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Lumi Rental Company Prospectus

Offering Period: One (1) day

Tuesday 26/02/1445H
(corresponding to 12/09/2023G)

Lumi Rental Company Prospectus

A Saudi closed joint stock company pursuant to Ministry of Commerce Resolution No. 228, dated 9 Rajab 1442H (corresponding to 21 February 2021G), and with commercial registration No. 1010228226, dated 23 Muharram 1428H (corresponding to 10 February 2007G).

Offering of sixteen million and five hundred thousand (16,500,000) ordinary shares representing thirty per cent. (30%) of the share capital of Lumi Rental Company through an initial public offering at an offer price of [•] Saudi Arabian Riyals (SAR [•]) per Share.

Lumi Rental Company (hereinafter referred to as the "**Company**" or "**Issuer**") is a Saudi closed joint stock company incorporated by virtue of Ministry of Commerce Resolution No. 228, dated 9 Rajab 1442H (corresponding to 21 February 2021G), and registered under Commercial Registration No. 1010228226, dated 23 Muharram 1428H (corresponding to 10 February 2007G) issued in Riyadh, Kingdom of Saudi Arabia (the "**Kingdom**"). The Company's head and registered office is located in Imam Saud bin Abdulaziz bin Muhammad Road, Al Taawun District, P.O. Box 6477, Riyadh 12476, Kingdom of Saudi Arabia. As of the date of this Prospectus, the share capital of the Company is five hundred and fifty million Saudi Arabian Riyals (SAR 550,000,000), divided into fifty-five million (55,000,000) ordinary shares, with a fully paid nominal value of ten Saudi Arabian Riyals (SAR 10) per share (the "**Shares**").

The Company started its operations as a branch of a sole establishment with the name "Al Tayyar Establishment for Car Rentals" owned by Nasser Aqeel Abdullah Al Tayyar. On 14 Shawwal 1427H (corresponding to 5 November 2006G), the establishment branch was converted to a limited liability company with the name "Al Tayyar for Car Rentals Limited" and registered under Commercial Registration No. 1010228226, dated 23 Muharram 1428H (corresponding to 10 February 2007G) with a capital of one million Saudi Arabian Riyals (SAR 1,000,000), divided into one thousand (1,000) shares with a nominal value of one thousand Saudi Arabian Riyals (SAR 1,000) per share, whereby fifty per cent. of such shares were held by Al Tayyar Real Estate Development and Investment Company and fifty per cent. of the shares were held by Nasser Aqeel Abdullah Al Tayyar. Pursuant to the Shareholders' Resolution dated 15 Ramadan 1430H (corresponding to 5 September 2009G), the capital of the Company was increased from one million Saudi Arabian Riyals (SAR 1,000,000) divided into one thousand (1,000) shares with a nominal value of one thousand Saudi Arabian Riyals (SAR 1,000) per share to fifteen million Saudi Arabian Riyals (SAR 15,000,000) divided into fifteen thousand (15,000) shares with a nominal value of one thousand Saudi Arabian Riyals (SAR 1,000) per share through the capitalisation of fourteen million Saudi Arabian Riyals (SAR 14,000,000) from the shareholders' account. Pursuant to the Shareholders of Saudi Transportation United Company Resolution dated 21 Jumada al-Ula 1436H (corresponding to 12 March 2015G), the Company acquired ninety per cent. (90%) of Saudi Transportation United Company Ltd. On 25 Jumada al-Ula 1440H (corresponding to 31 January 2019G), the Shareholders in the Company decided to merge the Saudi Company Transportation United Company. On 4 Sha'ban 1440H (corresponding to 9 April 2019G), the Company changed its name from "Al Tayyar for Car Rentals Limited" to "Lumi Rental Company". Pursuant to the Shareholders' Resolution dated 25 Muharram 1442H (corresponding to 13 September 2020G), the Company was converted from a limited liability company to a closed joint stock company and its capital was increased from fifteen million Saudi Arabian Riyals (SAR 15,000,000) divided into fifteen thousand (15,000) shares with a nominal value of one thousand Saudi Arabian Riyals (SAR 1,000) per share, to five hundred and fifty million Saudi Arabian Riyals (SAR 550,000,000) divided into fifty-five million (55,000,000) ordinary shares, with a fully paid nominal value of ten Saudi Arabian Riyals (SAR 10) per share, through the capitalization of five hundred and thirty-five million Saudi Arabian Riyals (SAR 535,000,000) from retained earnings and the additional capital account. For further details, see Section 4.2 (*Corporate History and Evolution of Capital*).

As the date of this Prospectus, the Company's share capital is five hundred and fifty million Saudi Arabian Riyals (SAR 550,000,000), divided into fifty-five million (55,000,000) ordinary Shares with a fully paid nominal value of ten Saudi Arabian Riyals (SAR 10) per Share.

The initial public offering of the Company's Shares (the "**Offering**") will consist of sixteen million and five hundred thousand (16,500,000) Shares (collectively, the "**Offer Shares**" and each an "**Offer Share**)". The Offering price will be [●] Saudi Arabian Riyals (SAR [●]) per Offer Share (the "**Offer Price**"), with each Offer Share carrying a fully paid nominal value of ten Saudi Arabian Riyals (SAR 10) per Offer Share. The Offer Shares represent thirty per cent. (30%) of the issued share capital of the Company.

The Offering shall be restricted to the following two groups of investors (collectively, the "**Investors**"):

Tranche (A) Participating Parties: Comprising the parties entitled to participate in the book-building process as specified under the Book-Building Instructions (as defined in Section 1 (*Definitions and Abbreviations*)). issued by the Capital Market Authority (the "**CMA**") (collectively referred to as the "**Participating Parties**" and each a "**Participating Party**") (for further details, see Section 1 (*Definitions and Abbreviations*)). The number of Offer Shares to be provisionally allocated to the Participating Parties (collectively, the "**Participating Entities**" and each a "**Participating Entity**") is sixteen million and five hundred thousand (16,500,000) Offer Shares, representing one hundred per cent. (100%) of the Offer Shares. The final allocation will be made after the end of the Individual Investors' subscription (as defined in Tranche (B) below), using the discretionary allocation mechanism by the Financial Advisor (as defined in Section 1 (*Definitions and Abbreviations*)) in coordination with the Company. As a result, some of the Participating Entities may not be allocated any Offer Shares. The Financial Advisor shall have the right, if there is sufficient demand by Individual Investors and in coordination with the Company, to reduce the number of Offer Shares allocated to Participating Entities to fourteen million, eight hundred and fifty thousand (14,850,000) Offer Shares, representing ninety per cent. (90%) of the Offer Shares.

Tranche (B) Individual Investors: Comprising Saudi Arabian natural persons, including any Saudi female divorcee or widow with minor children from a marriage to a non-Saudi person who can subscribe for her own benefit or in the names of her minor children, on the condition that she proves that she is a divorcee or widow and the mother of her minor Saudi Arabian children, as well as any non-Saudi natural persons resident in the Kingdom or GCC natural persons, in each case who have a bank account with a Receiving Agent and the right to open an investment account with a Capital Market Institution (the "**Individual Investors**" and each an "**Individual Investor**", and any such Individual Investor participating in the Offering together with the Participating Entities, the "**Subscribers**"). A subscription for Offer Shares made by a person in the name of his divorced wife shall be deemed invalid and the applicant shall be subject to the sanctions prescribed by law. If a duplicate subscription is made, the second subscription will be considered void and only the first subscription will be accepted. A maximum of one million, six hundred and fifty thousand (1,650,000) Offer Shares representing ten per cent. (10%) of the total Offer Shares shall be allocated to Individual Investors. If the Individual Investors do not subscribe in full to the Offer Shares allocated to them, the Financial Advisor may in coordination with the Company reduce the number of Offer Shares allocated to Individual Investors in proportion to the number of Offer Shares subscribed by them.

Prior to the Offering, the Company's current shareholder (Seera Group Holding) owns all the Shares of the Company. The Selling Shareholder will sell the Offer Shares in accordance with Table 5.1 (*Direct Ownership Structure of the Company Pre- and Post-Offering*)). Upon completion of the Offering, the Selling Shareholder will own seventy per cent. (70%) of the Shares and will consequently retain a controlling interest in the Company. After deducting the Offering expenses from the Offering proceeds (the "**Offering Proceeds**"), the resulting net Offering Proceeds (the "**Net Offering Proceeds**") will, be paid to the Selling Shareholder on a pro-rata basis according to the number of Shares owned by each Selling Shareholder. The Company will not receive any part of the Offering Proceeds (for further details, see Section 8 (*Use of Proceeds*)). The Offering is fully underwritten by the Underwriter (for further details, see Section 13 (*Underwriting*)). The Substantial Shareholder will be subject to a lock-up period during which it will be prohibited from selling its Shares for a period of six (6) months from the date of commencement of trading of the Company's Shares on the Saudi Exchange ("**Tadawul**" or the "**Exchange**") (the "**Lock-up Period**") as specified on page (xi). Table 2 (*The Substantial Shareholder and Its Ownership in the Company Pre- and Post-Offering*) sets out its holding in the Company's capital, Following the end of the Lock-up Period, the Substantial Shareholder may dispose of its Shares.

The Offering for Individual Investors will commence on Tuesday 26/02/1445H (corresponding to 12/09/2023G) and will remain open for a period of one (1) day (the "**Offering Period**"). Subscription to the Offer Shares by the Individual Investors can be made through certain branches of the receiving agents (the "**Receiving Agents**") listed on page (ix) during the Offering Period or through the internet, telephone banking, ATMs, or other electronic channels offered by the Receiving Agents to their clients (for further details, see Section 17 (*Subscription Terms and Conditions*)). Participating Entities can bid for the Offer Shares through the Bookrunner within the book-building period before the Shares are offered to the Individual Investors.

Each Individual Investor who subscribes to the Offer Shares must apply for a minimum of ten (10) Offer Shares. The maximum number of Offer Shares that can be subscribed to is two hundred and fifty thousand (250,000) Offer Shares. The minimum number of allocated Offer Shares will be ten (10) Offer Shares per Individual Investor, and the balance of the Offer Shares, if any, will be allocated pro rata based on the number of Offer Shares applied for by each Individual Investor. If the number of Individual Investors exceeds one hundred and sixty-five thousand (165,000), the Company will not guarantee the minimum allocation. The Offer Shares will be allocated at the discretion of the Financial Advisor in coordination with the Company. Excess subscription monies, if any, will be refunded to the Individual Investors without any charge or withholding by the relevant Receiving Agents. The final allocation shall be announced no later than Thursday 05/03/1445H (corresponding to 21/09/2023G) and any excess subscription monies will be refunded no later than Thursday 05/03/1445H (corresponding to 21/09/2023G) (for further details, see "*Key Dates and Subscription Procedures*" on page (xv) and Section 17 (*Subscription Terms and Conditions*)).

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

Prior to the Offering, there has been no public market for the Shares in the Kingdom or elsewhere. The Company has submitted an application for the registration and offer of the Shares to the CMA, and an application for listing of the Shares on the Exchange. This Prospectus has been approved and all required documents have been submitted to the relevant authorities. All requirements have been met and all relevant regulatory and corporate approvals for the Offering have been obtained. It is expected that trading in the Shares will commence on the Exchange shortly after the final allocation of the Offer Shares and the satisfaction of necessary conditions and procedures (for further details, see "*Key Dates and Subscription Procedures*" on page (xv)). Saudi natural persons, non-Saudi natural persons holding valid residence permits in the Kingdom, companies, banks and investment funds established in the Kingdom or in countries of the Cooperation Council for the Arab States of the Gulf (the "**GCC**"), as well as GCC natural persons, will be permitted to trade in the Shares after their trading starts on the Exchange. Moreover, Qualified Foreign Investors and Strategic Foreign Investors will be permitted to trade in the Shares in accordance with the Rules for Foreign Investment in Securities (all as defined in Section 1 (*Definitions and Abbreviations*)). Furthermore, non-GCC natural persons who are not residents in the Kingdom and non-GCC institutions incorporated outside the Kingdom (collectively, the "**Foreign Investors**" and each a "**Foreign Investor**") will be permitted to make indirect investments to acquire an economic interest in the Shares by entering into a swap agreement with a capital market institution licenced by the CMA to acquire, hold and trade the Shares on the Exchange on behalf of a Foreign Investor (the "**Capital Market Institution**"). Under such swap agreements, the Capital Market Institution will be the registered legal owner of such Shares. Moreover, other Foreign Investors which are clients of a Capital Market Institution authorised by the CMA to conduct managing activities will be permitted to trade in the Shares in accordance with the Rules for Foreign Investment in Securities, provided that the Capital Market Institution has been appointed on conditions that enable it to make all investment decisions on the client behalf without obtaining prior approval from the client.

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

Financial Advisor, Lead Manager, Bookrunner and Underwriter

Bookrunner

Receiving Agents

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

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

This Prospectus is dated 7 Ramadan 1444H (corresponding to 29 March 2023G).

This Red Herring prospectus will be made available to Participating Parties participating in the Book-building process, and does not include the Offer Price. The final version of this Prospectus which will include the Offer Price shall be published after the completion of the Book-building process and the determination of the Offer Price.

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Important Notice

This Prospectus contains detailed and accurate information related to the Company and the Offer Shares. When submitting an application for the Offer Shares, institutional and individual investors will be treated as applying solely on the basis of the information contained in this Prospectus, which is available at the websites of the Company (www.lumirental.com), the CMA (www.cma.org.sa), the Exchange (www.saudiexchange.sa), or the Financial Advisor (www.sfc.sa).

With respect to the Offering of shares for public subscription, Saudi Fransi Capital has been appointed by the Company as the financial advisor (the "**Financial Advisor**"), the lead manager (the "**Lead Manager**"), the underwriter (the "**Underwriter**") and the Company has appointed Saudi Fransi Capital and EFG Hermes KSA as the bookrunners (the "**Bookrunner**").

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

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

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

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

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

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

Tranche (B): Individual Investors comprising Saudi Arabian natural persons, including any Saudi female divorcee or widow with minor children from a marriage to a non-Saudi person who can subscribe for her own benefit or in the names of her minor children, on the condition that she proves that she is a divorcee or widow and the mother of her minor Saudi Arabian children, as well as any non-Saudi natural persons resident in the Kingdom or GCC natural persons, in each case who have a bank account with a Receiving Agent and the right to open an investment account with a Capital Market Institution. A subscription for Offer Shares made by a person in the name of his divorced wife shall be deemed invalid and the applicant shall be subject to the sanctions prescribed by law. If a duplicate subscription is made, the second subscription will be considered void and only the first subscription will be accepted. For further details, see section 17 (*Subscription Terms and Conditions*).

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

Market and Industry Data

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

In particular, unless otherwise specifically stated, the information in Section 3 (*Market Overview*) is derived from the market study report (the "**Market Report**") dated 18 Thul-Qi'dah 1443H (corresponding to 17 July 2022G) prepared by Arthur D. Little Saudi Arabia (the "**Market Consultant**") exclusively for the Company. The Marker Consultant is an independent third-party provider of consulting services related to strategic market research. For further details about the Market Consultant, visit its website (www.adlittle.com.sa).

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

Neither the Market Consultant, nor any of its subsidiaries, affiliates, partners, shareholders, directors, managers or their relatives, own any shares or any interest of any kind in the Company. As of the date of this Prospectus, the Market Consultant has given, and not withdrawn, its written consent to the use of its name, logo, statement and the market information and data supplied by it to the Company in the manner and format set out in this Prospectus.

The information provided in Section 3 (*Market Overview*) by the Market Consultant is based on primary and secondary information available internally or in the public domain and should be read in conjunction with the same. Quantitative market information was sourced from interviews by way of primary research, and therefore, the information is subject to change due to possible changes in the business and industry climate. Market estimates and assumptions are based on varying levels of quantitative and qualitative analyses, and actual results and future events could differ materially from such estimates, predictions or statements.

In its role as market consultant, the Market Consultant is only providing market research; the information provided by it from public data sources is not to be construed as investment, legal or any other type of advice about the Company.

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

Financial and Statistical Information

The Company's audited financial statements for the financial years ended 31 December 2019G, 2020G and 2021G, and the unaudited interim financial statements for the nine-month period ended 30 September 2022G were prepared in accordance with International Financial Reporting Standards ("**IFRS**") as endorsed in the Kingdom and other standards and pronouncements issued by the Saudi Organization for Chartered and Professional Accountants ("**SOCPA**"). The financial statements for the financial years ended 31 December 2019G and 2020G were audited by Dr. Mohamed Al-Amri & Co., while the audited financial statements for the financial year ended 31 December 2021G and the unaudited interim financial statements for the nine-month period ended 30 September 2022G were audited by KPMG Professional Services, (Dr. Mohamed Al-Amri & Co. and KPMG Professional Services are hereafter referred to as the "**Auditors**"). Such financial statements are contained in Section 19 (*Financial Statements and Auditors' Report*). The Company prepares its financial statements in Saudi Arabian Riyals. The financial information for the nine-month period ended 30 September 2021G was extracted from comparative figures for 2021G contained in the unaudited interim financial statements for the nine-month period 30 September 2022G.

The financial and statistical information contained in this Prospectus is rounded off to the nearest integer or for the first decimal point, where applicable. Accordingly, where numbers have been rounded up or down, there may be minor differences between the figures set out in this Prospectus and the audited financial statements, and certain financial amounts presented in this Prospectus may not correspond to the financial information included elsewhere in this Prospectus or may not add up.

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

Forecasts and Forward-Looking Statements

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

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

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

Definitions and Abbreviations

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

Corporate Directory

Company's Board of Directors

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

Table 1: Company's Board of Directors[1]

				Direct Share Ownership		Indirect Share Ownership[2]		Date of Appointment
Name	**Position**	**Nationality**	**Status and Independence**	**Pre-Offering**	**Post-Offering**	**Pre-Offering**	**Post-Offering**	
Mohammed Saleh Hassan Alkhalil (3)	Chairman of the Board of Directors	Saudi	Non-Executive	-	-	0.280874%	0.19661272%	12 Thul-Qi'dah 1444H (corresponding to 1 June 2023G)
Ahmed Samer Hamdi Saadeddin Alzaim (4) (5) (6)	Vice Chairman of the Board of Directors	Saudi	Non-Executive	-	-	0.161173%	0.112820%	29 Thul-Qi'dah 1444H (corresponding to 18 June 2023G)
Ibrahim Abdulaziz Ibrahim Alrashed (7)	Member of the Board of Directors	Saudi	Non-Executive	-	-	0.0004667%	0.00032669%	12 Thul-Qi'dah 1444H (corresponding to 1 June 2023G)
Abdullah Nasser Abdullah Aldaoud (8)	Member of the Board of Directors	Saudi	Non-Executive	-	-	0.0007773%	0.00054411%	12 Thul-Qi'dah 1444H (corresponding to 1 June 2023G)
Sulaiman Nasser Jebran Alhatlan Alqahtani	Member of the Board of Directors	Saudi	Independent	-	-	-	-	12 Thul-Qi'dah 1444H (corresponding to 1 June 2023G)
Yasser Abdulaziz Mohammed Alkadi	Member of the Board of Directors	Saudi	Independent	-	-	-	-	29 Thul-Qi'dah 1444H (corresponding to 18 June 2023G)
Khaled Mohammed Abu Bakr Al-Amoudi	Member of the Board of Directors	Saudi	Independent	-	-	-	-	12 Thul-Qi'dah 1444H (corresponding to 1 June 2023G)

Source: The Company.

(1) Between the date of the CMA's approval of the Offering and the publication of this Prospectus, the Board and the Committees underwent notable changes in its composition, as is further discussed in Section 5.2.1 (*Composition of the Board of Directors*) and Section 5.3 (*Company Committees*).

(2) For further details on the Company's ultimate individual owners and their indirect ownership percentages in the Company, see Section 4.3 (*Current Shareholding Structure*) in this Prospectus.

(3) As of the date of this Prospectus, Mohammed Saleh Hassan Alkhalil directly owns 0.280874 per cent. in Seera Group Holding (the single shareholder of the Company). As a result, he indirectly owns approximately 154,481 shares in the Company.

(4) As of the date of this Prospectus, Ahmed Samer Hamdi Saadeddin Alzaim directly and indirectly owns 0.161173 per cent. in Seera Group Holding (the single shareholder of the Company). As a result, he indirectly owns approximately 88,645 shares in the Company.

(5) As of the date of this Prospectus, Ahmed Samer Hamdi Saadeddin Alzaim's wife directly owns 0.035003 per cent. in Seera Group Holding (the single shareholder of the Company). As a result, she indirectly owns approximately 19,252 shares in the Company.

(6) As of the date of this Prospectus, Ahmed Samer Hamdi Saadeddin Alzaim's mother directly and indirectly owns 0.096678 per cent. in Seera Group Holding (the single shareholder of the Company). As a result, she indirectly owns approximately 53,173 shares in the Company.

(7) As of the date of this Prospectus, Ibrahim Abdulaziz Ibrahim Alrashed directly owns 0.0004667 per cent. in Seera Group Holding (the single shareholder of the Company). As a result, he indirectly owns approximately 257 shares in the Company.

(8) As of the date of this Prospectus, Abdullah Nasser Abdullah Aldaoud directly owns 0.0007773 per cent. in Seera Group Holding (the single shareholder of the Company). As a result, he indirectly owns approximately 428 shares in the Company.

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Company’s Registered Address, Representatives, Board Secretary

Company

Lumi Rental Company
Imam Saud bin Abdulaziz bin Muhammad Street, Al Taawun District
P.O. Box 6477, Riyadh 12476
Kingdom of Saudi Arabia
Tel: + 966 (11) 479 2929
Website: www.lumirental.com
E-mail: info@lumirental.com

Company’s Representatives

Ibrahim Abdulaziz Ibrahim Alrashed
Member of the Board of Directors
Imam Saud bin Abdulaziz bin Muhammad Street, Al Taawun District
P.O. Box 6477, Riyadh 12476
Kingdom of Saudi Arabia
Tel: +966 (11) 290 9414
Website: www.lumirental.com
E-mail: ialrashed@lumirental.com

Reem Abdulaziz Abdulrahman Al-Daej
Head of the Legal Department
Imam Saud bin Abdulaziz bin Muhammad Street, Al Taawun District
P.O. Box 6477, Riyadh 12476
Kingdom of Saudi Arabia
Tel: +966 (11) 290 9290
Website: www.lumirental.com
E-mail: reem.aldaej@lumirental.com

Secretary of the Board of Directors

Reem Abdulaziz Abdulrahman Al-Daej
Secretary of the Board of Directors
Imam Saud bin Abdulaziz bin Muhammad Street, Al Taawun District
P.O. Box 6477, Riyadh 12476
Kingdom of Saudi Arabia
Tel: +966 (11) 290 9290
Website: www.lumirental.com
E-mail: reem.aldaej@lumirental.com

Stock Exchange

Saudi Exchange (Tadawul)
Tawuniya Towers, Northern Tower
King Fahad Road, Al Olaya 6897
Unit No. 15
Riyadh 12211-3388
Kingdom of Saudi Arabia
Tel: + 966 92 000 1919
Fax: + 966 (11) 218 9133
Website: www.saudiexchange.sa
E-mail: csc@saudiexchange.sa

Share Register	
Securities Depository Center Company (Edaa) Tawuniya Towers King Fahad Road, Al Olaya 6897 Unit No. 11 Riyadh 12211- 3388 Kingdom of Saudi Arabia Tel: + 966 92 002 6000 Website: www.edaa.com.sa E-mail: cc@edaa.com.sa	ايداع Edaa من مجموعة تداول السعودية From Saudi Tadawul Group

Advisors

Financial Advisor, Lead Manager, Bookrunner and Underwriter

Saudi Fransi Capital
King Fahad Road – 8092
P.O. Box 23454, Riyadh 12313-3735
Kingdom of Saudi Arabia
Tel: +966 (11) 282 6666
Fax: +966 (11) 282 6823
Website: www.sfc.sa
E-mail: lumi.IPO@fransicapital.com.sa

Bookrunner

EFG Hermes KSA
Third floor, Northern Tower
Sky Tower, King Fahd Road, Olaya, Riyadh
Kingdom of Saudi Arabia
Tel: + 966 (11) 293 8048
Fax: + 966 (11) 293 8032
Website: www.efghermesksa.com
Email: EFG_Hermes_IPO@efg-hermes.com

Legal Advisor

Zeyad Yousef AlSalloum and Yazeed Abdulrahman AlToaimi Company for Legal Services and Consultation
Sky Towers, North Tower, 2nd Floor
8899, King Fahd Road, Al Olaya
P.O. Box 230020, Riyadh 11321
Kingdom of Saudi Arabia
Tel: +966 (11) 272 0003
Fax: +966 (11) 237 0005
Website: www.statlawksa.com
E-mail: capitalmarkets@statlawksa.com

Financial Due Diligence Advisor

PricewaterhouseCoopers Professional Services
Kingdom Tower, twenty-first floor, King Fahd Road
P.O. Box 8282, Riyadh 11482
Kingdom of Saudi Arabia
Tel: +966 (11) 211 0400
Fax: +966 (11) 211 0250
Website: www.pwc.com
E-mail: project.value@pwc.com

Market Consultant

Arthur D. Little Saudi Arabia
Office 502, fifth floor, Entrance D
P.O Box 305005, Riyadh 11361
Kingdom of Saudi Arabia
Tel: +966 (11) 293 0023
Fax: +966 (11) 293 0490
Website: www.adlittle.com.sa
E-mail: gm_ksa@adlittle.com

Company's Auditors for the Year 2019G and 2020G

Dr. Mohamed Al-Amri & Co.
Al Sulaimi Commercial Centre
Prince Mohammed Bin Fahd Road
P.O Box 7676
Dammam 32451 - 4120
Kingdom of Saudi Arabia
Tel: +966 (13) 8344311
Fax: +966 (13) 8338553
Website: www.alamri.com
E-mail: info@bdoalamri.com

The Company's Auditors
For the Financial Year Ended 31 December 2021G and for the Nine-Month Period Ended 30 September 2022G

KPMG Professional Services
Riyadh Front, Airport Road
P.O Box. 92876
Riyadh, 11663
Kingdom of Saudi Arabia
Tel: +966 (11) 8748500
Fax: +966 (11) 8748600
Website: www.kpmg.com/sa
Email: marketingsa@kpmg.com

Note: All of the above-mentioned Advisors and Auditors have given and, as of the date of this Prospectus, have not withdrawn their written consent to the inclusion of their respective names, addresses, logos and statements attributed to each of them in the context in which they appear in this Prospectus, and neither they, nor their employees (forming part of the engagement team serving the Company), nor any of their employees' relatives have any shareholding or interest of any kind in the Company as of the date of this Prospectus which would impair their independence.

