UNITED INTERNATIONAL TRANSPORTATION COMPANY
(A Saudi Joint Stock Company)

CONSOLIDATED FINANCIAL STATEMENTS
AND
INDEPENDENT AUDITOR'S REPORT
For the year ended 31 December 2021

UNITED INTERNATIONAL TRANSPORTATION COMPANY
(A Saudi Joint Stock Company)

CONSOLIDATED FINANCIAL STATEMENTS
For the year ended 31 December 2021

KPMG Professional Services
Zahran Business Center
Prince Sultan Street
P.O. Box 55078
Jeddah 21534
Kingdom of Saudi Arabia
Commercial Registration No 4030290792

Headquarters in Riyadh

كي بي إم جي للاستشارات المهنية
مركز زهران للأعمال
شارع الأمير سلطان
ص.ب ٥٥٠٧٨
جده ٢١٥٣٤
المملكة العربية السعودية
سجل تجاري رقم 4030290792

المركز الرئيسي في الرياض

Independent Auditor's Report

To the Shareholders of United International Transportation Company

Opinion

We have audited the consolidated financial statements of United International Transportation Company ("the Company") (and its subsidiaries) ("the Group"), which comprise the consolidated statement of financial position as at 31 December 2021, the consolidated statements of profit or loss and other comprehensive income, changes in equity and cash flows for the year then ended, and notes to the consolidated financial statements, comprising significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at 31 December 2021, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS) that are endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements issued by the Saudi Organization for Chartered and Professional Accountants (SOCPA).

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing that are endorsed in the Kingdom of Saudi Arabia. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the consolidated Financial Statements section of our report. We are independent of the Group in accordance with the professional code of conduct and ethics that are endorsed in the Kingdom of Saudi Arabia that are relevant to our audit of the consolidated financial statements, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

The key audit matter	How the matter was addressed in our audit
Carrying value of vehicles Vehicles included under property and equipment as at 31 December 2021 amounting SR 1,388 million (2020: SR 1,219 million) representing 91% (2020: 90%) of total property and equipment. Vehicles are carried at cost, net of accumulated depreciation and impairment losses, if any. The Group's management determines the residual values and estimated useful lives of vehicles for calculating depreciation. These estimates and judgements are made after considering the expected usage of the vehicles, expected physical wear and tear and expected future value at the time of disposal. During 2021, the management identified that the estimates relating to the useful economic lives and residual values of vehicles has not been accurately reassessed and depreciation charge had not been accounted for in accordance with the applicable financial reporting framework. As a result, the carrying values of Property and equipment (vehicles) and inventories (vehicles), the resulting depreciation expense on property and equipment (vehicles), and costs of sales of vehicles have been restated. (Note 34). The determination of residual values and useful lives of vehicles requires a significant degree of management estimation and judgement, and as such, this has been identified as a key audit matter. Refer to note 3.8 to the consolidated financial statements for the significant accounting policy, note 2.4 for the critical accounting estimates and judgements and note 13 which details the disclosure of property and equipment.	• Obtained and updated our understanding of the Group's processes and controls relating to additions and disposals of vehicles • Evaluated the design and implementation of controls and tested the operating effectiveness of controls related to additions and disposals of vehicles on a sample basis; • Assessed the appropriateness of the restatement of the Group's estimates related to the useful lives and residual values of vehicles. • Tested the underlying historical data used in the calculation of estimated residual values and useful lives of vehicles on a sample basis, for the purposes of restatement. • Tested the mathematical accuracy of the Company's calculation of the depreciation on a sample basis of vehicles • Assessed the disclosures in the consolidated financial statements as required by IAS 16 and IAS 8.

Independent Auditor's Report

To the Shareholders of United International Transportation Company (continued)

Other Matter Relating to the Comparative Information

The consolidated financial statements of the Company as at and for the years ended 31 December 2020 and 31 December 2019, excluding the adjustments described in Note 34 to the consolidated financial statements were audited by another auditor who expressed an unmodified opinion on those financial statements on 4 February 2021 and 6 February 2020 respectively.

As part of our audit of the consolidated financial statements as at and for the year ended 31 December 2021, we audited the adjustments described in Note 34 that were applied to restate the comparative information presented as at and for the year ended 31 December 2020 and the statement of financial position as at 1 January 2020. We were not engaged to audit, review, or apply any procedures to the consolidated financial statements for the years ended 31 December 2020 and 1 January 2020, other than with respect to the adjustments described in Note 34 to the consolidated financial statements. Accordingly, we do not express an opinion or any other form of assurance on those respective financial statements taken as a whole. However, in our opinion, the adjustments described in Note 34 are appropriate and have been properly applied.

Other Information

Management is responsible for the other information. The other information comprises the information included in the annual report but does not include the consolidated financial statements and our auditor's report thereon. The annual report is expected to be made available to us after the date of this auditor's report.

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

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

When we read the annual report, when made available to us, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRS that are endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements issued by SOCPA, the applicable requirements of the Regulations for Companies and Company's By-laws and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Independent Auditor's Report

To the Shareholders of United International Transportation Company (continued)

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements (continued)

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

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

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

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

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

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

Independent Auditor's Report

To the Shareholders of United International Transportation Company (continued)

Auditor's Responsibilities for the Audit of the Consolidated 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 of United International Transportation Company ("the Company") (and its subsidiaries) ("the Group").

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

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

KPMG Professional Services

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Nasser Ahmed Al Shutairy
License No. 454

Jeddah, 31 March 2022
Corresponding to 28 Shaban 1443H

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KPMG Professional Services

UNITED INTERNATIONAL TRANSPORTATION COMPANY
(A Saudi Joint Stock Company)

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
For the year ended 31 December 2021

	Note	*2021* *SR'000*	*2020* *SR'000* (Restated)
Revenue	6	**988,129**	964,856
Cost of revenue	7	**(654,612)**	(664,290)
Gross profit		**333,517**	300,566
Other operating income, net		**20,177**	14,599
Selling and marketing expenses	8	**(52,260)**	(43,377)
General and administrative expenses	9	**(59,277)**	(46,230)
Impairment loss on trade receivables	19	**(11,996)**	(14,177)
Operating profit		**230,161**	211,381
Finance costs, net	10	**(1,929)**	(2,649)
Net profit before zakat and tax		**228,232**	208,732
Zakat and tax	11	**(8,320)**	(6,287)
Net profit for the year		**219,912**	202,445
Other comprehensive income			
Items that or may be reclassified subsequently to profit or loss:			
Foreign operations – foreign currency translation differences		**(25)**	(138)
Items that will not to be reclassified to profit or loss:			
Re-measurement losses on employee benefits	24	**(4,679)**	(1,761)
Total comprehensive income for the year		**215,208**	200,546
Earnings per share (EPS)			
Basic and diluted, net profit for the year attributable to ordinary equity holders of the Parent (in Saudi Riyals)	12	**3.09**	2.84

Chairman President and Group CEO Group Chief Financial Officer

The accompanying notes from 1 to 38 form an integral part of these consolidated financial statements.

UNITED INTERNATIONAL TRANSPORTATION COMPANY
(A Saudi Joint Stock Company)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As at 31 December 2021

	Notes	*31 December 2021 SR'000*	*31 December 2020 SR'000* (Restated)	*1 January 2020 SR'000* (Restated)
ASSETS				
Non-current assets				
Property and equipment	13	**1,531,121**	1,348,124	1,444,750
Right-of-use assets	14	**28,272**	26,443	33,930
Intangible assets	15	**4,183**	2,141	464
Investments	16	**15,000**	--	1,219
Deferred tax		--	51	--
		1,578,576	1,376,759	1,480,363
Current assets				
Inventories	18	**8,113**	15,337	23,598
Trade receivables	19	**161,149**	189,041	162,637
Prepayments and other receivables	20	**31,557**	21,897	23,420
Cash and cash equivalents	21	**104,868**	146,277	4,655
		305,687	372,552	214,310
Total assets		**1,884,263**	1,749,311	1,694,673
EQUITY AND LIABILITIES				
Equity				
Share capital	22(a)	**711,667**	711,667	711,667
Statutory reserve	22(b)	**224,429**	202,438	182,193
Retained earnings		**662,516**	600,954	491,682
Foreign currency translation reserve		**(163)**	(138)	--
TOTAL EQUITY		**1,598,449**	1,514,921	1,385,542
LIABILITIES				
Non-current liabilities				
Bank borrowings	23	--	--	3,333
Employee benefits	24	**62,984**	54,666	50,412
Lease liabilities	14	**16,186**	17,019	24,044
		79,170	71,685	77,789
Current liabilities				
Current portion of bank borrowings	23	--	3,333	57,006
Lease liabilities – current portion	14	**9,327**	7,171	5,213
Trade payables	25	**56,273**	26,038	78,494
Accrued expenses and other liabilities	26	**133,112**	117,946	83,690
Zakat payable	11	**7,932**	8,217	6,939
		206,644	162,705	231,342
Total liabilities		**285,814**	234,390	309,131
Total equity and liabilities		**1,884,263**	1,749,311	1,694,673

Chairman | President and Group CEO | Group Chief Financial Officer

The accompanying notes from 1 to 38 form an integral part of these consolidated financial statements.

UNITED INTERNATIONAL TRANSPORTATION COMPANY
(A Saudi Joint Stock Company)

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
For the year ended 31 December 2021

	Share capital SR'000	*Statutory reserve SR'000*	*Retained earnings SR'000*	*Foreign currency translation reserve SR'000*	*Total equity SR'000*
Balance as at 1 January 2020, as previously reported	711,667	182,193	265,939	--	1,159,799
Impact of restatements (note 34)	--	--	225,743	--	225,743
Balance as 1 January 2020 - (restated)	711,667	182,193	491,682	--	1,385,542
Total comprehensive income for the year (restated)					
Profit for the year	--	--	202,445	--	202,445
Other comprehensive loss for the year	--	--	(1,761)	(138)	(1,899)
Total comprehensive income for the year - (restated)	-	-	200,684	(138)	200,546
Transfer to statutory reserve (note 22 (b)) - (restated)	--	20,245	(20,245)	--	--
Transactions with the owners of the Company:					
Dividends (note 22 (a))	--	--	(71,167)	--	(71,167)
Balance as at 31 December 2020 - (restated)	**711,667**	**202,438**	**600,954**	**(138)**	**1,514,921**

Chairman

President and Group CEO

Group Chief Financial Officer

The accompanying notes from 1 to 38 form an integral part of these consolidated financial statements.

UNITED INTERNATIONAL TRANSPORTATION COMPANY
(A Saudi Joint Stock Company)

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
For the year ended 31 December 2021

	Share capital *SR'000*	*Statutory reserve* *SR'000*	*Retained earnings* *SR'000*	*Foreign currency translation reserve* *SR'000*	*Total equity* *SR'000*
Balance as at 1 January 2021 - (restated)	**711,667**	**202,438**	**600,954**	**(138)**	**1,514,921**
Total comprehensive income for the year					
Profit for the year	--	--	219,912	--	219,912
Other comprehensive loss for the year	--	--	(4,679)	(25)	(4,704)
Total comprehensive income for the year			215,233	(25)	215,208
Transfer to statutory reserve (note 22 (b))	--	21,991	(21,991)	--	--
Transactions with the owners of the Company:					
Dividends (note 22 (a))	--	--	(131,680)	--	(131,680)
Balance as at 31 December 2021	**711,667**	**224,429**	**662,516**	**(163)**	**1,598,449**

Chairman

President and Group CEO

Group Chief Financial Officer

The accompanying notes from 1 to 38 form an integral part of these consolidated financial statements.

