

رؤية
VISION 2030
المملكة العربية السعودية
KINGDOM OF SAUDI ARABIA



لتأجير السيارات
Rent a Car

Leading Change to Sustainable Energy

ذيب .. معاك
Theeb .. Ma'ak

ANNUAL REPORT
2023

**In The Name of Allah
The Most Merciful, The Most Gracious**



The Custodian of the Two Holy Mosques
King Salman Bin Abdulaziz Al Saud

May Allah protect him



His Royal Highness Crown Prince, Prime Minister,
Mohammad Bin Salman Bin Abdulaziz Al Saud

May Allah protect him

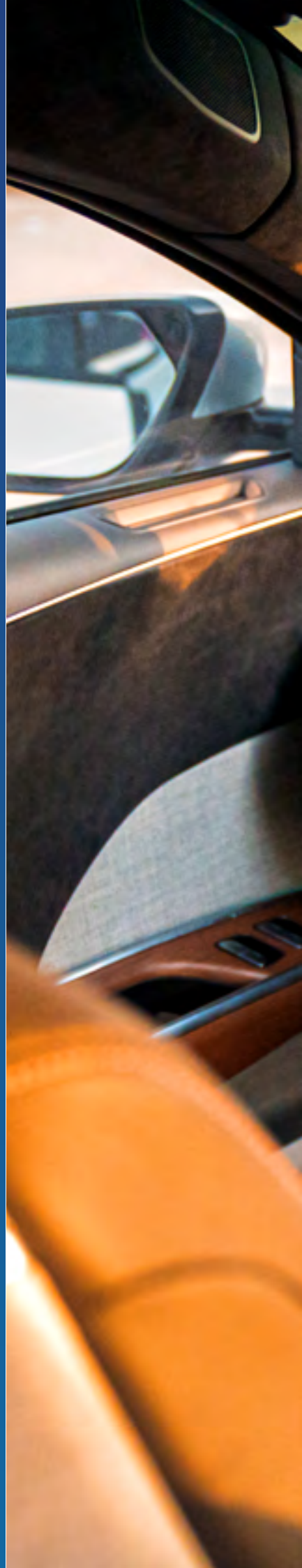
Leading Change to Sustainable Energy

Sustainability is a key issue in the transport industry, mainly due to carbon emissions from vehicles, which increase greenhouse gases and environmental pollution. Moving towards sustainable energy is a growing trend, especially with the recent COP28 summit, and Saudi Vision 2030.

Within the transport industry, electric vehicles charged at electrical charging stations are key to shifting towards sustainable transport. As a leader in its industry, Theeb has lead such change by introducing electric vehicles into its rental fleet in 2023, indicating the company's continuous focus to remain committed to sustainable energy.

ذيب
Theeb

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Introduction

Being one of the leading rental car companies in the Kingdom of Saudi Arabia, Theeb Rent a Car holds an impressive +30 years of experience and a diversified customer base, with a fleet of more than 30,000 vehicles. Established in 1991, the company has 56 branches spread across the country, along with 10 vehicle maintenance centers, and two used vehicle sales showrooms. Proving to be resilient and dedicated, Theeb has maintained its position throughout the constantly changing economies and social influences. Prioritizing customer experience and preference, the company maintains impressive safety measures and effective coordination between its clientele.

The company’s core list of activities comprises the following business segments:

- Provision of car rental and other additional services
- Vehicle leasing solutions, and customized options for customers
- Sale of used vehicles under the ownership of the company and released via the business segments mentioned above.

Additional services:

- **Theeb extra insurance:** the company offers its customers an optional daily insurance premium covering the payable deductible in case of accidents;
- **Msafat:** the company offers unlimited kilometers packages for selected vehicle models;
- **One-way rentals:** the company offers the possibility of one-way rental that allows customers to pick up a vehicle from one city and drop it off in another city;
- **Cross-border services:** the company allows travel to certain GCC countries and certain other neighbouring Arab countries;
- **Roadside assistance:** The company offers roadside assistance services to its customers in case of a breakdown or a traffic accident involving the rented vehicle;
- **Comfort service:** The company offers wheelchair-accessible vehicles to cater to customers with special mobility needs.



At a Glance



Sponsored
1,000+ orphans



Received “**Great Place to Work**” award

Theeb total revenue
SAR 1,135.4 mn
(17.3% YoY)

Rental segment
SAR 509.7 mn

Leasing segment
SAR 354.1 mn

Sales of used vehicles segment
SAR 271.6 mn



New memberships
600,000+
(+27% increase compared to 2022)



101,937 new customers gained in 2023 (53% YoY)



14 Electrical vehicles introduced into fleet



More than **30,000+** vehicles with an average age of 1.6 years



More than **1,600** employees

Serving its diversified customer base across the Kingdom through:

56 Car rental branches

10 Vehicle maintenance centers

2 Used vehicle sales showrooms

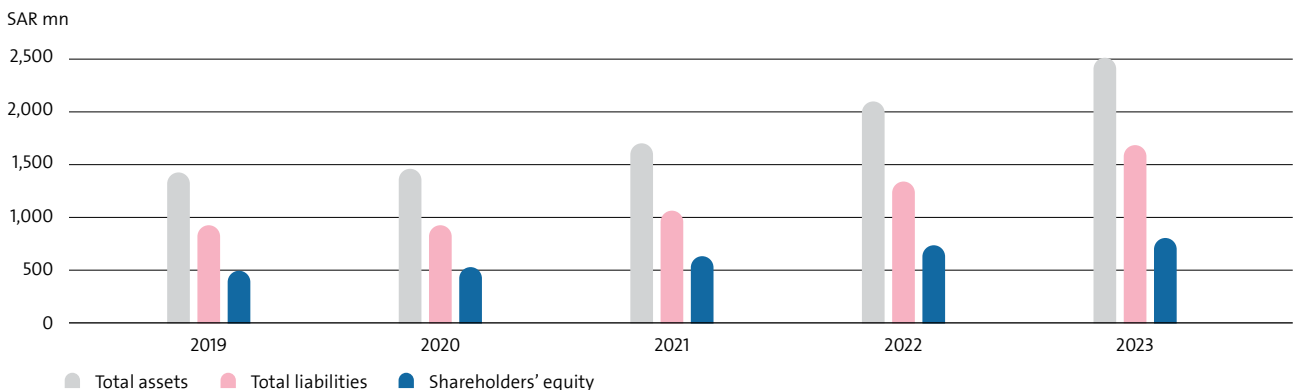
14 Airport branches

21 Branches operate 24/7

5,000+ New cars in the fleet in 2023 (20% increase compared to 2022)

10,000 Cars purchased

Statement of Financial Position for the previous five years



Company Vision, Mission and Values

Vision

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



Mission

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

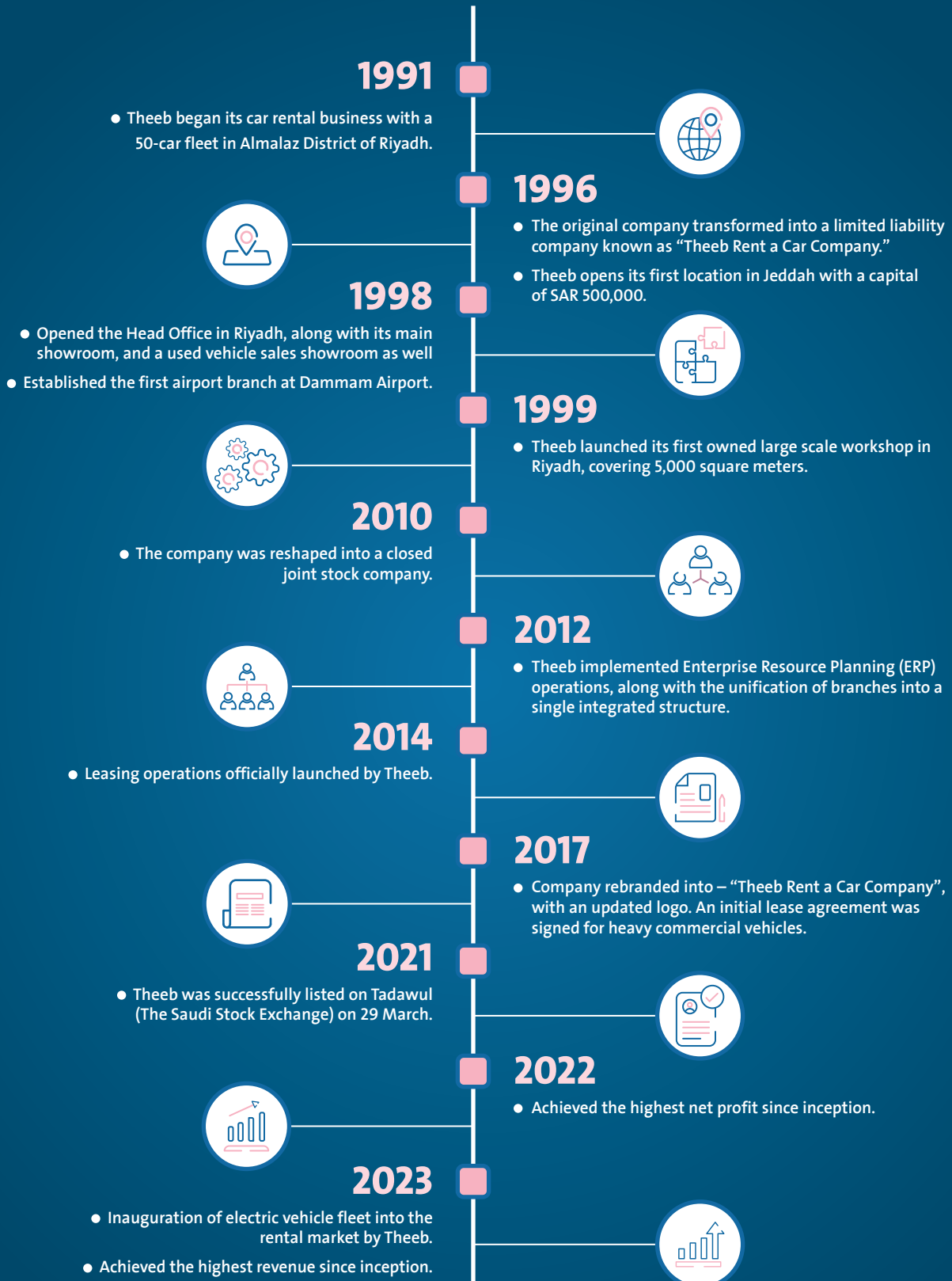


Values

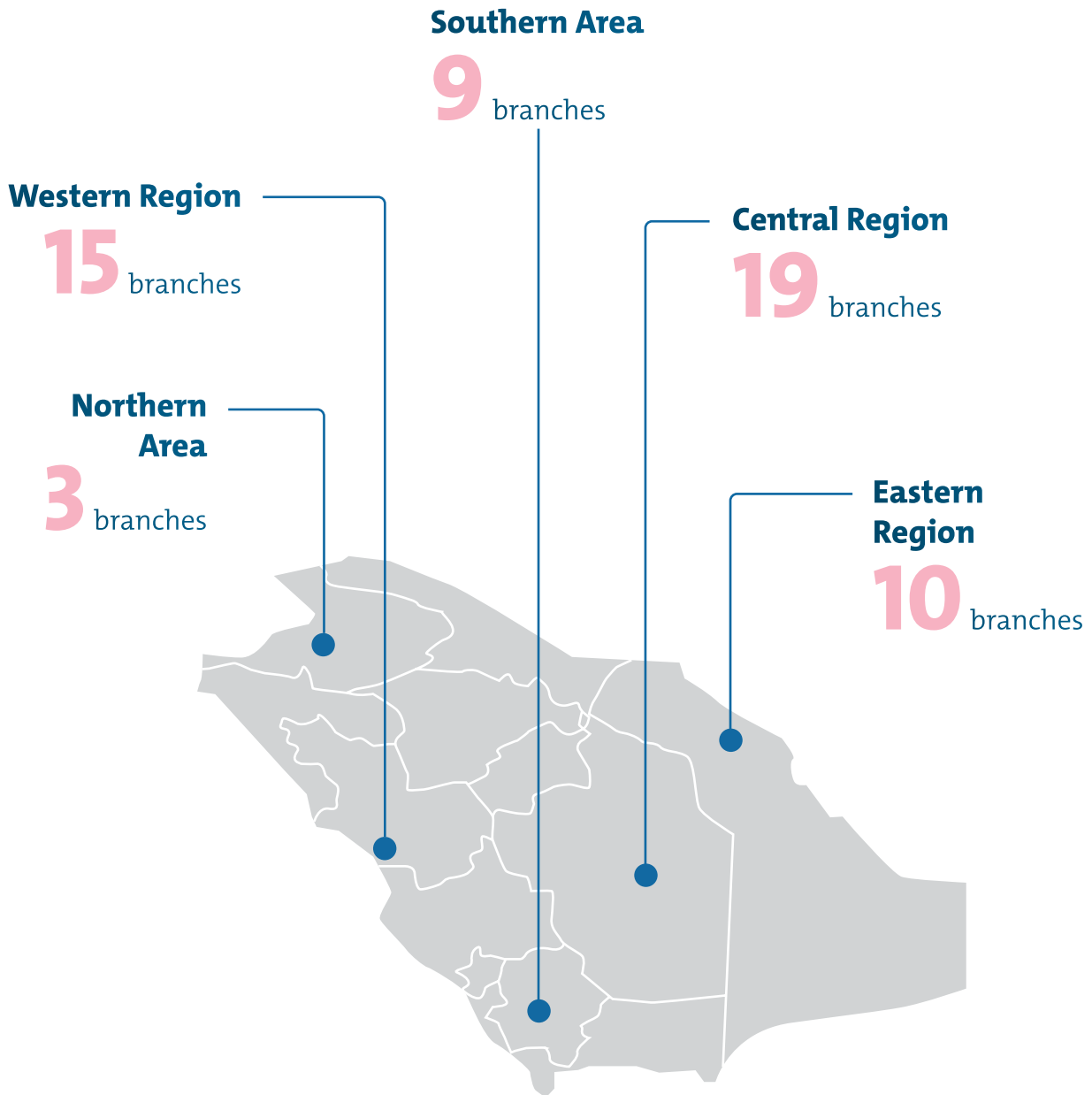
- Honesty and integrity in dealing with clients
- Compliant with public regulations and traditions
- Effective contribution in serving the community and its growth



Historical Timeline



Geographical Footprint



With its head office located in Riyadh, Theeb provides more than 30,000+ vehicles to customers, via 56 rental branches strategically spread out across the Kingdom of Saudi Arabia. With a strength of over 1,600 employees, the company has 21 branches that offer a 24 hour service to customers.

2023 Highlights



February

- Theeb won the award for “Great Place to Work” in the Kingdom of Saudi Arabia, ranking 14th among the largest companies in the Kingdom of Saudi Arabia for ideal and efficient work environments.
- Theeb renewed its Memorandum of Understanding in collaboration with the National Platform for Charitable Work (Ehsan), where the company donates one riyal for each rental contract.



March

- Theeb receives its first fleet of 2023 BMW 5 series from Mohamed Yousuf Naghi Motors Co, to be deployed to several locations across the Kingdom.
- Opened a new branch in the Tuwaiq district in Riyadh.



April

- Opened a new branch in Qatif's Majidiyah District in the Eastern, making it Theeb's 10th branch in the region.



July

- Theeb sponsored the graduation celebrations at King Saud University and Princess Noura bint Abdul Rahman University.
- Theeb obtained its ISO 9001 certificate for the 5th year in a row for quality management standards.
- Inauguration of the first Lucid car fleet into the rental market, sponsored by the Transport General Authority.



June

- Opened another branch in Al Hamdaniyah District, in the city of Jeddah.
- Theeb signed a joint cooperation agreement with Chaizer Power Solutions, to implement the use of Chaizer's charging stations and showcase them in every branch across the country.



May

- Renewed its agreement with the Charity Society for Orphan Care in Riyadh for another year.
- Renewed its donation with every rental contract agreement with a humanitarian orphanage.



August

- Signed an agreement with Wallan Trading Company to purchase more than 1,500 cars from the 2024 models.
- Theeb obtained the Mowamaah Program Certificate from the Ministry of Human Resources and Social Development for the 3rd time.
- Trademark protection agreement signed in the digital world, between Theeb Car Rental Company and the Saudi Intellectual Property Rights Company, to protect and preserve intellectual property rights and trademarks.



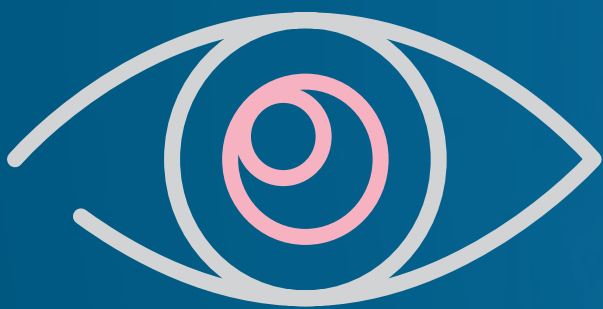
November

- Joint Cooperation agreement signed with the Ayat Endowment Foundation to sponsor one of the foundation's projects – the Young Readers Project.
- In cooperation with the Mohammed Yousuf Naghi Motors Co, Theeb launched the first fleet of all-new BMW 5 Series into its rental fleet.
- Theeb Rent a Car receives the Best Place to Work (Car Rental) Award and the Most Socially Responsible Car Rental Company Award from The Global Economics.
- Theeb Rent a Car is listed among the Arab Fortune 500 among the largest 500 Arab companies.



December

- Inauguration of Geely Geometry Electric car fleet.
- Theeb Rent a Car receives the Consumer Friend Certificate from the Consumer Protection Association, the first company in the car rental market to do so.
- In collaboration with Juffali Automotive Company, Theeb Rent a car officially became the agent for Mercedes-Benz in the Kingdom of Saudi Arabia. A new fleet of cars – C200 and S450 have been launched for 2024.
- Theeb Rent a Car is listed by Forbes Middle East among the 50 most important Saudi brands in the field of social responsibility.



View from the Top

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Message from the Chairman

I am delighted to present to you our annual report for the year 2023, a testament to the resilience and dedication of our entire team. Despite the challenges posed by an ever-changing landscape, we achieved remarkable milestones that underscore our commitment to sustainable growth and financial stability.

**Mr. Mohammed Ahmed
Abdullah Al-Theeb**
Chairman



Message from the Chairman

In 2023, we reached a significant milestone by achieving the highest revenue in our company's history. This accomplishment is a testament to our robust strategic planning, operational excellence, and unwavering commitment to customer satisfaction. In the face of unpredictable market conditions, we navigated the challenges with agility and determination, resulting in strong growth for our company. By aligning ourselves with our clients' vision, maintaining a relentless focus on growth, and upholding operational excellence, we demonstrate our commitment to their success.

Alignment with Vision 2030 and commitment to sustainability

One of our key priorities is aligning with the goals of Saudi Vision 2030. We recognize the importance of this national framework in reshaping the Kingdom and positioning it as a global leader in tourism. By contributing in the transportation sector and supporting the Kingdom's aspirations, we are not only driving our own success but also playing a role in building a brighter future for the Kingdom of Saudi Arabia.

Our commitment to community engagement and sustainability remains unwavering. In 2023, we formed significant alliances to further our CSR initiatives and strengthen our impact on the communities we serve. Environmental stewardship is a core pillar of our business strategy. We are proud to be supporters of the Saudi Green Initiative, and are actively working towards a more sustainable future. By introducing electric vehicles to the Saudi rental car market, and implementing eco-friendly practices throughout our operations, we are taking tangible steps towards reducing our environmental footprint and promoting a greener the Kingdom of Saudi Arabia.

Capitalization of growth opportunities

Saudi Arabia's population growth presents a significant opportunity for our business. With a burgeoning youth demographic and an increase in expatriate workers, the demand for transportation services has surged across the country. Recognizing this trend, we implemented well researched initiatives to cater to the evolving needs of our customers. For instance, our focus on providing short-term rental options proved instrumental in tapping into the market, contributing to our revenue growth and market expansion.

In 2023, Theeb Rent a Car capitalized on several significant opportunities that emerged in the market landscape. One of the key opportunities was the strategic positioning of our rental outlets. Conveniently located at airports, city centers, and near tourist attractions, we are able to capture the influx of travelers, ensuring easy access to our services, and maximizing market reach. Furthermore, our collaboration with travel agencies and hotels to offer attractive tourism packages played a pivotal role in driving customer engagement and loyalty. These partnerships allowed us to create tailored rental deals that cater to the diverse needs of tourists, ranging from family vehicles to luxury cars, thereby enhancing their travel experience with Theeb.

One key factor contributing to our success is the adaptability of our employees. Their willingness to embrace new technologies has allowed us to integrate innovative systems such as our digitized booking platform, and the introduction of electric vehicles into our fleet, seamlessly. Our frontline staff have been pivotal in enhancing our reputation for exceptional service. Their dedication to customer satisfaction has not only improved individual experiences but has also

fostered long-term relationships with our clients, enhancing brand loyalty.

While we take pride in the progress we have made thus far, we acknowledge that there is still much work to be done. As we look ahead, we remain committed to pursuing growth opportunities, delivering exceptional service, and creating value for our shareholders, customers, and communities.

With gratitude

As we reflect on the achievements of Theeb Rent a Car in the past year, I am humbled by the unwavering support and trust of every member of the Theeb family – from our employees and members of the Board of Directors and Board Committees, to our customers and shareholders. I am deeply grateful for their dedication and belief in our mission, which have propelled us forward, enabling us to navigate challenges and seize opportunities. I would also like to extend my gratitude to the Public Transport Authority and the regulatory authorities, for their continuous support.

Message from the Chief Executive Officer



Theeb Rent a Car delivered record-breaking revenue during the year, combined with improved operational efficiency and enhanced customer satisfaction. Our strategic vision, in line with Vision 2030, provides endless opportunities for continued growth.

Mr. Naif Mohammed Ahmed Al-Theeb
Chief Executive Officer



لتأجير السيارات
Rent a Car

Message from the Chief Executive Officer

Record breaking growth achieved

This year marks yet another peak in our revenue, reaffirming the robust financial health and profitability of our company. Our revenues reached SAR 1,135.4 mn, a 17.3% increase from 2022, while net profit was recorded at SAR 142.1 mn. These achievements assert our position and trajectory, reflecting our strong operational performance and unwavering focus on efficiency.

Through strategic marketing campaigns deployed both locally and regionally, we successfully elevated our brand presence and increased market penetration. These efforts bolstered our brand awareness and positioned Theeb as a formidable player in the market, capturing a larger share of our target audience. We remain steadfast in our commitment to delivering on our financial ambitions, and ensuring long-term prosperity for our shareholders.

Pioneering innovative technology solutions

In our pursuit of operational excellence, we implemented targeted initiatives to streamline our operations, incorporating advanced technology. We strategically invested in upgrading our online booking system, resulting in a seamless and user-friendly experience for our customers. From reduced lead times to enhanced productivity, the benefits of our endeavors are evident across our operations.

Furthermore, enhancements to our Business Information Management Systems empowered us to analyze data effectively, optimize fleet utilization, and make informed strategic

decisions. This has translated into more efficient operations, improved cost management, and ultimately, strengthened our competitive position in the market. These measures not only optimized our resource utilization, but also bolstered our ability to respond swiftly to market demands.

One of the key highlights of our progress in 2023 has been the ambitious undertaking to upgrade our fleet to newer models. Notably, we are proud to announce the introduction of the Lucid Air in 2023, the first ever electric vehicle in the rental car industry within the Kingdom. By embracing eco-friendly transportation options, we are not only contributing to the Vision 2030 goals but also being a forward-thinking and socially responsible organization. It underscores our ability to anticipate and adapt to evolving market trends, thereby solidifying our position as a leader in the rental car industry.

Business review

In 2023, our car rental business experienced remarkable growth, with revenue soaring to SAR 509.7 mn, marking a substantial increase from SAR 478.3 mn in 2022. This growth can be attributed to our strategic expansion efforts, including the opening of 3 new branches, enhanced e-commerce initiatives, and diversity in our fleet.

Similarly, our car leasing segment recorded an impressive revenue of SAR 354.1 mn, compared to SAR 314.7 mn in the previous year. This growth underscores our commitment to providing flexible and innovative leasing solutions to our customers, driving revenue and profitability for Theeb.

Furthermore, our used vehicle sales division continued to thrive in 2023, with revenue reaching SAR 271.6 mn, up from SAR 175 mn in the preceding year. Our focus on maintaining a modern and diverse fleet has been instrumental in attracting customers and driving sales, with 6,622 cars sold in 2023.