Receiving Agents

Banque Saudi Fransi
King Saud Road
P.O Box 56006
Riyadh
Kingdom of Saudi Arabia
Tel: +966 (92) 0000579
Fax: +966 (11) 4027261
Website: www.alfransi.com.sa
E-mail: Fransiplusadmin@alfransi.com.sa

Saudi National Bank
King Fahad Road, Al Aqiq, King Abdullah Financial District
P.O Box 3208
Riyadh
Kingdom of Saudi Arabia
Tel: +966 (92) 0001000
Fax: +966 (11) 4060052
Website: www.alahli.com
E-mail: contactus@alahli.com

Riyad Bank
Eastern Ring Road, Al Shuhada Distric
P.O. Box: 22622
Riyadh 11614
Kingdom of Saudi Arabia
Tel: +966 (11) 401 3030
Fax: +966 (11) 403 0016
Website: www.riyadbank.com
E-mail: customercare@riyadbank.com

Offering Summary

This Offering Summary is intended to provide a brief overview of the information contained in this Prospectus. As such, it does not contain all of the information that may be important to prospective investors. Accordingly, this summary should be read as an introduction to this Prospectus, and prospective investors should read this entire Prospectus in full. Any decision to invest in the Offer Shares by prospective investors should be based on a consideration of this Prospectus as a whole.

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

Company Name, Description and Establishment Information	Lumi Rental Company (hereinafter referred to as the "**Company**" or "**Issuer**") is a Saudi closed joint stock company established by Ministry of Commerce Resolution No. 228 dated 9 Rajab 1442H (corresponding to 21 February 2021G), registered under Commercial Register No. 1010228226 dated 23 January 1428H (corresponding to 10 February 2007G) issued in the city of Riyadh in the Kingdom of Saudi Arabia (the "Kingdom"). The Company's headquarters and registered office are located on Imam Saud bin Abdulaziz bin Muhammad Road, Al-Ta'awon District, P.O. Box 6477, Riyadh 12476, Kingdom of Saudi Arabia. As of the date of this Prospectus, the Company's current capital amounts to five hundred and fifty million Saudi Arabian Riyals (SAR 550,000,000), divided into fifty-five million (55,000,000) ordinary shares with a fully paid nominal value of ten Saudi Arabian Riyals (10) per share ("Shares"). The Company started its business as a branch of a sole corporation, i.e., Al Tayyar Car Rental Corporation, owned by Nasser bin Aqeel bin Abdullah Al-Tayyar. On 14 Shawwal 1427H (corresponding to 5 November 2006G), the Corporation branch was transformed into a limited liability company with the name "Al Tayyar Rental Company" and was registered under Commercial Register No. 1010228226 dated 23 Muharram 1428H (corresponding to 10 February 2007G), with a capital of one million Saudi Arabian Riyals (SAR 1,000,000), divided into one thousand (1,000) cash shares with a nominal value of one thousand Saudi Arabian Riyals (SAR 1,000) per share, of which Al-Tayyar Real Estate Development and Investment Company owned 50% and Nasser bin Aqeel bin Abdullah Al-Tayyar owned 50%. In accordance with the Shareholders' resolution dated 15 Ramadan 1430H (corresponding to 5 September 2009G), the Company's capital was increased from one million (1,000,000) Saudi Arabian Riyals divided into one thousand (1,000) cash shares with a nominal value of one thousand Saudi Arabian Riyals (SAR1,000) per share, to fifteen million Saudi Arabian Riyals (SAR 15,000,000) divided into fifteen thousand (15,000) cash shares with a nominal value of one thousand Saudi Arabian Riyals (SAR 1,000) per share through the capitalization of fourteen million Saudi Arabian Riyals (SAR 14,000,000) from the Shareholders' account. In accordance with the decision of the partners of the Saudi United Transport Company on 21 Jumada al-Ula 1436H (corresponding to 12 March 2015G), the company acquired ninety per cent. (90%) of the Saudi United Transport Company. On 25 Jumada al-Ula 1440H (corresponding to 31 January 2019G), the Company's Shareholders decided to merge the Company with the Saudi United Transport Company. On 4 Sha'ban 1440H (corresponding to 9 April 2019G), the Company's name was changed from "Al-Tayyar Car Rental Corporation" to "Lumi Rental Company". According to the Shareholders' resolution dated 25 Muharram 1442H (corresponding to 13 September 2020G), the Company was converted from a limited liability company to a closed joint stock company, and the capital was increased from fifteen million Saudi Arabian Riyals (SAR 15,000,000) divided into fifteen thousand (15,000) Shares with a nominal value of one thousand Saudi Arabian Riyals (SAR 1,000) per share, to five hundred and fifty million Saudi Arabian Riyals (SAR 550,000,000) divided into fifty-five million (55,000,000) ordinary shares with a fully paid nominal value of ten Saudi Arabian Riyals (SAR 10) per one share through capitalization of five hundred and thirty-five million Saudi Arabian Riyals (SAR 535,000,000) from the retained earnings and additional capital account. For further details about the history of the Company, see Section 4.2 (*Corporate History and Evolution of Capital*).
Company's Activities	In accordance with the Bylaws, the Company's activities consist of the following: – sale of motor vehicles; – maintenance and repair of motor vehicles; – sale of vehicle parts and accessories; – sale, maintenance and repair of motorcycles, spare parts and accessories; – ground transportation of passengers in the cities and suburbs; – road transport related service activities; – motor vehicle rental; – rental of leisure and sports equipment; – rental of machinery and other equipment and real goods; and – activities of tour operators. As of the date of this Prospectus, the Company's core activities consist of the following business segments (for further details, see Section 4.6 (*Overview of the Company's Business*)): (a) vehicle lease and provision of other related services; (b) car rental and provision of other related services; and (c) sale of used vehicles owned by the Company and released from its operations of the above two business segments.

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<table>
<tr><td>Substantial Shareholder</td><td>The only Substantial Shareholder who owns five per cent. or more of the Company’s shares is Seera Group Holding. The number of shares and ownership of Seera Group Holding in the Company pre- and post-Offering are provided in the table below:

Table 2: The Substantial Shareholder and Its Ownership in the Company Pre- and Post-Offering
<table>
<tr><th rowspan="2">Shareholder</th><th colspan="3">Pre-Offering</th><th colspan="3">Post-Offering</th></tr>
<tr><th>Number of Shares</th><th>Ownership (%)</th><th>Overall Nominal Value (SAR)</th><th>Number of Shares</th><th>Owner-ship (%)</th><th>Overall Nominal Value (SAR)</th></tr>
<tr><td>Seera Group Holding</td><td>55,000,000</td><td>100%</td><td>550,000,000</td><td>38,500,000</td><td>70%</td><td>385,000,000</td></tr>
<tr><td>Total</td><td>55,000,000</td><td>100%</td><td>550,000,000</td><td>38,500,000</td><td>70%</td><td>385,000,000</td></tr>
</table>
<i>Source:</i> The Company.</td></tr>
<tr><td>Company’s Share Capital</td><td>SAR five hundred and fifty million (SAR 550,000,000).</td></tr>
<tr><td>Total Number of the Company’s Shares</td><td>Fifty-five million (55,000,000) fully paid Shares.</td></tr>
<tr><td>Nominal Value per Share</td><td>Ten (10) SAR per Share.</td></tr>
<tr><td>Offering</td><td>Offering of sixteen million and five hundred thousand (16,500,000) Ordinary Shares with a fully paid nominal value of ten (10) SAR per share, representing 30 per cent. (30%) of the Company’s capital and at an Offer Price of SAR [•] per Offer Share.</td></tr>
<tr><td>Total Number of Offer Shares</td><td>Sixteen million and five hundred thousand (16,500,000) Shares.</td></tr>
<tr><td>Percentage of Offer Shares to the Total Number of Issued Shares</td><td>The Offer Shares represent 30 per cent. (30%) of the Company’s share capital.</td></tr>
<tr><td>Offer Price</td><td>SAR [•] per Offer Share.</td></tr>
<tr><td>Total Value of Offer Shares</td><td>SAR [•].</td></tr>
<tr><td>Use of Proceeds</td><td>The Net Offering Proceeds amounting to approximately SAR (29,942,252), (after deducting the Offering expenses estimated at SAR [•]), will be paid to the Selling Shareholder. The Company will not receive any part of the Offering Proceeds (for further details, see Section 8 (<i>Use of Proceeds</i>)).</td></tr>
<tr><td>Total Number of Shares Underwritten</td><td>Sixteen million and five hundred thousand (16,500,000) Shares.</td></tr>
<tr><td>Total Offering Amount Underwritten</td><td>SAR [•].</td></tr>
<tr><td>Categories of Targeted Investors</td><td>Subscription to the Offer Shares is restricted to two groups of Investors, namely:
– Tranche (A) Participating Parties: This tranche includes parties entitled to participate in the book-building process in accordance with the Book-Building Instructions, including investment funds, companies, Qualified Foreign Investors, GCC Corporate Investors and certain other Foreign Investors pursuant to swap agreements (for further details, see Section 1 (<i>Definitions and Abbreviations</i>)); and
– Tranche (B) Individual Investors: This tranche includes Saudi Arabian natural persons, including any Saudi female divorcee or widow with minor children from a marriage to a non-Saudi person who can subscribe for her own benefit or in the names of her minor children, on the condition that she proves that she is a divorcee or widow and the mother of her minor Saudi Arabian children, as well as any non-Saudi natural persons resident in the Kingdom or GCC natural persons, in each case who have a bank account with a Receiving Agent and the right to open an investment account with a Capital Market Institution. A subscription for Offer Shares made by a person in the name of his divorced wife shall be deemed invalid and the applicant shall be subject to the sanctions prescribed by law. If a duplicate subscription is made, the second subscription will be considered void and only the first subscription will be accepted.</td></tr>
</table>

Total Number of Shares Offered for Each Category of Targeted Investors	
The Number of Shares Offered for the Participating Parties	Sixteen million and five hundred thousand (16,500,000) Shares, representing 100 per cent. of the Offer Shares. If there is sufficient demand from Individual Investors, and the Participating Entities subscribe to all the Offer Shares allocated to them, the Financial Advisor, in coordination with the Company, has the right to reduce the number of Shares allocated to the Participating Entities to fourteen million, eight hundred and fifty thousand (14,850,000) Offer Shares, representing 90 per cent. of the Offer Shares. Initially, four million nine hundred and fifty thousand (4,950,000) Shares will be allocated to public funds, representing 30 per cent. of the total number of Offer Shares, noting that if there is sufficient demand by Individual Investors to subscribe to the Offer Shares, the Lead Manager may reduce the number of shares allocated to public funds to four million four hundred and fifty five thousand (4,455,000) Shares as a minimum, representing 27 per cent. of the total number of Offer Shares, after the completion of the Individual Subscribers' subscription process
Number of Offer Shares Available to Individual Investors	A maximum of one million, six hundred and fifty thousand (1,650,000) Offer Shares, representing 10 per cent. of the Offer Shares.
Subscription Method for Each of the Targeted Investors' Categories:	
Subscription Method for Participating Parties	Participating Parties as identified in Section 1 (*Definitions and Abbreviations*) may apply for participation in the book-building process by completing a Bidding Participation Application that will be provided by the Bookrunner for the Participating Entities during the book-building process period. After provisional allocation, the Participating Entities shall complete the Subscription Application Forms that will be made available to them by the Bookrunner in accordance with the instructions mentioned in Section 17 (*Subscription Terms and Conditions*).
Subscription Method for Individual Investors	Subscription Application Forms will be provided during the Offering Period by the Receiving Agents. Subscription Application Forms shall be completed in accordance with the instructions mentioned in Section 17 (*Subscription Terms and Conditions*). Individual Investors can also subscribe through the Internet, telephone banking, automated teller machines ("ATMs"), and any other electronic channels offered by the Receiving Agents, or any of the Receiving Agents' branches that offer any or all such services to its customers, provided that: (i) the Individual Investor has a bank account at a Receiving Agent which offers such services; (ii) there have been no changes in the personal information or data of the Individual Investor since his/her subscription in a recent initial public offering; and (iii) Individual Investors who are not Saudi or GCC natural persons must have an account at one of the Capital Market Institutions which offer such services.
Minimum Number of Offer Shares to be Applied for by Each of the Targeted Investors' Categories:	
Minimum Number of Offer Shares to be Applied for by Participating Entities	Fifty thousand Offer Shares (50,000) Offer Shares.
Minimum Number of Offer Shares to be Applied for by Individual Investors	10 Offer Shares.
Minimum Subscription Amount for Each of the Targeted Investors' Categories:	
Minimum Subscription Amount for Participating Entities	SAR [•].
Minimum Subscription Amount for Individual Investors	SAR [•].
Maximum Number of Offer Shares to be Applied for by Each of the Targeted Investors' Categories:	
Maximum Number of Offer Shares to be Applied for by Participating Entities	2,749,999 Offer Shares and, in relation to public funds only, no more than the maximum number of Offer Shares to be calculated for each participating public fund pursuant to the Book-Building Instructions.
Maximum Number of Offer Shares to be Applied for by Individual Investors	250,000 Offer Shares.

Maximum Subscription Amount for Each of the Targeted Investors' Categories:	
Maximum Subscription Amount for Participating Entities	SAR [•].
Maximum Subscription Amount for Individual Investors	SAR [•].
Allocation and Refund of Excess Subscription Monies Method for Each of the Targeted Investors' Categories:	
Allocation of Offer Shares to Participating Entities	The final allocation of the Offer Shares to Participating Entities shall be made through the Bookrunner after the completion of the Individual Investors' subscription process as the Financial Advisor deems appropriate in coordination with the Issuer, using the discretionary allocation mechanism. As a result, some of the Participating Entities may not be allocated any Offer Shares. The number of Offer Shares to be provisionally allocated to Participating Entities is sixteen million and five hundred thousand Shares, representing 100 per cent. of the Offer Shares. If there is sufficient demand by Individual Investors for the Offer Shares, the Financial Advisor, in coordination with the Issuer, shall have the right to reduce the number of Offer Shares allocated to Participating Entities to fourteen million, eight hundred and fifty thousand (14,850,000) ordinary Offer Shares as a minimum, representing 90 per cent. of the Offer Shares. Initially, four million nine hundred and fifty thousand (4,950,000) Shares will be allocated to public funds, representing 30 per cent. of the total number of Offer Shares, noting that if there is sufficient demand by Individual Investors to subscribe to the Offer Shares, the Lead Manager may reduce the number of shares allocated to public funds to four million four hundred and fifty five thousand (4,455,000) Shares as a minimum, representing 27 per cent. of the total number of Offer Shares, after the completion of the Individual Subscribers' subscription process.
Allocation of Offer Shares to Individual Investors	Allocation of the Offer Shares to Individual Investors is expected to be completed no later than Thursday 05/03/1445H (corresponding to 21/09/2023G). The minimum allocation per Individual Investor is ten (10) ordinary Offer Shares, and the maximum allocation per Individual Investor is two hundred and fifty thousand (250,000) ordinary Offer Shares, with remaining Offer Shares, if any, being allocated pro-rata based on the number of Offer Shares applied for by that Individual Investor to the total Offer Shares. If the number of Individual Investors exceeds one hundred and sixty-five thousand (165,000), the Company will not guarantee the minimum allocation of ten (10) Offer Shares for each Individual Investor. In this case, the Offer Shares will be allocated as deemed appropriate by the Financial Advisor, in coordination with the Company.
Refund of Excess Subscription Monies	Excess subscription monies, if any, will be refunded to Subscribers without withholding any charge or commission by the Lead Manager or the Receiving Agents, as applicable. The final allocation will be announced no later than Thursday 05/03/1445H (corresponding to 21/09/2023G). For further details, see "*Key Dates and Subscription Procedures*" on page (xv) and Section 17 (*Subscription Terms and Conditions*).
Offering Period for Individual Investors	The Offering will commence on Tuesday 26/02/1445H (corresponding to 12/09/2023G) and will remain open for a period of one (1) day. For further details, see "*Key Dates and Subscription Procedures*" on page (xv).
Entitlement to Dividends	The Offer Shares will entitle their holders to receive any dividends declared by the Company starting on the date of this Prospectus and for the subsequent financial years (for further details, see Section 7 (*Dividend Distribution Policy*)).
Voting Rights	The Company has one class of Shares only. None of the Shares carries any preferential voting rights. Each Share entitles its holder to one vote and each Shareholder has the right to attend and vote at the meetings of the General Assembly. A Shareholder has the right to delegate another person, but not a Director or employee of the Company, to attend the General Assembly meetings (for further details, see Section 12.13 (*Summary of Bylaws*) and Section 12.14 (*Share Description*)).
Restrictions on the Shares (Lock-up Period)	The Substantial Shareholder is subject to a Lock-up Period of six (6) months from the date on which trading of the Offer Shares commences on the Exchange. It may not dispose of any of its Shares during such period. Following the end of the Lock-up Period, the Substantial Shareholder may dispose of its Shares (for further details regarding the Substantial Shareholder, see Table 2 (*The Substantial Shareholder and Its Ownership in the Company Pre- and Post-Offering*).
Listing of Shares	Prior to the Offering, the Shares have not been listed in the Kingdom or elsewhere. An application has been made by the Company to the CMA for the registration and offer of the Shares in accordance with the Rules on the Offer of Securities and Continuing Obligations. The Company has also submitted an application to the Exchange for listing its Shares on the Exchange in accordance with the Listing Rules. All of the relevant approvals required to conduct the Offering have been granted. All supporting documents requested by CMA and Tadawul have been met. It is expected that trading in the Shares will commence on the Exchange after the final allocation of the Offer Shares (for further details, see "*Key Dates and Subscription Procedures*" on page (xv)).
Risk Factors	There are certain risks related to the investment in the Offer Shares. These risks can be categorised into: (i) risks related to the activities and operations of the Company; (ii) risks related to the market, industry and regulatory environment; and (iii) risks related to the Offer Shares. These risks are described in Section 2 (*Risk Factors*) and should be considered carefully prior to making any investment decision in relation to the Offer Shares.

Offering Expenses	The Selling Shareholder will bear all of the Offering expenses and costs estimated at around SAR 25,063,097. These expenses and costs will be deducted from the Offering Proceeds and include the fees of the Financial Advisors, the Lead Manager, the Bookrunner, the Underwriter, the Legal Advisor, the Financial Due Diligence Advisor, the Auditors, the Receiving Agents and the Market Consultant, as well as marketing, printing and distribution fees and other costs and expenses related to the Offering.
Underwriter	**Saudi Fransi Capital** King Fahad Road – 8092 P.O. Box 23454 Riyadh 12313-3735 Kingdom of Saudi Arabia Tel: +966 (11) 282 6666 Fax: +966 (11) 282 6823 Website: www.sfc.sa E-mail: lumi.IPO@fransicapital.com.sa

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

Key Dates and Subscription Procedures

Table 3: Expected Offering Timetable

Expected Offering Timetable	Date
Bidding and Book-Building Period for Participating Entities	Commencing on Wednesday , 13/02/1445H (corresponding to 30/08/2023G), until end of Tuesday, 19/02/1445H (corresponding to 05/09/2023G)
Deadline for Submission of Subscription Application Forms Based on the Number of the Offer Shares Provisionally Allocated for the Participating Entities	Monday, 25/02/1445H (corresponding to 11/09/2023G)
Subscription Period for Individuals	Tuesday, 26/02/1445H (corresponding to 12/09/2023G) and will remain open for a period of one (1) day
Deadline for Payment of the Subscription Amount by Participating Entities Based on their Provisionally Allocated Offer Shares	Wednesday, 27/02/1445H (corresponding to 13/09/2023G)
Deadline for Submission of Subscription Application Forms and Payment of the Subscription Amount by Individual Investors	Tuesday, 26/02/1445H (corresponding to 12/09/2023G)
Announcement of the Final Allocation of the Offer Shares	On or before Thursday, 05/03/1445H (corresponding to 21/09/2023G)
Refund of Excess Subscription Monies (if any)	On or before Thursday, 05/03/1445H (corresponding to 21/09/2023G)
Expected Commencement Date for Trading the Shares on the Exchange	Trading of the Company's Shares on the Exchange is expected to start after the completion of all of the relevant legal requirements and procedures. The trading commencement date of the Shares will be announced in local newspapers and Tadawul's website (www.saudiexchange.sa).

Note: The above timetable and the dates therein are indicative and subject to change. The actual dates will be communicated on the websites of Tadawul (www.saudiexchange.sa), the Financial Advisor (www.sfc.sa), and the Company (www.lumirental.com).

How to Apply for the Offer Shares

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

- **Tranche (A): Participating Parties** comprising the parties entitled to participate in the book-building process as specified under the Book-Building Instructions, including investment funds, companies, Qualified Foreign Investors, GCC Corporate Investors and certain other Foreign Investors pursuant to swap agreements (for further details, see Section 1 (*Definitions and Abbreviations*) and Section 17 (*Subscription Terms and Conditions*)).
- **Tranche (B): Individual Investors** comprising Saudi Arabian natural persons, including any Saudi female divorcee or widow with minor children from a marriage to a non-Saudi person who can subscribe for her own benefit or in the names of her minor children, on the condition that she proves that she is a divorcee or widow and the mother of her minor Saudi Arabian children, as well as any non-Saudi natural persons resident in the Kingdom or GCC natural persons, in each case who have a bank account with a Receiving Agent and the right to open an investment account with a Capital Market Institution. A subscription for Offer Shares made by a person in the name of his divorced wife shall be deemed invalid and the applicant shall be subject to the sanctions prescribed by law. If a duplicate subscription is made, the second subscription will be considered void and only the first subscription will be accepted.

(1) Participating Parties

Participating Parties may apply for participation in the book-building process by completing the Bidding Participation Application that will be provided by the Bookrunner during the book-building process period and obtaining the Subscription Application Forms from the Bookrunner after provisional allocation. After obtaining the approval of the CMA, the Bookrunner shall offer the Offer Shares to the Participating Parties only during the bookbuilding period. Subscriptions by the Participating Entities shall commence during the Offering Period, which also includes the Individual Investors, according to the terms and conditions detailed in the Subscription Application Forms. A signed Subscription Application Form representing a legally binding agreement between the Selling Shareholder and the relevant Participating Entity submitting the same must be submitted to the Bookrunner.

(2) Individual Subscribers

Subscription Application Forms for Individual Subscribers will be provided during the Offering Period by the Receiving Agents. Individual Subscribers can also subscribe through the internet, telephone banking, or ATMs of any of the Receiving Agents that provide some or all of these channels to Individual Subscribers, provided that:

(a) the Individual Subscriber has a bank account at a Receiving Agent which offers such services;

(b) there have been no changes in the personal information or data of the Individual Subscriber since his subscription in a recent initial public offering; and

(c) Individual Subscribers who are not Saudi or GCC natural persons have an account at one of the Capital Market Institutions which offer such services.

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

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

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

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Summary of Key Information

This summary of key information is intended to give an overview of the information contained in this Prospectus. However, it does not contain all of the information that may be important to prospective investors. Accordingly, this summary should be treated as an introduction to this Prospectus, and persons wishing to subscribe for the Offer Shares are advised to read the entire Prospectus in full to ensure that any decision to invest in the Offer Shares by prospective investors is based on the consideration of this Prospectus as a whole. In particular, it is important for an investor to carefully consider the "*Important Notice*" section on page (i) and Section 2 (*Risk Factors*) prior to making an investment decision with respect to the Offer Shares and should not base his decision solely on this summary.

Overview of the Company

History of the Company

Lumi Rental Company (hereinafter referred to as the "**Company**" or "**Issuer**") is a Saudi closed joint stock company established by Ministry of Commerce Resolution No. 228 dated 9 Rajab 1442H (corresponding to 21 February 2021G), registered under Commercial Register No. 1010228226 dated 23 Muharram 1428H (corresponding to 10 February 2007G) issued in the city of Riyadh in the Kingdom of Saudi Arabia (the "**Kingdom**"). The Company's headquarters and registered office are located on Imam Saud bin Abdulaziz bin Muhammad Street, Al-Taawun District, P.O. Box 6477, Riyadh 12476, Kingdom of Saudi Arabia. As of the date of this Prospectus, the Company's current capital amounts to five hundred and fifty million Saudi Arabian Riyals (SAR 550,000,000), divided into fifty-five million (55,000,000) ordinary shares with a fully paid nominal value of ten Saudi Arabian Riyals (SAR 10) per share (the "**Shares**"). The Company started its business as a branch of a sole corporation; i.e Al Tayyar Car Rental Corporation, owned by Nasser bin Aqeel bin Abdullah Al-Tayyar. On 14 Shawwal 1427H (corresponding to 5 November 2006G), the Corporation branch was transformed into a limited liability company with the name "Al Tayyar Rental Company" and was registered under Commercial Register No. 1010228226 dated 23 Muharram 1428H (corresponding to 10 February 2007G), with a capital of one million Saudi Arabian Riyals (SAR 1,000,000) divided into one thousand (1,000) cash shares with a nominal value of one thousand Saudi Arabian Riyals (SAR 1,000) per share, of which Al-Tayyar Real Estate Development and Investment Company owned 50%, and Nasser bin Aqeel bin Abdullah Al-Tayyar owned 50%. In accordance with the Shareholders' resolution dated 15 Ramadan 1430H (corresponding to 5 September 2009G), the Company's capital was increased from one million Saudi Arabian Riyals (SAR 1,000,000) divided into one thousand (1,000) cash shares with a nominal value of one thousand Saudi Arabian Riyals (SAR 1,000) per share to fifteen million Saudi Arabian Riyals (SAR 15,000,000) divided into fifteen thousand (15,000) cash shares with a nominal value of one thousand Saudi Arabian Riyals (SAR 1,000) per share through the capitalization of fourteen million Saudi Arabian Riyals (SAR 14,000,000) from the Shareholders' account. In accordance with the decision of the partners of the Saudi United Transport Company on 21 Jumada al-Ula1436H (corresponding to 12 March 2015G), the Company acquired ninety per cent. (90%) of the Saudi United Transport Company. On 25 Jumada al-Ula 1440H (corresponding to 31 January 2019G), the Company's Shareholders decided to merge the Company with Saudi United Transport Company. On 4Sha'ban 1440H (corresponding to 9 April 2019G), the Company's name was changed from "Al-Tayyar Car Rental Corporation" to "Lumi Rental Company". According to the Shareholders' resolution dated 25 Muharram 1442H (corresponding to 13 September 2020G), the Company was converted from a limited liability company to a closed joint stock company, and the capital was increased from fifteen million Saudi Arabian Riyals (SAR 15,000,000), divided into fifteen thousand (15,000) Shares with a nominal value of one thousand Saudi Arabian Riyals (SAR 1,000) per share, to five hundred and fifty million Saudi Arabian Riyals (SAR 550,000,000) divided into fifty-five million (55,000,000) ordinary shares with a fully paid nominal value of ten Saudi Arabian Riyals (SAR 10) per share through capitalization of five hundred and thirty-five million Saudi Arabian Riyals (SAR 535,000,000) from the retained earnings and additional capital account. For further details about the history of the Company, see Section 4.2 (*Corporate History and Evolution of Capital*).

Overview of the Company's Business

Seera Group Holding (formerly known as Al Tayyar Travel Group) established Lumi Rental Company in 2006G as a sole proprietorship to provide car rental services amongst a portfolio of travel companies. In 2016G, in response to its transformation programme to steer Seera Group Holding in a new, more focused direction and enhance long-term shareholder value, strategic plans for the car rental business were reconfigured and an expert management team was mobilised to deliver it. Currently, the Company has emerged as one of the leaders in the car rental sector.