UNITED INTERNATIONAL TRANSPORTATION COMPANY
(A Saudi Joint Stock Company)

CONSOLIDATED STATEMENT OF CASH FLOWS
For the year ended 31 December 2021

	Notes	*2021* *SR'000*	*2020* *SR'000* (Restated)
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before zakat and tax		**228,232**	208,732
Adjustments for:			
Depreciation of property and equipment	13	**213,143**	264,971
Depreciation of right-of-use assets	14	**10,504**	10,988
Amortisation of intangible assets	15	**246**	165
Impairment loss on intangible assets	15	**1,823**	--
Loss on disposals during the year	13	**1,108**	--
Gain on derecognition of right-of-use assets	14	**(187)**	(96)
Provision for employee benefits	24	**7,751**	7,795
Impairment loss on trade receivables	19	**11,996**	14,177
Finance cost	10	**1,929**	2,649
		476,545	509,381
Changes in:			
Inventories		**262,414**	223,500
Trade receivables, net		**15,896**	(40,581)
Prepayments and other receivables		**(9,660)**	1,523
Trade payables		**30,235**	(52,456)
Accrued expenses and other liabilities		**15,166**	34,988
Cash generated from operating activities		**790,596**	676,355
Purchase of vehicles	13	**(630,201)**	(379,770)
Zakat paid	11	**(8,554)**	(5,060)
Finance cost paid	10	**(1,929)**	(2,649)
Employee benefits paid	24	**(4,112)**	(5,302)
Net cash generated from operating activities		**145,800**	283,574
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property and equipment (excluding vehicles)	13	**(22,237)**	(3,814)
Investment in subsidiary, net of cash acquired	17	**--**	(1,336)
Additions to intangible assets	15	**(4,111)**	(19)
Investment made during the year		**(15,000)**	--
Net cash used in investing activities		**(41,348)**	(5,169)
CASH FLOWS FROM FINANCING ACTIVITIES			
Repayment of bank borrowings	23	**(3,333)**	(57,006)
Dividends paid	22	**(131,680)**	(71,167)
Payment of the principal portion of lease liabilities	14	**(10,823)**	(8,472)
Net cash flows used in financing activities		**(145,836)**	(136,645)
NET (DECREASE) / INCREASE IN CASH AND CASH EQUIVALENTS		**(41,384)**	141,760
Net foreign exchange differences		**(25)**	(138)
Cash and cash equivalents at the beginning of the year		**146,277**	4,655
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR		**104,868**	146,277
Supplemental non-cash information			
Transfer of vehicles from property and equipment to inventories	13	**255,190**	215,239

Chairman   President and Group CEO   Group Chief Financial Officer

The accompanying notes from 1 to 38 form an integral part of these consolidated financial statements.

1 CORPORATE INFORMATION

United International Transportation Company ("the Parent Company"), is a Saudi Joint Stock Company registered in Jeddah, Kingdom of Saudi Arabia ("KSA") under Commercial Registration No. 4030017038 dated 7 Shabaan 1428H (corresponding to 20 August 2007), with branches as detailed in note 35.

The principal activities of the Parent Company are leasing, rental of vehicles and used car sales under the commercial name of "Budget Rent a Car" as per the license No. 0202000400 issued by the Ministry of Transportation in the Kingdom of Saudi Arabia. The Parent Company was listed on Saudi Stock Exchange on 1 September 2007.

The Parent Company's registered office is located at the following address:

6695 King Abdul Aziz Road, Al Basatin Dist.
Unit No. 92
Jeddah 23719-4327,
Kingdom of Saudi Arabia.

As at the reporting date, the Parent Company has two subsidiaries, namely Aljozoor Alrasekha Trucking Company Limited - A Single Owner Company and Unitrans Infotech Services India Private Limited (the "subsidiaries" and collectively with the Parent Company referred to as the "Group").

As at the reporting date, the Parent Company owns 100% of the issued capital of Aljozoor Alrasekha Trucking Company Limited - A Single Owner Company (the "subsidiary" or "Rahaal"). Rahaal is a limited liability company incorporated in Saudi Arabia and engaged in the business of leasing and rental of heavy vehicles and equipment and trading in heavy vehicles and equipment and spare parts, as per commercial registration.

With effect from 26 January 2020, the Parent Company acquired the remaining 51% shareholding of an existing associate Unitrans Infotech Services India Private Limited. As such, the Parent Company fully owns 100% of the shareholding in this entity. Therefore, the same have been consolidated in these consolidated financial statements from the date of acquiring control (see note 17).

The following are the details of the associate:

Name	***Principal field of activities***	***% of capital held***	
		31 December 2021	*31 December 2020*
Tranzlease Holdings India Private Limited	Operating lease of motor vehicles	**32.99%**	32.99%

Tranzlease Holdings India Private Limited

As Tranzlease Holdings India Private Limited has incurred losses in previous years, the management has impaired the investment, and it appears at Nil value.

The associate had no contingent liabilities or capital commitments at 31 December 2021 or 31 December 2020. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies in line with the Group's accounting policies.

2 BASIS OF PREPARATION

2.1 Statement of compliance

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRSs") 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 "IFRSs endorsed in KSA").

2.2 Basis of measurement

These consolidated financial statements have been prepared under the historical cost basis, unless stated otherwise, using the accruals basis of accounting, and going concern concept.

2.3 Functional and presentation currency

The Group's consolidated financial statements are presented in Saudi Arabian Riyals ("SR"), which is also the Parent Company's functional currency. For each entity, the Group determines the functional currency and items included in the financial statements of each entity are measured using that functional currency. All figures are rounded off to the nearest thousands except when otherwise indicated.

2.4 Significant accounting judgements, estimates and assumptions

The preparation of the Group's consolidated financial statements requires management to make judgements, estimates and assumptions that affect the application of the Company's accounting policies and the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities, at the reporting date.

These estimates and assumptions are based upon experience and various other factors that are believed to be reasonable under the circumstances and are used to judge the carrying values of assets and liabilities that are not readily apparent from other sources. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised or in the revision period and future periods if the changed estimates affect both current and future periods.

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The 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 beyond the control of the Company. Such changes are reflected in the assumptions when they occur. As the situation is rapidly evolving with future uncertainties, management will continue to assess the impact based on prospective developments (see also note 36).

2 BASIS OF PREPARATION (continued)

2.4 Significant accounting judgements, estimates and assumptions (continued)

The key judgements, estimates and assumptions that have a significant impact on the consolidated financial statements of the Group are discussed below:

2.4.1 Judgements

Going concern

The Group's management has made an assessment of its ability to continue as a going concern and is satisfied that it has the resources to continue in business for the foreseeable future. Furthermore, management is not aware of any material uncertainties that may cast significant doubt upon the Group's ability to continue as a going concern. Therefore, the consolidated financial statements continue to be prepared on the going concern basis.

Lease classification – Group as lessor

A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership of an underlying asset. A lease is classified as an operating lease if it does not transfer substantially all the risks and rewards incidental to ownership of an underlying asset. Keeping in view the business model of the Group, the Group has determined that leasing of vehicles does not substantially transfer all the risks and rewards incidental to ownership of the vehicles subject to the lease arrangement, hence such lease arrangements are classified as an operating lease.

Determining the lease term of contracts with renewal and termination options – Group as lessee

The Group determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised. The Group has several lease contracts that include extension and termination options. The Group 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 Group reassesses the lease term if there is a significant event or change in circumstances that is within its control and affects its ability to exercise or not to exercise the option to renew or to terminate.

Consolidation of subsidiaries

The Group has evaluated all the investee entities to determine whether it controls the investee as per the criteria laid out by IFRS 10 Consolidated Financial Statements. The Group has evaluated, amongst other things, its ownership interest, the contractual arrangements in place and its ability and the extent of its involvement with the relevant activities of the investee entities to determine whether it controls the investee.

2 BASIS OF PREPARATION (continued)

2.4 Significant accounting judgements, estimates and assumptions (continued)

2.4.2 Estimates and assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Group based its assumptions and estimates on parameters available when the consolidated financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising that are beyond the control of the Group. Such changes are reflected in the assumptions when they occur. Information about the assumptions and estimation uncertainties is included in the following areas:

Useful lives and residual value of property and equipment

The Group's management determines the estimated useful lives of its property and equipment for calculating depreciation. These estimates are determined after considering the expected usage of the assets or physical wear and tear. Management reviews the residual value and useful lives annually and future depreciation charges would be adjusted where the management believes the useful lives differ from previous estimates.

Allowance for inventory losses

The Group recognizes an allowance for inventory losses due to factors such as obsolescence, technical faults, physical damage etc. The estimation of such losses includes the consideration of factors including but not limited to introduction of new models or technology by the specific manufacturer and both existing and emerging market conditions. The impact of COVID-19 on the impairment of inventories has been considered. However, to date, COVID-19 has not had a material impact on the Group’s assessment of the net realisable value of inventory since the commencement of the pandemic.

Provision for expected credit losses (ECL) of trade receivables

The Group has selected a simplified approach for all lease trade receivables. The Group uses a provision matrix to calculate ECL for trade receivables. The provision matrix is initially based on the Group’s historical observed default rates. The Group calibrates the matrix to adjust the historical credit loss experience with forward-looking information. At every reporting date, the historical observed default rates are updated, and changes in the forward-looking estimates are analysed.

The assessment of the correlation between historically observed default rates, forecasted economic conditions and ECL is a significant estimate. The amount of ECL is sensitive to changes in circumstances of forecast economic conditions. The Group’s historical credit loss experience and forecast of economic conditions may also not be representative of customers’ actual default in the future. The information about the ECL on the Group’s trade receivables is disclosed in note 30.

2 BASIS OF PREPARATION (continued)

2.4 Significant accounting judgements, estimates and assumptions (continued)

2.4.2 Estimates and assumptions (continued)

Impairment of non-financial assets

Impairment exists when the carrying value of an asset or cash generating unit 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 DCF model. The cash flows are derived from the budget for the next five years and do not include restructuring activities that the Group is not yet committed to or significant future investments that will enhance the performance of the 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.

Employee benefits

The cost of the employee benefit plan and the present value of the obligation are determined using actuarial valuations. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These include the determination of the discount rate, future salary increases, mortality rates and employee turnover rate. Due to the complexities involved in the valuation and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.

The parameter most subject to change is the discount rate. In determining the appropriate discount rate, management considers the market yield on high quality Corporate/Government bonds. The mortality rate is based on publicly available mortality tables for the country. Those mortality tables tend to change only at intervals in response to demographic changes. Future salary increases are based on expected future inflation rates for the country. Further details about employee benefits obligations are provided in note 24.

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Group has consistently applied the following accounting policies to all period presented in these consolidated financial statements, except if mentioned otherwise (see also note 4).

Certain comparatives amounts have been restated, reclassified, or re-presented, as a result of correction of prior-period errors (see note 34).

3.1 Basis of consolidation

The Group's consolidated financial statements comprise the financial statements of the Parent Company and its subsidiaries as at 31 December 2021. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

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

- Power over the investee (i.e., existing rights that give it the current ability to direct the relevant activities of the investee)
- Exposure, or rights, to variable returns from its involvement with the investee
- The ability to use its power over the investee to affect its returns

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

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

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

Profit or loss and each component of Other Comprehensive Income ("OCI") are attributed to the equity holders of the Parent Company of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

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

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.1 Basis of consolidation (continued)

If the Group loses control over a subsidiary, it derecognises the related assets (including goodwill), liabilities, non-controlling interest and other components of equity, while any resultant gain or loss is recognised in the consolidated statement of profit or loss. Any investment retained is recognised at fair value.

Business combinations and goodwill

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

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

Any contingent consideration to be transferred by the acquirer will be recognised at fair value at the acquisition date. Contingent consideration classified as an asset or liability that is a financial instrument and within the scope of IFRS 9 Financial Instruments, is measured at fair value with the changes in fair value recognised in the consolidated statement of profit or loss.