Continued commitment to customer service excellence

We are delighted that our dedication to excellent customer service has translated into exceptionally high satisfaction levels among our customers. Through diligent feedback mechanisms, we continuously aligned our services with customer expectations, fostering repeat business and unwavering loyalty. Leveraging competitive pricing strategies for long-term rentals, we not only maintained but also expanded our clientele. In response to a potentially more competitive market landscape, we implemented strategic marketing campaigns and forged valuable partnerships to fortify our market presence. Furthermore, our reputation for quality service and reliability has organically fueled word-of-mouth referrals and repeat business, driving sustainable long-term growth.

By evaluating the needs and preferences of our customers, unifying procedures across branches, and instilling our company values within our workforce, we optimized fleet management to enhance customer satisfaction and operational efficiency. Theeb experienced a significant growth in its loyalty platform, expanding by over 27% and totaling 600,000+ memberships by the end of the year.

Message from the Chief Executive Officer

As the world embraces sustainability, the adoption of electric vehicles (EVs) presents significant opportunities for growth. By expanding our fleet to include EVs and providing charging infrastructure, we are meeting the evolving needs of environmentally conscious consumers.

This remarkable achievement is a testament to the trust and loyalty our customers place in us, and it underscores the strength and resilience of our business model.

We continue to provide a flexible and high-quality service by offering a diverse range of vehicles to cater to different customer preferences and needs. Moreover, we prioritize efficient booking processes, convenient pick-up and drop-off locations, and excellent customer service to enhance the overall customer experience. We are proud to offer customizable lease plans designed to meet the specific needs of our diverse customer base, including full maintenance, insurance, and free replacement cars, all at highly competitive prices. As we look ahead, we remain committed to delivering exceptional value and service to our customers, while driving sustainable growth for Theeb.

Investment in our people

We are proud to invest in the development and well-being of our employees, with over 30 training courses offered to enhance skills and capabilities. Additionally, we significantly increased female employment within our organization, underscoring our commitment to diversity and inclusion. Furthermore, we acknowledged and rewarded the exemplary efforts of our employees, earning recognition as a “Great Place to Work.”

Throughout the year, we implemented a series of operational initiatives aimed at enhancing efficiency and elevating the customer experience. Earning three ISO certificates, we remain steadfast in our pursuit of operational excellence. Additionally, our investment in digital improvements, including Robotic Process Automation (RPA), Artificial Intelligence (AI), and Employee Self-Service platforms, has positioned us for continued success in an increasingly digital landscape.

Future outlook

As we reflect on the past year and look ahead to the future, it is evident that the car rental industry is poised for significant growth in the coming years. With the easing of travel restrictions and the resumption of travel plans worldwide, we anticipate a surge in demand for rental cars. Whether it's for business or leisure, the desire to explore new destinations will fuel growth in the car rental industry. Technology will be a key driver of growth, enabling us to enhance the rental experience and build customer loyalty. By investing in advancements like AI, ML, IoT, and mobile applications, we will continue to streamline operations and deliver seamless experiences to our customers.

As the world embraces sustainability, the adoption of electric vehicles (EVs) presents significant opportunities for growth. By expanding our fleet to include EVs and providing charging infrastructure, we are meeting the evolving needs of environmentally conscious consumers.

Message from the Chief Executive Officer

Economic development and domestic tourism in Tier 2 and Tier 3 cities present untapped potential for growth. By extending our services to these areas, we are capitalizing on emerging opportunities and catering to the growing demand for quality car rental services.

In conclusion, we are confident in our ability to navigate the evolving landscape of the car rental industry and capitalize on the opportunities that lie ahead. With a focus on innovation, customer satisfaction, and sustainability, we are well-positioned for continued growth and success in the years to come.

Appreciation

I extend my sincere thanks to the esteemed members of our Board of Directors for their unwavering support and diligent oversight throughout the past year. Their guidance has been invaluable as we navigated the challenges and opportunities in the car rental industry. The exceptional leadership of our Chairman, both professionally and personally, has been instrumental in steering our company toward success.

In the face of supply chain disruptions, I am immensely grateful to our suppliers and vendors who went the extra mile and ensured the continuous growth of our fleet and the seamless functioning of our operations. Our loyal customers are the cornerstone of our achievements. We are honored by your continued confidence in our services and remain committed to exceeding your expectations. Always Theeb Ma'ak.

The dedication and hard work of our people is the passion and resilience that drive our company forward. Their contributions are the bedrock of our success. Our shareholders, supportive stakeholders, and diligent regulators collective efforts and unwavering support, are instrumental in propelling Theeb on its ambitious journey towards success.

I thank you all for your invaluable contributions to our achievements in 2023. Together, we have overcome challenges and achieved significant milestones, and I am confident that with our continued collaboration, we will reach even greater heights in the years ahead.

Chief Financial Officer's Review

In 2023, Theeb Rent a Car delivered encouraging top line revenue of 17.3%, driven by a larger rental fleet size and higher sales volumes of used cars. We expanded geographically and launched our electric rental car fleet, to fortify our overall fleet supply and contribute to Saudi Vision 2030, and international goals towards carbon emission reduction.

This progress was made in line with our key strategic pillars of diversification (both geographically and through value-add services), differentiation (through unique services and being first to market – eg. Electric cars), and collaboration (partnership with Lucid and other car dealers in KSA).

Further, to the progress towards our strategic ambitions, our revenues have reached SAR 1.14 bn and our bottom-line performance/ overall profitability was SAR 142.1 mn.

Mr. Amjad Abdelrahman Alawneh
 Executive Director of Financial Department



2023 Highlights

Revenue increased by 17.3% YoY reaching SAR 1.14 bn

Gross profit increased by 2% YoY reaching SAR 358.9 mn

Operating profit SAR 205.9 mn

Net profit SAR 142.1 mn

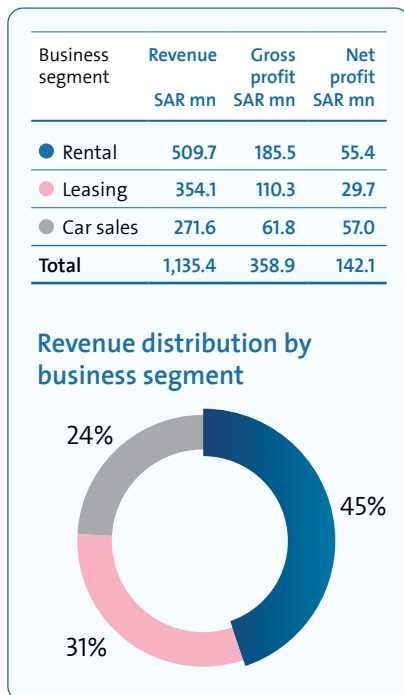
Total rental revenue SAR 509.7 mn

Total leasing revenue SAR 354.1 mn

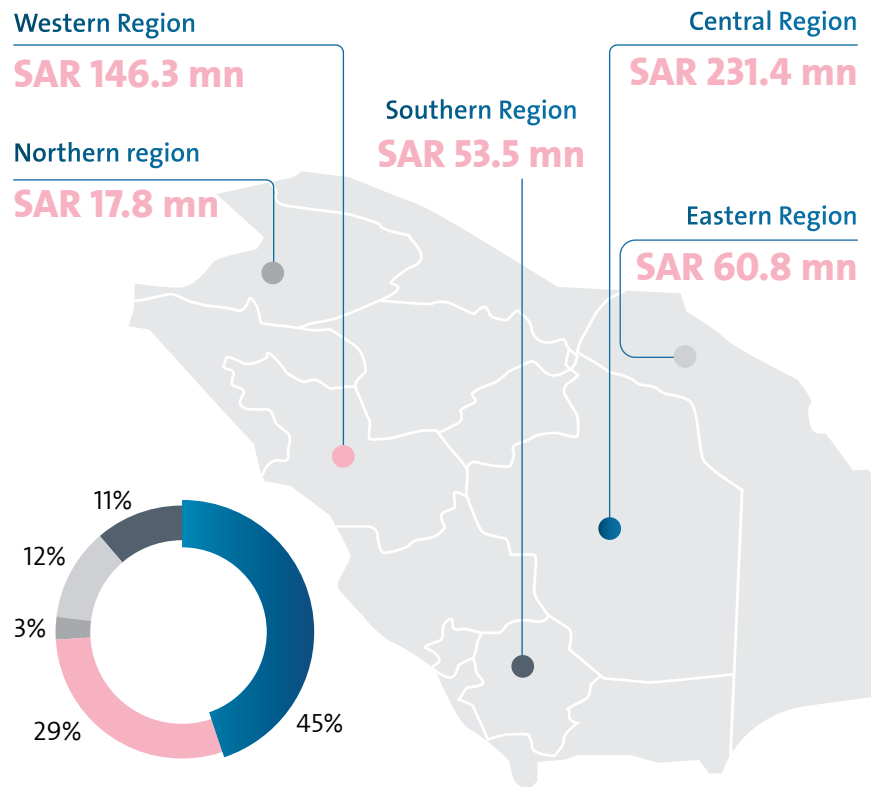


Chief Financial Officer's Review

Revenue, gross profit, and net income distribution by business segment



Short-term rental revenues by geographical distribution



Enhancing rental and capital value through active portfolio management

2023 has been another year of growth for Theeb, across our operating segments. We have continued to execute our strategy effectively, building on the successful foundations we have laid over the past decades. One of the major milestones of the year was the partnership with Lucid electric cars in Saudi Arabia and the introduction of electric vehicles for the first time in the car rental industry in the Kingdom.

The second-hand vehicle market remains robust due to affordability, diverse models, and logistical advantages. This factor helps Theeb maintain a competitive edge by

providing customers with a variety of models to choose from with affordable prices. Additionally, the company is able to leverage its logistical advantage by having a network of dealerships and service centers across the country, providing customers with the convenience and peace of mind that comes with knowing that their vehicle is serviced and properly maintained.

Market factors impacting operating margins

Despite the increase in revenue, operating expenses, and therefore operating margins were negatively impacted by market factors. A rise in insurance premium costs across the Saudi market, and an increase in the price of spare parts, resulted in

operating margin reaching 18.1% in 2023 (from 23.5% in 2022). Additionally, the global surge in interest rates, and more specifically, the rise in the SIBOR within the Kingdom, pushed interest rates further, causing net margin to decline to 12.5% in 2023 (from 19.9% in 2022).

Return to shareholders

The Board of Directors has greenlit the distribution of a cash dividend amounting to SAR 1.8 per share for the fiscal year 2023 while SAR 3.3 of earnings per share was added to shareholders' wealth by end of FY 2023. This decision reflects the company's commitment to delivering value to its shareholders.

Chief Financial Officer's Review

Total assets

Theeb's robust business activities have led to a consistent increase in total assets over the last five years. In 2023, total assets reached SAR 2.2 bn, marking a 20.0% YoY growth, through continuous investment in fleet capacity. This reflects not only the solid financial performance but also the agility to adapt to market dynamics for sustained success.

Statement of financial position for the past 5 years

Assets and liabilities	2019 SAR	2020 SAR	2021 SAR	2022 SAR	2023 SAR
Current assets	201,055,783	208,777,647	272,975,630	444,240,587	469,560,311
Non-current assets	1,074,456,136	1,098,628,334	1,245,173,940	1,421,972,899	1,769,266,775
Total assets	1,275,511,919	1,307,405,981	1,518,149,570	1,866,213,486	2,238,827,086
Equity	448,613,372	481,515,436	567,355,380	664,860,414	729,676,475
Current liabilities	458,858,858	460,446,408	579,781,139	657,525,187	859,852,067
Non-current liabilities	368,039,689	365,444,137	371,013,051	543,827,885	649,298,544
Total liabilities and Equity	1,275,511,919	1,307,405,981	1,518,149,570	1,866,213,486	2,238,827,086

Statements of profit or loss for the past 5 years

Business results	2019 SAR	2020 SAR	2021 SAR	2022 SAR	2023 SAR
Revenue	631,140,094	659,994,795	752,369,576	967,967,678	1,135,394,167
Total cost of sales	409,990,050	497,980,838	503,887,160	616,105,623	776,529,079
Gross profit	221,150,044	162,013,957	248,482,416	351,862,055	358,865,088
Total operating expenses	71,733,478	70,490,318	96,266,796	124,064,692	152,956,529
Operating profit	149,416,566	91,523,639	152,215,620	227,797,363	205,908,559
Net profit	116,025,360	63,246,128	125,726,066	193,107,949	142,069,485



Challenges

Theeb's holistic approach combines innovation, strategic partnerships, and financial acumen to proactively manage operational and financial risks across its diverse business segments.

Operational challenges

- **Fleet availability:** Ensuring an adequate supply of vehicles to meet demand is a key operational challenge. Theeb addresses this by employing predictive analytics to anticipate peak periods to reduce customer wait time.

- **Spare parts management:** Efficient spare parts logistics are crucial for minimizing downtime. The company maintains strategic partnerships with suppliers and employs a proactive maintenance approach.
- **Expansion of branch network:** The Company has to delicately balance the opening of branches to increase geographic expansion, with operational and financial feasibility, taking into consideration market factors as well.

Financial risks

- **Interest rate covenant:** Theeb navigates the challenge of interest rate fluctuations by closely monitoring and adjusting financial strategies, ensuring compliance with covenants.
- **SIBOR impact:** Sensitivity to SIBOR is monitored through continuous assessment of market conditions.
- **Cost fluctuations:** Beyond interest rates, Theeb keeps a vigilant eye on other direct costs like insurance, spare parts, employing a flexible cost structure and negotiating contracts to buffer against potential increases.



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Context We Operate In

High internet penetration and inflationary pressures boost growth potential

In the age of digital connectivity, high internet penetration emerges as a powerful catalyst for tourism growth. With Saudi Arabia’s internet penetration estimated to be over 98% as of 2023, the widespread availability of information at one’s fingertips has revolutionized travel planning, making it easier for potential visitors to explore and understand the richness of the country’s offerings. Social media platforms and online travel agencies have become virtual gateways, enticing travelers to embark on a journey to the Kingdom.

The global economic landscape looms large, with inflationary pressures shaping the choices of nations. Despite recent easing, the global inflation rate is estimated to be 7% in 2023, hovering over long-term targets, and creating a delicate balancing act for economies. On one hand, rising costs may deter budget-conscious travelers, affecting the demand side. On the other hand, inflationary pressures can lead to increased government spending, which, when strategically directed, can enhance tourism infrastructure, making the destination more attractive.

Global economic collaborations open avenues for further development

Saudi Arabia’s approval to join the Shanghai Cooperation Organization (SCO) in 2023, marked a strategic step in the Kingdom’s foreign policy, to actively engage with member nations and contribute to regional stability and development. The SCO, comprising countries across Eurasia, including major players like China, India, and Russia, is a crucial platform for dialogue and cooperation. This decision not only opens new avenues for diplomatic

collaboration but also reflects the Kingdom’s proactive approach to addressing contemporary challenges on the world stage.

The Kingdom’s Vision 2030 fuels prosperity

In 2016, Saudi Arabia unveiled a bold and visionary plan for its economic future – Saudi Vision 2030. In a landscape traditionally dominated by oil, this ambitious blueprint aims to propel the Kingdom into a new era of diversified prosperity.

Saudi Vision 2030 has set the following targets to achieve this:

Tourism targets



- Increase capacity to welcome Umrah visitors from 8 million to 30 million every year.
- Double the number of Saudi heritage sites registered with UNESCO.
- To have at least three Saudi cities recognized in the top-ranked 100 cities in the world.

Economic targets



- Propel the Kingdom into the top 10 of the Logistics Performance Index (LPI) by the year 2030.
- Increase SME contribution to GDP from 20% to 35%.
- Move up to the first 15 of the largest economies in the world.
- Rise to the top 10 countries on the Global Competitiveness Index.
- Increase foreign direct investment from 3.8% to the international level of 5.7% of GDP.
- Increase the share of non-oil exports in non-oil GDP from 16% to 50%.
- Increase non-oil government revenue from SAR 163 bn to SAR 1 tn.

Social targets



- Be in the 10th position in the Social Capital index (from the current 26).
- Increase the average life expectancy from 74 years to 80 years.
- Lower the unemployment rate from 11.6% to 7.0%.
- Increase women’s participation in the workforce from 22% to 30%.

Context We Operate In

The nation is rich in natural resources. Gold, phosphate, uranium, and other valuable minerals lie beneath its lands. The Vision, however, acknowledges that true wealth extends beyond these resources to encompass the ambition of its people and the potential inherent in the younger generation. This has led to embarking on a transformative journey with monumental giga-projects that not only redefine the Kingdom's future but also pave the way for a new era of sustainable living. Some of these main projects include:

Key projects in the Kingdom of Saudi Arabia

- **NEOM:** A futuristic and sustainable cross-border city development project located in the northwest region of the kingdom, boasting the world's smartest technology infrastructure.
- **ROSHN:** Fostering modern societies and lifestyles, ROSHN is poised to create an environment where people can flourish in a harmonious blend of tradition and modernity.
- **The Red Sea Project:** Saudi Arabia's picturesque Red Sea coastline is undergoing a breathtaking transformation where sustainable practices and luxurious amenities coalesce to redefine the tourism experience.
- **Qiddiya:** The epicenter of entertainment, sports, and arts, Qiddiya is set to become a global entertainment destination, poised to be a cultural landmark that transcends borders.
- **Diriyah:** Showcasing a rich heritage steeped in history, Diriyah offers a glimpse into the Kingdom's past while embracing the future.

The impact that these projects have on the local economy is undeniable. They have already become a catalyst for job creation, attracting a diverse range of professionals and entrepreneurs eager to contribute to their success.

The transformative landscape of Saudi Arabia's car rental industry

The Saudi Arabian car rental industry is undergoing a significant transformation, fueled by economic prosperity, tourism influx, e-commerce expansion, technological advancements, and strategic and government initiatives. The car rental industry, in alignment with the National Transport and Logistics Strategy, is positioned to play a crucial role in achieving the country's goal of revenue diversification. By enabling industry growth and expanding investments, the transport and logistics sector is targeted to contribute SAR 45 bn. to non-oil revenues by 2030. Car rentals, with their potential to drive tourism and support various economic activities, are integral to realizing this ambitious financial milestone.

The key factors driving the growth of the car rental industry in the Kingdom of Saudi Arabia include:

- 1 **Increase in online bookings –** With the surge in internet usage, an increasing number of tech-savvy youth rely on online platforms for their travel needs. The ease of access to online and mobile booking services has simplified the reservation process and opened up new avenues for both customers and rental providers. Expansion projects at airports and seaports further strengthen the logistics

industry, fueling the demand for online vehicle rental bookings and commercial rental vehicles in the years to come.

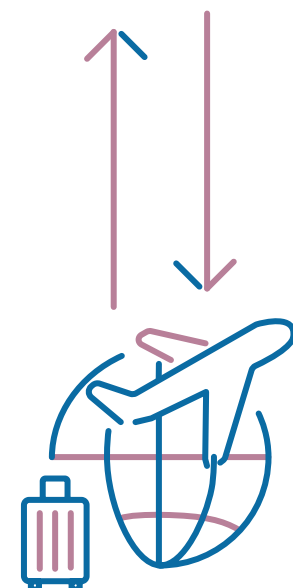
- 2 **Government's investment in logistical infrastructure –** The Kingdom's planned investment in the logistics infrastructure highlights the importance of a well-developed network in facilitating trade, and ensuring the seamless movement of goods. This investment is expected to pave the way for increased efficiency, reduced costs, and improved connectivity, further propelling Saudi Arabia's position in the global market.
- 3 **Vision 2030 tourism –** Saudi Arabia is also actively promoting its tourism sector, in alignment with the Vision 2030 target of hosting 30 million visitors by FY30. The anticipated growth in religious visitors is poised to fuel the expansion of the short-term car rental business.
- 4 **Rising adoption of electric cars –** The Kingdom's transport and logistics services strategy ambitiously aims to achieve a 30% adoption rate of electric cars by the year 2030. Moreover, Saudi Arabia has set its sights on becoming a major player in the electric vehicle manufacturing industry, with plans to produce 500,000 electric cars annually by 2030. The launch of Ceer, the first electric vehicle brand manufactured in the Kingdom of Saudi Arabia, represents the establishment of a robust electric vehicle industry.

Context We Operate In

5 Higher use of rental cars by expats – The Government’s push to relocate regional headquarters of companies to KSA by 2024 is also set to boost the demand for corporate rental and leasing services, as expatriates coming on contracts of 3 to 4 years, show a preference for leasing cars, further driving growth in this sector.

Highlights of tourism initiatives

- In 2023 Hajj season visitors increased by 100% reaching a staggering 1.85 million (up 98.9% from FY23). This momentum is expected to continue in FY24, implying 25-30% YoY growth.
- Umrah visitors, both internal and external, were recorded at 24.7 million in FY23.
- The Government’s proactive Makkah Route Initiative.
- The development of the electronic platform “Nusuk”.
- Introduction of e-visas for Umrah.
- Entertainment seasons like “Riyadh Season” and “Jeddah Season”, along with various festivals and events, are drawing international tourists.
- Government’s focus on increasing the tourism sector’s GDP contribution to 17% by 2032.






Context We Operate In






Stakeholders, Risks, and Opportunities

Stakeholder management

Key stakeholder issues and management strategies

Stakeholder group	Key concerns	Company response
Customers 	<ul style="list-style-type: none"> • Diversity of fleet • Reliability of service • Value added services for convenience • Affordability and accessibility • Environmental and social responsibility 	<ul style="list-style-type: none"> • Wide fleet over 30,000 vehicles with average age of 1.6 years • Opened three new branches in 2023 • Online booking system • Loyalty programs • Value added services such as roadside assistance (24/7), and maintenance • Convenient payment, long term contracts for leased vehicles • Introduction of electric vehicles to rental fleet and electric charging stations
Employees 	<ul style="list-style-type: none"> • Fair remuneration • Opportunities for growth • Concern for employee wellbeing • Safety and dignity/respect • Engagement, feedback and grievance mechanisms 	<ul style="list-style-type: none"> • Committed to Tawteen program for second consecutive year • Employee appreciation and welfare events • Array of learning and development opportunities provided to constantly upskill employees • 597+ hours of training provided in 2023 • Won Best Place to work in 2023 • Obtained operational safety certifications • Employee self-service stations
Business partners 	<ul style="list-style-type: none"> • Shared growth • Technical assistance and knowledge transfer • Domain knowledge, skills and expertise • Long-term partnerships • Timely payments • Fair play and transparent processes • Initiatives to share knowledge and build capacity 	<ul style="list-style-type: none"> • Established long term partnerships with BMW, Mercedes and Lucid Air • RPA solutions and AI services

Stakeholders, Risks, and Opportunities

Stakeholder group	Key concerns	Company response
Investors 	<ul style="list-style-type: none"> • Sustainable growth and returns • Good governance and transparency • Risk management • Timely communications 	<ul style="list-style-type: none"> • Received the Saudi Tadawul Group Recognition Award for participation in best practice investor relation toolkit • Strong financial growth • Quarterly dividend payouts • Transparent reporting • Risk management policies in place • Timely, periodic communication with investors
Government 	<ul style="list-style-type: none"> • Compliance with regulatory requirements • Partner socioeconomic development in country 	<ul style="list-style-type: none"> • Compliance with all relevant Government regulations and laws • Complied with and implemented all provisions outlined in the Corporate Governance Regulations issued by the Capital Market Authority and other relevant applicable regulations
Community 	<ul style="list-style-type: none"> • Environmental and social responsibility • Opportunities for shared growth • Support for community needs 	<ul style="list-style-type: none"> • Introducing electric vehicles into the fleet to reduce carbon emissions • Orphan sponsorship • Obtained recognition for safe work environment • 100% increase in CSR budget in 2023 • Community initiatives: Saudi Green, Global relief donations, Taraffag Yal'theeb, Raha service for the elderly, Alqura'a Alseghar



Received the Saudi Tadawul Group Recognition Award for participation in best practice investor relation toolkit

Our Strategy

We have demonstrated our commitment to maintaining a high level of reinvestment into the business. Our priorities are to invest in long-term growth and development, while

increasing shareholder returns and creating shared value. As a result of our strong free cash flow generation and business disposals, we continued to return excess cash to shareholders. We also continued to invest in brand building, innovation, digitalization and sustainability.

Our strategy pivots predominantly around three main pillars to fulfill our purpose in fueling the dreams and aspirations of the transport industry.

