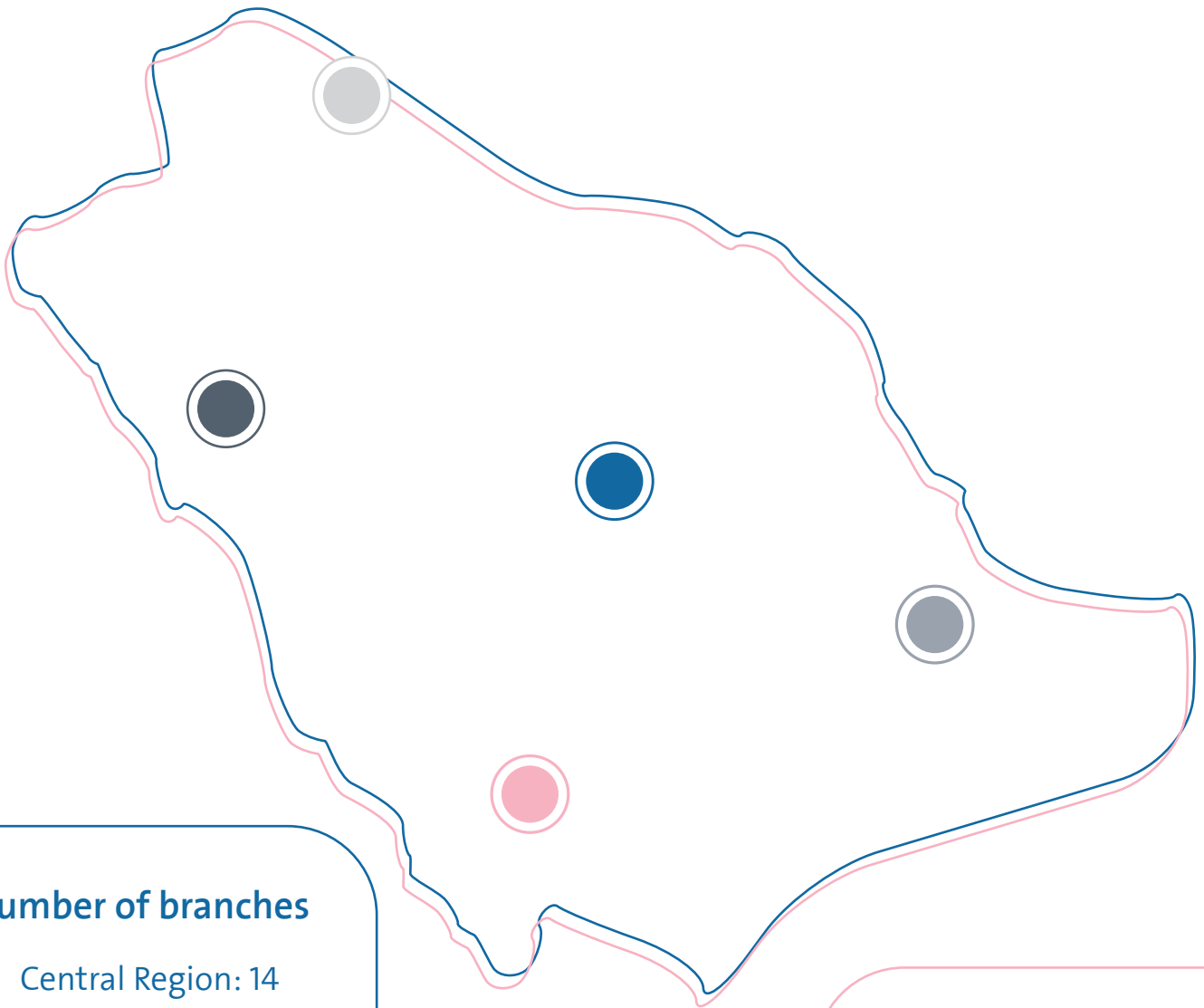
Partnership with stc

With plans for significant agreements to be signed in 2022, Theeb partnered with stc to incorporate IoT technology for tracking and monitoring our cars' usage and providing GPS to optimize car utilization.



Geographic Footprint

Theeb's head office is located in Riyadh, and we have a total of 53 branches across the Kingdom. We continue to expand our presence in line with the growing need for car rental in Saudi Arabia.



Number of branches

- Central Region: 14
- Western Region: 10
- Eastern Region: 8
- Southern Area: 5
- Northern Area: 2
- ✈ Airport: 14





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Strategic Review

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Success Story: Driving Digitalization
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Chairman's Message

Building on firm foundations laid down over the past 3 decades, Theeb witnessed extensive progress in 2022, with continued ambitions to accelerate growth towards the future.

Mohammed bin
Ahmed Al-Theeb
Chairman



Accelerating Towards the Future

It is my greatest pleasure to introduce Theeb Rent a Car's Annual Report for 2022.

Building on firm foundations laid down over the past 3 decades, Theeb witnessed extensive progress in 2022, with continued ambitions to accelerate growth towards the future. We have solidified our position as one of the leading car rental companies in the Kingdom, and a market-leader in car rental services.

Alignment With Vision 2030

In 2022, Theeb continued to benefit from and contribute to Saudi Vision 2030, which is transforming the Kingdom into an international tourism hub. As tourism has a direct impact on our sector, we continue to accelerate our business in line with the Kingdom's ambitions, and play a key role in supporting the tourism industry.

This year, we continued to fill the needs for transportation across Saudi Arabia, and have seen rapid growth as a result of our efforts. The Riyadh Season continued to attract tourists to the city, and we have been supporting them through our services. We also benefited from several seasonal trends in the Kingdom and in our sector. For example, Hajj and Umrah are significant drivers in Saudi Arabia, with millions of people traveling to Jeddah and the Western region.

In addition, we are proud to have branches in strategic locations across the Kingdom, including AlUla, NEOM, and one in every tourism city and airport. In line with Vision 2030, where we see a city's development and a need for further transportation, we focus our efforts to open a branch in the relevant location. By the end of 2022, we opened 4 new branches in Riyadh, Jeddah, and Hail, bringing the total number to 53. We cover 14 airport locations, and are continuing our plans to cover every area in Kingdom.

Strategic Progress Across Our Business

We continue to look for innovative ways to improve our offering. This year, we collaborated with stc in providing the IoT for cars to enhance tracking and provide GPS services to better utilize our cars.

Significant Expansion and Growth

While 2022 saw a global supply chain disruption that affected several sectors, including the car rental industry, we were resilient thanks to God and due to our preparation and continued efforts throughout the year. In addition, the relationships we built and maintained with our vendors proved beneficial.

As a result, we saw a significant growth in our fleet, and purchased more than 7,000 new cars in 2022. We also benefited from selling vehicles that completed their life cycle, enabling us to unlock opportunities for further expansion. After replacing older vehicles, we had a total of 4,000 more cars than the previous year.

We also continued to hold our strong position, and gain further market share, as the market itself continued to grow. This growth has been clearly reflected in the rapid expansion of our total fleet. 5 years ago, our fleet stood at around 15,000 cars, and our total average fleet successfully exceeded 25,000 by the end of 2022.

Committed to Sustainability

We have a strong focus on CSR in the company, with major collaborations throughout the year. In 2022, we continued to work with Ehsan and Ensan, the biggest donors in the Kingdom, to donate SAR 2 for each car rental. This year, we have donated more than SAR 1 million and have sponsored more than 600 orphans under the Theeb Alkhair program. We have been doing this for the past 2 years, and will continue to do so in our aim of building a program that will last.

Moreover, our people are the core of our success and have supported us in driving growth across Theeb. As a testament to our commitment to our employees, Theeb earned the Great Place to Work certification in 2022.

In addition, we continue to support the community through our Taraffag Yal'theeb campaign, which aims to raise awareness of the importance of road safety the dangers of reckless driving. Our online campaign had millions of views, and it was shown across social media, cinema theatres, and other outdoor venues.

Finally, our exceptional performance during 2022 was made possible with a strong commitment to corporate governance and risk mitigation throughout the organization.

Future Ambitions

In 2022, we continued to drive our aims to push the rental sector towards a new horizon. We see huge potential for the industry in the coming years. We will continue to work to elevate the car rental industry, and to drive the retail sector towards new heights. As such, we will maintain our focus on the growth of our business and the evolution of the rental market, in addition to furthering our efforts in digitalization.

With Gratitude

I would like to extend my gratitude to the Public Transport Authority and the regulatory authorities who have continued to support us throughout the year. I would also like to extend my sincere thanks to our valued customers, dedicated employees, shareholders of the company, members of the Board of Directors and Board committees, whose trust, support and continuous encouragement played an integral role in Theeb's achievements this year.

Sponsored

600+

orphans

4

new branches

Purchased

7,000+

new cars

SAR

1m+

in donations

Chief Executive Officer's Message

It has been an excellent year for Theeb Rent a Car, with financial and strategic progress across our organization. We have maintained our focus on the future and growth of the car rental industry, and our ambitions continue to be boundless.

Naif bin Mohammed
Al-Theeb
Chief Executive Officer

A Year of Significant Growth

We have seen impressive growth over the past few years.

In 2021, we broke our record for the highest revenue and net profit in the company, where our growth doubled as compared to the previous year. This year, we have yet again achieved the best financial performance in Theeb's history, with revenue at SAR 968 million in 2022, as compared to SAR 752 million in 2021, while net profit stood at SAR 190.0 million by year end.

While our results have been impressive, and a testament to the hard work of our people, this is only the beginning for Theeb. We will continue to focus on accelerating growth for the future.

Continued Strategic Progress

In 2022, Theeb witnessed significant expansion through the successful opening of 4 new branches, and revamp of 4 others. We also have the largest airport branches in the Kingdom. Our fleet is growing rapidly, and we have supplemented this growth with improvements in our offering.

Increasing our focus on e-commerce, we launched a new mobile application and website. While we had these in previous years, they were only used for booking and collecting cars. They are now being used revenue-generators through online platforms, and are driving growth across our business.

We also introduced the Full-to-Full service to the Kingdom, and are pioneering in this space. The service relates to car fuel levels, whereby we provide cars to our customers with a full fuel tank and they return it in the same manner. It was launched through a major campaign that introduced the concept to our customers.

Business Review

In 2022, we have seen significant progress across car rental, car leasing and used vehicle sales. Our car rental business revenue landed at SAR 478 million, a significant growth from SAR 358 million in 2021.

This is a result of new branch openings, e-commerce and an increase in our fleet size. In car leasing, year-end revenue stood at SAR 315 million, as compared to SAR 270 million the year prior. Finally, we saw growth in used vehicle sales as we continue to maintain a modern fleet, having sold 4,615 cars in 2022 to be replaced with new ones. Revenue for used vehicle sales landed at SAR 175.0 million, as compared to SAR 123.7 million the year prior.

Commitment to Our Customers

This year, we continued to put our customers first. Our slogan, "Theeb with You" ensures our that from the moment they take one of our cars, we are always with them. We have also accelerated our digital capabilities to ensure that our customers have the best experience.

Our Theeb membership platform has grown by more than 42% this year, with over 150,000 registrations. By year end, we had more than 480,000 memberships.

Looking Ahead

Theeb has seen tremendous progress this year, with a strong momentum that can drive future growth. As a priority, we would like to invest further in digitalization, to widen the scope of our offering and improve our customers' experience. In addition, our long-term Theeb Alkhair program will remain in place to ensure the best for people, our customers and our community. Finally, we will continue the strategic expansion of our fleet, with new branches across the Kingdom.

With Gratitude

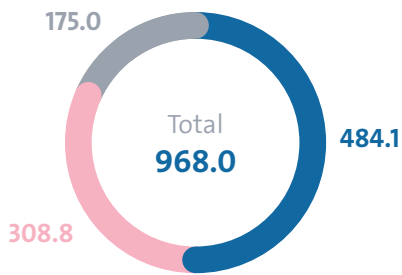
I would like to thank the members of the Board of Directors for their support and oversight, and the Chairman for his continued guidance and leadership on both personal and professional levels. I also extend my gratitude to the suppliers and vendors who supported us through the supply chain disruption, allowing us to maintain the growth of our fleet and our successful operations over the year. I would also like to share my appreciation of our valued customers for their continued confidence in the company. Finally, I would like to thank our employees, shareholders, stakeholders and regulators for their continued support on Theeb's ambitious journey.

Financial Review

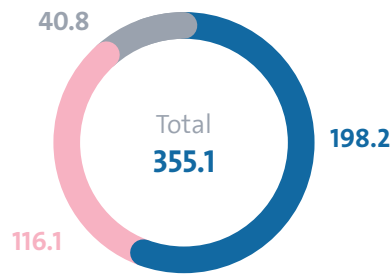
Theeb witnessed a strong financial performance during 2022, with a net profit before Zakat of SAR 203.7 million, as compared to SAR 132.5 million for 2021. Net profit after Zakat landed at SAR 193.1 million, compared to SAR 125.7 million for the previous year.

By the end of the year, the Company's revenues from its main activities amounted to SAR 968.0 million, compared to SAR 752.4 million for 2021. Earnings per share amounted to SAR 4.49 during the year 2022, compared to 2.92 for the year prior.

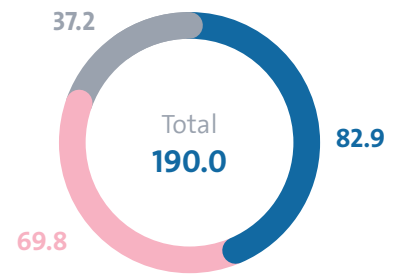
Revenue (SAR million)



Gross Profit (SAR million)

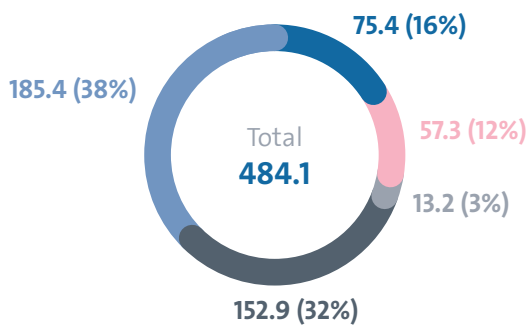


Net Profit (SAR million)



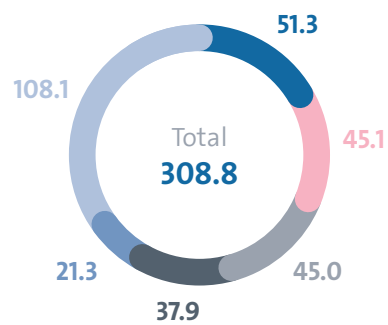
● Rental Services ● Car Leasing ● Used Vehicle Sales Services

Short-Term Rental Revenues by Geographical Distribution (SAR million)



● Southern Region ● Eastern Region
● Northern Region ● Western Region ● Central Region

Long-Term Lease Revenue by Sector (SAR million)



● Food and Drinks ● Government Sector
● Transport Sector ● Construction Sector
● Engineering Sector ● Other Sectors

Statement of financial position for the past 5 years

(SAR million)	2022	2021	2020	2019	2018
Assets					
Current assets	444.2	273.0	208.8	201.1	141.4
Non-current assets	1,422.0	1,245.2	1,098.6	1,074.5	750.9
Total assets	1,866.2	1,518.1	1,307.4	1,275.5	892.3
Liabilities and Equity					
Current liabilities	657.5	579.8	460.4	458.9	149.5
Non-current Liabilities	543.8	371.0	365.4	368.0	359.0
Total liabilities	1,201.4	950.8	825.9	826.9	508.5
Property rights	664.9	567.4	481.5	448.6	383.8
Total Liabilities and Equity	1,866.2	1,518.1	1,307.4	1,275.5	892.3

Statements of profit or loss for the past 5 years

(SAR million)	2022	2021	2020	2019	2018
Revenue	968.0	752.4	660.0	631.1	537.7
Other income	8.6	5.9	7.8	2.9	2.1
Selling cost	(612.8)	(503.9)	(498.0)	(410.0)	(395.1)
General and administrative expenses	(127.3)	(96.3)	(70.5)	(71.7)	(59.2)
Financing Cost	(32.7)	(25.6)	(32.0)	(28.1)	(16.5)
Net (loss)/Profit before zakat	203.7	132.5	67.4	124.2	69.0
Zakat	(10.6)	(6.8)	(4.1)	(8.1)	(8.9)
Net (loss)/Profit	193.1	125.7	63.2	116.0	60.1
Actuarial losses/gains on employee benefit obligations	(3.2)	(0.8)	(0.3)	(1.2)	0.9
Total	190.0	125.0	62.9	114.8	61.0

Our Strategy

Our Strategic Pillars

Our corporate strategy aims to drive future growth through a focus on:

Sustaining the Growth of Long-Term Rent Services

Strategic Pillar

- Continue expanding our customer base across the Kingdom
- Increasing market share
- Expanding our service offering
- Investing in digitization and improving customer experience by enhancing electronic platforms



Sustaining the Growth of Short-Term Rent Services

- Sustaining the Growth of Short-Term Rent Services Opening new branches in the key cities and airports
- Opening new branches in the areas of major construction and development projects
- Investing in digitization and improving customer experience by enhancing electronic platforms
- Evaluate Theeb's fleet and vehicle categories offered, and providing the desired categories to meet the needs of all customer segments in the market

2022 Achievements

- Initiated New Theeb App
- Revamped Theeb's corporate website



- Opened 4 new branches across the Kingdom in 2022
- Revamped its mobile app to make better improve the UI and user experience
- Upgraded its fleet to newer models

Renovation and Updating of Existing Branches

- Revamp several branches across the Kingdom
- Upgrade of maintenance workshops



- Revamped 7 branches in all regions in KSA



Operational Development

- Improve customer service, reduce costs and increase operational efficiency through comprehensive professional management of the vehicle fleet
- Maintain a balance between the fleet's availability and use
- Evaluate the vehicles desired by customers
- Unify procedures across branches
- Instil company values for our employees
- Sell used vehicles
- Expand online sales

- Held over 30 training courses for our people
- 50% increase in the Company's female employment compared to last year
- Rewarded employees' efforts across the business
- Recognized as a "Great Place to Work"
- Implemented operational initiatives to increase efficiency and customer experience
- Introduced the "Full-to-full" service to the Kingdom
- Earned 3 ISO certificates
- Introduced digital improvements including RPA, AI and Employee Self-Service

Operational Review

Rental Services

Theeb offers a wide range of vehicle short-term rental solutions and services to governmental companies, private sector companies and individuals. Depending on our customers' requirements, this is done through a wide range of vehicle rental solutions. We provide the required quantity of cars, support customers with the latest and most luxurious models, and offer comprehensive rental packages with insurance coverage, car replacement services, roadside assistance, and more.



Achievements in 2022

Individual rental services saw an extremely successful year, with year-end revenue landing at around SAR 409 million, as compared to SAR 323 million in 2021. Meanwhile, corporate rental services revenue stood at SAR 70 million by year end, as compared to around SAR 36 million the year prior. Net income for the rental segment stood at SAR 82.9 million, a 70.5% growth from the previous year.

Moreover, in 2022, our rental car fleet constituted of 11,769 vehicles. Individual car rental customers accounted for 85% of car rental revenue, while corporate car rental customers accounted for the remaining 15%. This reflects the needs of the Kingdom's unique rental market industry, where Theeb has been able to capitalize on individual customers' needs, including domestic travellers, foreign tourists, those on business trips, and international expatriates.

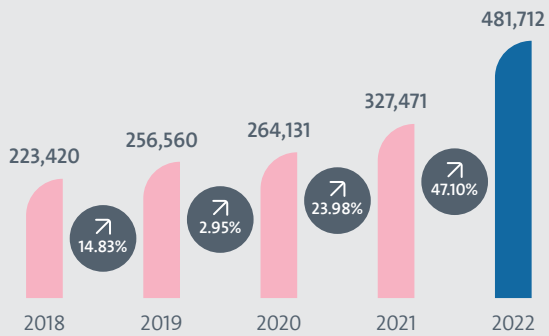
One of our main advantages is the diversity of our fleet, offering a full range of options, from "good value for money" cars to luxurious options. We are proud to have the flexibility to offer specific rates to our customers.

We also ensure that our customers have a wide range of platforms to access our rental services. They can either choose to walk-in to our designated locations or make reservations through our online platforms, including the Theeb corporate website or the TheebApp, which was launched this year.

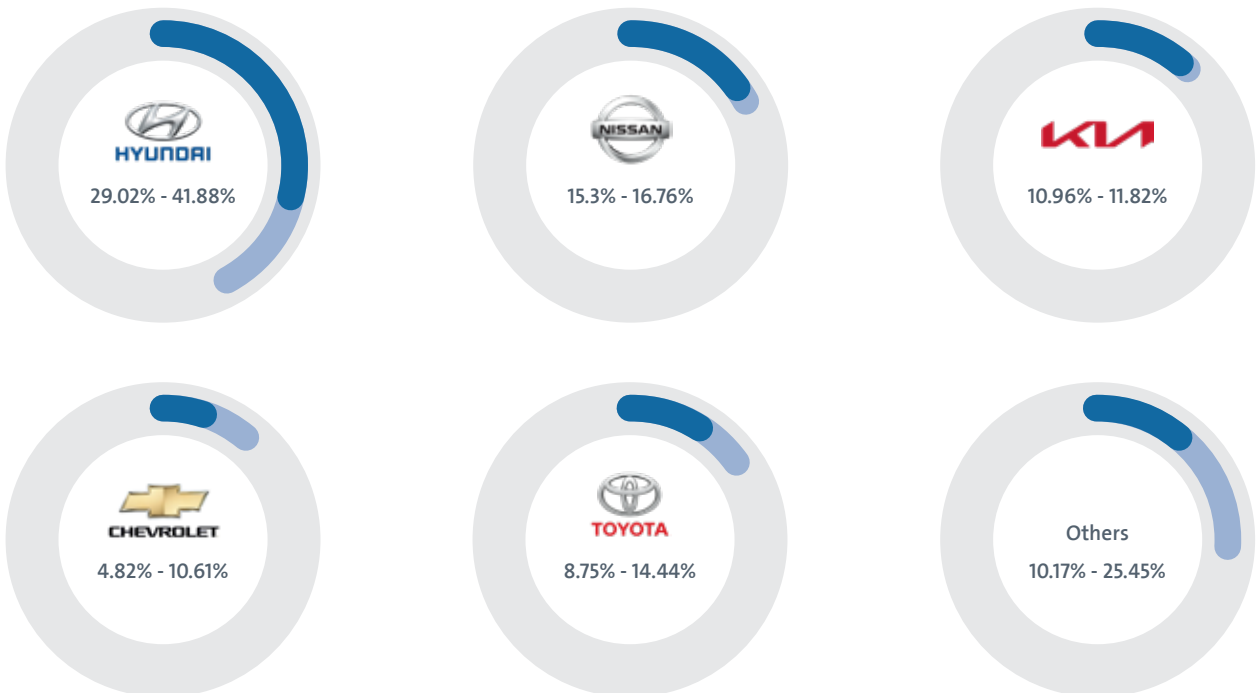
Moreover, with efforts to continue our market outreach, grow our customer base and meet dynamic customer expectations, we have continued to invest in our digital capabilities. We offer a membership program that includes a variety of features, which has been a key driver in our revenue growth this year. We have seen a significant increase in our online booking platform in 2022, which is especially popular with our younger customer segment.

In 2022, we grew more than 42% in the Theeb membership program. We also have a dedicated customer service team of employees who cater to the reservations and customer queries.

Number of Members



We ensure that we have a wide variety of vehicles to fill our customers' needs. The following chart provides an overview of our car rental fleet mix at the end of 2022:



Operational Review

Car Leasing

Theeb began vehicle lease services in 2014 for corporate customers in both private and government sectors. Theeb offers such clients the privilege of using its vehicle for a predetermined time period for an agreed cost. Our lease agreements are generally longer than rental agreements and can go up to 5 years for some clients.

We offer customizable lease plans that are designed to meet the specific needs of different customers. These include full maintenance, insurance, and free replacement cars at highly competitive prices.



Achievements in 2022

This year, our lease segment saw significant growth, with a revenue of around SAR 315 million as compared to SAR 270 million in 2021. Net income stood at SAR 190 million, as compared to SAR 125 million the previous year, a 52.0% increase.

In line with our growing customer base, we ensure that our fleet size can meet the demand. This year, our average lease fleet reached covered 48% of the total Theeb fleet, and was distributed over more than 350 customers. The following table provides an overview of our lease fleet mix by make by year-end 2022.