Since 2016G, the Company has experienced high growth, increasing from a fleet size of 3,603 vehicles as of 31 December 2015G to 19,634 vehicles as of 30 September 2022G, servicing a diversified customer base (the fleet size increased to 24,730 vehicles as of 30 April 2023G). As a leading omnichannel rental brand in the Kingdom, as of 30 September 2022G, the Company served customers across the Central, Western, Eastern, Northern and Southern Regions from 33 car rental branches and three vehicle maintenance centres in addition to mobile workshops and third-party vendors, digital channels and a used vehicles sales showroom.

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

- vehicle lease and provision of other related services;
- car rental and provision of other related services; and
- sale of used vehicles owned by the Company and released from its operations of the above two business segments.

As of 30 September 2022G, the Company had a total of 771 employees across the Kingdom (for further details, see Section 5.9 (*Employees*)).

The Company generated revenue of SAR 317.3 million, SAR 430.5 million and SAR 521.5 million in the financial years ended 31 December 2019G, 2020G and 2021G, respectively. The Company generated revenue of SAR 524.8 million in the nine-month period ended 30 September 2022G, compared to its revenue of SAR 375.8 million in the nine-month period ended 30 September 2021G. The net income was SAR 29.5 million, SAR 50.6 million and SAR 105.7 million in the financial years ended 31 December 2019G, 2020G and 2021G, respectively. The net income was SAR 102.5 million in the nine-month period ended 30 September 2022G, compared to the amount of SAR 72.2 million in the nine-month period ended 30 September 2021G. The total value of the Company's assets as of 31 December 2019G, 2020G and 2021G was SAR 807.8 million, SAR 920.0 million and SAR 1,363.1 million, respectively. The total value of the Company's assets in the nine-month period ended 30 September 2022G amounted SAR 1,531.4 million compared to the total value of the Company's assets in the nine-month period ended 30 September 2021G of SAR 1,164.3 million. Total liabilities of the Company amounted to SAR 265.1 million, SAR 326.8 million and SAR 664.1 million as of 31 December 2019G, 2020G and 2021G, respectively. Total liabilities of the Company amounted SAR 729.9 million as of 30 September 2022G, compared to total liabilities of SAR 498.8 million as of 30 September 2021G. For further detailed discussions regarding the financial performance of the Company, see Section 6 (*Management's Discussion and Analysis of Financial Position and Results of Operations*).

Ownership Structure

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

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

As of the date of this Prospectus, the share capital of the Company is five hundred and fifty million Saudi Arabian Riyals (SAR 550,000,000), consisting of fifty-five million (55,000,000) ordinary shares, with a fully paid nominal value of ten Saudi Arabian Riyals (SAR 10) per share. The following table sets out the direct ownership structure of the Company pre- and post-Offering:

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

Shareholder	Pre-Offering			Post-Offering		
	Number of Shares	Ownership (%) [1]	Overall Nominal Value (SAR)	Number of Shares	Ownership (%) [1]	Overall Nominal Value (SAR)
Seera Group Holding and	55,000,000	100%	550,000,000	38,500,000	70%	385,000,000
Public	-	-	-	16,500,000	30%	165,000,000
Total	**55,000,000**	**100%**	**550,000,000**	**55,000,000**	**100%**	**550,000,000**

Source: The Company.

Vision, Mission, and Strategy

Vision

Reshape the way people and businesses move across the Kingdom and beyond by digital innovation in the land mobility sector.

Mission

Create convenience and drive customer loyalty through innovation, operational excellence, and a young fleet in the land mobility sector.

Strategy

The Company maintains the following three key pillars in its growth strategy:

- building a pipeline of future revenue and asset growth through vehicle lease contracts by consistently providing service excellence and pricing competitiveness that caters to the large-scale lease management needs of its corporate and Government clients;
- achieving scale, growth and profitability as a rental business by building on its optimal branch network through openings in existing and new cities that are gaining prominence as travel destinations and adopting an omni-channel approach to capture customers through integrated online (mobile application, website and WhatsApp) and offline (branch, call centre) channels, combined with increasing mid and high-value vehicles in its rental fleet mix, retaining customers through a loyalty programme, increasing the corporate rental client base and providing end-to-end logistics and fleet management support to large-scale events across the Kingdom; and
- fleet disposal at maximised purchase price recovery by opening used vehicle sales showrooms in Jeddah and Dammam in addition to its existing used vehicle sales showroom in Riyadh and by digitising its existing closed bidding process for used vehicles to enhance the buyer experience.

Strengths and Competitive Advantages of the Company

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

- a lease portal that the Company has developed to raise service requests and access relevant documentation and details of the fleet to enhance customer experience;
- omni-channel services offering through integrated online (mobile application, website, and WhatsApp) and offline (branch, call centre) channels for the ease of its customers;
- fleet procurement through strong relationships with car dealers enabling the Company to obtain attractive vehicle prices and priority delivery for its fleet procurement;
- very strong maintenance infrastructure, including three inhouse workshops, mobile workshops, contract with the third-party service providers covering more than 650 maintenance points across the Kingdom and 24/7 roadside assistance for car rental customers and vehicle lease clients;
- leveraging its digital products that were developed based on customer and client experience research and continuously working on digitising its process to enhance customer experience and operational efficiency, including integration with different tools;
- having a high-profile shareholder such Seera Group Holding enhancing its reputation as a stable and secure institution; and
- delivering consistent quality and service that has helped the Company gain the trust of its corporate clients and retail customers, resulting in receiving various business awards and obtaining ISO certifications.

Market Overview

The data and information related to the car rental segment, the vehicle lease segment and the market for selling new and used vehicles segment in the Kingdom as included in this Prospectus are derived from the Market Report prepared by the Market Consultant. The Market Consultant is an independent management consulting firm that provides strategic advisory services and market research. This Prospectus contains forward looking views by the Market Consultant derived from its assumptions regarding the anticipated development of the market relevant for the Company. Such assumptions are informed by all of the information available to the Market Consultant as of the date of this Prospectus. While the Market Consultant has undertaken its best efforts to analyse available market data and represent the impact of the COVID-19 pandemic to the best of its abilities and expertise, the ongoing pandemic is fundamentally unpredictable in its impact on all economic stakeholders. It has caused structural and far-reaching impacts on the economy and industrial growth trends worldwide. As a result of the uncertainty associated with the pandemic and its impact going forward, the actual trends in the market may be at significant variance to indicated forecasts.

Overview of the Saudi Economy

The Kingdom boasts the largest economy in the MENA Region, principally supported by its role as the largest exporter of crude oil and natural gas worldwide. According to the Ministry of Finance, the Kingdom has the largest economy in the MENA Region in terms of economic size, with a nominal GDP of approximately SAR 3,207 billion as of 31 December 2021G. As the Kingdom recovers from the economic impact of the pandemic, a nominal GDP growth rising to 12.7 per cent. in 2022G is forecasted.

The Kingdom's economy and society have transformed rapidly following the discovery of the large oil reserves in the mid-20th century. According to International Energy Agency (IEA), the Kingdom was the world's third-largest producer of crude oil in 2021G, behind the United States and the Russian Federation, and the largest exporter of crude oil and natural gas in 2019G. According to the General Authority for Statistics (GASTAT), in 2021G, the Kingdom had an economy that comprised a significant oil sector representing 39.0 per cent. of real GDP, and a non-oil sector representing 57.0 per cent. of real GDP.

Significantly higher-than-expected oil prices have reduced the expected deficit in the 2021G budget balance from the 4.9 per cent. expected by the Kingdom's Government in December 2020G to a 2.5 per cent. deficit. Considering over 60.0 per cent. of Government revenue stems from hydrocarbon services, the Kingdom's fiscal trajectory is highly dependent on global energy prices. The Saudi Vision 2030G, announced in 2016G, reflects an ambitious, yet achievable, blueprint on how to address these challenges. The vision has three main pillars: (i) to make the country the "heart of the Arab and Islamic worlds"; (ii) to become a global investment powerhouse; and (iii) to transform the country's location into a hub connecting Afro-Eurasia. The oil-dependent Kingdom has a long-term blueprint to transform itself into a diversified economy, with non-oil Government revenues projected to increase six-fold to SAR 1 trillion by 2030G. It is an ambitious goal to transform an economy that relies principally on crude oil exports for a major portion of Government revenues.

The annual bilateral discussions between the Kingdom and IMF in 2021G concluded that the Kingdom's economy had entered the COVID-19 pandemic with robust non-oil growth, strong policy buffers, and positive reform momentum. Despite fiscal deficits since 2014G, fiscal space was available due to low Government debt and significant asset holdings. External buffers were sizable, and the banking system was well capitalised and liquid. Reforms under the Saudi Vision 2030G were advancing. The authorities responded quickly and decisively to the COVID-19 crisis.

Overview of the Transport Sector in the Kingdom

Transportation is a key sector for the Saudi Government. As a driving force for economic, social, and environmental growth, transport has been growing to facilitate the movement of people and goods. Transport, storage and communications contributed SAR 152 billion (5.8 per cent.) out of SAR 2,614 billion GDP in 2021G, according to GASTAT. Transport and storage had 0.3 million (3.3 per cent.) out of 8.5 million registered employees under the General Organization for Social Insurance (GOSI) in the Kingdom in 2021G. According to the MoF, SAR 46 billion (4.6 per cent.) out of the total Government budget of SAR 990 billion was allocated to the transport sector in 2021G.

Supported by the strategic geographical location of the Kingdom with access to local, regional and international centres, as well as its unique position as the heart of the Arab and Islamic worlds, the Saudi Vision 2030G heightens the transport sector's aspirations along several dimensions to transform the Kingdom into a logistics hub, to increase the capacity to welcome Umrah visitors to 30 million every year by 2030G and to enhance liveability across the Kingdom. The National Transport and Logistics Strategy aims to increase the contribution of the transport and logistics sector in national GDP to 10.0 per cent. by 2030G, by enabling industry and expanding investments and increasing the sector's annual contributions to non-oil revenues to SAR 45 billion by 2030G.

Overview of the Car Rental Market Segment

Historically, the car rental segment has been a fragmented market characterized by a large number of car rental operators of various fleet sizes, inconsistent service quality, aging fleets and unsatisfactory customer service, all in the presence of ineffective regulations.

The regulatory reforms of the car rental services in the Kingdom issued by the TGA in 2021G have restricted the issuance of new rental licences to agencies with a minimum fleet size of 15 vehicles to operate generally in the Kingdom, and a minimum of 100 vehicles to operate in the major cities of Riyadh, Makkah, Madinah, Dammam and Jeddah. Additionally, the car rental market supply is witnessing the replacement of aging fleets with younger fleets following the new regulations that restrict issuance of rental vehicle operating permits to new vehicles, and renewal permits to vehicles of five years of age from the make year. Accordingly, several small-to-medium-sized car rental agencies in the Kingdom have either exited the market or retreated outside the major cities, thus enhancing the market's maturity and enabling the wider transformation of the car rental segment in the Kingdom.

According to the TGA, as of the date of this Prospectus, the car rental segment included 615 licenced rental agencies in the Kingdom in 2022G. These companies are divided into four principal categories in addition to online rental services mandated by the TGA. The car rental market is estimated to have more than 200,000 licenced and operational rental vehicles. The market is mainly dominated by 90 category A and category B licence companies, principally characterized by having more than 3,000 and 300 rental vehicles, respectively. These companies own the majority of the car rental fleet in the Kingdom.

According to GASTAT's annual survey of the national economic activities in the Kingdom, the revenue of the business establishments within the car rental and vehicle lease industry in the Kingdom had been steadily growing above SAR 11 billion in 2019G before the COVID-19 pandemic. The passenger car rental market segment is a part of the wider car rental and vehicle lease industry in the Kingdom and was estimated in total at SAR 2.8 billion in the peak year 2019G before the COVID-19 pandemic. The growth was principally driven by major development programmes and tourism growth under the Saudi Vision 2030G. During the pandemic period, car rental was one of the most impacted segments, as passenger mobility reached record low levels due to international travel restrictions and domestic lockdowns. The car rental segment in the Kingdom recorded a significant decline of 30.0 per cent., from the previous year, valuing the car rental market at SAR 2.0 billion in 2020G. As the Kingdom continues to recover from the pandemic's impact, steadily resume the development plans of the Saudi Vision 2030G, and open for international tourists, the car rental market continues to recover with a growth of 16.0 per cent., from the previous year and was valued at SAR 2.3 billion in 2021G.

The following table shows estimated active fleet and annual revenues of the car rental market segment in the Kingdom (2017G–2021G):

Table 5: Car Rental Market Segment in the Kingdom (2017G–2021G)

Estimations	Unit	2017G(E)	2018G(E)	2019G(E)	2020G(E)	2021G(E)
Active fleet size	Vehicles	101,312	106,377	111,696	117,281	123,145
Annual revenue	SAR billion	2.3	2.5	2.8	2.0	2.3
Annual revenue growth	%	-	10%	13%	(30%)	16%

Source: Stakeholder and Expert Interviews; Secondary Disclosed and Published Data; the Market Report.

Overview of the Vehicle Lease Market Segment

The vehicle lease market segment in the Kingdom is principally dominated by private corporates and Government agencies where the demand is higher within some industries and sectors due to the business nature of the core services delivered, i.e., general sales, logistics services, municipal services, construction activities, security forces, etc.

Before the COVID-19 pandemic, the vehicle lease market segment was valued at SAR 1.61 billion in 2019G. The pandemic's impact was milder on the vehicle lease segment compared to car rental segment, due to the long-term contracts and the essential role of logistics services across all front line and essential industries during the pandemic. The impact of the pandemic on the vehicle lease segment was seen in terms of consumer behaviour under a financially restrained market, e.g., delayed payments, reduced renewal budgets, and economic vehicles preferences. During the pandemic period, the vehicle lease segment was valued at SAR 1.63 billion in 2020G.

Similar to the wider economy in the Kingdom, the vehicle lease segment continues to recover and grow steadily fuelled by major developments and rapid growth of the business sector in the Kingdom. In 2021G, the vehicle lease segment was valued at SAR 1.78 billion with a 9 per cent. growth from the previous year and approached the pre-pandemic levels.

The following table shows estimated fleet size and annual revenues of the vehicle lease market segment in the Kingdom (2017G–2021G):

Table 6: Vehicle Lease Market Segment in the Kingdom (2017G–2021G)

Estimations	Unit	2017G(E)	2018G(E)	2019G(E)	2020G(E)	2021G(E)
Fleet Size	Vehicles	82,891	87,036	91,388	95,957	100,755
Annual Revenue	SAR billion	1.37	1.54	1.61	1.63	1.78
Annual Revenue Growth	%	-	13%	5%	1%	9%

Source: Stakeholder and Expert Interviews; Secondary Disclosed and Published Data; the Market Report.

Overview of the Used Vehicle Sale Market Segment

The Kingdom is the largest automotive markets in the Gulf region. It is an important market for car manufacturers and home to various automotive original equipment manufacturers. The used vehicle market in the Kingdom is highly competitive, with more than 2,000 dealerships. Both multi-brand outlets and brand-authorised dealerships operate in the market, and each focuses on geographical presence and value-added services offered as a key parameter to distinguish themselves.

The number of online car sales platforms is increasing and gaining considerable market share, leveraging their accessibility to a wider customer base and focusing on increasing consumer engagement, listings and on-boarding of dealers to their platform. Due to the COVID-19 pandemic, there has been a huge job loss and domestic and international travel freeze among expatriates, which has resulted in an enormous supply of used cars from rental companies. Additionally, the automotive industry has been significantly impacted by the global pandemic on its manufacturing facilities and supply chain and contracting market demand for both new and used vehicle sales due to domestic lockdowns and international travel restrictions. However, growing safety concerns amid the pandemic have shifted consumer preferences toward personal mobility, thereby propelling demand for new or used vehicles.

Before the COVID-19 pandemic, the used vehicle segment witnessed steady annual growth with sales valued at SAR 33.6 billion in 2019G. As the Kingdom continues to recover from the pandemic's impact, the used vehicle sales rental segment continues to recover and grow steadily. The forecasts are positive, with the segment set to steadily grow and exceed pre-pandemic levels in the short term. In 2021G, the used vehicle segment was valued at SAR 39 billion, thus exceeding its pre-pandemic levels due to the change in consumer behaviour amid pandemic safety concerns, moving away from public transport and shared vehicles towards private vehicles ownership, the rise in the prices of the new vehicles post the disruption of automotive production and supply chain worldwide during the pandemic and the increased VAT of 15 per cent. imposed on new vehicles. Consequently, the resale value of used vehicles has surged more than 20 per cent. according to several studies.

The following table shows estimated annual revenues of the new and used vehicle sales market segment in the Kingdom (2017G–2021G).

Table 7: Used Vehicle Market Segment in the Kingdom (2017G–2021G)

Estimations	Unit	2017G(E)	2018G(E)	2019G(E)	2020G(E)	2021G(E)
New Vehicle Sales Volume	Vehicles	502,959	413,806	483,865	439,307	473,401
Used Vehicle Sales Volume	Vehicles	939,967	1,000,150	1,032,110	884,650	916,050
Used Vehicle Sales Revenue	SAR billion	24.6	26.0	33.6	32.5	39.0
Used Vehicle Sales Revenue Growth	%	-	6%	29%	(3%)	20%

Source: Stakeholder and Expert Interviews; Secondary Disclosed and Published Data; the Market Report.

Summary of Financial Information and Key Performance Indicators

The Company's financial information set out below was derived from the audited financial statements for the financial years ended 31 December 2019G, 2020G and 2021G, and the unaudited interim financial statements for the nine-month period ended 30 September 2022G, prepared in accordance with the International Financial Reporting Standards (IFRS) endorsed in the Kingdom and other standards and pronouncements issued by the Saudi Organization for Certified Public Accountants (SOCPA) and audited by the Company's auditor "Dr. Mohammed Al-Omari & Co. Company", a member of BDO, for the financial years ended 31 December 2019G and 2020G and by "KPMG Professional Services", for the financial year ended 31 December 2021G. The unaudited interim financial statements for the nine-month period ended 30 September 2022G were prepared in accordance with the IFRS endorsed in the Kingdom and other standards and pronouncements issued by SOCPA and prepared by KPMG Professional Services. The selected financial information and KPIs of the Company set out below should be read in conjunction with the information provided in Section 2 (*Risk Factors*) and Section 6 (*Management's Discussion and Analysis of Financial Position and Results of Operations*) of this Prospectus and the Company's audited financial statements for the financial years ended 31 December 2019G, 2020G and 2021G, and the unaudited interim financial statements for the nine-month period ended 30 September 2022G, which are incorporated in Section 19 (*Financial Statements and Auditors' Report*) and other financial statements contained in other sections of this Prospectus.

Table 8: Summary of the Company's Financial Comprehensive Income Statement Information for the Financial Years Ended 31 December 2019G, 2020G and 2021G, and the Nine-Month Period Ended 30 September 2022G

Currency: SAR'000	Financial Year Ended 31 December			Nine-Month Period Ended 30 September	
	2019G Audited	2020G Audited	2021G Audited	2021G Unaudited	2022G Unaudited
Statement Comprehensive Income					
Rental	143,238	123,028	183,726	124,608	191,687
Leasing	107,058	198,378	253,632	187,135	219,645
Total leasing services	**250,295**	**321,406**	**437,359**	**311,742**	**411,332**
Used car dealership	66,969	109,091	84,115	64,074	113,433
Revenues	317,264	430,498	521,474	375,816	524,764
Cost of revenue	(242,702)	(335,505)	(356,645)	(260,260)	(355,428)
Gross profit	**74,562**	**94,993**	**164,829**	**115,556**	**169,337**
General and administrative expenses	(30,796)	(31,160)	(46,351)	(31,802)	(38,606)
Provision for expected credit losses	(8,608)	(9,050)	(14,142)	(14,917)	(13,712)
Operating profit	**35,157**	**54,783**	**104,335**	**68,838**	**117,018**
Other revenue	-	5,308	7,528	7,345	3,194
Other expenses	(2)	(149)	-	-	-
Financing costs	(4,497)	(2,698)	(2,704)	(1,914)	(14,741)
Depreciation of a subsidiary	-	(5,228)	-	-	-
Profit before Zakat	**30,659**	**52,016**	**109,159**	**74,269**	**105,471**
Zakat	(1,045)	(1,692)	(3,052)	(2,077)	(2,949)
Net Profit / (loss) for the year	**29,614**	**50,324**	**106,107**	**72,192**	**102,522**
Remeasurement of employee end of service benefits	(76)	269	(425)	-	-
Total comprehensive income / (loss)	**29,537**	**50,593**	**105,682**	**72,192**	**102,522**

Source: Financial statements for the financial years ended 31 December 2019G, 2020G and 2021G, and the unaudited interim financial statements for the nine-month period ended 30 September 2022G.

Table 9: The Company's Key Performance Indicators for the Financial Years Ended 31 December 2019G, 2020G and 2021G, and the Nine-Month Period Ended 30 September 2022G

Currency: SAR'000	Financial Year Ended 31 December			Nine-Month Period Ended 30 September	
	2019G Audited	2020G Audited	2021G Audited	2021G Unaudited	2022G Unaudited
Car rental					
Car rental fleet available at the end of the year (number of cars)	4,942	3,209	5,817	4,519	6,770
Period revenue per available vehicle (SAR)	28,984	38,338	31,584	27,574	28,314
Weighted average available fleet (number of vehicles)	4,036	4,162	3,731	3,531	5,844
Weighted average of the chartered fleet (number of cars)	3,317	2,566	2,805	2,662	4,247
Rental fleet operating ratio	82.2%	61.7%	75.2%	75.4%	72.7%
Average short-term rental revenue per daily booking in Saudi Riyals (SAR)	107	128	155	160	160
Vehicle leasing					
vehicle Lease fleet available at the end of the period (number of vehicles)	6,240	8,832	10,849	10,263	12,864
Vehicle lease period revenue per available vehicle (SAR)	17,157	22,461	23,378	18,234	17,074
Number of vehicle leases in force at the end of the period (number of cars)	5,888	8,586	10,272	9,870	10,952
Average monthly revenue per contract in Saudi Riyals (SAR)	2,106	2,146	2,199	2,238	2,196
Used car dealership					
Number of cars sold (number of cars)	1,846	2,968	1,976	1,542	2,077
Revenue per car sold in Saudi Riyals (Saudi Riyals)	36,278	36,756	42,569	41,553	54,614

Source: The Company.

Net income increased by 69.9 per cent. from SAR 29.6 million in 2019G to SAR 50.3 million in 2020G mainly due to higher leasing revenues and total profit in 2020G offset by a slight decrease in revenue from the car rental segment for reasons detailed in Section 6.5.2.2 (*Current Assets*).

Net income increased by 110.9 per cent. from SAR 50.3 million to SAR 106.1 million in 2021G due to revenue growth from the car rental and vehicle lease segments, and improved gross profit margins on the back of increased booking volumes, which led to an increase in the Company's fleet operating ratio of cars available for car rental by corporate customers and higher profit margins in the used vehicle sales segment.

Net income increased by 42.0 per cent. from SAR 72.2 million in the nine-month period ended 30 September 2021G to SAR 102.5 million in the nine-month period ended 30 September 2022G mainly due to higher revenues and gross profit margin across the Company's business segments.

For further information on the reasons for analysing the change in results during the period, see Section 6.5 (*Results of Operations for the Financial Years Ended 31 December 2019G, 2020G and 2021G*) and Section 6.6 (*Results of Operations for the Nine-month Periods Ended 30 September 2021G and 30 September 2022G*).

Table 10: Summary of the Financial Information of the Company's Statement of Financial Position and KPIs for the Financial Years ended 31 December 2019G, 2020G and 2021G, and the Nine-Month period ended 30 September 2022G:

Currency: SAR'000	Financial Year Ended 31 December			Nine-Month Period Ended
	2019G Audited	2020G Audited	2021G Audited	2022G Unaudited
Statement of financial position				
Cars	625,066	706,327	1,051,353	1,198,999
Property & Equipment	24,243	28,326	38,067	76,622
Investing in subsidiaries	7,778	-	-	-
Total non-current assets	**657,087**	**734,653**	**1,089,420**	**1,275,620**
Inventory	-	-	391	1,058
Trade Receivables	101,115	126,508	191,596	178,392
Advance payments and other receivables	42,289	42,206	59,265	55,237
Related Party Accounts	1,990	403	5,076	-
Criticism and the like	5,333	16,276	17,342	21,053
Total Current Assets	**150,728**	**185,392**	**273,670**	**255,739**
Total Assets	**807,814**	**920,045**	**1,363,090**	**1,531,360**
End of Service Benefits for Employees	6,078	8,100	9,184	12,997
Loans & Advances	75,477	52,254	-	355,591
Rental obligations	927	5,056	8,807	41,430
Total non-current liabilities	**82,482**	**65,410**	**17,991**	**410,018**
Trade Payables	120,380	77,243	231,747	159,785
Loans & Advances	23,224	23,224	-	108,227
Rental obligations	4,309	4,408	13,047	34,005
Receivables and other obligations	7,135	10,973	15,686	14,896
Due to related parties	26,557	143,820	382,611	-
Zakat due	1,045	1,692	3,052	2,949
Total Current Liabilities	**182,650**	**261,359**	**646,142**	**319,863**
Total Liabilities	**265,132**	**326,770**	**664,133**	**729,881**
Money capital	15,000	15,000	550,000	550,000
Additional capital	455,716	535,000	-	-
Statutory reserve	4,500	4,500	15,111	15,111
Retained Earnings	67,466	38,775	133,846	236,368
Total Equity	**542,682**	**593,275**	**698,957**	**801,479**
Total Liabilities and Equity	**807,814**	**920,045**	**1,363,090**	**1,531,360**
Net changes in cash and cash equivalents	**6,470**	**10,942**	**1,066**	**3,711**
Net cash generated by (used in) operating activities	322,956	(77,299)	(147,828)	(8,582)
Net cash generated by (used in) investment activities	(411,015)	(2,411)	(2,477)	8,564
Net cash generated by (used in) financing activities	94,529	90,653	151,371	3,729

Currency: SAR'000	Financial Year Ended 31 December			Nine-Month Period Ended
	2019G Audited	2020G Audited	2021G Audited	2022G Unaudited
Cash and the like at the beginning of the year	(1,137)	5,333	16,276	17,342
Cash and the like at the end of the year/period	5,333	16,276	17,342	21,053
Key Performance Indicators				
Sales receivables collection due days	116	96	111	126
Outstanding Receivables Maturity Days – (Auto Suppliers)	92	108	93	128
Cash Transfer Cycle (Days) – (Based on Car Suppliers)	25	(11)	18	(33)
Working capital to revenue ratio	(10.6%)	(17.65%)	(71.43%)	(12.2%)
Return on average assets	3.7%	5.9%	9.2%	7.6%
Return on Equity	5.4%	8.84%	15.18%	14.0%

Source: Financial statements for the financial years ended 31 December 2019G, 2020G and 2021G, and the unaudited interim financial statements for the nine-month period ended 30 September 2022G.