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

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

Subsidiaries

Subsidiaries are entities controlled by the Group, The Group 'controls' an entity when it is exposed to, or has rights to, variable returns from the involvement with entity and has the ability to affect those returns through its power over the entity. The financial statements of subsidiaries are included in the consolidated financial statements from date on which control commences until the date on which control ceases.

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.1 Basis of consolidation (continued)

Investment in equity accounted investees (associate)

An associate is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies. The considerations made in determining significant influence is similar to those necessary to determine control over subsidiaries.

The Group's investments in its associates are accounted for using the equity method. Under the equity method, the investment in an associate is initially recognised at cost. The carrying amount of the investment is adjusted to recognise changes in the Group's share of net assets of the associate since the acquisition date. Goodwill relating to the associate is included in the carrying amount of the investment and is not tested for impairment separately. The statement of profit or loss reflects the Group's share of the results of operations of the associate. Any change in OCI of those investees is presented as part of the Group's OCI. In addition, when there has been a change recognised directly in the equity of the associate, the Group recognises its share of any changes, when applicable, in the consolidated statement of changes in equity. Unrealised gains and losses resulting from transactions between the Group and the associate are eliminated to the extent of the interest in the associate.

The aggregate of the Group's share of profit or loss of an associate is shown on the face of the consolidated statement of profit or loss outside operating profit and represents profit or loss after income tax. When necessary, adjustments are made to bring the accounting policies in line with those of the Group. After application of the equity method, the Group determines whether it is necessary to recognise an impairment loss on its investment in its associate. At each reporting date, the Group determines whether there is objective evidence that the investment in the associate is impaired. If there is such evidence, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value, and then recognises the loss as 'Share of results of an associate' in the consolidated statement of profit or loss. Upon loss of significant influence over the associate, the Group measures and recognises any retained investment at its fair value. Any difference between the carrying amount of the associate upon loss of significant influence and the fair value of the retained investment and proceeds from disposal is recognised in the consolidated statement of profit or loss.

When the Group's share of losses exceeds its interest in associates, the carrying amount of that interest, including any long-term investments, is reduced to nil, and the recognition of further losses is discontinued except to the extent that the Group has a corresponding obligation.

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.2 Foreign currencies

The Group's consolidated financial statements are presented in Saudi Riyals, which is also the Parent Company's functional currency. For each entity, the Group determines the functional currency and items included in the financial statements of each entity are measured using that functional currency. The Group uses the direct method of consolidation and on disposal of a foreign operation, the gain or loss that is reclassified to consolidated statement of profit or loss reflects the amount that arises from using this method.

Transactions and balances

Transactions in foreign currencies are initially recorded by the Group's entities at their respective functional currency spot rates at the date the transaction first qualifies for recognition. Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency spot rates of exchange at the reporting date. Differences arising on settlement or translation of monetary items are recognised as profit or loss with the exception of monetary items that are designated as part of the hedge of the Group's net investment in a foreign operation. These are recognised as OCI until the net investment is disposed of, at which time, the cumulative amount is reclassified to profit or loss in the consolidated statement of profit or loss. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. 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 the gain or loss on the change in fair value of the item.

Foreign operations

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on acquisition, are translated to Saudi Riyals at exchange rates at the reporting date. Dividends received from foreign subsidiary/associates are translated at the exchange rate in effect at the transaction date and related currency translation differences are realized in the consolidated statement of other comprehensive income.

When a foreign operation is disposed of, the relevant amount in the translation reserve is transferred to the consolidated statement of profit or loss as part of the profit or loss on disposal. On the partial disposal (without loss of control) of a subsidiary that includes a foreign operation, the relevant proportion of such cumulative amount is reattributed to non-controlling interest.

Foreign exchange gains or losses arising from a monetary item receivable from or payable to a foreign operation, the settlement of which is neither planned nor likely to occur in the foreseeable future and which in substance is considered to form part of the net investment in the foreign operation, are recognized in the foreign exchange translation reserve via other comprehensive income.

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.3 Current versus non-current classification

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

Assets
An asset is current when:

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

All other assets are classified as non-current.

Liabilities
A liability is current when:

- It is expected to be settled in the normal operating cycle;
- It is held primarily for the purpose of trading;
- It is due to be settled within twelve months after the reporting period; or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

The Group classifies all other liabilities as non-current.

3.4 Revenue Recognition

Revenue is measured at the fair value of the consideration received or receivable, taking into account contractually defined terms of payment. Revenue is recognized in the consolidated statement of profit or loss and other comprehensive income to the extent that it is probable that the economic benefits will flow to the Group and the revenue and costs, if applicable, can be measured reliably.

The Group recognises revenue from contracts with customers based on a five-step model as set out in IFRS 15.

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.4 Revenue Recognition (continued)

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

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

Step 3. Determine the transaction price: The transaction price is the amount of consideration to which the Company expects to be entitled to in exchange for transferring promised goods or services to a customer. The transaction price is measured at the fair value of the consideration received or receivable, taking into account contractually defined terms of payment, excluding taxes, duties and is recorded net of trade discounts.

Step 4. Allocate the transaction price to the performance obligations in the contract: For a contract that has more than on performance obligation, the Company will allocate the transaction price to each performance obligation in an amount that depicts the amount of consideration to which the Company expects to be entitled in exchange for satisfying each performance obligation.

Step 5. Recognize revenue when (or as) the Company satisfies a performance obligation: The Company assessed its revenue arrangements against specific criteria and determined that it is acting as principal in all of its revenue arrangements.

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.

Income from other services

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

Sale of inventories (used vehicles)

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

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.4 Revenue Recognition (continued)

Loyalty points

The Company usually awards customers additional “Loyalty Points”, which are utilised in the same manner as regular purchased 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 or the likelihood of the customer redeeming the loyalty points become remote

3.5 Expenses

Cost of revenue

Cost of revenue represents all expenses directly attributable or incidental to the core operating activities of the Group including but not limited to depreciation of vehicles under rental arrangements, cost of vehicle inventories disposed of, directly attributable employee related costs etc.

Selling, marketing and administrative expenses

Selling and marketing expenses are costs arising from the Group’s efforts underlying marketing activities and function. All other expenses are classified as administrative expenses. Allocation of common expenses between cost of revenue, selling and marketing and administrative expenses, where required, is made on a reasonable basis with regards to the nature and circumstances of the common expenses.

Franchise fee

Franchise and similar fee that the Group is obligated to pay under contractual arrangements are recognized on accrual basis.

3.6 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.

3.7 Zakat and tax

Zakat

The Company is subject to zakat in accordance with the regulations of the Zakat, Tax and Customs Authority ("Authority" or "ZATCA"). Provision for zakat for the Group and zakat related to the Group’s ownership in the Saudi Arabian subsidiary is charged to the consolidated statement of profit or loss and other comprehensive income. Additional amounts payable, if any, at the finalization of final assessments are accounted for in the period in which these are determined.

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.7 Zakat and tax (continued)

Zakat (continued)

The Group companies withhold taxes on transactions with non-resident parties and on dividends paid to foreign shareholders in accordance with GAZT regulations, which is not recognized as an expense being the obligation of the counter party on whose behalf the amounts are withheld.

Value added tax

The Group is subject to Value Added Tax (“VAT”) in accordance with the VAT regulations prevailing in the Kingdom of Saudi Arabia. The amount of VAT liability is determined by applying the applicable tax rate to the value of supply (“Output VAT”) less VAT paid on purchases (“Input VAT”). The Group reports revenue and purchases net of VAT for all the periods presented in the statement of profit or loss and other comprehensive income.

Current and deferred income tax

Current tax

Current tax payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the statement of profit or loss and other comprehensive income because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are not taxable or deductible at all. The Company’s liability for current tax is calculated using tax rates that have been enacted by the reporting date.

Deferred tax

Deferred tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date. Deferred tax liabilities are recognised for all taxable temporary differences, except:

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

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

When the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.7 Zakat and tax (continued)

Current and deferred income tax (continued)

- In respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint arrangements, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised

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

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

Tax benefits acquired as part of a business combination, but not satisfying the criteria for separate recognition at that date, are recognised subsequently if new information about facts and circumstances change. The adjustment is either treated as a reduction in goodwill (as long as it does not exceed goodwill) if it was incurred during the measurement period or recognised in profit or loss.

The Group offsets deferred tax assets and deferred tax liabilities if and only if it has a legally enforceable right to set off current tax assets and current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

3.8 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.

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.8 Property and equipment (continued)

Recognition and measurement (continued)

Gains and losses on disposal of an item of property and equipment (other than vehicles transferred to inventories as 'Vehicles for sale') are determined by comparing the proceeds from disposal with the carrying amount of property and equipment and are recognised net within other operating income in the consolidated statement of profit or loss.

Subsequent costs

The cost of replacing a part of an item of property and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Group, and its cost can be measured reliably. The carrying amount of the replaced part is derecognised. The costs of the day-to-day servicing of property and equipment are recognised in the consolidated statement of profit or loss as incurred.

Capital work in progress

Capital work-in-progress represents all costs relating directly and indirectly to the construction in progress and is capitalized as property and equipment when ready for the intended use

Depreciation

Depreciation represents the systematic allocation of the depreciable amount of an asset over its estimated useful life. Depreciable amount represents cost of an asset, or other amount substituted for cost, less its residual value. Depreciation is recognised in the consolidated statement of profit or loss on a straight-line basis over the estimated useful lives of each part of an item of property and equipment. Leased assets are depreciated over the shorter of the lease term and their useful lives. Land is not depreciated.

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

The estimated useful lives are as follows:

• Buildings and other installations	10 to 20 years
• Vehicles	2 to 5 years
• Furniture, fixtures and office equipment	4 to 5 years
• Machinery and equipment	4 to 7 years

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.8 Property and equipment (continued)

Revision in useful lives of property and equipment

The Group conducted an internal technical review and engaged an independent third-party specialist to perform an assessment of useful lives of vehicles and residual values. Accordingly, the estimated useful lives of vehicles have been revised by the Group as follows:

	Upto 31 December 2020	Effective 1 January 2021 Revised
	Years	
Lease Vehicles	3.75	4
Rental Vehicles	2.33	2.58

The effect of these changes on actual and expected depreciation expenses included in cost of revenue was as follows.

SR'000	**2021**	2022	2023	2024	2025
(Decrease) / increase in depreciation expense	**(56,532)**	(31,251)	1,934	19,350	2,516

3.9 Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is their fair value at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and accumulated impairment losses. Internally generated intangibles, excluding capitalised development costs, are not capitalised and the related expenditure is reflected in consolidated statement of profit or loss 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 consolidated statement of profit or loss in the expense category that is consistent with the function of the intangible assets.

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.9 Intangible assets (continued)

The amortization period for the Group's intangible assets with finite life is as follows:

Software	4 years
Intellectual property	4 years

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

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

3.10 Leases

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

Group as a lessee

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

Right-of-use assets

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

- Leasehold building 2 to 10 years

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

Lease liabilities

At the commencement date of the lease, the Group recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees.

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.10 Leases (continued)

Lease liabilities (continued)

The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for terminating the lease, if the lease term reflects the Group exercising the option to terminate. Variable lease payments that do not depend on an index or a rate are recognised as expenses (unless they are incurred to produce inventories) in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Group 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 Group 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.

Incremental borrowing rate

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

Group as a lessor

Leases in which the Group does not transfer substantially all the risks and rewards incidental to ownership of an asset are classified as operating leases. Rental income arising is accounted for on a straight-line basis over the lease terms and is included in revenue in the consolidated statement of profit or loss 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.

3.11 Inventories

Inventories represent vehicles for sale, spare parts and other supplies. These are measured at lower of cost and net realisable value. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and estimated costs necessary to make the sale.