In 2022, we also continued to focus on improving customer experience by implementing various initiatives. We signed various agreements aimed at improving our customer experience, such as in road side assistance, where we signed an agreement with stc that integrates the use of the Internet of Things (IoT) with Theeb’s car tracking system. This helps locate the Company’s cars using GPS, and improved our car maintenance service.



Operational Review

Used Vehicle Sales Services

Theeb also sells used vehicles from our existing fleet when they complete their operational life cycle after about 2 to 5 years in service. These vehicles are kept in good condition by comprehensive maintenance throughout the service period and offer good value to the potential buyers.

Over time, we have developed multiple sales platforms. The primary sales points are our own showrooms, public auctions, and our online channel. Currently, we have 2 showrooms in Riyadh and Jeddah, which are an integral part of the revenue-flow.

Achievements in 2022

The used vehicle sales services section draws its value from its ability to offer competitive prices of economic to high-quality vehicles to our potential buyers. This year, our used vehicle sales business saw an increase of revenue to SAR 175 million, as compared to SAR 123.7 million in 2021.

As our overall market is expanding due to the diverse car fleet categories, and shortage in global supply chains, customers are increasingly choosing to buy the used vehicles. We have ensured that our strategy allows us to remain market-leading in this growth story. In line with our efforts to expand and meet growing customer demands, we have opened a new used vehicle sales branch in Al Qadisiyyah. Moreover, during 2022, we sold 4,615 cars. As such, we registered an annual growth of 41% in used vehicle sales.



The Year Ahead

In 2023, Theeb will continue its prospects to support the Kingdom and Vision 2030 in line with our long-term strategy. In this regard, we will continue to revamp existing branches, open further locations in newly-developed areas, and continue to maintain our fleet's operational life cycle.

We will also continue to invest in digitalization, to improve our offering and elevate customer experience across our channels, and continue to accelerate growth for the future.



Success Story

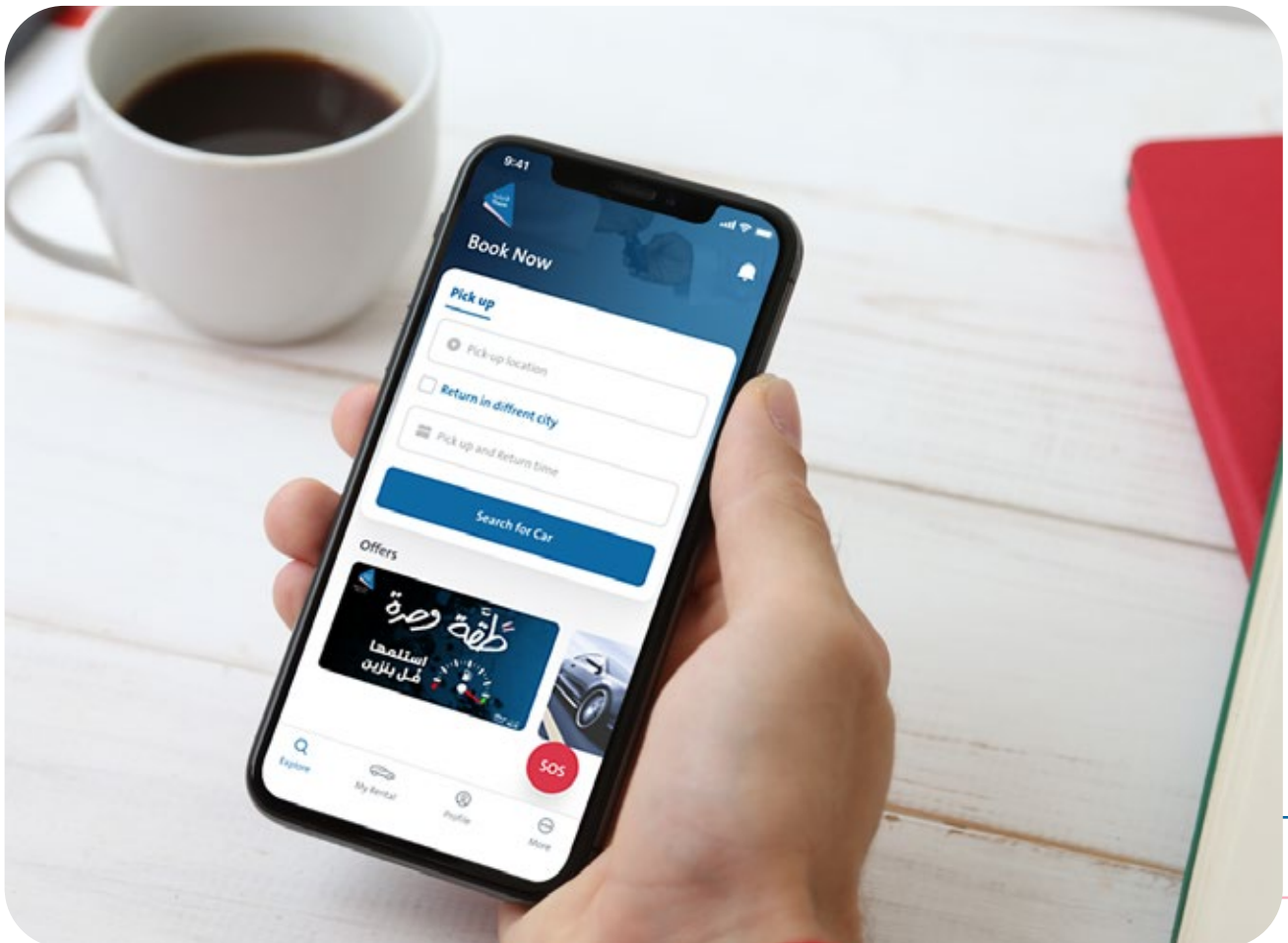
Driving Digitalization

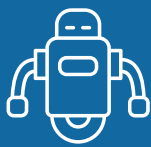


In line with our continued ambitions to improve our offering for our customers, in 2022 we continued to invest in technology across our organization. This year, we successfully:

- Re-developed the Theeb Mobile App and corporate website with enhanced UI and UX
- Upgraded the Theeb infrastructure to be cloud-ready
- Integrated front-end ERP to the Tajeer portal online



As a result of these initiatives, we significantly enhanced our digital capabilities.



Robotic Process Automation	Artificial Intelligence	Employee Self Service
<p>RPA has been introduced to handle repetitive bulk data updating or creating new rates in system.</p> 	<p>AI technology has been successfully induced in our business process to automatically analyse a vehicle's physical condition on in, out, and replacement events.</p> 	<p>To introduce paper less environment and handling approval process through automated workflow, we implemented employee self-service in the Microsoft D365 platform to handle routine requests.</p> 

These developments have improved Theeb's business performance in several ways. First, our rental process has become more efficient through the automatic recognition of any issues with vehicles. This has improved customer satisfaction and retention.

We are also shifting towards paperless and seamless communication between employees and across departments, which has led to an increase in productivity. Finally, this digitization enables us to acquire our customers' information through reliable sources, such as the Saudi Network Information Center.

Corporate Social Responsibility Through Theeb Al Khair



At Theeb, we maintain CSR values at the core of everything we do. In 2022, we were involved with several key initiatives to support our community, the Kingdom, and Vision 2030.

Supporting Our Community

Through our Theeb Alkhair program, we sponsored more than 600 orphans in 2022 through various agreements. In January, we signed a memorandum of understanding with the National Platform for Charitable Work (Ehsan), with a commitment to donate 1 riyal for each individual rental contract for the duration of 1 year. This is in line with our ambitions to support charitable work, and to pave the way for others in the private sector to be more involved in related initiatives.

Moreover, we extended our memorandum of understanding with the Charity Society for Orphan Care in Riyadh (Ensan). According to the agreement, Theeb will deduct 1 riyal from each lease contract to be transferred to Ensan in support of sponsoring orphans. This agreement continued for the second year under the Theeb Alkhair Program.

We also signed a joint cooperation agreement with the Charitable Foundation for Orphan Care (Ekhaa). As per the agreement, Theeb sponsored 2 competitions during the holy months of Ramadan and Dhul Hijjah. These competitions are considered highly significant as they promote Ekhaa's various services and programs, specifically designed to assist orphans throughout the Kingdom. We also partnered with Ekhaa in the Eastern Region (Bena'a) to sponsor 25 orphans. This renewal marks the sixth year for Theeb sponsoring orphans.

Theeb has also been involved in various other CSR initiatives:



Theeb won the “Great Place to Work” Award for the third time in 2022

Renewing our annual sponsorship for children with down syndrome at the Down Syndrome Association (DSCA). This supports sponsored children by providing them with educational services and rehabilitation sessions.

Providing cars to the Khairkom Association for the Memorization of the Qur’an in various regions of the Kingdom according to the association’s needs.

Supporting the Raha service for the elderly and those with special needs. We provided them with family cars that include a chair and a mobile crane allowing the individual to get in and out of the car without assistance.

Sponsoring the volunteer work team at King Saud University to activate community partnership and support charitable work during the month of Ramadan. This is to support visitors with comfort and assistance to mosques, in addition to 10 days of Dhu al-Hijjah amid services provided by volunteers to pilgrims.

Corporate Social Responsibility Through Theeb Al Khair

Operational Health and Safety

In July, we announced our determination to attain 3 international certificates once again: ISO 14001 for environmental management, ISO 45001 for occupational health and safety management, and ISO 9001 for quality management standards. This aligns with our goal for business excellence and in aligning with international management and operation systems.



We are always keen to follow and apply the latest international standards related to our work and comply with the highest and best service levels for our customers. We continue to follow all instructions and the most accurate standards, and coordinate different departments and sections in the company. This positively reflects the quality of services and the efficiency across our branches and departments, and allows us to provide sustainable services to our customers.



Our People

Our people are the drivers of our success, and in 2022, we continued to ensure they have the necessary tools, training, and environment to continue working seamlessly.

Expansion of Our Employee Base

At Theeb, we try to offer attractive packages, incentives and more to hire the right talent and fulfil the needs of our business. At the end of 2022, we successfully expanded our employee base with 183 men and 38 women, bringing the total number of employees to 1,445, as compared to 1,336 in 2021.



Theeb Employees

1,455

In line with our efforts to increase women's employment at Theeb, we saw a 50% increase in the year 2022 as compared to last year.

Saudization

In line with the Kingdom's Vision 2030, the Saudi Industrial Development Fund (SIDF) has launched the Tawteen program which aims to enhance and finance localization opportunities in the Kingdom. We have continued to enhance our Tawteen program, in which we have employed more than 136 Saudi men and women during the year 2022.

Retaining Valuable Talent

In addition to hiring new recruits, we know it is important to acknowledge the accomplishments and hard work of our existing employees. We focus on creating a bond between employees and the organization to ensure that everyone feels respected, valued, and appreciated. We not only reward our employees' work, but recognize who they are as people while staying true to company values.

A recognition program is a vital part of retaining the finest talent for our organization. In 2022, we did this in several ways, including rewards and recognition to highlight our employees' impact, surprise celebrations of small or daily wins, and LinkedIn recommendations.

Learning and Development

We see the critical importance of learning and development to ensure that our people are continuously prepared for the latest developments in our sector. In partnership with the HR Department, the employee is assessed and then given courses to strengthen key areas. Overall, 30 courses were arranged during 2022 for all departments, extending to directors and the executive management.

Looking Ahead

We had an excellent year with thanks to the support and commitment of our people. In terms of performance, we achieved record-breaking profits and saw significant achievements throughout the year.

In 2023, we aim to employ more than 150 Saudi men and women to support the Saudization program of the Ministry of Human Resources and Social Development and to increase the fleet of Theeb company. We also look to continue investing in the training and education of our existing workforce, to ensure that they are ready to adapt to the evolving needs of our sector.



لتأجير السيارات
Rent a Car



03 Governance



Board of Directors, Committees, and Executive Management

Board of Directors

The company is managed by a Board of Directors that consists of 6 members appointed by the company's General Assembly, for a period not exceeding 3 years.

Member Name	Nature of Membership	Membership Type
Mr. Mohammed Ahmed Abdullah Al-Theeb	Chairman	Non-Executive Director
Mr. Riyadh Saleh Hamad Al Malik	Vice Chairman	Independent Director
Mr. Mohammed Hamoud Abdullah Al-Theeb	Board Member	Executive Director
Mr. Selim Chidiac	Board Member	Non-Executive Director
Mr. Haitham Tofik Ibrahim AlForaih	Board Member	Independent Director
Mr. Naif Mohammed Ahmed Al-Theeb*	Managing Director	Executive Director

* On 13 April 2022, the Board of Directors approved the resignation of the Board of Directors Mr. Hassan Samir Abdullah Al-Shuwaikh from the membership of the Board, and approved the appointment of Mr. Naif Mohammed Ahmed Al-Theeb as a member of the Board of Directors and the Ordinary General Assembly held on 22 May 2022 approved his appointment as Board of Director.

Audit Committee

Member Name	Nature of Membership
Mr. Haitham Tofik Ibrahim AlForaih	Chairman of the Committee and Member of the Board of Directors
Mr. Ayman Jamil Salem Ammar	A member from outside the Board
Mr. Abdulaziz Abdullah Mohammed Al Hidery*	A member from outside the Board

*On 13 April 2022, the Board of Directors approved the resignation of the Audit Committee Member Mr. Hassan Samir Abdullah Al-Shuwaikh from the Audit Committee Membership and approved the appointment of Mr. Abdulaziz Abdullah Mohammed Al Hidery as Audit Committee Member and the Ordinary General Assembly held on 22 May 2022 approved his appointment as Audit Committee Member.

Nominations and Remunerations Committee

Member Name	Nature of Membership
Mr. Riyadh Saleh Hamad Al Malik	Chairman of the Committee and Member of the Board of Directors
Eng. Fahad Merey Mohammad Alshahrani	A member from outside the Board
Mr. Abdullah Abdulrahman Ibrahim Alshamrani	A member from outside the Board

*On June 05 2022, the Board of Directors approved the resignation of the Nominations and Remunerations Committee Member Mr. Waseem Mohamed Hammouda from the Nominations and Remunerations Committee Membership and approved the appointment of Mr. Abdullah Abdulrahman Ibrahim Alshamrani on 13 September 2022, as a Nominations and Remunerations Committee Member.

Executive Committee

Member Name	Nature of Membership
Mr. Mohammed Hamoud Abdullah Al-Theeb	Chairman of the Committee and Member of the Board of Directors
Mr. Naif Mohammed Ahmed Al-Theeb	Member of the Board of Directors
Mr. Jafar Salahuddin AlBaz	A member from outside the Board
Mr. Shahzad Hameed Ali	A member from outside the Board

Executive Management

Name	Position
Mr. Naif Mohammed Ahmed Al-Theeb	Chief Executive Officer
Mr. Jafar Salahuddin AlBaz	Executive Director of the Financial Department
Mr. Shahzad Hameed Ali	Executive Director – Corporate Operation

Board of Directors, Committees, and Executive Management (continued)

Biographies of the Members of the Board of Directors



Mr. Mohammed Ahmed Abdullah Al-Theeb
Chairman

Current Jobs

- Chairman of the Board of Directors of the company since 2018
- Chairman of the Board of Directors of Al-Theeb Sons Company, a closed joint stock company, working in the field of real estate management, since 2018
- Chairman of the Board of Directors of Mohamed Ahmed Al-Theeb Contracting Company, a closed joint stock company, working in the contracting field, since 2018

Previous Jobs and Experience

- Chief Executive Officer of the company; 1991 - 2017
- Member of the Board of Directors of the company; 1991 - 2017
- General Manager of Al-Theeb Sons Real Estate Management Company, a limited liability company, working in the field of real estate management, from 2007 to 2017
- General Manager of the Mohammed Ahmed Al-Theeb Contracting Establishment, a sole proprietorship, working in the field of contracting, from 1991 to 2001
- Vehicles' Registration and Plates Official at Aljomaih Automotive Company, a solidarity company, working in the field of car sales and services, from 1976 to 1986

Qualifications

- High School, Al-Fateh Secondary School, Amman, Jordan, in 1970

Committee Membership

- Not Applicable



Mr. Riyadh Saleh Hamad Al Malik
Vice Chairman

Current Jobs

- Member of the company's Board of Directors since 2020
- Chief Executive Officer of the Saudi Automotive Services and Equipment Company (SASCO), a public joint stock company, working in the field of car service and equipment and management of stations, rest houses, motels and quick service centers, since 2009
- Member of the Board of Directors of the Saudi Automotive Services and Equipment Company (SASCO), a public joint stock company, working in the field of car service and equipment and management of stations, rest houses, motels and quick service centers, since 2015
- Member of the National Committee for Gas Station Companies in the Council of Saudi Chambers
- Member of the Customs Council of the International Automobile Federation, an international non-profit organization, concerned with caring for the interests of organizations related to cars and car users and promoting best practices and sustainable practices, since 2009
- Member of the Arab Council for Automobile and Tourism Clubs, a global organization that aims to unite the Arab-speaking FIA member car clubs, since 2011
- Member of the International Road Transport Union, an independent international organization, concerned with facilitating the transport of people and goods by land and facilitating global trade lines, since 2012
- Member of the Arab Federation of Land Transport, a joint Arab body, specialized in the affairs of development, development, regulation and integration of the land transport sector in the Arab world, since 2009

Previous Jobs and Experience

- President of the Customs Council of the FIA, an international non-profit organization, concerned with caring for the interests of organizations related to cars and car users and encouraging best practices and sustainable practices, from 2011 to 2017
- Chairman of the National Committee for Gas Station Companies in the Council of Saudi Chambers
- General Manager of Tas'helat Marketing Company Limited (Sahel), a limited liability company, working in the field of managing a chain of retail fuel outlets and car service centers within stations throughout Saudi Arabia, from 2005 to 2009
- Deputy General Manager for Marketing at Al-Riyadh Development Company, a public joint stock company, working in the field of real estate management and development, from 2000 to 2005
- Director of Marketing Department at the Saudi Real Estate Company, a public joint stock company, working in the field of investment, management and development of real estate, from 1998 to 2000
- Sales Manager at the InterContinental Hotel Riyadh, InterContinental Hotels Group, a public joint stock company, working in the global hotel and hospitality field, from 1997 to 1998
- Sales Manager at Dur Hospitality Company (formerly the Saudi Company for Hotels and Tourist Areas), a public joint stock company, working in the field of establishing, owning, managing and purchasing hotels and managing real estate development, from 1995 to 1997

Qualifications

- Bachelor's degree in Business Administration, King Abdulaziz University, Jeddah, Saudi Arabia

Committee Membership

- NRC



**Mr. Mohamed Hamoud
Abdullah Al-Theeb**
Member of the Board of
Directors

Current Jobs

- Member of the company's Board of Directors since 2015
- Rental Operation Manager Department since 2022
- Business development manager at Theeb Rent a Car, from 2018 until 2022
- Member of the Board of Directors of Madareem Crown Hotel Company, a limited liability company, working in the field of management, operation and maintenance of hotels, residential units and furnished apartments, since 2011
- Member of the Board of Directors of Theeb Contracting and Real Estate Company Limited, a limited liability company working in real estate development since 2021
- Chairman of the Executive Committee of Theeb Rent a Car, a public joint stock company, working in the field of car rental since 2021
- Board member of Hammoud AlTheeb Holding Company
- Member of Rental Car committee, corporate sector, Riyadh Chamber of Commerce since 2020

Previous Jobs and Experience

- Manager of Special Customer Accounts in the business sector in the company from 2017 to 2018
- Operations Manager at Al Atoz Company, a limited liability company working in the transport of goods on land roads, wholesale and retail and fuel sale services, from 2013 to 2017

Qualifications

- General Secondary School, Dar Al Uloom Schools, Riyadh, Saudi Arabia, in 2013
- General Certificate for Dealing in Securities CME1

Committee Membership

- Executive Committee



Mr. Selim Chidiac
Member of the Board of
Directors

Current Jobs

- Member of the company's Board of Directors, since 2020
- Chief Executive Officer of Lazurde Company for Jewelry, a public joint stock company, working in the field of producing and manufacturing gold, jewelry and precious stones, since 2010

Previous Jobs and Experience

- Member of the Board of Directors of Lazurde Company for Jewelry, a public joint stock company, working in the field of producing and manufacturing gold, jewelry and precious stones, from 2018 to 2020
- Chief Executive Officer of Red Bull North America, a limited liability company, working in the field of retail and specializing in consumer goods, from 2007 to 2010
- Chief Executive Officer and Regional Head (Asia Pacific, Middle East and Africa), Red Bull Japan KK Corporation, a closed joint stock company, working in the field of consumer goods, from 2006 to 2007
- Regional Head (Asia Pacific, Middle East and Africa), Red Bull FZE, a limited liability company, working in the field of retail and specializing in consumer goods, from 2004 to 2005
- Area Manager (Middle East, North Africa and Greece), Red Bull GmbH, a limited liability company, working in the field of retail and specializing in consumer goods, from 1999 to 2002
- Marketing Director, Procter & Gamble, a public joint stock company, working in the field of retail and specializing in consumer goods, from 1997 to 1999
- Brand Manager at Procter & Gamble, a public joint stock company, working in the field of retail and specializing in consumer goods, from 1995 to 1997

Qualifications

- Bachelor's degree in Engineering, École Normale Supérieure for Chemistry, Physics and Electronics, Lyon, France, in 1995

Committee Membership

- Not Applicable

Board of Directors, Committees, and Executive Management (continued)

Biographies of the Members of the Board of Directors (continued)



**Mr. Haitham Tofik
Ibrahim AlForaih**
Member of the Board of
Directors

Current Jobs

- Member of the company's Board of Directors, since 2021
- Founding Partner and Chief Executive Officer of Seedra Investment Company

Previous Jobs and Experience

- Partner and Vice President of Amwal Al Khaleej Company
- Principal at Amwal Al Khaleej Company
- Financial Analyst at Abdul Qader Al Muhaidib & Sons Group of Companies
- Serve on portfolio committee, advise OpCo management on operational, strategic and restructuring initiatives
- Lead all aspects of the investment process including deal prospecting, structuring, and negotiation and closing
- Business development experience in creating growth opportunities for portfolio companies in various sectors across the GCC including retail, food and beverage, healthcare and education

Qualifications

- MBA from University of Baltimore, Maryland
- Bachelor of Science of Architectural Engineering from Tennessee State University

Committee Membership

- AC



**Mr. Naif Mohammed
Ahmed Al-Theeb**
Managing Director

Current Jobs

- Board Member of the company since 2022
- Chief Executive Officer of the company since 2018
- Member of Executive Committee since 2021
- Member of the Board of Directors of Al-Theeb Sons Company, a closed joint stock company, working in the field of real estate management, since 2018
- Member of the Board of Directors of Mohamed Ahmed Al-Theeb Contracting Company, a closed joint stock company, working in the contracting field, since 2018

Previous Jobs and Experience

- Vice Chairman of the Board of Directors of the company from 2018 to 2020
- Executive Director of Operations in the company from 2015 until 2018
- Assistant Chief Executive Officer of the company from 2012 to 2015
- Assistant General Manager in the company from 2008 to 2012
- Director of the Central Region Branches in the company from 2005 to 2008
- Assistant Director of the Central Region Branches in the Company from 2003 to 2005
- Public Relations Manager in the company from 2002 until 2003
- Public Relations Officer in the company from 2000 until 2003

Qualifications

- Bachelor's degree in Global Business, King Abdulaziz University, Jeddah, Saudi Arabia, in 2009

Committee Membership

- Executive Committee

Biographies of Committees

Audit Committee



**Mr. Haitham Tofik
Ibrahim AlForaih**
Member of the Board of
Directors

Current Jobs

- Member of the company's Board of Directors, since 2021
- Founding Partner and Chief Executive Officer of Seedra Investment Company

Previous Jobs and Experience

- Partner and Vice President of Amwal Al Khaleej Company
- Principal at Amwal Al Khaleej Company
- Financial Analyst at Abdul Qader Al Muhaidib & Sons Group of Companies
- Serve on portfolio committee, advise OpCo management on operational, strategic and restructuring initiatives
- Lead all aspects of the investment process including deal prospecting, structuring, and negotiation and closing
- Business development experience in creating growth opportunities for portfolio companies in various sectors across the GCC including retail, food and beverage, healthcare and education

Qualifications

- MBA from University of Baltimore, Maryland
- Bachelor of Science of Architectural Engineering from Tennessee State University