Diversification

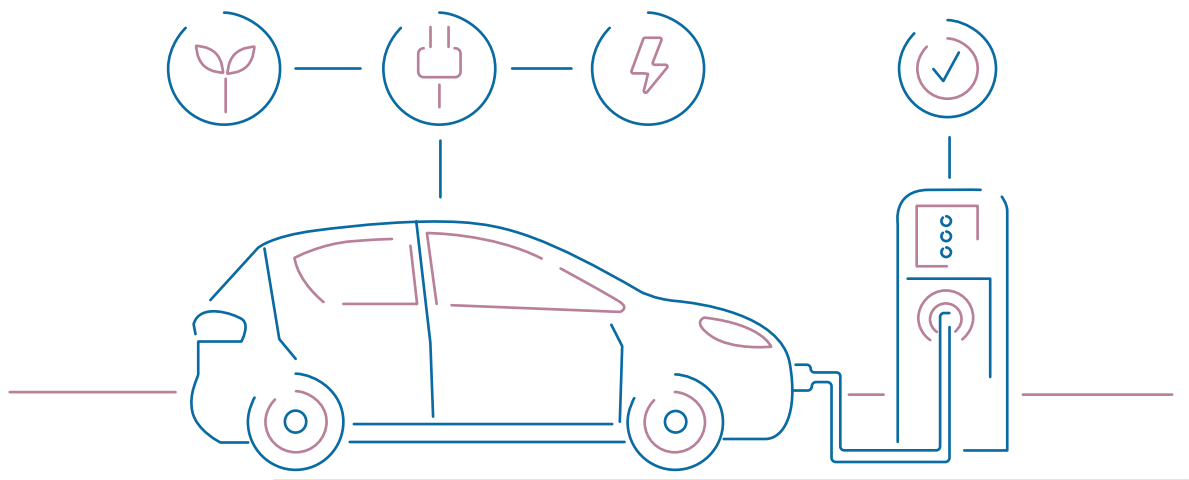
- Continued focus on evolving product offerings to meet client needs and excite consumer preferences
- A balanced pursuit of financial growth through relevant services, operational efficiency and resource allocation

Differentiation

- Revamping our online presence with a user-friendly app and corporate website with added features for the betterment of all stakeholders
- Enhancing customer experience and service value through convenience, reach and awareness
- Becoming the first car rental company to introduce electric vehicles to its car fleet in the Kingdom

Collaboration

- Being the partner of choice and strengthen partnerships to innovate and offer new value propositions
- Entering strategic partnerships with top automobile dealers



Our strategy in 2023

In 2023, Theeb opened three branches, continuing to expand its footprint, actively adapting to market changes and staying competitive by staying relevant. The company’s plans and

strategies are influenced by market factors, from availability of spare parts to seasonal changes. The Theeb Membership program grew to over 600,000 customers as at 31 December 2023, thanks to its diversified product offerings including a fleet of different

brand and car types; branch network and strategic locations; long-lasting relationships with suppliers and the service network; and a highly experienced management team.

Focus for 2024

We are making steady progress in both growth and transformation initiatives, and intend to focus on the following areas in 2024:

Digitize at scale



Create and deliver fast, easy, digital customer experiences. By partnering with technology innovators, we can deliver new customer benefits with speed and at cost. This includes integrating emerging technologies such as artificial intelligence and process automation, enabling data-driven decision making to gain a competitive advantage in the market.

Energize talent for growth



Invest in our people and inspire a dynamic culture which attracts the best new talent and retain existing talent. We encourage employees to continuously develop their skills while nurturing a simpler, more agile and effective organization.

Introducing new offerings



We aim to develop new products and services that meet the requirements of existing and new customers.


Expanding geographical footprint



We aim to enter newly developed areas with growing and high demand for our products and services. This includes expanding our branch network to strategic locations to reach more customers while being closer to them.

Operational Review

In the dynamic landscape of the transportation industry, Theeb Rent a Car emerges as a stalwart player, navigating through challenges, and propel progression. Redefining the car rental experience within the Kingdom of Saudi Arabia, the company’s focus is to steer towards more accessible and convenient rental and leasing solutions. Its clientele is offered with two different solutions to obtain a vehicle – a rental service and a leasing service.

-  **56** Car rental branches
-  **10** Vehicle maintenance centers
-  **2** Used vehicle sales showrooms
-  **14** Airport branches

Short-term rental overview

Quality, reliability, and innovation are Theeb’s key priorities in pursuing an environmentally friendly approach. We provide a range of vehicles to suit the requirements of individuals and companies. There are also tailored services available for the private sector, and government organizations. We offer compact and economy, as well as luxurious models, and comprehensive rental packages. All vehicles are maintained with insurance coverage, car replacement options and additional services. The rental fleet of over 30,000 vehicles with an average age of 1.6 years, positively impacted the company’s car rental revenue by around 9% YoY.

Intense market competition adds pressure on rental companies to constantly differentiate, while technological advancements, travel patterns and social norms result in evolving customer preferences. To overcome these, Theeb offers customers efficient automated solutions, while continuing to invest in technology across the organization, and improving and restructuring the company’s reservation department to enable seamless integration. Clients are provided with an improved online booking system to streamline the rental process, thereby improving the overall customer experience and attracting customers who prefer convenience and time saving options.

Value added services offered

 Theeb extra insurance

 Msafat

 One-way rentals

 Cross-border services

 Roadside assistance

 Comfort service

Rental segment members

Year	Count Nos.	% Increase Nos.
2019	256,560	14.83
2020	264,131	2.95
2021	327,471	23.98
2022	481,712	41.10
2023	600,000+	27+

Car leasing segment overview

Theeb launched its vehicle leasing segment in 2014, providing leasing services to corporate customers in both government and private sectors. Customers are offered rental lease agreements that can stretch up to 5 years. A selected clientele is also offered predetermined time period allocations at a special pricing. However, all lease agreements are customizable to suit the requirements and needs of the client. Some of the additional services include roadside assistance.

Leasing period structure

- Signing of long-term contracts.
- Collaborating with dealers to acquire requested vehicles and equipment and delivery to client.
- Vehicles are returned to the company.
- Sale of used-vehicles between 1-2 months.

Used vehicle sales segment overview

By providing customers with the option to purchase used vehicles with a life cycle not exceeding 5 years, Theeb is committed to reducing its carbon footprint by recycling its rental fleet in this manner. In line with the company’s fleet maintenance strategy, potential buyers are given a reasonable value for money with the used vehicles sales segment.

Unique product offering for used vehicle sales



Well maintained vehicles offered with documented service records



Low mileage



Attractive and wide array of cars



Relatively young vehicle fleet – 2.4 years in the rental segment and 3.5 years in the leasing segment

Forging partnerships and collaborations

Introduced the inaugural fleet of the BMW Five Series (September 2022), Mercedes CLA (December 2023), S Class Series, Geely (December 2023), and Lucid Air (October 2023).

Theeb is the first rental company to offer 14 Lucid Air electric vehicles into its fleet within the Kingdom of Saudi Arabia. Paving the way for more eco-friendly options for its clientele, the partnership aligns with Vision 2030 – an initiative to combat environmental constraints.

Growth initiatives

- **Geographical expansion** – Theeb opened three new branches in 2023 – located in Qatif, Jeddah, and Riyadh.
- **Introduction of electric vehicles** – Theeb introduced the first luxurious electric car to its rental fleet through the Lucid Air Launch in October 2023 at its headquarters in Riyadh, owned by the Public Investment Fund. Recognized as the first car rental service provider in the Kingdom of Saudi Arabia to launch an electric car with the provision of electric stations and necessary docks required for charging as well.

Enhancing customer experience

At Theeb, our focus is clear as stated in our slogan, Theeb Ma’ak – enhancing the customer experience to its fullest. Including features such as online reservations, electric vehicles in our fleet, extensive branch coverage, and mobile services, we are dedicated to shaping seamless rental experiences for our customers.

At Theeb Rent a Car, we are dedicated to enhancing the customer experience through streamlined processes, innovative solutions, and proactive initiatives. By leveraging electronic platforms, educating customers, developing infrastructure, and investing in team training, we strive to exceed customer expectations and deliver exceptional service at every touchpoint.

Additional services



Across borders

Theeb Rent a Car simplifies cross-border travel by handling travel authorization and traffic procedures in GCC countries and Jordan.



Comfort service

Prioritizing customer comfort, Theeb provides cars with adjustable seats for a hassle-free experience.



One way

Conveniently pick up your rental from any Theeb branch and return it to another branch across the Kingdom.



Msafat

Travel unlimited distances with Theeb’s Msafat service, offering unlimited mileage on select cars or upon request.



Roadside assistance

Enjoy 24/7 mobile maintenance services from Theeb, ensuring assistance whenever and wherever needed.



Car insurance

Protect your journey with comprehensive car insurance coverage provided by Theeb Rent a Car.

Operational Review

Some of the main initiatives undertaken during 2023 to improve the overall customer experience include:

Area of focus	Marketing activity
Diverse car sales options	Theeb strategically expanded its auction platform, offering customers a variety of purchase options, a diverse inventory and faster sales process.
Electric vehicle support	Our services include electric stations and charging docks, for a seamless and eco-friendly driving experience.
Digital convenience	Upgrades to our mobile app and website enabled customers to effortlessly reserve their ride via digital channels. Minimizing waiting times, customers can use the app to book their car, and then collect directly from their preferred branch. We also introduced self-service kiosks, and deployed real-time customer support.
Lucid Air campaign	Launched a comprehensive marketing campaign for the launch of Lucid Air, to educate the market and create awareness. Our marketing campaigns, targeted advertisements, and informative content were strategically designed to educate customers on the benefits like reduced emissions.

Theeb loyalty program

The introduction of the Theeb Loyalty Program proved to be a sound strategic initiative that continues to meet our customers' needs, improve customer satisfaction and retention. The program offers a unique advantage, providing customers with enhanced services such

as expedited car rentals at discounted rates, additional free kilometers, and "Theeb Loyalty Points."

The Theeb Membership Program introduces a tiered structure, offering customers distinct membership

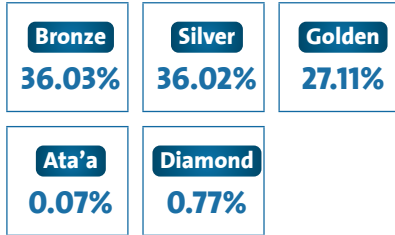
levels, each loaded with exclusive discounts and benefits. This strategic differentiation has not only solidified our existing customer base, but has also been instrumental in attracting new clients, giving us a distinct edge in the market.

Benefits of various membership tiers

Membership benefits	Membership categories and benefits						
	No membership	Bronze	Silver	Gold	Ata'a	Diamond	
Rental discounts	N/A	10%	12%	15%	17%	20%	
Allowed kilometers	225 km	225 km	250 km	300 km	325 km	325 km	
Additional hours	2 hours	2 hours	3 hours	5 hours	5 hours	5 hours	
One direction discounts	N/A	N/A	20%	50%	50%	50%	
Travel authorization	GCC	75 SAR	75 SAR	50 SAR	35 SAR	Free	Free
	Arab countries	300 SAR	300 SAR	300 SAR	150 SAR	Free	Free
Possibility to earn/redeem Theeb points	No	No	Yes	Yes	Yes	Yes	
Number of earned Theeb points for every 100 SAR spent on a fully paid contract	N/A	N/A	½ a point	1 point	1 point	1 point	
Possibility to earn/redeem Qitaf STC points	Yes	Yes	Yes	Yes	Yes	Yes	
Possibility to transfer Theeb points to Alfursan miles	No	No	Yes	Yes	Yes	Yes	
Car delivery	N/A	N/A	N/A	N/A	N/A	Free	

Operational Review

Revenue based on category of membership



Strengthening brand image

The year 2023 witnessed Theeb Rent a Car being recognized on prestigious platforms for our outstanding contributions to the car rentals industry in KSA. At Theeb, our unwavering commitment to excellence is evident through numerous nominations and recognitions, serving as a testament to our dedication to delivering unparalleled service. This commitment acts as our guiding compass, propelling us toward ongoing improvement and the establishment of industry benchmarks.

During 2023, Theeb carried out a number of branding campaigns and forged collaborations with prominent events and organizations, to strengthen our brand image within the industry.

Campaign/area of focus	Activity and impact
Expanding social media reach	Deploying multiple social media campaigns across various platforms (including TikTok, Twitter, YouTube, and LinkedIn), Theeb increased its social media reach, achieving double-digit growth in engagement during the year.
Poetry collaboration for country's founding day	Celebrating the richness of Arabic poetry, Theeb collaborated with a renowned Saudi artist to create a poetry campaign, which was ranked among the top three founding day campaigns in the Kingdom of Saudi Arabia, achieving over two million online views.
National Day campaign	Recognized among the best three campaigns across brands, the National Day campaign garnered over 100 million impressions, by leveraging digital platforms for maximum impact.
Theeb shines at the Roshn League	Theeb positioned itself in the global spotlight, by tapping into the passion of football enthusiasts worldwide via its collaboration with the Roshn League, an internationally acclaimed football league boasting top-tier players. LED screens, in-game advertisements, and stadium displays elevated our image, creating a powerful synergy between sportsmanship and quality car rental services.
Road safety first	We relaunched the Taraffag Yal'theeb campaign in 2023, embedding it not only in our branches, but also across social media, cinema theaters, and a number of outdoor venues. The key messages of the campaign revolve around the importance of slowing down in the streets, adhering to essential safety measures, awareness of the perils of reckless driving, the significance of wearing seatbelts, and promoting the availability of baby seats at Theeb's branches.
Theeb branch features in "Valley Road"	Theeb positioned its brand and a sample of its old branch in the cinematic spotlight in the Saudi film "Valley Road", going beyond conventional advertising. By aligning its brand with the film's storyline, Theeb shared cultural and heritage elements presented in the movie.

Operational Review

The above initiatives show Theeb Rent a Car's commitment to continuously elevate the customer experience through a multifaceted approach. By prioritizing customer care and satisfaction as primary objectives, we strive to maintain loyalty among our existing clientele, while simultaneously attracting new customers. From streamlining service processes to integrating electronic platforms, we optimized efficiency and reduced wait times. The results were evident when the Company received a NPS score of 74, in its customer satisfaction survey, which indicates a high level of customer satisfaction.

Looking forward

Theeb aspires to propel its progressive streak and support Vision 2030, by utilizing an effective and well-structured strategy to drive the company towards greater heights. The company aims to expand by tapping into advanced technology, and establishing a wider customer base and location units, and provide new and innovation, tolerated services whilst maintaining its fleet's operational life cycle under optimum conditions.



Operational Review



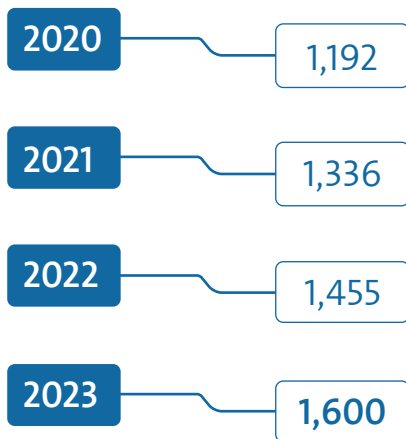
Our People

Learning, development, and appreciation of employees are core focuses of the HR pillar

The linchpin of a company’s success lies in the strength of its extraordinary workforce. The collective brilliance, skill and hard work individuals at Theeb turn the company’s ambitions into a success, continuing to build an enduring legacy of achievement.

2023 proved to be a year of promising growth and progress as Theeb gradually expanded its reach within the Kingdom, adding 245 new employees to its employment base to increase the total workforce to 1,600 employees, a boost of 6.5% from 1,455 in 2022. Theeb can proudly state that it succeeded in its ambition from 2022, as well as increased the company’s fleet.

Total number of employees



In line with Saudi Arabia’s Vision 2030 project to increase the number of women in the workforce, Theeb made continuous efforts in 2023 to provide women a prominent place in the company, thereby encouraging a more diverse employee base in the process. Additionally, to support and encourage local growth, Theeb remained committed to the Tawteen program initiated in 2022 by the Ministry of Human Resources and Social Development (MHRSD) for a second consecutive year, to provide jobs and training to Saudi nationals wishing to enter/re-enter the workforce.

Recognizing and rewarding talent

From humble beginnings, Theeb grew to national success by ensuring that every employee in the company feels valued and acknowledged for their efforts and services. This can take the form of attractive packages, incentives, and other benefits to hire the right talent. By taking measures to increase employee appreciation, Theeb has cultivated a well-refined work environment and grown and developed by prioritizing new recruitments and restructuring and motivating the existing workforce.

To recognize and highlight the impact that our employees made in 2023, Theeb conducted several initiatives to reward them, such as:



Our People



Our People

Learning and development

Over thirty years of rapid technological development and extraordinary changes, Theeb has endured and grown by emphasizing the importance of employee development and betterment. By acknowledging the constant evolution in the economic and social sectors, employees are motivated and trained to be prepared for any

situation that arises. Additionally, in partnership with the HR department, Theeb fosters personal and skill development by providing employees an array of courses and learning opportunities to stay updated with evolving trends and developments in their scope of work. Not only are employees driven to constantly upskill, it also positions Theeb

as a valued employer of choice to develop a career, while directors and executive management are able to focus on the strategic issues at hand.

Training is provided to strengthen areas that have been highlighted for improvement, as part of Theeb’s training protocol, spanning over 597 hours of training.

2023 Highlights

For its efforts in 2023, Theeb was recognized for its achievements, including:

- Winning the Great Place to Work Award from Great Place to Work (GPTW).
- Winning the Best Place to Work (Car Rental) at The Annual Global Economics Awards 2023.
- Obtaining certifications for maintaining operational standards:



- Attaining certification for the suitability to licensed establishments as supportive work environments for individuals with disabilities.

By ending the year on a successful note, Theeb commends all its employees for their valuable commitment and support.

Outlook

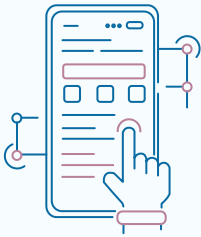
2023 was a milestone in the company’s performance, achieving all-time high revenues and significant achievements in the history of Theeb. As the company looks to 2024, it aims to continue this progress. Theeb seeks to employ more Saudi nationals, in support of the Saudization program of the Ministry of Human Resources and Social Development. It also aims to improve and develop its current employee base, with the assistance of the HR Department to keep building a skilled and knowledgeable workforce to tackle the upcoming years. Additionally, Theeb intends to implement and support more progressive choices that will put the company ahead of the curve and maximize productivity that will encourage employees to join.

Maintaining Digital Momentum

Aligned with the company's focus to gravitate towards digitalization, Theeb embarked on a progressive route within the digital arena in 2023. By implementing digital improvements, Theeb improved its business practices and created effective pathways for automatic and seamless accessibility.

The company intends to continue its digitalization process and refine its customer service through more effective and practical services such as mobile applications, online booking platforms and customer engagement tools.

Digitalization improvements in 2023



- Mobile app enhancement to improve the customer journey and make it more user friendly



- To pave the way towards a more business driven work infrastructure, the company utilizes technology to automatically analyze vehicles and assist in maintenance

▶ Digitalization outlook

Theeb will continue to enhance its operational efficiency via digitalization, to improve the overall customer experience. Developing the company's mobile applications, introducing detailed features and additional conveniences towards its customers will continue to be a priority. Having identified IT as a critical enabler of the Theeb's business strategy, we seek to leverage technology such as artificial intelligence and data analytics to assist with consumer insights and behavior, whilst optimizing other areas such as fleet management and operational efficiency. The company seeks to continue its digital transformation and also maintain its competitive progression within the evolving car rental industry.



Towards a Sustainable Future

Maintaining operational sustainability

We maintain a steadfast commitment to improving our operational sustainability performance, striving for excellence across all aspects of our business. As leaders in our industry, we are dedicated to setting an example by adhering to global frameworks, regulations, and best practices that align with our strategy and ambitions.

In 2023, Theeb Rent a Car continued to advance its sustainability journey, focusing on various initiatives across our three main pillars: economic, social, and environmental.

1 Economic:

- Ensure long-term profitability and financial stability.
- Enhance shareholder value through responsible business practices.
- Support local economies and communities.

2 Social:

- Ensure safe and healthy working conditions for employees.
- Promote diversity, equity, and inclusion within the workforce.
- Invest in our employee by training them.

3 Environmental:

- Conserve natural resources and promote sustainable consumption.
- Minimize waste generation and promote recycling and reuse.

Further, to promote sustainable transportation, we made history in the Kingdom of Saudi Arabia as the first car rental company to introduce electric vehicles to its fleet. This led to an agreement with Lucid Air to procure electric vehicles and successfully launch them into our operations, along with electric charging stations at our head office premises. By providing electric vehicles, we are contributing to the reduction of greenhouse gases, and improving air quality as well.

We aspire to fully comply with the relevant laws, regulations, and standards related to environmental protection, social responsibility, and employee rights. To ensure we are doing so effectively, we have compliance monitoring mechanisms in place, and obtain regular feedback from employees regarding the company's impact on their well-being.

Theeb's Contribution to Society

At the core of our values lies the profound dedication to fostering a positive impact on both the community and the environment. This commitment transcends mere corporate responsibility; It's a fundamental part of who we are.

Sponsorship

for 1,000+ orphans

Participated

in Ehsan and Ensan initiatives

100%

increase in CSR budget

Great Place to Work Award

Mowaamah Certificate

for a safe work environment



As the leading car rental service in the Kingdom of Saudi Arabia, we recognize the integral role we play in shaping a responsible future for the community. Throughout 2023, we continued to dedicate ourselves to investing in our workforce, fostering community growth, implementing innovative environmental solutions, and enhancing our network capacity.

Towards a Sustainable Future

Continuance of existing CSR initiatives

CSR Initiative	Impact on community
Ehsan – National Platform for Charitable Work	<p>Donation of SAR 1 from the profit of every rental contract spanning all regions of the Kingdom.</p> <p>Through a partnership with Ehsan (National Charitable Action Platform), we endeavor to contribute meaningfully to the well-being of our community and beyond.</p>
Ensan – Charity Society for Orphan Care in Riyadh	<p>Contribute 1 SAR from the profit of each lease contract, in pursuit of supporting the noble cause of sponsoring orphans.</p> <p>Our sponsorship program of 25 orphans for eight consecutive years with Ensan has garnered appreciation from its board for the positive impact of private sector involvement in societal well-being.</p> <p><i>These initiatives represent our enduring support under the Theeb Alkhair Program, solidifying our dedication to sustainable and meaningful CSR practices.</i></p>
Bena – Charity Association in the Eastern Region	<p>Renewal of the sponsorship program for 25 orphans</p>
Ekhaa – the Charitable Foundation for Orphans Care	<p>Joint agreement with Ekhaa to sponsor two key competitions during the holy months of Ramadan and Dhul Hijjah. This initiative aims to promote the foundation's services and programs tailored to support orphans across the Kingdom.</p> <p>Annual sponsorship of 30 orphans, ensuring their holistic well-being and fostering education and cultural development.</p>
Raha service for the elderly	<p>In our pursuit of providing a seamless and comfortable experience for everyone, Theeb's commitment materializes in the form of specially equipped vans, designed to cater exclusively to those with disabilities.</p>
King Saud University	<p>Theeb sponsored the 2023 graduation celebrations at King Saud University and Princess Noura bint Abdul Rahman University. We bestowed four cars to each university, extending heartfelt gifts to the graduating students.</p>
Donating cars to charity organizations	<p>Theeb donates car rentals to various charitable organizations to provide transportation facilities to underserved communities in remote areas.</p>
Taraffag Yal'theeb	<p>Collaborated with the Saudi National Center for Social Responsibility in distributing one million Iftar meals across Riyadh, Jeddah, and Al-Dammam.</p> <p>From impactful social media posts to radio broadcasts and street ads, our awareness campaign resonated positively with the public, marking a successful continuation since its launch in November 2021.</p> <p>The Taraffag Yal'theeb CSR campaign promotes road safety by informing the public and educating them regarding the perils of reckless driving.</p>
Progressing our society	<p>As part of its National Day campaign and focusing on societal progress, Theeb contributed to Mawaddah, promoting family stability.</p>

Towards a Sustainable Future

CSR Initiative	Impact on community
Global relief donations	A donation of 200,000 SAR was made to the King Salman Humanitarian Aid and Relief Center to support victims of the Syria and Turkey earthquake.
Sponsoring First Aid Volunteers	For five consecutive years, Theeb has sponsored the KSU Volunteers in Umrah and Alhaj seasons. Our support empowers the First Aid team, ensuring the well-being of pilgrims at the holy mosque.
Supporting our Community	<p>As sponsor and success partner of Tegan Celebration by Hail Association, we have contributed to the recognition of 450 Huffaadh of the Qur'an.</p> <p>Our commitment extends to multiple sponsorships with Tarmeem Association, focusing on renovating homes for families in need in the eastern region.</p> <p>In collaboration with Khayrocom Association in Jeddah, we continue to support various initiatives, reinforcing our dedication to making a positive impact in the community.</p>
Saudi Green	<p>In partnership with the Ministry of Human Resource and Social Development, Theeb actively supported Riyadh's tree planting campaign in line with Vision 2030.</p> <p>Sponsored Filipinos for the Saudi Green Initiative, focusing on clearing garbage from deserts and parks to promote a cleaner environment.</p>

New initiatives

In a significant stride, the company has formalized a collaborative partnership with the Ayat Endowment Foundation in November 2023, solidifying its commitment to community enrichment. At the heart of this alliance is the sponsorship of the Young Readers of the Quran (Alqura'a Alseghar) project, an initiative geared towards

nurturing emerging readers and enhancing their abilities in intonation and recitation.