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.11 Inventories (continued)

The carrying amount of inventories is recognized as cost of revenue when the inventories are sold. The Group recognizes an allowance for inventory losses due to factors such as obsolescence, technical faults, physical damage etc

Vehicles for sale

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

Spare parts and supplies

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

3.12 Cash and cash equivalents

Cash and cash equivalents in the consolidated statement of financial position comprise cash at banks, term deposits and cash on hand. For the purpose of the consolidated statement of cash flows, cash and cash equivalents consist of bank balances and cash.

3.13 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 other comprehensive income (OCI), and fair value through profit or loss.

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

In order for a financial asset to be classified and measured at amortised cost or fair value through OCI, it needs to give rise to cash flows that are ‘solely payments of principal and interest (SPPI)’ on the principal amount outstanding.

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.13 Financial instruments (continued)

i) Financial assets (continued)

Initial recognition and measurement (continued)

This assessment is referred to as the SPPI test and is performed at an instrument level. Financial assets with cash flows that are not SPPI are classified and measured at fair value through profit or loss, irrespective of the business model.

The Group's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both. Financial assets classified and measured at amortised cost are held within a business model with the objective to hold financial assets in order to collect contractual cash flows while financial assets classified and measured at fair value through OCI are held within a business model with the objective of both holding to collect contractual cash flows and selling.

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

Subsequent measurement

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

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

Financial assets at amortised cost (debt instruments)

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

Financial assets at fair value through OCI (debt instruments)

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

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

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.13 Financial instruments (continued)

i) Financial assets (continued)

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

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

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

Currently, the Groups have one equity investments designated at fair value through OCI.

Financial assets at fair value through profit or loss

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

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

Derecognition

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

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

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

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.13 Financial instruments (continued)

Derecognition (continued)

Fair value measurement of financial instruments

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

Impairment

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

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

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.13 Financial instruments (continued)

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 Group's financial liabilities include trade and other payables, loans and borrowings including bank overdrafts, and derivative financial instruments.

Subsequent measurement

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

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

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 Group that are not designated as hedging instruments in hedge relationships as defined by International Financial Reporting Standard 9 (Financial Instruments) ('IFRS 9'). Separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments.

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

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

Financial liabilities at amortised cost (lease liabilities and borrowing)

This category is relevant to the Group. After initial recognition, lease liabilities and interest-bearing loans 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 amortization process and on de-recognition of financial liabilities are recognized in the consolidated statement of profit or loss.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the consolidated statement of profit or loss. This category generally applies to lease liabilities and borrowings (refer to note 14).

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.13 Financial instruments (continued)

ii) Financial liabilities (continued)

Derecognition

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

iii) Offsetting of financial instruments

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

3.14 Impairment of non-financial assets

The Group assesses, at each reporting date, whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Group estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or 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 groups of assets. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate 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 Group bases its impairment calculation on most recent budgets and forecast calculations, which are prepared separately for each of the Group's CGUs to which the individual assets are allocated. These budgets and forecast calculations 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 consolidated statement of profit or loss in expense categories consistent with the function of the impaired asset.

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.14 Impairment of non-financial assets (continued)

For assets excluding goodwill, 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 Group 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 consolidated statement of profit or loss unless the asset is carried at a revalued amount, in which case, the reversal is treated as a revaluation increase.

Intangible assets, excluding goodwill, with indefinite useful lives are tested for impairment annually as at 31 December at the CGU level, as appropriate, and when circumstances indicate that the carrying value may be impaired.

3.15 Provisions

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

3.16 Cash dividend and non-cash distribution to equity holders of the parent

The Parent Company recognises a liability to pay a dividend when the distribution is authorised and the distribution is no longer at the discretion of the Parent Company. As per the bye laws of the Parent Company, a distribution is authorised when it is approved by the shareholders. A corresponding amount is recognised directly in equity.

Non-cash distributions are measured at the fair value of the assets to be distributed with fair value re-measurement recognised directly in equity.

Upon distribution of non-cash assets, any difference between the carrying amount of the liability and the carrying amount of the assets distributed is recognised in the consolidated statement of profit or loss.

4 CHANGES TO THE GROUP'S ACCOUNTING POLICIES

Several amendments and interpretations apply for the first time in 2021, but do not have an impact or not applicable on the consolidated financial statements of the Group as mentioned below:

4 CHANGES TO THE GROUP'S ACCOUNTING POLICIES (continued)

4.1 Amendments and interpretations effective as of 1 January 2021

Several amendments and interpretations apply for the first time in 2021, which are effective for annual periods beginning on or after 1 January 2021. The Group has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

4.1.1 Interest rate benchmark reform

A fundamental review and reform of major profit rate benchmarks are being undertaken globally. The IASB has published, in two phases, amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 in order to address issues that might affect financial reporting after the reform of a profit rate benchmark, including the replacement of an existing Inter-bank Offer Rate ("IBOR") with an alternative Risk-Free Rate ("RFR").

The Group does not have contracts which reference GBP LIBOR, including swaps which will transition under the ISDA protocols

5 STANDARDS ISSUED BUT NOT YET EFFECTIVE

The standards, interpretations and amendments issued, but not yet effective up to the date of issuance of the consolidated financial statements are disclosed below. The Group intends to adopt these standards, where applicable, when they become effective.

Standard / Interpretation	***Description***	***Effective from periods beginning on or after the following date***
IAS 37	Onerous contracts – cost of fulfilling a contract	1 January 2022
IFRS Standards	Annual improvements to IFRS standards 2018 – 2020	1 January 2022
IAS 16	Property, plant and equipment: proceeds before intended use	1 January 2022
IFRS 3	Reference to the conceptual framework	1 January 2022
IFRS 17	Insurance contracts	1 January 2023
IAS 1	Classification of liabilities as current or non-current (amendments to IAS 1)	1 January 2023
IAS 8	Definition to accounting estimates	1 January 2023
IAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction`	1 January 2023
IAS 1 and IFRS Practice Statement 2	Disclosure of Accounting Policies	1 January 2023
IFRS 10 and IAS 28	Sale or contribution of assets between investor and its associate or joint venture (amendments to IFRS 10 and IAS 28)	Available for optional adoption / effective date deferred indefinitely

5 STANDARDS ISSUED BUT NOT YET EFFECTIVE (continued)

The standards, interpretations and amendments with effective date of 1 January 2022 will not have any material impact on the Group's consolidated financial statements, whereas for other above-mentioned standards, interpretations and amendments, the Company is currently assessing the implications on the Group's financial statements on adoption.

6 REVENUE

Disaggregated revenue information

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

	2021	*2020*
	SR'000	*SR'000*
Vehicle rental and lease arrangements	**646,277**	658,305
Sales of vehicles	**341,852**	306,551
	988,129	964,856

Timing of revenue recognition

	2021	*2020*
	SR'000	*SR'000*
Services transferred over time	**646,277**	658,305
Services transferred at point in time	**341,852**	306,551
	988,129	964,856

7 COST OF REVENUE

	2021	*2020*
	SR'000	*SR'000*
		(Restated)
Depreciation on property and equipment (note 13(c))	**211,947**	264,064
Cost of sale of vehicles	**262,817**	223,599
Employees' related expenses	**46,621**	41,393
Repairs and maintenance	**32,700**	37,982
Operational costs	**30,931**	26,347
Insurance	**21,544**	22,670
Expense relating to short-term leases (note 14(c))	**15,154**	15,411
Depreciation on right-of-use assets (note 14(a))	**10,504**	10,988
Incentives, commission and franchise fee	**9,558**	9,383
Communication expense	**3,293**	2,922
Amortization of intangible assets (note 15)	**246**	165
Others	**9,297**	9,366
	654,612	664,290

8 SELLING AND MARKETING EXPENSES

	2021	*2020*
	SR'000	*SR'000*
Employees' related expenses	**39,366**	34,250
Advertisement costs	**8,396**	4,392
Other	**4,498**	4,735
	52,260	43,377

9 GENERAL AND ADMINISTRATIVE EXPENSES

	2021	*2020*
	SR'000	*SR'000*
Employees' related expenses	**29,851**	21,259
Subscriptions	**8,456**	6,662
Legal and professional charges	**4,783**	3,257
Board of directors' remuneration (note 27)	**2,780**	2,671
Depreciation (note 13(c))	**1,196**	907
Repairs and maintenance	**1,589**	1,559
Expense relating to short-term leases (note 14(c))	**864**	1,335
Communication	**823**	715
Others	**8,935**	7,865
	59,277	46,230

10 FINANCE COST

	2021	*2020*
	SR'000	*SR'000*
Finance (income) / cost on Murabaha & Al Tawarroq (10.1)	**(733)**	837
Finance cost on lease liabilities (note 14(b))	**1,685**	1,065
Bank charges and others	**977**	747
	1,929	2,649

10.1 This includes finance income on short term deposit amounting to SR 0.75 million (2020: SR 0.28 million)

11 ZAKAT AND TAX

a) Charge for the year

Zakat and tax charge for the year is SR 8.27 million (2020: SR 6.34 million).

The Group's zakat charge is based on the consolidated financial statement of the Parent Company.

The consolidated zakat charge for the year consists of:

	2021	*2020*
	SR'000	*SR'000*
Charge for the year		
- Zakat	**8,269**	6,338
- Deferred tax expense / (income)	**51**	(51)
	8,320	6,287

Zakat charge is based on the following:

	2021	*2020*
	SR'000	*SR'000*
Equity	**1,383,241**	1,088,631
Provisions and other adjustments	**72,442**	91,685
Book value of long-term assets (net of related financing)	**(1,372,902)**	(1,144,412)
	82,781	35,904
Adjusted income for the year	**247,979**	214,400
Zakat base	**330,760**	250,304

The differences between the financial and the zakatable results are mainly due to certain adjustments in accordance with the relevant fiscal regulations.

Movement in provision during the year

The movement in the zakat provision for the year is as follows:

	2021	*2020*
	SR'000	*SR'000*
At the beginning of the year	**8,217**	6,939
Provided during the year	**8,269**	6,338
Paid during the year	**(8,554)**	(5,060)
At the end of the year	**7,932**	8,217

11 ZAKAT AND TAX (continued)

b) Status of assessments

The Parent Company

The Parent Company has filed its Zakat returns for all years up to December 31, 2020 and settled its zakat liabilities accordingly. Furthermore, the company has filed its Withholding tax (WHT) returns till September 2021 and settled its WHT liabilities accordingly.

Moreover, during the year ended 31 December 2021, the Zakat, Tax and Customs Authority (ZATCA) had issued a final assessment for the years from 31 December 2015 till 31 December 2018.The Company paid partial amount for the year from 2015 to 2017 amounting to SR 1,678,300 and appealed to General Secretariat of Zakat, Tax, and Customs Committees (“GSTC”) on the rest amounting to SR 672,254. For the year ended 31 December 2018, ZATCA accepted the objection and do not claim for Zakat differences. Moreover, recently ZATCA issued a final assessment for the years 31 December 2019 and 31 December 2020 wherein they claimed a difference amounting to SR 117,666 for the year 2019 and SR 254,285 for the year 2020. The Company settled the zakat differences for the years 2019 & 2020.

Subsidiary- Aljozoor Alrasekha Trucking Company Limited (Rahaal)

Before filing consolidated zakat returns for 2018 and 2019, as mentioned above, Rahaal has filed the separate zakat returns up to the financial year ended 31 December 2017. Assessment proceedings of Zakat returns filed for the period from 12 May 2012 to 31 December 2012 and the financial years 2013 to 2016 have been initiated by GAZT.

Subsidiary- Unitrans Infotech Services India Private Limited

The subsidiary has filed application for the settlement of all pending assessments up to 31 March 2020 with Income Tax Department of India and payment has also been made during the year in this regard. However, final order from the Tax Authorities is still awaited.