Committee Membership

- AC



Mr. Ayman Jamil
Member of the Audit
Committee

Current Jobs

- Chief Financial Officer of Lazurde Company for Jewelry, since 2014

Previous Jobs and Experience

- Chief Financial Officer of the National Printing Company Group, a joint stock company for packaging, from 2012 to 2014
- The Financial Controller of SC Johnson for Africa, Middle East, CIS, Turkey and Pakistan, a company working in the field of FMCG
- Director of Finance for Fromagerie Bell Egypt, working in the field of cheese industry
- Financial Controller of GlaxoSmithKline, a pharmaceutical company
- Senior Accountant at Ernst & Young

Qualifications

- Bachelor of Commerce, Cairo University, Arab Republic of Egypt
- Certified Public Accountant, ACCA, UK, 1998
- Certified Internal Auditor, Institute of Internal Auditors, United States, 2001
- Certificate of Specialization in Investment Management from the University of Geneva, Switzerland, 2020
- Mini MA in Digital Transformation Leadership, Boston University, United States, 2020
- Mini MA in Digital Product Management, Boston University, United States, 2020

Board of Directors, Committees, and Executive Management (continued)

Biographies of Committees (continued)



**Mr. Abdulaziz Abdullah
Mohammad Al Hidery**
Member of the Audit
Committee

Current Jobs

- VP – Internal Audit at Elm Company
- Audit Committee Chairman at MASIC Logistics Company
- Audit Committee Member at Leejam Sport Company
- Audit Committee Member at SITE
- Audit & Risk Committee Member at MATARAT
- Audit Committee Member at Sadu Capital
- Audit Committee Member at National Sukuk
- Audit Committee Member at Asser Investment Company
- Audit Committee Member at Maharah Human Resources
- Audit Committee Member at Suliman Alrajhi Establishment for Development

Previous Jobs and Experience

- Audit Manager at Elm Company
- Auditor at Elm Company
- Accountant at Boud Company

Qualifications

- Masters - California State University - Information Technology
- Masters - King Saud University - Accounting
- Bachelors - King Saud University - Accounting Technology
- Certificate - Saudi Organization for Certified Public Accountants - Accounting
- Certificate - Institute of Internal Auditors - Risk Management
- Certificate - Institute of Internal Auditors - Auditing

Nominations and Remunerations Committee



**Mr. Riyadh Saleh Hamad
Al Malik**
Vice Chairman

Current Jobs

- Member of the company's Board of Directors since 2020
- Chief Executive Officer of the Saudi Automotive Services and Equipment Company (SASCO), a public joint stock company, working in the field of car service and equipment and management of stations, rest houses, motels and quick service centers, since 2009
- Member of the Board of Directors of the Saudi Automotive Services and Equipment Company (SASCO), a public joint stock company, working in the field of car service and equipment and management of stations, rest houses, motels and quick service centers, since 2015
- Member of the National Committee for Gas Station Companies in the Council of Saudi Chambers
- Member of the Customs Council of the International Automobile Federation, an international non-profit organization, concerned with caring for the interests of organizations related to cars and car users and promoting best practices and sustainable practices, since 2009
- Member of the Arab Council for Automobile and Tourism Clubs, a global organization that aims to unite the Arab-speaking FIA member car clubs, since 2011
- Member of the International Road Transport Union, an independent international organization, concerned with facilitating the transport of people and goods by land and facilitating global trade lines, since 2012
- Member of the Arab Federation of Land Transport, a joint Arab body, specialized in the affairs of development, development, regulation and integration of the land transport sector in the Arab world, since 2009

Previous Jobs and Experience

- President of the Customs Council of the FIA, an international non-profit organization, concerned with caring for the interests of organizations related to cars and car users and encouraging best practices and sustainable practices, from 2011 to 2017
- Chairman of the National Committee for Gas Station Companies in the Council of Saudi Chambers
- General Manager of Tas'helat Marketing Company Limited (Sahel), a limited liability company, working in the field of managing a chain of retail fuel outlets and car service centers within stations throughout Saudi Arabia, from 2005 to 2009
- Deputy General Manager for Marketing at Al-Riyadh Development Company, a public joint stock company, working in the field of real estate management and development, from 2000 to 2005
- Director of Marketing Department at the Saudi Real Estate Company, a public joint stock company, working in the field of investment, management and development of real estate, from 1998 to 2000
- Sales Manager at the InterContinental Hotel Riyadh, InterContinental Hotels Group, a public joint stock company, working in the global hotel and hospitality field, from 1997 to 1998
- Sales Manager at Dur Hospitality Company (formerly the Saudi Company for Hotels and Tourist Areas), a public joint stock company, working in the field of establishing, owning, managing and purchasing hotels and managing real estate development, from 1995 to 1997

Qualifications

- Bachelor's degree in Business Administration, King Abdulaziz University, Jeddah, Saudi Arabia

Committee Membership

- NRC



**Eng. Fahad Merey
Mohammad Alshahrani**
Member of the Nominations
and Remunerations
Committee

Current Jobs

- Member of the Nominations and Remunerations Committee at Theeb Rent a Car, a public joint stock company, since 2020
- Chief Shared Services Officer at APICORP Arabian Petroleum Investment Corporation, energy-focused multilateral financial institution providing financial solutions for the energy of tomorrow, since 2022

Previous Jobs and Experience

- Director General of Human Resources at the Ministry of Industry and Mineral Resources, a government ministry, working to regulate the industrial and mining sector and maximize the sector's returns, from 2020 to 2022
- Director General of Talents and Remunerations Department at the Royal Commission for Riyadh City - Diplomatic Quarter, a government agency working on developing and investing the Embassy District in Riyadh, from 2019 to 2020
- Director of the Human Resources Department at the General Entertainment Authority, a government agency working to organize and develop the entertainment sector in Saudi Arabia, from 2017 to 2018
- Director of Talent and Rewards Department at Saudi Telecom Solutions Company, a public joint stock company, working in the field of information and communications technology (ICT), from 2015 to 2017
- Talent and Rewards Manager at Saudi Telecom Solutions Company, a public joint stock company, working in the field of information and communications technology (ICT), from 2012 to 2015
- Founding Partner of Advanced Supply Company, a limited liability company working in the field of food and restaurants, since 2018
- Chief Administrative Performance Analyst at Etihad Etisalat Company (Mobily), a public joint stock company, working in the field of communications services, from 2010 to 2012
- Administrative Performance Analyst at Etihad Etisalat Company (Mobily), a public joint stock company, working in the field of communications services, from 2007 to 2010

Qualifications

- Executive Program for Leadership Development, Michigan Business School, USA 2022
- Executive Program for Business Leaders in Institutions, IMD, Switzerland 2018
- Diploma in Human Resources Management, Accredited Institute for Personnel Development (CIPD), London, United Kingdom, in 2012
- Bachelor's degree in Industrial Engineering, King Saud University, Riyadh, Saudi Arabia, in 2007



**Mr. Abdullah Abdulrahman
Ibrahim Alshamrani**
Member of the Nominations
and Remunerations
Committee

Current Jobs

- Executive Partner at Gartner

Previous Jobs and Experience

- Member of Board of Directors and Member of Remuneration and Compensation Committee, from 2019 to 2021
- Digital Products Director, from 2020 to 2021
- Digital Development Director, from 2015 to 2019
- IT Strategy & EA Program (AFAAQ) Manager, from 2014 to 2015
- Software Quality Assurance (SQA) Director, from 2011 to 2014
- Software Quality Assurance (SQA) Project Manager, from 2009 to 2011
- Financial Applications Lead, from 2005 to 2007

Qualifications

- MISK's 2030 Leaders Program, 2022
- Developing Strategy for Value Creation, London Business School, 2019
- Leading Digital Business Transformation, IMD, 2018
- Leadership Development Program, CCL, 2015
- Master of Information Management Systems Professional, Monash University, 2009
- Master of Information Management Systems Professional, Monash University, 2009
- Bachelor of Science in Computer Science, Colorado State University, 2004

Board of Directors, Committees, and Executive Management (continued)

Biographies of Committees (continued)

Executive Committee



**Mr. Mohamed Hamoud
Abdullah Al-Theeb**
Member of the Board of
Directors

Current Jobs

- Member of the company's Board of Directors since 2015
- Rental Operation Manager Department since 2022
- Business development manager at Theeb Rent a Car, from 2018 until 2022
- Member of the Board of Directors of Madareem Crown Hotel Company, a limited liability company, working in the field of management, operation and maintenance of hotels, residential units and furnished apartments, since 2011
- Member of the Board of Directors of Theeb Contracting and Real Estate Company Limited, a limited liability company working in real estate development since 2021
- Chairman of the Executive Committee of Theeb Rent a Car, a public joint stock company, working in the field of car rental since 2021.
- Board member of Hammoud AlTheeb Holding Company
- Member of Rental Car committee, corporate sector, Riyadh Chamber of Commerce since 2020

Previous Jobs and Experience

- Manager of Special Customer Accounts in the business sector in the company from 2017 to 2018
- Operations Manager at Al Atoz Company, a limited liability company working in the transport of goods on land roads, wholesale and retail and fuel sale services, from 2013 to 2017

Qualifications

- General Secondary School, Dar Al Uloom Schools, Riyadh, Saudi Arabia, in 2013.
- General Certificate for Dealing in Securities CME1

Committee Membership

- Executive Committee



**Mr. Naif Mohammed
Ahmed Al-Theeb**
Chief Executive Officer

Current Jobs

- Board Member of the company since 2022
- Chief Executive Officer of the company since 2018
- Member of Executive Committee since 2021
- Member of the Board of Directors of Al-Theeb Sons Company, a closed joint stock company, working in the field of real estate management, since 2018
- Member of the Board of Directors of Mohamed Ahmed Al-Theeb Contracting Company, a closed joint stock company, working in the contracting field, since 2018

Previous Jobs and Experience

- Vice Chairman of the Board of Directors of the company from 2018 to 2020
- Executive Director of Operations in the company from 2015 until 2018
- Assistant Chief Executive Officer of the company from 2012 to 2015
- Assistant General Manager in the company from 2008 to 2012
- Director of the Central Region Branches in the company from 2005 to 2008
- Assistant Director of the Central Region Branches in the Company from 2003 to 2005
- Public Relations Manager in the company from 2002 until 2003
- Public Relations Officer in the company from 2000 until 2003

Qualifications

- Bachelor's degree in Global Business, King Abdulaziz University, Jeddah, Saudi Arabia, in 2009

Committee Membership

- Executive Committee



**Mr. Jafar Salahuddin
AlBaz**
Executive Director of
Financial Department

Current Jobs

- Executive Director of the company's Financial Department, since 2018

Previous Jobs and Experience

- Financial Director in Al Jaber Holding Group in a limited liability company working in the field of contracting and rental services, from 2015 until 2018
- Financial Director of Yazid Al-Rajhi Holding Group, a limited liability company working in the field of retail, food, contracting and technology, from 2012 until 2015
- Financial Director at Al Mutlaq Projects, a closed joint stock company working in the field of contracting and services, from 2009 to 2012
- Financial Director of Baseco International Contracting, a limited liability company working in the field of contracting, from 2007 to 2009
- Financial Director of the Saudi Research Group, a public joint stock company working in the field of publishing and media, from 2005 to 2007
- Principal auditor at Talal Abu-Ghazaleh & Co., a limited liability company working in the field of professional services, from 1998 to 2005

Qualifications

- Bachelor's degree in Accounting, Yarmouk University, Irbid, Jordan, in 1998



Mr. Shahzad Hameed Ali
Executive Director –
Corporate Operation

Current Jobs

- Executive Director of the Business Sector in the company, since 2014

Previous Jobs and Experience

- Chief Executive Officer of S&S Consulting Company, a limited liability company working in the field of management consulting, from 2010 until 2014
- Chief Executive Officer in Hanco Rent A Car Company, a closed joint stock company working in the field of car rental, from 1993 to 2010

Qualifications

- Master of Business Administration, European University, Paris, France, in 1992
- Bachelor's degree in Business Administration, European University, Paris, France, in 1991

Board of Directors, Committees, and Executive Management (continued)

Executive Management Biographies

All Executive Management biographies have been mentioned in previous sections.

Names of the Companies in Which a Member of the Board of Directors is a Member of its Current and Previous Board of Directors or One of its Managers

Member Name	Company Name	Inside/Outside Saudi Arabia	Board Membership Current/ Previous	Legal Entity
Mr. Mohammed Ahmed Abdullah Al-Theeb	Member of the Board of Directors of Al-Theeb Sons Company, since 2018	Inside Saudi Arabia	Current	Closed Joint Stock Company
	Member of the Board of Directors of Mohammed Ahmed Al-Theeb Contracting Company, since 2018	Inside Saudi Arabia	Current	Closed Joint Stock Company
Mr. Riyadh Saleh Hamad Al Malik	Member of the Board of Directors of the Saudi Automotive Services Company (SASCO) since 2015	Inside Saudi Arabia	Current	Public Joint Stock Company
	Member of the Board of Directors of Tashelat Marketing Company	Inside Saudi Arabia	Previous	Limited Liability Company
	Member of the Board of Directors of Sahel Transport Company	Inside Saudi Arabia	Previous	Limited Liability Company
	Member of the Board of Directors of Sara Telecommunications Co.	Inside Saudi Arabia	Previous	Limited Liability Company
Mr. Mohammed Hammoud Abdullah Al-Theeb	Al-Furusiya Company for Trade and Services Ltd.	Inside Saudi Arabia	Previous	Limited Liability Company
	Member of the Board of Directors of Madareem Hotel Management and Operation Company since 2011	Inside Saudi Arabia	Current	Limited Liability Company
	Member of the Board of Directors of Theeb Contracting and Real Estate Company Ltd. since 2021	Inside Saudi Arabia	Current	Limited Liability Company
Mr. Selim Chidiac	Member of the Board of Directors of Hammoud AlTheeb Holding Company	Inside Saudi Arabia	Current	Closed Joint Stock Company
	Member of the Board of Directors of Lazurde Company for Jewelry from 2018 until 2020	Inside Saudi Arabia	Previous	Public Joint Stock Company

Member Name	Company Name	Inside/Outside Saudi Arabia	Board Membership Current/ Previous	Legal Entity
Mr. Haitham Tofik Ibrahim AlForaih	Member of the Board of Directors of Seedra Investments	Inside Saudi Arabia	Current	Closed Joint Stock Company
	Member of the Board of Directors of BLOM Investment Saudi Arabia, since 2019	Inside Saudi Arabia	Current	Closed Joint Stock Company
	Vice Chairman of the Board of Directors of Al-Mashaer Holding Company, since 2017	Inside Saudi Arabia	Current	Closed Joint Stock Company
	Member of the Board of Directors of the Gulf Insulation Group Company	Inside Saudi Arabia	Current	Closed Joint Stock Company
	Member of the Board Directors of the Ahed Business Service Company	Inside Saudi Arabia	Current	Closed Joint Stock Company
	Member of the Board Directors of the Thiqa Business Services Company	Inside Saudi Arabia	Current	Limited Liability Company
	Member of the Board Directors of the Anoush Trading Company	Inside Saudi Arabia	Current	Closed Joint Stock Company
	Member of the Board of Directors of Bayan Credit Information Company since 2019	Inside Saudi Arabia	Current	Closed Joint Stock Company
	Member of the Board of Directors of Zohoor Al Reef Company since 2019	Inside Saudi Arabia	Current	Closed Joint Stock Company
	Chairman of the Board of Directors of Al-Mehbaj Company since 2019	Inside Saudi Arabia	Current	Closed Joint Stock Company
	Member of the Board Directors of the Al Hoshan Group	Inside Saudi Arabia	Previous	Closed Joint Stock Company
	Member of the Board Directors of the Arabian Pipes company	Inside Saudi Arabia	Previous	Public Joint Stock Company
	Chairman of the Board of Directors of U-Mark Trading Company	Inside Saudi Arabia	Previous	Closed Joint Stock Company
	Member of the Board of Directors of Amana Cooperative Insurance Company	Inside Saudi Arabia	Previous	Public Joint Stock Company
Member of the Board of Directors of Zahrat Al-Rabeeh Company	Inside Saudi Arabia	Previous	Limited Liability Company	
Mr. Naif Mohammed Ahmed Al-Theeb	Member of the Board of Directors of Al-Theeb Sons Company since 2018	Inside Saudi Arabia	Current	Closed Joint Stock Company
	Member of the Board of Directors of Mohamed Ahmed Al-Theeb Contracting Company, since 2018	Inside Saudi Arabia	Current	Closed Joint Stock Company

Board of Directors, Committees, and Executive Management (continued)

Procedures Taken by the Board to Inform its Members, Non-Executive Directors in Particular, of the Shareholders' Suggestions and Remarks on the Company and its Performance

- Board meetings
- Meetings of the committees emanating from the Board of Directors
- General Assembly meetings

The Following Table Shows the Attendance of Board Members at Meetings During 2022

Member	06/02/2022	02/03/2022	09/08/2022	30/08/2022	01/11/2022	27/12/2022
Mr. Mohammed Ahmed Abdullah Al-Theeb	Attendance by proxy	Attended	Attendance by proxy	Attended	Attended	Attended
Mr. Riyadh Saleh Hamad AlMalik	Attended	Attended	Attended	Attended	Attended	Attended
Mr. Mohammed Hamoud Abdullah Al-Theeb	Attended	Attended	Attended	Attended	Attended	Attended
Mr. Selim Chidiac	Attended	Attended	Attended	Attended	Attended	Attended
Mr. Haitham Tofik Ibrahim AlForaih	Attended	Attended	Attended	Attended	Attended	Attended
Mr. Naif Mohammed Ahmed Al-Theeb	Joined the Board on 13 April 2022	Joined the Board on 13 April 2022	Attended	Attended	Attended	Attended
Mr. Hassan Samir Abdullah Al-Shuwaikh	Attended	Attended	His membership expired on 13 April 2022	His membership expired on 13 April 2022	His membership expired on 13 April 2022	His membership expired on 13 April 2022

Board of Directors Committees and General Assembly

Board of Directors Committees

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

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

Audit Committee

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

- **Financial Statements and Reports:**
 - review important matters related to accounting affairs and preparing reports, including complex or unfamiliar transactions, critical discretionary areas, and emerging professional and organizational announcements, and assessing their impact on the financial statements;

- review, express an opinion on, and make recommendations to the Board of Directors regarding the interim and annual financial statements of the company, including all announcements relating to the company's financial performance, prior to their presentation to the Board of Directors, to ensure their integrity, fairness and transparency;
 - at the request of the Board of Directors, express a technical opinion with respect to fairness, balance and comprehensibility of the Board of Directors report and the company's financial statements, and whether they include the information necessary to enable shareholders and investors to assess the company's financial position, performance, business model and strategy;
 - carefully review and consider any significant or unusual issues or matters included in the company's financial statements and reports, and review any matters raised by the Chief Executive Officer (or his delegate), the Chief Financial Officer (or his delegate), Compliance Officer, internal auditor or external auditor;
 - examine the accounting estimates in respect of significant matters contained in the company's financial statements and reports;
 - review the accounting policies in force and advise the Board of Directors of its opinion and any recommendations regarding the same;
 - review audit results with Management and the external auditor, including any difficulties encountered;
 - review other sections of the Annual Report and related regulatory files before issuance, and consider accuracy and completeness of information;
 - review all matters required to be raised to the committee in light of recognized auditing standards, in cooperation with Management and the external auditor; and
 - understand how Management develops preliminary financial information, and the nature and extent of the internal auditor and external auditor's involvement.
- **Internal Control and Audit:**
 - review and consider the effectiveness of the company's internal control, financial, and risk management systems;
 - understand the scope of the internal audit of financial reports by the internal auditor and obtain reports that include important findings and recommendations, and management notes and comments;
 - review the internal audit reports and pursue the implementation of corrective measures in respect of the comments included therein;
 - oversee and supervise the performance and the activities of the internal auditor and the company's Internal Audit Department to ensure they have access to the necessary resources and ensure their effectiveness in performing the tasks and duties assigned to them;
 - approve the company's internal audit regulations and review the company's internal audit procedures;
 - approve the annual audit plan and all changes thereto, and review the performance and activities of the internal audit against the defined plan;
 - work with the internal auditor to review the internal audit budget, resource plan, activities, and the organizational structure of the internal audit functions;
 - hold independent meetings with the internal auditor on a regular basis to discuss any matters that the committee or internal audit officials deem necessary to be discussed in private sessions;

Board of Directors, Committees, and Executive Management (continued)

- recommend to the Board of Directors decisions regarding the appointment, dismissal and remuneration of the company's internal auditor; and
 - review on an annual basis the performance and the activities of the internal auditor and recommend to the Board their annual remuneration and salary adjustment.
- **External Audit:**
 - recommend to the Board of Directors the appointment, dismissal, and compensation of the external auditor, after verifying its independence and reviewing its scope of work and terms of engagement;
 - review the professional qualifications of the external auditor and the personnel that will be working within the external auditor for the company;
 - review the performance and supervise the activities of the external auditor and report to the Board of Directors with its recommendations in respect of the same;
 - verify the independence, objectivity, and fairness of the external auditor and the effectiveness of the external auditor's audit work, taking into account the relevant rules and standards, and make recommendations to the Board in respect of the same;
 - review the external auditor's proposed audit scope, approach, and plan, and make any comments thereon;
 - review the external auditor's services and verify that it is not providing any technical or management services outside of the scope of the audit, except as prescribed by the legislative authorities, and make recommendations to the Board of Directors in respect of the same;
 - address any inquiries raised by the external auditor;
 - review the reports, qualifications and comments of the external auditor in relation to the company's financial statements and follow up on the actions taken in relation to the same, and
 - settle any disputes that arise between the Management and the external auditor regarding the preparation of financial reports.
- **Compliance:**
 - verify and monitor the company's compliance with the applicable laws, regulations, policies and instructions;
 - review the effectiveness of the monitoring system and ensure compliance with laws and regulations and the results of investigations conducted by the Management and follow up any cases of non-compliance (including taking disciplinary measures);
 - review the reports and results of investigations of any supervisory or regulatory authority, and ensure that the company has undertaken the necessary actions in relation to the same;
 - review the contracts and transactions to be entered into by the company with related parties, and make recommendations to the Board of Directors in relation to the same;
 - ensure that appropriate arrangements and mechanisms are put in place, and implemented to allow for the confidential and anonymous submission by the company's employees of concerns regarding any financial, accounting or auditing matters (including financial reports) or any cases of non-compliance;
 - report to the Board of Directors any matters or issues which should be brought to the attention of the Board of Directors, and any related recommendations, and

- obtain updates on a regular basis from the company's Management and its Legal Advisor regarding compliance matters.
- **Reporting:**
 - report to the Board of Directors on its proceedings, recommendations, and resolutions after each meeting of the committee;
 - provide open means for communication between the internal auditor, the external auditor and the Board of Directors;
 - submit an annual report to the shareholders describing the committee's composition, duties and performance of these duties, and any other information as required by the applicable rules, including approval of services outside the scope of audit;
 - review any other reports issued by the company in relation to the responsibilities of the committee;
 - prepare a written Annual Report on its opinion on the adequacy and effectiveness of the company's internal and financial control and risk management systems and its recommendations in this regard, in addition to other activities it has undertaken within its functions. Sufficient copies of this report shall be deposited in the company's headquarters to provide, upon request, all shareholders with a copy of it. This report will be published on the company's website and the Exchange's website when the invitation for the relevant annual general meeting is published, provided that this is at least 10 days before the date specified for meeting. The report shall be read out at the meeting; and
 - prepare a written report to the Board of Directors regarding the company's internal audit procedures and the committee's recommendations in this regard.
- **Other Functions:**
 - initiate and supervise private investigations, as needed;
 - carry out other related work as requested by the Board of Directors;
 - review and evaluate the adequacy and appropriateness of the Audit Committee's responsibilities on an annual basis and submit recommendations to the Board in this regard, and ensure that the necessary disclosures are made in accordance with the requirements of the relevant laws and regulations;
 - ensure on an annual basis that all committee responsibilities have been fulfilled; and
 - regularly evaluate the performance of the committee and the performance of each member.

The Audit Committee shall be created by an Ordinary General Assembly decision and its members shall consist of shareholders or others; provided that: (i) at least one member is an Independent Director; (ii) no Executive Director is a member; (iii) the number of members is not less than 3 members and not more than 5 members; (iv) and one of its members is specialized in finance and accounting. The Audit Committee convenes periodically; provided that at least 4 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.