Employee health and safety

Integral to the culture of our organization, is fostering an inclusive work environment. Theeb is honored to have earned the Mowaamah Certificate, a testament to our genuine

commitment to creating a safe and conducive workplace for individuals with disabilities. Our pledge extends beyond mere compliance; we actively provide the necessary facilities and capabilities, fostering a culture that not only motivates but also empowers individuals to develop their skills and contribute meaningfully across our extensive branch network.

Towards a Sustainable Future

- Great Place to Work Award (GPTW) – Theeb is ranked #14 among the top 30 leading companies in 2023.
- Certificate of suitability to license establishments as supportive work environments for people with disabilities
- Global Economics 2023 – Best Place to Work (Car Rental)



In recognition of our CSR efforts, we received the following awards from Global Economics in 2023.

- Global Economics 2023 – Most socially responsible car rental company



- Ranked Among the Top 50 CSR Companies/ Governmental institutions by FORBES Middle East

Operational health and safety

In 2023, Theeb also renewed the following ISO certificates in 2023: ISO 14001 for environmental management system, ISO 45001 for occupational health and safety management system, and ISO 9001 for quality management standards.

- ISO 14001:2018 certification for the occupational health and safety management system
- ISO 45001:2015 certificate for environmental management system
- Consumer Friendly Certification – fulfilling the requirements and standards of educating the consumer and improving his experience
- ISO 14001:2015 certification for quality management standards



Governance

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Board of Directors, Committees, and Executive Management

Board of Directors

The company is managed by a Board of Directors consisting of 6 members appointed by the company's general assembly, for a period not exceeding 3 years.

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

Audit Committee

Member Name	Nature of membership
Mr. Haitham Tofik Ibrahim AlForaih	Chairman of the Committee and member of the Board of Directors
Mr. Ayman Jamil Salem Ammar	Non-Board member
Mr. Abdulaziz Abdullah Mohammed Al Hidery	Non-Board member

Nominations and Remunerations Committee:

Member Name	Nature of membership
Mr. Riyadh Saleh Hamad Al Malik	Chairman of the Committee and member of the Board of Directors
Eng. Fahad Mery Mohammad Alshahrani	Non-Board member
Mr. Abdullah Abdulrahman Ibrahim Alshamrani	Non-Board member

Board of Directors, Committees, and Executive Management

Executive Committee

Member Name	Nature of membership
Mr. Mohammed Hamoud Abdullah Al-Theeb	Chairman of the Committee and member of the Board of Directors
Mr. Naif Mohammed Ahmed Al-Theeb	Member of the Board of Directors
Mr. Shahzad Hameed Anwar Ali	Non-Board member
Mr. Amjad Abdelrahman Alawneh*	Non-Board member

*On 17 April 2023, the Board of Directors approved the resignation of Executive Committee member, Mr. Jafar Salahuddin AlBaz, and approved the appointment of Mr. Amjad Alawneh.

Executive Management

Member Name	Position
Mr. Naif Mohammed Ahmed Al-Theeb	Chief Executive Officer
Mr. Amjad Abdelrahman Alawneh	Chief Financial Officer
Mr. Shahzad Hameed Anwar Ali	Executive Director of Corporate Operations

Board of Directors, Committees, and Executive Management

Board of Directors



Mr. Mohammed Ahmed Abdullah Al-Theeb

Chairman of the Board of Directors

Current Jobs

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

Previous jobs and experience

- CEO of Theeb Rent a Car Company from 1991 until 2017.
- Member of the Board of Directors of Theeb Rent a Car Company from 1991 to 2017.
- General Manager of Al Theeb Sons Real Estate Management Company, a limited liability company, working in the field of real estate management, from 2007 to 2017.
- General Manager of the Mohammed Ahmed Al-Theeb Contracting Establishment, a sole proprietorship, working in the field of contracting, from 1991 until 2017.
- Vehicles' Registration and plates official at Aljomaih Automotive Company, a solidarity company, working in the field of car sales and services, from 1976 to 1986.

Qualifications

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

Committee Membership

Not Applicable



Mr. Riyadh Saleh Hamad Al Malik

Vice Chairman of the Board of Directors

Current Jobs

- Member of the company's Board of Directors since 2020
- Chairman of NRC, Theeb Rent a Car Company since 2020
- CEO of the Saudi Automotive Services Company (SASCO), a public joint stock company, working in the field of car service and equipment and management of stations, rest houses, motels and quick service centers since 2009.
- Member of the Board of Directors of the Saudi Automotive Services Company (SASCO), a public joint stock company, working in the field of car service and equipment and management of stations, rest houses, motels and quick service centers since 2015.
- Vice Chairman of the Board of Directors and Managing Director of SASCO Palm, an unlisted joint stock company operating in the retail sector since 2023.
- Vice Chairman of the Board of Directors and Managing Director of the Ostool Alnaqil Company, a closed, unlisted joint stock company in the field of transportation since 2023.
- Member of the Executive Committee of Naft Services Company, a closed, unlisted joint stock company in the field of gas stations since 2023.
- Member of the National Committee for Gas Station Companies in the Council of Saudi Chambers.
- Member of the Customs Council of the International Automobile Federation, an international non-profit organization, concerned with caring for the interests of organizations related to cars and car users and promoting best practices and sustainable practices since 2009.

- Member of the Arab Council for Automobile and Tourism Clubs, a global organization that aims to unite the Arab-speaking FIA member car clubs since 2011.
- Member of the International Road Transport Union, an independent global international organization, concerned with facilitating the transport of people and goods by land and facilitating global trade lines since 2012.
- Member of the Arab Federation of Land Transport, a joint Arab body, specialized in the affairs of development, regulation and integration of the land transport sector in the Arab world since 2009.

Previous jobs and experience

- President of the Customs Council of the FIA, an international non-profit organization, concerned with caring for the interests of organizations related to cars and car users, and encouraging best practices and sustainable practices, from 2011 to 2017.
- Chairman of the National Committee for Gas Station Companies in the Council of Saudi Chambers.
- General Manager of Tas'helat Marketing Company Limited (Sahel), a limited liability company, working in the field of managing a chain of retail fuel outlets and car service centers within stations throughout the Kingdom, from 2005 to 2009.
- Deputy General Manager for Marketing at Al-Riyadh Development Company, a public joint stock company, working in the field of real estate management and development, from 2000 to 2005.

Board of Directors, Committees, and Executive Management



Mr. Mohamed Hamoud Abdullah Al-Theeb

Member of the Board of Directors

- Director of Marketing Department at the Saudi Real Estate Company, a public joint stock company, working in the field of investment, management and development of real estate, from 1998 to 2000.
- Sales manager at the Inter-Continental Hotel Riyadh, InterContinental Hotels Group, a public joint stock company, working in the global hotel and hospitality field, from 1997 to 1998.
- Sales manager at Dur Hospitality Company (formerly the Saudi Company for Hotels and Tourist Areas), a public joint stock company, working in the field of establishing, owning, managing and purchasing hotels and managing real estate development, from 1995 until 1997.

Qualifications

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

Committee membership

Nomination and Remuneration Committee (NRC)

Current Jobs

- Member of the company's Board of Directors since 2015.
- Rental Operations Manager at Theeb Rent a Car Company since 2023.
- Member of the Board of Directors of Madareem Crown Hotel Company, a limited liability company, working in the field of management hotels, residential units and furnished apartments, since 2011.
- Member of the Board of Directors of Theeb Contracting and Real Estate Company Limited, a limited liability company working in real estate development since 2021.
- Chairman of the Executive Committee of Theeb Rent a Car Company, a public joint stock company, working in the field of car rental since 2021.
- Board member of Hammoud Al Theeb Holding Company.
- Member of the Rental car committee, corporate sector, Riyadh Chamber of Commerce since 2020.

Previous jobs and experience

- Manager of Special Customer Accounts in the business sector in the company, from 2017 to 2018.
- Operations Manager at Al Atoz Company, a limited liability company working in the transport of goods on land roads, wholesale and retail and fuel sale services, from 2013 to 2017.
- Business development manager at Theeb Rent a Car Company, a public joint stock company, working in the car rental field from 2018 to 2023.

Qualifications

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

Committee membership

- Executive Committee

Board of Directors, Committees, and Executive Management

Board of Directors



Mr. Selim Chidiac

Member of the Board of Directors

Current Jobs

- Member of the Board of Directors of Theeb Rent a Car Company since 2020
- CEO of Lazurde Company for Jewelry, a public joint stock company, working in the field of producing and manufacturing gold, jewelry and precious stones since 2010.

Previous jobs and experience

- Executive Board member of Lazurde Company for Jewelry, a public joint stock company, working in the field of producing and manufacturing gold, jewelry and precious stones, from 2018 to 2020.
- CEO of Red Bull North America, a limited liability company, working in the field of retail and specializing in consumer goods, from 2006 until 2010.
- CEO and Regional Head (Asia Pacific, Middle East and Africa), Red Bull Japan KK Corporation, a closed joint stock company, working in the field of consumer goods, from 2005 to 2006.
- Regional Head (Asia Pacific, Middle East and Africa), Red Bull FZE, a limited liability company, working in the field of retail and specializing in consumer goods, from 2004 until 2005.
- Area Manager (Middle East, North Africa and Greece), Red Bull GmbH, a limited liability company, working in the field of retail and specializing in consumer goods, from 1999 to 2004.
- Marketing Director, Procter & Gamble, a public joint stock company, working in the field of retail and specializing in consumer goods, from 1997 to 1998.

- Brand Manager at Procter & Gamble, a public joint stock company, working in the field of retail and specializing in consumer goods, from 1994 to 1997.
- Member of the Executive Committee of Lazurde Company for Jewelry since 2016.

Qualifications

- Master's degree in Engineering, École Normale Supérieure for Chemistry, Physics and Electronics, Lyon, France, in 1995
- Executive Management Programs, INSEAD, Paris; London Business School; IMD, Lausanne, Switzerland Harvard Business School; University of California and GCC Board of Directors Institute

Committee membership

Not Applicable



Mr. Haitham Tofik Ibrahim AlForaih

Member of the Board of Directors

Current Jobs

- Member of the company's Board of Directors since 2021.
- Chairman of AC, Theeb Rent a Car Company since 2020.
- Founding Partner and CEO of Sidra Investments

Previous jobs and experience

- Partner and Vice President of Amwal Al Khaleej Company
- Financial Analyst at Abdul Qader Al Muhaidib & Sons Group of Companies
- A seasoned investment expert, with a proven track record of success in helping companies fully realize their growth potential.
- Expertise in driving cash flows across the entire private equity investment cycle (creation, performance evaluation, post-acquisition, and realization).
- Proven business development, creating many opportunities in various sectors across the GCC including retail, food and beverage, healthcare and education.

Qualifications

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

Committee Membership

Audit Committee

Board of Directors, Committees, and Executive Management



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

Current Jobs

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

Previous jobs and experience

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

Qualifications

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

Committee membership

Executive Committee

Board of Directors, Committees, and Executive Management

Audit Committee



Mr. Haitham Tofik Ibrahim AlForaih
Chairman of the Audit Committee and Member of the BoD

Please refer to page 54 for Mr. Haitham Tofik Ibrahim AlForaih's profile.

Mr. Ayman Jamil Salem Ammar
Member

Current Jobs

- Chief Financial Officer of Lazurde Company for Jewelry since 2014

Previous jobs and experience

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

Qualifications

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

Mr. Abdulaziz Abdullah Mohammed Al Hidery
Member

Current Jobs

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

Previous jobs and experience

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

Qualifications

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

Board of Directors, Committees, and Executive Management

Nominations and Remunerations Committee



Mr. Riyadh Saleh Hamad Al Malik

Chairman of NRC and Vice Chairman of the BoD

Please refer to page 52 for Mr. Riyadh Saleh Hamad Al Malik's profile.

Eng. Fahad bin Merey Mohammad Alshahrani

Member

Current Jobs

- Member of the Nominations and Remunerations Committee at Theeb Rent a Car Company, a public joint stock company, since 2020.
- Chief Shared Services Officer at APICORP Arabian Petroleum Investment Corporation, an energy-focused multilateral financial institution providing financial solutions for the energy of tomorrow, since 2022.
- Talent and Rewards Manager at Saudi Telecom Solutions Company, a public joint stock company, working in the field of information and communications technology (ICT), from 2012 to 2015.
- Founding partner of Advanced Supply Company, a limited liability company working in the field of food and restaurants, since 2018.

Previous jobs and experience

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

Qualifications

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

Mr. Abdullah Abdulrahman Ibrahim Alshamrani

Member

Current Jobs

- Executive Partner at Gartner

Previous jobs and experience

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

Qualifications

- Digital Leadership Program, Wharton University, 2023
- MISK's 2030 Leaders Program, 2022
- Developing Strategy for Value Creation, London Business School, 2019
- Leading Digital Business Transformation, IMD, 2018
- Leadership Development Program, CCL, 2015
- Master of Information Systems and Management, Monash University, 2009
- Master of Professional Accounting, Monash University, 2009
- Bachelor of Science in Computer Science, Colorado State University, 2004

Board of Directors, Committees, and Executive Management

Executive Committee



Mr. Mohamed Hamoud Abdullah Al-Theeb
Chairman of the Committee and member of the Board of Directors

Please refer to page 53 for Mr. Mohamed Hamoud Abdullah Al-Theeb's profile.

Mr. Naif Mohammed Ahmed Al-Theeb
Chief Executive Officer

Please refer to page 55 for Mr. Naif Mohammed Ahmed Al-Theeb's profile.

Shahzad Hameed Ali
Executive Director – Corporate Operation

Current Jobs

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

Previous jobs and experience

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

Qualifications

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

Board of Directors, Committees, and Executive Management



Mr. Amjad Abdelrahman Alawneh

Executive Director of Financial Department

Current Jobs

- Executive Director of the company's Financial Department since 2023.
- Executive Committee member since 2023.

Previous jobs and experience

- Chief Financial Officer in SAAD Group, a closed joint stock market company working in the field of manpower supply services, from 2021 until 2023.
- Chief Financial Officer in Saudi Industrial Development Company (SIDC) Group in a publicly listed company, working in the field of manufacturing sanitary products and furniture, from 2018 until 2021.
- Finance Manager in Saudi Vetonit Company, a limited liability company, working in the field of manufacturing of building finishing materials, from 2010 until 2017.
- Finance Manager in Saudi Distribution Company, a limited liability company working in the field of logistics and distribution, from 2008 until 2010.

- Budgeting & Financial Operations Manager in Saudi Research & Marketing Group, a publicly listed company working in the field of media, printing, publications and advertising, from 2005 until 2008.
- Finance Manager in International Resources Company, a limited liability company working in the field of manufacturing textile and garments, from 2003 until 2005.
- Accounting Manager in Cannon County Knitting Mills Company, a limited liability company working in the field of manufacturing textile and garments, from 1999 until 2003.

Qualifications

- Bachelor's degree in Accounting, Jerash National University, Jerash, Jordan, in 1999.

Board of Directors, Committees, and Executive Management

Executive Management



Mr. Naif Mohammed Ahmed Al-Theeb
Chief Executive Officer

Please refer to page 55 for Mr. Naif Mohammed Ahmed Al-Theeb's profile.



Mr. Amjad Abdelrahman Alawneh
Executive Director of the Financial Department

Please refer to page 59 for Mr. Amjad Abdelrahman Alawneh's profile.



Mr. Shahzad Hameed Ali
Executive Director of the Corporate Operation

Please refer to page 58 for Mr. Shahzad Hameed Ali's profile.

Board Secretary

The Board Secretary plays a crucial role in corporate governance. He acts as a bridge between the Board of Directors, Executive Management, and stakeholders, offering support and guidance to the Board, while ensuring compliance with regulations and best practices.



Mr. Sadiq Ali AlAli
Board of Directors Secretary

Current Jobs

- Board of Directors Secretary since 2019.
- Compliance Manager of Theeb Rent a Car Company since 2019.
- Member, Middle East Investor Relations Association (MEIRA), since 2019.

Previous jobs and experience





- Compliance Manager and Board Secretary, Gulf Lifting Financial Leasing Company, from 2017 to 2019.
- Compliance and Corporate Affairs Manager, AXA Cooperative Insurance Company, from 2012 to 2017.
- Business Support Assistant, AXA Cooperative Insurance Company, from 2010 to 2012.
- Assistant Accountant, AXA Cooperative Insurance Company, from 2007 to 2008.

Qualifications

- Master of Project Management, Midocean University, KSA, 2022
- Bachelor's degree in business administration – Accounting, Imam Mohammed Ibn Saud University, KSA, 2006
- Insurance Diploma, Bahrain Institute of Banking and Finance, Bahrain, 2008

Board of Directors, Committees, and Executive Management

Names of the companies in which a member of the Board of Directors is a member of its current or previous Board of Directors or one of its managers

Member name	Names of the companies in which a member of the Board of Directors is a member of its current or previous Board of Directors or one of its managers	Inside/outside the Kingdom	Board membership Current/Previous	Legal entity
Mr. Mohammed Ahmed Abdullah Al-Theeb 	Member of the Board of Directors of Al-Theeb Sons Company, since 2018	Inside the Kingdom	●	Closed joint stock company
	Member of the Board of Directors of Mohamed Ahmed Al-Theeb Contracting Company, since 2018	Inside the Kingdom	●	Closed joint stock company
Mr. Riyad Saleh Hamad Al Malik 	Member of the Board of Directors of the Saudi Automotive Services Company (SASCO), since 2015	Inside the Kingdom	●	Public listed stock company
	Vice Chairman of the Board of Directors and Managing Director of SASCO Palm, since 2023	Inside the kingdom	●	Closed joint stock company
	Vice Chairman of the Board of Directors and Managing Director of the Ostool Alnaqil Company, since 2023	Inside the Kingdom	●	Closed joint stock company
	Member of the Board of Directors of Tashelat Marketing Company	Inside the Kingdom	●	Limited liability
	Member of the Board of Directors of Sahel Transport Company	Inside the Kingdom	●	Limited liability
	Member of the Board of Sara Business Solutions	Inside the Kingdom	●	Limited liability
Mr. Mohamed Hamoud Abdullah Al-Theeb 	Member of the Board of Directors of Madareem Hotel Management and Operation Company, since 2011	Inside the Kingdom	●	Limited liability company
	Member of the Board of Directors of Theeb Contracting and Real Estate Company Ltd., since 2021	Inside the Kingdom	●	Limited liability company
	Member of the Board of Directors of Hamoud Al Theeb Holding Company	Inside the Kingdom	●	Close joint stock company
Mr. Selim Chidiac 	Member of the Board of Directors of Lazurde Company for Jewelry, from 2018 until 2020	Inside the Kingdom	●	Public listed stock company

● Previous ● Current

Board of Directors, Committees, and Executive Management

Member name	Names of the companies in which a member of the Board of Directors is a member of its current previous Board of Directors or one of its managers	Inside/outside the Kingdom	Board membership Current/Previous	Legal entity
Mr. Haitham Tofik Ibrahim AlForaih 	Member of the Board of Directors of Seedra Investments	Inside the Kingdom	●	Closed joint stock company
	Member of the Board of Directors of BLOM Investment Saudi Arabia, since 2019	Inside the Kingdom	●	Closed joint stock company
	Vice Chairman of the Board of Directors of Al-Mashaer Holding Company, since 2017	Inside the Kingdom	●	Closed joint stock company
	Member of the Board of Directors of the Gulf Insulation Group Company	Inside the Kingdom	●	Closed joint stock company
	Member of the Board of Directors of the Ahed Business Service company	Inside the Kingdom	●	Closed joint stock company
	Member of the Board of Directors of the Anoush Trading Company	Inside the Kingdom	●	Closed joint stock company
	Member of the Board of Directors of Zohoor Al Reef Company, since 2019	Inside the Kingdom	●	Closed joint stock company
	Chairman of the Board of Directors of Al-Mehbaj Company, since 2019	Inside the Kingdom	●	Closed joint stock company
	Member of the Board of Directors of Bayan Credit Information Company, since 2019	Inside the Kingdom	●	Closed joint stock company
	Member of the Board of Directors of the Thiqa Business Services Company	Inside the Kingdom	●	Limited liability company
	Member of the Board of Directors of the Al Hoshan Group	Inside the Kingdom	●	Closed joint stock company
	Member of the Board of Directors of the Arabian Pipes company	Inside the Kingdom	●	Public listed stock company
	Chairman of the Board of Directors of U-Mark Trading Company	Inside the Kingdom	●	Closed joint stock company
	Member of the Board of Directors of Amana Cooperative Insurance Company	Inside the Kingdom	●	Public listed stock company
Member of the Board of Directors of Zahrat Al-Rabeeh Company	Inside the Kingdom	●	Limited liability company	
Mr. Naif Mohammed Al-Theeb 	Member of the Board of Directors of Al-Theeb Sons Company, since 2018	Inside the Kingdom	●	Closed joint stock company
	Member of the Board of Directors of Mohamed Ahmed Al-Theeb Contracting Company, since 2018	Inside the Kingdom	●	Closed joint stock company

● Previous ● Current

Corporate Governance

1. Board of Directors and its meetings

The Board of Directors represents all shareholders and is responsible for managing the company with care and loyalty to safeguard its interests, foster its development, and maximize its value. Each Board member is committed to principles of honesty, loyalty, care, and prioritizing the company's and shareholders' interests over personal ones, in accordance with applicable laws, regulations, and instructions. The board remains responsible for its actions, even when delegating powers to committees, entities, or individuals.

Evaluating the performance of the Board of Directors and the Committees

The Board and its Committees are evaluated by an external party using performance measurement indicators linked to the achievement of the company's strategic objectives. This evaluation helps identify strengths and weaknesses, enabling the board to address them in a manner aligned with the company's interests.

Procedure taken to the Board to inform its members, Non-Executive Directors in particular, of the shareholders' suggestions and remarks on the company and its performance

Shareholders can present their proposals through general assemblies, quarterly investor meetings, by phone, or by emailing ir@theeb.sa. This allows the Board of Directors to be informed of the proposals received and to discuss them at their meetings.

2. Meetings of the Board of Directors held during the year 2023

Member	07/03/2023	24/05/2023	10/08/2023	07/12/2023	%
Mr. Mohammed Ahmed Abdullah Al-Theeb	✓	Attendance by proxy	Attendance by proxy	✓	100
Mr. Riyadh Saleh Hamad Al Malik	✓	✓	✓	✓	100
Mr. Mohammed Hamoud Abdullah Al-Theeb	✓	✓	✓	✓	100
Mr. Selim Chidiac	✓	✓	✓	✓	100
Mr. Haitham Tofik Ibrahim AlForaih	✓	✓	✓	✓	100
Mr. Naif Mohammed Ahmed Al-Theeb	✓	✓	✓	✓	100

Corporate Governance

The key decisions made by the Board of Directors during 2023

- Approved the financial statements for the year ending on 31 December 2022.
- Approved the financial statements for the first, second, third, and fourth quarters of the year 2023.
- Recommended to the General Assembly the appointment of Ernst & Young & Co. as the company's auditor for the year 2023.
- Approved the appointment of Mr. Amjad Alawneh as Executive Director of Financial Management.
- Approved the appointment of Mr. Amjad Alawneh as a member of the Executive Committee.
- Recommended the distribution of interim cash dividends to shareholders.
- Approved the opening of nominations for the next session, which begins from 7 March 2024, until 6 March 2027.

Board of Directors Committees and General Assembly

3. Board of Directors Committees

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

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

i. Audit Committee

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

Financial statements and reports:

- Review important matters related to accounting affairs and preparing reports, including complex or unfamiliar transactions, critical discretionary areas, and emerging professional and organizational announcements, and assessing their impact on the financial statements;
- Review, express an opinion on, and make recommendations to the Board of Directors regarding the interim and annual financial statements of the company, including all announcements relating to the company's financial performance, prior to their presentation to the Board of Directors, to ensure their integrity, fairness and transparency;
- At the request of the Board of Directors, express a technical opinion with respect to fairness, balance and comprehensibility of the Board of Directors report and the company's financial statements, and whether they include the information necessary to enable Shareholders and investors to assess the company's financial position, performance, business model and strategy;
- Carefully review and consider any significant or unusual issues or matters included in the company's financial statements and reports, and review any matters raised by the Chief Executive Officer (or his delegate), the Chief Financial Officer

(or his delegate), compliance officer, internal auditor or external auditor;

- Examine the accounting estimates in respect to significant matters contained in the company's financial statements and reports;
- Review the accounting policies in force and advise the Board of Directors of its opinion and any recommendations regarding the same;
- Review audit results with management and the external auditor, including any difficulties encountered;
- Review other sections of the annual report and related regulatory files before issuance, and consider accuracy and completeness of information;
- Review all matters required to be raised to the committee in light of recognized auditing standards, in cooperation with management and the external auditor; and
- Understand how management develops preliminary financial information, and the nature and extent of the internal auditor and external auditor's involvement.