The Company's total assets consist mainly of automobiles accounting for 78 per cent., commercial receivables accounting for 12 per cent., and property and equipment accounting for 5 per cent. of the Company's total assets as of 30 September 2022G.

Vehicles relate to the net book value of the Company's fleet used for car rental and vehicle lease services. Net book value of vehicles increased from SAR 625.1 million as of 31 December 2019G to SAR 706.3 million as of 31 December 2020G, mainly due to fleet additions of SAR 330.0 million in 2020G and an increase in the size of the fleet which increased from 11,182 vehicles as of 31 December 2019G to 12,041 vehicles as of 31 December 2020G (the Company purchased 3,233 vehicles for the vehicle lease segment and 597 vehicles for the car rental segment). This was offset by an increase in depreciation expenses for the year from SAR 103.6 million in the financial year ended 31 December 2019G to SAR 156.3 million in financial year ended 31 December 2020G and an increase in net eliminations (net cost balance and accumulated depreciation transferred to inventory) from SAR 61.1 million in the financial year ended 31 December 2019G to SAR 92.5 million in the financial year ended 31 December 2020G, as 638 vehicles were sold from the vehicle lease segment and 2,330 cars from the car rental sector during 2020G.

Net book value of vehicles increased from SAR 706.3 million as of 31 December 2020G to SAR 1,051.4 million as of 31 December 2021G as a result of: (i) car additions worth SAR 600.0 million, which contributed to the increase in the fleet from 12,041 vehicles as of 31 December 2020G to 16,666 vehicles as of 31 December 2021G (the Company purchased 3,047 vehicles for the vehicle lease segment and 3,552 vehicles for the car rental segment in 2021G); in addition to (ii) the decrease in net eliminations (net accumulated cost and depreciation balance of vehicles sold classified under "transferred to inventory" in Table 6.18 (*Vehicles as of 31 December 2019G, 2020G and 2021G*) from SAR 92.5 million in the financial year 2020G to SAR 59.8 million in the financial year 2021G, as 1,033 vehicles were sold from the vehicle lease segment and 943 vehicles from the car rental segment during the financial year 2021G. This was offset by an increase in depreciation costs for the year from SAR 156.3 million in the financial year 2020G to SAR 195.2 million in the financial year 2021G.

Net book value of vehicles increased from SAR 1,051.4 million as of 31 December 2021G to SAR 1,199.0 million as of 30 September 2022G, due to the increase in cost value at the end of the year from SAR 1,401.7 million as of 31 December 2021G to SAR 1,658.9 million as of 30 September 2022G in line with an increase of 5,027 vehicles during the nine-month period ended 30 September 2022G and an increase in depreciation balance from SAR 350.3 million as of 31 December 2021G to SAR 459.9 million as of 30 September 2022G.

The Company's total liabilities mainly comprise loans and advances, accounting for 64 per cent. of the total, with 49 per cent. as non-current and 15 per cent. as traded. Trade payables represent another 22 per cent. of the total liabilities as of 30 September 2022G. For further details, see Section 6.5.2.3 (*Loans and Borrowings – Non-Current Portion*) and Section 6.6.2.3 (*Loans and Borrowings*).

On 24 March 2019G, the Company secured a loan from a local bank to finance the purchase of cars. The non-current portion of loans and advances decreased from SAR 75.5 million as of 31 December 2019G to SAR 52.3 million as of 31 December 2020G as a result of loan repayment as per the agreed repayment schedule. The non-current portion of the loan and advances balance decreased again from SAR 52.3 million as of 31 December 2020G to nil as of 31 December 2021G as a result of the early settlement of the Company's loan through financing obtained from Seera Group Holding.

The current portion of loans and advances represents the portion expected to be repaid in the financial year following the reporting year in accordance with the repayment schedule. These loans are mainly used for the purchase of cars and amounted to SAR 23.2 million as of 31 December 2019G and 31 December 2020G. The current portion of loans and advances decreased from SAR 23.2 million as of 31 December 2020G to nil as of 31 December 2021G as a result of the early settlement of the loan facility granted to the Company.

On 25 April 2022G and 14 June 2022G, the Company entered into financing contracts with local banks. The Company utilized SAR 487 million in total loan facilities. This finance is repaid on a quarterly basis for three years at prevailing market rates. The purpose of the loans was to settle balances with the parent company and finance the Company's operations. The loan is secured against the waiver of related cash flow income. For analysis of loans and advances, see Section 6.6.2.3 (*Loans and Borrowings*).

Table 11: Statement of Cash Flows for the Financial Years Ended 31 December 2019G, 2020G and 2021G, and the Nine-Month Periods ended 30 September 2021G and 2022G:

Currency: SAR'000	As of 31 Dec 2019G	As of 31 Dec 2020G	As of 31 Dec 2021G	30 Sep 2021G	30 Sep 2022G
Net cash used in operating activities	322,956	(77,299)	(147,828)	(85,706)	(8,582)
Net cash used in investment activities	(411,015)	(2,411)	(2,477)	(1,478)	8,564
Net cash generated from financing activities	94,529	90,653	151,371	81,699	3,729
Net changes in cash and cash equivalents for the year	6,470	10,942	1,066	(5,485)	3,711
Cash and the like at the beginning of the year	(1,137)	5,333	16,276	16,276	17,342
Cash and the like at the end of the year	5,333	16,276	17,342	10,791	21,053

Source: Financial statements for the financial years ended 31 December 2019G, 2020G and 2021G, and the unaudited interim financial statements for the nine-month period ended 30 September 2022G.

For further details, see Section 6.5.3 (*Statement of Cash Flows for the Financial Years Ended 31 December 2019G, 2020G and 2021G*) and Section 6.6.3 (*Statement of Cash Flows for the Nine-month Periods Ended 30 September 2021G and 30 September 2022G*).

Summary of Risk Factors

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

Risks Related to the Operations of the Company

- Risks Related to the Company's Inability to Implement its Growth Strategy in the Future
- Risks Related to Revenue Concentration
- Risks Related to Losing Major Clients of Vehicle Lease and Car Rental Services
- Risks Related to the Residual Value of Existing Contracts
- Risks Related to Opening Branches for Car Rental in New Cities
- Risks Related to Leasing Real Estate Properties
- Risks Related to Airport Branch Leases
- Risks Related to the Closure of Some of the Company's Branches
- Risks Related to Infectious Diseases or Other Public Health Threats
- Risks Related to Seasonal Factors
- Risks Related to the Company's Reputation, Trademark and Services
- Risks Related to Marketing Activities
- Risks Related to Inaccurate Estimates of Costs and Service Pricing
- Risks Related to Inaccurate Estimates of Future Car Rental Demand Levels
- Risks Related to Vehicle Purchases
- Risks Related to the Company's Selling of Vehicles upon Retirement
- Risks Related to Related Party Transactions and Agreements
- Risks Related to the Engagement of Directors and Senior Executives in Businesses Competing with the Company's Business
- Risks Related to the Growing Importance of E-Channels for Car Rentals
- Risks Related to the Inability to Adequately Maintain the Confidentiality and Integrity of Customer and Employee Data
- Risks Related to Credit Card, Mada Card and Hyperpay Payments
- Credit Risks Related to Collecting Receivables from the Company's Customers
- Risks Related to Theft or Misuse of Cars by the Company's Customers
- Risks Related to Fines Received by the Company's Customers
- Risks Related to Outsourcing Certain Services to Seera Group Holding
- Risks Imposed by Financing and the Ability to Obtain Financing
- Risks Related to Corporate Guarantees Provided by Seera Group Holding
- Risks Related to Adverse Changes in Interest Rates and Other Financial Risks
- Risks Related to Reliance on Executive Management and Key Personnel
- Risks Related to the Failure to Attract and Retain Qualified Employees
- Risks Related to Employee Misconduct and Errors
- Risks Related to Reliance on Information Technology Infrastructure
- Risks Related to Employing and Sponsoring Non-Saudi Employees
- Risks Related to the Failure to Secure Adequate Insurance Coverage
- Risks Related to Litigation
- Risks Related to the Protection of Intellectual Property Rights

- Risks Related to Potential Zakat Liability
- Risks Related to the Use of Accounting Assumptions, Estimates and Judgments, and the Corresponding Errors
- Risks Related to Newly Implemented Corporate Governance Rules
- Risks Related to the Failure by the Audit Committee and the Nomination and Remuneration Committee to Perform their Duties as Required
- Risks Related to Changes in the Composition of the Board of Directors After the Issuance of the CMA's Approval of the Offering
- Risks Related to the Recent Appointment of New Directors
- Risks Related to the Lack of Experience in Managing a Publicly Listed Joint Stock Company
- Risks Related to the Company's Non-Distribution of Dividends in the Financial Years Ended 31 December 2019G, 2020G and 2021G, and the nine-month Period Ended 30 September 2022G
- Risks Related to Changes in the Useful Life, Residual Value and Methods of Calculating Depreciation of Vehicles

Risks Related to the Market, Industry, and Regulatory Environment

- Risks Related to Structural Changes in the Transport Sector
- Risks Related to Consumer Spending due to Weak Economic Conditions
- Risks Related to Political Instability and Security Concerns in the Middle East Region
- Risks Related to Force Majeure and Natural Disasters
- Risks Related to Competition and the Company's Market Share
- Risks Related to Changes in the Regulatory Environment
- Risks Related to Unanticipated Costs Related to Compliance with Health and Safety and Environmental Laws and Regulations
- Risks Related to Zakat and Income Tax Calculation Mechanism Changes
- Risks Related to Non-Compliance with VAT Regulations
- Risks Related to Changes in Energy Prices
- Risks Related to Exchange Rates
- Risks Related to Licences and Approvals
- Risks Related to the Increase in Government Fees Applicable to Non-Saudi Employees
- Risks Related to Non-Compliance with the Saudization Requirements
- Risks Related to Compliance with the New Companies Law
- Risks Related to Expected Launch of a Number of Initiatives Related to Public Trasport in the Kingdom

Risks Related to the Offer Shares

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

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TABLES

EXHIBITS

1. Definitions and Abbreviations

Accounting Standards Accepted in the Kingdom (SOCPA)	Accounting standards generally accepted in the Kingdom of Saudi Arabia and approved by the Saudi Organization for Chartered and Professional Accountants.
Admission	Admission of the Shares to full listing on the Exchange in accordance with the Listing Rules and, where the context requires, an application to the Exchange for listing of securities.
Advisors	Advisors of the Company in relation to the Offering, whose names appear on pages (vii) and (viii) of this Prospectus.
Affiliate	A person who controls another person, or is controlled by that other person, or shares control by a third person. In any of the above, control is direct or indirect.
Audit Committee	The Audit Committee of the Company.
Auditors	1. Dr. Mohamed Al-Amri & Co., for the Company's audited financial statements for the financial years ended 31 December 2019G and 2020G; and 2. KPMG Professional Services, for the Company's audited financial statements for the financial year ended 31 December 2021G and the unaudited interim financial statements for the nine-month period ended 30 September 2022G.
Bidding Participation Application	The application submitted by the Participating Entities to the Bookrunners for participation in the book-building process, to be submitted no later than the last day of the book-building process period. This term includes, when applicable, the appended applications when the price range is changed.
Board of Directors or Board	The Board of Directors of the Company.
Book-Building Instructions	The Instructions for Book-Building Process and Allocation Method in Initial Public Offerings, issued pursuant to CMA Board Resolution No. 2-94-2016, dated 15 Shawwal 1437H (corresponding to 20 July 2016G), as amended by CMA Board Resolution No. 1-301-2022, dated 2 Rabi' al-Awwal 1444H (corresponding to 28 September 2022G).
Bookrunners	Saudi Fransi Capital and EFG Hermes KSA.
Business Day	Any day (other than Fridays, Saturdays and official holidays) on which the Receiving Agents are open for business in the Kingdom.
Bylaws	The Bylaws of the Company, which are summarised in Section 12.13 (*Summary of Bylaws*).
Capital Market Institution	A Person authorised by the CMA to practice securities business.
Chairman	The Chairman of the Board of Directors.
Chief Executive Officer	The Chief Executive Officer of the Company.
Chief Financial Officer	The Chief Financial Officer of the Company.
CMA	The Capital Market Authority of the Kingdom.
CML	The Capital Market Law issued under Royal Decree M/30, dated 2 Jumada al-Akhirah 1424H (corresponding to 31 July 2003G), as amended.
Committees	The Audit Committee, the Nomination and Remuneration Committee, and the Executive Committee of the Company.
Companies Law	The Companies Law, issued under Royal Decree No. (M/132), dated 1 Thul-Hijjah 1443H (corresponding to 30 June 2022G), as amended.
Company or Issuer	Lumi Rental Company.
Control	The ability to directly or indirectly influence the acts or decisions of another person, individually or collectively with a relative or affiliate, through any of the following: (a) holding 30 per cent. or more of the voting rights in the Company, or (b) the right to appoint 30 per cent. or more of the administrative staff; and the word "controller" shall be construed accordingly.
Corporate Governance Regulations	The Corporate Governance Regulations, issued pursuant to CMA Board Resolution No. 8-16-2017, dated 16 Jumada al-Ula 1438H (corresponding to 13 February 2017G), and amended pursuant to CMA Board Resolution No. 8-5-2023, dated 25 Jumada al-Akhirah 1444H (corresponding to 18 January 2023G).

Directors (and each individually a Director)	The members of the Company's Board of Directors appointed by the General Assembly and whose names appear in Section 5 (*Organisational Structure and Corporate Governance*).
Exchange or Tadawul	The Saudi Exchange (Tadawul).
Executive Management	The Senior Executives of the Company.
Extraordinary General Assembly	An Extraordinary General Assembly of the Company's Shareholders convened in accordance with the Bylaws.
Financial Advisor	Saudi Fransi Capital.
Financial Due Diligence Advisor	PricewaterhouseCoopers Professional Services.
Financial Institutions	Banks and financial services companies.
Financial Statements	The Company's audited financial statements for the financial years ended 31 December 2019G, 2020G and 2021G, and the unaudited interim financial statements for the nine-month period ended 30 September 2022G and the accompanying notes thereto that have been prepared in accordance with IFRS endorsed in the Kingdom and other standards and pronouncements issued by SOCPA, and audited or reviewed, as applicable, by the Auditors in accordance with the audit or review reports, as applicable, issued for them. Such statements are contained in Section 19 (*Financial Statements and Auditors' Report*).
Financial Year	The Company's financial year starting from 1 January to 31 December of each calendar year.
Foreign Investors	1. Non-GCC individuals living outside the Kingdom and non-GCC institutions incorporated outside the Kingdom who have the right to invest indirectly to acquire an economic benefit in the Offer Shares by entering into swap agreements with Capital Market Institutions licenced by the CMA to purchase shares listed on the Exchange. 2. A foreign natural or legal person, which is a client of a Capital Market Institution authorised by the CMA to conduct managing activities, provided that the Capital Market Institution has been appointed on conditions that enable it to make all investment decisions on the client behalf without obtaining prior approval from the client.
Foreign Strategic Investor	A foreign legal entity that aims to own a direct percentage in a listed company's shares for a period of not less than two years, for the purpose of contributing in enhancing the financial or operational performance of such listed company.
G	The Gregorian calendar.
GASTAT	The General Authority for Statistics, a Government agency in the Kingdom responsible for the implementation of statistical works, including conducting national surveys.
GCC	The Cooperation Council for the Arab States of the Gulf, consisting of the Kingdom of Bahrain, State of Kuwait, Sultanate of Oman, State of Qatar, Kingdom of Saudi Arabia and United Arab Emirates.
GCC Corporate Investors	Any company with the majority of its share capital being owned by GCC natural persons or governments and having the nationality of a GCC State according to the definition mentioned in the Resolution of the Supreme Council of GCC issued in the 15th session and approved by Council of Ministers' Resolution No. 16 dated 20 Muharram 1418H (corresponding to 26 May 1997G), as well as GCC funds with the majority of its capital being owned by GCC citizens or governments.
GCC Countries	The Gulf Cooperation Council countries.
GDP	Gross Domestic Product (the broadest quantitative measure of a nation's total economic activity, which represents the monetary value of all goods and services produced within a nation's geographical borders over a specified period of time).
GDP per Capita	GDP per capita is a measure of average income per person in a country (it divides the GDP by the population).
General Assembly	An Extraordinary General Assembly and/or an Ordinary General Assembly of the Company's Shareholders, and "General Assembly" means any General Assembly of the Company.
GOSI	The General Organization of Social Insurance in the Kingdom.
Government	The Government of the Kingdom (and "**Governmental**" shall be interpreted accordingly).
H	The Hijri calendar.
IASB	International Accounting Standards Board.
IFRS	International Financial Reporting Standards issued by the IASB as endorsed in the Kingdom and other standards and pronouncements issued by SOCPA, including the standards and statements approved by SOCPA, which include standards and technical publications related to issues not covered by IFRS, such as Zakat.

Individual Investors	Individuals with Saudi Arabian nationality, including any Saudi female divorcee or widow with minor children from a marriage to a non-Saudi person who can subscribe for her own benefit or in the names of her minor children, on the condition that she proves that she is a divorcee or widow and the mother of her minor children, as well as any non-Saudi natural persons resident in the Kingdom or GCC natural persons, in each case who have a bank account with a Receiving Agent and the right to open an investment account with a Capital Market Institution.
Investment Funds Regulations	The Investment Funds Regulations issued pursuant to CMA Board Resolution No. 1-219-2006, dated 3 Thul-Hijjah 1427H (corresponding to 24 December 2006G), based on the Capital Market Law promulgated by Royal Decree No. M/30, dated 2 Jumada al-Akhirah 1424H (corresponding to 31 July 2003G), as amended by CMA Board Resolution No. 2-22-2021G on 12 Rajab 1442H (corresponding to 24 February 2021G).
Investors	The Participating Parties and Individual Investors.
Financial Advisor	Saudi Fransi Capital.
Kingdom	Kingdom of Saudi Arabia.
Labour Law	The Saudi Arabian Labour Law issued under Royal Decree No. M/51, dated 23 Sha'ban 1426H (corresponding to 27 September 2005G), as amended.
Lead Manager	Saudi Fransi Capital.
Legal Advisor	Zeyad Yousef AlSalloum and Yazeed Abdulrahman AlToaimi Company for Legal Services and Consultation.
Listing Rules	The Listing Rules approved by CMA Board Resolution No. 3-123-2017, dated 9 Rabi' al-Thani 1439H (corresponding to 27 December 2017G), as amended by CMA Board Resolution No. 1-108-2022G dated 23 Rabi' al-Awwal 1444H (corresponding to 19 October 2022G).
Lock-up Period	The six-month period during which the Substantial Shareholder may not dispose of any of its Shares from the date on which trading of the Shares commences on the Exchange.
Main Market	The market in which the registered and offered shares are traded under Part IV of the Rules on the Offer of Securities and Continuing Obligations.
Market Consultant	Arthur D. Little Saudi Arabia.
Market Report	Then independent market study report on the car rental market in the Kingdom prepared by the Market Consultant exclusively for the Company.
MHRSD	The Saudi Arabian Ministry of Human Resources and Social Development.
MoC	The Saudi Arabian Ministry of Commerce.
Ministry of Transport and Logistic Services	The Saudi Arabian Ministry of Transport and Logistic Services.
National Transformation Program (NTP)	The programme developed to help realise Saudi Vision 2030 and define the challenges that Government agencies in the economic and development sectors face.
Net Offering Proceeds	The Offering Proceeds net of expenses related to the Offering.
Nominal Value	SAR 10 per share.
Nomination and Remuneration Committee	The Nomination and Remuneration Committee of the Company emanating from the Board of Directors.
Offer Price	SAR [•] per Share.
Offer Shares	Sixteen million and five hundred thousand (16,500,000) Shares, representing 30 per cent. of the Company's share capital.
Offering	The initial public offering of sixteen million and five hundred thousand (16,500,000) ordinary Shares with a fully paid-up nominal value of ten Saudi Arabian Riyals (SAR 10) per Share, representing 30 per cent. of the Company's share capital, and at an Offer Price of SAR [•] per Share.
Offering Period	Tuesday, 26/02/1445H (corresponding to 12/09/2023G) and will remain open for a period of one (1) day
Offering Proceeds	The total value of the Shares subscribed for in the Offering.
Ordinary General Assembly	An Ordinary General Assembly of the Company's Shareholders convened in accordance with the Bylaws.
Participating Entities	Entities involved in the book-building process from amongst the Participating Parties.

Participating Parties	In accordance with the Book-Building Instructions, parties entitled to participate in the book-building process, as follows: (1) public and private funds that invest in securities listed on the Exchange, if permissible under the terms and conditions of such funds, in compliance with the provisions and restrictions set forth in the Investment Funds Regulations and the Book-Building Instructions; (2) Capital Market Institutions authorised by the CMA to trade in securities as principals, in compliance with the provisions of the Prudential Rules upon submission of a Subscription Application Form; (3) clients of a Capital Market Institution authorised by the CMA to conduct management activities in accordance with the provisions and restrictions set forth in the Book-Building Instructions; (4) legal persons allowed to open an investment account in the Kingdom, and an account with the Securities Depository Center, including foreign legal persons who are allowed to invest on the Exchange, in accordance with the Controls on Investment by Listed Companies in Exchange-Listed Securities set forth in CMA Circular No. 6/05158, dated 11 Sha'ban 1435H (corresponding to 9 June 2014G), issued pursuant to CMA Board Resolution No. 9-28-2014, dated 20 Rajab 1435H (corresponding to 19 May 2014G); (5) Governmental entities, any supranational authority recognised by the CMA, the Exchange, or any other stock exchange recognised by the CMA or the Securities Depository Center; (6) Government-owned companies, whether investing directly or through a portfolio manager; and (7) GCC companies, and GCC funds if permissible under the terms and conditions of such funds.
Person	A natural or a legal person under the laws of the Kingdom.
Prospectus	This document prepared by the Company in relation to the Offering.
Prudential Rules	The Prudential Rules issued pursuant to CMA Board Resolution No. 1-40-2012, dated 17 Safar 1434H (corresponding to 30 December 2012G) and amended pursuant to CMA Board Resolution No. 1-129-2022, dated 4 Jumada al-Akhirah 1444H (corresponding to 28 December 2022G).
Public	Persons other than the following: (1) affiliates of the Issuer; (2) substantial Shareholders of the Issuer; (3) directors and Senior Executives of the Issuer; (4) directors and senior executives of the Issuer's affiliates; (5) directors and senior executives of the Issuer's Substantial Shareholders; (6) any relatives of the persons referred to in paragraphs 1, 2, 3, 4, or 5 above; (7) any company controlled by any person referred to in paragraphs 1, 2, 3, 4, 5 or 6 above; and (8) persons acting in concert, with a collective shareholding of five per cent. or more of the class of shares to be listed.
QFI or Qualified Foreign Investor	A qualified foreign investor who, in accordance with the Rules for Foreign Investment in Securities, is qualified to invest in listed securities.
Receiving Agents	The Receiving Agents whose names appear on page (ix) of this Prospectus.
Related Party	It includes, in this Prospectus, the term "**Related Party**" or "**Related Parties**" in accordance with Glossary of Defined Terms Used in the Regulations and Rules of the Capital Market Authority issued by CMA Board Resolution No. 4-11-2004 dated 20 Sha'ban 1425H (corresponding to 4 October 2004G), as amended by CMA Board Resolution No. 226-2023 dated 5 Ramadan 1444H (corresponding to 27 March 2023G) as follows: (1) affiliates of the Issuer except for wholly owned companies by the issuer; (2) substantial Shareholders of the Issuer; (3) directors and Senior Executives of the Issuer; (4) directors of an affiliate of the Issuer; (5) directors and senior executives of the Issuer's Substantial Shareholders; (6) any relatives of the persons described in paragraphs 1, 2, 3, 5 above; and (7) any company controlled by any person described in paragraphs 1, 2, 3, 5 or 6.
Relatives	Husbands, wives and minor children. For the purposes of the Corporate Governance Regulations: (1) fathers, mothers, grandfathers and grandmothers (and their ancestors); (2) children and grandchildren and their descendants; (3) siblings, maternal and paternal half-siblings; and (4) husbands and wives.
risk factors	A group of potential risks that should be understood and considered prior to making an investment decision in relation to the Offer Shares.

Rules for Foreign Investment in Securities	The Rules for Foreign Investment in Securities issued pursuant to CMA Board Resolution No. 2-26-2023, dated 5 Ramadan 1444H (corresponding to 27 March 2023G).
Rules on the Offer of Securities and Continuing Obligations	The Rules on the Offer of Securities and Continuing Obligations issued by CMA Board Resolution No. 3-123-2017 dated 9 Rabi' al-Thani 1439H (corresponding to 27 December 2017G) in accordance with the Capital Market Law promulgated by Royal Decree No. M/30 dated 2 Jumada al-Akhirah 1424H (corresponding to 31 July 2003G), and amended by CMA Board Resolution No. 8-5-2023, dated 25 Jumada al-Akhirah 1444H (corresponding to 18 January 2023G).
SAR	The Saudi Arabian Riyal, which is the lawful currency of the Kingdom.
SAIBOR	The Saudi Arabian Interbank Offered Rate.
Saudi Central Bank (SAMA)	Saudi Central Bank.
Saudization	Nationalization requirements applicable in the Kingdom in relation to the labour market.
Secretary	The Secretary of the Company's Board of Directors.
Selling Shareholder or Substantial Shareholder	Seera Group Holding.
Senior Executives	The members of the Company's Executive Management whose names appear in Table 5.6 (*Details of Senior Executives*).
Shareholder	Any holder of Shares in the Company.
Shares	Ordinary shares of the Company, with a fully paid nominal value of ten Saudi Arabian Riyals (SAR 10) per share in the Company's capital issued from time to time.
SOCPA	The Saudi Organization for Chartered and Professional Accountants.
Subscriber / Subscribers	The Participating Entities and Individual Subscribers participating in the Offering.
Subscription Application Form	The subscription application form to be used by Participating Entities and Individual Investors (as the case may be) to subscribe for the Offer Shares.
Swap Agreements (SWAPS)	Non-Saudi individuals residing outside the Kingdom and corporations registered outside the Kingdom, with the exception of Qualified Foreign Investors and Foreign Strategic Investors, in accordance with the Rules for Foreign Investment in Securities, to acquire the economic benefits of shares by entering into swap agreements (SWAPS) with Capital Market Institutions licenced by the CMA to buy, own and trade in shares listed in the capital markets for the benefit of foreign investors. Under the SWAPS, the Capital Market Institutions will be registered as legal owners of those shares.
Underwriter	Saudi Fransi Capital.
Underwriting Agreement	The Underwriting Agreement entered into between the Company, the Selling Shareholder and the Underwriter in connection with the Offering.
TGA	The Transport General Authority of the Kingdom
VAT	The Council of Ministers of the Kingdom resolved on 2 Jumada Al-Awwal 1438H (corresponding to 30 January 2017G) to approve the Unified GCC Value Added Tax Agreement, which came into effect on 1 January 2018G, as a new tax to be added to the system of taxes and other duties to be applied to specific sectors in the Kingdom and in the other GCC Countries. The amount of value added tax was initially five per cent., but a number of products (such as basic food, and health care and education services) are exempted from such tax. As of 1 July 2020G, VAT was further increased to 15 per cent. by the Ministry of Finance of the Kingdom.
Vision 2030	The National Strategic Economic Program, which aims to reduce dependence on oil and the petrochemical industry, diversify the Saudi economy and develop public services, which was announced by the Saudi Government in 2016G.
ZATCA	Zakat, Tax and Customs Authority in the Kingdom.