Board of Directors, Committees, and Executive Management (continued)

Audit Committee Meetings:

Name	Role	24/02/2022	11/05/2022	04/08/2022	27/10/2022	31/10/2022
Mr. Haitham Tofik Ibrahim AlForaih	Chairman	✓	✓	✓	✓	✓
Mr. Hassan Samir Abdullah Al-Shuwaikh	Ex-member	✓	His membership expired on 13 April 2022	His membership expired on 13 April 2022	His membership expired on 13 April 2022	His membership expired on 13 April 2022
Mr. Ayman Jamil Salem Ammar	Member	✓	✓	✓	✓	✓
Mr. Abdulaziz Abdullah Mohammad Al Hidery	Member	Joined the committee on 13 April 2022	✓	✓	✓	✓

Remuneration and Nominations Committee

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

- **Nomination:**

- prepare, recommend and oversee policies and criteria in relation to the appointment of members to the Board of Directors and the Senior Management;
- interview all Board candidates and ensure that all necessary and appropriate inquiries are made into the backgrounds and qualifications of such candidates before recommending them to the Board of Directors for nomination;
- recommend to the Board of Directors candidates for nomination (or re-nomination) to the Board of Directors in accordance with the applicable laws, regulations, rules and policies;
- annually review, assess, and recommend to the Board of Directors the skills, qualifications, and experiences required for membership in the Board of Directors and the company's Senior Management.

- This includes setting the time commitment required for such membership and preparing a job description, capabilities and qualifications description required for Executive, Non-Executive and Independent Directors and members of the company's Senior Management;
- verify on an annual basis the independence of each independent Board of Directors' member in accordance with the applicable laws, regulations, and rules and the absence of any conflict of interest in case a Director also serves as a member of the Board of Directors of another company;
- periodically review and make recommendations to the Board of Directors concerning the succession plans for Directors and Senior Executives, taking into account the challenges and opportunities facing the company and the necessary capabilities, skills and experiences required for membership of the Board of Directors and functions of Senior Management;
- evaluate and recommend to the Board of Directors potential candidates for Senior Management positions in the company and, in particular, assist the Board of Directors in selecting, developing, and evaluating potential candidates for the position of Chief Executive Officer; and

- develop, and periodically review procedures for filling vacancies in the Board of Directors and the company's Senior Management and make recommendations to the Board of Directors regarding the selection and approval of candidates to fill such vacancies.
- **Review and Assessment:**
 - regularly review the structure, size, composition, strengths, and weaknesses of the Board of Directors (including the skills, knowledge, and experience) and the company's Senior Management, and make appropriate recommendations and suggest solutions to the Board of Directors in line with the interests of the company;
 - develop and oversee an induction program for new Directors and a continuing education program for current Directors, periodically review these programs and update them as necessary; and
 - develop, recommend to the Board of Directors, and oversee an annual self-evaluation process for the Directors and certain Senior Executives of the company.
- **Remuneration:**
 - prepare, disclose and supervise a clear policy for the remuneration of the Directors and the Board Committees and the Senior Management of the company (the "Remuneration Policy"), submit it to the Board of Directors in preparation for approval by the General Assembly, and verify its implementation;
 - prepare an annual report on the remuneration and other payments (in cash or in kind) granted to the Directors, members of the Board Committees and Senior Management, and clarify the relation between the remuneration received and the Remuneration Policy (including a description of any significant departures from the Remuneration Policy) (the "Annual Remuneration Report") for presentation to the Board of Directors for consideration;
 - regularly review and assess the effectiveness and appropriateness of the Remuneration Policy and make recommendations to the Board of Directors in relation to the same;
 - recommend to the Board of Directors the remuneration to be granted to the Directors, including members of the Board Committees, and the Senior Management, in accordance with the approved Remuneration Policy;
 - review and make recommendations to the Board of Directors regarding the company's incentive plans for the Directors and employees, including in relation to adopting, amending, and terminating such plans; and
 - prepare any disclosures required under the company's policies and any laws, regulations, or rules to which the company is subject, including, at a minimum, disclosures relating to the Remuneration Policy and annual report on remuneration, and disclosures relating to remuneration in the Board's Annual Report.
- **Corporate Governance:**
 - oversee, review, make recommendations, identify the best practices and suggest any changes to the Board of Directors about the company's corporate governance policies, rules and procedures, including the company's Bylaws and internal corporate governance regulation, at least annually;
 - verify company's compliance with internal corporate governance regulations and policies and applicable governance requirements under the relevant laws, regulations and rules;
 - develop, review and recommend to the Board of Directors the codes of professional conduct representing the company's values, as well as other internal policies and procedures in order to fulfil the regulatory requirements and best practices; and

Board of Directors, Committees, and Executive Management (continued)

- regularly inform the Directors of the significant changes in the applicable governance's requirements, the corporate governance developments and the best practices.
- Other Responsibilities:**
 - carry out any such other related work as requested by the Board of Directors.

The Nomination and Remuneration Committee consists of at least 3 members and up to 5 members. Members of the Committee must not be executive members of the Board of Directors; provided that there shall be at least one independent director among them. The Chairman of the committee is an Independent Director. The Committee shall convene periodically at least twice each financial year and as may be necessary by the request of the Board of Directors or any of the members.

The Following Table Shows the Attendance of Nomination and Remuneration Committee Members at Meetings During 2022:

Name	Role	1/2/2022	19/12/2022	25/12/2022
Mr. Riyadh Saleh Hamad AlMalik	Chairman	✓	✓	✓
Mr. Wassim Mohamed Hammouda	Ex-member	✓	His membership expired on 05 June 2022	His membership expired on 05 June 2022
Eng. Fahad Meryy Mohammad Alshahrani	Member	✓	✓	✓
Mr. Abdullah Abdulrahman Ibrahim Alshamrani	Member	Joined the committee on 13 September 2022	✓	✓

Executive Committee

The main role of the Committee is to assist the Board of Directors in fulfilling its responsibilities and tasks by supervising the implementation of the strategic plan and executive work plans, follow-up on achievement and taking executive decisions.

- Supervise the preparation of the company's annual budget, reviewing proposals submitted by the Executive Management, and making recommendations to the Board for approving the annual budget.
- Review and following up the implementation of all the company's projects, taking decisions according to the powers delegated to it, and discussing the obstacles encountered in implementing the various projects and recommending appropriate solutions to them.
- Review the company's performance based on management reports in light of the specific goals, measuring performance by results, analyzing and studying the main influences, indicators and developments related to its business, and directing the management accordingly.
- Participate in developing the company's new strategic plans, evaluate proposals submitted by Management for such plans, such as mergers and acquisitions, and raise recommendations to the Board of Directors.
- Review and study the necessary regulations and policies in the company and submit its recommendations to the Board of Directors.
- Review the internal procedures and ensuring their compatibility with the workflow and amending them when needed.

- Review the organizational structure of the company and submit recommendations for any amendments to the Board of Directors.
- Verify the availability of human and financial resources necessary to achieve the company's objectives and main plans.
- Study projects and strategic and important topics and submit recommendations to the Board in this regard.
- Study the need to open new branches inside Saudi Arabia and submitting a recommendation to the Board of Directors, the Chairman of the Board, the Vice President, the Managing Director, or the Chief Executive Officer.
- Submit a recommendation to the Board of Directors in the event of a need to write off or establish branches outside Saudi Arabia.
- Studying and approving long-term lease contracts according to the approved terms of reference.
- Submit a recommendation to the Board of Directors for car purchases in case the approved budget is exceeded.
- Submit studies and recommendations to the Board of Directors in case of need to add new activities, services or products.
- Study the essential bank facilities and loans and presenting its recommendations to the authorized persons in this regard.
- Review and evaluating proposals for new investments, approving projects within the Committee's powers, and submitting its recommendations to the Board in this regard.
- Recommend to the Board of Directors regarding dividends.

The Following Table Shows the Attendance of Executive Committee Members at Meetings During 2022:

Name	Position	16/03/2022	30/05/2022	5/7/2022	28/08/2022	13/11/2022	21/12/2022
Mr. Mohammed Hamoud Abdullah Al-Theeb	Chairman	✓	✓	✓	✓	✓	✓
Mr. Naif Mohammed Ahmed Al-Theeb	Member	✓	✓	✓	✓	✓	✓
Mr. Jafar Salahuddin AlBaz	Member	✓	✓	✓	✓	✓	✓
Mr. Shahzad Hameed Ali	Member	✓	✓	✓	✗	✓	✓

General Assembly of Shareholders:

Member	General Assembly dated 22 May 2022
Mr. Mohammed Ahmed Abdullah Al-Theeb	Excused
Mr. Riyadh Saleh Hamad Al-Malik	Attended
Mr. Mohammed Hamoud Abdullah Al-Theeb	Attended
Mr. Selim Chidiac	Attended
Mr. Haitham Tofik Ibrahim AlForaih	Attended
Mr. Naif Mohammed Al-Theeb	Attended

Remuneration of the Board Members, Committees and Executive Management

The Ordinary General Assembly held on (24/07/1441 AH) corresponding to (19/03/2020 AD) approved the remuneration policy, to be as follows:

Directors Remuneration

a. Rules of Remuneration Determination

- The remuneration of all Directors shall be recommended by the Board to the General Assembly for approval on an annual basis. The recommendation of the Board to the General Assembly shall be based on the recommendation of the Nomination and Remuneration Committee. The recommendations of the Nomination and Remuneration Committee and the Board shall be in compliance with applicable laws, regulations, and policies (including this Policy).
- The remuneration of Directors could be in the form of specific cash payments, in kind benefits, attendance allowances, a percentage of the company's annual net profits, or a combination of any of the foregoing.
- Where the remuneration of Directors is distributed as a percentage of the company's net profits, the maximum total annual remuneration may not exceed 10.0% of the company's net profits after deducting the relevant reserves and after distributing profits to the company's shareholders at a minimum rate of 5.0% of the company's paid-up capital.
- In all cases, the total annual remuneration and benefits for each Director, in cash or in kind, must not exceed SAR 500,000.
- Notwithstanding Paragraphs 2 and 3 above, the remuneration of Independent Directors shall not be in the form of a percentage of the company's net profits and shall not be, directly or indirectly, based on the

profitability of the company.

- The remuneration of Directors may vary based on the experience, expertise, duties, independence, and attendance record of each Director as well as other relevant considerations.

b. Additional Remuneration

- The Chairman of the Board may receive remuneration in addition to his remuneration as a Director. Such additional remuneration (if any) shall be recommended by the Nomination and Remuneration Committee and approved by the Board on an annual basis.
- Directors serving in any of the Committees may receive remuneration in addition to their remuneration as Directors. Such additional remuneration (if any) shall be determined in accordance with Part 4 of this Policy.
- Directors serving as Senior Executives may receive remuneration in addition to their remuneration as Directors. Such additional remuneration (if any) shall be determined in accordance with Part 5 of this Policy.
- If the Secretary of the Board is also a Director, then he may receive remuneration in addition to his remuneration as a Director. Such additional remuneration (if any) shall be determined by the Board of Directors (based on the recommendation of the Nomination and Remuneration Committee) on an annual basis.

c. Committee Members Remuneration

Rules of Remuneration Determination

- The Board of Directors shall determine and approve the remuneration for the membership of its committees – with the exception of the Audit Committee –

attendance allowances and entitlements, in accordance with the recommendation of the Nomination and Remuneration Committee.

- Remuneration for membership in Board Committees consist of an annual bonus, an allowance for attendance at meetings for each meeting of a member and are paid annually.
- The company shall compensate committee members for the costs incurred by each of them in the event that the meeting takes place outside Riyadh or if the member is not a resident in Riyadh. The compensation shall only be for the costs of accommodation, tickets, transportation and an allowance for each working day.

Senior Executive Remuneration

d. Rules of Remuneration Determination

- The remuneration of all Senior Executives shall be recommended by the Nomination and Remuneration Committee and approved by the Board in accordance with the relevant employment contracts and internal policies and compensation plans.
- The Nomination and Remuneration Committee shall review and approve the employment contracts with Senior Executives, including contracts with new appointments. It shall also review and approve any contract with an employee with compensation equivalent to Senior Executives.

Benefits and Incentive Plans

- Senior Executives shall be entitled to certain benefits provided by the company. Besides pension, benefits are primarily in the areas of medical services, access to the company's recreational facilities, housing-related allowances (or equivalent), and transportation-related allowances (or equivalent). The nature and levels of benefits for Senior Executives shall be periodically reviewed by the Nomination and Remuneration Committee and approved by the Board.
- The company may offer Senior Executives variable compensation that is market-informed and subject to the fulfillment of pre-defined performance goals, whether short-term or long-term. Such variable compensation plans shall be subject to the recommendation of the Nomination and Remuneration Committee and the approval of the Board.
- The company may offer Senior Executives and other employees opportunities for share ownership through an employee share plan or similar programs. Such plans and programs shall be subject to the recommendation of the Nomination and Remuneration Committee and the approval of the Board and shall be in accordance with applicable laws, regulations, and instructions.

Remuneration of the Board Members, Committees and Executive Management (continued)

The Following Table Shows Board Members' Remuneration During 2022 (amounts in SAR):*

Statement	Fixed Remunerations							Changing Remuneration					End of Service Benefits	Expenses Allowance
	Specific Amount	Allowance for Attending Board Meetings	Total Allowance for Attending Committee Meetings	In-Kind Benefits	Remunerations for Technical, Administrative & consultative work	Remunerations of the Chairman, Managing Director, or Secretary if a member	Total	Percentage of the profit	Periodic remuneration	Short-term incentive plans	Long-term incentive plans	Granted shares (insert the value)		

Independent Members

Mr. Riyadh Saleh Hamad Al Malik	200,000	60,000	15,000	-	-	-	275,000	-	-	-	-	-	-	275,000	-
Mr. Haitham Tofik Ibrahim AlForaih	200,000	60,000	40,000	-	-	-	300,000	-	-	-	-	-	-	300,000	-
Total	400,000	120,000	55,000	-	-	-	575,000	-	-	-	-	-	-	575,000	-

Non-Executive Members

Mr. Mohammed Ahmed Abdullah Al-Theeb	200,000	40,000	-	-	-	-	240,000	-	-	-	-	-	-	240,000	-
Mr. Selim Chidiac	200,000	60,000	-	-	-	-	260,000	-	-	-	-	-	-	260,000	-
Total	400,000	100,000	-	-	-	-	500,000	-	-	-	-	-	-	500,000	-

Executive Members

Mr. Mohammed Hamoud Abdullah Al-Theeb	200,000	60,000	-	-	-	-	260,000	-	-	-	-	-	-	260,000	-
Mr. Naif Mohammed Ahmed Al-Theeb	200,000	40,000	-	-	-	-	240,000	-	-	-	-	-	-	240,000	-
Total	400,000	100,000	-	-	-	-	500,000	-	-	-	-	-	-	500,000	-

* The remuneration of the Board of Directors is paid after shareholders' approval in the General Assembly

The Following Table Shows Audit Committee Remunerations During 2022 (amounts in SAR):

Member	Fixed Remuneration (Excluding the Allowances for Attending Committee Meetings) SAR	Allowance for Attending Committee Meetings SAR	Total SAR
Mr. Haitham Tofik Ibrahim AlForaih	150,000	40,000	190,000
Mr. Ayman Jamil Salem Ammar	100,000	40,000	140,000
Mr. Abdulaziz Abdullah Mohammed Al Hidery	80,000	32,000	112,000

The Following Table Shows Nomination and Remuneration Committee Remunerations During 2022 (amounts in SAR):

Member	Fixed Remuneration (Excluding the Allowances for Attending Committee Meetings) SAR	Allowance for Attending Committee Meetings SAR	Total SAR
Mr. Riyadh Saleh Hamad Al Malik	50,000	15,000	65,000
Eng. Fahad Mery Mohammad Al-shahrani	26,400	10,000	36,400
Mr. Abdullah Abdulrahman Ibrahim Alshamrani Member*	26,400	10,000	36,400

The Following Table Shows Executive Committee Remunerations During 2022 (amounts in SAR):

Member	Fixed Remuneration (Excluding the Allowances for Attending Committee Meetings) SAR	Allowance for Attending Committee Meetings SAR	Total SAR
Mr. Mohammed Hamoud Abdullah Al-Theeb	-	-	-
Mr. Naif Mohammed Ahmed Al-Theeb	-	-	-
Mr. Jafar Salahuddin AlBaz	-	-	-
Mr. Shahzad Hameed Ali	-	-	-

Remuneration of the Board Members, Committees and Executive Management (continued)

The Following Table Shows All Remunerations and Compensations Paid to Five of the Company's Senior Executives, Including the CEO and CFO, During 2022 (amounts in SAR):

Senior Executives	Fixed Remunerations				Variable Remunerations					End of Services	Total Remunerations for Board Executives, If Any	Aggregate Amount	
	Salaries	Allowances	In-kind Benefits	Total	Periodic Remuneration	Profits	Short-Term Incentive Plans	Long - Term Incentive Plans	Granted Shares (insert the value)				Total
Executive management	3,447,459	1,230,411	0	4,677,870	0	0	671,639	0	0	5,349,509	716,886	0	6,066,395
Total	3,447,459	1,230,411	0	4,677,870	0	0	671,639	0	0	5,349,509	716,886	0	6,066,395

Details of Any Penalties, Penal or Precautionary Measures, or Violations Imposed on the Company

The company received violations from the Public Transport Authority in the amount of SAR 4,234,500 due to various reasons. It has a special committee to deal with and avoid any future violations.

Provisions of the Corporate Governance Regulations That Have Been Implemented, and What Have Not Been Implemented, With Justifications

In line with the provisions of the Corporate Governance Regulations issued by the Capital Market Authority, which requires the company to mention the provisions of the Corporate Governance Regulations that have been applied, and what has not been applied, with a statement of the reasons for non-implementation in the report of its Board of Directors. The company's Board of Directors is pleased to note that the company has prepared its own governance regulation, in line with all the

requirements contained in the Corporate Governance Regulations issued by the Capital Market Authority. It was approved by the Board of Directors on Rajab 21, 1441 corresponding to March 16, 2020, and the General Assembly of the company's shareholders approved it on (24/07/1441) corresponding to March 19, 2020. The company has worked to comply and implement all provisions contained in the Corporate Governance Regulations issued by the Capital Market Authority, except for the following articles:

Article/ paragraph number	Article/paragraph text	Reasons not to apply
39 Guiding Article	<p>The Assessment</p> <p>a) The Board shall develop, based on the proposal of the nomination committee, the necessary mechanisms to annually assess the performance of the Board, its members and committees and the Executive Management using key performance indicators linked to the extent to which the strategic objectives of the company have been achieved, the quality of the risk management and the efficiency of the internal control systems, among others, provided that weaknesses and strengths shall be identified and a solution shall be proposed for the same in the best interests of the company.</p> <p>b) The procedures of performance assessment shall be in writing and clearly stated and disclosed to the Board members and parties concerned with the assessment.</p> <p>c) The performance assessment shall entail an assessment of the skills and experiences of the Board, identification of the weaknesses and strengths of the Board and shall attempt to resolve such weaknesses using the available methods, such as nominating competent professional staff able to improve the performance of the Board. The performance assessment shall also entail the assessment of the mechanisms of the Board's activities in general.</p> <p>d) The individual assessment of the Board members shall take into account the extent of effective participation of the member and his/her commitment to performing his/her duties and responsibilities, including attending the Board and its committees meetings and dedicating adequate time thereof.</p> <p>e) The Board shall carry out the necessary arrangements to obtain an assessment of its performance from a competent third party every 3 years.</p> <p>f) Non-Executive Directors shall carry out a periodic assessment of the performance of the Chairman of the Board after getting the opinions of the Executive Directors, without the presence of the Chairman of the Board in the discussion on this matter, provided that weaknesses and strengths shall be identified and a solution shall be proposed for the same in the best interests of the company.</p>	Guideline non-binding article; its application will be studied

Provisions of the Corporate Governance Regulations That Have Been Implemented, and What Have Not Been Implemented, With Justifications (continued)

67 Guiding Article	<p>Composition of the Risk Management Committee</p> <p>The company's Board shall, by resolution therefrom, form a committee to be named the "Risk Management Committee". Chairman and majority of its members shall be Non-Executive Directors. The members of that committee shall possess an adequate level of knowledge in risk management and finance.</p>	The Audit Committee performs the duties and responsibilities of the Risk Management Committee
69 Guiding Article	<p>Meetings of the Risk Management Committee</p> <p>The Risk Management Committee shall convene periodically at least once every 6 months, and as may be necessary.</p>	The Audit Committee performs the duties and responsibilities of the Risk Management Committee
82 Guiding Article	<p>Employee Incentives</p> <p>The company shall establish programs for developing and encouraging the participation and performance of the company's employees. The programs shall particularly include the following:</p> <ol style="list-style-type: none"> 1) forming committees or holding specialized workshops to hear the opinions of the company's employees and discuss the issues and topics that are subject to important decisions; 2) establishing a scheme for granting company shares or a percentage of the company profits and pension programs for employees, and setting up an independent fund for such program; and 3) establishing social organizations for the benefit of the company's employees. 	The company provides various incentive programs
85/1 Guiding Article	<p>Social Initiatives</p> <p>Establishing indicators that link the company's performance with its social initiatives and comparing it with other companies that engage in similar activities.</p>	The company carries out various initiatives
92 Guiding Article	<p>Formation of a Corporate Governance Committee</p> <p>If the Board forms a Corporate Governance Committee, it shall assign to it the competences stipulated in Article (91) of these Regulations. Such committee shall oversee any matters relating to the implementation of governance, and shall provide the Board with its reports and recommendations at least annually.</p>	The corporate governance is supervised by various departments in the company

Company Risks

The company is exposed to some risks due to the nature of its commercial activity, as an entity operating in the field of car rental, which may be exposed to many risks. For this reason, the company implements best practices in managing and monitoring these risks through the Board of Directors and establishes a specialized risk management department to develop policies and plans to confront risks.

The Board of Directors adopts deliberate measures to confront the various risks that may interfere with the company's operational performance, and to promote a culture of awareness of the responsibilities of all relevant parties in the company, in order to be fully aware and aware of their responsibilities towards these risks. The company enhances the effectiveness of internal control and applies corporate governance controls in accordance with the highest standards of transparency, in an effort to spare the various work units with their various activities in the company any kind of risks.

Risk Management Policy Principles

The company's risk management policy is based on each of the following axes:

- Effective self-monitoring
- Sense of responsibility
- Accuracy and transparency
- Taking initiatives

In order to achieve the highest degree of preparedness and precaution to face risks, the following steps are taken:

- Hazard check
- Hazard analysis
- Defining risks
- Specification of risks
- Risk assessment
- Preparing reports on potential threats and opportunities
- Facing risk
- Following-up on risks and prepare for any emergency

Risks That the Company May Face

Risks Related to Structural Changes in the Transportation Industry

The transportation industry in general is evolving and is facing substantial structural changes. Public transportation projects, such as Riyadh Metro in Riyadh, or Haramain High Speed Railway, or companies offering new mobility business models, including ride-hailing applications such as Uber or Careem, or autonomous vehicles, may in turn affect demand for rental vehicles and result in modifying customer preferences and usages. Some of these companies may have access to substantial capital, innovative technologies or have the ability to launch new services at a relatively low cost. To the extent competitors can improve transportation efficiency, alter customer driving patterns, offer more competitive prices, more effectively utilize

Company Risks (continued)

mobile platforms, or undertake more aggressive marketing campaigns, the company could experience heightened pricing competition and/or loss of rental volume. Therefore, the company's ability to continually improve its current processes and offering in response to the structural changes in the transportation industry in general, as well as in response to changes in technology, is essential in maintaining its competitive position and current levels of customer satisfaction. A failure to have a systematic and comprehensive process to address such changes may result in loss of competitive differentiation, departure of key partners, and negative impact on the company's profitability, market share, and ability to achieve growth targets, which will have a material adverse effect on the company's business, financial condition, results of operations and prospects.

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

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

Risks Related to Seasonal Factors

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

The Risks Related to Epidemics

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

In December 2019 a novel strain of the coronavirus disease (COVID-19) was first reported in Wuhan, Hubei Province, China. This disease has spread in most countries of the world, causing many countries, including the Kingdom, to take various measures to limit the spread of the COVID-19, including imposition of temporary restrictions, such as travel bans, curfews, banned movement between the cities within the Kingdom and restriction of activities that do not allow social distancing, along with requiring people coming from other countries to stay in quarantine for a certain period of time.

Risks Related to the Opening of New Car Rental Branches

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

- accurately estimating market size and potential, intensity of competition and general economic and business conditions;
- securing necessary financing for any new branch that the company constructs;
- entering into and efficiently managing construction contracts for any new branch that the company constructs;
- successfully integrating the new car rental branch within its network; and
- hiring, training and retaining qualified personnel for each new branch.