Internal control and audit:

- Review and consider the effectiveness of the company's internal control, financial, and risk management systems;
- Understand the scope of the internal audit of financial reports by the internal auditor and obtain reports that include important findings and recommendations, and management notes and comments;
- Review the internal audit reports and pursue the implementation of corrective measures in respect to the comments included therein;
- Oversee and supervise the performance and the activities of the internal auditor and the company's

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Internal Audit Department to ensure they have access to the necessary resources and ensure their effectiveness in performing the tasks and duties assigned to them;

- Approve the company's internal audit regulations and review the company's internal audit procedures;
- Approve the annual audit plan and all changes thereto, and review the performance and activities of the internal audit against the defined plan;
- Work with the internal auditor to review the internal audit budget, resource plan, activities, and the organizational structure of the internal audit functions;
- Hold independent meetings with the internal auditor on a regular basis to discuss any matters that the committee or internal audit officials deem necessary to be discussed in private sessions;
- Recommend to the Board of Directors decisions regarding the appointment, dismissal and remuneration of the company's internal auditor; and
- Review on an annual basis the performance and the activities of the internal audit and recommend to the Board their annual remuneration and salary adjustment.

External audit:

- Recommend to the Board of Directors the appointment, dismissal, and compensation of the external auditor, after verifying its independence and reviewing its scope of work and terms of engagement;
- Review the professional qualifications of the external auditor and the personnel that will be working within the external auditor for the company;
- Review the performance and supervise the activities of the

external auditor and report to the Board of Directors with its recommendations in respect of the same;

- Verify the independence, objectivity, and fairness of the external auditor and the effectiveness of the external auditor's audit work, taking into account the relevant rules and standards, and make recommendations to the Board in respect of the same;
- Review the external auditor's proposed audit scope, approach, and plan, and make any comments thereon;
- Review the external auditor's services and verify that it is not providing any technical or management services outside of the scope of the audit, except as prescribed by the legislative authorities, and make recommendations to the Board of Directors in respect of the same;
- Address any inquiries raised by the external auditor;
- Review the reports, qualifications and comments of the external auditor in relation to the company's financial statements and follow up on the actions taken in relation to the same, and
- Settle any disputes that arise between the management and the external auditor regarding the preparation of financial reports.

Compliance:

- Verify and monitor the company's compliance with the applicable laws, regulations, policies and instructions;
- Review the effectiveness of the monitoring system and ensure compliance with laws and regulations and the results of investigations conducted by the management and follow up any cases of non-compliance (including taking disciplinary measures);

- Review the reports and results of investigations of any supervisory or regulatory authority, and ensure that the company has undertaken the necessary actions in relation to the same;
- Review the contracts and transactions to be entered into by the company with Related Parties, and make recommendations to the Board of Directors in relation to the same;
- Ensure that appropriate arrangements and mechanisms are put in place, and implemented to allow for the confidential and anonymous submission by the company's employees of concerns regarding any financial, accounting or auditing matters (including financial reports) or any cases of non-compliance;
- Report to the Board of Directors any matters or issues which should be brought to the attention of the Board of Directors, and any related recommendations, and
- Obtain updates on a regular basis from the company's management and its Legal Advisor regarding compliance matters.

Reporting:

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

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

Other functions:

- Initiate and supervise private investigations, as needed;
- Carry out other related work as requested by the Board of Directors;

- Review and evaluate the adequacy and appropriateness of the Audit Committee’s responsibilities on an annual basis and submit recommendations to the Board in this regard, and ensure that the necessary disclosures are made in accordance with the requirements of the relevant laws and regulations;
- Ensure on an annual basis that all committee responsibilities have been fulfilled; and
- Regularly evaluate the performance of the committee and the performance of each member.

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

Nomination and Remuneration Committee

The Nomination and Remuneration Committee oversees the nomination of Directors to the Board of Directors, as well as the remuneration policy for the Directors and the members of the company’s senior management. The duties and responsibilities of the Nomination and Remuneration Committee are mainly to:

Nomination:

- Prepare, recommend and oversee policies and criteria in relation to the appointment of members to the Board of Directors and the senior management;
- Interview all Board candidates and ensure that all necessary and appropriate inquiries are made into the backgrounds and qualifications of such candidates before recommending them to the Board of Directors for nomination;
- Recommend to the Board of Directors candidates for nomination (or re-nomination) to the Board of Directors in accordance with the applicable laws, regulations, rules and policies;
- Annually review, assess, and recommend to the Board of Directors the skills, qualifications, and experiences required for

Audit Committee Meetings:

Name	Role	05/03/2023	14/05/2023	02/08/2023	07/08/2023	07/11/2023	%
Mr. Haitham Tofik Ibrahim AlForaih	Chairman	✓	✓	✓	✓	✓	100
Mr. Ayman Jamil Salem Ammar	Member	✓	✓	✓	✓	✓	100
Mr. Abdulaziz Abdullah Mohammed Al Hidery	Member	✓	✓	✓	✓	✓	100

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membership in the Board of Directors and the company's senior management. This includes setting the time commitment required for such membership and preparing a job description, capabilities and qualifications description required for executive, non-executive and independent Directors and members of the company's senior management;

- Verify on an annual basis the independence of each independent Board of Directors' member in accordance with the applicable laws, regulations, and rules and the absence of any conflict of interest in case a Director also serves as a member of the Board of Directors of another company;
- Periodically review and make recommendations to the Board of Directors concerning the succession plans for Directors and Senior Executives, taking into account the challenges and opportunities facing the company and the necessary capabilities, skills and experiences required for membership of the Board of Directors and functions of senior management;
- Evaluate and recommend to the Board of Directors potential candidates for senior management positions in the company and, in particular, assist the Board of Directors in selecting, developing, and evaluating potential candidates for the position of Chief Executive Officer; and
- Develop, and periodically review procedures for filling vacancies in the Board of Directors and the company's senior management and make recommendations to the Board of Directors regarding the selection and approval of candidates to fill such vacancies.

Review and assessment:

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

Remuneration:

- Prepare, disclose and supervise a clear policy for the remuneration of the Directors and the Board Committees and the senior management of the company (the "Remuneration Policy"), submit it to the Board of Directors in preparation for approval by the General Assembly, and verify its implementation.;
- Prepare an annual report on the remuneration and other payments (in cash or in kind) granted to the Directors, members of the Board Committees and senior management, and clarify the relation between the remuneration received and the Remuneration Policy (including a description of any significant departures from the Remuneration Policy) (the "Annual Remuneration Report") for presentation to the Board of Directors for consideration;

- Regularly review and assess the effectiveness and appropriateness of the Remuneration Policy and make recommendations to the Board of Directors in relation to the same;
- Recommend to the Board of Directors the remuneration to be granted to the Directors, including members of the Board Committees, and the senior management, in accordance with the approved Remuneration Policy;
- Review and make recommendations to the Board of Directors regarding the company's incentive plans for the Directors and employees, including in relation to adopting, amending, and terminating such plans; and
- Prepare any disclosures required under the company's policies and any laws, regulations, or rules to which the company is subject, including, at a minimum, disclosures relating to the Remuneration Policy and annual report on remuneration, and disclosures relating to remuneration in the Board's annual report.

Corporate governance:

- Oversee, review, make recommendations, identify the best practices and suggest any changes to the Board of Directors about the company's corporate governance policies, rules and procedures, including the company's Bylaws and internal corporate governance regulation, at least annually;
- Verify company's compliance with internal corporate governance regulations and policies and applicable governance requirements under the relevant laws, regulations and rules;

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- Develop, review and recommend to the Board of Directors the codes of professional conduct representing the company’s values, as well as other internal policies and procedures in order to fulfill the regulatory requirements and best practices; and
- Regularly inform the Directors of the significant changes in applicable governance requirements, corporate governance developments and the best practices.

Other responsibilities:

- Carry out any such other related work as requested by the Board of Directors.

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

Nomination and Remuneration Committee meetings:

Name	Role	05/04/2023	31/12/2023	%
Mr. Riyadh Saleh Hamad Al Malik	Chairman	✓	✓	100
Eng. Fahad Mery Mohammad Alshahrani	Member	✓	✓	100
Mr. Abdullah Abdulrahman Ibrahim Alshamrani	Member	✓	✓	100

Executive Committee

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

- Supervise the preparation of the company's annual budget, reviewing proposals submitted by the executive management, and making recommendations to the Board for approving the annual budget.
- Review and follow up the implementation of all the company's projects, taking decisions according to the powers delegated to it, and discussing the obstacles encountered in implementing the various projects and recommending appropriate solutions to them.
- Review the company’s performance based on management reports in light of the specific goals, measuring performance by results, analyzing and studying the main influences, indicators and developments related to its business, and directing the management accordingly.

- Participate in developing the company's new strategic plans, evaluate proposals submitted by management for such plans, such as mergers and acquisitions, and raise recommendations to the Board of Directors.
- Review and study the necessary regulations and policies in the company and submit its recommendations to the Board of Directors.
- Review internal procedures and ensure their compatibility with the workflow, amending them when needed.
- Review the organizational structure of the company and submit recommendations for any amendments to the Board of Directors.
- Verify the availability of human and financial resources necessary to achieve the company’s objectives and main plans.
- Study projects and strategic and important topics and submit recommendations to the Board in this regard.
- Study the need to open new branches inside the Kingdom and submit a recommendation to the Board of Directors, the Chairman of the Board, the Vice President, the Managing Director, or the CEO.
- Submit a recommendation to the Board of Directors in the event of a need to write off or establish branches outside the Kingdom.
- Study and approve long-term lease contracts according to the approved terms of reference.
- Submit a recommendation to the Board of Directors for car purchases in case the approved budget is exceeded.

- Submit studies and recommendations to the Board of Directors in case of need to add new activities, services or products.
- Study essential bank facilities and loans, and present its recommendations to the authorized persons in this regard.
- Review and evaluate proposals for new investments, approve projects within the Committee's powers, and submit its recommendations to the Board in this regard.
- Recommend to the Board of Directors regarding dividends.

Executive Committee meetings:

Name	Position	30/05/2023	08/08/2023	24/10/2023	10/12/2023	%
Mr. Muhammad Hamoud Abdullah Al-Theeb	Chairman	✓	✓	✓	✓	100
Mr. Naif Mohammed Ahmed Al-Theeb	Member	✓	✓	✓	✓	100
Mr. Shahzad Hameed Ali	Member	✓	✓	✓	✓	100
Mr. Amjad Abdelrahman Alawneh	Member	✓	✓	✓	✓	100

General assembly of shareholders during 2023

Member	General Assembly dated 23 May 2023
Mr. Mohammed Ahmed Abdullah Al-Theeb	Excused
Mr. Riyadh Saleh Hamad Al Malik	✓
Mr. Mohammed Hamoud Abdullah Al-Theeb	✓
Mr. Selim Chidiac	✓
Mr. Haitham Tofik Ibrahim AlForaih	✓
Mr. Naif Mohammed Ahmed Al-Theeb	✓

Voting results on the items of the ordinary general assembly meeting (23 May 2023)

1. The Board of Directors Report for the fiscal year ended on 31 December 2022 was reviewed and discussed.
2. Approved the auditor's report on the company accounts for the fiscal year ending on 31 December 2022.
3. The financial statements for the fiscal year ending on 31 December 2022, were reviewed and discussed.
4. Approved to discharge the Board members from any liabilities for the fiscal year ending on 31 December 2022.
5. Approved the appointment of Ernst and Young as the auditor for the company from among the candidates based on the Audit Committee's recommendation. The appointed auditor shall examine, review, and audit the (second, and third) quarter and annual financial statements of the fiscal year 2023, and the first quarter of the fiscal year 2024, and determine the auditor fees.
6. Approved the payment of an amount of SAR 1,132,000 as remuneration to the Board members for the fiscal year ending on 31 December 2022.
7. Approved to delegate to the Board of Directors to distribute interim dividends on a biannual/quarterly basis for the fiscal year 2023
8. Approved to delegate to the Board of Directors the authorization powers of the Ordinary General Assembly

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stipulated in paragraph (1) of Article (27) of the Companies Law, for a period of one year starting from the date of the approval by the General Assembly or until the end of the delegated Board of Directors' term, whichever is earlier, in accordance with the conditions stipulated in the executive regulations of the Companies Law for listed joint stock companies.

Remuneration of the Board members, Committees and Executive Management

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

Directors remuneration

a. Rules of remuneration determination

1. The remuneration of all Directors shall be recommended by the Board to the General Assembly for approval on an annual basis. The recommendation of the Board to the General Assembly shall be based on the recommendation of the Nomination and Remuneration Committee. The recommendations of the Nomination and Remuneration Committee and the Board shall be in compliance with applicable laws, regulations, and policies (including this Policy).
2. The remuneration of Directors could be in the form of specific cash payments, in kind benefits, attendance allowances, a percentage of the company's annual net profits, or a combination of any of the foregoing.

3. Where the remuneration of Directors is distributed as a percentage of the company's net profits, the maximum total annual remuneration may not exceed 10% of the company's net profits after deducting the relevant reserves and after distributing profits to the company's shareholders at a minimum rate of 5% of the company's paid-up capital.
4. In all cases, the total annual remuneration and benefits for each Director, in cash or in kind, must not exceed SAR 500,000.
5. Notwithstanding Paragraphs 1.2 and 1.3 above, the remuneration of independent Directors shall not be in the form of a percentage of the company's net profits and shall not be, directly or indirectly, based on the profitability of the company.
6. The remuneration of Directors may vary based on the experience, expertise, duties, independence, and attendance record of each Director as well as other relevant considerations.

b. Additional remuneration

- The Chairman of the Board may receive remuneration in addition to his remuneration as a Director. Such additional remuneration (if any) shall be recommended by the Nomination and Remuneration Committee and approved by the Board on an annual basis.
- Directors serving in any of the Committees may receive remuneration in addition to their remuneration as Directors. Such additional remuneration (if any) shall be determined in accordance with Part 4 of this Policy.

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

c. Committee members remuneration

Rules of remuneration determination

- The Board of Directors shall determine and approve the remuneration for the membership of its Committees – with the exception of the Audit Committee – attendance allowances and entitlements, in accordance with the recommendation of the Nomination and Remuneration Committee.
- Remuneration for membership in Board Committees consist of an annual bonus and an allowance for attendance at meetings for each meeting of a member and are paid annually.
- The company shall compensate Committee members for the costs incurred by each of them in the event that the meeting takes place outside Riyadh or if the member is not a resident in Riyadh. The compensation shall only be for the costs of accommodation, tickets, transportation and an allowance for each working day.

d. Senior Executive remuneration

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

Benefits and incentive plans

- Senior Executives shall be entitled to certain benefits provided by the company. Besides pension, benefits are primarily in the areas of medical services, access to the company's recreational facilities, housing-related allowances (or equivalent), and transportation-related allowances (or equivalent). The nature and levels of benefits for Senior Executives shall be periodically reviewed by the Nomination and Remuneration Committee and approved by the Board.
- The company may offer Senior Executives variable compensation that is market-informed and subject to the fulfillment of predefined

performance goals, whether short-term or long-term. Such variable compensation plans shall be subject to the recommendation of the Nomination and Remuneration Committee and the approval of the Board.

- The company may offer Senior Executives and other employees opportunities for share ownership through an employee share plan or similar programs. Such plans and programs shall be subject to the recommendation of the Nomination and Remuneration Committee and the approval of the Board and shall be in accordance with applicable laws, regulations, and instructions.

Board Member Remuneration*

Statement	Fixed remuneration							Variable remuneration					End of service benefits	Grand Total	Expenses allowance
	Specific amount	Board meeting attendance allowance	Total allowance for attending Committee meetings	In-Kind Benefits	Remunerations for technical, administrative and consultative work	Chairman, Managing Director, or Board Secretary remuneration in case of board membership	Total	Percentage of the profit	Periodic bonuses	Short-term incentive schemes	Long-term incentive schemes	Granted stock			
Independent members															
Mr. Riyad Saleh Hamad Al Malik	200,000	40,000	10,000	-	-	-	250,000	-	-	-	-	-	-	250,000	-
Mr. Haitham Tofik Ibrahim AlForaih	210,000	40,000	40,000	-	-	-	290,000	-	-	-	-	-	-	290,000	-
Mr. Selim Chidiac	210,000	40,000	-	-	-	-	250,000	-	-	-	-	-	-	250,000	-
Total	620,000	120,000	50,000	-	-	-	790,000	-	-	-	-	-	-	790,000	-
Non-executive members															
Mr. Mohammed Ahmed Abdullah Al-Theeb	200,000	20,000	-	-	-	-	220,000	-	-	-	-	-	-	220,000	-
Total	200,000	20,000	-	-	-	-	220,000	-	-	-	-	-	-	220,000	-
Executive members															
Mr. Mohammed Hamoud Abdullah Al-Theeb	200,000	40,000	-	-	-	-	240,000	-	-	-	-	-	-	240,000	-
Mr. Naif Mohammed Ahmed Al-Theeb	200,000	40,000	-	-	-	-	240,000	-	-	-	-	-	-	240,000	-
Total	400,000	80,000	-	-	-	-	480,000	-	-	-	-	-	-	480,000	-

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

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Remuneration of the Audit Committee

Member	Fixed remuneration (excluding allowances for attending Committee meetings) SAR	Allowance for attending Committee meetings SAR	Total SAR
Mr. Haitham Tofik Ibrahim AlForaih	150,000	40,000	190,000
Mr. Ayman Jamil Salem Ammar	100,000	40,000	140,000
Mr. Abdulaziz Abdullah Mohammed Al Hidery	100,000	40,000	140,000

Remuneration of the Nomination and Remuneration Committee

Member	Fixed remuneration (excluding allowances for attending Committee meetings) SAR	Allowance for attending Committee meetings SAR	Total SAR
Mr. Riyadh Saleh Hamad Al Malik	50,000	10,000	60,000
Eng. Fahad Meryy Mohammad Alshahrani	40,400	10,000	50,400
Mr. Abdullah Abdulrahman Ibrahim Alshamrani	40,400	10,000	50,400

Remuneration of Executive Committee Members

Member	Fixed remuneration (excluding allowances for attending Committee meetings) SAR	Allowance for attending Committee meetings SAR	Total SAR
Mr. Mohammed Hamoud Abdullah Al-Theeb	—	—	—
Mr. Naif Mohammed Ahmed Al-Theeb	—	—	—
Mr. Shahzad Hameed Ali	—	—	—
Mr. Amjad Abdelrahman Alawneh	—	—	—

Remuneration of Senior Executives

Senior Executives	Fixed Remunerations				Periodic Remuneration	Variable Remunerations					End of Services	Total remunerations for Board executives, if any	Aggregate amount
	Salaries	Allowances	In-kind benefits	Total		Profits	Short-term incentive plans	Long-term incentive plans	Granted shares (insert the value)	Total			
	SAR	SAR	SAR	SAR	SAR	SAR	SAR	SAR	SAR	SAR	SAR	SAR	SAR
Executive management	3,412,974	2,123,997	—	5,536,971	—	—	657,920	—	—	657,920	657,920	—	6,442,601
Total	3,412,974	1,230,411	—	5,536,971	—	—	657,920	—	—	657,920	657,920	—	6,442,601

The company confirms that the remuneration granted was in accordance with relevant laws, regulations, and the rewards policy. The Nomination and Remuneration Committee also confirms that there were no significant deviations from the specified rewards.

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Details of any penalties, penal or precautionary measures, or violations imposed on the company

The company received violations from the Public Transport Authority in the amount of 3,279,000 riyals due to various reasons. It has a special committee to deal with and avoid any future violations.

Results of the annual review of the effectiveness of the internal control procedures of the company and the opinion of the audit committee with respect to the adequacy of the company's internal control system

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

effectiveness of the internal control system is reviewed by the Internal Audit Department in accordance with an annual plan approved by the Audit Committee and implemented on a regular and continuous basis to verify the effectiveness of the system in protecting the company's assets and identifying and managing business risks. The company's management also monitors compliance with the control procedures and corrects any deficiencies in the internal control system. The internal control work referred to in the year ended 2023 did not show any significant weakness in the company's internal control system which has not been rectified. The results of the review of the internal control system are taken care of, ensuring that the observed observations are dealt with, working to follow up on their correction, and setting controls that prevent their recurrence.

Under the Audit Committee's scope of work, and based on the periodic review reports submitted by the company's internal audit department, the external auditor, the Executive Management of the company and the management's assurances about the effectiveness of the company's control system, the Audit Committee did not find any material matters which have significant impact that were not rectified and strengthened that may require disclosure of the fiscal year ending on 31 December 2023, and the Audit Committee's report related to the effectiveness of Internal control procedures will be presented to the General Assembly and the report is available with the company's management for the shareholders' review.

Recommendations of the Audit Committee that conflict with the decisions of the Board of Directors or which the Board refused to take

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

Clarification of any difference from the accounting standards approved by the Saudi Organization for Certified Public Accountants

There is no difference from the accounting standards issued by the Saudi Organization for Certified Public Accountants regarding the auditing and evaluation of the company's financial statements during 2023.

Choosing an auditor for the company

Ernst & Young & Co. was selected by the shareholders as the company's auditor at the annual general assembly meeting held on 23 May 2023.

The company's dividend distribution policy

The company's profits are distributed in accordance with Article 47 of the Articles of Association and the instructions of the Ministry of Commerce. The Board of Directors shall recommend the distribution of any dividends prior to their approval by the shareholders at the General Assembly meeting. The company is under no obligation to declare any profits. Any decision to distribute

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dividends depends on a number of factors including the company's past and expected profits and cash flows, financing and capital requirements, market data and economic factors in general, zakat, as well as other legal and regulatory considerations. The distribution of profits is subject to the restrictions contained in the financing agreements concluded with the financing parties. The distribution of profits is also subject to the restrictions set forth in the articles of association, and profits are distributed in Saudi riyals.

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

1. (10%) of the net profits shall be set aside to form a statutory reserve. Such setting aside may be discontinued by the Ordinary General Assembly when such statutory reserve totals 30% of the company's paid-up capital;
2. The Ordinary General Assembly may, upon request of the Board of Directors, set aside 5% of the net profits to form a voluntary reserve to be allocated to support the financial position of the company;
3. The Ordinary General Assembly may resolve to form other reserves to the extent they serve the company's interests, or to ensure the distribution of fixed dividends – so far as possible – to the Shareholders; the Ordinary General Assembly may also deduct amounts from the net profit to create social institutions for the company's employees, or to support existing institutions of such kind; and.
4. After that, a percentage representing (5%) of the company's paid-in capital shall be distributed to the shareholders.

Company's capital

The company's share capital shall be four hundred thirty million Saudi Riyals (SAR 430,000,000) divided into forty-three million (43,000,000) Shares, with an equal nominal value of ten Saudi Riyals (SAR 10) each, all of which are ordinary shares.

Capital structure as of 31 December 2023

	Number of Shares	%
Major shareholders	15,052,900	35.01
Public	27,947,100	64.99
Total	43,000,000	100

Dividends distributed during the year 2023

Profit period	Number of shares entitled to dividend	Dividend per share	Dividend to nominal share ratio %	Total dividends SAR	Eligibility date	Date of dividends
First quarter	43,000,000	0.49 SAR per share	4.9	21,070,000	01 June 2023	13 June 2023
Second quarter	43,000,000	0.34 SAR per share	3.4	14,620,000	14 August 2023	23 August 2023
Third quarter	43,000,000	0.40 SAR per share	4.0	17,200,000	12 November 2023	28 November 2023
Fourth quarter	43,000,000	0.41 SAR per share	4.1	17,630,000	19 March 2024	01 April 2024
Total		1.64 SAR per share	16.4	70,520,000		

A description of any interest, contractual securities and subscription rights belonging to the members of the Board of Directors, senior executives and their relatives in the shares or debt instruments of the company or any of its subsidiaries

Shareholder	Beginning of the year	End of year	Net change	Change in ownership %
	Number of shares	Number of shares		
Board of Directors				
Mr. Mohammed Ahmed Abdullah Al-Theeb	10,750,000	10,750,000	–	–
Mr. Riyadh Saleh Hamad Al Malik	–	1,000	1,000	100
Mr. Haitham Tofik Ibrahim AlForaih	–	10	10	100
Mr. Naif Mohammed Ahmed Al-Theeb	210,700	211,700	1,000	0.475
Senior Executives				
Mr. Naif Mohammed Ahmed Al-Theeb	210,700	211,700	1,000	0.475
Mr. Amjad Abdelrahman Alawneh	300	–	(300)	100
Mr. Shahzad Hameed Ali	4,000	4,000	–	–
Mrs. Shazia Akhtar Ali*	4,000	4,000	–	–

*Belongs to Shahzad Ali interest

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

Related party	Terms	Duration	Amount (SAR)	Nature of business
1. Chairman of the Board Mr. Mohammed Ahmed Abdullah Al-Theeb Member of the Board of Directors Mr. Naif Mohammed Ahmed Al-Theeb	These transactions were conducted on a purely commercial basis in the normal course of business.	One year or less	215,828.04	Transactions with Al Faredah Multiple Purpose Halls owned by Mohammed Ahmed Al-Theeb Contracting Company.
2. Member of the Board of Directors Mr. Mohamed Hamoud Abdullah Al-Theeb	These transactions were conducted on a purely commercial basis in the normal course of business.	One year or less	10,157.30	Transactions with Madareem Crown Hotel owned by Hamoud Abdullah Al-Theeb Holding Company.