2. Risk Factors

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

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

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

The risks described below are not presented in any assumed order of priority that might reflect their expected impact on the Company.

2.1 Risks Related to the Operations of the Company

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

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

2.1.2 Risks Related to Rental Revenue Concentration

Revenues generated from car rental services amounted to around 45.1 per cent., 28.6 per cent., 35.2 per cent., 33.2 per cent. and 36.5 per cent. of the Company's total revenue for the financial years ended 31 December 2019G, 2020G and 2021G, and the nine-month periods ended 30 September 2021G and 2022G, respectively. For the financial years ended 31 December 2019G, 2020G and 2021G, and the nine-month periods ended 30 September 2021G and 2022G, revenues generated from the Company's top five branches amounted to SAR 89.8 million, SAR 79.2 million, SAR 128.4 million, SAR 87.7 million and 110.5 million, respectively, representing 28.3 per cent., 18.4 per cent., 24.6 per cent., 23.3 per cent. and 21.0 per cent., respectively, of the Company's total revenue for the same period, and representing 62.7 per cent., 64.4 per cent., 69.9 per cent., 70.4 per cent. and 57.6 per cent., respectively, of the Company's total car rental revenue for the same period, while the Company's top rental branch alone represented 7.3 per cent., 3.4 per cent, 5.1 per cent., 9.0 per cent. and 18.1 per cent., respectively, of its total revenue in the same periods. The Company does not own any such branches; it leases all of them. There can be no assurance that the Company will be able to renew such leases upon their expiration on acceptable terms or at all (see Section 2.1.6 (*Risks Related to Leasing Real Estate Properties*)). The Company may be forced to close one or more branches due to regulatory matters, such as the loss or non-renewal of required permits or licences (see Section 2.2.12 (*Risks Related to Licences and Approvals*)). The loss of any of its top five car rental branches would have a material adverse effect on the Company's business, financial position, results of operations and/or prospects. For example, the Company lost its Jeddah Airport branch in September 2019G and did not reopen it again until November 2021G, due to the transfer of the branch to Terminal 1 at the new Jeddah Airport, which alone generated 12.0 per cent. of its rental revenue and 5.4 per cent. of its total revenue in the financial year ended 31 December 2019G.

In addition, car rental revenue in the Central Region amounted to 35.9 per cent., 37.5 per cent., 37.4 per cent., 39.5 per cent. and 26.3 per cent. of the total car rental revenue for the financial years ended 31 December 2019G, 2020G and 2021G, and the nine-month periods ended 30 September 2021G and 2022G, respectively; in the Western Region it amounted to 43.7 per cent., 23.1 per cent., 19.2 per cent., 19.7 per cent. and 17.7 per cent. in the same periods; in the Northern Region it amounted to 4.8 per cent., 29.2 per cent., 33.5 per cent., 31.1 per cent. and 45.4 per cent. in the same periods; in the Eastern Region it amounted to 10.5 per cent., 6.4 per cent., 5.5 per cent., 5.2 per cent. and 6.7 per cent. in the same periods; and in the Southern Region it amounted to 5.1 per cent., 3.8 per cent., 4.4 per cent., 4.5 per cent. and 3.9 per cent. in the same periods. There is no guarantee that the Company will be able to maintain its growing revenues from these geographical areas or diversify its revenues to include other geographical areas, and if the revenues from such areas substantially decreased, this would have a material and adverse impact on the Company's business, financial position, results of operations and/or prospects.

2.1.3 Risks Related to Loss of Major Vehicle Lease or Car Rental Customers

The lease revenues from the Company's top five vehicle lease customers represented in aggregate approximately 11.1 per cent., 15.6 per cent., 18.4 per cent., 18.9 per cent. and 15.1 per cent. of the total revenues in the financial years ended 31 December 2019G, 2020G and 2021G, and the nine-month periods ended 30 September 2021G and 2022G, respectively, while the lease revenues generated from the Company's ten largest lease customers represented 8.5 per cent., 20.0 per cent., 24.2 per cent., 26.4 per cent. and 20.8 per cent., respectively, of total revenues in the same periods. The lease revenues generated from the Company's top five vehicle lease customers represented 32.9 per cent., 33.8 per cent., 37.8 per cent., 37.9 per cent. and 36.0 per cent., respectively, of the lease revenues of the Company in the same periods, while the lease revenues generated from the Company's 15 largest lease customers represented 33.8 per cent., 50.9 per cent., 57.3 per cent., 57.1 per cent. and 56.8 per cent., respectively, of total revenues in the same periods. (for further details on the Company's major customers, see Section 4.6.1.1(c) (*Vehicle Lease Clients*). The total vehicle lease revenues generated from customers from the Government sector in the Company represented 43.1per cent., 48.8 per cent., 45.9 per cent., 46.2 per cent. and 44.0 per cent. of the Company's vehicle lease revenue in the financial years ended 31 December 2019G, 2020G and 2021G, and the nine-month periods ended 30 September 2021G and 2022G, respectively (for further details on the Company's vehicle lease revenue from the Government sector, see Section 6.6.1.14 (b) (*Corporate Sector*) and Section 6.5.1.17 (a) (*Corporate Sector*)). Vehicle lease revenues from the corporate sector represented for 53.9 per cent., 50.6 per cent., 52.6 per cent., 52.3 per cent. and 54.7 per cent., respectively, of the Company's vehicle lease revenues in the same periods (for further details on lease income from the corporate sector, see Section 6.5.1.17 (a) (*Corporate Sector*) and Section 6.6.1.14 (b) (*Government Sector*)). The revenues generated from the two largest car rental customers represented SAR 22.4 million, SAR 36.1 million, SAR 82.5 million, SAR 60.2 million and SAR 45.9 million in the financial years ended 31 December 2019G, 2020G and 2021G, and the nine-month periods ended 30 September 2021G and 2022G, respectively, representing 15.7 per cent., 29.4 per cent., 44.9 per cent., 48.3 per cent. and 24.0 per cent., respectively, of the Company's car rental revenue in the same periods. The revenues from the Company's top five car rental customers represented in aggregate approximately 14.1 per cent., 13.1 per cent., 18.6 per cent., 18.7 per cent. and 12.7 per cent. of the total revenues in the financial years ended 31 December 2019G, 2020G and 2021G, and the nine-month periods ended 30 September 2021G and 2022G, respectively, while the revenues generated from the Company's top five car rental customers represented 31.1 per cent., 46.0 per cent., 52.8 per cent., 56.6 per cent. and 34.8 per cent., respectively, of the car rental revenues of the Company in the same periods (for further details on the Company's major customers, see Section 4.6.1.2(c) (*Rental Retail Customers and Corporate Clients*)). The vehicle lease agreement between the Company and the Ministry of Health has expired. For further information on material agreements, see Section 12.4 (*Material Agreements*) and for further details on financial guarantees, see Section 2.1.27 (*Risks Related to Corporate Guarantees Provided by Seera Group Holding*). However, the customers still use the rented vehicles which are the subject of the expired agreement and the Company issues monthly invoices without concluding a new agreement or an extension agreement as of the date of this Prospectus. The Company's revenues could be negatively affected if it lost such major vehicle lease customers, or if there is a reduction in business with such customers. Contractual relationships with the Company's major customers do not guarantee sales volumes or longevity and the Company's relationship with such customers could change at any time. Most of the Company's contracts with its major vehicle lease customers are of three years on average, to be renewed by mutual agreement. Moreover, the Company may fail to maintain its corporate customers in general, or any of its customers in particular, resulting in the loss of a significant share of the Company's revenues without the same being offset by other customers. This would have an adverse effect on the Company's business, financial position, results of operations and/or prospects.

The Company's revenues depend significantly on the ability of the Company's management to attract new customers in the vehicle lease sector. As of 30 September 2022G, the remaining value of the Company's existing contracts with its current customers amounted to SAR 454.8 million (for further details about the remaining value of existing contracts, see Section 2.1.4 (*Risks Related to the Residual Value of the Existing Contracts*). In the event that the Company's management fails in the future to continue to attract new customers in the vehicle lease sector or to retain its existing customers, this would have an adverse effect on the Company's business, financial position, results of operations and/or prospects.

2.1.4 Risks Related to the Residual Value of the Existing Contracts

It is difficult to determine the value of existing contracts, and companies operating in the car rental sector may determine the value of existing contracts differently. As of 31 December 2019G, 2020G and 202G and the nine-month periods ended 30 September 2021G and 2022G, the Company had accumulated contracts (backlog) valued at approximately SAR 360.7 million, SAR 463.3 million, SAR 455.7 million, SAR 465.7 million and SAR 454.8 million, respectively. The backlog position has significantly increased in April 2023G as the Company singed two new contracts with Saudi Arabian Oil Company (Saudi Aramco) for a total of additional 3,003 vehicles, in addition to concluding new contracts with other Governmental agencies, including the Ministry of Interior for a total of additional 1,500 vehicles, another contract with the Saudi Emergency Force for a total of additional 400 vehicles, and another contract with the Saudi Post for a total of additional 855 vehicles, resulting, together with existing contracts renewals and contracts with other new clients, in the value of the Company's backlog increasing to SAR 1,300.7 million as of 30 April 2023G. The increase in the value of existing contracts was due to the increase in the number of vehicle lease agreements primarily attributed to the Government's strategic decision to prioritize the leasing model for its fleet via a centralized procurement system. As of 31 December 2019G, 2020G and 2021G, and the nine-month period ended 30 September 2022G, the value of outstanding contracts for the top ten clients accounted for 58.1 per cent., 53.3 per cent. 42.3 per cent., 45.9 per cent. and 35.6 per cent. of the total value of outstanding contracts (further increasing to 68.9 per cent. as of 30 April 2023G). The value of existing contracts represents the Company's estimate of the value of future revenues expected to be recorded under existing vehicle leases. The Company estimates the number of existing contracts by subtracting the amount of previously recognized revenue from the total value of vehicle leases awarded to the Company, which in most cases represents the remaining contractual value as well as the new agreements granted to the Company. The residual value of existing contracts does not necessarily indicate future profits and may be subject to revisions and changes up or down, as the case may be, due to the conclusion of new contracts or the early termination of existing contracts with the relevant penalty (which may not enable the Company to obtain full compensation), or the customers' failure to complete existing contracts or pay outstanding amounts.

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

2.1.5 Risks Related to Opening Branches for Car Rental in New Cities

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

- accurately estimating market size and potential, intensity of competition and general economic and business conditions;
- obtaining required Governmental and local authority permits and approvals (see Section 2.2.12 (*Risks Related to Licences and Approvals*));
- securing necessary financing for any new branch that the Company constructs (see Section 2.1.26 (*Risks Imposed by Financing and the Ability to Obtain Financing*)) in the event it is not able to finance it from the cash flow from its operations;
- entering into and efficiently managing construction contracts for any new branch that the Company constructs;
- successfully integrating the new car rental branch within its network; and
- hiring, training and retaining qualified personnel for each new branch.

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

2.1.6 Risks Related to Leasing Real Estate Properties

As of 30 September 2022G, the Company has 33 car rental branches, all of which have been leased (representing 100.0 per cent. of the total branches). The leases generally have initial terms of one to five years and typically provide for renewal options for similar periods by mutual agreement on the renewal terms, including rental value (for further details on leases, see Section 12.7.1 (*Leases*)). The Company may fail to negotiate the renewal of leases on commercially acceptable terms or at all. As of the date of this Prospectus, the Company has chosen not to renew six expired lease agreements, resulting in the closure of its branches in Dammam, Jizan, Qassim, Al-Ahsa, Medina and Yanbu. The Company may be forced to renew ongoing and expired leases on onerous terms or close car rental branches in desirable locations, thus losing the use of the facilities that it renovated at its own cost (or constructed at its own cost if it starts building its own facilities on leased land in future).

In general, the Company cannot terminate these leases without cause before the end of the initial lease term. As a result, if the Company closes a car rental branch, it will be obligated to perform its contractual obligations, including payment of rent for the balance of the lease term, as well as other fixed expenditures.

In addition, the Minister of Justice issued a ministerial circular dated 4 Jumada al-Ula 1440H (corresponding to 10 January 2019G) (in accordance with Council of Ministers Resolution No. 292 dated 16 Jumada al-Ula 1438H (corresponding to 13 February 2017G) which considers lease agreements not registered on the Ejar platform as non-enforceable administratively and judicially. As of the date of this Prospectus, the Company has one lease agreement that is not registered on the Ejar platform. Thus, in the event of any dispute between the Company and the relevant lessors in relation to this Agreement, the Company may encounter difficulties in obtaining its contractual rights. The Company may also face difficulties in issuing and renewing licences and permits in relation to leased sites through lease agreements that are not registered on the Ejar platform.

Moreover, total lease expenses amounted to SAR 10.8 million, SAR 11.2 million, SAR 8.2 million, SAR 5.9 million and SAR 5.7 million in the financial years ended 31 December 2019G, 2020G and 2021G, and the nine-month periods ended 30 September 2021G and 2022G, respectively, representing 3.8 per cent., 3.0 per cent., 2.0 per cent., 2.2 per cent. and 1.6 per cent., respectively, of the total operating costs in the same periods. The depreciation of the right to use assets and rental expenses amounted to SAR 3.8 million, SAR 4.3 million, SAR 8.4 million, SAR 6.1 million and SAR 15.1 million in the financial years ended 31 December 2019G, 2020G and 2021G, and the nine-month periods ended 30 September 2021G and 2022G, respectively, representing 1.6 per cent., 1.3 per cent., 2.4 per cent., 2.3 per cent. and 4.2 per cent. of the total cost of revenue in the same periods. If the Company is unable to generate sufficient cash flows from operating activities, and sufficient funds are not otherwise available to it from borrowings under its financing agreements or other sources, it may not be able to service its lease commitments. The occurrence of any of the above factors would have a material adverse effect on the Company's business, financial position, results of operations or prospects.

2.1.7 Risks Related to Airport Branch Leases

As of 30 September 2022G, the Company had 12 branches in the Kingdom's airports, including one branch providing car rental services with a driver, strategically covering international airports (Riyadh Airport Terminals 2 and 5, Jeddah Airport, Dammam Airport, Taif Airport, Yanbu Airport, Tabuk Airport and Al Ula Airport and Al Madina Airport), in addition to domestic airports (Al Wajh Airport, Al Jouf Airport and Al Baha Airport), compared to the ten branches in the Kingdom's airports as of 30 September 2021G, 12, eight and five branches in the Kingdom's airports as of 31 December 2021G, 2020G and 2019G, respectively. The Company's airport branches accounted for approximately 39.0 per cent., 20.3 per cent., 25.5 per cent., 23.6 per cent. and 34.1 per cent. of the car rental revenue in the financial years ended 31 December 2019G, 2020G and 2021G, and the nine-month periods ended 30 September 2021G and 2022G, respectively, and 17.6 per cent., 5.8 per cent., 9.0 per cent., 7.8 per cent. and 12.4 per cent., respectively, of the Company's total revenue during the same periods. Moreover, the airport lease agreements contain revenue sharing provisions. As a result, the profitability of the airport branches is lower beyond certain revenue thresholds. The Company's airport branches are also subject to tenders, thus increasing the risk of failure to renew their leases upon expiry of the original lease term, or to renew them at the same or comparable terms as other leases. For example, the Company's loss of any of its airport branches, particularly the key airport branches such as Jeddah Airport in 2019G, would lead to a decrease in the Company's revenues and cash flow, which would have a material and adverse impact on the Company's business, financial position, and results of operations or prospects.

As of 30 September 2022G, the remaining lease terms for seven out of the Company's twelve branches, which are located in the Kingdom's airports, were within a period of two years. These contracts do not give the Company the right to renew them automatically, but the Company's branches at airports are subject to renewal through participation in public bidding and tenders. In the event that the Company is unable to win such tenders to renew the lease contracts of its branches, or if it renews according to conditions that are not favourable to the Company, it will have to stop its services at the concerned airports, which will lead to the Company incurring significant expenses and will lead to its loss of the revenues generated from those airports, which would have a material and adverse impact on the Company's business, financial position, and results of operations or prospects.

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

The Company closed seven branches in 2020G, two branches in 2021G and one branch in the nine-month period ended 30 September 2022G. Such ten branches generated revenues of SAR 29.3 million, SAR 22.3 million, SAR 1.4 million, SAR 1.5 million and SAR 0.052 million in the financial years ended 31 December 2019G, 2020G and 2021G, and the nine-month periods ended 30 September 2021G and 2022G, respectively, representing 20.5 per cent., 18.2 per cent., 0.08 per cent., 1.2 per cent. and 0.03 per cent., respectively, of total car rental income in the same periods before being closed, driven by several factors, such as changes in the applicable regulations requiring the closed branches to be moved to more suitable locations, a lost tender for the Jeddah Airport branch and the Company's identification of new more suitable locations with greater business prospects.

The Company also intends to close six of its existing branches. These branches generated revenues amounting to SAR 13.4 million, SAR 11.1 million, SAR 11.5 million, SAR 8.2 million and SAR 10.0 million in the financial years ended 31 December 2019G, 2020G and 2021G, and the nine-month periods ended 30 September 2021G and 2022G, respectively, representing 9.4 per cent., 9.1 per cent., 6.3 per cent., 6.6 per cent. and 5.2 per cent., respectively, of the total car rental revenue in the same periods. If the Company is forced to close more of its branches in the future, this would have a material adverse effect on the Company's business, financial position, results of operations and/or prospects.

2.1.9 The Risks Related to Infectious Diseases or Other Public Health Threats

An outbreak of infectious diseases or other public health threats or fear may have a material adverse effect on the Company's business. In December 2019G, a new strain of the coronavirus (COVID-19) was discovered in Wuhan, Hubei Province, China. This disease has spread to most countries of the world, causing many countries, 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, as well as requiring people coming from other countries to stay in quarantine for a certain period of time. Accordingly, the demand for car rental was affected, as the fleet occupancy rate decreased from 82.2 per cent. in the financial year ended 31 December 2019G to 61.7 per cent. in the financial year ended 31 December 2020G, 75.2 per cent. in the financial year ended 31 December 2021G. The fleet occupancy rate decreased from 75.4 per cent. in the nine-month period ended 30 September 2021G to 72.7 per cent. in the nine-month period ended 30 September 2022G. This percentage may further decline in the future in the event of a decrease in demand for car rentals in the event of an outbreak of the virus and continued restrictions imposed to limit its spread. In addition, rental sales decreased from an average of SAR 11.9 million per month in the financial year ended 31 December 2019G to average of SAR 8.8 million per month in the financial year ended 31 December 2020G, before recovering in the financial year ended 31 December 2021G.

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

2.1.10 Risks Related to Seasonal Factors

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

2.1.11 Risks Related to the Company's Reputation and Services

Since its establishment, the Company has been endeavouring 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-channels for booking vehicles, the availability of multiple types of vehicles, the maintenance of vehicles 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 would have a material adverse effect on the Company's brand and reputation.

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

The Company's business is highly dependent on the growth of its "Lumi" brand within the Kingdom. Consequently, the Company invests in its brand "Lumi" and incurs expenses to promote it, through partnerships and advertising campaigns. However, there are external factors that can impact the brand's reach, which are beyond the Company's control. In particular, improper or unauthorized use of social media platforms, such as blogs, social networking sites, and other types of communication networks that allow individuals to reach a large number of consumers and other interested persons who are customers or employees of the Company, can potentially damage the brand's commercial standing. Negative or inaccurate posts or comments about the Company on any social media platform, even if based on rumours or false information, have the potential to harm the Company's reputation and the "Lumi" brand. Repairing damages to the Company's reputation is a challenging, costly, and time-consuming process. There is also the risk that the Company may not achieve its brand-related objectives or successfully maintain and expand brand recognition. Moreover, negative publicity specifically related to the "Lumi" brand or the car rental industry as a whole, whether it arises on the Internet, social media, or other channels, can significantly harm the brand and consequently have a material adverse impact on the Company's business, financial position, results of operations, and/or prospects.

2.1.12 Risks Related to Marketing Activities

The Company plans to devote resources of SAR 3 million to SAR 5 million annually (approximately 1 per cent. in aggregate of its operating expenses) to marketing and public relations programmes that inform consumers about the Company's vehicles and services. Marketing plans usually take a relatively longer time to accomplish its desired goals, which may lead the Company to increase its spending in this area. However, the success or adequacy of these marketing and public relation programmes is not guaranteed, and therefore the Company may have to intensify or replace them with others, thus incurring additional financial costs. The Company must also keep pace with a rapidly changing media environment and advertising and marketing channels. If the Company's allocated costs for marketing programmes are insufficient to realise the intended objectives or if the Company's marketing and public relations efforts are not effective and commensurate with the current media environment, the Company's brand recognition, competitive position, reputation and market share may suffer. This, in turn, could lead to lower sales and profits, which will have a material adverse effect on the Company's business, financial position, results of operations and/or prospects.

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

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

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

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

2.1.15 Risks Related to Vehicle Purchases

The Company's fleet is composed of vehicles purchased from car agencies in the Kingdom. During the financial years ended 31 December 2019G, 2020G and 2021G, and the nine-month period ended 30 March 2022G, the Company acquired most of its fleet from local car agencies representing Toyota (Abdul Latif Jameel Automotive Wholesale Co. Ltd.), Hyundai (Al Majdouie Motors & Muhammad Yousaf Naghi Motors Co.), GMC and Chevrolet (Universal Motors Agency & Al Jomaih Automotive Co. Ltd.), Nissan (Nissan Petromin and AlManahil International Co.) and Ford (Muhammad Yousaf Naghi Motors Co.). Sales to the car rental industry have been relatively less profitable for car agencies due to sales incentive and other discount programmes. Any of these car agencies may decide, or be obliged for regulatory reasons, to significantly curtail sales to the car rental industry as a result of several factors. For example, sales of vehicles to rental companies may be less profitable than other sales channels, or sales of vehicles to rental companies may not suit the marketing strategy of the car agencies. The Company may face challenges in purchasing fleet vehicles. Fleet supply costs could increase if car agencies implement strategies to limit sales to the car rental industry or improve the profitability of such sales (e.g., by offering lower discounts), and there can be no assurance that the Company will be able to pass on such increased costs to its rental customers or that some of its competitors will not continue to benefit from sales incentives and other discount programmes. If the Company is unable to maintain relationships with car agencies, obtain favourable pricing and other terms when it acquires vehicles and is unable to pass on increased costs to customers, its business, financial position, results of operations and/or prospects will be materially adversely affected.

Moreover, the continuing chip shortage has and may continue to cause delays in new vehicle acquisitions. The increased demand for semiconductor microchips (known also as "chips") in 2020G, due in part to COVID-19 and an increased use of electronic equipment that use these chips, resulted in a severe shortage of chips in 2021G. These same chips and microprocessors are used in a variety of automobile parts, including the engines and transmissions. As a result, various automotive manufacturers have been forced to delay or halt new vehicle production, which has caused delays in the Company receiving new vehicles. If efforts to address the shortage of chips by the industry and Government entities are unsuccessful, there may be further delays in new vehicle production. Consequently, there is no guarantee that the Company can purchase enough new vehicles at competitive prices and on competitive terms and conditions. If the Company is unable to obtain a sufficient supply of new vehicles, or if it obtains less favourable pricing and other terms during the acquisition of vehicles and is unable to recover the increased costs, its business, financial position, results of operations and/or prospects will be materially adversely affected. If the Company is unable to purchase new vehicles at competitive prices, increased maintenance costs in relation to its existing fleet may put further pressure on its results of operations and financial condition.

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

Since the Company's fleet is not covered by a buy-back commitment from car agencies, the sale of the Company's vehicles after being retired from operations (ranging from 2 to 4 years) is exposed to the trends and, particularly, usual pricing uncertainties of the used vehicle market. The sale price of vehicles (either through auctions or the Company's showrooms) could be less than the previously estimated residual value. Despite the fact that in the financial years ended 31 December 2019G, 2020G and 2021G, and the nine-month periods ended 30 September 2021G and 2022G, revenue from the sale of used vehicles was 9.7 per cent., 17.9 per cent., 40.7 per cent., 37.5 per cent. and 48.6 per cent., respectively, higher than their net book value, the Company's ability to sell its vehicles in the used vehicle market could become severely limited as a result of several factors, including the economic environment, model changes, legal requirements (*e.g.*, changes to car sale laws and regulations or vehicle taxes), inventory levels, new car pricing, fuel costs and custom tariffs. A decline in used vehicle prices or a lack of liquidity in the used vehicle market may severely hinder the Company's ability to resell its vehicles without a financial loss and will adversely affect the Company's business, financial position, results of operations and/or prospects.

2.1.17 Risks Related to Related Party Transactions and Agreements

In its ordinary course of business, the Company enters into agreements with certain Related Parties, including Seera Group Holding and Elaa Travel, Tourism and Cargo Company Limited. There are a total of eight agreements, which are four joint service agreements with Seera Group Holding for the purpose of providing administrative and non-executive support services concluded between the Company (as the client) and Seera Group Holding (as the service provider), and two real estate lease agreements concluded between the Company (as the lessee) and Seera Group Holding (as lessor), in addition to a vehicle lease agreement between the Company (as lessor) and Seera Group Holding (as lessee) and a master vehicle lease agreement between the Company (as lessor) and Elaa Travel, Tourism and Cargo Company Limited (as lessee) (see Section 12.8 (*Related Party Contracts and Transactions*)). All of the Company's transactions and agreements with the related parties are concluded on an arm's length basis and the General Assembly approved the agreement with Elaa Travel, Tourism and Cargo Company Limited at its meeting held on 25 Shawwal 1443H (corresponding to 26 May 2022G), in which this agreement was considered the only agreement at that time that involved a direct or indirect interest for one of the Board of Directors members.

Related Party transactions are reflected and recorded in the consolidated financial statements in accordance with IFRS and standards and pronouncements issued by SOCPA, as applicable (see Section 19 (*Financial Statements and Auditors' Report*)).

The total amount payable to Related Parties by the Company as of 31 December 2019G, 2020G and 2021G, and as of 30 September 2021G and 2022G were SAR 26.6 million, SAR 143.8 million, SAR 382.6 million, SAR 254.6 million and nil, respectively, comprising 10.0 per cent., 44.0 per cent., 57.6 per cent., 51.0 per cent. and nil, respectively, of the Company's total payables in the same periods. Such amounts represent payments for money lent by Seera Group Holding to finance the purchase of vehicles by the Company, as well as its expansion. Seera Group Holding's related party loan has been fully repaid by the Company as of the date of this Prospectus. The total value of revenues from transactions with Related Parties in the financial years ended 31 December 2019G, 2020G and 2021G, and the nine-month periods ended 30 September 2021G and 2022G amounted to SAR 9.5 million, SAR 18.3 million, SAR 14.4 million and SAR 9.9 million, SAR 8.9 million, respectively, comprising 3.0 per cent., 4.3 per cent., 2.8 per cent., 2.6 per cent. and 1.7 per cent., respectively, of total revenues of the Company in the same periods. While the volume of payments for purchases from Related Parties amounted to SAR 1.3 million, SAR 3.7 million, SAR 1.1, SAR 0.2 million and SAR 0.2 million in the financial years ended 31 December 2019G, 2020G and 2021G, and the nine-month periods ended 30 September 2021G and 2022G, representing 0.5 per cent., 0.2 per cent., 0.3 per cent., 0.1 per cent. and 0.1 per cent, respectively, of the Company's total purchases in the same periods.