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

Risks Related to Credit Card and Mada Card Payments

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

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

The company may face difficulties in its ability to effectively collect accounts receivable. If any of the company's debtors experience difficulties in their businesses and financial condition, they may fail to pay their debts to the company when due, become insolvent or declare bankruptcy. Any failure to pay such debts or the bankruptcy or insolvency of the company's customers, particularly its major customers, will have a material adverse effect on the company's business, financial condition, results of operations and prospects.

Company Risks (continued)

Risks Related to Adverse Changes in Interest Rate

In its business, the company relies on financing facilities obtained from commercial banks. Therefore, the finance cost is largely affected by interest rates, which in turn are deemed highly sensitive to a number of factors that are not in the control of the company, including government, monetary and tax policies as well as domestic and international economic and political circumstances. They may lead to an increase in interest rates and related financing costs which may result in reducing the company's profitability and cash flow.

Risks of Reliance on Senior Management and Key Personnel

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

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

Risks Related to Failure to Attract and Retain Qualified Employees

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

Risks Related to Reliance on Information Technology Infrastructure

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

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

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

Company Risks (continued)

Risks Related to Potential Tax and Zakat Payables

- During the year ending on 31 December 2021, the management received correspondence from the Authority regarding the ownership of some shares of one of the company's shareholders, stating that there are some potential taxes on the company. The Authority considers, based on certain assumptions, that the company is partially subject to income tax. The Authority has assumed that the above-mentioned previous shareholder is wholly owned directly or indirectly by owners who are not nationals of Gulf Cooperation Council countries. Therefore, the total amount of income tax exposure as determined by the Authority is SAR 29.76 million. The exposure to withholding tax as defined by the Authority was SAR 3.94 million, covering the years 2013 to 2018, excluding delay and other related fines. As at the date of approval by the Board of Directors of these financial statements, no official assessment was received from the Authority. An additional amount is likely to be exposed for the years ending on 31 December 2019 and 2020, and for the period from 1 January 2021 until the date of the previous shareholder's sale of his shares if the Authority imposes the above-mentioned exposure on all assessment years.
- The company is currently registered with the Authority as a company subject to 100% zakat on the basis that the legal ownership of the company and its shareholders are either citizens of the Gulf Cooperation Council countries or

companies established in the countries of the Gulf Cooperation Council whose shareholders are entirely citizens of the Gulf Cooperation Council countries. Further, dividends to the above-mentioned former shareholder are not, in the management's view, subject to withholding tax because they are a company residing in the Kingdom of Saudi Arabia (as a Saudi limited liability company as per the Articles of Association).

- Discussions with the Authority regarding the above matter are still ongoing and at an early stage, and the outcome of the above order is still uncertain. Further, in anticipation of any situation imposed by the Authority, as well as any related fines or delay penalties, the above-mentioned former shareholder has submitted to the company a Letter of Indemnification to bear any tax obligations that the Authority may impose on the company in relation to the above subject matter. Therefore, in light of the information currently available and the letter of indemnity pledge from the aforementioned shareholder, management is of the opinion that it is unlikely that there will be any material exposure to the company in relation to the above communications from the Authority.

Results of the Annual Review of the Effectiveness of the Internal Control Procedures of the Company and the Opinion of the Audit Committee With Respect to the Adequacy of the Company's Internal Control System

The company's Audit Committee aims to assist the Board of Directors in verifying the adequacy of the company's internal control system and its effective implementation, and to present any recommendations to the Board of Directors that would strengthen and develop the internal control system in order to achieve the company's objectives and protect the interests of shareholders. The Committee also assists the Board of Directors in fulfilling its oversight responsibility over the company's financial, operational and information systems. This was reinforced by the presence of an independent internal audit department whose work is supervised by the Audit Committee. This supports the application of best practices in the field of internal control and governance. The Audit Department submits periodic reports on the business and activities of the company under review in order to provide a continuous evaluation of the internal control system and its effectiveness. The adequacy and effectiveness of the internal control system is reviewed by the Internal Audit Department in accordance with an annual plan approved by the Audit Committee and implemented on a regular and continuous basis to verify the effectiveness of the system in protecting the company's assets and identifying and managing business risks. The

company's Management also monitors compliance with the control procedures and corrects any deficiencies in the internal control system. The internal control work referred to in the year ended 2022 did not show any significant weakness in the company's internal control system which has not been rectified. The results of the review of the internal control system are taken care of, ensuring that the observed observations are dealt with, working to follow up on their correction, and setting controls that prevent their recurrence.

Under the Audit Committee's scope of work, and based on the periodic review reports submitted by the company's internal audit department, the external auditor, the Executive Management of the company and the Management's assurances about the effectiveness of the company's control system, the Audit Committee did not find any material matters which has significant impact that were not rectified and strengthened that may require disclosure of the fiscal year ending on 31 December 2022, and the Audit Committee's report related to the effectiveness of internal control procedures will be presented to the General Assembly and the report is available with the company's Management for the shareholders' review.

Recommendations of the Audit Committee that Conflict With the Decisions of the Board of Directors or Which the Board Refused to Take

There are no recommendations of the Audit Committee that conflict with the decisions of the Board of Directors, or the Board's refusal to take them into account regarding the appointment of the company's external auditor, his dismissal, determining his fees, evaluating his performance, or appointing the internal auditor.

Clarification of Any Difference from the Accounting Standards Approved by the Saudi Organization for Certified Public Accountants

There is no difference from the accounting standards issued by the Saudi Organization for Certified Public Accountants regarding the auditing and evaluation of the company's financial statements during 2022.

Choosing an Auditor for the Company

Ernst & Young & Co. was selected as the company's auditor in the annual General Assembly by the shareholders in the General Assembly meeting held on 22 May 2022.

Information Relating to Any Competing Business with the Company or Any of Its Activities That Any Member of the Board Is Engaging in or Was Engaging In, Including the Names of Persons in Relation, the Nature, Conditions of Such Competing Businesses. If There Are No Such Competing Businesses, the Company Must Submit a Statement Thereof

The Company ensures that there is no information relating to any competing business with the Company or any of its activities that any member of the Board is engaging in or was engaged in.

The Company's Dividend Distribution Policy

The company's profits are distributed in accordance with Article 47 of the Articles of Association and the instructions of the Ministry of Commerce. The Board of Directors shall recommend the distribution of any dividends prior to their approval by the shareholders at the General Assembly meeting. The company is under no obligation to declare any profits. Any decision to distribute dividends depends on a number of factors including the company's past and expected profits and cash flows, financing and capital requirements, market data and economic factors in general, zakat, as well as other legal and regulatory considerations. The distribution of profits is subject to the restrictions contained in the financing agreements concluded with the financing parties. The distribution of profits is also subject to the restrictions set forth in the articles of association, and profits are distributed in Saudi riyals.

The company's annual net profits shall be distributed following a deduction of all general and other expenses as follows:

- (10.0%) of the net profits shall be set aside to form a statutory reserve. Such setting aside may be discontinued by the Ordinary General Assembly when such statutory reserve totals 30.0% of the company's paid-up capital.
- The Ordinary General Assembly may, upon request of the Board of Directors, set aside 5.0% of the net profits to form a voluntary reserve to be allocated to support the financial position of the company.
- The Ordinary General Assembly may resolve to form other reserves to the extent they serve the company's interests, or to ensure the distribution of fixed dividends – so far as possible – to the shareholders; the Ordinary General Assembly may also deduct amounts from the net profit to create social institutions for the company's employees, or to support existing institutions of such kind.
- After that, a percentage representing (5.0%) of the company's paid-in capital shall be distributed to the shareholders.

Dividends Distributed During the Year 2022

Profit Period	Number of Shares Entitled to Dividend	Dividend Per Share	Dividend to Nominal Share Ratio (%)	Total Dividends	Eligibility Date	Date of Dividends
First Quarter	43,000,000 shares	SAR 0.49 per share	5.1%	SAR 21,070,000	21/06/2022	06/07/2022
Second Quarter	43,000,000 shares	SAR 0.50 per share	4%	SAR 21,500,000	08/09/2022	20/09/2022
Third Quarter	43,000,000 shares	SAR 0.62 per share	5.4%	SAR 26,660,000	15/11/2022	27/11/2022
Total				SAR 69,230,000		

A Description of Any Interest, Contractual Securities and Subscription Rights Belonging to the Members of the Board of Directors, Senior Executives and Their Relatives in the Shares or Debt Instruments of the Company or Any of its Subsidiaries

Shareholder	Beginning of the Year Number of Shares	End of the Year Number of Shares	Net Change	Change in Ownership Percentage
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Board of Directors

Mr. Mohammed Ahmed Abdullah Al-Theeb	10,118,354	10,750,000	631,746	6.24%
Mr. Mohammed Hamoud Abdullah Al-Theeb	860,000	0	(860,000)	100%
Mr. Naif Mohammed Ahmed Al-Theeb	210,700	210,700	0	-

Senior Executives

Mr. Naif Mohammed Ahmed Al-Theeb	210,700	210,700	0	-
Mr. Shahzad Hameed Ali	4,000	4,000	0	-
Shazia Akhtar Ali*	4,000	4,000	0	-

*Belongs to Mr. Shahzad Hameed Ali interest

The Following Table Shows the Number and Date of Shareholders' Register Requests and Reasons Thereof:

#	Request date	Request reason
1	06/01/2022	Company Procedures
2	15/02/2022	Company Procedures
3	10/05/2022	General Assembly
4	17/05/2022	Company Procedures
5	17/05/2022	Company Procedures
6	07/06/2022	Company Procedures
7	24/07/2022	Company Procedures
8	09/08/2022	Company Procedures
9	01/09/2022	Company Procedures
10	29/09/2022	Company Procedures
11	06/11/2022	Company Procedures
12	01/12/2022	Company Procedures
13	11/12/2022	Company Procedures

Business or Contracts With Related Parties, Who Have a Direct or Indirect Interest in Members of the Board of Directors or Senior Executives, or Any Person Related to Them

#	Related Party	Terms	Duration	Amount	Nature of Business
1	Chairman of the Board Mr. Mohammed Ahmed Al-Theeb Member of the Board of Directors Mr. Naif Mohammed Al-Theeb	These transactions were conducted on a purely commercial basis in the normal course of business.	One year or less	SAR107,087.50	Transactions with Al Faredah Multiple Purpose Halls owned by Mohammed Ahmed Al-Theeb Contracting Company.
2	Member of the Board of Directors Mr. Mohamed Hamoud Al-Theeb	These transactions were conducted on a purely commercial basis in the normal course of business.	One year or less	SAR 14,850.18	Transactions with Madareem Crown Hotel owned by Hamoud Abdullah Al-Theeb Holding Company.

Debts and Due Payments

The following table contains information on the Company's debts (amount in thousand SAR)

Bank Name	Principle Amount	Loan term	Payment	Balance
SNB/NCB	364,803.1	36-48M	150,941.8	213,861.4
Banque Saudi Fransi	229,072.5	36-48M	17,546.1	211,526.4
Alinma Bank	251,002.1	36-48M	71,045.4	179,956.7
SABB	251,922.5	30-48M	91,272.3	160,650.2
Riyadh Bank	108,939.1	36-48M	36,790.5	72,148.6
Al Rajhi Bank	82,644.7	36-48M	43,403.9	39,240.8
Bank Al-Jazira	43,390.3	36M	23,433.6	19,956.7
Total	1,331,774.4	30-48M	434,433.5	897,340.9

The following table summarizes the regular payments as follows (all amounts in SAR)

Statement	Balance as of December 2021	Amount due during 2022	Amount paid during 2022	Balance as of December 2022
General Authority for Zakat and Tax	20,946	10,639	-6,866	24,718
General Organization for Social Insurance	724	3,619	-3,698	646
Total balances of government entities	21,670	14,258	-10,564	25,364

Company Declarations

- There are no transfer or subscription rights under convertible debt instruments, contractual securities, subscription right memoranda, or similar rights issued or granted by the company.
- No redeemable debt instruments have been redeemed, purchased or canceled by the company or any of its subsidiaries, and no listed securities have been purchased either from the company or its subsidiary.
- No agreement has been entered into under which a member of the company's Board of Directors or a senior executive has waived any salary or compensation.
- There is no agreement under which a shareholder of the company has waived any rights to profits.
- The chartered accountant's report did not include any reservations on the financial statements.
- There was no recommendation by the Board of Directors to replace the company's chartered accountant before the end of the period for which it was appointed.
- There are no treasury shares held by the company.
- There are no investments or reserves established for the benefit of the company's employees during the year.
- There is no interest in the class of shares entitled to vote belonging to persons (other than members of the Board of Directors, senior executives and their relatives) who have informed the company of these rights and any change in those rights during the year 2022.
- There are no convertible debt instruments, any contractual securities, memoranda of subscription right, or similar rights issued or granted by the company during the year 2022.
- There are no transfer or subscription rights under convertible debt instruments, contractual securities, subscription right memoranda, or similar rights issued or granted by the company during the year 2022.
- No redeemable debt instruments have been redeemed, purchased or canceled by the company or any of its subsidiaries, and no listed securities have been purchased either from the company or its subsidiary.
- The company did not provide any loan to any of the members of the Board of Directors and did not guarantee any loan entered into by any of the members with third parties.
- There is no information relating to any competing business with the company or any of its activities that any member of the Board is engaging in or was engaging in such competing businesses.
- There is no subsidiary of the company.
- The company confirms the following:
 - The Board of Directors acknowledges that the books of accounts have been properly prepared.
 - The Board of Directors acknowledges that the internal control system has been prepared on sound bases and has been effectively implemented.
 - The Board of Directors acknowledges that there is no significant doubt in the company's ability to continue its activities.





04

Financial Statements

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Ernst & Young Professional Services (Professional LLC)
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INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF THEEB RENT A CAR COMPANY (A SAUDI JOINT STOCK COMPANY)

Opinion

We have audited the financial statements of Theeb Rent a Car Company - a Saudi Joint Stock company (the "Company"), which comprise the statement of financial position as at 31 December 2022, and the statement of Comprehensive Income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at 31 December 2022, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards that are endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements that are endorsed by the Saudi Organization for Chartered and Professional Accountants.

Basis for Opinion

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

Emphasis of a matter

We draw attention to note 19 to the financial statements. As stated therein, during the year ended 31 December 2021, management has received a correspondence from the Zakat, Tax and Customs Authority ("ZATCA"), regarding certain possible taxes on the Company relating to the ownership interests of one of the Company's former shareholders. As at the date of this report, no official assessment has been received from ZATCA. Our opinion has not been modified in respect of this matter.

Key audit matters

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

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



**INDEPENDENT AUDITOR'S REPORT
TO THE SHAREHOLDERS OF THEEB RENT A CAR COMPANY
(A SAUDI JOINT STOCK COMPANY) (continued)**

Key audit matters (continued)

Key audit matter	How our audit addressed the key audit matter
<p>Allowance for expected credit losses</p> <p>The gross balance of accounts receivable as at 31 December 2022 amounted to SR 282.6 million (2021: SR 203.2 million), against which an allowance for expected credit losses of SR 93.2 million (2021: SR 64.2 million) was maintained. The collectability of accounts receivable is a key element of the Company's working capital, which is managed on an ongoing basis.</p> <p>Management determines and recognises expected credit losses ('ECL') as required by International Financial Reporting Standard 9 (Financial Instruments) ('IFRS 9'). Significant judgements, estimates and assumptions have been made by the management in the calculation of ECL impact.</p> <p>We have considered this as a key audit matter as the determination of ECL involves significant management judgement and this has a material impact on the financial statements.</p> <p>Refer to note 3.10 to the financial statements for the significant accounting policy, note 2.4 for the critical accounting estimates and judgements and note 9 which details the disclosure of impairment against accounts receivable.</p>	<p>Our audit procedures performed included, among others, the following:</p> <ul style="list-style-type: none"> • Obtained understanding of the Company's processes around the accounts receivable allowance for expected credit losses. • Assessed significant judgements, estimates and assumptions made by the management with reference to the calculation of ECL including the Company's assessment of the probability of default, incorporation of forward-looking information and the loss given default parameter. • Involved our IT experts in testing effectiveness of the Information Technology General Controls (ITGCs) of the respective accounting system. • Evaluated the Company's accounting policy for ECL allowance in accordance with the requirements of IFRS 9. • Assessed the adequacy of the related disclosures in the financial statements.



**INDEPENDENT AUDITOR'S REPORT
TO THE SHAREHOLDERS OF THEEB RENT A CAR COMPANY
(A SAUDI JOINT STOCK COMPANY) (continued)**

Key audit matters (continued)

Key audit matter	How our audit addressed the key audit matter
<p>Carrying values of vehicles</p> <p>Vehicles included under property and equipment as at 31 December 2022 amounted to SR 1,320 million (2021: SR 1,155 million) representing 71% (2021: 76%) of total assets.</p> <p>Vehicles are carried at cost less depreciation and impairment after considering their residual values.</p> <p>The Company's management determines the residual values and estimated useful lives of vehicles for calculating depreciation, this involves significant degree of management estimates and judgements considering the expected usage of the vehicles, expected physical wear and tear and expected future value at the time of disposal, and as such, this has been identified as a key audit matter.</p> <p>Refer to note 3.6 to the financial statements for the significant accounting policy, note 2.4 for the critical accounting estimates and judgements and note 6 which details the disclosure of property and equipment.</p>	<p>Our audit procedures performed included, among others, the following:</p> <ul style="list-style-type: none"> • Evaluated, on a sample basis, the design, implementation and effectiveness of controls over the procurement process and capitalization and depreciation calculation of vehicles. • Assessed management's judgement in determining residual value and useful lives assigned to long-term and short-term rental purpose. • Tested on a sample basis additions and disposals of rental vehicles. • Performed analytical review procedures of the depreciation charge for the year. • Assessed the adequacy of the related disclosures in the financial statements.



**INDEPENDENT AUDITOR'S REPORT
TO THE SHAREHOLDERS OF THEEB RENT A CAR COMPANY
(A SAUDI JOINT STOCK COMPANY) (continued)**

Other information included in The Company's 2022 Annual Report

Other information consists of the information included in the Company's 2022 annual report, other than the financial statements and our auditor's report thereon. The Board of Directors is responsible for the other information in its annual report. The Company's 2022 annual report is expected to be made available to us after the date of this auditor's report.

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

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

When we read the Company's 2022 annual report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.

Responsibilities of the Board of Directors and Those Charged with Governance for the Financial Statements

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

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

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



**INDEPENDENT AUDITOR'S REPORT
TO THE SHAREHOLDERS OF THEEB RENT A CAR COMPANY
(A SAUDI JOINT STOCK COMPANY) (continued)**

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with International Standards on Auditing that are endorsed in the Kingdom of Saudi Arabia will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these 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 judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Directors.
- Conclude on the appropriateness of the Board of Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.



**INDEPENDENT AUDITOR'S REPORT
TO THE SHAREHOLDERS OF THEEB RENT A CAR COMPANY
(A SAUDI JOINT STOCK COMPANY) (continued)**

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

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

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, 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 financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

for Ernst & Young Professional Services

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


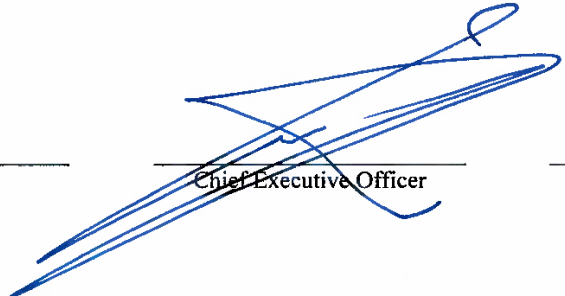

Riyadh: 22 Sha'ban 1444H
(14 March 2023)



Theeb Rent a Car Company
(A Saudi Joint Stock Company)

STATEMENT OF COMPREHENSIVE INCOME
For the year ended 31 December 2022

	Notes	2022 SR	2021 SR
Revenue	21	967,967,678	752,369,576
Cost of revenue	22	(612,847,715)	(503,887,160)
GROSS PROFIT		355,119,963	248,482,416
Selling and marketing expenses	23	(49,107,527)	(34,396,855)
General and administrative expenses	24	(46,810,587)	(35,836,933)
Provision for expected credit losses	9,11	(31,404,486)	(26,033,008)
INCOME FROM OPERATIONS		227,797,363	152,215,620
Other income	25	8,145,514	3,616,742
Finance costs	26	(32,676,379)	(25,630,013)
Gain on derivative instrument at FVPL	35	480,196	2,280,247
INCOME BEFORE ZAKAT		203,746,694	132,482,596
Zakat	19	(10,638,745)	(6,756,530)
NET INCOME FOR THE YEAR		193,107,949	125,726,066
OTHER COMPREHENSIVE INCOME: <i>Items that will not be reclassified to profit or loss in subsequent periods:</i>			
Re-measurement loss on employees' defined benefit liabilities	17.4	(3,152,915)	(756,122)
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		189,955,034	124,969,944
EARNINGS PER SHARE (EPS)			
Basic and diluted earnings per share	20	4.49	2.92

		
Chairman	Chief Executive Officer	Chief Financial Officer

The attached notes 1 to 39 form an integral part of these financial statements.

Theeb Rent a Car Company
(A Saudi Joint Stock Company)

STATEMENT OF FINANCIAL POSITION
As at 31 December 2022

	Notes	2022 SR	2021 SR
ASSETS			
NON-CURRENT ASSETS			
Property and equipment	6	1,320,362,211	1,155,703,452
Right-of-use assets	7	101,610,688	89,470,488
TOTAL NON-CURRENT ASSETS		1,421,972,899	1,245,173,940
CURRENT ASSETS			
Inventories	8	4,966,089	5,596,190
Accounts receivable	9	189,363,995	138,990,242
Prepayments and other current assets	10	139,318,414	60,784,763
Contract assets	11	10,499,399	9,408,925
Amounts due from related parties	13	-	482,584
Bank balances and cash	12	100,092,690	57,712,926
TOTAL CURRENT ASSETS		444,240,587	272,975,630
TOTAL ASSETS		1,866,213,486	1,518,149,570
EQUITY AND LIABILITIES			
EQUITY			
Share capital	14	430,000,000	430,000,000
Statutory reserve	15	38,208,015	18,897,220
Retained earnings		196,652,399	118,458,160
TOTAL EQUITY		664,860,414	567,355,380
NON-CURRENT LIABILITIES			
Non-current portion of term loans	16	455,185,280	288,172,502
Employees' defined benefit liabilities	17	34,935,477	28,153,685
Non-current portion of lease obligation	7	53,707,128	54,686,864
TOTAL NON-CURRENT LIABILITIES		543,827,885	371,013,051
CURRENT LIABILITIES			
Current portion of term loans	16	442,155,580	326,628,922
Current portion of lease obligation	7	53,848,293	54,355,232
Car dealership payable		56,876,824	115,942,535
Accounts payable		29,735,448	18,114,218
Derivative instrument at FVPL	35	-	480,196
Accrued expenses and other current liabilities	18	50,190,659	43,314,033
Zakat payable	19	24,718,383	20,946,003
TOTAL CURRENT LIABILITIES		657,525,187	579,781,139
TOTAL LIABILITIES		1,201,353,072	950,794,190
TOTAL EQUITY AND LIABILITIES		1,866,213,486	1,518,149,570



Chairman



Chief Executive Officer



Chief Financial Officer

The attached notes 1 to 39 form an integral part of these financial statements.

Theeb Rent a Car Company
(A Saudi Joint Stock Company)

STATEMENT OF CHANGES IN EQUITY
For the year ended 31 December 2022

	Notes	Share capital SR	Statutory reserve SR	Retained earnings SR	Total SR
As at 31 December 2020		430,000,000	6,324,613	45,190,823	481,515,436
Net income for the year		-	-	125,726,066	125,726,066
Other comprehensive loss		-	-	(756,122)	(756,122)
Total comprehensive income		-	-	124,969,944	124,969,944
Transfer to statutory reserve		-	12,572,607	(12,572,607)	-
Dividends	33	-	-	(39,130,000)	(39,130,000)
As at 31 December 2021		430,000,000	18,897,220	118,458,160	567,355,380
Net income for the year		-	-	193,107,949	193,107,949
Other comprehensive loss		-	-	(3,152,915)	(3,152,915)
Total comprehensive income		-	-	189,955,034	189,955,034
Transfer to statutory reserve		-	19,310,795	(19,310,795)	-
Dividends	33	-	-	(92,450,000)	(92,450,000)
As at 31 December 2022		430,000,000	38,208,015	196,652,399	664,860,414



Chairman



Chief Executive Officer



Chief Financial Officer

The attached notes 1 to 39 form an integral part of these financial statements.