Corporate Governance

Debts and due payments

The following table contains information on the company's debts.

Bank Name	Principal amount SAR	Loan term M	Payment SAR	Balance SAR
SNB/NCB	295,741.9	36-48	126,642.8	169,099.1
Banque Saudi Fransi	510,556.3	36-48	95,726.2	414,830.1
Alinma Bank	409,856.1	36-48	115,109.6	294,746.5
SABB	291,492.2	30-48	116,394.9	175,097.3
Riyadh Bank	72,590.1	36-48	38,197.8	34,392.3
AlRajhi Bank	48,774.7	36-48	19,847.0	28,927.7
Bank Al-Jazira	19,960.5	36	11,421.9	8,538.6
Total	1,648,971.8	30-48	523,340.2	1,125,631.6

Regulatory payments

Statement	Balance as of December 2022 SAR	Accrued during 2023 SAR	Paid during 2023 SAR	Balance as of December 2023 SAR
General Authority for Zakat and Tax	24,718	9,489	-10,778	23,429
General Organization for Social Insurance	646	7,991	-7,943	694
Total balances of government entities	25,364	17,479	-18,721	24,122

Requests for the shareholder's register

Request date	Request reason
1 12/02/2023	Company Procedures
2 13/04/2023	Company Procedures
3 23/05/2023	General Assembly
4 09/07/2023	Company Procedures
5 28/09/2023	Company Procedures
6 04/12/2023	Company Procedures

What provisions of the Corporate Governance Regulations have been implemented, and what have not been implemented, with justifications

In accordance with the Corporate Governance Regulations issued by the Capital Market Authority, the company is required to disclose the provisions of the Corporate Governance Regulations that have been applied, as well as those that have not been applied, along with reasons for non-implementation in the Board of Directors' report. The Board of Directors is pleased to inform that the company has developed its own governance regulations, aligning with all requirements specified in the

corporate governance regulation issued by the Capital Market Authority. These regulations were approved by the Board of Directors on Rajab 21, 1441 AH, corresponding to 16 March 2020 AD, and subsequently approved by the General Assembly of the company's shareholders on (24/07/1441 AH), corresponding to 19 March 2020 AD. The company has diligently complied with and implemented all provisions outlined in the Corporate Governance Regulations issued by the Capital Market Authority, with the exception of the following articles:

Corporate Governance

Article/paragraph number	Article/paragraph text	Reasons not to apply
67 Guiding Article	Composition of the Risk Management Committee The company's Board shall, by resolution therefrom, form a committee to be named the "Risk Management Committee". Chairman and majority of its members shall be Non-Executive Directors. The members of that committee shall possess an adequate level of knowledge in risk management and finance.	The Audit Committee performs the duties and responsibilities of the Risk Management Committee.
82 Guiding Article	Employee Incentives The company shall establish programs for developing and encouraging the participation and performance of the company's employees, including: 1. Forming committees or holding specialized workshops to hear the opinions of the company's employees and discuss the issues and topics that are subject to important decisions; 2. Establishing a scheme for granting company shares or a percentage of company profits and pension programs for employees, and setting up an independent fund for such program; and 3. Establishing social organizations for the benefit of the company's employees.	The company provides various incentive programs.
85/1 Guiding Article	Social Initiatives Establishing indicators that link the company's performance with its social initiatives, and comparing it with other companies that engage in similar activities.	The company carries out various incentive programs.
92 Guiding Article	Formation of a Corporate Governance Committee If the Board forms a corporate governance committee, it shall assign to it the competences stipulated in Article (94) of these Regulations. Such a committee shall oversee any matters relating to the implementation of governance, and shall provide the Board with its reports and recommendations at least annually.	Corporate governance is supervised by various departments in the company.

Company declarations

- There are no transfer or subscription rights under convertible debt instruments, contractual securities, subscription right memoranda, or similar rights issued or granted by the company.
- No redeemable debt instruments have been redeemed, purchased or canceled by the company or any of its subsidiaries, and no listed securities have been purchased either from the company or its subsidiary.
- No agreement has been entered into under which a member of the company's Board of Directors or a senior executive has waived any salary or compensation.
- There is no agreement under which a shareholder of the company has waived any rights to profits.
- The chartered accountant's report did not include any reservations on the financial statements.
- There was no recommendation by the Board of Directors to replace the company's chartered accountant before the end of the period for which they were appointed.
- There are no treasury shares held by the company.

Corporate Governance

- There are no investments or reserves established for the benefit of the company's employees during the year.
- There is no interest in the class of shares entitled to vote belonging to persons (other than members of the Board of Directors, Senior Executives and their relatives) who have informed the company of these rights and any change in those rights during the year 2023.
- There are no convertible debt instruments, contractual securities, memoranda of subscription right, or similar rights issued or granted by the company during the year 2023.
- There are no transfer or subscription rights under convertible debt instruments, contractual securities, subscription right memoranda, or similar rights issued or granted by the company during the year 2023.
- No redeemable debt instruments have been redeemed, purchased or canceled by the company or any of its subsidiaries, and no listed securities have been purchased either from the Company or its subsidiary.
- The company did not provide any loan to any of the members of the Board of Directors and did not guarantee any loan entered into by any of the members with third parties.
- There is no information relating to any competing business with the company or any of its activities that any member of the Board is engaging in or was engaging in such competing businesses.
- There is no transaction between the company and any Related Party.
- There is no subsidiary of the company.
- The company confirms the following:
 1. The Board of Directors acknowledges that the books of accounts have been properly prepared.
 2. The Board of Directors acknowledges that the internal control system has been prepared on sound bases and has been effectively implemented.
 3. The Board of Directors acknowledges that there is no significant doubt in the company's ability to continue its activities.

Disclosure and transparency

Theeb Rent a Car Company

recognizes the importance of transparently providing information about any news or significant developments to shareholders, stakeholders, and investors, to ensure they can exercise their rights and make informed decisions. The company is committed to accuracy and timely disclosure, balancing transparency with protecting its interests. To formalize this commitment, Theeb has developed a detailed disclosure policy approved by the Board of Directors on 16 March 2020.

Throughout 2023, Theeb made various disclosures and announcements regarding material news and developments on both the Tadawul and company websites. These disclosures were aimed at keeping stakeholders informed and up to date.

No.	Disclosure date	Disclosure text
1.	07/03/2023	Theeb Rent a Car Company announces its Annual Financial Results for the Period ending on 31 December 2022.
2.	08/03/2023	Theeb Rent a Car Company announces the opening of its new branch in Tuwaiq District in Riyadh.
3.	29/03/2023	Theeb Rent a Car Company announces the distribution of final cash dividends for the fourth quarter 2022.
4.	16/04/2023	Theeb Rent a Car Company announces the opening of its new branch in Qatif.
5.	17/04/2023	Theeb Rent a Car Company invites its shareholders to attend the Ordinary General Assembly Meeting.
6.	15/05/2023	Theeb Rent a Car Company announces its interim financial results for the period ending on 31 March 2023 (Three months)
7.	17/05/2023	Theeb Rent a Car Company announces to its shareholders the starting date of the electronic voting on the items of the Ordinary General Assembly Meeting.
8.	24/05/2023	Theeb Rent a Car Company announces the results of the Ordinary General Assembly Meeting.
9.	01/06/2023	Theeb Rent a Car Company announces the distribution of interim cash dividends for the first quarter of 2023.
10.	04/06/2023	Theeb Rent a Car Company announces the opening of its new branch in Jeddah, Al Hamdaniyah District.
11.	10/08/2023	Theeb Rent a Car Company announces its interim financial results for the period ending on 30 June 2023 (Six months)
12.	10/08/2023	Theeb Rent a Car Company announces the distribution of cash dividend for the second quarter of 2023.
13.	08/11/2023	Theeb Rent a Car Company announces its interim financial results for the period ending on 30 September 2023 (Nine months)
14.	08/11/2023	Theeb Rent a Car Company announces the distribution of cash dividend for the third quarter of 2023.
15.	30/11/2023	Theeb Rent a Car Company announces calling candidates for Board members elections for the next term.

Company Risks

The company is exposed to some risks due to the nature of its commercial activity – car rental services. For this reason, the company implements best practices in managing and monitoring these risks through the Board of Directors, and has established a specialized risk management department to develop policies and plans to confront risks.

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

Risk management policy principles

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

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

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

- Hazard checks
- Hazard Analysis
- Defining risks
- Specification of risks
- Risk assessment
- Preparing reports on potential threats and opportunities
- Facing risk
- Following up on risks and preparing for any emergency.

Risks that the company may face:

Risks related to structural changes in the transportation industry

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

Risks related to the company's inability to implement its growth strategy in the future

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

Risks related to seasonal factors

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

Company Risks

The risks related to epidemics

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

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

Risks related to the company's reputation and the quality of services provided

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

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

Risks related to the company's selling of vehicles upon retirement

The company's fleet is not covered by a buy-back commitment from car agencies and, as a result, the sale of the company's vehicles after being retired from operations (ranging from two to five years) is exposed to market trends, particularly usual pricing uncertainties of the used vehicle market. The sale price of vehicles (either through an auction or the company's showrooms) could be less than the previously estimated residual value. Moreover, the company's ability to sell its vehicles in the used vehicle market could become severely limited as a result of a number of factors, including the economic environment, model changes, legal requirements (e.g. changes to car sale laws and regulations or vehicle taxes), inventory levels, new car prices, fuel costs, and custom tariffs. A decline in used vehicle prices, or a lack of liquidity in the used vehicle market, may severely hinder the company's ability to resell its vehicles without a financial loss, and could adversely affect the company's business, financial condition, results of operations and prospects.

Risks related to the opening of new car rental branches

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

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

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

Company Risks

Risks related to credit card and mada card payments

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

Credit risk related to collecting receivables from the company's customers

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

Risks related to adverse changes in interest rate

In its business, the company relies on financing facilities obtained from commercial banks. Therefore,

the finance cost is largely affected by interest rates, which in turn are deemed highly sensitive to a number of factors that are not in the control of the company, including government, monetary and tax policies, as well as domestic and international economic and political circumstances. These may lead to an increase in interest rates and related financing costs, which could result in a reduction in the company's profitability and cash flow.

Risks of reliance on senior management and key personnel

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

The loss of the services of members of the company's senior management, or key employees, could prevent or delay the implementation and completion of its strategic objectives, divert management's attention to seek certain qualified replacements, or could adversely affect its ability to manage its business effectively. Each member of senior management, or key employees,

may resign at any time. If the company loses the ability to hire and retain key executives and employees with high levels of skills in appropriate domains, it could have an adverse effect on the company's business, financial condition, results of operations and/or prospects.

Risks related to the failure to attract and retain qualified employees

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

Risks related to reliance on information technology infrastructure

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

Company Risks

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

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

Risks related to consumer spending due to weak economic conditions

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

Risks related to changes in energy prices

The company is sensitive to increases in Diesel and Gasoline prices, as the vehicles used by its customers depend on them. Any further increases in Diesel and Gasoline prices could impact the behavior of the company's customers, who may look for transportation alternatives to renting or leasing vehicles, which could have a material adverse effect on the company's operations, financial position, results of operations and prospects.

Risks related to competition and market share of the company

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



Financial Statements

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Independent Auditor's Report



Building a better
working world

Ernst & Young Professional Services (Professional LLC)
Paid-up capital (SR 5,500,000 – Five million five hundred thousand Saudi Riyal)

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To the Shareholders of Theeb Rent a Car Company (A SAUDI JOINT STOCK COMPANY)

Opinion

We have audited the financial statements of Theeb Rent a Car Company – a Saudi Joint Stock company (the “Company”), which comprise the statement of financial position as at 31 December 2023, and the statement of Comprehensive Income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including material accounting policy information.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at 31 December 2023, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards that are endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements that are endorsed by the Saudi Organization for Chartered and Professional Accountants.

Basis for opinion

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

Key audit matters

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

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

Independent Auditor's Report

Key audit matter	How our audit addressed the key audit matter
<p>Allowance for expected credit losses</p> <p>The gross balance of accounts receivable as at 31 December 2023 amounted to SR 362.8 million (2022: SR 282.6 million), against which an allowance for expected credit losses of SR 133.7 million (2022: SR 93.2 million) was maintained. The collectability of accounts receivable is a key element of the Company's working capital, which is managed on an ongoing basis.</p> <p>Management determines and recognises expected credit losses ("ECL") as required by International Financial Reporting Standard 9 (Financial Instruments) ("IFRS 9"). Significant judgements, estimates and assumptions have been made by the management in the calculation of ECL impact.</p> <p>We have considered this as a key audit matter as the determination of ECL involves significant management judgement and this has a material impact on the financial statements.</p> <p>Refer to note 3.10 to the financial statements for the significant accounting policy, note 2.4 for the critical accounting estimates and judgements and note 9 which details the disclosure of impairment against accounts receivable.</p>	<p>Our audit procedures performed included, among others, the following:</p> <ul style="list-style-type: none"> • Obtained understanding of the Company's processes around the accounts receivable allowance for expected credit losses. • Assessed significant judgements, estimates and assumptions made by the management with reference to the calculation of ECL including the Company's assessment of the probability of default, incorporation of forward-looking information and the loss given default parameter. • Involved our IT experts in testing effectiveness of the Information Technology General Controls (ITGCs) of the respective accounting system. • Evaluated the Company's accounting policy for ECL allowance in accordance with the requirements of IFRS 9. • Assessed the adequacy of the related disclosures in the financial statements.
<p>Carrying values of vehicles</p> <p>Vehicles included under property and equipment as at 31 December 2023 amounted to SR 1,673 million (2022: SR 1,320 million) representing 75% (2022: 71%) of total assets.</p> <p>Vehicles are carried at cost less depreciation and impairment after considering their residual values.</p> <p>The Company's management determines the residual values and estimated useful lives of vehicles for calculating depreciation, this involves significant degree of management estimates and judgements considering the expected usage of the vehicles, expected physical wear and tear and expected future value at the time of disposal, and as such, this has been identified as a key audit matter.</p> <p>Refer to note 3.6 to the financial statements for the significant accounting policy, note 2.4 for the critical accounting estimates and judgements and note 6 which details the disclosure of property and equipment.</p>	<p>Our audit procedures performed included, among others, the following:</p> <ul style="list-style-type: none"> • Evaluated, on a sample basis, the design, implementation and effectiveness of controls over the procurement process and capitalization and depreciation calculation of vehicles. • Assessed management's judgement in determining residual value and useful lives assigned to long-term and short-term rental purpose. • Tested on a sample basis additions and disposals of rental vehicles. • Performed analytical review procedures of the depreciation charge for the year. • Assessed the adequacy of the related disclosures in the financial statements.

Independent Auditor's Report

Other information included in The Company's 2023 Annual Report

Other information consists of the information included in the Company's 2023 annual report, other than the financial statements and our auditor's report thereon. Management is responsible for the other information in its annual report. The Company's 2023 annual report is expected to be made available to us after the date of this auditor's report.

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

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

When we read the Company's 2023 annual report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.

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

Management is responsible for the preparation and fair presentation of the financial statements in accordance with International Financial Reporting Standards that are endorsed in the

Kingdom of Saudi Arabia and other standards and pronouncements that are endorsed by the Saudi Organization for Chartered and Professional Accountants and the provisions of Companies' Law and Company's By-laws, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by 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

Independent Auditor's Report

significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

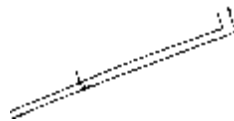
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

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

for Ernst & Young Professional Services



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

Riyadh: 10 Ramadhan 1445H
(20 March 2024)



Statement of Comprehensive Income

For the year ended 31 December	Notes	2023 SR	2022 SR
Revenue	21	1,135,394,167	967,967,678
Cost of revenue	22	(776,529,079)	(616,105,623)
GROSS PROFIT		358,865,088	351,862,055
Selling and marketing expenses	23	(58,125,871)	(49,107,527)
General and administrative expenses	24	(54,371,658)	(43,552,679)
Provision for expected credit losses	9,11	(40,459,000)	(31,404,486)
INCOME FROM OPERATIONS		205,908,559	227,797,363
Other income	25	6,857,247	8,145,514
Finance costs	26	(61,207,790)	(32,676,379)
Gain on derivative instrument at FVPL	35	–	480,196
INCOME BEFORE ZAKAT		151,558,016	203,746,694
Zakat	19	(9,488,531)	(10,638,745)
NET INCOME FOR THE YEAR		142,069,485	193,107,949
OTHER COMPREHENSIVE INCOME:			
<i>Items that will not be reclassified to profit or loss in subsequent periods:</i>			
Re-measurement gain/(loss) on employees' defined benefit liabilities	17.4	1,006,576	(3,152,915)
Total comprehensive income for the year		143,076,061	189,955,034
EARNINGS PER SHARE (EPS)			
Basic and diluted earnings per share	20	3.30	4.49



Chairman



Chief Executive Officer



Chief Financial Officer

Statement of Financial Position

As at 31 December	Notes	2023 SR	2022 SR
ASSETS			
NON-CURRENT ASSETS			
Property and equipment	6	1,673,058,918	1,320,362,211
Right-of-use assets	7	96,207,857	101,610,688
Total non-current assets		1,769,266,775	1,421,972,899
CURRENT ASSETS			
Inventories		6,718,774	4,966,089
Accounts receivable	8	229,096,887	189,363,995
Prepayments and other current assets	9	173,475,699	139,318,414
Contract assets	10	8,257,013	10,499,399
Bank balances and cash	11	52,011,938	100,092,690
Total current assets	12	469,560,311	444,240,587
Total assets		2,238,827,086	1,866,213,486
EQUITY AND LIABILITIES			
EQUITY			
Share capital	14	430,000,000	430,000,000
Statutory reserve	15	52,414,964	38,208,015
Retained earnings		247,261,511	196,652,399
Total equity		729,676,475	664,860,414
NON-CURRENT LIABILITIES			
Non-current portion of term loans	16	568,735,061	455,185,280
Employees' defined benefit liabilities	17	38,786,257	34,935,477
Non-current portion of lease obligation	7	41,777,226	53,707,128
Total non-current liabilities		649,298,544	543,827,885
CURRENT LIABILITIES			
Current portion of term loans	16	556,896,532	442,155,580
Current portion of lease obligation	7	63,562,949	53,848,293
Car dealership payable		79,922,018	56,876,824
Accounts payable		45,041,443	29,735,448
Accrued expenses and other current liabilities	18	91,000,381	50,190,659
Zakat payable	19	23,428,744	24,718,383
Total current liabilities		859,852,067	657,525,187
Total liabilities		1,509,150,611	1,201,353,072
Total equity and liabilities		2,238,827,086	1,866,213,486



Chairman



Chief Executive Officer



Chief Financial Officer

Statement of Changes in Equity

	Notes	Share capital SR	Statutory reserve SR	Retained earnings SR	Total SR
As at 31 December 2021		430,000,000	18,897,220	118,458,160	567,355,380
Net income for the year		–	–	193,107,949	193,107,949
Other comprehensive loss	17.4	–	–	(3,152,915)	(3,152,915)
Total comprehensive income		–	–	189,955,034	189,955,034
Transfer to statutory reserve		–	19,310,795	(19,310,795)	–
Dividends	33	–	–	(92,450,000)	(92,450,000)
As at 31 December 2022		430,000,000	38,208,015	196,652,399	664,860,414
Net income for the year		–	–	142,069,485	142,069,485
Other comprehensive income	17.4	–	–	1,006,576	1,006,576
Total comprehensive income		–	–	143,076,061	143,076,061
Transfer to statutory reserve		–	14,206,949	(14,206,949)	–
Dividends	33	–	–	(78,260,000)	(78,260,000)
As at 31 December 2023		430,000,000	52,414,964	247,261,511	729,676,475



Chairman



Chief Executive Officer



Chief Financial Officer

Statement of Cash Flows

For the year ended 31 December	Notes	2023 SR	2022 SR
OPERATING ACTIVITIES			
Income before zakat		151,558,016	203,746,694
Adjustments to reconcile income before zakat to net cash flows:			
Depreciation of property and equipment	6	287,454,371	249,946,703
Depreciation of right-of-use assets	7	44,530,004	36,553,738
Finance costs	26	53,942,760	27,446,226
Finance cost on lease liability	7	5,498,717	4,342,800
Provision for expected credit losses	9 & 11	40,459,000	31,404,486
Provision for employees' defined benefit liabilities	17.2	6,133,628	4,476,681
Rent concession for leases	7	–	(4,766,667)
Gain on derivative instrument at FVPL		–	(480,196)
Write down of inventories	8	11,743,829	6,466,059
		601,320,325	559,136,524
Working capital adjustments:			
Prepayments and other current assets		(34,157,285)	(78,533,651)
Accounts receivable		(80,204,548)	(79,352,178)
Contract assets		2,255,042	(3,516,535)
Amounts due from related parties		–	482,584
Inventories		199,320,652	133,407,022
Car dealership' payable		23,045,194	(59,065,711)
Accrued expenses and other current liabilities		38,299,404	6,114,560
Accounts payable		15,305,995	11,621,230
		765,184,779	490,293,845
Additions of motor vehicles	6	(842,154,073)	(548,498,104)
Zakat paid	19	(10,778,170)	(6,866,365)
Employees' defined benefit obligations paid	17	(1,276,272)	(847,804)
Net cash flows used in operating activities		(89,023,736)	(65,918,428)
INVESTING ACTIVITIES			
Additions of other property and equipment	6	(10,814,171)	(5,350,338)
Net cash flows used in investing activities		(10,814,171)	(5,350,338)

Statement of Changes in Equity

For the year ended 31 December 2023	Notes	2023 SR	2022 SR
FINANCING ACTIVITIES			
Finance costs paid		(56,931,159)	(31,026,960)
Proceeds from term loans		751,629,912	716,972,936
Repayments of term loans		(523,339,179)	(434,433,500)
Payment of principal portion of lease liabilities	7	(41,342,419)	(45,413,946)
Dividends paid	33	(78,260,000)	(92,450,000)
Net cash flows from financing activities		51,757,155	113,648,530
(Decrease) increase in bank balances and cash		(48,080,752)	42,379,764
Bank balances and cash at the beginning of the year		100,092,690	57,712,926
Bank balances and cash at the end of the year		52,011,938	100,092,690
Significant non-cash transactions:			
Transfer of vehicles from property and equipment to inventories	6	212,817,166	139,242,980
Addition to right-of-use assets and lease liability	7	39,127,173	48,693,938
Write off of total loss cars		11,743,829	6,466,059



Chairman



Chief Executive Officer



Chief Financial Officer

Notes to the Financial Statements

1. CORPORATE INFORMATION

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

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

2. BASIS OF PREPARATION

2.1 Statement of compliance

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

2.2 Basis of measurement

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

2.3 Functional and presentation currency

These financial statements are presented in Saudi Riyal ("SR") which is the functional and presentation currency of the Company.

2.4 Significant accounting judgments, estimates and assumptions

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

Judgments

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

Going concern

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

Lease classification – Company as a lessor

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

Determining the lease term of contracts – Company as a lessee

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

Notes to the Financial Statements

Estimates and assumptions

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

Useful lives and residual value of property and equipment

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

Allowance for obsolete, damage and expire inventory

The Company recognises an allowance for inventories due to factors such as obsolescence, physical damage etc. The estimation of such losses includes the consideration of factors including

but not limited to introduction of new models or technology by the specific manufacturer and both existing and emerging market conditions.