12 EARNINGS PER SHARE (EPS)

Basic earnings per share is calculated by dividing the profit for the year attributable to ordinary equity holders of the Parent Company by the weighted average number of ordinary shares outstanding during the year. The calculation of diluted earnings per share is not applicable to the Group. Also, no separate earning per share calculation from continuing operations has been presented since there were no discontinued operations during the year.

The EPS calculation is given below:	**2021** (***SR'000***)	2020 (Restated) (*SR'000*)
Profit attributable to ordinary equity holders of the parent	**219,912**	202,445
Weighted average number of ordinary shares for basic and diluted EPS	**71,167**	71,167
Earnings per share (in Saudi Riyals)	**3.09**	2.84

13 PROPERTY AND EQUIPMENT

	Land	*Buildings and other installation*	*Machinery and equipment*	*Furniture and office equipment*	*Vehicles*	*Capital work in progress*	*Total*
	SR'000	*SR'000*	*SR'000*	*SR'000*	*SR'000*	*SR'000*	*SR'000*
Cost:							
Balance as at 1 January 2020	86,582	80,322	7,544	27,827	2,099,529	475	2,302,279
Additions during the year	300	1,998	501	1,006	379,770	9	383,584
Transfer to inventories	--	--	--	--	(515,707)	--	(515,707)
Balance as at 31 December 2020	86,882	82,320	8,045	28,833	1,963,592	484	2,170,156
Balance as at 1 January 2021	**86,882**	**82,320**	**8,045**	**28,833**	**1,963,592**	**484**	**2,170,156**
Additions during the year	**15,120**	**3,741**	**403**	**2,973**	**630,201**	**--**	**652,438**
Write off during the year	**--**	**(15,455)**	**(338)**	**(12,463)**	**--**	**--**	**(28,256)**
Transfer to inventories (see note (a) below)	**--**	**--**	**---**	**--**	**(559,775)**	**--**	**(559,775)**
Balance as at 31 December 2021	**102,002**	**70,606**	**8,110**	**19,343**	**2,034,018**	**484**	**2,234,563**

13 PROPERTY AND EQUIPMENT (continued)

	Land SR'000	*Buildings and other installation* SR'000	*Machinery and equipment* SR'000	*Furniture and office equipment* SR'000	*Vehicles* SR'000	*Capital work in progress* SR'000	*Total* SR'000
Accumulated depreciation:							
Balance as at 1 January 2020 – previously reported	--	39,359	7,249	26,461	1,002,198	--	1,075,267
Impact of restatements (note 34)	--	--	--	--	(217,738)	--	(217,738)
Balance as 1 January 2020 - (restated)	--	39,359	7,249	26,461	784,460	--	857,529
Depreciation for the year - previously reported	--	4,171	105	541	405,800	--	410,617
Impact of restatements (note 34)	--	--	--	--	(145,646)	--	(145,646)
Deprecation during the year - (restated)	--	4,171	105	541	260,154	--	264,971
Transfer to inventories - previously reported	--	--	--	--	(431,878)	--	(431,878)
Impact of restatements (note 34)	--	--	--	--	131,410	--	131,410
Transfer to inventories - (restated)	--	--	--	--	(300,468)	--	(300,468)
Balance as at 31 December 2020 - (restated)	--	43,530	7,354	27,002	744,146	--	822,032
Balance as at 1 January 2021 – (restated)	--	43,530	7,354	27,002	744,146	--	822,032
Depreciation for the year	**--**	**5,418**	**204**	**1,002**	**206,519**	**--**	**213,143**
Write off during the year	**--**	**(14,811)**	**(316)**	**(12,021)**	**--**	**--**	**(27,148)**
Transfer to inventories (see note (a) below)	**--**	**--**	**--**	**--**	**(304,585)**	**--**	**(304,585)**
Balance as at 31 December 2021	**--**	**34,137**	**7,242**	**15,983**	**646,080**	**--**	**703,442**
Net book value at 31 December 2021	**102,002**	**36,469**	**868**	**3,360**	**1,387,938**	**484**	**1,531,121**
Net book value at 31 December 2020 - (restated)	86,882	38,790	691	1,831	1,219,446	484	1,348,124
Net book value at 1 January 2020 – (restated)	86,582	40,963	295	1,366	1,315,069	475	1,444,750

13 PROPERTY AND EQUIPMENT (continued)

a) These represent cost and accumulated depreciation of vehicles retired from fleets and transferred to vehicle inventories (note 18).

b) Capital work in progress represents ongoing construction works of workshop.

c) Depreciation charge for the year ended has been allocated as follows:

	2021	*2020*
	SR'000	*SR'000*
		(Restated)
Cost of revenue (note 7)	**211,947**	264,064
General and administrative expenses (note 9)	**1,196**	907
	213,143	264,971

14 LEASES

The Group has lease contracts (leases as a lessee) for leasehold buildings (i.e., workshops, accommodations and locations). Leasehold buildings have lease terms between 2 to 10 years. The Group's obligations under its leases are secured by the lessor's title to the leased assets.

The Group also has certain leases of accommodation buildings with lease terms of 12 months or less and leases of office equipment with low value. The Group applies the 'short-term lease' and 'lease of low-value assets' recognition exemptions for these leases.

a) Set out below are the carrying amounts of right-of-use assets recognized and the movements during the year:

	2021	*2020*
	SR'000	*SR'000*
Balance as at 1 January	**26,443**	33,930
Additions during the year	**15,913**	3,582
Terminations during the year	**(3,580)**	(81)
Depreciation expense for the year	**(10,504)**	(10,988)
Balance as at 31 December	**28,272**	26,443

14 LEASES (continued)

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

	2021 ***SR'000***	*2020* *SR'000*
Balance as at 1 January	**24,190**	29,257
Additions during the year	**15,913**	3,582
Terminations during the year	**(3,767)**	(177)
Accretion of interest	**1,685**	1,065
Payments during the year	**(12,508)**	(9,537)
Balance as at 31 December	**25,513**	24,190
Lease liabilities - current portion	**9,327**	7,171
Lease liabilities - non-current portion	**16,186**	17,019

The maturity analysis of lease liabilities is disclosed in note 30.

c) The following are the amounts recognised in the consolidated statement of profit or loss:

	2021 ***SR'000***	*2020* *SR'000*
Depreciation expense of right-of-use assets	**10,504**	10,988
Interest expense on lease liabilities	**1,685**	1,065
Expense relating to short-term leases (included in cost of revenue) (note 7)	**15,154**	15,411
Expense relating to short-term leases (included in general and administrative expenses) (note 9)	**864**	1,335
Total amount recognised in consolidated statement of profit or loss	**28,207**	28,799

The Group had total cash outflows for leases of SR 24.97 million in 2021 (2020: SR 26.28 million). The Group also had non-cash additions to right-of-use assets and lease liabilities of SR 15.9 million in 2021 (2020: SR 3.58 million).

The Group has several lease contracts that include extension and termination options. These options are negotiated by management to provide flexibility in managing the leased-asset portfolio and align with the Group's business needs.

15 INTANGIBLE ASSETS

	2021				2020
	Software ***SR'000***	***Intellectual property*** ***SR'000***	***CWIP***	***Total*** ***SR'000***	*Software* *SR'000*
Cost					
Balance as at 1 January	**8,337**	**1,823**	**--**	**10,160**	8,318
Additions/ acquisition during the year	**757**	**--**	**3,354**	**4,111**	1,842
Impairment during the year	**--**	**(1,823)**		**(1,823)**	--
Balance as at 31 December	**9,094**	**--**	**3,354**	**12,448**	10,160
Amortisation					
Balance as at 1 January	**8,019**	**--**	**--**	**8,019**	7,854
Amortisation during the year	**246**	**--**	**--**	**246**	165
	8,265	**--**	**--**	**8,265**	8,019
Balance as at 31 December	**829**	**--**	**3,354**	**4,183**	2,141

During the year ended 31 December 2021, the company recorded an impairment charge of SR 1.8 million on the intellectual property acquired during the acquisition of the subsidiary (refer note 17).

16 INVESTMENTS

Below are the details for the group's Investments

Investment carried at fair value through OCI – Syarah Limited

During the year ended 31 December 2021, the group has made an investment of SR 15 million in Syarah Limited (5.23%), a company limited by shares incorporated under the laws of the British Virgin Islands. The Group has elected to classify the investment as Fair value through OCI.

Investment in associate

These represent Group's investments in the following associates:

	Effective ownership interest (%)			*Balance as at*		
	31 December 2021	*31 December 2020*	*1 January 2020*	***31 December 2021*** ***SR'000***	*31 December 2020* *SR'000*	*1 January 2020* *SR'000*
Tranzlease Holdings India Private Limited ("THL") - (Operating Lease of Motor Vehicles) *(see note below)*	**32.99%**	32.99%	32.99%	**--**	--	--
Unitrans Infotech Services India Private Limited ("Unitrans") - (Providing Information Technology Services) *(see note below)*	**--**	--	49%	**--**	--	1,219
				--	--	1,219

16 INVESTMENTS (continued)

Tranzlease Holdings India Private Limited

Tranzlease Holdings India Private Limited has incurred losses in previous years, the management has impaired the investment and it is appearing at nil value as mentioned above. The associate had no contingent liabilities or capital commitments as at 31 December 2020 or 2021.

Unitrans Infotech Services India Private Limited

With effect from 26 January 2020, the Parent Company acquired the remaining 51% shareholding of an existing associate Unitrans Infotech Services India Private Limited. As such the Parent Company fully owns 100% of the shareholding in this entity, therefore, the same have been consolidated in previous and current year consolidated financial statements from the date of acquiring control (see note 17).

17 ACQUISITION OF A SUBSIDIARY

As mentioned in note 1 & 16, with effective from 26 January 2020, the Parent Company acquired remaining 51% shareholding of an existing associate based in India, namely, Unitrans Infotech Services India Private Limited ("the subsidiary") for a total consideration of SR 2.869 million. As per the payment terms, the purchase consideration amounting to SR 2.869 million has been paid at the time of acquisition.

The acquisition has been accounted for using the purchase method of accounting. The Parent Company has recorded the net assets acquired of the subsidiary at fair value resulting in intangible asset (intellectual properties) of SR 1.823 million, without any goodwill. The details of net assets acquired, and their respective fair values were as follows:

	Carrying value SR'000	*Fair value SR'000*
Net assets acquired:		
Fixed assets	**59**	**59**
Intangible assets (intellectual properties)	**-**	**1,823**
Deferred tax asset	**54**	**54**
Trade receivables	**513**	**513**
Cash and cash equivalents	**1,533**	**1,533**
Short-term loans and advances	**185**	**185**
Other current assets	**100**	**100**
Other current liabilities	**(18)**	**(18)**
Short term provision	**(161)**	**(161)**
Net assets acquired	**2,265**	**4,088**
Fair value of the Net assets acquired		**4,088**
Less: Purchase consideration		
- value of previously held investment (49%)		**(1,219)**
- Cash paid		**(2,869)**
Total purchase consideration		**(4,088)**
Goodwill / bargain purchase option		**--**

18 INVENTORIES

	31 December 2021 SR'000	*31 December 2020 SR'000* (Restated)	*1 January 2020 SR'000* (Restated)
Vehicles held for sale – as previously reported	**--**	5,568	14,289
Impact of restatements (note 34)	**--**	8,368	8,005
Closing balance	**6,225**	13,936	22,294
Spare parts and supplies	**1,888**	1,401	1,304
	8,113	15,337	23,598

19 TRADE RECEIVABLES

	31 December 2021 SR'000	*31 December 2020 SR'000*	*1 January 2020 SR'000*
Trade receivables	**195,033**	215,476	202,737
Allowance for impairment loss (see below)	**(33,884)**	(26,435)	(40,100)
	161,149	189,041	162,637

Movement in the allowance for impairment loss is as follows:

	2021 SR'000	*2020 SR'000*
Balance as at 1 January	**26,435**	40,100
Charge for the year	**11,996**	14,177
Written-off during the year	**(4,547)**	(27,842)
Balance as at 31 December	**33,884**	26,435

Trade receivables are non-interest bearing and are generally on terms of 30 to 90 days. Note 30 explains how the Group manages and measures credit quality of trade receivables that are neither past due nor impaired.