Theeb Rent a Car Company
(A Saudi Joint Stock Company)

STATEMENT OF CASH FLOWS
For the year ended 31 December 2022

	Notes	2022 SR	2021 SR
OPERATING ACTIVITIES			
Income before zakat		203,746,694	132,482,596
<i>Adjustments to reconcile income before zakat to net cash flows:</i>			
Depreciation of property and equipment	6	249,946,703	213,059,803
Depreciation of right-of-use assets	7	36,553,738	38,981,740
Finance costs	26	27,446,226	19,890,768
Finance cost on lease liability	7	4,342,800	5,138,785
Provision for expected credit losses	9 & 11	31,404,486	26,033,008
Provision for employees' defined benefit liabilities	17.2	4,476,681	4,078,491
Rent concession for leases	7	(4,766,667)	-
Gain on derivative instrument at FVPL		(480,196)	(2,280,247)
Write down of inventories	8	6,466,059	11,936,430
		<u>559,136,524</u>	<u>449,321,374</u>
<i>Working capital adjustments:</i>			
Prepayments and other current assets		(78,533,651)	(25,815,313)
Accounts receivable		(79,352,178)	(55,335,221)
Contract assets		(3,516,535)	(3,508,003)
Amounts due from related parties		482,584	9,650,912
Inventories		133,407,022	104,990,879
Car dealership' payable		(59,065,711)	51,286,994
Accrued expenses and other current liabilities		6,114,560	8,942,252
Accounts payable		11,621,230	11,033,100
		<u>490,293,845</u>	<u>550,566,974</u>
Additions of motor vehicles	6	(548,498,104)	(497,021,183)
Zakat paid	19	(6,866,365)	(5,740,171)
Employees' defined benefit obligations paid	17	(847,804)	(699,312)
Net cash flows (used in) from operating activities		<u>(65,918,428)</u>	<u>47,106,308</u>
INVESTING ACTIVITIES			
Additions of other property and equipment	6	(5,350,338)	(6,284,199)
Net cash flows used in investing activities		<u>(5,350,338)</u>	<u>(6,284,199)</u>
FINANCING ACTIVITIES			
Finance costs paid		(26,684,160)	(20,239,571)
Proceeds from term loans		716,972,936	419,484,372
Repayments of term loans		(434,433,500)	(349,702,714)
Payment of lease liabilities	7	(49,756,746)	(33,035,936)
Dividends paid	33	(92,450,000)	(39,130,000)
Net cash flows from (used in) financing activities		<u>113,648,530</u>	<u>(22,623,849)</u>
Increase in bank balances and cash		42,379,764	18,198,260
Bank balances and cash at the beginning of the year		57,712,926	39,514,666
Bank balances and cash at the end of the year		<u>100,092,690</u>	<u>57,712,926</u>
Significant non-cash transactions:			
Transfer of vehicles from property and equipment to inventories	6	139,242,980	113,952,415
Addition to right-of-use assets and lease liability	7	48,693,938	9,234,182
Write off of total loss cars		6,466,059	10,481,210



Chairman



Chief Executive Officer



Chief Financial Officer

The attached notes 1 to 39 form an integral part of these financial statements.

Theeb Rent a Car Company (A Saudi Joint Stock Company)

NOTES TO THE FINANCIAL STATEMENTS

As at 31 December 2022

1. CORPORATE INFORMATION

Theeb Rent A Car Company (the “Company”) is a Joint Stock Company registered in Riyadh, Kingdom of Saudi Arabia under commercial registration numbered 1010150661 dated 12 Rabi Al-Thani 1419H (corresponding to 6 August 1998). The Company is engaged in car rental and leasing as per license numbered 010102000200 issued by the Ministry of Transportation in the Kingdom of Saudi Arabia.

The Company’s registered office is located at the following address:
6709 Eastern ring branch road, at Rawdah district
Riyadh 13211 – 2394
Kingdom of Saudi Arabia.

On 19 March 2020 the shareholders of the Company decided to go for an Initial Public Offering (IPO). The Company obtained on 30 September 2020 approval from the Capital Market Authority in Saudi Arabia for listing its shares on the Saudi Stock Exchange (Tadawul). On 29 March 2021 the Company’s shares started the trading in Tadawul.

2. BASIS OF PREPARATION

2.1 *Statement of compliance*

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

2.2 *Basis of measurement*

These financial statements have been prepared under the historical cost convention using the accruals basis of accounting and going concern concept, except for derivative financial instruments, which are measured at fair value and employees’ defined benefit liabilities where actuarial present value calculations are used under the projected unit credit method.

2.3 *Functional and presentation currency*

These financial statements are presented in Saudi Riyal (“SR”) which is the functional and presentation currency of the Company. All financial information presented in SR has been rounded off to the nearest Saudi Riyal (“SR”), unless otherwise indicated.

2.4 *Significant accounting judgments, estimates and assumptions*

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

Judgments

In the process of applying the Company’s accounting policies, management has made the following judgments, which have the most significant effect on the amounts recognised in the financial statements.

Going concern

The Company’s management has made an assessment of its ability to continue as a going concern on the basis of five years future plan 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 Company’s ability to continue as a going concern. Therefore, the financial statements continue to be prepared on the going concern basis.

Lease classification – Company as a 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 Company, the Company has determined that leasing of vehicles does not transfer substantially all the risks and rewards incidental to ownership of the vehicles subject to the lease arrangement, hence such lease arrangements are classified as operating lease.

Theeb Rent a Car Company (A Saudi Joint Stock Company)

NOTES TO THE FINANCIAL STATEMENTS (continued)

As at 31 December 2022

2. BASIS OF PREPARATION (continued)

2.4 Significant accounting judgments, estimates and assumptions (continued)

Judgments (continued)

Determining the lease term of contracts – Company as a lessee

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

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 Company based its assumptions and estimates on parameters available when the 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 Company. 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 Company'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.

Allowance for obsolete, damage and expire inventory

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

Provision for expected credit losses (ECL) of accounts receivable and contract assets

The Company has selected simplified approach for accounts receivable and contract assets. The Company uses a provision matrix to calculate ECL for accounts receivable and contract assets. The provision matrix is initially based on the Company's historical observed default rates. The Company calibrates the matrix to adjust the historical credit loss experience with forward-looking information. At every reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analysed.

The assessment of the correlation between historical observed default rates, forecast economic conditions and ECL is a significant estimate. The amount of ECL is sensitive to changes in circumstances and of forecast economic conditions. The Company's historical credit loss experience and forecast of economic conditions may also not be representative of customers' actual default in the future. The information about the ECL on the Company's accounts receivable is disclosed in note 9.

Impairment of non-financial assets

Impairment exists when the carrying value of an asset or cash generating unit ("CGU") exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value in use. The fair value less costs of disposal calculation is based on available data from binding sales transactions, conducted at arm's length, for similar assets or observable market prices less incremental costs of disposing of the asset. The value in use calculation is based on a discounted cash flow ("DCF") model. The cash flows are derived from the budget for the next five years and do not include restructuring activities that the Company is not yet committed to or significant future investments that will enhance the performance of the assets of the CGU being tested.

The recoverable amount is sensitive to the discount rate used for the DCF model as well as the expected future cash-inflows and the growth rate used for extrapolation purposes.

Theeb Rent a Car Company (A Saudi Joint Stock Company)

NOTES TO THE FINANCIAL STATEMENTS (continued)

As at 31 December 2022

2. BASIS OF PREPARATION (continued)

2.4 Significant accounting judgments, estimates and assumptions (continued)

Estimates and assumptions (continued)

Defined benefit plan

The cost of the defined 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 obligations are provided in note 17.

Fair value measurement of financial instruments

When the fair values of financial assets and financial liabilities recorded in the statement of financial position cannot be measured based on quoted prices in active markets, their fair value is measured using valuation techniques including the DCF model. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgement is required in establishing fair values. Judgments include considerations of inputs such as liquidity risk, credit risk and volatility. Changes in assumptions relating to these factors could affect the reported fair value of financial instruments. Contingent consideration, resulting from business combinations, is valued at fair value at the acquisition date as part of the business combination. When the contingent consideration meets the definition of a financial liability, it is subsequently re-measured to fair value at each reporting date. The determination of the fair value is based on discounted cash flows. The key assumptions take into consideration the probability of meeting each performance target and the discount factor.

Provisions

Provision is recognised if, as a result of a past event, the Company has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognised as finance cost.

Leases - Estimating the incremental borrowing rate

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

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies set out below have been applied consistently, except for new standard adopted during the year as disclosed in note 4, in the preparation of these financial statements.

3.1 Current versus non-current classification

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

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

Theeb Rent a Car Company (A Saudi Joint Stock Company)

NOTES TO THE FINANCIAL STATEMENTS (continued)

As at 31 December 2022

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.1 Current versus non-current classification (continued)

All other assets are classified as non-current.

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 unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

The Company classifies all other liabilities as non-current.

3.2 Revenue from contracts with customers

Rental income – the Company as a lessor

Leases in which the Company does not transfer substantially all the risks and rewards incidental to ownership of an asset are classified as operating leases. Rental income arising is accounted for on a straight-line basis over the lease terms and is included in revenue in the statement of comprehensive income due to its operating nature. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income. Contingent rents are recognised as revenue in the period in which they are earned.

Sale of inventories (vehicles)

Revenue from sale of vehicles is recognised at the point in time when control of the vehicles is transferred to the customers, generally, on delivery of the vehicles. The Company's revenue from sale of vehicles includes only one performance obligation and there is no variable consideration and financing component involved.

Income from other services

Revenue from other services that are incidental to vehicle rental arrangements are recognised when these related services are provided and classified as part of revenue from these core operating activities. The Company's revenue from other services that are incidental to vehicle rental arrangements is recognised over the time when services are rendered.

Loyalty points

The Company usually awards individual customers "Loyalty Points". These Loyalty Points give rise to a separate performance obligation as they provide a material right to the customer.

A portion of the transaction price is allocated to Loyalty Points awarded to customers based on relative stand-alone selling price and is recognised as a contract liability until the points are redeemed. Revenue is recognised upon redemption of the points by the customer.

3.3 Expenses

Cost of revenue

Cost of revenue represents all expenses directly attributable or incidental to the core operating activities of the Company including but not limited 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 Company'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.

Theeb Rent a Car Company (A Saudi Joint Stock Company)

NOTES TO THE FINANCIAL STATEMENTS (continued)

As at 31 December 2022

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.4 *Borrowing costs*

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of the asset. All other 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.

3.5 *Zakat*

Zakat

The Company is subject to zakat in accordance with the regulations of Zakat, Tax and Customs Authority (“ZATCA”). Provision for zakat for the Company is charged to the statement of comprehensive income. Differences, if any, resulting from the final assessments are adjusted in the year of their finalization.

Withholding tax

The Company 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 recognised 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-added tax is recognised 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 statement of financial position.

3.6 *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 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 held 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 statement of comprehensive income.

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 Company, 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 statement of comprehensive income as incurred.

Capital work in progress

Capital work-in-progress are stated at cost net of accumulated impairment, if any and represents all costs relating directly or indirectly to the acquisition or construction of assets where acquisition or construction is in progress and will be transferred to relevant category of property and equipment once completed.

Theeb Rent a Car Company (A Saudi Joint Stock Company)

NOTES TO THE FINANCIAL STATEMENTS (continued)

As at 31 December 2022

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.6 Property and equipment (continued)

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 statement of 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. Lands are not depreciated.

Depreciation methods, useful lives and residual values are reviewed at least annually and adjusted prospectively if required.

Vehicles designated for sale are transferred to inventory and related depreciation is suspended at the date of transfer.

<i>Category of property and equipment</i>	<i>Useful life</i>
Buildings	40 years
Motor vehicles	2-5 years
Leasehold improvements	Useful life or lease term whichever is shorter
Other fixed assets	3-5 years

3.7 Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and accumulated impairment losses. Internally generated intangibles, excluding capitalised development costs, are not capitalised and the related expenditure is reflected in statement of comprehensive income in the period in which the expenditure is incurred. The useful lives of intangible assets are assessed as either finite or indefinite.

Intangible assets with finite lives are amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are considered to modify the amortisation period or method, as appropriate, and are treated as changes in accounting estimates. The amortisation expense on intangible assets with finite lives is recognised in the statement of comprehensive income in the expense category that is consistent with the function of the intangible assets.

The amortisation period for the Company's intangible assets with finite life is as follows:

Software 5 years

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

3.8 Leases

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

Company as a lessee

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

Theeb Rent a Car Company (A Saudi Joint Stock Company)

NOTES TO THE FINANCIAL STATEMENTS (continued)

As at 31 December 2022

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.8 Leases (continued)

Company as a lessee (continued)

Right-of-use assets

The Company recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets.

If ownership of the leased asset transfers to the Company at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset. The right-of-use assets are also subject to impairment, refer note 7.

Lease liabilities

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

In calculating the present value of lease payments, the Company uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g., changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

Short-term leases and leases of low-value assets

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

Company as a lessor

Leases in which the Company does not transfer substantially all the risks and rewards incidental to ownership of an asset are classified as operating leases. Rental income arising is accounted for on a straight-line basis over the lease terms and is included in revenue in the statement of comprehensive income due to its operating nature. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income. Contingent rents are recognised as revenue in the period in which they are earned.

3.9 Inventories

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

Theeb Rent a Car Company (A Saudi Joint Stock Company)

NOTES TO THE FINANCIAL STATEMENTS (continued)

As at 31 December 2022

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.9 Inventories (continued)

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.

3.10 Financial instruments

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

i) Financial assets

Initial recognition and measurement

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

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Company's business model for managing them. With the exception of accounts receivable that do not contain a significant financing component or for which the Company has applied the practical expedient, the Company initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs. Accounts receivable that do not contain a significant financing component or for which the Company has applied the practical expedient are measured at the transaction price determined under IFRS 15 Revenue from contracts with customers.

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

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

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

Subsequent measurement

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

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

Financial assets at amortised cost (debt instruments)

Financial assets at amortised cost are subsequently measured using the effective interest ("EIR") method and are subject to impairment. Gains and losses are recognised in statement of comprehensive income when the asset is derecognised, modified or impaired. This category is relevant to the Company. The Company's financial assets at amortised cost includes accounts receivable, employees' receivables and amounts due from related parties.

Financial assets at fair value through profit or loss

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

Theeb Rent a Car Company (A Saudi Joint Stock Company)

NOTES TO THE FINANCIAL STATEMENTS (continued)

As at 31 December 2022

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.10 Financial instruments (continued)

i) Financial assets (continued)

Derecognition

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

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

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

Impairment

The Company recognises an allowance for expected credit losses ("ECL") for all debt instruments not held at fair value through profit or loss. For accounts receivable and contract assets, the Company applies a simplified approach in calculating ECL. Therefore, the Company does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECL at each reporting date. The Company has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

The Company considers a financial asset in default when contractual payments are 90 days past due. However, in certain cases, the Company may also consider a financial asset to be in default when internal or external information indicates that the Company is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Company. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

ii) Financial liabilities

Initial recognition and measurement

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

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

Subsequent measurement

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

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

Financial liabilities at amortised cost (lease liabilities and borrowing)

This category is relevant to the Company. After initial recognition, lease liabilities and interest-bearing loans and borrowing are subsequently measured at amortised cost using the Effective Interest Rate (EIR) method. Gains and losses as a result of unwinding of interest cost through EIR amortisation process and on de-recognition of financial liabilities are recognised in the statement of comprehensive income.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the statement of comprehensive income. This category generally applies to lease liabilities and borrowings (refer to note 7).

Theeb Rent a Car Company (A Saudi Joint Stock Company)

NOTES TO THE FINANCIAL STATEMENTS (continued)

As at 31 December 2022

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.10 Financial instruments (continued)

ii) Financial liabilities (continued)

Subsequent measurement (continued)

Financial liabilities at fair value through profit or loss

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

Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term. This category also includes derivative financial instruments entered into by the Company that are not designated as hedging instruments in hedge relationships as defined by International Financial Reporting Standard 9 (Financial Instruments) ('IFRS 9').

Gains or losses on liabilities held for trading are recognised in the statement of comprehensive income.

Derecognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the statement of comprehensive income.

iii) Offsetting of financial instruments

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

3.11 Impairment of non-financial assets

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

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

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

Impairment losses of continuing operations are recognised in the statement of comprehensive income in expense categories consistent with the function of the impaired asset.

For assets, an assessment is made at each reporting date to determine whether there is an indication that previously recognised impairment losses no longer exist or have decreased. If such indication exists, the Company estimates the asset's or CGU's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in the statement of comprehensive income unless the asset is carried at a revalued amount, in which case, the reversal is treated as a revaluation increase.

Theeb Rent a Car Company (A Saudi Joint Stock Company)

NOTES TO THE FINANCIAL STATEMENTS (continued)

As at 31 December 2022

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.12 Provisions

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. When the Company expects some or all of a provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognised as a separate asset, but only when the reimbursement is virtually certain. The expense relating to a provision is presented in the statement of comprehensive income net of any reimbursement.

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

3.13 Foreign currencies

Transaction and balances

Transactions in foreign currencies are initially recorded by the Company 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 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 (i.e., the translation differences on items whose fair value gain or loss is recognised in OCI or profit or loss are also recognised in OCI or profit or loss, respectively).

3.14 Fair value measurement

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

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

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

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

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

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

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

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

Theeb Rent a Car Company (A Saudi Joint Stock Company)

NOTES TO THE FINANCIAL STATEMENTS (continued)

As at 31 December 2022

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.14 Fair value measurement (continued)

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

The Company determines the policies and procedures for both recurring fair value measurement and for non-recurring measurement.

At each reporting date, the Company analyses the movements in the values of assets and liabilities which are required to be remeasured or re-assessed as per the Company's accounting policies. For this analysis, the Company verifies the major inputs applied in the latest valuation by agreeing the information in the valuation computation to contracts and other relevant documents.

The Company also compares the change in the fair value of each asset and liability with relevant external sources to determine whether the change is reasonable.

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

3.15 Dividends distribution

The Company establishes the obligations related to paying the cash dividends to the Company's shareholders when approving the distribution. According to the Saudi Arabian Regulations for Companies, dividends are approved upon approval by the shareholders. Interim dividends, if any, are recorded when approved by the board of directors the corresponding amount is directly recognised in the statement of change in equity.

4. CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

The Company applied for the first-time certain standards and amendments, which are effective for annual periods beginning on or after 1 January 2022 (unless otherwise stated). The Company has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

Covid-19-Related Rent Concessions beyond 30 June 2021 Amendments to IFRS 16

On 28 May 2020, the IASB issued Covid-19-Related Rent Concessions - amendment to IFRS 16 Leases. The amendments provide relief to lessees from applying IFRS 16 guidance on lease modification accounting for rent concessions arising as a direct consequence of the Covid-19 pandemic. As a practical expedient, a lessee may elect not to assess whether a Covid-19 related rent concession from a lessor is a lease modification. A lessee that makes this election accounts for any change in lease payments resulting from the Covid-19 related rent concession the same way it would account for the change under IFRS 16, if the change were not a lease modification.

The amendment was intended to apply until 30 June 2021, but as the impact of the Covid-19 pandemic is continuing, on 31 March 2021, the IASB extended the period of application of the practical expedient to 30 June 2022. The amendment applies to annual reporting periods beginning on or after 1 April 2021. The Company has received Covid-19-related rent concessions and applied the practical expedient where applicable within allowed period of application.

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

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

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

These amendments had no impact on the financial statements of the Company as there were no contracts as being onerous at reporting date.

Theeb Rent a Car Company
(A Saudi Joint Stock Company)

NOTES TO THE FINANCIAL STATEMENTS (continued)

As at 31 December 2022

4. CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES (continued)

Reference to the Conceptual Framework – Amendments to IFRS 3

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

The amendments add an exception to the recognition principle of IFRS 3 Business Combinations to avoid the issue of potential 'day 2' gains or losses arising for liabilities and contingent liabilities that would be within the scope of IAS 37 Provisions, Contingent Liabilities and Contingent Assets or IFRIC 21 Levies, if incurred separately. The exception requires entities to apply the criteria in IAS 37 or IFRIC 21, respectively, instead of the Conceptual Framework, to determine whether a present obligation exists at the acquisition date.

The amendments also add a new paragraph to IFRS 3 to clarify that contingent assets do not qualify for recognition at the acquisition date.

In accordance with the transitional provisions, the Company applies the amendments prospectively, i.e., to business combinations occurring after the beginning of the annual reporting period in which it first applies the amendments (the date of initial application).

These amendments had no impact on the financial statements of the Company as there were no contingent assets, liabilities or contingent liabilities within the scope of these amendments that arose during the period.

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

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

In accordance with the transitional provisions, the Company applies the amendments retrospectively only to items of PP&E made available for use on or after the beginning of the earliest period presented when the entity first applies the amendment (the date of initial application).

These amendments had no impact on the financial statements of the Company as there were no sales of such items produced by property, plant and equipment made available for use on or after the beginning of the earliest period presented.

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

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

These amendments had no impact on the financial statements of the Company as it is not a first-time adopter.

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

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

In accordance with the transitional provisions, the Company applies the amendment to financial liabilities that are modified or exchanged on or after the beginning of the annual reporting period in which the entity first applies the amendment (the date of initial application). These amendments had no impact on the financial statements of the Company as there were no modifications of the Company's financial instruments during the period.

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NOTES TO THE FINANCIAL STATEMENTS (continued)

As at 31 December 2022

5. STANDARDS ISSUED BUT NOT YET EFFECTIVE

The new and amended standards and interpretations that are issued, but not yet effective, up to the date of issuance of the Company's financial statements are disclosed below. The Company intends to adopt these new and amended standards and interpretations, if applicable, when they become effective.

5.1 IFRS 17 Insurance Contracts

In May 2017, the IASB issued IFRS 17 Insurance Contracts (IFRS 17), a comprehensive new accounting standard for insurance contracts covering recognition and measurement, presentation and disclosure. Once effective, IFRS 17 will replace IFRS 4 Insurance Contracts (IFRS 4) that was issued in 2005. IFRS 17 applies to all types of insurance contracts (i.e., life, non-life, direct insurance and re-insurance), regardless of the type of entities that issue them, as well as to certain guarantees and financial instruments with discretionary participation features. A few scope exceptions will apply. The overall objective of IFRS 17 is to provide an accounting model for insurance contracts that is more useful and consistent for insurers. In contrast to the requirements in IFRS 4, which are largely based on grandfathering previous local accounting policies, IFRS 17 provides a comprehensive model for insurance contracts, covering all relevant accounting aspects.

The core of IFRS 17 is the general model, supplemented by:

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

IFRS 17 is effective for reporting periods beginning on or after 1 January 2023, with comparative figures required. Early application is permitted, provided the entity also applies IFRS 9 and IFRS 15 on or before the date it first applies IFRS 17. This standard is not applicable to the Company.

5.2 Amendments to IAS 1: Classification of Liabilities as Current or Non-current

In January 2020, the IASB issued amendments to paragraphs 69 to 76 of IAS 1 to specify the requirements for classifying liabilities as current or non-current. The amendments clarify:

- What is meant by a right to defer settlement
- That a right to defer must exist at the end of the reporting period
- That classification is unaffected by the likelihood that an entity will exercise its deferral right
- That only if an embedded derivative in a convertible liability is itself an equity instrument would the terms of a liability not impact its classification

The amendments are effective for annual reporting periods beginning on or after 1 January 2023 and must be applied retrospectively. The Company is currently assessing the impact the amendments will have on current practice and whether existing loan agreements may require renegotiation.

5.3 Definition of Accounting Estimates - Amendments to IAS 8

In February 2021, the IASB issued amendments to IAS 8, in which it introduces a definition of 'accounting estimates'. The amendments clarify the distinction between changes in accounting estimates and changes in accounting policies and the correction of errors. Also, they clarify how entities use measurement techniques and inputs to develop accounting estimates.

The amendments are effective for annual reporting periods beginning on or after 1 January 2023 and apply to changes in accounting policies and changes in accounting estimates that occur on or after the start of that period. Earlier application is permitted as long as this fact is disclosed.

The amendments are not expected to have a material impact on the Company.

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NOTES TO THE FINANCIAL STATEMENTS (continued)

As at 31 December 2022

5. STANDARDS ISSUED BUT NOT YET EFFECTIVE (continued)

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

In February 2021, the IASB issued amendments to IAS 1 and IFRS Practice Statement 2 Making Materiality Judgements, in which it provides guidance and examples to help entities apply materiality judgements to accounting policy disclosures. The amendments aim to help entities provide accounting policy disclosures that are more useful by replacing the requirement for entities to disclose their 'significant' accounting policies with a requirement to disclose their 'material' accounting policies and adding guidance on how entities apply the concept of materiality in making decisions about accounting policy disclosures.