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

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

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

Impairment of non-financial assets

Impairment exists when the carrying value of an asset or cash generating unit ("CGU") exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value in use. The fair value less costs of disposal calculation is based

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

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

Employees' defined benefit plan

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

The parameter most subject to change is the discount rate. In determining the appropriate discount rate, management considers the market yield on high quality Corporate/ Government bonds. The mortality rate is based on publicly available mortality tables for the country. Those mortality tables tend to change only at intervals

Notes to the Financial Statements

in response to demographic changes. Future salary increases are based on expected future inflation rates for the country. Further details about employee benefits obligations are provided in note 17.

Fair value measurement of financial instruments

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

Provisions

Provision is recognised if, as a result of a past event, the Company has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic

benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognised as finance cost.

Leases – Estimating the incremental borrowing rate

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

3. SUMMARY OF MATERIAL ACCOUNTING POLICIES

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

3.1 Current versus non-current classification

The Company presents assets and liabilities in the statement of financial

position based on current/non-current classification. An asset is current when it is:

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

All other assets are classified as non-current.

A liability is current when:

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

The Company classifies all other liabilities as non-current.

3.2 Revenue from contracts with customers

Rental income – the Company as a lessor

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

Notes to the Financial Statements

statement of comprehensive income due to its operating nature. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income. Contingent rents are recognised as revenue in the period in which they are earned.

Sale of inventories (vehicles)

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

Income from other services

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

Loyalty points

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

A portion of the transaction price is allocated to Loyalty Points awarded to customers based on relative stand-alone selling price and is

recognised as a contract liability until the points are redeemed. Revenue is recognised upon redemption of the points by the customer.

3.3 Expenses

Cost of revenue

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

Selling, marketing and administrative expenses

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

3.4 Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of the asset. All other borrowing costs are expensed in the period in which they occur. Borrowing costs consist of finance cost and other costs that an entity incurs in connection with the borrowing of funds.

3.5 Zakat

Zakat

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

Withholding tax

The Company withholds taxes on certain transactions with non-resident parties in the Kingdom of Saudi Arabia as required under Saudi Arabian Income Tax Law.

Value added tax

Expenses and assets are recognised net of the amount of value added tax, except:

- When the value added tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case, the value-added tax is recognised as part of the cost of acquisition of the asset or as part of the expense item, as applicable
- When receivables and payables are stated with the amount of value added tax included.
- The net amount of value added tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the statement of financial position.

Notes to the Financial Statements

3.6 Property and equipment

Recognition and measurement

Items of property and equipment are initially recorded at cost and measured at cost less accumulated depreciation and accumulated impairment losses.

Cost includes purchase price and any costs directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. The cost of self-constructed assets includes the cost of materials and direct labour, any other costs directly attributable to bringing the assets to a working condition for their intended use, the costs of dismantling and removing the items and restoring the site on which they are located, and borrowing costs on qualifying assets.

When significant parts of an item of property and equipment have different useful lives, they are accounted for as separate items (major components) of property and equipment.

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

Subsequent costs

The cost of replacing a part of an item of property and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Company,

and its cost can be measured reliably. The carrying amount of the replaced part is derecognised. The costs of the day-to-day servicing of property and equipment are recognised in the statement of comprehensive income as incurred.

Capital work in progress

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

Depreciation

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

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

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

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

3.7 Intangible assets

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

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

Notes to the Financial Statements

changes in accounting estimates. The amortisation expense on intangible assets with finite lives is recognised in the statement of comprehensive income in the expense category that is consistent with the function of the intangible assets.

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

Software	5 years
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Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the statement of comprehensive income when the asset is derecognised.

3.8 Leases

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

Company as a lessee

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

Right-of-use assets

The Company recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less

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

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

Lease liabilities

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

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

Short-term leases and leases of low-value assets

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

Company as a lessor

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

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due to its operating nature. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income. Contingent rents are recognised as revenue in the period in which they are earned.

3.9 Inventories

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

Spare parts and supplies

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

3.10 Financial instruments

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

(i) Financial assets

Initial recognition and measurement

Financial assets are classified, at initial recognition, as subsequently measured

at amortised cost, fair value through profit or loss ("FVTPL") and fair value through other comprehensive income ("FVOCI").

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

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

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

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

Subsequent measurement

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

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

Financial assets at amortised cost (debt instruments)

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

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss are carried in the statement of financial position at

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fair value with net changes in fair value recognised in the statement of comprehensive income.

Derecognition

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

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

When the Company has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if, and to what extent, it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Company continues to recognise the transferred asset to the extent of its continuing involvement. In that case, the Company also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Company has

retained. Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Company could be required to repay.

Impairment

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

The Company considers a financial asset in default when contractual payments are 30 to 180 days past due. However, in certain cases, the Company may also consider a financial asset to be in default when internal or external information indicates that the Company is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Company. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

(ii) financial liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities

at fair value through profit or loss, borrowings, or payables, as appropriate.

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

Subsequent measurement

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

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

Financial liabilities at amortised cost (lease liabilities and borrowing)

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

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

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Financial liabilities at fair value through profit or loss

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

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

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

Derecognition

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

(iii) Offsetting of financial instruments

Financial assets and financial liabilities are offset, and the net amount is reported in the statement of financial position if there is a currently

enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

3.11 Impairment of non-financial assets

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

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

The Company bases its impairment calculation on most recent budgets and forecast calculations, which are prepared separately for each of the Company's CGUs to which the individual assets are allocated. These budgets and forecast calculations

generally cover a period of five years. A long-term growth rate is calculated and applied to project future cash flows after the fifth year.

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

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

3.12 Provisions

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. When the Company expects some or all of a provision to

Notes to the Financial Statements

be reimbursed, for example, under an insurance contract, the reimbursement is recognised as a separate asset, but only when the reimbursement is virtually certain. The expense relating to a provision is presented in the statement of comprehensive income net of any reimbursement.

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

3.13 Foreign currencies

Transaction and balances

Transactions in foreign currencies are initially recorded by the Company at the functional currency spot rates at the date the transaction first qualifies for recognition. Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency spot rate of exchange at the reporting date. Differences arising on settlement or translation of monetary items are recognised in income.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined. The gain or loss arising on translation of non-monetary items measured at fair value is treated in line with the recognition of gain or loss on change in fair value of the item (i.e., the translation differences on items whose fair value gain or loss is

recognised in OCI or profit or loss are also recognised in OCI or profit or loss, respectively).

3.14 Fair value measurement

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

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

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

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

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

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

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

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

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

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

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

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

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

3.15 Dividends distribution

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

4. CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

The Company applied for the first-time certain standards and amendments, which are effective for annual periods beginning on or after 1 January 2023 (unless otherwise stated). The Company has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

IFRS 17 Insurance Contracts

IFRS 17 Insurance Contracts is a comprehensive new accounting standard for insurance contracts covering recognition and measurement, presentation and disclosure. IFRS 17

replaces IFRS 4 Insurance Contracts. IFRS 17 applies to all types of insurance contracts (i.e., life, non-life, direct insurance and re-insurance), regardless of the type of entities that issue them as well as to certain guarantees and financial instruments with discretionary participation features; a few scope exceptions will apply. The overall objective of IFRS 17 is to provide a comprehensive accounting model for insurance contracts that is more useful and consistent for insurers, covering all relevant accounting aspects. IFRS 17 is based on a general model, supplemented by:

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

The new standard had no impact on the Company's financial statements.

Definition of Accounting Estimates – Amendments to IAS 8

The amendments to IAS 8 clarify the distinction between changes in accounting estimates, changes in accounting policies and the correction of errors. They also clarify how entities use measurement techniques and inputs to develop accounting estimates.

The amendments had no impact on the Company's financial statements.

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

The amendments to IAS 1 and IFRS Practice Statement 2 Making Materiality Judgements provide guidance and examples to help entities apply materiality judgments

to accounting policy disclosures. The amendments aim to help entities provide accounting policy disclosures that are more useful by replacing the requirement for entities to disclose their 'significant' accounting policies with a requirement to disclose their "material" accounting policies and adding guidance on how entities apply the concept of materiality in making decisions about accounting policy disclosures.

The amendments have had an impact on the Company's disclosures of accounting policies, but not on the measurement, recognition or presentation of any items in the Company's financial statements.

Deferred Tax Related to assets and Liabilities arising from a Single Transaction – Amendments to IAS 12

The amendments to IAS 12 Income Tax narrow the scope of the initial recognition exception, so that it no longer applies to transactions that give rise to equal taxable and deductible temporary differences such as leases and decommissioning liabilities.

The amendments had no impact on the Company's financial statements.

International Tax Reform – Pillar Two Model Rules – Amendments to IAS 12

The amendments to IAS 12 have been introduced in response to the OECD's BEPS Pillar Two rules and include:

- A mandatory temporary exception to the recognition and disclosure of deferred taxes arising from the jurisdictional implementation of the Pillar Two model rules; and

Notes to the Financial Statements

- Disclosure requirements for affected entities to help users of the financial statements better understand an entity's exposure to Pillar Two income taxes arising from that legislation, particularly before its effective date.

The mandatory temporary exception – the use of which is required to be disclosed – applies immediately. The remaining disclosure requirements apply for annual reporting periods beginning on or after 1 January 2023, but not for any interim periods ending on or before 31 December 2023.

The amendments had no impact on the Company's financial statements as the Company is not in scope of the Pillar Two model rules as its revenue is less than EUR 750 million/year.

5. STANDARDS ISSUED BUT NOT YET EFFECTIVE

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

5.1 Amendments to IFRS 16: Lease Liability in a Sale and Leaseback

In September 2022, the IASB issued amendments to IFRS 16 to specify the requirements that a seller-lessee uses in measuring the lease liability arising in a sale and leaseback transaction, to ensure the seller-lessee does not recognise any amount of the gain or loss that relates to the right of use it retains.

The amendments are effective for annual reporting periods beginning on or after 1 January 2024 and must be applied retrospectively to sale and leaseback transactions entered into after the date of initial application of IFRS 16. Earlier application is permitted and that fact must be disclosed.

The amendments are not expected to have a material impact on the Company's financial statements.

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

In January 2020 and October 2022, the IASB issued amendments to paragraphs 69 to 76 of IAS 1 to specify the requirements for classifying liabilities as current or non-current.

The amendments clarify:

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

In addition, a requirement has been introduced to require disclosure when a liability arising from a loan agreement is classified as non-current and the entity's right to defer settlement is contingent on compliance with future covenants within twelve months.

The amendments are effective for annual reporting periods beginning on or after 1 January 2024 and must be

applied retrospectively. The Company is currently assessing the impact the amendments will have on current practice and whether existing loan agreements may require renegotiation.

5.3 Supplier Finance Arrangements – Amendments to IAS 7 and IFRS 7

In May 2023, the IASB issued amendments to IAS 7 Statement of Cash Flows and IFRS 7 Financial Instruments:

Disclosures to clarify the characteristics of supplier finance arrangements and require additional disclosure of such arrangements. The disclosure requirements in the amendments are intended to assist users of financial statements in understanding the effects of supplier finance arrangements on an entity's liabilities, cash flows and exposure to liquidity risk.

The amendments will be effective for annual reporting periods beginning on or after 1 January 2024. Early adoption is permitted, but will need to be disclosed.

The amendments are not expected to have a material impact on the Company's financial statements.

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6. PROPERTY AND EQUIPMENT

31 December 2023	Lands SR	Buildings SR	Motor vehicles SR	Leasehold improvements SR	Other fixed assets SR	Total 2023 SR
Cost:						
Balance as at 1 January 2023	88,012,550	6,831,586	1,756,688,739	8,516,090	41,840,812	1,901,889,777
Additions	4,190,000	20,797	842,154,073	270,631	6,332,743	852,968,244
Transfer to inventories	–	–	(436,877,048)	–	–	(436,877,048)
Balance as at 31 December 2023	92,202,550	6,852,383	2,161,965,764	8,786,721	48,173,555	2,317,980,973
Accumulated depreciation:						
Balance as at 1 January 2023	–	2,268,854	541,777,241	4,612,895	32,868,576	581,527,566
Charge for the year	–	131,860	282,063,376	882,865	4,376,270	287,454,371
Transfer to inventories	–	–	(224,059,882)	–	–	(224,059,882)
Balance as at 31 December 2023	–	2,400,714	599,780,735	5,495,760	37,244,846	644,922,055
Net book value						
As at 31 December 2023	92,202,550	4,451,669	1,562,185,029	3,290,961	10,928,709	1,673,058,918

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

Transfer to inventories represents cost and accumulated depreciation of vehicles no more available for use and transferred to inventories (note 8).

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The depreciation charge for the year is allocated as follows:

As at 31 December	2023 SR	2022 SR
Cost of revenue (Note 22)	286,317,870	249,514,049
General and administrative expense (Note 24)	1,136,501	432,654
	287,454,371	249,946,703

The Company's management reviews the useful lives and residual values of its vehicles on annual basis. Effective 1 October 2023, the Company's management has revised the residual

value of vehicles to better reflect the expected residual values of the vehicles. This change has resulted in a decrease in the depreciation expense for the year of SR 13.1 million as compared to

what it would have been using the previous residual values. The effect of change in estimate in future periods is impracticable to determine.

7. LEASES

Company as a lessee

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

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

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

As at 31 December	Notes	2023 SR	2022 SR
Balance as at 1 January		101,610,688	89,470,488
Additions		39,127,173	48,693,938
Depreciation expense	22	(44,530,004)	(36,553,738)
Balance as at 31 December		96,207,857	101,610,688

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

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

As at 31 December	2023 SR	2022 SR
Balance as at 1 January	107,555,421	109,042,096
Additions	39,127,173	48,693,938
Rent concession (*)	–	(4,766,667)
Accretion of interest (note 26)	5,498,717	4,342,800
Payments (**)	(46,841,136)	(49,756,746)
Balance as at 31 December	105,340,175	107,555,421
Less: current portion	63,562,949	53,848,293
Non-current portion	41,777,226	53,707,128

(*) Rent concession includes credit note received from General Authority of Civil Aviation (GACA) for Jeddah Airport amounting to SR Nil (31 December 2022: SR 3.6 million) and Dammam Airport amounting to SR nil million (31 December 2022: SR 1.17 million).

(**) Payment of lease liability includes repayment of principal portion of SR 41,342,419 (31 December 2022: SR 45,413,946) and payment of interest amounted to SR 5,498,717 (31 December 2022: SR 4,342,800).

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

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

As at 31 December	Notes	2023 SR	2022 SR
Depreciation on right-of-use assets allocated to cost of revenue	22	44,530,004	36,553,738
Short-term leases recognised on straight-line basis as rent expense	22	13,484,091	10,272,806
Finance cost on lease liabilities	26	5,498,717	4,342,800
		63,512,812	51,169,344

8. INVENTORIES

As at 31 December	2023 SR	2022 SR
Spare parts and supplies	5,631,927	4,635,116
Vehicles held-for-sale	1,086,847	330,973
	6,718,774	4,966,089

During the year ended 31 December 2023, the Company wrote down SR 11,743,829 (31 December 2022: SR 6,466,059) of inventories resulted from accidents, the reimbursement received from insurance companies related to this was SR 11,250,408 (31 December 2022: SR 5,842,559), both write down and reimbursements are presented on net basis in cost of revenues in the statement of comprehensive income.

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9. ACCOUNTS RECEIVABLE

As at 31 December	2023 SR	2022 SR
Accounts receivable	362,791,502	282,586,954
Less: allowance for expected credit losses	(133,694,615)	(93,222,959)
	229,096,887	189,363,995

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

As at 31 December	2023 SR	2022 SR
At the beginning of the year	93,222,959	64,244,534
Provided during the year	40,471,656	28,978,425
At the end of the year	133,694,615	93,222,959

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

31 December 2023	Total SR	0-90 days SR	91-180 days SR	181-270 days SR	271-360 days SR	> 361 days SR
Expected credit loss rate	36.85%	5.17%	21.30%	34.70%	47.48%	74.10%
Gross carrying amount	362,791,502	138,515,487	47,821,604	23,494,493	19,325,979	133,633,939
Expected credit loss	133,694,615	7,156,509	10,188,137	8,153,572	9,175,261	99,021,136

31 December 2022	Total SR	0-90 days SR	91-180 days SR	181-270 days SR	271-360 days SR	> 361 days SR
Expected credit loss rate	32.99%	5.13%	21.54%	37.18%	41.76%	70.04%
Gross carrying amount	282,586,954	118,285,886	32,156,048	19,231,354	21,234,118	91,679,548
Expected credit loss	93,222,959	6,067,028	6,926,484	7,149,396	8,867,766	64,212,285

Please refer to note 29 on credit risk of accounts receivable, which explain how the Company manages and measure credit quality of accounts receivable that are neither past due nor impaired. Accounts receivable are non-interest bearing and are generally on credit terms of 30 to 180 days.

Notes to the Financial Statements

10. PREPAYMENTS AND OTHER CURRENT ASSETS

As at 31 December	Notes	2023 SR	2022 SR
Advances to suppliers		71,407,111	80,888,607
Receivable from a former shareholder	19.3	33,703,203	–
Insurance receivable		27,512,048	29,011,759
Prepayments		25,536,569	21,321,519
VAT receivable		5,276,879	–
Employees' receivables		2,257,005	2,131,947
Margin deposit		1,645,068	1,733,404
Others		6,137,816	4,231,178
		173,475,699	139,318,414

11. CONTRACT ASSETS

As at 31 December	2023 SR	2022 SR
Contract assets	14,177,277	16,432,319
Less: allowance for expected credit losses	(5,920,264)	(5,932,920)
	8,257,013	10,499,399

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

As at 31 December	2023 SR	2022 SR
At the beginning of the year	5,932,920	3,506,859
Provided during the year	(12,656)	2,426,061
At the end of the year	5,920,264	5,932,920

Notes to the Financial Statements

12. BANK BALANCES AND CASH

As at 31 December	2023 SR	2022 SR
Bank balances	51,294,149	99,442,695
Cash on hand	717,789	649,995
	52,011,938	100,092,690

13. RELATED PARTY TRANSACTIONS AND BALANCES

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

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

Following is a list of related parties of the Company:

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

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

Related Party	Nature of transactions	2023 SR	2022 SR
Madareem Company	Expenses charged	(10,157)	(11,970)
Mohammad Hamoud Altheeb	Car rental	–	3,393
Naif Mohammed Altheeb	Car rental	97,099	68,509
Alfareedah	Expenses charged	(215,828)	(107,088)
Mohammad Ahmed Altheeb	Rent charged	(560,000)	(560,000)
Mohammad Ahmed Altheeb	Car rental	3,525	–

Notes to the Financial Statements

Key management compensation

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

Related party	Nature of transactions	2023 SR	2022 SR
Key management personnel	Short-term employees' benefits	5,940,179	5,094,797
	Long-term employees' benefits	229,800	707,931
Board of Directors	Board of Directors' remuneration	2,056,800	1,580,000

14. SHARE CAPITAL

The Company's share capital is divided into 43,000,000 shares of SR 10 each (31 December 2022 : 43,000,000 shares of SR 10 each).

15. STATUTORY RESERVE

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

16. TERM LOANS

As at 31 December	2023 SR	2022 SR
Term loans	1,125,631,593	897,340,860
Less: current portion	(556,896,532)	(442,155,580)
Non-current portion	568,735,061	455,185,280

The Company has obtained bank facilities from local banks in the form of term loans. The term loans are repayable over a period ranging from 24 to 48 months from the date of drawdown, with the last instalment payable on December 2026 (31 December 2022: July 2026). The installments due within the next 12 months are shown under current liabilities. The Company has other undrawn facilities with bank available in accordance with the signed facility agreements.

The Company's current liabilities exceeded its current assets as of 31 December 2023 primarily owing to the loans, used to finance purchase of vehicles classified under non-current assets in the statement of financial position, as part of the normal course of business. This is consistent with previously reported periods.

Notes to the Financial Statements

17. EMPLOYEES' DEFINED BENEFIT LIABILITIES

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

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

As at 31 December	Notes	2023 SR	2022 SR
At the beginning of the year		34,935,477	28,153,685
Charge for the year	17.2	6,133,628	4,476,681
Actuarial (gain) loss on defined benefit plan	17.4	(1,006,576)	3,152,915
Benefits paid		(1,276,272)	(847,804)
At the end of the year		38,786,257	34,935,477

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

As at 31 December	Notes	2023 SR	2022 SR
Current service cost		4,367,315	3,589,328
Interest cost	26	1,766,313	887,353
Total end of service benefits expense		6,133,628	4,476,681

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

As at 31 December	2023 SR	2022 SR
Cost of revenue	2,139,984	1,758,771
Selling and marketing expenses	1,441,214	1,184,478
General and administrative expenses	786,117	646,079
Total end of service benefits expense	4,367,315	3,589,328

17.3 Actuarial assumptions:

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

As at 31 December	2023 SR	2022 SR
Salary increases rates	5.50%	5.50%
Discount rate	4.88%	5.15%

Notes to the Financial Statements

17.4 Amount recognised in other comprehensive income was as follow:

As at 31 December	2023 SR	2022 SR
Actuarial loss due to change in financial assumptions	868,173	296,007
Actuarial (gain) loss due to experience adjustments	(1,874,749)	2,856,908
Total actuarial (gain) loss	(1,006,576)	3,152,915

17.5 Sensitivity analysis of significant actuarial assumptions:

A quantitative sensitivity analysis for significant assumption on the employees' terminal benefits liabilities as at 31 December 2023 and 31 December 2022 is shown below:

31 December 2023	Change in assumption	Base value SR	Impact on defined benefit obligation	
			Increase in assumption SR	Decrease in assumption SR
Discount rate	+/-1%	38,786,257	35,736,547	42,328,603
Salary growth rate	+/-1%	38,786,257	42,465,207	35,561,753
Mortality rate	+/-10%	38,786,257	38,778,186	38,794,353
Withdrawal rate	+/-10%	38,786,257	38,408,048	39,205,088

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

The sensitivity analysis above has been determined based on a method that extrapolates the impact on the employees' benefit liabilities as a result of reasonable changes in key assumptions occurring as at 31 December 2023 and 31 December 2022. The sensitivity analysis is based on a change in a significant assumption, keeping all other assumptions constant. The sensitivity analysis may not be representative of an actual change in the defined benefit obligation as it is unlikely that changes in assumptions would occur in isolation of one another.

Notes to the Financial Statements

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

As at 31 December	2023 SR	2022 SR
Within the next 12 months (next annual reporting period)	4,912,019	3,723,255
Between 2 and 5 years	11,155,270	10,686,856
Beyond 5 years	46,965,856	43,952,627
	63,033,145	58,362,738

18. ACCRUED EXPENSES AND OTHER CURRENT LIABILITIES

As at 31 December	Notes	2023 SR	2022 SR
Contract liabilities	21.1	28,115,342	20,577,343
Accrued expenses		27,247,982	20,047,976
Accrued loyalty points		1,240,625	1,211,843
VAT payable		–	7,240,716
Other accruals	19.3	33,703,203	–
Others		693,229	1,112,781
		91,000,381	50,190,659

19. ZAKAT PROVISION

19.1 The zakat charge of the Company consists of:

As at 31 December	2023 SR	2022 SR
Charge for the year	11,318,777	10,638,745
Reversal of excess provision related to years 2012 – 2017 (see below)	(1,830,246)	–
	9,488,531	10,638,745

As at 31 December	2023 SR	2022 SR
At the beginning of the year	24,718,383	20,946,003
Provided during the year	11,318,777	10,638,745
Prior year reversal of reassessment	(1,830,246)	–
Paid during the year	(10,778,170)	(6,866,365)
At the end of the year	23,428,744	24,718,383

Notes to the Financial Statements

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

As at 31 December	2023 SR	2022 SR
Equity	664,860,414	567,355,380
Opening provisions and other adjustments	1,404,522,712	1,094,738,448
Book value of long-term assets	(1,840,118,362)	(1,502,913,930)
	229,264,764	159,179,898
Zakatable income	216,362,258	261,423,650
Zakat base	445,627,022	420,603,548
Zakat	11,318,777	10,638,745

19.3 Status of zakat assessment

- The Company has filed its zakat returns and financial statements to the Zakat, Tax and Customs Authority (“ZATCA”) for all years up to 31 December 2022 and obtained zakat certificate for those years.
- The Company finalised its zakat position with ZATCA for all years up to 2011.
- During the year ended 31 December 2019, ZATCA has issued a zakat assessment with a zakat differences of SR 12,722,904 for the years from 2012 up to 2017. The Company has made an additional provision of SR 11,743,218, during the year ended 31 December 2019, against these zakat claims for such period and filed an appeal to the Tax Violations and Dispute Appellate Committee against these differences. During the year ended 31 December 2023, the Tax Violations and Dispute Appellate Committee (TVDAC) issued resolution accepting some zakat items under disputes and rejected other items, and accordingly, Zakat differences for the years from 2012 up to 2017 under assessment has been reduced to SR 9,810,290, accordingly the Company has reversed the excess provision.
- During the year ended 31 December 2020, the Company received from ZATCA a preliminary assessment showing zakat differences for the year 2018 of SR 4,014,060, and the Company has made a provision for the full amount. Based on the clarifications provided by the Company to ZATCA, ZATCA had issued an amendment and reduced the differences to SR 1,887,759, accordingly, the Company reversed the excess provision in the statement of income for the year ended 31 December 2020. Further, the Company filed an appeal to the Tax Violations and Dispute Appellate Committee (TVDAC) against these differences which is in progress.
- During the year ended 31 December 2021, management received a correspondence from ZATCA, regarding the previous ownership of shares by Growth Opportunities Company for Trading, one of the former shareholders in the Company, that there are certain possible taxes on the Company. ZATCA’s view based on certain assumptions, is that the Company is partially subject to income tax. In the above-mentioned correspondence, ZATCA assumed that the above-mentioned former shareholder is fully owned directly or indirectly by non-GCC nationals and accordingly, the total amount of income tax exposure as stated by ZATCA is SR 29.76 million for income tax and withholding tax exposure was set out by ZATCA at SR 3.94 million, covering the years from 2013 to 2018 and are excluding delay and other related fines. As at the date of the approval of these financial statements by the Board of Directors, no official assessment has been received from ZATCA. Additional potential exposure for the years ended 31 December 2019 and 2020, and for the period from 1 January 2021 to date of disposition of the former shareholders’ shares could arise if ZATCA imposes the above-mentioned principle to all assessment years.
- The Company is currently registered with ZATCA as a 100% zakatable company on the basis of its ownership structure with all direct and indirect shareholders being either GCC nationals, or companies that were established within the

Notes to the Financial Statements

GCC and whose shareholders consist wholly of GCC nationals. Further, dividends distributions to the above-mentioned former shareholder, in management view, are not subject to withholding tax as it is a resident company in the Kingdom of Saudi Arabia (as a Saudi limited liability company on the basis of the incorporation documents).