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

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

None of the Company's Directors or Senior Executives are engaged in activities that compete with those of the Company. However, some of them may compete with the Company in the future either through their membership in boards of directors or through ownership of businesses that fall within the scope of the Company's business, or that are similar to or directly or indirectly compete with them. The Directors and Senior Executives can access the internal information of the Company and may use that information for their own interests or to the detriment of the Company's interests and objectives. If the Directors and Senior Executives who have interests conflicting with those of the Company have a negative influence on the Company's decisions, or if they use the information available to them about the Company in a way that harms its interests, this will have a material adverse effect on the Company's business, financial position, results of operations and/or prospects.

As of the date of this Prospectus, none of the Directors or Senior Executives is a party to any agreement, arrangement or understanding under which they are subject to any obligation that prevents them from competing with the Company or any similar obligation in relation to the Company's business. However, to engage in businesses competing with the Company, the Directors must obtain approval from the General Assembly in accordance with Article 44 of the Corporate Governance Regulations and Article 27 of the Companies Law (for further details about conflict of interest, see Section 5.7 (*Conflicts of Interest*)).

2.1.19 Risks Related to the Growing Importance of E-Channels for Car Rentals

Bookings car rental reservations via e-channels, such as Internet and mobile applications are growing in importance as they are transforming the customer experience and increasing price pressure in the car rental industry due to increased competitive transparency. While the Company did not offer any bookings via e-channels prior to August 2021G, such reservations represented 0.8 per cent. of the Company's car rental revenue during the financial year ended 31 December 2021G and 13.6 per cent. of the Company's car rental revenue during the nine-month period ended 30 September 2022G. The Company further expects that bookings via e-channels will be of increasing importance in the years to come. The e-channels' popularity is due, among other things, to its ease of use (including for last minute bookings) and the fact that it enables price and service comparisons. This has led to an increased intensity of competition. The Company's success depends on its ability to take advantage of this sales channel of growing importance and offer customers a convenient way to book cars over the e-channels at price points that will appeal to them. If the Company does not promptly and adequately react to the growing importance of e-channels bookings for car rentals and relative technical changes and does not take appropriate measures accordingly, it may experience reduced demand and pricing for its vehicles and services, which will have a material adverse effect on its business, financial position, results of operations and/or prospects.

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

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

The Personal Data Protection Law was promulgated under Royal Decree No. M/19, dated 9 Safar 1443H (corresponding to 16 September 2021G), which was due to enter into force one hundred and eighty (180) days after the date of its publication in the Official Gazette (i.e., from 17 Safar 1443H (corresponding to 24 September 2021G)). This Law applies to any personal data processing by any means in the Kingdom, related to the data of a citizen or resident, and includes a number of requirements to protect the rights of personal data owners which the Company must implement. On 19 Shaban 1443H (corresponding to 22 March 2022G), the Saudi Data and Artificial Intelligence Authority (SDAIA) announced that the competent authorities had decided to postpone the full enforcement of the Personal Data Protection Law until 25 Shaban 1444H (corresponding to 17 March 2023G). Subsequently, as per Royal Decree No. M/148, dated 5 Ramadan 1444H (corresponding to 27 March 2023G), the enforcement of the Personal Data Protection Law was further postponed until 29 Safar 1445H (corresponding to 14 September 2023G). As a result, the Company has not assessed the impact of the Personal Data Protection Law on its operations, nor has it taken adequate steps to ensure compliance therewith. If in the event of a significant impact of the Personal Data Protection Law and its implementing regulations upon its application, the Company is required to change its operations to comply with the requirements of the Personal Data Protection Law, or the Company incurs additional costs to take the necessary steps to ensure compliance therewith, it will adversely affect its business, financial position, results of operations and/or prospects.

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

2.1.21 Risks Related to Credit Card, Mada Card and Hyperpay Payments

The Company accepts payments in cash inside its branches or electronically through credit cards, Mada cards and Hyperpay via point-of-sale systems. With regard to payment with credit cards, Mada cards and Hyperpay, 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, Mada cards or Hyperpay, this will impair the Company's ability to collect revenue from rental operations. The occurrence of any of these events will have a material adverse effect on the Company's business, financial position, results of operations and/or prospects.

2.1.22 Credit Risks Related to Collecting Receivables from the Company's Customers

The Company may face difficulties in its ability to effectively collect accounts receivable. As of 31 December 2019G, 2020G and 2021G, and the nine-month periods ended 30 September 2021G and 2022G, the Company's accounts receivable 180 days past their due date were 73.2 per cent., 31.1 per cent., 37.1 per cent., 43.0 per cent. and 31.8 per cent., respectively, of its accounts receivable, corresponding to SAR 80.5 million, SAR 45.0 million, SAR 83.0 million, SAR 93.2 million and SAR 70.1 million, respectively, as of the same dates. The Company's accounts receivable that were over one year past their due date represented 15.3 per cent., 18.1 per cent., 22.4 per cent., 28.2 per cent. and 20.1 per cent. of the debts due to the Company as of 31 December 2019G, 2020G and 2021G, and 30 September 2021G and 2022G, respectively, corresponding to SAR 14.3 million, SAR 26.2 million, SAR 57.3 million, SAR 61.1 million and SAR 44.2 million, respectively, as of the same dates. The accounts receivable of the Company that have passed due date for more than two years represented 4.3 per cent., 9.6 per cent., 13.1 per cent., 10.7 per cent. and 15.7 per cent. of the accounts receivable of the Company as of 31 December 2019G, 2020G and 2021G, and 30 September 2021G and 2022G, respectively, corresponding to SAR 4.8 million, SAR 13.8 million, SAR 29.4 million, SAR 23.1 million and SAR 34.6 million, respectively, as of the same dates. The accounts receivable of the Company from its customers from the Government sector that have passed due date for more than five years amounted to 0.02 per cent., 0.01 per cent., 0.01 per cent. and 0.01 per cent. of the accounts receivable of the Company as of 31 December 2020G and 2021G, and as of 30 September 2021G and 2022G, respectively, corresponding to SAR 23.7 thousand, SAR 23.1 thousand, SAR 23.1 thousand and SAR 23.1 thousand, respectively, as of the same dates. As of 31 December 2019G, there were no accounts receivable from the Company's customers in the Government sector that had exceeded the due date for more than five years. The accounts receivable of the Company by its clients from the private sector, which are more than five years overdue, amounted to 0.1 per cent., 0.5 per cent., 0.4 per cent., and 1.8 per cent. of the accounts receivable to the Company as of 31 December 2020G and 2021G, and as of 30 September 2021G and 2022G, respectively, corresponding to SAR 0.1 million, SAR 1.2 million, SAR 0.8 million and SAR 3.9 million, respectively, as of the same dates. As of 31 December 2019G, there were no accounts receivable from the Company's customers in the private sector that had exceeded the due date for more than five years. Provisions for doubtful debts amounted to SAR 8.8 million, SAR 17.9 million, SAR 32.0 million, SAR 31.6 million and SAR 42.1 million as of 31 December 2019G, 2020G and 2021G, and as of 30 September 2021G and 2022G, respectively, but there cannot be guarantee that such amounts are sufficient, especially in light of the aggregate amount of debt of more than one year past its due date due to the Company (SAR 44.3 million as of 30 September 2022G). This provision was calculated using accounting assumptions based on the customer's credit history (IFRS 9), and the amount allocated to cover doubtful debts remains low, representing 17.3 per cent. of the total debts owed to the Company. If any of the Company's debtors experience difficulties in their businesses and financial position, 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, would have a material adverse effect on the Company's business, financial position, results of operations and/or prospects.

2.1.23 Risks Related to the Theft or Misuse of Cars by the Company's Customers

In the financial years ended 31 December 2019G, 2020G and 2021G, and the nine-month period ended 30 September 2022G, theft, misuse and overdue use of cars by the Company's customers represented 79 cases with a value of SAR 3.8 million, 79 cases with a value of SAR 3.8 million, 85 cases with a value of SAR 3.4 million and 84 cases with a value of SAR 3.6 million, respectively, out of which the Company recovered only SAR 1.4 million for 38 cases (recovery rate of 36.8 per cent.), SAR 1.2 million for 23 cases (recovery rate of 31.6 per cent.), and SAR 2.6 million for 46 cases (recovery rate of 76.5 per cent.), respectively from the customers in the same periods. Depending on the volume of stolen, misused and overdue vehicles and the time required to restore them to service or replace them by new vehicles, it will have material adverse effect on the Company's business, financial position, results of operations and/or prospects.

2.1.24 Risks Related to Fines Received by the Company's Customers

In the financial years ended 31 December 2019G, 2020G and 2021G, and the nine-month periods ended 30 September 2021G and 2022G, the Company received fines amounting to SAR 2.5 million, SAR 2.7 million, SAR 3.4 million, SAR 2.2 million and SAR 3.9 million, respectively in relation to traffic violations committed by the Company's customers while driving its cars. If the Company is unable to recover such amounts from its customers, in particular its international customers where all of the traffic violations are charged to the Company, overdue customers and certain Government lease customers that do not provide information on their drivers, it will have a material adverse effect on the Company's business, financial position, results of operations and/or prospects.

2.1.25 Risks Related to Outsourcing Certain Services to Seera Group Holding

As part of its efforts to streamline operations and manage costs, the Company is outsourcing IT, marketing, data analytics and facilities management services to Seera Group Holding, the only Substantial Shareholder in the Company, pursuant to a services agreement concluded with it. In addition, the Company entered into two lease agreements with Seera Group Holding for the purpose of establishing offices, see Section 12.8 (*Related Party Contracts and Transactions*). If Seera Group Holding fails to perform its obligations in a timely manner or at satisfactory quality levels, the Company may experience operational difficulties, increased costs, reputational damage and a loss of business. In such case, the Company would have to seek alternative providers, its costs could increase and its business could be disrupted. Additionally, changing or replacing Seera Group Holding for the outsourced services could cause further operational disruptions. In particular, because a significant portion of the Company's information technology functions are currently outsourced to Seera Group Holding and because information technology is critical to the Company's operations, any failure by Seera Group Holding regarding information technology services could impair the Company's ability to conduct its business operations (for further details, see Section 2.1.32 (*Risks Related to Reliance on Information Technology Infrastructure*)). Moreover, since the costs associated with these services have been reflected in the consolidated financial statements of Seera Group Holding (because the Company is its subsidiary) and not in the Company's financial statements, after the completion of the de-merger transaction concluded by Seera Group Holding through offering the Company's shares for public subscription, those costs will be reflected in the Company's financial statements. In the light of the above, if the Company's outsourcing strategies prove to be ineffective or fail to provide expected cost savings, or if Seera Group Holding fails to perform as anticipated, it will have a material adverse effect on the Company's business, results of operations, financial position and future prospects.

2.1.26 Risks Imposed by Financing and the Ability to Obtain Financing

Most of the car fleet purchases during the financial year ended 31 December 2021G were financed through a non-interest loan in the amount of SAR 230.6 million provided by Seera Group Holding. To fund its operations and capital expenditure, on 24 Ramadan 1443H (corresponding to 25 March 2022G), the Company entered into a bank facility with The Saudi Investment Bank with a total available amount of SAR 675.0 million, out of which it utilised SAR 62.0 million as of the date of this Prospectus. In addition, on 15 Dhul Qadah 1443H (corresponding to 14 June 2022G), the Company entered into a bank facility with Banque Saudi Fransi with a total available amount of SAR 575.0 million, out of which it utilised SAR 425 million as of the date of this Prospectus. This corresponds to a debt-to-equity ratio of 60.8 per cent. as of the date of this Prospectus. The Company also entered into a credit facility with Gulf International Bank with a total available amount of SAR 310.0 million on 16 Thul-Qi'dah1443H (corresponding to 15 June 2022G), but it has not yet utilized any of this amount.

The Company obtained these facilities for the purpose of paying the amounts owed to Seera Group Holding and expanding its fleet. The Company's existing bank financing contains covenants that impose operating and financial restrictions on it. Such restrictions may affect the Company's flexibility in planning for and reacting to changes in its business or economic conditions and otherwise prohibit or limit its ability to undertake certain business activities or make changes in its ownership structure without the consent of its lenders. The Company's ability to comply with such covenants and restrictions may be affected by events beyond its control, and there is no guarantee that the Company would be able to obtain the lender's consent to waive or amend covenants that are necessary or beneficial for the Company's business, which may have an impact on the Company's performance. Any request for waivers or amendments may result in increased costs to the Company, or lead the lender to modify the terms of the existing financing arrangements or impose additional operating and financial restrictions. In the event of any default under the Company's bank facilities, any of the lenders could elect to terminate its bank facility and declare the outstanding loans, together with accrued and unpaid commissions and any fees and other obligations, to be immediately due and payable. In the event that any of the lenders accelerates the repayment of the indebtedness due to it, the Company may not have sufficient cash to repay such indebtedness, which could force it into bankruptcy or liquidation. In such circumstances, there can be no assurance that the Company would be able to access sufficient alternative funding to meet all such repayments or to fund its operations. The occurrence of any of the above would have a material adverse effect on Company's business, financial position, results of operations and/or prospects. For further details regarding the bank facilities, see Section 12.5 (*Financing Agreements*).

The Company has also issued promissory notes for car agencies within the framework of vehicle sales agreements between the Company and those agencies. The total value of the outstanding notes is SAR 168.9 million as of 30 September 2022G. The breach of any of these agreements may lead to car agencies presenting such promissory notes for payment. The Company may not have enough assets to pay them, which would have a material adverse effect on Company's business, financial position, results of operations and/or prospects.

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

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

- allocation by the Company of a substantial portion of its cash flow from operations to payments on its indebtedness, thereby reducing funds available for working capital, capital expenditures, acquisitions, sales and marketing efforts and other purposes (as of 30 September 2022G, the Company had letters of guarantee commitments of SAR 274.3 million, related to tender and performance guarantees for new contracts. For further details, see Section 6.6.2.1 (*Non-Current Assets*);
- increasing the Company's cost of borrowing and causing it to incur substantial fees from time to time in connection with debt restructuring or refinancing, as the Company's external financing arrangements are greatly affected by interest rates, which are deemed highly sensitive to factors beyond the control of the Company, including Government, monetary and tax policies, as well as domestic and international economic and political circumstances. Higher interest rates and related finance charges may lead to reductions in the Company's cash flow. Accordingly, adverse fluctuations in interest rates would have a material adverse effect on the Company's business, financial position, results of operations and/or prospects;
- increasing the Company's vulnerability to adverse economic and industry conditions, which could place it at a competitive disadvantage compared to its competitors that have proportionately less indebtedness;
- limiting the Company's flexibility in planning for or reacting to changes in its business and the car rental and vehicle lease industries; and
- limiting the Company's ability to sustain its operations or achieve its planned rate of growth, including limiting its ability to make investments into new geographic areas in the Kingdom and purchase new vehicles to support the growth of its business.

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

2.1.27 Risks Related to Corporate Guarantees Provided by Seera Group Holding

Until 31 March 2022G, Seera Group Holding provided corporate guarantees in the amount of SAR 145,367,333 to guarantee the obligations of the Company under the credit limit agreements, bid bonds and performance bonds concluded with Government customers, as well as car agencies. The Company has obtained its own banking facilities and was able to issue corporate guarantees without the need to refer to Seera Group in relation to any new facilities, resulting in SAR 85,947,231 of the above guarantees being transferred to the Company's facilities in November 2022G. The Company has obtained written consent from banks and car agencies to waive all of its corporate guarantees, except for the facilities with the Saudi British Bank (SABB). As of the date of this Prospectus, the Company is in the process of transferring the remaining guarantees of this facility agreement to facility agreements for Seera Group Holding. However, in the event that the Company is unable to transfer these guarantees or provide future corporate guarantees, banks and car agencies may request additional guarantees. Fulfilling these requests could result in increased financing costs for the Company or may not be feasible at all. Moreover, banks and car agencies may refuse to provide financing on appropriate terms or at all or to sell vehicles, as applicable, which would have a material adverse effect on the Company's business, financial position, results of operations and/or prospects (for further details on these guarantees, see Section 12.5 (*Financing Agreements*)).

2.1.28 Risks Related to Being Exposed to a Range of Financial Risks, Including Adverse Changes in Interest Rates

In its business, the Company relies on financing facilities with variable interest rates subject to the Saudi Arabian Interbank Offered Rate (SAIBOR) 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 conditions and other factors. They may lead to an increase in interest rates and related financing costs which may result in reducing the Company's profitability and cash flow. In response to the current inflationary environment, central banks in certain jurisdictions have already increased interest rates and may continue to do so in the coming periods, further impacting the cost of financing. The Company does not have in place any hedging agreements for the interest rate fluctuations and is therefore fully exposed to such fluctuations. Accordingly, adverse fluctuations in interest rates would have a material adverse effect on the Company's business, financial position, results of operations and/or prospects.

2.1.29 Risks Related to Reliance on Executive Management and Key Personnel

The Company's success depends upon the continued service and performance of its Executive Management and other key personnel due to their extensive experience in the industry and contribution to its operations. In particular, the Company relies on certain key individuals who have valuable experience in the car rental and vehicle lease industries and who have made substantial contributions to the development of its operations. The Company may not be able to retain its key personnel with the skills and technical knowledge necessary for the Company.

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

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

There is intense competition to attract qualified employees in 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 significant financial and human resources to attract and retain new employees and it may not realise returns on these investments. The Company's failure to attract and retain qualified employees in the future would negatively affect its ability to manage its business effectively and efficiently, which would have an adverse impact on the Company's business, financial position, results of operations and/or prospects.

The Company also relies on certain non-Saudi employees to provide technical and management expertise. Any changes in local laws and regulations which adversely impact expatriates may cause an out flux of workers from the Kingdom or expatriate workers opting to work in other countries, enhancing the difficulty of the Company in retaining necessary non-Saudi employees and disrupting its operations. The Company also pays the costs for the required Government fees for non-Saudi employees for work and residence permits and, in some cases, those of their dependents. Should such fees be increased in the future, the Company may be forced to bear the increased costs to retain the requisite non-Saudi employees for their technical and management expertise, resulting in an increase in the Company's costs and expenses, adversely affecting its business, profits and results of operations.

While contracts are regularly unaudited, there can be no assurance that all or any potential increases in employee costs as a result of labour shortage, wage inflation or increased Government fees would be passed on to the Company's customers. If such costs are not effectively passed on to its customers, the Company may be unable to retain adequate skilled personnel or experience increased costs, adversely affecting its results of operation.

2.1.31 Risks Related to Employee Misconduct and Errors

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

2.1.32 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. The Company depends on the effectiveness and efficiency of these systems for the efficiency of its operations. The vehicle lease contracts with the Company's vehicle lease customers are of an operational nature. Therefore, revenues from vehicle lease customers are recognised on a straight-line basis over the lease term on a monthly basis, and this is done automatically using the SAP system. However, car rental contracts with car rental customers are dealt with manually. This manual process is required to accurately calculate revenues for the relevant periods. Human errors may occur on the part of any of the Company's employees while entering data or dealing with the contracts and calculating revenues. Such errors have the potential to negatively affect the Company's business, financial position, results of operations, and/or prospects. 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 would have a material adverse effect on its business, financial position, 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.

On 25 July 2021G, the Transport General Authority (TGA) announced that all car rental facilities falling within the B Group to D Group categories must adopt the unified electronic contract issued through the "Tajeer" portal by 1 January 2022G. However, such announcement for car rental companies falling within the A Group category, which includes the Company, was made only on 12 January 2022G, while applying the same deadline of 1 January 2022G. The Company runs its operations on the ERP Carpro portal, which has been updated and enhanced in the last five years based on the Company's business needs. Integration between Tajeer and Carpro is required to comply with the TGA's above requirements. As of the date of this Prospectus, such integration is being carried out through Elm, a company selected by the TGA. Any delays in integration, challenges in integration, such as delays in information uploading, etc., might result in fines of up to SAR 5,000.

2.1.33 Risks Related to Employing and Sponsoring Non-Saudi Employees

The MHRSD officially announced the launch of the "Improving Contractual Relationships" initiative, which encompasses a number of policies and controls, including the replacement of the kafala (sponsorship) system with an employment contract system between the employer and expatriate worker, effective as of 14 March 2021G. Under this initiative, the Kingdom strives to improve and promote the efficiency of the work environment, enhance the flexibility, effectiveness and competitiveness of the labour market, raise its attractiveness in line with international best practices, and activate contractual references in the employment relationship between employers and employees based on a documented employment contract between them through the contract documentation program. The job mobility service also allows expatriate workers to switch to another job upon the expiry of their employment contract without the employer's consent. Furthermore, the initiative also defines the mechanisms of mobility during the term of the contract, provided that the notice period and applicable controls are adhered to. The exit and return service allows expatriate workers to travel outside the Kingdom upon applying, while notifying the employer electronically. The final exit service enables expatriate workers to leave immediately upon the expiry of the contract, while notifying the employer electronically, without the employer's consent. There is also the option to leave the Kingdom where the worker bears all the consequences of the termination of the contract. All of these services are already available through Absher and the MHRSD's Qiwa platform. As a result, the Company may be adversely affected if a large number of employees decide to switch to other companies, as the Company will not be able to prevent them except to the extent permitted under their employment contracts. Hence, the Company may face difficulties in contracting with new employees to replace them. If the Company loses a large number of its employees in this manner and is unable to hire new employees to replace them, it will have a material adverse effect on the Company's business, financial position, results of operations and/or prospects.

2.1.34 Risks Related to the Failure to Secure Adequate Insurance Coverage

The Company maintains a variety of insurance policies to cover its operations, including coverage of its vehicle fleet for risks such as traffic accidents, fire, theft or robbery and natural disasters. The insurance coverage may not be sufficient in all cases or may not cover all of the risks that the Company would be exposed to. The Company has concluded 18 different insurance policies, all of which are valid as of the date of this Prospectus. The Company also benefits from four additional employee medical insurance policies issued to Seera Group Holding Company and its subsidiaries, including the Company, and therefore its ability to benefit from these policies and the related insurance coverage is linked to the ability of Seera Group Holding Company to renew, maintain and replace them in the event of termination. Uninsured losses may occur, or their amount may exceed the insurance coverage. In addition, the Company's insurance policies include exceptions or limitations to coverage under which certain types of risks, losses, damage and liability are either uninsurable or uneconomical to insure (for example, among others, risks or losses related to war, terrorism, geopolitical climate, threats to cyber security, currency fluctuation, general economic crisis and inadequate succession planning). Furthermore, it may be difficult to identify appropriate insurance solutions to cover these risks.

The occurrence of an uninsured or uninsurable loss could result in the loss of all or part of the capital invested in or unrecoverable costs incurred to rectify the loss or pay compensation and anticipated future revenues related to any operation that is damaged or destroyed. In addition, the Company's inability to renew its existing levels of coverage on commercially acceptable terms, or at all, or changes in insurance prices or the lack or unavailability of adequate insurance for the various areas of its business would have a material adverse effect on the Company's business, financial position, results of operations and/or prospects (for further details on insurance policies, see Section 12.6 (*Insurance Policies*)).

Moreover, the Company generally proposes ancillary products to its customers, such as Lumi extra insurance (collision damage waiver) against damage without the payment of deductibles by customers (customers have to provide valid accident reports by Najm or the Police), pursuant to which the Company waives or limits its right to hold its customers financially liable for damage to the vehicle. The purchasing of this type of product, which is made for an additional fee or premium, transfers the customer's total or partial liability to the Company, further exposing the Company to potential losses in the event that such additional fees collected from customers are not sufficient to offset the value of damaged vehicles.

2.1.35 Risks Related to Litigation

The Company may be involved as a claimant or defendant in lawsuits and regulatory proceedings related to its business operations with multiple parties, including suppliers, customers, employees or regulatory authorities. Any unfavourable outcome in such lawsuits and regulatory proceedings would have a material adverse effect on the Company's business, financial position, results of operations and/or prospects. In addition, regardless of their outcomes, any lawsuits or regulatory proceedings could result in substantial costs and may require the Company to allocate substantial resources to defend against these lawsuits and regulatory proceedings, which would have a material adverse effect on the Company's business, financial position, and results of operations and/or prospects.

There are several ongoing lawsuits between the Company (both as plaintiff and defendant) and a number of private parties. As of the date of this Prospectus, the disputed amounts in the proceedings against the Company total SAR 16 thousand for which provisions were created by the Company. Moreover, these disputed amounts are not covered by any insurance policy (for further details on the Company's litigation, see Section 12.12 (*Litigation*)).

There are also a number of lawsuits initiated by the Company against its former clients, totalling 278 cases, which pertain to collection matters. The claimed amounts in these cases amount to SAR 34,441,759 million, representing 19.3 per cent. of the total receivables as of 30 September 2021G and 13.5 per cent. of the total current assets as of 30 September 2022G. Provisions have been made by the Company for these disputed claims, amounting to SAR 17.8 million as of 30 September 2022G.These collection claims are a normal part of the Company's business and continue to exist. Its inability to collect all or a portion of these amounts, or any delays in collection, will have a negative impact on its business, financial position, results of operations and/or prospects. For further information on collection cases initiated by the Company, see Section 12.12.1 (*Collection Cases*).

2.1.36 Risks Related to Protection of Intellectual Property Rights

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

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

2.1.37 Risks Related to Potential Zakat Liability

Zakat is calculated and paid for by Seera Group Holding on a consolidated basis, including its subsidiaries, comprising the Company, in accordance with the financial regulations applicable in the Kingdom. The Zakat provision is shown in the consolidated financial statements of Seera Group Holding. Zakat provisions amounted to SAR 32.8 million, SAR 26.7 million, SAR 51.8 million, SAR 70.0 million and SAR 17.4 million for the financial years ended 31 December 2019G, 2020G and 2021G, and the nine-month periods ended 30 September 2021G and 2022G, respectively. The Company’s share of this provision is charged to the statement of profit or loss of Seera Group Holding. The Company’s share of Zakat charged was SAR 1.04 million, SAR 1.7 million, SAR 3.05 million, SAR 3.8 million and SAR 2.95 million during the financial years ended 31 December 2019G, 2020G and 2021G, and the nine-month periods ended 30 September 2021G and 2022G, respectively. Seera Group Holding has submitted its Zakat returns, paid Zakat dues within the stipulated times, and received certificates from the Zakat, Tax and Customs Authority (“**ZATCA**”) for all of the financial years up to 2021G. Moreover, Seera Group Holding received final Zakat assessments for all the financial years up to 2020G.