The amendments to IAS 1 are applicable for annual periods beginning on or after 1 January 2023 with earlier application permitted. Since the amendments to the Practice Statement 2 provide non-mandatory guidance on the application of the definition of material to accounting policy information, an effective date for these amendments is not necessary.

The Company is currently assessing the impact of the amendments to determine the impact they will have on the Company's accounting policy disclosures.

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 NOTES TO THE FINANCIAL STATEMENTS (continued)
 At 31 December 2022

6. PROPERTY AND EQUIPMENT

	Lands SR	Buildings SR	Motor vehicles SR	Leasehold improvements SR	Other fixed assets SR	Total 2022 SR
31 December 2022						
<i>Cost:</i>						
Balance as at 1 January 2022	88,012,550	6,260,583	1,493,734,664	8,151,590	37,425,977	1,633,585,364
Additions	-	571,003	548,498,104	364,500	4,414,835	553,848,442
Transfer to inventories	-	-	(285,544,029)	-	-	(285,544,029)
Balance as at 31 December 2022	88,012,550	6,831,586	1,756,688,739	8,516,090	41,840,812	1,901,889,777
<i>Accumulated depreciation:</i>						
Balance as at 1 January 2022	-	2,144,560	441,592,796	3,768,157	30,376,399	477,881,912
Change for the year	-	124,294	246,485,494	844,738	2,492,177	249,946,703
Transfer to inventories	-	-	(146,301,049)	-	-	(146,301,049)
Balance as at 31 December 2022	-	2,268,854	541,777,241	4,612,895	32,868,576	581,527,566
<i>Net book value</i>						
As at 31 December 2022	<u>88,012,550</u>	<u>4,562,732</u>	<u>1,214,911,498</u>	<u>3,903,195</u>	<u>8,972,236</u>	<u>1,320,362,211</u>

Transfer to inventories represents cost and accumulated depreciation of vehicles retired from fleets and transferred to inventories (note 8).

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NOTES TO THE FINANCIAL STATEMENTS (continued)
At 31 December 2022

6. PROPERTY AND EQUIPMENT (continued)

<i>31 December 2021</i>	Lands SR	Buildings SR	Motor vehicles SR	Leasehold improvements SR	Other fixed assets SR	Total 2021 SR
<i>Cost:</i>						
Balance as at 1 January 2021	88,012,550	5,204,574	1,225,127,831	7,104,645	33,127,170	1,358,576,770
Additions	-	1,056,009	497,021,183	1,046,945	4,298,807	503,422,944
Transfer to inventories	-	-	(228,414,350)	-	-	(228,414,350)
Balance as at 31 December 2021	<u>88,012,550</u>	<u>6,260,583</u>	<u>1,493,734,664</u>	<u>8,151,590</u>	<u>37,425,977</u>	<u>1,633,585,364</u>
<i>Accumulated depreciation:</i>						
Balance as at 1 January 2021	-	2,046,428	347,284,127	2,974,782	26,978,707	379,284,044
Charge for the year	-	98,132	208,770,604	793,375	3,397,692	213,059,803
Transfer to inventories	-	-	(114,461,935)	-	-	(114,461,935)
Balance as at 31 December 2021	<u>-</u>	<u>2,144,560</u>	<u>441,592,796</u>	<u>3,768,157</u>	<u>30,376,399</u>	<u>477,881,912</u>
<i>Net book value</i>						
As at 31 December 2021	<u>88,012,550</u>	<u>4,116,023</u>	<u>1,052,141,868</u>	<u>4,383,433</u>	<u>7,049,578</u>	<u>1,155,703,452</u>

The depreciation charge for the year is allocated as follows:

	2022 SR	2021 SR
Cost of revenue (note 22)	<u>249,514,049</u>	<u>212,290,781</u>
General and administrative expenses (note 24)	<u>432,654</u>	<u>769,022</u>
	<u>249,946,703</u>	<u>213,059,803</u>

Theeb Rent a Car Company
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NOTES TO THE FINANCIAL STATEMENTS (continued)

At 31 December 2022

7. LEASES

Company as a lessee

The Company has lease contracts for leasehold buildings (i.e. workshops, accommodations and locations). The Company's obligations under its leases are secured by the lessor's title to the leased assets.

The Company also has certain leases with lease terms of 12 months or less and leases of office equipment with low value. The Company applies the "short term lease" and "lease of low value assets" recognition exemption for these leases.

7.1 Set out below are the carrying amounts of right-of-use assets recognised and the movements during the year:

	2022 SR	2021 SR
Balance as at 1 January	89,470,488	119,218,046
Additions	48,693,938	9,234,182
Depreciation expense (note 22)	(36,553,738)	(38,981,740)
Balance as at 31 December	<u>101,610,688</u>	<u>89,470,488</u>

Right of use assets are amortised on a straight-line basis over the respective lease terms that ranges between two to ten years.

7.2 Set out below are the carrying amounts of lease liabilities and movements during the year:

	2022 SR	2021 SR
Balance as at 1 January	109,042,096	127,705,065
Additions	48,693,938	9,234,182
Rent concession (*)	(4,766,667)	-
Accretion of interest (note 26)	4,342,800	5,138,785
Payments (**)	(49,756,746)	(33,035,936)
Balance as at 31 December	<u>107,555,421</u>	<u>109,042,096</u>
Less: current portion	<u>53,848,293</u>	<u>54,355,232</u>
Non-current portion	<u>53,707,128</u>	<u>54,686,864</u>

(*) Rent concession includes credit note received from General Authority of Civil Aviation (GACA) for Jeddah Airport amounting to SR 3.6 million (31 December 2021: SR nil) and Dammam Airport amounting to SR 1.17 million (31 December 2021: SR nil).

(**) Payment of lease liability includes repayment of principal portion of SR 45,413,946 (31 December 2021: SR 27,897,151) and payment of interest amounted to SR 4,342,800 (31 December 2021: SR 5,138,785).

The maturity analysis of lease liabilities is disclosed in note 29.

The following are the amounts recognised in the statement of comprehensive income:

	2022 SR	2021 SR
Depreciation on right-of-use assets allocated to cost of revenue (note 22)	36,553,738	38,981,740
Short-term leases recognised on straight-line basis as rent expense (note 22)	10,272,806	8,134,543
Finance cost on lease liabilities (note 26)	4,342,800	5,138,785
	<u>51,169,344</u>	<u>52,255,068</u>

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NOTES TO THE FINANCIAL STATEMENTS (continued)

At 31 December 2022

8. INVENTORIES

	2022 SR	2021 SR
Spare parts and supplies	4,635,116	4,508,190
Vehicles held for sale	330,973	1,088,000
	<u>4,966,089</u>	<u>5,596,190</u>

During the year ended 31 December 2022, the Company wrote down SR 6,466,059 (31 December 2021: SR 11,936,430) of inventories. This expense is included in the cost of revenues in the statement of comprehensive income.

9. ACCOUNTS RECEIVABLE

	2022 SR	2021 SR
Accounts receivable	282,586,954	203,234,776
Less: allowance for expected credit losses	(93,222,959)	(64,244,534)
	<u>189,363,995</u>	<u>138,990,242</u>

The movements in the allowance for expected credit losses during the year were as follows:

	2022 SR	2021 SR
At the beginning of the year	64,244,534	38,748,087
Provided during the year	28,978,425	25,496,447
	<u>93,222,959</u>	<u>64,244,534</u>

As at 31 December, the ageing analysis of accounts receivable is, as follows:

<i>31 December 2022</i>	<i>Total</i>	<i>0-90</i>	<i>91-180</i>	<i>181-270</i>	<i>271-360</i>	<i>> 361</i>
	<i>days</i>	<i>days</i>	<i>days</i>	<i>days</i>	<i>days</i>	<i>days</i>
	SR	SR	SR	SR	SR	SR
Expected credit loss rate	32.99%	5.13%	21.54%	37.18%	41.76%	70.04%
Gross carrying amount	282,586,954	118,285,886	32,156,048	19,231,354	21,234,118	91,679,548
Expected credit loss	93,222,959	6,067,028	6,926,484	7,149,396	8,867,766	64,212,285
<i>31 December 2021</i>	<i>Total</i>	<i>0-90</i>	<i>91-180</i>	<i>181-270</i>	<i>271-360</i>	<i>> 361</i>
	<i>days</i>	<i>days</i>	<i>days</i>	<i>days</i>	<i>days</i>	<i>days</i>
	SR	SR	SR	SR	SR	SR
Expected credit loss rate	31.61%	6.24%	25.82%	39.26%	51.74%	63.15%
Gross carrying amount	203,234,776	91,184,566	22,137,893	11,830,151	9,805,862	68,276,304
Expected credit loss	64,244,534	5,693,220	5,716,423	4,643,985	5,073,670	43,117,236

Please refer to note 29 on credit risk of accounts receivable, which explain how the Company manages and measure credit quality of accounts receivable that are neither past due nor impaired. Accounts receivable are non-interest bearing and are generally on terms of 90 days.

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NOTES TO THE FINANCIAL STATEMENTS (continued)

At 31 December 2022

10. PREPAYMENTS AND OTHER CURRENT ASSETS

	2022 SR	2021 SR
Advances to suppliers	80,888,607	23,281,390
Prepayments	21,321,519	14,706,000
Insurance receivable	29,011,759	15,811,776
Employees' receivables	2,131,947	1,982,729
Margin deposit	1,733,404	1,023,929
VAT receivable	-	846,126
Others	4,231,178	3,132,813
	<u>139,318,414</u>	<u>60,784,763</u>

11. CONTRACT ASSETS

	2022 SR	2021 SR
Contract assets	16,432,319	12,915,784
Less: allowance for expected credit losses	(5,932,920)	(3,506,859)
	<u>10,499,399</u>	<u>9,408,925</u>

Movement in the allowance for expected credit losses of contract asset is as follows:

	2022 SR	2021 SR
At the beginning of the year	3,506,859	2,970,298
Provided during the year	2,426,061	536,561
At the end of the year	<u>5,932,920</u>	<u>3,506,859</u>

12. BANK BALANCES AND CASH

	2022 SR	2021 SR
Bank balances	99,442,695	57,011,991
Cash on hand	649,995	700,935
	<u>100,092,690</u>	<u>57,712,926</u>

Theeb Rent a Car Company
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NOTES TO THE FINANCIAL STATEMENTS (continued)

At 31 December 2022

13. RELATED PARTY TRANSACTIONS AND BALANCES

Related parties of the Company include shareholders, Board of Directors, key management personnel and entities of which they are principal owners.

The terms of the transactions with related parties are approved by the Company's management. Transactions with related parties are entered in the normal course of the Company's business. These balances are expected to be settled in the normal course of business.

Following is a list of related parties of the Company:

<i>Related party</i>	<i>Nature of relationship</i>
Hamoud Abdullah Ibrahim Al-Theeb	Shareholder
Mohammed Ahmed Abdullah Al-Theeb	Shareholder
Mohammad Hamoud Altheeb	Shareholder
Naif Mohammed Ahmed Abdullah Al-Theeb	Shareholder
Alfareedah	Affiliate
Madareem Company	Affiliate

Following are the details of related party transactions for the year ended 31 December:

<i>Related Party</i>	<i>Nature of transaction</i>	2022 SR	2021 SR
Madareem Company	Expenses and revenue	(11,970)	-
Hamoud Abdullah Altheeb	Car rental and other income	-	13,603
Mohammad Hamoud Altheeb	Car rental and other income	3,393	-
Naif Mohammed AlTheeb	Car rental and other income	68,509	-
Alfareedah	Expenses and other income	(107,088)	-
Mohammad Ahmed AlTheeb	Expenses and other income	(560,000)	(312,500)

Key management compensation

Key management personnel of the Company comprise of key members of the management having authority and responsibility for planning, directing and controlling the activities of the Company. The compensation to key management is shown below:

<i>Related party</i>	<i>Nature of transaction</i>	2022 SR	2021 SR
Key management personnel	Short term employees' benefits	5,873,417	4,724,321
	Long term employees' benefits	805,966	229,700
Board of Directors	Board of Directors' remuneration	1,580,000	915,414

The breakdown of amounts due from related parties is as follows:

	2022 SR	2021 SR
Madareem Company	-	439,583
Others	-	43,001
	<u>-</u>	<u>482,584</u>

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NOTES TO THE FINANCIAL STATEMENTS (continued)

At 31 December 2022

14. SHARE CAPITAL

The Company's share capital is divided into 43,000,000 shares of SR 10 each (31 December 2021: 43,000,000 shares of SR 10 each).

15. STATUTORY RESERVE

In accordance with Saudi Arabian Regulations for Companies and the Companies' By-laws, the Company must set aside 10% of its net income in each year until it has built up a reserve equal to 30% of the capital. The Company may resolve to discontinue such transfers when the reserve totals 30% of the capital. The reserve is not available for distribution.

16. TERM LOANS

	2022 SR	2021 SR
Term loans	897,340,860	614,801,424
Less: current portion	<u>(442,155,580)</u>	<u>(326,628,922)</u>
Non-current portion	<u>455,185,280</u>	<u>288,172,502</u>

The Company has obtained bank facilities from local banks in the form of term loans. The term loans are repayable over a period ranging from 24 to 48 months from the date of drawdown, with the last instalment payable on July 2026. The installments due within the next 12 months are shown under current liabilities. The Company has other undrawn facilities with bank available in accordance with the signed facility agreements.

The Company's current liabilities exceeded its current assets as of 31 December 2022 primarily owing to the loans, used to finance purchase of vehicles classified under non-current assets in the statement of financial position, as part of the normal course of business. This is consistent with previously reported periods.

17. EMPLOYEES' DEFINED BENEFIT LIABILITIES

The Company operates an unfunded employees' end of service benefits plan ("EOSB") for its employees as required by the Saudi Arabian Labor Law.

17.1 Movement in the provision for employees' defined benefit liabilities:

	2022 SR	2021 SR
At the beginning of the year	28,153,685	24,018,384
Charge for the year (note 17.2)	4,476,681	4,078,491
Actuarial loss on defined benefit plan	3,152,915	756,122
Benefits paid	<u>(847,804)</u>	<u>(699,312)</u>
At the end of the year	<u>34,935,477</u>	<u>28,153,685</u>

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NOTES TO THE FINANCIAL STATEMENTS (continued)

At 31 December 2022

17. EMPLOYEES' DEFINED BENEFIT LIABILITY (continued)

17.2 Amount recognised in statement of profit or loss was as follow:

	2022 SR	2021 SR
Current service cost	3,589,328	3,478,031
Interest cost (note 26)	887,353	600,460
Total end of service benefits expense	<u>4,476,681</u>	<u>4,078,491</u>

Allocation of benefits expense between cost of revenue, selling and marketing expenses and general and administrative expenses is as follows:

	2022 SR	2021 SR
Cost of revenue	1,758,771	1,746,235
Selling and marketing expenses	1,184,478	1,107,075
General and administrative expenses	646,079	624,721
Total end of service benefits expense	<u>3,589,328</u>	<u>3,478,031</u>

17.3 Actuarial assumptions:

Key assumptions used for the purpose of the actuarial valuation were as follows:

	2022 SR	2021 SR
Salary increase rates	5.50%	3.50%
Discount rate	5.15%	3.20%

17.4 Amount recognised in other comprehensive income was as follow:

	2022 SR	2021 SR
Actuarial loss (gain) due to change in financial assumptions	296,007	(464,377)
Actuarial loss due to experience adjustments	2,856,908	1,220,499
Total actuarial loss	<u>3,152,915</u>	<u>756,122</u>

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NOTES TO THE FINANCIAL STATEMENTS (continued)

At 31 December 2022

17. EMPLOYEES' DEFINED BENEFIT LIABILITY (continued)

17.5 Sensitivity analysis of significant actuarial assumptions:

A quantitative sensitivity analysis for significant assumption on the employees' terminal benefits liabilities as at 31 December 2022 and 31 December 2021 is shown below:

<i>31 December 2022</i>		<i>Impact on defined benefit obligation</i>	
<i>Change in Assumption</i>	<i>Base value SR</i>	<i>Increase in assumption SR</i>	<i>Decrease in assumption SR</i>
Discount rate	+/-1%	34,935,477	32,191,951
Salary growth rate	+/-1%	34,935,477	38,160,401
Mortality rate	+/-10%	34,935,477	34,929,787
Withdrawal rate	+/-10%	34,935,477	34,654,849
			38,113,870
			32,099,567
			34,941,187
			35,244,924

<i>31 December 2021</i>		<i>Impact on defined benefit obligation</i>	
<i>Change in Assumption</i>	<i>Base value SR</i>	<i>Increase in assumption SR</i>	<i>Decrease in assumption SR</i>
Discount rate	+/-1%	28,153,685	25,898,361
Salary growth rate	+/-1%	28,153,685	30,815,891
Mortality rate	+/-10%	28,153,685	28,149,291
Withdrawal rate	+/-10%	28,153,685	27,911,078
			30,777,101
			25,821,322
			28,158,096
			28,421,020

The sensitivity analysis above has been determined based on a method that extrapolates the impact on the employees' benefit liabilities as a result of reasonable changes in key assumptions occurring as at 31 December 2022 and 31 December 2021. 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 benefit obligation as it is unlikely that changes in assumptions would occur in isolation of one another.

The following are the expected payments or contributions to the employees in future years:

	2022	2021
	SR	SR
Within the next 12 months (next annual reporting period)	3,723,255	3,146,796
Between 2 and 5 years	10,686,856	8,703,723
Beyond 5 years	43,952,627	26,410,463
	58,362,738	38,260,982

18. ACCRUED EXPENSES AND OTHER CURRENT LIABILITIES

	2022	2021
	SR	SR
Contract liabilities	20,577,343	20,384,378
Accrued expenses	20,047,976	16,798,652
VAT payable	7,240,716	-
Loyalty points	1,211,843	4,598,057
Other	1,112,781	1,532,946
	50,190,659	43,314,033

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NOTES TO THE FINANCIAL STATEMENTS (continued)

At 31 December 2022

19. ZAKAT PROVISION

19.1 *The zakat charge of the Company consists of:*

	2022 SR	2021 SR
Charge for the year	10,638,745	6,756,530
	2022 SR	2021 SR
At the beginning of the year	20,946,003	19,929,644
Provided during the year	10,638,745	6,756,530
Paid during the year	(6,866,365)	(5,740,171)
At the end of the year	24,718,383	20,946,003

19.2 *The principal element of the zakat base are as follows:*

	2022 SR	2021 SR
Equity	567,355,380	481,515,436
Opening provisions and other adjustments	1,094,738,448	887,461,111
Book value of long-term assets	(1,502,913,930)	(1,267,283,941)
Zakatable income	159,179,898	101,692,606
Zakat base	261,423,650	165,408,660
Zakat	10,638,745	6,756,530

19.3 *Status of zakat assessment*

- The Company has filed its zakat returns and financial statements to the Zakat, Tax and Customs Authority (“ZATCA”) for all years up to 31 December 2021 and obtained zakat certificate for those years.
- The Company finalised its zakat position with ZATCA for all years up to 2011.
- During the year ended 31 December 2019, ZATCA has issued a letter showing zakat differences of SR 13,903,441 for the years from 2012 up to 2017. The Company has made an additional provision of SR 11,743,218, during the year ended 31 December 2019, against these zakat claims for such period and filed an appeal to the Tax Violations and Dispute Appellate Committee against these differences which is in progress. Management believes that the current provision as set out above is adequate.
- During the year ended 31 December 2020, the Company received from ZATCA a preliminary assessment showing zakat differences for the year 2018 of SR 4,014,060, and the Company has made a provision for the full amount. Based on the clarifications provided by the Company to ZATCA, ZATCA had issued an amendment and reduced the differences to SR 1,785,077, accordingly, the Company reversed the excess provision in the statement of income for the year ended 31 December 2020. Further, the Company filed an appeal to the Tax Violations and Dispute Appellate Committee (TVDAC) against these differences which is in progress.

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NOTES TO THE FINANCIAL STATEMENTS (continued)

At 31 December 2022

19. ZAKAT PROVISION (continued)

19.3 Status of zakat assessment (continued)

- During the year ended 31 December 2021, management received a correspondence from ZATCA, regarding the previous ownership of shares by Growth Opportunities Company for Trading, one of the former shareholders in the Company, that there are certain possible taxes on the Company. ZATCA's view based on certain assumptions, is that the Company is partially subject to income tax. In the above-mentioned correspondence, ZATCA assumed that the above-mentioned former shareholder is fully owned directly or indirectly by non-GCC nationals and accordingly, the total amount of income tax exposure as stated by ZATCA is SR 29.76 million for income tax and withholding tax exposure was set out by ZATCA at SR 3.94 million, covering the years from 2013 to 2018 and are excluding delay and other related fines. As at the date of the approval of these financial statements by the Board of Directors, no official assessment has been received from ZATCA. Additional potential exposure for the years ended 31 December 2019 and 2020, and for the period from 1 January 2021 to date of disposition of the former shareholders' shares could arise if ZATCA imposes the above-mentioned principle to all assessment years.

The Company is currently registered with ZATCA as a 100% zakatable company on the basis of its ownership structure with all direct and indirect shareholders being either GCC nationals, or companies that were established within the GCC and whose shareholders consist wholly of GCC nationals. Further, dividends distributions to the above-mentioned former shareholder, in management view, are not subject to withholding tax as it is a resident company in the Kingdom of Saudi Arabia (as a Saudi limited liability company on the basis of the incorporation documents).

Discussions with ZATCA in connection with the above matter are still on-going and the outcome of the above matter is still uncertain. Moreover, in case of any imposed position by ZATCA, in addition to any relevant fines and delay penalties, the above-mentioned former shareholder has provided to the Company an indemnity undertaking letter to bear any tax related liability that might be imposed on the Company by ZATCA in connection with the above matter. Therefore, in the light of the information currently available and the indemnity undertaking letter from the above-mentioned former shareholder, the management is of the view that it is highly unlikely that there will be any material exposure for the Company in connection with the above communication received from ZATCA.

20. EARNINGS PER SHARE

Earnings per share ("EPS") is calculated by dividing the net income for the year over the weighted average of the current ordinary shares during the year.

	2022	2021
Net income for the year	193,107,949	125,726,066
Weighted average number of ordinary shares for basic and diluted EPS	43,000,000	43,000,000
Earnings per share	4.49	2.92

21. REVENUE

Disaggregated revenue information

Set out below is the disaggregation of the Company's revenue from contracts with customers:

	2022 SR	2021 SR
Short term rental	478,262,446	358,417,652
Long term lease	314,694,746	270,249,585
Sales of motor vehicles	175,010,486	123,702,339
	967,967,678	752,369,576

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NOTES TO THE FINANCIAL STATEMENTS (continued)

At 31 December 2022

21. REVENUE (continued)

Timing of revenue recognition

	2022 SR	2021 SR
Services transferred over time	792,957,192	628,667,237
Services transferred at point in time	175,010,486	123,702,339
	<u>967,967,678</u>	<u>752,369,576</u>

Performance obligations

The performance obligation is satisfied upon availing the vehicle for lease and payment is generally due 90 days for corporate customers from the invoice date. Contracts for the sale of vehicles do not provide customers with any right of return. There are no unsatisfied performance obligations as at the reporting date; therefore, there are no transaction price that are required to be allocated over the remaining or unsatisfied performance obligations.

Operating leases – the Company as lessor

The Company has entered into leases on its fleet of vehicles. The commercial and non-commercial vehicle leases typically have lease terms of between 1 and 5 years. Some leases contain options to terminate before the end of the lease term in exchange of additional penalty payments.

Future minimum rentals receivable under non-cancellable operating leases as at the reporting date is as follows:

	2022 SR	2021 SR
Within 1 year	236,605,209	239,892,190
After 1 year, but not more than 5 years	268,232,220	249,521,137
	<u>504,837,429</u>	<u>489,413,327</u>

Geographical markets

The Company operates exclusively in the Kingdom of Saudi Arabia and therefore no additional geographical market information is presented in these financial statements.

21.1 Contract balances

	2022 SR	2021 SR
Contract assets (note 11)	10,499,399	9,408,925
Contract liabilities (note 18) *	20,577,343	20,384,378

* Contract liabilities represent advances received from customers against rental services not yet provided.