20 PREPAYMENTS AND OTHER RECEIVABLES

	31 December 2021 SR'000	*31 December 2020 SR'000*	*1 January 2020 SR'000*
Prepaid rent and other assets	**29,842**	20,588	20,203
Employee loans and others	**1,715**	1,309	3,217
	31,557	21,897	23,420

21 CASH AND CASH EQUIVALENTS

	31 December 2021	*31 December 2020*	*1 January 2020*
	SR'000	*SR'000*	*SR'000*
Cash on hand	**1,789**	634	1,770
Short term deposits	**100,000**	110,000	--
Bank balances	**3,079**	35,643	2,885
	104,868	146,277	4,655

At each reporting date, all bank balances are assessed to have low credit risk as they are held with reputable and high credit rating domestic banking institutions and there has been no history of default with any of the Company's bank balances. Therefore, the probability of default based on forward-looking factors and any loss given defaults are considered to be negligible.

22 EQUITY

(a) Share capital

At 31 December 2021, the Parent Company's share capital of SR 711.67 million (2020: SR 711.67 million) consists of 71.167 million (2020: 71.167 million) fully paid shares of SR 10 each.

The Board of Directors in its meeting held on 6 February 2020, proposed final cash dividend of SR 106,750,002 (representing SR 1.5 per share) for the year ended 31 December 2019. The Board of Directors, in its meeting held on 16 April 2020, revised the amount of distribution of cash dividend from amounting SR 106,750,002 (representing SR 1.5 per share) to SR 35,583,334 (representing SR 0.5 per share) for the year ended 31 December 2019, which was approved in the General Assembly Meeting held on 15 June 2020.

The Board of Directors, in its meeting held on 23 July 2020, approved a distribution of interim cash dividend of SR 35.58 million (representing SR 0.5 per share) for the year ended 31 December 2020.

The Board of Directors, in its meeting held on 4 February 2021, proposed a final cash dividend of SR 88.96 million, which was approved in the Ordinary General Assembly Meeting on 29 April 2021 for the year ended 31 December 2020.

The Board of Directors, in its meeting held on 19 August 2021, approved a distribution of an interim cash dividend of SR 42.72 million for the year ended 31 December 2021.

(b) Statutory reserve

In accordance with by-laws of the Parent Company and Companies Law, the Parent Company has transferred 10% of its net income for the year to the statutory reserve. The Parent Company may resolve to discontinue such transfers when the reserve totals 30% of the share capital.

23 BANK BORROWINGS

	31 December 2021 ***SR'000***	*31 December 2020* *SR'000*	*1 January 2020* *SR'000*
Murabaha sale agreements	**--**	--	16,173
Al Tawarroq agreements	**--**	3,333	44,166
Gross debts	**--**	3,333	60,339
Less current portion:			
Murabaha sale agreements	**--**	--	(16,173)
Al Tawarroq agreements	**--**	(3,333)	(40,833)
	--	(3,333)	(57,006)
Non-current portion	**--**	--	3,333

As at 31 December 2020, Group's bank borrowings consist of long-term bank debts under various Islamic Finance Products, including Murabaha and Al Tawarroq arrangements with commercial banks in Kingdom of Saudi Arabia. Such debts bear financing charges at the prevailing market rates at the time of entering into the debt contracts. These loans were secured by demand promissory notes. The loan agreements include covenants which, among other things, require certain financial ratios to be maintained. The instalments due within twelve months from the date of financial position were shown as a current liability in the consolidated statement of financial position.

The bank borrowings were repayable in monthly variable instalments and the last instalment was repaid on 28 February 2021.

24 EMPLOYEE BENEFITS

General description of the plan

The Group operates an unfunded employees' end of service benefits plan ("EOSB") for its employees as required by the Saudi Arabian Labour Law. The movement in EOSB for the year ended is as follows:

	2021 ***SR'000***	*2020* *SR'000*
Balance as at 1 January	**54,666**	50,412
Included in consolidated statement of profit or loss		
Current service cost	**6,567**	6,243
Interest cost, net	**1,184**	1,552
	7,751	7,795
Included in consolidated statement of other comprehensive income		
Actuarial losses/(gains):		
Effect of change in financial assumptions	**--**	3,059
Experience loss/(gain)	**4,679**	(1,298)
	4,679	1,761
	67,096	59,968
Benefits paid	**(4,112)**	(5,302)
Balance as at 31 December	**62,984**	54,666

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

	2021 **SR'000**	*2020* SR'000
Cost of revenue	**2,944**	2,961
Selling and marketing expenses	**2,064**	2,076
General and administrative expenses	**2,743**	2,758
	7,751	7,795

24 EMPLOYEE BENEFITS (continued)

Actuarial assumptions:

The following were the principal actuarial assumptions applied at the reporting date:

	2021	*2020*
Discount rate	**2.50%**	2.25%
Future salary growth / Expected rate of salary increase	**4.5%**	4.5%
Mortality rate	**0.790 – 10.540 per thousand**	0.790 – 10.540 per thousand
Employee turnover / withdrawal rates	**0 – 132 per thousand**	0 – 132 per thousand
Retirement age	**60 years**	60 years

The quantitative sensitivity analysis for principal assumptions is as follows:

31 December 2021	**Impact on EOSB Increase / (decrease)**		
	Change in assumption by	**Increase in assumption by** ***SR'000***	**Decrease in assumption by** *SR'000*
Discount rate	**1%**	**(5,839)**	**6,942**
Future salary growth / Expected rate of salary increases	**1%**	**6,711**	**(5,733)**
Mortality rate	**1 year**	**(343)**	**360**
Employee turnover / withdrawal rates	**10%**	**(37)**	**36**
Retirement age	**1 year**	**(1,254)**	**1,234**

31 December 2020	Impact on EOSB Increase / (decrease)		
	Change in assumption by	Increase in assumption by *SR'000*	Decrease in assumption by *SR'000*
Discount rate	1%	(5,271)	6,284
Future salary growth / Expected rate of salary increases	1%	6,073	(5,212)
Mortality rate	1 year	(308)	324
Employee turnover / withdrawal rates	1 year	(33)	34
Retirement age	1 year	(4,058)	1,087

24 EMPLOYEE BENEFITS (continued)

Actuarial assumptions (continued)

The sensitivity analysis above has been determined based on a method that extrapolates the impact on the defined benefit obligation as a result of reasonable changes in key assumptions occurring at the end of the reporting period. The sensitivity analysis is based on a change in a significant assumption, keeping all other assumptions constant. The sensitivity analyses 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 from one another.

The weighted average duration of the defined benefit obligation is 9 years.

The following payments are expected for the defined benefit plan in future years:

	2021	*2020*
	SR'000	*SR'000*
Within the next 12 months (next annual reporting period)	**7,363**	7,469
Between 2 and 5 years	**8,928**	1,367
Between 5 and 10 years	**24,892**	6,720
Beyond 10 years	**44,431**	56,433
Total expected payments	**85,614**	71,989

25 TRADE PAYABLES

	31 December 2021	*31 December 2020*	*1 January 2020*
	SR'000	*SR'000*	*SR'000*
Suppliers for vehicles	**30,588**	8,426	45,566
Suppliers for stores, spares and others	**25,685**	17,612	32,928
	56,273	26,038	78,494

/
Trade payables are non-interest bearing and are normally settled on 60-day terms.

26 ACCRUED EXPENSES AND OTHER LIABILITIES

	31 December 2021	*31 December 2020*	*1 January 2020*
	SR'000	*SR'000*	*SR'000*
Accrued expenses	**53,183**	45,355	29,940
Employees' related accruals	**19,280**	13,032	6,900
Advances from customers	**34,639**	32,502	20,866
Others	**26,010**	27,057	25,984
	133,112	117,946	83,690

27 RELATED PARTY TRANSACTIONS AND BALANCES

The Group, in the normal course of business, enters into transactions with other entities that fall within the definition of a related party contained in International Accounting Standard 24. Related parties represent major shareholders, directors and key management personnel of the Group and entities controlled, jointly controlled or significantly influenced by such parties. The transactions with related parties are made at approved contractual terms.

a) The significant transactions and the related balances are as follows:

Related party	*Nature of relationship*	*Nature of transactions*	*Amounts of transactions*		*Balance at*		
			2021 SR'000	*2020 SR'000*	***31 December 2021 SR'000***	***31 December*** *2020 SR'000*	*1 January 2020 SR'000*
Zahid Group	Shareholder	Car rentals	**--**	64	**--**	16	7
The Law Firm of Bassim Abdullah A. Alim	Other related party	Professional services including value added tax (retainership fee)	**1,380**	1,707	**--**	--	--
Key management personnel	Employees	Short term benefits	**10,414**	7,333	--	--	--
		Long term benefits	**720**	596	**11,249**	8,289	8,222
	Board of Directors	Board of Directors remuneration	**2,780**	2,671	**2,780**	2,671	2,543

The balances due are included in accrued expenses and other liabilities in the consolidated statement of the financial position.

28 CONTINGENCIES AND COMMITMENTS

Contingencies

In addition to the contingences included in the note 11, at 31 December 2021, the Group has outstanding letters of guarantee amounting to SR 21.8 million (2020: SR 19.8 million) issued by the local banks on behalf of Group in the ordinary course of business.

Commitments

At 31 December 2021, the Group has future capital commitments amounting to SR Nil (31 December 2020: SR Nil).

29 SEGMENTAL INFORMATION

The Group has three reportable segments, as described below, which are the Group's strategic business units. The strategic business units offer different products and services and are managed separately because they require different marketing strategies. The Group's Chairman, President and Group Chief Executive, Director Corporate Affairs, Director of Operations (DOO) and Group Chief Financial Officer (GCFO) monitor the results of the Group's operations for the purpose of making decisions about resource allocation and performance assessment. They are collectively the chief operating decision makers (CODM) for the Company.

For each of the strategic business units, the CODM reviews internal management reports on at least quarterly basis. The following summary describes the operations in each of the Group's reportable segments:

- Lease segment – represents cars leased out to customers under medium to longer term rental arrangements
- Rental segment – represents cars leased out to customers under short term rental arrangements
- Others – represents inventories, other assets and liabilities and related income & expense for items not classified under lease and rental segments.

No operating segments have been aggregated to form the above reportable operating segments.

Segment results that are reported to CODM include items directly attributable to a segment as well as those that can be allocated on a reasonable basis.

Information regarding the results of each reportable segment is included below. Performance is measured based on segment revenues, as included in the internal management reports that are reviewed by the CODM. There are no inter segment revenue reported during the year.