The Zakat Regulations are silent on whether a subsidiary of a Zakat-consolidated group is liable for any Zakat liability that is not paid by its parent company. Accordingly, in the event that Seera Group Holding does not pay a Zakat liability related to the period in which the Company was a member of the Zakat consolidated group, it is uncertain whether ZATCA would seek payment from the Company. In the event that ZATCA imposes Zakat assessments on the Company and requires the payment of an additional Zakat amount, it would have a material adverse effect on the Company’s business, financial position, results of operations and/or prospects.

Seera Group Holding will bear any additional claims that may arise from ZATCA for the past years prior to the date when the Company is listed on the Exchange. An undertaking was made by Seera Group Holding (see Section 11 (*Declarations*) of this Prospectus).

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

In connection with the preparation of its financial statements, the Company uses certain accounting assumptions, estimates and judgments related to complex accounting matters, varying interpretations of which could significantly affect the Company’s financial results. Generally accepted accounting principles and related accounting pronouncements, implementation guidelines and interpretations with regard to a wide range of matters that are relevant to the Company’s business, including but not limited to, revenue recognition, asset useful life, impairment of long-lived assets, provisions for estimated credit loss, leases and related economic transactions, intangibles, taxes, property and equipment and litigation, are highly complex and involve many subjective assumptions, estimates and judgments by the Company, thus creating room for errors. For example, the management identified that investments in subsidiaries amounting to SR 25.8 million (SR 7.8 million related to Saudi Company for Transportation United (SCT) and SR 18 million related to Hanay Trading Company Limited (HTCL) were not recorded in the Company’s financial statements for the financial years ended 31 December 2018G and 2019G. The Company corrected this error by restating the financial statements for the financial year ended 31 December 2019G by recording the above-mentioned investments in the unconsolidated statement of financial position for the 2019G opening balance with a corresponding amount due to related parties. The Company re-assessed the vehicles resale values as of 30 September 2022G and revised the resale values of its top selling brands which had major a variance in residual value and the actual sale value based on the Company’s records. Any changes in the underlying assumptions, estimates or judgments, as well as the corresponding errors, could have a material adverse effect on the Company’s business, financial position, results of operations or prospects.

2.1.39 Risks Related to Newly Implemented Corporate Governance Rules

The Board of Directors adopted an internal corporate governance manual, effective from 30 Ramadan 1443H (corresponding to 1 May 2022G), as amended by Board resolution dated 29 Thul-Qi'dah 1444H (corresponding to 18 June 2023G). Such manual includes, among others, rules and procedures related to corporate governance derived from the Corporate Governance Regulations issued by the CMA. The Company's success in the proper implementation of corporate governance will depend on the understanding of such rules and their proper implementation by the Board of Directors, its Committees and Senior Executives, as well as the proper training of the Board and the members of its Committee on corporate governance rules and procedures, independence requirements, rules related to conflicts of interest and Related Party transactions. The failure to comply with the Corporate Governance Regulations, particularly the mandatory provisions of the Corporate Governance Regulations issued by the CMA, would subject the Company to regulatory penalties, which would have a material adverse effect on its reputation, operations, financial position, results of operations and/or prospects.

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

The Audit Committee and the Nomination and Remuneration Committee were formed by a resolution issued by the Board on 19 Thul-Qi'dah 1444H (corresponding to 8 June 2023G), and their charters were adopted by a resolution of the Extraordinary General Assembly on 12 Thul-Qi'dah 1444H (corresponding to 1 June 2023G), in accordance with the Corporate Governance Regulations and the Company's Corporate Governance Manual (for further details, see Section 5.3 (*Company Committees*)). Any failure by members of these committees to perform their duties and adopt a work approach that ensures the protection of the interests of the Company and its Shareholders may affect the Company's compliance with the Corporate Governance Regulations and continuous disclosure requirements issued by the CMA, and the Board of Directors' ability to monitor the Company's business through these committees, which would have a material adverse effect on the Company's business, financial position, results of operations and/or prospects.

2.1.41 Risks Related to Changes in the Composition of the Board of Directors After the issuance of the CMA's Approval of the Offering

Between the date of the CMA's approval of the Offering and the publication of this Prospectus, the Board underwent notable changes in its composition, as is further discussed in Section 5.2.1 (*Composition of the Board of Directors*). Such changes in the Board's composition represent an unprecedented development within the market. The potential impact of these changes during this crucial pre-listing phase remains uncertain and it could materially and adversely affect the Company's business, financial position, results of operations and/or prospects. For further details regarding the risks related to the recent appointment of new Directors, see Section 2.1.42 (*Risks Related to the Recent Appointment of New Directors*).

2.1.42 Risks Related to the Recent Appointment of New Directors

Between the date of the CMA's approval of the Offering and the publication of this Prospectus, the Board underwent notable changes in its composition, as is further discussed in Section 5.2.1 (*Composition of the Board of Directors*). Significant among these changes was the appointment of three new Directors, who now hold pivotal roles, including the Chairman and Vice Chairman positions. This reconfiguration was instituted following the resolution of the Extraordinary General Assembly held on 12 Thul-Qi'dah 1444H (corresponding to 1 June 2023G). Following the reconfiguration of the Board, two Directors have submitted their resignations, one of whom was the Vice Chairman and used to hold the Chairman position prior to reconfiguration. As a result, the Extraordinary General Assembly issued a resolution dated 29 Thul-Qi'dah 1444H (corresponding to 18 June 2023G), appointing two new Directors to fill these vacant positions.

Such alterations in the Board's constitution can bring about several inherent risks. They may disrupt operational continuity and produce inconsistencies in decision-making, as transitional phases often disturb established operational routines due to the inherent need to integrate newcomers. In addition, there can be misalignment in strategic objectives between the newly constituted Board and the Executive Management, which might disrupt the Company's operations. Although the newly appointed Chairman and Vice Chairman are familiar with the Company's operations through their roles on the Board of Directors of Seera Group Holding, they may initially lack the deep understanding of the Company's operations that expected for their positions on the Company's Board, potentially affecting decision-making quality and pace. Moreover, there is also a risk of internal discord stemming from differing viewpoints between veteran and newly appointed Directors, thereby affecting the collective alignment in strategic planning. Furthermore, the performance and contributions of these new Directors remain to be fully assessed, given the limited duration since their appointments.

In light of the above factors, any delay in the integration of the new Directors, or any inability to align their vision with the Company's business plan or current strategies, could materially and adversely affect the Company's business, financial position, results of operations and/or prospects.

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

The Senior Executives have limited or no experience in managing a publicly listed joint stock company and complying with the laws and regulations applicable to them. Once listed on the Exchange, the Company will have to issue its annual consolidated financial statements within a period of no more than three months from the end of each financial year and its quarterly consolidated financial statements within 30 days from the end of each quarter. The Company's consolidated financial statements for the financial years ended 31 December 2019G, 2020G and 2021G were issued more than three months after the end of the Company's financial year. Therefore, if the Company fails to issue its annual consolidated financial statements within three months from the end of the Company's financial year or if it fails to comply in a timely manner with any of the other laws, regulations and disclosure requirements applicable to listed companies, it will subject the Company to regulatory penalties and fines, which would result in decreased investor confidence, which in turn would have a material adverse effect on the Company's business, financial position, results of operations and/or prospects.

2.1.44 Risks Related to the Company's Non-Distribution of Dividends in the Financial Years Ended 31 December 2019G, 2020G and 2021G, and the Nine-month Period Ended 30 September 2022G

During the financial years ended on 31 December 2019G, 2020G and 2021G, and the nine-month period ended on 30 September 2022G, the Company made profits but chose not to distribute dividends. Instead, it decided to reinvest these profits into expanding its future business and acquiring vehicles. However, there is no guarantee of success in these investment endeavours, nor assurance of achieving the Company's desired objectives. In the event that dividends are not distributed, the Shareholders may not receive any returns on their investment in the Shares, unless they sell the Shares at a higher price than their initial purchase price. This could have a substantial negative impact on the expected returns of the Subscribers. For further information about the Company's policy for distributing profits, see Section 7 (*Dividend Distribution Policy*).

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

The Company's management determines the estimated useful lives of cars by taking into account the anticipated usage of the asset and its physical depreciation. Additionally, the management conducts an annual review of useful lives, residual values, and the depreciation calculation method for vehicles. If the management identifies any differences in the useful life, residual value or depreciation calculation method compared to previous periods, adjustments are made to the future depreciation charge.

Depreciation of lease vehicles is determined based on various rates depending on the vehicle type and lease term. On the other hand, car rental vehicles are depreciated over a fixed period of five years. Management's estimates of useful life, residual value and depreciation calculation method are subject to periodic changes. These assessments involve complex factors, assumptions, estimates and subjective opinions on the part of the Company, which introduce the possibility of error.

Any modifications in assumptions or judgments, in addition to the corresponding errors, will have a negative and material impact on the Company's business, financial position, results of operations and/or future prospects.

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

2.2.1 Risks Related to 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 or the Haramain High Speed Railway, or companies offering new mobility business models, including ride-hailing applications such as Uber or Careem, or autonomous vehicles, may in turn affect demand for rental vehicles and result in modifying customer preferences and usage. Some of these companies may have access to substantial capital, innovative technologies or launch new services at a relatively low cost. To the extent that competitors can improve transportation efficiency, alter customer driving patterns, offer more competitive prices, more effectively utilise mobile platforms, or undertake more aggressive marketing campaigns, the Company could experience heightened pricing competition and/or loss of rental and lease volume. Therefore, the Company's ability to continually improve its current processes and offering in response to the structural changes in the transportation industry in general, as well as in response to changes in technology is essential in maintaining its competitive position and current levels of customer satisfaction. The failure to have a systematic and comprehensive process to address and adopt to 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 would have a material adverse effect on the Company's business, financial position, results of operations and/or prospects.

2.2.2 Risks Related to Consumer Spending Due to Weak Economic Conditions

General economic conditions may have a material adverse effect on the Company's business, results of operations, financial position and/or prospects. Declines in consumer confidence and/or consumer spending, decreases in wages, reductions in the availability of consumer credit, changes in unemployment, increases in fuel prices, reductions in business and leisure travel, increases in interest and tax rates, including VAT, significant inflationary or deflationary changes or disruptive regulatory or geopolitical events that diminish consumer spending and confidence could negatively impact the car rental industry and the revenue that the Company can generate. Weaker economic conditions have led and might continue to lead to bankruptcies, headcount reductions, hiring freezes and financial difficulties for some of the Company's corporate customers, prompting them to reduce spending on vehicle leases and car rental services or resulting in payment defaults. In addition, certain competitors may react to such conditions by reducing prices and promoting such reductions, putting further pressure on the Company, and resulting in a material adverse effect on the Company's business, financial position, results of operations and/or prospects.

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

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

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

2.2.4 Risks Related to Force Majeure and Natural Disasters

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

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

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

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

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

2.2.6 Risks Related to Changes in the Regulatory Environment

The car rental and vehicle lease industries are subject to numerous laws and regulations in the Kingdom, which may materially affect or restrict the Company's business and operations or increase its administrative, legal and operational expenditure, forcing it to alter its commercial practices, legal organization, ownership structure and corporate governance or, more generally, reduce or limit its revenue in the future. The requirements to be met continue to develop and change. The Company may be subject to fines or penalties, which may reach fifty thousand Saudi Riyals for each violation (for example, failure to keep tax invoices, books, records and accounting documents during the regulatory period and submit the same ZATCA during the specified period) and/or the closure of its facilities, including its rental branches, due to the failure to comply with these laws or regulations or to fulfil licensing requirements, which may change from time to time, resulting in the Company incurring higher costs or suffering reputational harm, which would reduce the Company's competitive position and demand for its products. For example, any new requirement regarding the minimum space or minimum number of parking lots for the Company's car rental branches may result in the Company having to incur additional expenditures or close some if its branches. Moreover, the Company's loss of or failure to obtain necessary permits could delay or prevent it from meeting customer demand, introducing new products, or implementing its growth plan, and more generally it may lead to the Company losing its competitive position and/or to a decreased demand for the Company's car rental or vehicle lease services. Accordingly, this would have a material adverse effect on the Company's business, financial position, results of operations and/or prospects.

Moreover, legal requirements are frequently changed and may need to be interpreted. This may require the Company to incur significant expenditures, modify its business practices to comply with existing or future laws and regulations, or restrict its ability to conduct business, which would have a material adverse effect on the Company's business, financial position, results of operations and/or prospects.

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

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

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

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

Any failure to comply with such increased obligations or responsibilities may result in reputational damage to the Company, administrative and civil penalties, criminal sanctions or the suspension or termination of the Company's operations. Any such sanctions may not be covered by any contractual indemnification or insurance and could have a material adverse effect on the Company's business, financial position, results of operation and/or prospects.

2.2.8 Risks Related to Zakat and Income Tax Calculation Mechanism Change

ZATCA issued Circular No. 6768/16/1438H on 5 Rabi' al-Awwal 1438H (corresponding to 5 December 2016G) requiring Saudi companies listed on the Exchange to calculate income and Zakat on the basis of the nationality of its shareholders and actual ownership of Saudi and GCC citizens and other nationals as described in the "Tadawulaty" at the end of the year. Prior to the issuance of this Circular, companies listed on the Exchange were generally subject to the payment of Zakat or tax on the basis of the ownership of their founders in accordance with their articles of association. The effect of listed shares in determining the base of Zakat was not considered. This Circular was to be applied in the financial year ended 31 December 2016G and subsequent years. However, ZATCA issued its Letter No. 12097/16/1438H on 19 Rabi' al-Thani 1438H (corresponding to 17 January 2017G), postponing the application of the Circular for the financial year ended 31 December 2017G and the coming years. Until ZATCA issues guidelines regarding the mechanics and the procedures for implementing the Circular, the implementation of such Circular, including the final requirements to be met, remains under consideration, in particular the rules subjecting all non-GCC residents who are shareholders in Saudi listed companies to income tax and applying withholding tax to dividend distributions to non-resident shareholders, regardless of their nationality. The Company has not assessed the financial impact of this Circular or taken adequate steps to ensure compliance therewith. If the financial impact of this Circular, upon application, is significant, or if the Company incurs additional costs to take the necessary steps to ensure compliance therewith, this will adversely affect its business, the results of operations, financial position and/or prospects.

2.2.9 Risks Related to Non-Compliance with VAT Regulations

The VAT regulations came into force on 1 January 2018G, imposing a 5 per cent. VAT on a number of products and services. As of 1 July 2020G, the Ministry of Finance increased the VAT to 15 per cent. Given the relatively recent application of the VAT regulations and the recent increase in the VAT rate, violations or mistakes in its application could be made by the Executive Management or the Company's employees. This may increase the operating costs and expenses that will be borne by the Company, expose the Company to fines or penalties, or lead to damage to its reputation. Moreover, if the Company is unable to increase its prices to offset any future increase in the VAT, its margins will be negatively affected. If the VAT increase is passed on to the Company's customers, the demand for its products may decline. Any of the above risks would have a material adverse effect on the Company's business, financial position, results of operations and/or prospects.

2.2.10 Risks Related to Changes in Energy Prices

The Company is sensitive to increases in diesel and gasoline prices, as the vehicles used by its customers depend on them. The Ministry of Energy issued a statement, dated 24 Rabi' al-Awwal 1439H (corresponding to 12 December 2017G), on the Fiscal Balance Programme Plan to reform prices of energy products. It resulted in an increase in prices of Gasoline 91, Gasoline 95, Diesel for industry and facilities, Diesel for transportation and Kerosene as of 14 Rabi' al-Thani 1439H (corresponding to 1 January 2018G). The prices of energy products are adjusted monthly in accordance with the procedures for the governance of adjusting the prices of energy and water products. Any further increases in diesel and gasoline prices could impact the behaviour of the Company's customers who could look for transportation alternatives to renting or leasing vehicles, which would have a material adverse effect on the Company's operations, financial position, results of operations and/or prospects. For further details about public transport initiatives in the Kingdom, see Section 2.2.16 (*Risks Related to Expected Launch of a Number of Initiatives Related to Public Transport in the Kingdom*). On 30 Thul-Qi'dah 1442H (corresponding to 10 July 2021G), the Energy and Water Price Reforms Executive Committee in the Kingdom announced the issuance of a Royal Directive approving a ceiling for gasoline prices as of the date of the announcement, and the requirement for the prices to be reviewed on a regular basis to ensure that the ceiling is not exceeded. While the latest adjustment to the price of diesel and asphalt products by Saudi Arabian Oil Company (Saudi Aramco) as of 27 Jumada al-Ula 1443H (corresponding to 31 December 2021G) in accordance with the procedures for the governance of adjusting the prices of energy and water products in the Kingdom was not material, there is no guarantee that any such future adjustments will not be material to the Company, which would have a material adverse effect on the Company's business, financial position, results of operations and/or prospects.

2.2.11 Risks Related to Exchange Rates

The Company's results of operations may be affected by volatility in currency exchange rates and the Company's ability to effectively manage its currency risks. Although the Company does not directly make any purchases abroad in foreign currencies, in the financial years ended 31 December 2019G, 2020G and 2021G, and the nine-month period ended 30 September 2022G, a significant portion of the Company's purchases equipment, vehicles and materials were from local suppliers purchasing them abroad in foreign currencies. Moreover, the Company's additional purchases are sourced locally from many Saudi companies, whose purchases are in turn exposed to other currencies, including the USD and JPY (such as local car agencies selling vehicles to the Company). As part of the Kingdom's policy, as of the date of this Prospectus, the SAR is pegged to the USD at an exchange rate of SAR 3.75 for USD 1. The fluctuations in the exchange rates of the JPY against the SAR and USD impact the Company's operations in connection with the purchase of new vehicles and the sale of used vehicles, in addition to the Company's dependence on Japanese cars in the car rental and vehicle lease fleet. For further details on the Company's fleet, see Section 4.6.2 (*Fleet*). If the Kingdom's policy of pegging the Saudi Arabian Riyal to the USD were to change in the future, the Company may experience a significant increase in SAR-denominated costs of its operations. As the Company continues to expand its vehicle fleet, its exposure to USD and other currencies may increase. Accordingly, the Company may experience a significant increase in the costs of its operations. As the Company has not concluded any hedging agreements to reduce its currency risk exposure, changes in foreign exchange rates could have a material adverse effect on its business, financial position, results of operations and/or prospects.

2.2.12 Risks Related to Licences and Approvals

In order to carry out and expand its business, the Company needs to maintain or obtain a variety of licences, certificates, permits and approvals from regulatory, legal, administrative, tax, Zakat and other authorities and agencies in the Kingdom, in particular a municipality licence for the conduct of commercial activities, a civil defence licence for each of the Company's facilities, and licences from the Ministry of Transportation to practice car rental activities. The processes for obtaining these licences, certificates, permits and approvals are often lengthy and most of the licences, certificates, permits and approvals are subject to conditions under which they can be suspended or terminated if the licensee fails to comply with certain requirements. As of the date of this Prospectus, the Company has five expired or non-obtained licences out of 62 operating licences required to operate its facilities in the Kingdom, including two for engaging in commercial activities, two certificates from the General Directorate of Civil Defence and one licence from the TGA to engage in car rental activities (for further details on Government licences, certificates, permits and approvals, see Section 12.3 (*Government Consents, Licences and Certificates*)). The Company may be subject to penalties and fines, as well as the closure of non-compliant facilities if it continues to operate without obtaining and/or renewing the above licences and certificates. Furthermore, the relevant regulatory authority may not renew or modify a licence, certificate or permit and may impose conditions that will adversely affect the Company's performance, if it does renew or modify such licence, certificate or permit. Moreover, in March 2021G, a new Municipality regulation came into force, requiring all of the Company's branches to comply with additional requirements; for example, they should be located on a commercial street at least 20 metres wide, and the main branches should provide 15 m^2 for every vehicle inside the vehicle parking lot. Furthermore, smaller branches in the A Group category must have an area of at least 72 square metres. As of 30 September 2022G, 6 per cent. of the Company's branches were not compliant with such requirements. The Company will be closing such branches upon the expiration of their current Municipality licences. If the Company is unable to obtain, maintain or renew the relevant licences, permits and approvals, its ability to achieve its strategic objectives would be impaired, it may be subject to financial penalties, any of which may reach five thousand Saudi Riyals for each violation (for example, operating car rental services through a branch not licenced by the TGA), or it may be forced to close its facilities for which operating licences are missing, which would have a material adverse effect on the Company's business, financial position, results of operations or prospects.

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

The Government approved several resolutions intended to implement comprehensive reforms in the Saudi Arabian labour market, with additional fees being imposed on each non-Saudi employee working for Saudi entities and companies as of 14 Rabi al-Thani 1439H (corresponding to 1 January 2018G), and on increased fees for residence permit issuances and renewal fees of non-Saudi employee families which came into force as of 7 Sha'ban 1438H (corresponding to 1 July 2017G. Such fees have increased gradually from SAR 4,800 to up to SAR 9,600 annually for each employee during the year 2020G. As a result, the Government fees paid by the Company for its non-Saudi employees amounted to SAR 1.9 million, SAR 1.5 million, SAR 5.1 million and SAR 2.9 million, for the financial years ended 31 December 2019G, 2020G and 2021G, and the nine-month period ended 30 September 2022G, respectively. As any further increase in residence permit issuance and renewal fees will increase the cost of living, non-Saudi employees may seek employment opportunities in other countries. In such cases, it may be difficult for the Company to retain its non-Saudi employees and if it is unable to replace them with properly qualified Saudi employees, the Company may be forced to incur additional Government fees related to the issuance and renewal of residence permits for non-Saudi employees and their family members. This could have a material adverse effect on the Company's operations, financial position, results of operations and/or prospects. For further details of the achieved Saudization by the Company, see Section 5.9 (*Employees*).

2.2.14 Risks Related to Non-Compliance with Saudization Requirements

Compliance with Saudization requirements is a Saudi regulatory requirement, under which all companies in the Kingdom, including the Company, are required to employ and maintain a certain ratio of Saudi personnel. The percentage of Saudi workers varies on the basis of each company's activities. Moreover, in July 2016G, the MHRSD approved a new amendment to the "Nitaqat" programme under the name "Nitaqat Mawzon" (Balanced Nitaqat) to improve the market performance and development and to eliminate non-productive Saudization. While such amendment was to come into effect on 12 Rabi al-Awwal 1438H (corresponding to 11 December 2016G), the MHRSD postponed the programme until further notice in response to private sector demands for additional time to achieve the Saudization rate. As of the date of this Prospectus, no new implementation date has been set. Under the "Nitaqat Mawzon" programme, points would be calculated based on five factors: (i) the Saudization rate; (ii) the average wage for Saudi workers; (iii) the percentage of female Saudization; (iv) job sustainability for Saudi nationals; and (v) the percentage of Saudi nationals with high wages. To date, the existing framework of the "Nitaqat" programme remains in place, and entities continue to be ranked on the basis of a system of rolling averages which calculate average weekly "Saudization" over a 26-week period. The Company has not taken any measures to improve its Saudization rating in anticipation of the formal implementation of the "Nitaqat Mawzon" programme. Therefore, the Company may be unable to promptly respond to a new implementation deadline upon declaration of the "Nitaqat Mawzon" programme, which would negatively affect the Company's ability to comply with Saudization requirements. This would have an adverse effect on the Company's financial position, result of operations and/or prospects. The Company was compliant with the Saudization requirements as of 30 September 2022G in the "Nitaqat" programme within the "Low-Green" category (with Saudization percentage of 34.9 per cent.).

In the event of non-compliance with the applicable Saudization requirements, the Company would be subject to sanctions by Governmental entities, including the suspension of work visa requests and transfers of sponsorship for non-Saudi employees, exclusion from Government loans and participation in Government tenders. As a result, the Company may not be able to continue to recruit or maintain the required percentage of Saudization. In addition, the Company may not be able to recruit the required number of Saudi nationals under favourable conditions. In particular, the Company relies on several qualified non-Saudi employees with the relevant industry experience to run its operations, including, without limitation, the Chief Executive Officer and Chief Financial Officer. Any changes in local regulations which adversely impact expatriates may cause the departures of these expatriate employees from the Kingdom and may result in the disruption of the Company's operations. Moreover, the Company is sensitive to the costs of total salaries and related benefits, which amounted to SAR 45.7 million, SAR 44.3 million, SAR 53.1 million, SAR 37.7 million and SAR 49.6 million for the financial years ended 31 December 2019G, 2020G and 2021G, and the nine-month periods ended 30 September 2021G and 2022G, respectively, representing approximately 16.2 per cent., 12.1 per cent., 12.4 per cent., 12.9 per cent. and 12.6 per cent., respectively, of operating costs for the same periods. There may be a significant increase in the costs of salaries if the Company hires a larger number of Saudi employees. The occurrence of any of the above would have a material adverse effect on the Company's business, financial position, results of operations and/or prospects (for further details, see Section 5.9.2 (*Saudization*)).

2.2.15 Risks Related to Compliance with the New Companies Law

On 1 Thul-Hijjah 1443H (corresponding to 30 June 2022G) Royal Decree No. (M/132) amending the Companies Law was issued, and the new law entered into force on 26 Jumada al-Akhirah 1444H (corresponding to 19 January 2023G), which contains further new requirements that may have a material impact on the Company and its future activities. Such new requirements include the obligation to formally register all corporations, including unincorporated joint ventures, the regulation and codification of share option arrangements, and the imposition of certain prerequisites for the distribution of dividends. The Company has not assessed the impact of the new Companies Law on its operations. However, if such impact is material or if the Company incurs additional costs to take the necessary steps to ensure compliance therewith, this will adversely affect its business, the results of operations, financial position and/or prospects.

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

In anticipation of the upcoming launch of the public transport project, which is scheduled to begin its first phase by March 2023G, significant developments are taking place in Riyadh. This project includes the establishment of a train network and a parallel bus network, aligned with the comprehensive plan for public transport developed by the Royal Commission for the City of Riyadh. The primary objective of this project is to offer integrated public transport solutions to the city's residents and visitors, catering to their current and future needs. Among the initiatives undertaken is the King Abdulaziz Public Transport Project in Riyadh, encompassing a comprehensive network of 22 train lines and 6,765 bus stations, extending over a distance of 1,200 km. Additionally, several other public bus networks and taxi service transformation projects are planned for major cities. The project aims to build and operate a rapid public transport network in accordance with the latest international technologies, providing affordable mobility options for residents, curbing excessive reliance on private vehicles, boosting the local economy, preserving the environment, and enhancing traffic flow by interconnecting various parts of the city. The Company has not yet conducted a thorough assessment of the potential impact of these public transport projects on the car rental sector as a whole or its own business specifically. However, should this effect prove to be substantial and result in a decline in the Company's revenues, it would have a material adverse effect on its business, financial position, results of operations and/or prospects.

2.3 Risks Related to the Offer Shares

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

Following the Offering, the Selling Shareholder will own 70 per cent. of the Company's Shares. As a result, it will have the ability to significantly influence the Company's business through the ability to control decisions and actions that require Shareholders' approval, including, without limitation, the election of Directors, significant corporate transactions, dividend distributions and capital adjustments. If circumstances were to arise where the interests of the Current Shareholders conflict with the interests of the minority Shareholders (including the Subscribers), the minority Shareholders might be disadvantaged and the Selling Shareholder might otherwise exercise its control over the Company in a manner that would have a material adverse effect on the Company's business, financial position, results of operations or prospects.