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NOTES TO THE FINANCIAL STATEMENTS (continued)

At 31 December 2022

22. COST OF REVENUE

	2022 SR	2021 SR
Depreciation of property and equipment (note 6)	249,514,049	212,290,781
Cost of vehicles sold	134,130,494	106,559,205
Employees' salaries and other benefits	59,858,442	52,238,017
Maintenance and repairs	52,214,428	33,468,233
Insurance	47,849,995	33,642,350
Depreciation on right-of-use assets (note 7)	36,553,738	38,981,740
Rental (note 7.2)	10,272,806	8,134,543
Shipping	4,552,333	3,819,235
Other penalties	3,372,008	830,653
Bank charges	3,760,054	4,579,180
Utilities	1,539,629	1,362,842
Impairment of inventory	-	1,455,220
Others	9,229,739	6,525,161
	<u>612,847,715</u>	<u>503,887,160</u>

23. SELLING AND MARKETING EXPENSES

	2022 SR	2021 SR
Employees' salaries and other benefits	40,312,828	31,898,583
Advertising	7,676,511	1,842,623
Others	1,118,188	655,649
	<u>49,107,527</u>	<u>34,396,855</u>

24. GENERAL AND ADMINISTRATIVE EXPENSES

	2022 SR	2021 SR
Employees' salaries and other benefits	22,225,142	17,357,436
Professional fees	3,661,904	3,939,043
Governmental fees	3,649,725	2,793,168
IT/ERP system	2,655,765	2,097,977
Utilities	1,993,870	1,686,203
VAT deemed supply	1,704,925	1,260,000
Maintenance and repairs	1,770,256	281,181
Charity donations	1,660,691	825,283
BOD members remuneration	1,580,000	915,414
Communication	1,149,805	1,201,776
Hospitality	980,320	482,219
Depreciation of property and equipment (note 6)	432,654	769,022
Others	3,345,530	2,228,211
	<u>46,810,587</u>	<u>35,836,933</u>

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NOTES TO THE FINANCIAL STATEMENTS (continued)

At 31 December 2022

25. OTHER INCOME

	2022 SR	2021 SR
Reversal of loyalty points expired *	4,055,567	-
Rebate income	2,754,997	2,032,022
Car sales fee	179,978	158,100
Miscellaneous income	1,154,972	1,426,620
	<u>8,145,514</u>	<u>3,616,742</u>

* This amount represents the amount of expired loyalty points.

26. FINANCE COSTS

	2022 SR	2021 SR
Finance cost on bank borrowings	27,446,226	19,890,768
Finance cost on lease liabilities (note 7.2)	4,342,800	5,138,785
Interest on employees' defined benefit liabilities (note 17.2)	887,353	600,460
	<u>32,676,379</u>	<u>25,630,013</u>

27. COMMITMENTS AND CONTINGENCIES

At 31 December 2022, the Company issued letters of guarantees amounted to SR 63.5 million (31 December 2021: SR 46.6 million) mainly in respect of the Company's leased properties and bidding securities.

As mentioned in note 19 to the financial statements, the Company has disclosed contingent liability in relation to correspondence received from ZATCA.

28. FAIR VALUE OF ASSETS AND LIABILITIES

As at 31 December 2022 and 2021, the fair values of the Company'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 2022 and 31 December 2021.

Fair values of the Company's borrowings are determined by using DCF method using discount rate that reflects the borrowing rate as at the end of the reporting period. As at 31 December 2022 and 31 December 2021, the carrying amounts of borrowings were not materially different from their calculated fair values.

During the year ended 31 December 2022 and 2021, there were no movements between the levels.

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NOTES TO THE FINANCIAL STATEMENTS (continued)

At 31 December 2022

29. FINANCIAL INSTRUMENTS RISK MANAGEMENT

The Company's principal financial liabilities comprise bank borrowings, accounts payable 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 include accounts receivable and other receivables and bank balances.

The Company's activities expose it to a variety of financial risks: market risk (including commission rate risks, currency risk and price risk), 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 minimise potential adverse effects on the Company's financial performance.

Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: commission rate risk, currency risk and other price risk, such as equity price risk and commodity risk. Financial instruments affected by market risk include bank borrowings.

Commission rate risk

Commission rate risk is the exposure to various risks associated with the effect of fluctuations in the prevailing commission rates on the Company's financial position and cash flows. The Company manages the commission rate risk by regularly monitoring the commission rate profiles of its interest-bearing financial instruments.

Interest rate sensitivity

The following table demonstrates the sensitivity to a reasonably possible change in interest rates on that portion of loans affected. With all other variables held constant, the Company's profit before tax is affected through the impact on floating rate borrowings, as follows:

	2022	2021
	SR	SR
<i>Gain (loss) through the statement of comprehensive income</i>		
<i>Floating rate debt:</i>		
SIBOR +/- 100bps	42,591	41,600

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 Company's transactions are principally in Saudi Riyals and hence Company is not affected by such risk. The Company's management monitors such fluctuations and manages its effect on the financial statements accordingly.

Credit risk

Credit risk is the risk that one party to financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. The Company has no significant concentration of credit risk. Concentration risk arises when a number of counterparties engaged in similar business activities or activities in the same geographical region or have economic features that would cause them to fail their contractual obligations. To reduce exposure to credit risk, the Company has developed a formal approval process whereby credit limits are applied to its customers. The management also continuously monitors the credit exposure towards the customers and makes provision against those balances considered doubtful of recovery.

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NOTES TO THE FINANCIAL STATEMENTS (continued)

At 31 December 2022

29. FINANCIAL INSTRUMENTS RISK MANAGEMENT (continued)

Credit risk (continued)

To mitigate the risk, the Company has a system of assigning credit limits to its customers based on an extensive evaluation based on customer profile and payment history.

The Company's gross maximum exposure to credit risk at the reporting date is as follows:

	2022 SR	2021 SR
Accounts receivable (note 9)	282,586,954	203,234,776
Contract assets (note 11)	16,432,319	12,915,784
Bank balances (note 12)	99,442,695	57,011,991
	<u>398,461,968</u>	<u>273,162,551</u>

a) Accounts receivable and contract assets

Customer credit risk is managed by each business unit subject to the Company's established policy, procedures and control relating to customer credit risk management. Credit quality of a customer is assessed based on an extensive credit rating scorecard and individual credit limits are defined in accordance with this assessment. The 5 largest customers account for 16% of outstanding accounts receivable at 31 December 2022 (2021: 15%).

The Company 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.

b) Bank balances

Credit risk from bank balances are managed by the Company's management in accordance with the Company's policy and is limited as cash balances are held with banks with sound credit ratings. The Company deposits its cash balances with major high credit-rated financial institutions and does not believe that there is a significant risk of non-performance by these financial institutions.

Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company's approach to managing liquidity is to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation.

Typically, the Company ensures that it has sufficient cash on demand to meet expected operational expenses including the servicing of financial obligations. Also the Company has bank facilities to meet its requirements

Cash flow forecasting is performed by the management which monitors rolling forecasts of the Company's liquidity requirements to ensure it has sufficient cash to meet operational needs.

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NOTES TO THE FINANCIAL STATEMENTS (continued)

At 31 December 2022

29. FINANCIAL INSTRUMENTS RISK MANAGEMENT (continued)

Liquidity risk (continued)

The table below analyses the Company's financial liabilities into the relevant maturity groupings based on the remaining period at the reporting date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within twelve months equal their carrying balances, as the impact of discounting is not significant.

	<i>Within 1 year SR</i>	<i>1 to 5 years SR</i>	<i>More than 5 years SR</i>	<i>Total SR</i>
<i>31 December 2022</i>				
Term loans	475,703,106	478,159,231	-	953,862,337
Car dealership' payable	56,876,824	-	-	56,876,824
Other current liabilities	30,142,683	-	-	30,142,683
Lease liabilities	56,801,861	56,140,056	3,835,000	116,776,917
Accounts payable	29,735,448	-	-	29,735,448
	<u>649,259,922</u>	<u>534,299,287</u>	<u>3,835,000</u>	<u>1,187,394,209</u>
<i>31 December 2021</i>				
Term loans	326,628,922	288,172,502	-	614,801,424
Car dealership' payable	115,942,535	-	-	115,942,535
Other current liabilities	26,515,381	-	-	26,515,381
Lease liabilities	57,419,980	58,832,656	1,970,000	118,222,636
Accounts payable	18,114,218	-	-	18,114,218
	<u>544,621,036</u>	<u>347,005,158</u>	<u>1,970,000</u>	<u>893,596,194</u>

30. FINANCIAL ASSETS AND FINANCIAL LIABILITIES

30.1 Financial assets

	2022 SR	2021 SR
Financial assets at amortised cost:		
Accounts receivable	189,363,995	138,990,242
Amounts due from related parties	-	482,584
	<u>189,363,995</u>	<u>139,472,826</u>
Bank balances and cash	100,092,690	57,712,926
Total financial assets	<u>289,456,685</u>	<u>197,185,752</u>

30.2 Financial liabilities

		2022 SR	2021 SR
Current interest-bearing liabilities	<i>Maturity</i>		
Current portion of term loans	Note 16	442,155,580	326,628,922
Current portion of lease obligation	Note 7	53,848,293	54,355,232
Non-current interest-bearing liabilities			
Term loans	Note 16	455,185,280	288,172,502
Lease obligation	Note 7	53,707,128	54,686,864

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NOTES TO THE FINANCIAL STATEMENTS (continued)

At 31 December 2022

31. CAPITAL MANAGEMENT

For the purpose of the Company's management, capital includes issued capital and all other equity reserves attributable to the equity holders. The primary objective of the Company's capital management is to maximise the shareholders' value.

The Company manages its capital structure and makes adjustments in light of changes in economic conditions. The Company informally monitors capital using a gearing ratio, which is 'net debt' divided by total capital plus net debt.

	2022 SR	2021 SR
Non-current portion of term loans	455,185,280	288,172,502
Non-current portion of lease obligation	53,707,128	54,686,864
Current portion of term loans	442,155,580	326,628,922
Current portion of lease obligation	53,848,293	54,355,232
	<u>1,004,896,281</u>	<u>723,843,520</u>
Equity	<u>664,860,414</u>	<u>567,355,380</u>
Gearing ratio	1.51	1.28

32. SEGMENTAL INFORMATION

Consistent with the Company's internal reporting process, business segments have been approved by the Board of Directors in respect of the Company's activities. Management monitors the following details on a segment wise basis.

31 December 2022	Short term lease SR	Long term lease SR	Others SR	Total SR
Revenue	478,262,446	314,694,746	175,010,486	967,967,678
Depreciation expense – motor vehicles	(106,057,600)	(140,427,894)	-	(246,485,494)
Segment profit	<u>372,204,846</u>	<u>174,266,852</u>	<u>175,010,486</u>	<u>721,482,184</u>
31 December 2021	Short term lease SR	Long term lease SR	Others SR	Total SR
Revenue	358,417,652	270,249,585	123,702,339	752,369,576
Depreciation expense – motor vehicles	(93,922,911)	(114,847,693)	-	(208,770,604)
Segment profit	<u>264,494,741</u>	<u>155,401,892</u>	<u>123,702,339</u>	<u>543,598,972</u>

Unallocated revenue and expenses:

	2022 SR	2021 SR
Segments profit	721,482,184	543,598,972
Cost of revenue	(366,362,221)	(295,116,556)
Selling and marketing expenses	(49,107,527)	(34,396,855)
General and administrative expenses	(46,810,587)	(35,836,933)
Provision for expected credit losses	(31,404,486)	(26,033,008)
Finance costs	(32,676,379)	(25,630,013)
Gain on derivative instrument at FVPL	480,196	2,280,247
Other income	8,145,514	3,616,742
Income before zakat	<u>203,746,694</u>	<u>132,482,596</u>

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NOTES TO THE FINANCIAL STATEMENTS (continued)

At 31 December 2022

32. SEGMENTAL INFORMATION (continued)

Detail of segment assets and liabilities:

31 December 2022	<i>Allocated</i>		<i>Unallocated</i>	
	<i>Short term lease</i>	<i>Long term lease</i>	<i>Other</i>	<i>Total</i>
	<i>SR</i>	<i>SR</i>	<i>SR</i>	<i>SR</i>
Segment assets	503,995,133	710,916,365	651,301,988	1,866,213,486
Segment liabilities	-	-	1,201,353,072	1,201,353,072

31 December 2021	<i>Allocated</i>		<i>Unallocated</i>	
	<i>Short term Lease</i>	<i>Long term Lease</i>	<i>Other</i>	<i>Total</i>
	<i>SR</i>	<i>SR</i>	<i>SR</i>	<i>SR</i>
Segment assets	442,715,602	609,426,266	466,007,702	1,518,149,570
Segment liabilities	-	-	950,794,190	950,794,190

Other disclosures:

31 December 2022	<i>Allocated</i>		<i>Unallocated</i>	
	<i>Short term lease</i>	<i>Long term lease</i>	<i>Other</i>	<i>Total</i>
	<i>SR</i>	<i>SR</i>	<i>SR</i>	<i>SR</i>
Capital expenditures	298,730,244	249,767,860	5,350,338	553,848,442

31 December 2021	<i>Allocated</i>		<i>Unallocated</i>	
	<i>Short term Lease</i>	<i>Long term lease</i>	<i>Other</i>	<i>Total</i>
	<i>SR</i>	<i>SR</i>	<i>SR</i>	<i>SR</i>
Capital expenditures	282,786,381	214,234,802	6,401,761	503,422,944

Capital expenditure consists of additions of property and equipment and intangible assets.

Finance income and costs, and gains and losses on financial assets are not allocated to individual segments as the underlying instruments are managed on a Company basis. Zakat and financial assets and liabilities are not allocated to those segments as they are also managed on a Company basis.

The following summary describes the operations in each of the Company's reportable segments:

- Short term lease segment represents activities involving leasing of cars to customers under short term rental arrangements (daily and monthly).
- Long term lease segment represents activities involving leasing of cars to customers under medium to longer term operating lease arrangements.
- Car sales (others) represents the sales of vehicles that were previously held as a part of lease or rental fleet.

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At 31 December 2022

33. DIVIDENDS

The Company's Board of Directors approved, in their meeting held on 21 March 2022, to distribute interim cash dividends of SR 0.54 per share totaling to SR 23,220,000. The above-mentioned interim dividends have been distributed to the shareholders on 20 April 2022.

The Company's Board of Directors approved, in their meeting held on 7 June 2022, to distribute interim cash dividends of SR 0.49 per share totaling to SR 21,070,000. The above-mentioned interim dividends were distributed to the shareholders on 3 July 2022.

The Company's Board of Directors approved, in their meeting held on 30 August 2022, to distribute interim cash dividends of SR 0.50 per share totaling to SR 21,500,000. The above-mentioned interim dividends have been distributed to the shareholders on 20 September 2022.

The Company's Board of Directors approved, in their meeting held on 13 November 2022, to distribute interim cash dividends of SR 0.62 per share totaling to SR 26,660,000. The above-mentioned interim dividends have been distributed to the shareholders on 27 November 2022.

The Company's Board of Directors approved, in their meeting held on 16 September 2021, to distribute interim cash dividends of SR 0.51 per share totaling to SR 21,930,000. The above-mentioned interim dividends have been distributed to the shareholders on 21 September 2021.

Further, the Company's Board of Directors approved, in their meeting held on 16 November 2021 to distribute interim cash dividends of SR 0.40 per share totaling to SR 17,200,000. The above-mentioned interim dividends have been distributed to the shareholders on 28 November 2021.

34. CHANGES IN LIABILITIES ARISING FROM FINANCING ACTIVITIES

Changes in liabilities arising from financing activities:

	<i>1 January 2022 SR</i>	<i>Cash flows SR</i>	<i>New leases SR</i>	<i>Others SR</i>	<i>31 December 2022 SR</i>
Current portion of term loans	326,628,922	115,526,658	-	-	442,155,580
Lease liabilities	109,042,096	(49,756,746)	43,927,271	4,342,800	107,555,421
Non-current portion of term loans	288,172,502	167,012,778	-	-	455,185,280
Total	723,843,520	232,782,690	43,927,271	4,342,800	1,004,896,281
	<i>1 January 2021 SR</i>	<i>Cash flows SR</i>	<i>New leases SR</i>	<i>Others SR</i>	<i>31 December 2021 SR</i>
Current portion of term loans	296,508,006	30,120,916	-	-	326,628,922
Lease liabilities	127,705,065	(33,035,936)	9,234,182	5,138,785	109,042,096
Non-current portion of term loans	248,511,760	39,660,742	-	-	288,172,502
Total	672,724,831	36,745,722	9,234,182	5,138,785	723,843,520

35. DERIVATIVES NOT DESIGNED AS HEDGING INSTRUMENTS

The Company is engaged in interest rate swap agreement with a local bank. Notional amount of SR nil (31 December 2021: SR 75,000,000). Derivative not designed as hedging instruments. The change in fair value of those commission rates that are not designed in hedge relationships, but are, nevertheless, intended to reduce the level of commission rate risk. As at 31 December 2022, the fair value of the derivative instrument at FVTPL amounted to SR nil (31 December 2021: SR 480,196).

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.

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At 31 December 2022

36. COMPANY BRANCHES

These financial statements cover the activities of the Company and the following branches:

<i>Branch</i>	<i>Commercial registration</i>	<i>License No.</i>	<i>Date of commercial registration</i>
Central region			
Altaawon	1010311975	14/00004212	4/8/1432 H (corresponding 5/6/2011)
Alswaidi	1010187020	14/00004223	30/3/1424 H (corresponding 31/5/2003)
Alshefa	1010359247	14/00004224	16/2/1434 H (corresponding 29/12/2012)
Al-Yasmin	1010396199	14/00004237	23/1/1435 H (corresponding 26/11/2013)
Riyadh Showroom, AlRawdah	1010378245	10102000200	27/7/1434 H (corresponding 6/6/2013)
Al-Malaz	1010224758	14/00004220	22/10/1427 H (corresponding 13/11/2006)
Um Alhamam	1010181670	14/00004221	15/8/1423 H (corresponding 21/10/2002)
King Khalid Airport Terminal 5	1010150661	14/00004578	12/4/1419 H (corresponding 5/8/1998)
King Khalid Airport Terminal 1	1010150661	14/00005459	12/4/1419 H (corresponding 5/8/1998)
Car Sales	1010177560	-	23/3/1423 H (corresponding 4/6/2002)
Maintenance Center	1010388439	-	12/11/1434 H (corresponding 18/9/2013)
Real Estate Records	1010317696	-	10/11/1432 H (corresponding 8/10/2011)
Buraida	1131051994	14/00006564	12/5/1435H (corresponding 13/03/2014)
Buraida Airport	1131051994	14/00005030	12/5/1435H (corresponding 13/03/2014)
Al Qadisayah	1010758112	-	12/4/1443H (corresponding 18/11/2021)
Hail	3350139352	14/00006656	4/7/1439 H (corresponding 21/3/2018)
Hail Airport	3350139352	80102000201	4/7/1439 H (corresponding 21/3/2018)
Al Aroubah	1010930285	14/00004238	13/4/1439 H (corresponding 31/12/2017)
Al Yarmouk	1010451029	14/00004239	15/9/1439 H (corresponding to 29/5/2018)
Al Musanada	1010150661	14/00004222	22/3/1441 H (corresponding to 20/11/2019)
Wadi Lanan	1010598941	14/00001917	15/02/1441H (corresponding to 15/10/2019)
Buses	1010604548	-	22/03/1441H (corresponding to 20/11/2019)
Operating and Maintenance	1010610736	-	25/11/1438H (corresponding to 18/8/2017)
Car Maintenance	1010428416	-	8/2/1436H (corresponding to 1/12/2014)
Leath company for rent Car	1010215369	-	4/12/1426H (corresponding to 4/1/2006)
Twaiq New branch	1010150661	14/00008289	12/4/1419 H (corresponding 5/8/1998)
North Industrial New branch	1010150661	14/00007031	12/4/1419 H (corresponding 5/8/1998)
Al Sulay	1010150661	14/00006294	22/3/1441 H (corresponding to 20/11/2019)
Western region			
Al Tahlia New Branch	4030127038	under process	29/1/1420 H (corresponding 15/5/1999)
Albughdadia	4030127038	14/00004447	29/1/1420 H (corresponding 15/5/1999)
Almadina road	4030127038	14/00004443	29/1/1420 H (corresponding 15/5/1999)
Al-Fayha	4030127038	14/00004446	29/1/1420 H (corresponding 15/5/1999)
Al-Samer	4030290391	14/00004445	23/1/1420 H (corresponding 15/5/1999)
Yanbu	4700017234	3022002000	15/3/1435 H (corresponding 16/1/2014)
Almadina Almonawara	4650050975	30102000201	4/3/1432 H (corresponding 7/2/2011)
Almadina Airport	4650050975	14/00002912	4/3/1432 H (corresponding 7/2/2011)
Al-Taif Airport	4032036164	20302000201	18/6/1434 H (corresponding 28/4/2013)
Car sales – Jeddah	4030294835	-	30/8/1438 H (corresponding 6/6/2017)
Al Amal	4030127038	14/00004444	29/1/1420H (corresponding 14/5/1999)
Makah Almkarmah branch	4031225251	14/00005537	25/7/1440H (corresponding 01/4/2019)
Altaif branch	4032235084	14/00001325	25/7/1440H (corresponding 01/4/2019)
Alual branch	4651102277	14/00000453	15/2/1441H (corresponding 15/10/2019)
Asfan Maintenance	4030403857	-	22/5/1442H (corresponding 6/1/2021)
Prince Majied Road	4030127038	14/00007944	29/1/1420 H (corresponding 15/5/1999)
King Abdulaziz Airport Terminal 1	4030127038	14/00004456	29/1/1420 H (corresponding 15/5/1999)
Eastern region			
Dammam	2050034970	20102000201	4/2/1420 H (corresponding 19/5/1999)
Al-Khobar	2051221149	14/00005781	26/7/1439 H (corresponding 12/4/2018)
Dammam Airport	2050034970	14/00004321	4/2/1420 H (corresponding 19/5/1999)
Al-Jubail Al Balad	2055009774	14/00003491	15/9/1429 H (corresponding 15/9/2008)
Al-Jubail Royal Commission	2055009774	51302000201	15/9/1429 H (corresponding 15/9/2008)
Alihasa, Alkhalidia	2251040741	50202000201	22/11/1431 H (corresponding 30/10/2010)
Al Kair Maintenance	2050148928	-	12/2/1443H (corresponding 20/9/2021)
Qurtoba	2051221149	14/00004067	26/7/1439 H (corresponding 12/4/2018)
Alihsa, Almubaraz	2031100133	14/00004346	25/10/1439 H (corresponding 9/7/2018)
Azzia Khubar	2050034970	14/00004319	4/2/1420 H (corresponding 19/5/1999)
Al Qatif New branch	2050034970	under process	4/2/1420 H (corresponding 19/5/1999)

Theeb Rent a Car Company
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NOTES TO THE FINANCIAL STATEMENTS (continued)

At 31 December 2022

36. COMPANY BRANCHES (continued)

<i>Branch</i>	<i>Commercial registration</i>	<i>License No.</i>	<i>Date of commercial registration</i>
Southern region			
Abha Branch	5850069435	60102000202	2/5/1437 H (corresponding 11/2/2016)
Abha Airport	5850234565	14/00007890	2/7/1439 H (corresponding 9/7/2018)
Albaha Airport	5800021384	120502000201	9/6/1438 H (corresponding 8/3/2017)
Jazan Airport	5900020957	14/00007889	23/3/1434 H (corresponding 4/2/2013)
Albaha Branch	5800020727	14/00007982	2/5/1437 H (corresponding 11/02/2016)
Najran Branch	5950032463	110102000202	4/7/1437 H (corresponding 11/04/2016)
Madina road, askaria - khamis mushait	5855070943	60202000201	27/8/1438 H (corresponding 24/5/2017)
Najran Airport	5950115357	14/00000539	16/8/1440 H (corresponding 22/4/2019)
Abo Aresh	5901720213	14/00003382	22/5/1442 H (corresponding 6/1/2021)
Northern region			
Tabuk	3550032407	70102000201	14/2/1435 H (corresponding 17/12/2013)
Tabuk Airport	3550032407	14/00002915	14/2/1435 H (corresponding 17/12/2013)
Neom Airport	3550032407	-	14/2/1435 H (corresponding 17/12/2013)

37. EVENTS AFTER THE REPORTING PERIOD

In the opinion of management, no significant subsequent events have occurred subsequent to 31 December 2022 that would require disclosures or adjustments in these financial statements.

38. COMPARATIVE INFORMATION

Certain comparative information has been reclassified to align with current year presentation.


39. APPROVAL OF THE FINANCIAL STATEMENTS

These financial statements were authorized for issue on 15 Sha'ban 1444H (corresponding 7 March 2023) by the Board of Directors of the Company.



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