The following table presents segment information for the year ended 31 December:

Particulars	***Lease***		***Rental***		***Others***		***Total***	
	2021	*2020*	***2021***	*2020*	***2021***	*2020*	***2021***	*2020*
	SR'000	*SR'000*	***SR'000***	*SR'000*	***SR'000***	*SR'000*	***SR'000***	*SR'000*
		(Restated)		(Restated)		(Restated)		(Restated)
Revenue - external customers	**455,960**	486,455	**190,317**	171,850	**341,852**	306,551	**988,129**	964,856
Depreciation of vehicles – as previously reported	**--**	(290,169)	**--**	(115,631)	**--**	--	**--**	(405,800)
Impact of restatements	**--**	117,210	**--**	28,436	**--**	--	**--**	145,646
Depreciation of vehicles	**(151,132)**	(172,959)	**(55,387)**	(87,195)	**--**	--	**(206,519)**	(260,154)
Segment profit	**304,828**	313,496	**134,930**	84,655	**341,852**	306,551	**781,610**	704,702

29 SEGMENTAL INFORMATION (continued)

Unallocated income/(expenses):

	2021	*2020*
	SR'000	*SR'000*
		(Restated)
Cost of revenue	**(448,093)**	(404,136)
Other operating income, net	**20,177**	14,599
Selling and marketing expenses	**(52,260)**	(43,377)
General and administrative expenses	**(59,277)**	(46,230)
Impairment loss on trade receivables	**(11,996)**	(14,177)
Finance costs, net	**(1,929)**	(2,649)
Profit before zakat	**228,232**	208,732

Detail of segment assets and liabilities is given below:

Particulars	***Allocated***		***Unallocated***	
	Lease	***Rental***	***Others***	***Total***
	SR'000	***SR'000***	***SR'000***	***SR'000***
31 December 2021				
Segment assets	**1,010,372**	**377,566**	**496,325**	**1,884,263**
Segment liabilities	**--**	**--**	**285,814**	**285,814**
31 December 2020 – (restated)				
Segment assets	892,128	327,318	529,865	1,749,311
Segment liabilities	--	--	234,390	234,390
01 January 2020 – (restated)				
Segment assets	880,923	434,146	379,604	1,694,673
Segment liabilities	--	--	309,131	309,131

Other disclosures

Particulars	***Allocated***		***Unallocated***	
	Lease	***Rental***	***Others***	***Total***
	SR'000	***SR'000***	***SR'000***	***SR'000***
2021				
Capital expenditures	415,092	215,109	26,348	656,549
2020				
Capital expenditures	308,825	70,945	5,333	385,103
01 January 2020				
Capital expenditures	321,968	216,329	45,917	584,214

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

29 SEGMENTAL INFORMATION (continued)

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 group basis. Zakat & tax and financial assets and liabilities are not allocated to those segments as they are also managed on the Group basis.

30 FINANCIAL INSTRUMENTS RISK MANAGEMENT

The Group’s principal financial liabilities comprise, trade and other payables. The main purpose of these financial liabilities is to finance the Group’s operations and to provide guarantees to support its operations. The Group’s principal financial assets include trade and other receivables and cash and cash equivalents.

The Group’s activities expose it to a variety of financial risks: market risk (including interest rate risks, currency risk and price risk), credit risk and liquidity risk. The Group’s overall risk management program focuses on robust liquidity management as well as monitoring of various relevant market variables, thereby consistently seeking to minimize potential adverse effects on the Group’s financial performance.

Risk management framework

Risk management is carried out by senior management under policies approved by the Board of Directors. Senior management identifies, evaluates and hedges financial risks in close co-operation with the Group’s operating units. The most important types of risk are credit risk, currency risk and fair value risk.

The Board of Directors has overall responsibility for establishment and oversight of the Group's risk management framework. The executive management team is responsible for developing and monitoring the Group’s risk management policies. The team regularly meets and any changes and compliance issues are reported to the Board of Directors through the audit committee.

Risk management systems are reviewed regularly by the executive management team to reflect changes in market conditions and the Group’s activities. The Group, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

The Audit Committee oversees compliance by management with the Company’s risk management policies and procedures and reviews the adequacy of the risk management framework in relation to the risks faced by the Company.

Financial instruments carried on the statement of financial position include cash and cash equivalents, account receivables, other receivables, accrued and other current liabilities, lease liabilities and trade payables. The particular recognition methods adopted are disclosed in the individual policy statements associated with each item.

30 FINANCIAL INSTRUMENTS RISK MANAGEMENT (continued)

Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises of three types of risk:

- Foreign currency exchange risk,
- Commission (interest) rate risk and

The Group's overall risk management program focuses on the unpredictability of the financial market and seeks to minimize potential adverse effects on the Company's financial performance.

a) Interest rate risk

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group manages the interest rate risk by regularly monitoring the interest rate profiles of its interest-bearing financial instruments.

The Company's receivables and payables are not subject to interest rate risk as defined in IFRS 7, since neither the carrying amount nor the future cash flows will fluctuate because of a change in market interest rates. Hence, the Company is not exposed to fair value interest rate risk.

At the reporting date there are no borrowings and there is no profit rate sensitivity for the year.

b) Foreign currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Company's functional and reporting currency is in Saudi Arabian Riyals. The Company's transactions are principally in Saudi Arabian Riyals. Management monitors the fluctuations in currency exchange rates and believes that the currency risk is not significant. The bulk of the exposure is in USD and the Saudi Arabian Riyal is pegged at SAR 3.75: USD 1, therefore, the Company is not exposed to any significant foreign currency risk from Saudi Arabian Riyals and US Dollars denominated financial instruments. However, the Group has investments in foreign associates, whose net assets are exposed to currency translation risk. Currently, such exposures are mainly related to exchange rate movements between local currencies against Indian Rupees. The Group's management monitors such fluctuations and manages its effect on the consolidated financial statements accordingly.

Other price risk

The risk that the value of a financial instrument will fluctuate as a result of changes in market prices, whether those changes are caused by factors specific to the individual instrument or its issuer or factors affecting all instruments traded in the market. The Group is not affected by price risk as there are no investment of the Group in equity shares or commodities.

30 FINANCIAL INSTRUMENTS RISK MANAGEMENT (continued)

Credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and will cause the other party to incur a financial loss. The Company is exposed to risk on its trade and other receivables and cash at banks.

Concentration risk

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

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

The creditworthiness of counterparties is assessed based on an analysis of quantitative and qualitative data regarding financial standing and business risks, together with the review of any relevant third party and market information.

The Groups gross maximum exposure to credit risk at the reporting date is as follows:

	31 December 2021 SR'000	*31 December 2020 SR'000*	*1 January 2020 SR'000*
Financial assets			
Trade receivables (note 19)	**195,033**	215,476	202,737
Cash and cash equivalents (excluding cash in hand) (note 21)	**103,079**	145,643	2,855
	298,112	361,119	205,592

With respect to credit risk arising from the financial assets of the Company, including bank balances and cash, the Company's exposure to credit risk arises from default of the counterparty, with a maximum exposure equal to the carrying amounts as disclosed in the statement of financial position. The credit risk in respect of bank balances is considered by management to be insignificant, as the balances are mainly held with reputable banks in the Kingdom of Saudi Arabia.

Trade receivables

Customer credit risk is managed by each business unit subject to the Group's established policy, procedures and control relating to customer credit risk management. Credit quality of a customer is assessed based on an extensive credit rating scorecard and individual credit limits are defined in accordance with this assessment. The five largest customers account for 18% of outstanding accounts receivable at 31 December 2021 (2020: 18%).

30 FINANCIAL INSTRUMENTS RISK MANAGEMENT (continued)

The receivables are shown net of allowance for impairment of trade receivables. The Group applies the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables. To measure the expected credit losses, trade receivables have been grouped into low risk, fair risk, doubtful and loss based on shared credit risk characteristics and the days past due. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors (such as GDP forecast and industry outlook) affecting the ability of the customers to settle the receivables. 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 following table provides information about the exposure to credit risk and expected credit losses for trade receivables.

	Weighted average loss rate	**Gross carrying amount**	**Impairment loss allowance**
2021			
Low risk	**2.38%**	**87,152**	**2,074**
Fair risk	**9.43%**	**73,155**	**6,901**
Doubtful	**64.30%**	**27,497**	**17,680**
Loss	**100%**	**7,229**	**7,229**
		195,033	**(33,884)**

	Weighted average loss rate	Gross carrying amount	Impairment loss allowance
2020			
Low risk	1.88%	99,483	1,874
Fair risk	10.83%	80,324	8,702
Doubtful	30.65%	28,567	8,757
Loss	100%	7,102	7,102
		215,476	(26,435)

There were no past due or impaired receivables from related parties.

Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. Liquidity risk may result from an inability to sell a financial asset quickly at an amount close to its fair value. The Group's approach to managing liquidity is to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when they are due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation. The Group also monitors the levels of expected cash inflows on trade and other receivables together with the expected cash outflows on trade and other payables.

30 FINANCIAL INSTRUMENTS RISK MANAGEMENT (continued)

The table below summarises the maturity profile of the Group's financial liabilities based on contractual undiscounted payments:

31 December 2021	***Carrying amount***	***Within 1 year***	**Contractual cash flows** *1 to 5 years*	***More than 5 years***	***Total***
	SR'000	***SR'000***	***SR'000***	***SR'000***	***SR'000***
Lease liabilities	**25,513**	**7,014**	**20,185**	**--**	**27,199**
Trade payables	**56,273**	**56,273**	**--**	**--**	**56,273**
Accrued expenses and other payables	**98,473**	**98,473**	**--**	**--**	**98,473**
	180,259	**161,760**	**20,185**	**--**	**181,945**

31 December 2020	*Carrying amount*	*Within 1 year*	Contractual cash flows *1 to 5 years*	*More than 5 years*	*Total*
		SR'000	*SR'000*	*SR'000*	*SR'000*
Bank borrowings	3,333	3,347	--	--	3,347
Lease liabilities	24,190	7,484	17,783	--	25,267
Trade payables	26,038	26,038	--	--	26,038
Accrued expenses and other payables	85,444	85,444	--	--	85,444
	139,005	122,313	17,783	--	140,096

I January 2020	*Carrying amount*	*Within 1 year*	Contractual cash flows *1 to 5 years*	*More than 5 years*	*Total*
		SR'000	*SR'000*	*SR'000*	*SR'000*
Bank borrowings	60,339	58,117	3,347	--	61,464
Lease liabilities	29,257	5,401	24,912	--	30,313
Trade payables	78,494	78,494	--	--	78,494
Accrued expenses and other payables	62,824	62,824	--	--	62,824
	230,914	204,836	28,259	--	233,095

31 CAPITAL MANAGEMENT

For the purpose of the Group's capital management, capital includes issued capital, statutory reserve and retained earnings attributable to the equity holders of the Parent Company. The Group's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business.

The Group manages its capital structure and makes adjustments in light of changes in economic conditions and the requirements of the financial covenants. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. The Group monitors capital using a gearing ratio, which is net debt divided by total capital plus debt. The Group includes within debt, current and non-current portion of borrowings.

	31 December 2021	*31 December 2020* (Restated)	*1 January 2020* (Restated)
	SR'000	*SR'000*	*SR'000*
Total liabilities	**285,814**	234,390	309,131
Cash and cash equivalents	**(104,868)**	(146,277)	(4,655)
Net debt	**180,946**	88,113	304,476
Share capital	**711,667**	711,667	711,667
Statutory reserve	**224,429**	202,438	182,193
Retained earnings	**662,516**	600,954	491,682
Equity	**1,598,612**	1,515,059	1,385,542
Net debt to equity ratio	**0.11**	0.06	0.22

In order to achieve this overall objective, the Group's capital management, amongst other things, aims to ensure that it meets financial covenants attached to the borrowings that define capital structure requirements. Breaches in meeting the financial covenants would permit the bank to immediately call borrowings. No changes were made in the objectives, policies or processes for managing capital during the years ended 31 December 2021 and 31 December 2020.

32 FAIR VALUE OF ASSETS AND LIABILITIES

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

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

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

32 FAIR VALUE OF ASSETS AND LIABILITIES (continued)

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest. A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, 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 consolidated 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

If the inputs used to measure the fair value of an asset or liability falls into different levels of the fair value hierarchy, then the fair value measurement is categorized in its entirety in the same level of the fair value hierarchy as the lowest input level that is significant to the entire measurement.

The Group recognizes transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred.

The fair values of financial instruments are not materially different from their carrying values.