– During September 2021, the Company has replied to ZATCA after receiving the correspondence and no response was received since then. Moreover, in case of any imposed position by ZATCA, in addition to any relevant fines and delay penalties, the above-mentioned former shareholder has provided to the Company an indemnity undertaking

letter to bear any tax related liability that might be imposed on the Company by ZATCA in connection with the above matter.

– During the year, management has reassessed their position and made accordingly accruals of SR 33,703,203 (note 18) with the same corresponding impact of receivable from former shareholder (note 10).

20. EARNINGS PER SHARE

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

	2023 SR	2022 SR
Net income for the year	142,069,485	193,107,949
Weighted average number of ordinary shares for basic and diluted EPS	43,000,000	43,000,000
Earnings per share	3.30	4.49

21. REVENUE

Disaggregated revenue information

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

	2023 SR	2022 SR
Short term rental	509,720,580	478,262,446
Long term lease	354,099,611	314,694,746
Sales of motor vehicles	271,573,976	175,010,486
	1,135,394,167	967,967,678

Notes to the Financial Statements

Timing of revenue recognition

	2023 SR	2022 SR
Services transferred over time	863,820,191	792,957,192
Services transferred at point in time	271,573,976	175,010,486
	1,135,394,167	967,967,678

Performance obligations

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

no transaction price that are required to be allocated over the remaining or unsatisfied performance obligations.

Operating leases – the Company as lessor

The Company has entered into leases on its fleet of vehicles. The commercial and non-commercial vehicle leases typically have lease terms of between

1 and 5 years. Some leases contain options to terminate before the end of the lease term in exchange of additional penalty payments.

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

	2023 SR	2022 SR
Within 1 year	327,511,709	236,605,209
After 1 year but not more than 5 years	488,432,957	268,232,220
	815,944,666	504,837,429

Geographical markets

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

21.1 Contract balances

	2023 SR	2022 SR
Contract assets (note 11)	8,257,013	10,499,399
Contract liabilities (note 18) *	28,115,342	20,577,343

* Contract liabilities represent advances received from customers against long-term lease services not yet provided.

Notes to the Financial Statements

22. COST OF REVENUE

	2023 SR	2022 SR
Depreciation of property and equipment (note 6)	286,317,870	249,514,049
Cost of vehicles sold	200,810,885	134,130,494
Employees' salaries and other benefits	71,989,319	59,858,442
Insurance	68,552,176	47,849,995
Maintenance and repairs	63,502,210	52,214,428
Depreciation on right-of-use assets (note 7)	44,530,004	36,553,738
Rental (note 7.2)	13,484,091	10,272,806
Shipping	6,728,425	4,552,333
Other penalties	3,106,861	3,372,008
Bank charges	3,012,367	3,760,054
Utilities	1,675,105	1,539,629
Others	12,819,766	12,487,647
	776,529,079	616,105,623

23. SELLING AND MARKETING EXPENSES

	2023 SR	2022 SR
Employees' salaries and other benefits	48,482,604	40,312,828
Advertising	8,675,113	7,676,511
Others	968,154	1,118,188
	58,125,871	49,107,527

Notes to the Financial Statements

24. GENERAL AND ADMINISTRATIVE EXPENSES

	2023 SR	2022 SR
Employees' salaries and other benefits	24,838,895	22,225,142
Professional fees	5,679,332	3,661,904
IT/ERP system	3,422,551	2,655,765
Utilities	2,952,905	1,993,870
Charity donations	2,565,553	1,660,691
Communication	2,103,716	1,149,805
Board of Directors' remuneration (note 13)	2,056,800	1,580,000
Maintenance and repairs	1,815,859	1,770,256
Hospitality	1,753,187	980,320
VAT deemed supply	1,350,549	1,704,925
Depreciation of property and equipment (note 6)	1,136,501	432,654
Governmental fees	406,777	391,817
Others	4,289,033	3,345,530
	54,371,658	43,552,679

25. OTHER INCOME

	2023 SR	2022 SR
Rebate income	4,985,642	2,754,997
Reversal of loyalty points expired*	848,657	4,055,567
Car sales fee	283,515	179,978
Miscellaneous income	739,433	1,154,972
	6,857,247	8,145,514

* This amount represents the amount of expired loyalty points.

Notes to the Financial Statements

26. FINANCE COSTS

	2023 SR	2022 SR
Finance cost on bank borrowings	53,942,760	27,446,226
Finance cost on lease liabilities (note 7.2)	5,498,717	4,342,800
Interest on employees' defined benefit liabilities (note 17.2)	1,766,313	887,353
	61,207,790	32,676,379

27. COMMITMENTS AND CONTINGENCIES

At 31 December 2023, the Company issued letters of guarantees amounted to SR 75.2 million (31 December 2022: SR 63.5 million) mainly in respect of the Company's leased properties and bidding securities.

28. FAIR VALUE OF ASSETS AND LIABILITIES

As at 31 December 2023 and 2022, the fair values of the Company's financial instruments are estimated to approximate their carrying values and are classified under level 2 of the fair value hierarchy. No significant inputs were applied in the valuation of financial assets and financial liabilities as at 31 December 2023 and 31 December 2022.

During the year ended 31 December 2023 and 2022, there were no movements between the levels.

29. FINANCIAL INSTRUMENTS RISK MANAGEMENT

The Company's principal financial liabilities comprise bank borrowings, accounts payable and other payables. The main purpose of these financial liabilities is to finance the Company's operations and to provide guarantees to support its operations. The Company's principal financial assets include accounts receivable, contract assets and other receivables and bank balances.

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

Market risk

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

Commission rate risk

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

Notes to the Financial Statements

Interest rate sensitivity

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

	2023 SR	2022 SR
Gain (loss) through the statement of comprehensive income		
Floating rate debt:		
SIBOR +/- 100bps	931,594	670,089

Foreign currency risk

Foreign currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates. The Company's transactions are principally in Saudi Riyals and hence Company is not significantly affected by such risk.

Credit risk

Credit risk is the risk that one party to financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. The Company has no significant concentration of credit risk. Concentration risk arises when a number of counterparties engaged in similar business activities or activities in the same geographical region or have economic features that would cause them to fail their contractual obligations. To reduce exposure

to credit risk, the Company has developed a formal approval process whereby credit limits are applied to its customers. The management also continuously monitors the credit exposure towards the customers and makes provision against those balances considered doubtful of recovery.

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

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

	2023 SR	2022 SR
Accounts receivable (note 9)	362,791,502	282,586,954
Contract assets (note 11)	14,177,277	16,432,319
Bank balances (note 12)	51,294,149	99,442,695
	428,262,928	398,461,968

(a) Accounts receivable and contract assets

Customer credit risk is managed by each business unit subject to the Company's established policy, procedures and control relating to customer credit risk management. Credit quality of a customer is assessed based on an extensive credit rating scorecard and individual credit limits are defined in accordance with this assessment. The 5 largest customers account for 10% of outstanding accounts receivable at 31 December 2023 (2022: 16%).

Notes to the Financial Statements

The Company applies the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all accounts and other receivables.

An impairment analysis is performed at each reporting date using a provision matrix to measure expected credit losses. The calculation reflects the probability-weighted outcome, the time value of money and reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions. The maximum exposure to credit risk at the reporting date is the carrying value of each class of financial assets. Outstanding customer receivables are regularly monitored. Some customers are also secured, where possible, by way of promissory notes or advance payments, which are considered integral part of account receivables and considered in the calculation of impairment.

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

(b) Bank balances

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

Liquidity risk

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

incurring unacceptable losses or risking damage to the Company's reputation.

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

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

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

31 December 2023	Within 1 year SR	1 to 5 years SR	More than 5 years SR	Total SR
Term loans	556,896,532	568,735,061	–	1,125,631,593
Car dealership' payable	79,922,018	–	–	79,922,018
Other current liabilities	63,752,399	–	–	63,752,399
Lease liabilities	75,483,326	37,247,173	11,393,630	124,124,129
Accounts payable	45,041,443	–	–	45,041,443
	821,095,718	605,982,234	11,393,630	1,438,471,582

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31 December 2022	Within 1 year SR	1 to 5 years SR	More than 5 years SR	Total SR
Term loans	442,155,580	455,185,280	–	897,340,860
Car dealership' payable	56,876,824	–	–	56,876,824
Other current liabilities	30,142,683	–	–	30,142,683
Lease liabilities	56,801,861	56,140,056	3,835,000	116,776,917
Accounts payable	29,735,448	–	–	29,735,448
	615,712,396	511,325,336	3,835,000	1,130,872,732

30. FINANCIAL ASSETS AND FINANCIAL LIABILITIES

30.1 Financial assets

	2023 SR	2022 SR
Financial assets at amortised cost:		
Bank balances and cash	52,011,938	100,092,690
Accounts receivable	229,096,887	189,363,995
Contract asset	8,257,013	10,499,399
Total financial assets	289,365,838	299,956,084

30.2 Financial liabilities

	Note	Maturity	2023 SR	2022 SR
Current interest-bearing liabilities				
Current portion of term loans	16	Less than 1 year	556,896,532	442,155,580
Current portion of lease obligation	7	Less than 1 year	63,562,949	53,848,293
Non-current interest-bearing liabilities				
Term loans	16	1 to 5 years	568,735,061	455,185,280
Lease obligation	7	1 to 10 years	41,777,226	53,707,128

Notes to the Financial Statements

31. CAPITAL MANAGEMENT

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

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

	2023 SR	2022 SR
Non-current portion of term loans	568,735,061	455,185,280
Non-current portion of lease obligation	41,777,226	53,707,128
Current portion of term loans	556,896,532	442,155,580
Current portion of lease obligation	63,562,949	53,848,293
	1,230,971,768	1,004,896,281
Equity	729,676,475	664,860,414
Gearing ratio	1.69	1.51

32. SEGMENTAL INFORMATION

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

31 December 2023	Short term lease SR	Long term lease SR	Car sales SR	Total SR
Revenue	509,720,580	354,099,611	271,573,976	1,135,394,167
Depreciation expense – motor vehicles	(147,246,022)	(134,817,354)	–	(282,063,376)
Segment profit	362,474,558	219,282,257	271,573,976	853,330,791

31 December 2022	Short term lease SR	Long term lease SR	Car sales SR	Total SR
Revenue	478,262,446	314,694,746	175,010,486	967,967,678
Depreciation expense – motor vehicles	(106,057,600)	(140,427,894)	–	(246,485,494)
Segment profit	372,204,846	174,266,852	175,010,486	721,482,184

Notes to the Financial Statements

Unallocated revenue and expenses:

	2023 SR	2022 SR
Segments profit	853,330,791	721,482,184
Cost of revenue	(494,465,703)	(369,620,129)
Selling and marketing expenses	(58,125,871)	(49,107,527)
General and administrative expenses	(54,371,658)	(43,552,679)
Provision for expected credit losses	(40,459,000)	(31,404,486)
Finance costs	(61,207,790)	(32,676,379)
Gain on derivative instrument at FVPL	–	480,196
Other income	6,857,247	8,145,514
Income before zakat	151,558,016	203,746,694

Detail of segment assets and liabilities:

31 December 2023	Allocated		Unallocated		Total SR
	Short term lease SR	Long term lease SR	Other SR		
Segment assets	597,362,872	964,822,157	676,642,057	2,238,827,086	
Segment liabilities	–	–	1,509,150,611	1,509,150,611	

31 December 2022	Allocated		Unallocated		Total SR
	Short term Lease SR	Long term Lease SR	Other SR		
Segment assets	503,995,133	710,916,365	651,301,988	1,866,213,486	
Segment liabilities	–	–	1,201,353,072	1,201,353,072	

Other disclosures:

31 December 2023	Allocated		Unallocated		Total SR
	Short term Lease SR	Long term Lease SR	Other SR		
Capital expenditures	338,540,357	503,613,716	10,814,171	852,968,244	

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

Notes to the Financial Statements

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

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

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

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

33. DIVIDENDS

The Company's Board of Directors approved, in their meeting held on 29 March 2023, to distribute interim cash dividends of SR 0.59 per share totaling to SR 25,370,000. The above-mentioned interim dividends have been distributed to the shareholders on 13 April 2023.

The Company's Board of Directors approved, in their meeting held on 1 June 2023, to distribute interim cash dividends of SR 0.49 per share totaling to SR 21,070,000. The above-mentioned interim dividends were distributed to the shareholders on 13 June 2023.

The Company's Board of Directors approved, in their meeting held on 10 August 2023, to distribute interim cash dividends of SR 0.34 per share totaling to SR 14,620,000. The above-mentioned interim dividends have been distributed to the shareholders on 23 August 2023.

The Company's Board of Directors approved, in their meeting held on 7 November 2023, to distribute interim cash dividends of SR 0.40 per share totaling to SR 17,200,000. The above-mentioned interim dividends have been distributed to the shareholders on 28 November 2023.

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

The Company's Board of Directors approved, in their meeting held on 7 June 2022, to distribute interim cash dividends of SR 0.49 per share totaling to SR 21,070,000. The above-mentioned interim dividends were distributed to the shareholders on 6 July 2022.

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

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

Notes to the Financial Statements

34. CHANGES IN LIABILITIES ARISING FROM FINANCING ACTIVITIES

Changes in liabilities arising from financing activities:

	1 January 2022 SR	Cash flows SR	New leases SR	Others SR	31 December 2023 SR
Current portion of term loans	442,155,580	114,740,952	–	–	556,896,532
Lease liabilities	107,555,421	(46,841,136)	39,127,173	5,498,717	105,340,175
Non-current portion of term loans	455,185,280	113,549,781	–	–	568,735,061
Total	1,004,896,281	181,449,597	39,127,173	5,498,717	1,230,971,768

	1 January 2021 SR	Cash flows SR	New leases SR	Others SR	31 December 2022 SR
Current portion of term loans	326,628,922	115,526,658	–	–	442,155,580
Lease liabilities	109,042,096	(49,756,746)	43,927,271	4,342,800	107,555,421
Non-current portion of term loans	288,172,502	167,012,778	–	–	455,185,280
Total	723,843,520	232,782,690	43,927,271	4,342,800	1,004,896,281

35. DERIVATIVES NOT DESIGNED AS HEDGING INSTRUMENTS

The Company was engaged in interest rate swap agreement with a local bank which was matured at 2 March 2022. Derivative not designed as hedging instruments. The change in fair value of those commission rates that are not designed in hedge relationships, but are, nevertheless, intended to reduce the level of commission rate risk. As at 31 December 2023, gain on derivative instrument at FVTPL amounted to SR nil (31 December 2022: SR 480,196).

The fair value hierarchy for derivatives not designated as hedging instruments for disclosure purpose is Companied in level 2, with significant inputs being directly or indirectly observable.

Notes to the Financial Statements

36. COMPANY BRANCHES

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

Branch	Commercial registration	License No.	Date of commercial registration
Central region			
Altaawon	1010311975	14/00004212	4/8/1432 H (corresponding 5/6/2011)
Alswaidi	1010187020	14/00004223	30/3/1424 H (corresponding 31/5/2003)
Alshefa	1010359247	14/00004224	16/2/1434 H (corresponding 29/12/2012)
Al-Yasmin	1010396199	14/00004237	23/1/1435 H (corresponding 26/11/2013)
Riyadh Showroom, AlRawdah	1010378245	10102000200	27/7/1434 H (corresponding 6/6/2013)
Al Musanada	1010378245	14/0000222	27/7/1434 H (corresponding 6/6/2013)
Al-Malaz	1010224758	14/00004220	22/10/1427 H (corresponding 13/11/2006)
Um Alhamam	1010181670	14/00004221	15/8/1423 H (corresponding 21/10/2002)
King Khalid Airport Terminal 1	1010150661	14/00005459	12/4/1419 H (corresponding 5/8/1998)
King Khalid Airport Terminal 5	1010150661	14/00004578	12/4/1419 H (corresponding 5/8/1998)
Car Sales	1010177560	–	23/3/1423 H (corresponding 4/6/2002)
Maintenance Center	1010388439	–	12/11/1434 H (corresponding 18/9/2013)
Real Estate Records	1010317696	–	10/11/1432 H (corresponding 8/10/2011)
Buraida	1131051994	14/00006564	12/5/1435H (corresponding 13/03/2014)
Buraida Airport	1131051994	14/00005030	12/5/1435H (corresponding 13/03/2014)
Buraida Airport – International	1131051994	14/00005030	12/5/1435H (corresponding 13/03/2014)
Al Qadisyah	1010758112	–	12/4/1443H (corresponding 18/11/2021)
Korinch Hail	3350139352	14/00006656	4/7/1439 H (corresponding 21/3/2018)
Hail Airport	3350139352	80102000201	4/7/1439 H (corresponding 21/3/2018)
Al Aroubah	1010930285	14/00004238	13/4/1439 H (corresponding 31/12/2017)
Al Yarmouk	1010451029	14/00004239	15/9/1439 H (corresponding to 29/5/2018)
Wadi Lanan	1010598941	14/00001917	15/02/1441H (corresponding to 15/10/2019)
Buses	1010604548	–	22/03/1441H (corresponding to 20/11/2019)
Operating and Maintenance	1010610736	–	25/11/1438H (corresponding to 18/8/2017)
Car Maintenance	1010428416	–	8/2/1436H (corresponding to 1/12/2014)
Leath company for rent Car	1010215369	–	4/12/1426H (corresponding to 4/1/2006)
Twaiq New branch	1010150661	14/00008289	12/4/1419 H (corresponding 5/8/1998)
North Industrial New branch	1010150661	14/00007031	12/4/1419 H (corresponding 5/8/1998)
Al Sulay	1010150661	14/00006294	12/4/1419 H (corresponding 5/8/1998)

Notes to the Financial Statements

Branch	Commercial registration	License No.	Date of commercial registration
Western region			
Al Tahlia New Branch	4030127038	under process	29/1/1420 H (corresponding 15/5/1999)
Albughdadia	4030127038	14/00004447	29/1/1420 H (corresponding 15/5/1999)
Almadina road	4030127038	14/00004443	29/1/1420 H (corresponding 15/5/1999)
Al-Fayha	4030127038	14/00004446	29/1/1420 H (corresponding 15/5/1999)
Al-Samer	4030290391	14/00004445	23/1/1420 H (corresponding 9/5/1999)
Yanbu	4700017234	3022002000	15/3/1435 H (corresponding 16/1/2014)
Almadina Almonawara	4650050975	30102000201	4/3/1432 H (corresponding 7/2/2011)
Almadina Airport	4650050975	14/00002912	4/3/1432 H (corresponding 7/2/2011)
Al-Taif Airport	4032036164	20302000201	18/6/1434 H (corresponding 28/4/2013)
Al Amal	4030127038	14/00004444	29/1/1420H (corresponding 14/5/1999)
Makah Almurkumah branch	4031225251	14/00000537	25/7/1440H (corresponding 01/4/2019)
Altaif branch	4032235084	14/00001325	25/7/1440H (corresponding 01/4/2019)
Alual branch	4651102277	14/00000453	15/2/1441H (corresponding 15/10/2019)
Asfan Maintenance	4030403857	–	22/5/1442H (corresponding 6/1/2021)
Al-Hamdaniah	4030127038	14/00009006	29/1/1420 H (corresponding 15/5/1999)
Prince Majied Road	4030127038	14/00007944	29/1/1420 H (corresponding 15/5/1999)
King Abdulaziz Airport Terminal 1	4030127038	14/00004456	29/1/1420 H (corresponding 15/5/1999)
Eastern region			
Dammam	2050034970	20102000201	4/2/1420 H (corresponding 19/5/1999)
Al-Khobar	2051221149	14/00005781	26/7/1439 H (corresponding 12/4/2018)
Dammam Airport	2050034970	14/00004321	4/2/1420 H (corresponding 19/5/1999)
Al-Jubail	2055009774	14/00003491	15/9/1429 H (corresponding 15/9/2008)
Al-Jubail Royal Commission	2050034970	51302000201	4/2/1420 H (corresponding 19/5/1999)
Alihasa, Alkhaldia	2251040741	50202000201	22/11/1431 H (corresponding 30/10/2010)
Al Kair Maintenance	2050148928	–	12/2/1443H (corresponding 20/9/2021)
Alihsa, Almubaraz	2031100133	14/00004346	25/10/1439 H (corresponding 9/7/2018)
Al Raka	2050034970	14/00004067	4/2/1420 H (corresponding 19/5/1999)
Azizia Khubar	2050034970	14/00004319	4/2/1420 H (corresponding 19/5/1999)
Al Qatif New branch	2050034970	14/00008511	4/2/1420 H (corresponding 19/5/1999)

Notes to the Financial Statements

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

37. EVENTS AFTER THE REPORTING PERIOD

In the opinion of management, no significant subsequent events have occurred subsequent to 31 December 2023 that would require disclosures or adjustments in these financial statements.

38. COMPARATIVE FIGURES

Certain prior year amounts have been reclassified to conform to the presentation in the current year.

These items were reclassified as follows:

	As previously stated SR	Reclassification SR	After reclassification SR
Cost of revenue	612,847,715	3,257,908	616,105,623
General and Administrative expense	46,810,587	(3,257,908)	43,552,679

39. APPROVAL OF THE FINANCIAL STATEMENTS

These financial statements were authorized for issue on 03 Ramadhan 1445H (corresponding 13 March 2024) by the Board of Directors of the Company.

About this Report



Theeb Rent a Cars Annual Report for 2023 clearly mirrors the company's ethical journey towards improvement and progression. The intent behind publishing an annual report each year is to maintain transparency in the company's Financial Statements, reports, strategies, governance, values, and performance over a certain period, to its stakeholders. This would enable more effective communication between stakeholders and the management team.

REPORT BOUNDARY AND REPORTING PERIOD

Consisting of information and details taken from the 1st of January 2023 to the 31st of December 2023, this report elaborates on Theeb's performances and operations. Revolving around progressive directives, the report can be accessed in both English and Arabic, allowing for a wider stakeholder reach.

COMPLIANCE

The report adheres to the injunctions, rules and regulations implemented by the Saudi Government, the Ministry of commerce, the Capital Market Authority, along with other relevant regulatory agencies, and authorities related to applicable standards.

FINANCIAL STATEMENTS

The Financial Statements are prepared in accordance with the International Financial Reporting Standards (IFRSs), which are applicable within the Kingdom of Saudi Arabia and adhere to additional standards and regulations of the Saudi Organization for Chartered and Professional Accountants ("SOCPA").

Corporate Information

NAME

Theeb Rent a Car Company

COMMERCIAL REGISTRATION NO.

1010150661

REGISTERED LOGO



LEGAL FORM

A Saudi Joint Stock Company pursuant to Ministerial Resolution No. 305/S, dated 11/10/1431H (20 September 2010)

STOCK EXCHANGE LISTING

The shares of Theeb Rent a Car Company are listed on the Saudi Stock Exchange (Tadawul).

STOCK CODE: 4261

AUDITORS

Ernst & Young & Co

HEAD OFFICE

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