	Level 1	**Level 2**	**Level 3**	**Total**
31 December 2021	***SR'000***	***SR'000***	***SR'000***	***SR'000***
Investments at FVOCI				
- Investment	**--**	**--**	**15,000**	**15,000**

There were no transfers between levels of the fair value hierarchy during the year ended 31 December 2021 and 31 December 2020. Additionally, there were no changes in the valuation techniques.

The following table shows the carrying amounts and fair values of financial assets and financial liabilities, it does not include fair value information for financial assets and financial liabilities not measured at fair value if the carrying amount is a reasonable approximation of fair value.

32 FAIR VALUE OF ASSETS AND LIABILITIES (continued)

31 December 2021	**Carrying amount**			
Description:	**Amortised cost**	**Fair value through profit or loss**	**Fair value through other comprehensive income**	**Total**
	SR'000	***SR'000***	***SR'000***	***SR'000***
Financial assets measured at fair value				
Investment	**--**	**--**	**15,000**	**15,000**
Financial assets not measured at fair value				
Trade receivables	**161,149**	**--**	**--**	**161,149**
Other receivables	**1,602**	**--**	**--**	**1,602**
Cash and cash equivalents	**104,868**	**--**	**--**	**104,868**
Financial liabilities not measured at fair value				
Trade and other payables	**56,273**	**--**	**--**	**56,273**
Accrued expenses and other payables	**133,112**	**--**	**--**	**133,112**
Lease liabilities	**25,513**	**--**	**--**	**25,513**

31 December 2020	Carrying amount			
Description:	Amortised cost	Fair value through profit or loss	Fair value through other comprehensive income	Total
	SR'000	*SR'000*	*SR'000*	*SR'000*
Financial assets not measured at fair value				
Trade receivables	189,041	--	--	189,041
Other receivables	11,821	--	--	11,821
Cash and cash equivalents	146,277	--	--	146,277
Financial liabilities not measured at fair value				
Trade and other payables	26,038	--	--	26,038
Accrued expenses and other payables	117,946	--	--	117,946
Lease liabilities	24,190	--	--	24,190

32 FAIR VALUE OF ASSETS AND LIABILITIES (continued)

1 January 2020	Carrying amount			
Description:	Amortised cost	Fair value through profit or loss	Fair value through other comprehensive income	Total
	SR'000	***SR'000***	***SR'000***	***SR'000***
Financial assets not measured at fair value				
Trade receivables	162,637	--	--	162,637
Other receivables	18,431	--	--	18,431
Cash and cash equivalents	4,655	--	--	4,655
Financial liabilities not measured at fair value				
Trade and other payables	78,494	--	--	78,494
Accrued expenses and other payables	83,690	--	--	83,690
Lease liabilities	29,527	--	--	29,527

33 CHANGES IN LIABILITIES ARISING FROM FINANCING ACTIVITIES

Changes in liabilities arising from financing activities:

	1 January 2021	***Cash flows***	***New leases***	***Other***	***31 December 2021***
	SR'000	***SR'000***	***SR'000***	***SR'000***	***SR'000***
Lease liabilities	**24,190**	**(12,508)**	**15,913**	**(2,082)**	**25,513**
Total	**24,190**	**(12,508)**	**15,913**	**(2,082)**	**25,513**

	1 January 2020	*Cash flows*	*New leases*	*Other*	*31 December 2020*
	SR'000	*SR'000*	*SR'000*	*SR'000*	*SR'000*
Current portion of borrowings	57,006	(57,006)	--	3,333	3,333
Lease liabilities	29,257	(9,537)	3,582	888	24,190
Non-current portion of borrowings	3,333	--	--	(3,333)	--
Total	89,596	(66,543)	3,582	888	27,523

34 RESTATEMENTS

During 2021, the management corrected the carrying values of property and equipment (vehicles), inventory held for sale (vehicles) and the resulting depreciation expense on property and equipment (vehicles) and cost of sales of vehicles by restating each of the affected financial statement line items for the prior periods. The restatement arose as the estimates relating to the useful economic lives and residual values of vehicles has not been accurately reassessed and the depreciation charge for the prior years has not been accounted for in accordance with the requirements of the applicable financial reporting framework.

	Impact of restatements		
	As previously reported	**Adjustments**	**As restated**
Consolidated statement of financial position:	*SR'000*	*SR'000*	*SR'000*
1 January 2020			
Property and equipment	1,227,012	217,738	1,444,750
Others	35,613	--	35,613
Non-current assets	**1,262,625**	**217,738**	**1,480,363**
Inventories	15,593	8,005	23,598
Others	190,712	--	190,712
Current assets	**206,305**	**8,005**	**214,310**
Total assets	**1,468,930**	**225,743**	**1,694,673**
Retained earnings	265,939	225,743	491,682
Others	893,860	--	893,860
Total equity	**1,159,799**	**225,743**	**1,385,542**
Total liabilities	**309,131**	**--**	**309,131**
Total equity and liabilities	**1,468,930**	**225,743**	**1,694,673**

	Impact of restatements		
	As previously reported	**Adjustments**	**As restated**
Consolidated statement of financial position:	*SR'000*	*SR'000*	*SR'000*
31 December 2020			
Property and equipment	1,116,150	231,974	1,348,124
Others	28,635	--	28,635
Non-current assets	**1,144,785**	**231,974**	**1,376,759**
Inventories	6,969	8,368	15,337
Others	357,215	--	357,215
Current assets	**364,184**	**8,368**	**372,552**
Total assets	**1,508,969**	**240,342**	**1,749,311**
Retained earnings	362,072	238,882	600,954
Statutory reserve	200,978	1,460	202,438
Others	711,529	--	711,529
Total equity	**1,274,579**	**240,342**	**1,514,921**
Total liabilities	**234,390**	**--**	**234,390**
Total equity and liabilities	**1,508,969**	**240,342**	**1,749,311**

34 RESTATEMENTS (continued)

Consolidated statement of profit or loss and other comprehensive income for the year ended 31 December 2020:	**As previously reported**	**Adjustments**	**As restated**
	Impact of restatements		
	SR'000	*SR'000*	*SR'000*
Cost of revenue			
Depreciation on property and equipment	409,710	(145,646)	264,064
Cost of sale of vehicles	92,552	131,047	223,599
Gross profit	**285,967**	**14,599**	**300,566**
Profit before Zakat	**194,133**	**14,599**	**208,732**
Profit for the year	**187,846**	**14,599**	**202,445**
Total comprehensive income for the year	**185,947**	**14,599**	**200,546**
Consolidated statement of changes in equity:			
For the year ended 31 December 2020			
Balance as at 31 December 2020	1,274,579	240,342	1,514,921
Consolidated statement of cashflows:			
For the year ended 31 December 2020			
Cash flows from operating activities:			
Profit for the year	194,133	14,599	208,732
Depreciation on property and equipment	410,617	(145,646)	264,971
Inventories	92,453	131,047	223,500

	Impact of restatements		
	As previously reported	**Adjustments**	**As restated**
Earnings per share	*SR'000*	*SR'000*	*SR'000*
31 December 2020			
Profit attributable to ordinary equity holders of the parent	187,846	14,599	202,445
Weighted average number of ordinary shares for basic and diluted EPS	71,167	--	71,167
Earnings per share (EPS)	2.64	--	2.84

The management has reassessed the comparative figures and accordingly reclassified the following amounts during the year:

- Revenue to other income amounting to SR 12.35 million
- Trade receivable to advance from customer and advance to supplier amounting to SR 13.7 million
- Trade payable to advance from customer amounting to SR 8.2 million

35 BRANCHES

The Parent Company has the following branches:

Commercial Registration No.	Location of Branch	Commercial Registration No.	Location of Branch
4030017038	Jeddah H	4030610924	Jeddah
1010052751	Riyadh	4031037762	Makkah
1010247720	Riyadh	4031037763	Makkah
1010288386	Riyadh	4031098979	Makkah
1010579992	Riyadh	4031218884	Makkah
1010589448	Riyadh	4031222237	Makkah
1010669468	Riyadh	4031230925	Makkah
1010949626	Riyadh	4032009574	Taif
1010949627	Riyadh	4032227594	Taif
1011138171	Kharj	4032227595	Taif
1131038809	Buraydah	4602002374	Rabigh
1131291649	Buraydah	4603008840	AlQunfudhah
2031106931	Al Ahsa	4650029416	Madina
2050015153	Dammam	4650029417	Madina
2050092741	Dammam	4650029418	Madina
2051025750	Khobar	4650048863	Madina
2052001874	Dhahran	4650048865	Madina
2055005127	Jubail	4650057088	Madina
2252040229	Al Ahsa	4650212787	Madina
3350139420	Hail	4650549746	Madina
3550022946	Tabuk	4700001394	Yanbu
3550038423	Tabuk	4700003067	Yanbu
3550130558	Tabuk	4700020216	Yanbu
3552101877	Al Wajh	4700020217	Yanbu
4030096161	Jeddah	4700108180	Yanbu
4030106710	Jeddah	5800103205	Al Baha
4030106712	Jeddah	5850069857	Abha
4030114976	Jeddah	5850123309	Abha
4030130782	Jeddah	5851008845	Bisha
4030135842	Jeddah	5855021493	Khamis Mushait
4030168973	Jeddah	5855071445	Khamis Mushait
4030169630	Jeddah	5855071446	Khamis Mushait
4030169631	Jeddah	5860068567	Muhail Asir
4030221293	Jeddah	5900014036	Jizan
4030292619	Jeddah	5900032219	Jizan
4030292623	Jeddah	5903033796	Bish
4030298923	Jeddah	5950025900	Najran
4030304007	Jeddah		
4030358776	Jeddah		
4030366373	Jeddah		

36 IMPACT OF COVID-19

The outbreak of novel coronavirus ("COVID-19") since early 2020 and its spread across mainland China and then globally caused disruptions to businesses and economic activities including the KSA. The World Health Organization qualified COVID-19 as a pandemic, with governments issuing strict regulations and guidance for its populations and companies. It necessitated the Group to re-assess its judgements and the key sources of estimation applied.

Management has taken a series of preventive measures, including adopting all applicable Ministry of Health safety guidelines to ensure the health and safety of its employees, customers, and wider community as well. During the year ended 31 December 2021, management has assessed the overall impact on the Group's operations, liquidity requirements, business aspects, and considered factors like effects on supply chain, the impact of demand and prices related to used vehicles, etc.

Management is required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources, considering the uncertainties discussed. The judgments, estimates, and associated assumptions are based on historical experience and other factors that are considered to be relevant, including expectations of future events that are believed to be reasonable under the circumstances. The situation surrounding COVID-19 is evolving, including new variants, and its impact on global economic conditions may continue to impact the Group's business, results of operations, and financial condition in 2022. The situation remains uncertain, and therefore it is difficult to predict with certainty the length of time that COVID-19 will impact the Group's business and the overall potential impact of COVID-19 on the Group's business, operations, and financial condition.

The Group considered potential impacts of the current economic volatility in determining the reported amounts of the Group's financial and non-financial assets. These are considered to represent management's best assessment based on observable information. Markets, however, remain volatile, and the recorded amounts remain sensitive to market fluctuations. Given the fluidity of the environment, the management will continue to evaluate these and make further demand-driven adjustments to its capacity as needed.

37 SUBSEQUENT EVENTS

There have been no significant subsequent events since the year-end, that would require disclosures or adjustments in these financial statements, except as disclosed in notes 36. Further, the Board of Directors, in its meeting held on 30 March 2022, proposed final cash dividend of SR 92.52 million (representing SR 1.30 per share) for the year ending 31 December 2021.

38 APPROVAL OF THE CONSOLIDATED FINANCIAL STATEMENTS

These consolidated financial statements have been approved by the Board of Directors on 30 March 2022, corresponding to 27 Shaban 1443H.