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

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

2.3.3 Risks Related to Selling a Large Number of Shares on the Exchange

The sale of a substantial number of the Shares on the Exchange following the completion of the Offering, or the perception that these sales will occur, could adversely affect the market price of the Shares. Upon the successful completion of the Offering, the Selling Shareholder (owning 70 per cent. of the Company shares following offering) will be subject to a Lock-up Period of six months, during which it may not dispose of any Shares. The sale of a substantial number of Shares by the Selling Shareholder following the expiration of the Lock-up Period, or the perception that such sales could occur, could have an adverse effect on the price of the Company's Shares on the Exchange.

2.3.4 Risks Related to the Issuance of New Shares

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

2.3.5 Risks Related to Fluctuations in the Market Prices of the Shares

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

- market volatility and fluctuations in the price of vehicles and fleet acquisition or resale costs;
- negative variations in the Company's operating performance and improved performance of its competitors;
- actual or anticipated fluctuations in its quarterly or annual operating results;
- the publication of negative research reports by securities analysts about the Company, its competitors or the car rental or lease industries;
- the public's negative reaction to its press releases and other public announcements;
- the resignation or retirement of key personnel;
- negative important and strategic decisions by the Company or its competitors, and negative changes in its business strategy;
- press reports, whether or not factual, about the Company or the car rental or lease industries in the Kingdom;
- changes in the regulatory environment affecting the Company or the car rental or lease industries;
- changes in adopted accounting rules and policies;
- terrorist acts, acts of war or widespread civil unrest;
- natural disasters, a widespread outbreak of a contagious disease and other calamities;
- changes to the policy of pegging the exchange rate between the SAR and the USD; and
- changes in general market and economic conditions, including changes due to any further developments in connection with the on-going armed conflict in Ukraine.

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

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

2.3.6 Risks Related to the Distribution of Dividends

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

3. Market Overview

The information in this Section is based on an independent market study report (the "**Market Report**") on the car rental market in the Kingdom prepared by Arthur D. Little Saudi Arabia (the "**Market Consultant**") exclusively for the Company.

The Market Consultant is an independent management consulting firm that provides strategic advisory services and market research. It was founded in 1886G and started its operations in the Kingdom in the 1950sG. For further details about the Market Consultant, see www.adlittle.com.

Neither the Market Consultant nor any of its affiliates, subsidiaries, sister companies, partners, shareholders, members of its Board of Directors, executives or their relatives, own any shares or hold ownership interests of any kind in the Company. The Market Consultant has given its written consent to the use of its name, the market information, and data provided by it to the Company as shown in this Prospectus, and such consent has not been withdrawn as of the date of this Prospectus.

The Company and its Directors believe that the information and data contained in this Prospectus and received from other sources, including those provided by the Market Consultant, are reliable. However, neither the Company nor its Directors, Senior Executives or other Advisors have independently checked or verified the accuracy or completeness of such information contained in this Section, and none of them shall assume any responsibility as to such information. In addition, such information should not constitute the sole basis for taking or refraining from taking any investment-related decisions.

The conclusions shown in this Section are based on an analysis conducted by the Market Consultant, based in part upon its analyses of materials and information collected by it from third-party research agencies, Government agencies, its internal network of experts and publicly available resources.

While the Market Consultant has exercised its best efforts to analyse available market data and represent the impact of the COVID-19 pandemic, the ongoing pandemic is fundamentally unpredictable in its impact on all economic stakeholders. The pandemic has caused structural and far-reaching impacts on the economy and industrial growth trends worldwide. As a result of the uncertainty associated with the pandemic and its impact going forward, the actual trends in the market may be at significant variance to indicated forecasts.

In addition, while this Prospectus represents the Market Consultant's current view of the market sizing, growth, and dynamics, the realisation of forecasts is contingent on several additional factors. These include, but are not limited to, the timely and effective implementation of policy initiatives, technological progress and maturity, regulatory changes and developments and industry trends and movements.

3.1 Macro-Economic Overview

3.1.1 Overview of the Kingdom's Economy

The Kingdom boasts the largest economy in the MENA region, principally supported by its role as the largest exporter of crude oil and natural gas worldwide.

According to the Ministry of Finance, the Kingdom has the largest economy in the MENA region in terms of economic size, with a nominal GDP of approximately SAR 3,207 billion as of 31 December 2021G. As the Kingdom recovers from the economic impact of the pandemic, a nominal GDP growth rising to 12.7 per cent. in 2022G is forecasted.

The following table shows an overview of the Kingdom's economic outlook (2017G–2024G):

Table 3.1: Overview of the Kingdom's Economic Outlook (2017G–2024G)

	2017G(A)	2018G(A)	2019G(A)	2020G(A)	2021G(E)	2022G(E)	2023G(F)	2024G(F)
Nominal GDP (SAR Bn)	2,582	2,949	2,974	2,625	3,207	3,615	3,479	3,697
Nominal GDP (% Change YoY)	6.7%	14.2%	0.8%	(11.7%)	22.2%	12.7%	(3.8%)	6.3%
Real GDP (% Change YoY)	(0.7%)	2.4%	0.3%	(4.1%)	2.9%	7.4%	3.5%	4.0%

Source: Ministry of Finance, Budget Statement for Fiscal Years 2017G-2022G.

The Kingdom's economy and society have transformed rapidly following the discovery of large oil reserves in the mid-20th century. According to International Energy Agency (IEA), the Kingdom was the world's third-largest producer of crude oil in 2021G, behind the United States and the Russian Federation, and the largest exporter of crude oil and natural gas in 2019G. According to the General Authority for Statistics (GASTAT), in 2021G the Kingdom had an economy that comprised a significant oil sector representing 39.0 per cent. of real GDP, and a non-oil sector representing 57.0 per cent. of real GDP. The revenues from the oil sector have propelled the country's economic growth and standard of living so that GDP per capita reached SAR 73,000 in 2021G. As the Kingdom recovers from the economic impacts of the pandemic, the International Monetary Fund (IMF) projected that non-oil GDP growth would reach 3.6 per cent. in 2022G. The IMF also projected oil GDP growth at 6.8 per cent. in 2022G.

The following table shows an overview of the Kingdom's national accounts by sector at constant prices (2017G–2021G):

Table 3.2: Overview of the Kingdom's National Accounts by Sector at Constant Prices (2017G–2021G)

	2017G(A)	2018G(A)	2019G(A)	2020G(A)	2021G(A)
(1) Total Oil Sector (SAR Bn)	1,103	1,128	1,091	1,018	1,020
(2) Total Non-Oil Sector (SAR Bn)	1,446	1,424	1,463	1,426	1,496
(A) Government Sector (SAR Bn)	431	442	451	448	457
(B) Private Sector (SAR Bn)	1,015	982	1,012	978	1,039
(3) Import Duties (SAR Bn)	18	80	87	87	97
(4) Total Gross Real GDP (SAR Bn)	2,568	2,633	2,641	2,532	2,614

Source: General Authority for Statistics (GASTAT), Statistical Database, 2022G.

3.1.1.1 Saudi Fiscal Trajectory and Debt Position Supported by Rises in Oil Prices and Fiscal Prudence

Significantly higher-than-expected oil prices have reduced the deficit in the 2021G budget balance from the 4.9 per cent. expected by the Kingdom's Government to an actual deficit of 2.5 per cent. Considering over 60.0 per cent. of Government revenue stems from hydrocarbon services, the Kingdom's fiscal trajectory is highly dependent on global energy prices. However, non-oil revenues continue to increase, most recently supported by the tripling of VAT from 5.0 to 15.0 per cent. in 1 July 2020G. Overall, 2021G witnessed a significant revenue growth by 30.5 per cent., which is quite significant when compared to the significant contraction of 17.6 per cent. in 2020G.

The following table shows an overview of the Kingdom's budget (2017G–2024G):

Table 3.3: Overview of the Kingdom's Budget (2017G–2024G)

	2017G(A)	2018G(A)	2019G(A)	2020G(A)	2021G(A)	2022GI	2023G(F)	2024G(F)
Total Revenue (SAR billion)	692	906	927	782	930	1,045	968	992
Total Expenses (SAR billion)	930	1,079	1,059	1,076	1,015	955	941	951
Budget Deficit (SAR billion)	(238)	(173)	(132)	(294)	(85)	90	27	41
Public debt (SAR billion)	443	560	678	854	938	938	938	938

Source: Ministry of Finance, Budget Statement Report for Fiscal Year 2017G-2022G.

3.1.2 National Transformation Plan and Saudi Vision 2030

The Saudi Vision 2030, announced in 2016G, reflects an ambitious, yet achievable, blueprint on how to address these challenges. The vision has three main pillars: (i) to make the country the "heart of the Arab and Islamic worlds"; (ii) to become a global investment powerhouse; (iii) and to transform the country's location into a hub connecting Afro-Eurasia. The oil-dependent Kingdom has a long-term blueprint to transform itself into a diversified economy, with non-oil Government revenues projected to increase six-fold to SAR 1 trillion by 2030G. It is an ambitious goal to transform an economy that relies principally on crude oil exports for a major portion of Government revenues.

The following table shows a breakdown of Government revenues (2017G–2021G):

Table 3.4: Breakdown of Government Revenues (2017G–2021G)

	2017G(A)	2018G(A)	2019G(A)	2020G(A)	2021G(A)
Oil Revenues (SAR billion)	436	611	594	413	558
Non-oil Revenues (SAR billion)	256	294	332	369	372
Total Revenues (SAR billion)	692	905	926	782	930

Source: Ministry of Finance, Budget Statement Report for Fiscal Year 2022G.

3.1.3 Tourism Activity and Key Trends in the Kingdom

The Kingdom has started its recovery journey following the pandemic, and the Ministry of Tourism has estimated the total trips in 2021G to have reached 45 million, the majority of which were domestic trips due to the travel restrictions imposed by the COVID-19 pandemic; as a result, contributions to GDP reached more than 4.0 per cent. in 2021G compared to 3.5 per cent. in 2019G. The Kingdom is expecting 50 million tourist visits in 2022G as it seeks to rejuvenate its nascent effort to promote domestic and international holidays stymied by the pandemic.

The following table shows the Kingdom's tourism trips by type (2017G–2020G):

Table 3.5: The Kingdom's Tourism Trips by Type (2016G–2020G)

	Unit	2017G(A)	2018G(A)	2019G(A)	2020G(A)
Inbound tourism					
Tourist trips	('000)	16,109	15,334	17,526	4,138
Tourist expenditure	SAR Bn	97	93	103	20
Domestic tourism					
Tourist trips	('000)	43,821	43,255	47,805	42,107
Tourist expenditure	SAR Bn	46	48	61	43

Source: Ministry of Tourism, Tourist Demand Statistical Database, 2021G.

The Kingdom established the Tourist Investment Fund with a capital of SAR 15 billion; its main role is to develop the tourism industry in general and stimulate Saudi citizens to engage in this sector to achieve its national targets and to establish 500,000 hotel rooms across the Kingdom by 2030G, according to the Ministry of Tourism. The Kingdom has accredited the national strategy for tourism, which highlighted the following main lines for the aspirations of the sector that accorded with the Saudi Vision 2030 goals:

- increase the contribution of the tourism sector to GDP to more than 10.0 per cent. by 2030G;
- create 1 million additional jobs to reach 1.6 million jobs in the tourism sector by 2030G; and
- attract 100 million local and international visits annually by 2030G.

3.1.4 Impact of COVID-19 on the Kingdom's Economy

According to the conclusions of annual bilateral discussions between the Kingdom and the IMF in 2021G, the Kingdom's economy had entered the COVID-19 pandemic with robust non-oil growth, strong policy buffers and positive reform momentum. Despite fiscal deficits since 2014G, fiscal space was available due to low Government debt and significant asset holdings. External buffers were sizable and the banking system was well capitalised and liquid. Reforms under Saudi Vision 2030 were advancing. The authorities responded quickly and decisively to the COVID-19 crisis. After a 4.1 per cent. contraction (GDP) in 2020G following the COVID19 pandemic and a sharp rebound of 3.2 per cent. growth in 2021G, the Saudi economy is expected to expand by 4 per cent. in 2022G according to the latest IMF estimates.

3.1.5 Demographics

During the last 50 years, the Kingdom has undergone significant demographic changes, which have had a considerable impact on its urban development. The following three main demographic trends of change have been identified: (i) a rapid and massive population growth; (ii) an increasing ratio of youth and working-age populations; and (iii) an imbalanced regional distribution of the population. In 1960G, the Kingdom's population was close to 4 million. Rapid urban and economic development of the country since then has seen the population increase rapidly until the 1980sG, with a record growth of 6.3 per cent. in 1982G, according to the World Bank. The population growth has slowed since then and in recent years it has averaged around 2.5 per cent. per annum, reaching 35 million in 2020G. At the current growth rate, the United Nations projects that the population will reach 45 million by 2050G.

The following table shows an overview of the Kingdom's population growth (2017G–2024G):

Table 3.6: Overview of the Kingdom's Population Growth (2017G–2024G)

	2017G(A)	2018G(A)	2019G(A)	2020G(A)	2021G(A)	2022GI	2023G(F)	2024G(F)
Total population (million)	32.6	33.4	34.2	35	35.5	36.2	36.9	37.6
Annual growth rate (%)	2.6%	2.5%	2.4%	2.3%	1.4%	2.0%	1.9%	1.9%

Source: General Authority for Statistics (GASTAT), Statistical Database, 2020G; International Monetary Fund (IMF), World Economic Outlook, 2021G.

Most of the increase in population size has been in the regions of Riyadh, Makkah and the Eastern Region, which have the fastest-growing population in the Kingdom. Changes in the populations of the regions can be primarily attributed to rural-urban migration and international migration, as movement is primarily to large urban centres, owing to better job opportunities, services, and infrastructure. Despite the efforts to achieve more balanced development in the country over the last 25 years, regional population concentration persists. According to GASTAT, in 2019G, three regions accounted for 67.0 per cent. of the Kingdom's population: 26.0 per cent. in Makkah, 25.0 per cent. in Riyadh, and 15.0 per cent. in the Eastern Region. In recent years, the three principal population segments; children (0-14 years), the working population (15-64 years), and the elderly population (65+) have been growing with steady distribution ratios of 25.0 per cent., 72.0 per cent. and 3.0 per cent. respectively, indicating a stationary population pyramid with a steadily growing population and strong working capital resources which are often characteristic of developed nations where the overall quality of life is high.

The following table shows a breakdown of the Kingdom's population estimates by gender and age groups (2017G–2020G):

Table 3.7: Breakdown of the Kingdom's Population Estimates by Gender and Age Groups (2017G–2020G)

Age Group	2017G(A)			2018G(A)			2019G(A)			2020G(A)		
	Male (Mn)	Female (Mn)	Population (%)	Male (Mn)	Female (Mn)	Population (%)	Male (Mn)	Female (Mn)	Population (%)	Male (Mn)	Female (Mn)	Population (%)
0–14	4.1	4.0	25%	4.2	4.0	25%	4.3	4.1	25%	4.4	4.2	25%
15–64	14.1	9.4	72%	14.5	9.6	72%	14.9	9.8	72%	15.3	10.1	72%
65+	0.6	0.5	3%	0.6	0.5	3%	0.6	0.5	3%	0.6	0.5	3%
Grand total	**18.8**	**13.9**	**100%**	**19.3**	**14.1**	**100%**	**19.8**	**14.4**	**100%**	**20.3**	**14.8**	**100%**
		32.6			**33.4**			**34.2**			**35.0**	

Source: General Authority for Statistics (GASTAT), Statistical Database, 2021G.

In general, a gender imbalance exists in the demographic mix in the Kingdom. The key reason for this observation is the presence of male expatriates seeking employment in the Kingdom (especially in the low to mid-end segment). Adjusting for the expatriate status, the gender balance within the Saudi citizen population is largely even and comparable with countries of similar affluence.

The following table shows a breakdown of the Kingdom's population estimates by nationality, gender and age groups (2017G–2020G):

Table 3.8: Breakdown of the Kingdom's Population Estimates by Nationality, Gender and Age Groups (2017G–2020G)

	2017G(A)	2018G(A)	2019G(A)	2020G(A)
Total Saudi (million)	20.4	20.8	21.1	21.4
Population %	63%	62%	62%	61%
(A) Male	10.4	10.6	10.7	10.9
(B) Female	10.0	10.2	10.4	10.5
Total non-Saudi (million)	12.1	12.7	13.1	13.6
Population %	37%	38%	38%	39%
(A) Male	8.3	8.7	9.0	9.3
(B) Female	3.8	4.0	4.1	4.3
Total population (million)	**32.6**	**33.4**	**34.2**	**35.0**

Source: General Authority for Statistics (GASTAT), Statistical Database, 2018G.

3.1.6 Labour Market

The Ministry of Human Resources and Social Development (MHRSD) stated that the labour market in 2021G reached 13 million registered employees at the General Organization for Social Insurance (GOSI). The expatriate population in the Kingdom has started to decline in recent years amid increasing fees imposed for them and the strict "Saudization" policy implemented by the Government. From 10.85 million registered expatriates in the labour force as of 31 December 2017G, the number of expatriates fell to 9.6 million in 2021G. Given that expatriates still fill around three-quarters of private sector jobs in the Kingdom's labour force, further-intensified Saudization measures are anticipated in the future. Policy emphasis in the Kingdom is trending towards incentivising job creation for citizens through enhanced measures aimed at Saudization. According to GASTAT, the Saudi unemployment rate decreased to 11.0 per cent. in the fourth quarter of 2021G, compared to its pre-pandemic rates of 12.0 per cent. in the fourth quarter of 2019G. The overall unemployment rate was 6.9 per cent. in the fourth quarter of 2021G, compared to a record high of 9.0 per cent. during the pandemic in the second quarter of 2020G.

The following table shows a breakdown of the Kingdom's labour market by nationality and gender (2017G–2021G):

Table 3.9: Breakdown of the Kingdom's Labour Market by Nationality and Gender (2017G–2021G)

Year/Fourth Quarter	Saudi			Non-Saudi			Total		
	Male (Mn)	Female (Mn)	Total (Mn)	Male (Mn)	Female (Mn)	Total (Mn)	Male (Mn)	Female (Mn)	Total (Mn)
2017G (A)	2.1	1.1	3.2	9.4	1.0	10.4	11.5	2.1	13.6
2018G (A)	2.0	1.1	3.1	8.4	1.1	9.5	10.4	2.1	12.5
2019G (A)	2.1	1.1	3.2	8.8	1.4	10.2	10.8	2.5	13.3
2020G (A)	2.1	1.2	3.3	8.8	1.3	10.1	10.8	2.5	13.3
2021G (A)	2.2	1.3	3.5	8.5	1.1	9.6	10.7	2.4	13.1

Source: General Authority for Statistics (GASTAT); Ministry of Human Resources and Social Development (MHRD); General Organization for Social Insurance (GOSI), Labour Market Statistics, 2021G.

The Saudi labour force participation rate increased to 51.5 per cent. in the fourth quarter of 2021G, and the overall labour force participation rate increased to 61.5 per cent. in the same quarter. Labour force participation for women has traditionally been low in the Kingdom, thus creating a large gender gap in employment. However, women's participation in the workforce has been rising gradually from this low base. The labour force participation rate of Saudi women reached 35.6 per cent. in the fourth quarter of 2021G. The fastest growth of employment for women has been in the private sector, due to the Government initiative to engage women in all types of employment, such as retail.

The following table shows a breakdown of the Kingdom's labour force participation rate by nationality and gender (2017G–2021G):

Table 3.10: Breakdown of the Kingdom's Labour Force Participation Rate by Nationality and Gender (2017G–2021G)

Year/ Fourth Quarter	Saudi			Non-Saudi			Total		
	Male (%)	Female (%)	Total (%)	Male (%)	Female (%)	Total (%)	Male (%)	Female (%)	Total (%)
2017G (A)	63.4	19.4	41.9	94.2	24.2	74.2	79.0	20.9	55.6
2018G (A)	63.0	20.2	42.0	93.8	25.9	74.5	78.7	21.9	55.9
2019G (A)	66.6	26.0	46.7	93.6	28.8	75.2	80.4	26.8	58.8
2020G (A)	68.5	33.2	51.2	92.4	29.3	74.5	80.6	32.1	61.0
2021G (A)	66.8	35.6	51.5	92.0	33.3	75.4	79.5	34.9	61.5

Source: General Authority for Statistics (GASTAT); Ministry of Human Resources and Social Development (MHRSD); General Organization for Social Insurance (GOSI), Labour Market Statistics, 2021G.

According to GASTAT, the unemployment rate of the Saudi population seeking work in the Kingdom remained around 12.0 per cent. between 2017G and 2020G, among which the unemployment rate of Saudi women was fourfold that of men. As Saudi Vision 2030 and its transformational programmes continue to strengthen local employment and empower women, and the Kingdom continues to recover from the COVID-19 pandemic, the unemployment of Saudi women has recorded a significant decline to 22.5 per cent., while overall Saudi unemployment declined to 11.0 per cent. in the fourth quarter of 2021G.

The following table shows a breakdown of the Kingdom's unemployment rate by nationality and gender (2017G–2021G):

Table 3.11: Breakdown of the Kingdom's Unemployment Rate by Nationality and Gender (2017G–2021G)

Year/ Fourth Quarter	Saudi			Non-Saudi			Total		
	Male	Female	Total	Male	Female	Total	Male	Female	Total
2017G (A)	7.5	31.0	12.8	0.5	2.5	0.7	3.2	21.1	6.0
2018G (A)	6.6	32.5	12.7	0.6	4.4	1.0	2.9	22.6	6.0
2019G	4.9	30.8	12.0	0.3	1.3	0.4	2.2	21.3	5.7
2020G (A)	7.1	24.4	12.6	1.7	9.1	2.6	4.0	20.2	7.4
2021G (A)	5.2	22.5	11.0	2.0	9.0	2.9	3.3	18.7	6.9

Source: General Authority for Statistics (GASTAT), Ministry of Human Resources and Social Development (MHRSD), Labour Market Statistics, 2021G.

3.1.7 Wages and Household Income

According to GASTAT, the annual rate of consumer inflation in the Kingdom averaged 3.1 per cent. in 2021G. in February 2022G, the Consumer Price Index increased by 1.6 per cent. compared to February 2021G, higher than in January 2022G (1.2 per cent.). According to IMF, that inflation rate will remain around 3.0 per cent. in 2022G, before settling down over the medium-term at around 2.0 per cent.

The following table shows consumer price inflation in the Kingdom (2017G–2024G):

Table 3.12: Consumer Price Inflation in the Kingdom (2017G–2024G)

	2017G(A)	2018G(A)	2019G(A)	2020G(A)	2021G(A)	2022GI	2023G(F)	2024G(F)
Consumer Price Index	97.6	100.0	97.9	101.3	104.4	107.8	109.9	112.1
Annual change (%)	(0.8%)	2.5%	(2.1%)	3.5%	3.1%	3.2%	2.0%	2.0%

Source: (1) General Authority for Statistics (GASTAT), Statistical Database Open Data 2022G; (2) International Monetary Fund (IMF), World Economic Outlook, 2021G.

The average monthly wages of the employed workforce (15 years and above) in the Kingdom, are estimated on a quarterly basis by GASTAT according to official employment and social insurance records. Whilst it is an indication of employment income, it is not an indication of disposable income. The average monthly wage across all sectors and nationalities in the Kingdom in 2021G was estimated at around SAR 6,380, which is a slight decrease from SAR 6,564 recorded in 2020G; this decrease was due to the COVID-19 pandemic and the global economic slowdown. The wage variance between Saudi workers and foreign expatriates exceeded 50.0 per cent. across both genders which reflects the efforts of the social reforms under Saudization to encourage and increase the employment of Saudis. Among the Saudi workforce, whilst the historical gender wage gap between males and females has decreased, a growing gap of SAR 2,737 has been estimated in 2021G.

The following table shows the average monthly wage (salary) of employed persons (15 years and above) by age categories, gender and nationality (2017G-2021G):

Table 3.13: Average Monthly Wage of the Kingdom's Employed Persons (2017G-2021G)

	Saudi			Non-Saudi			Total		
	Male	Female	Total	Male	Female	Total	Male	Female	Total
2017G(A)	10,160	8,995	9,939	3,792	2,503	3,674	6,080	6,177	6,093
2018G(A)	10,493	9,425	10,292	3,805	3,134	3,741	6,223	6,634	6,277
2019G(A)	10,587	9,107	10,256	3,881	2,832	3,769	6,292	6,432	6,313
2020G(A)	10,967	8,951	10,540	4,264	2,548	4,078	6,651	6,065	6,564
2021G(A)	10,801	8,064	10,186	4,269	2,292	4,023	6,582	5,343	6,380

Source: General Authority for Statistics (GASTAT), Statistical Database, 2021G.

According to the World Bank, the Kingdom's final consumption expenditure remained at around 1.8 trillion between 2018G and 2020G, where gross savings witnessed a decline during the COVID-19 pandemic period from a record high of SAR 980 billion in 2018G to SAR 663 billion in 2020G. Accordingly, Gross National Disposable Income (GDNI) per capita declined from SAR 84,000 in 2018G to SAR 72,000 in 2020G, which indicates changes in the living standards and well-being of the inhabitants. As the economy continues to recover post pandemic, it is expected that GDNI will rebound, passing its pre-pandemic levels.

The following table shows an overview of the Kingdom's gross national disposable income (2017G–2020G):

Table 3.14: Overview of the Kingdom's Gross National Income (2017G–2020G)

	2017G(A)	2018G(A)	2019G(A)	2020G(A)
Final consumption expenditure (current SAR billion)	1,694	1,844	1,866	1,879
Gross savings (current SAR billion)	784	980	999	663
Gross national disposable income (current SAR billion)	2,478	2,824	2,865	2,542
Population (million capita)	32.6	33.4	34.2	35.0
Gross national disposable income (current SAR billion per capita)	76,009	84,528	83,758	72,628

Source: World Bank and Organization for Economic Cooperation and Development (OECD), National Accounts Open Data, 2021G.

3.2 Industry Overview

3.2.1 Transport Sector in the Kingdom

Transportation is a key sector for the Saudi Government. According to GASTAT, transport, storage and communications contributed SAR 152 billion (5.8 per cent.) out of the SAR 2,614 billion GDP in 2021G. Transport and storage recorded 0.3 million (3.3 per cent.) out of 8.5 million registered employees under the General Organization for Social Insurance (GOSI) in the Kingdom in 2021G. According to the MoF, SAR 46 billion (4.6 per cent.) out of the total Government budget of SAR 990 billion was allocated to the transport sector in 2021G. As a driving force for economic, social and environmental growth, transport has been growing to facilitate the movement of people and goods. Supported by the strategic geographical location of the Kingdom with access to local, regional and international centres, as well as its unique position as the heart of the Arab and Islamic worlds, Saudi Vision 2030 heightens the transport sector's aspirations along several dimensions including the following:

- ***transform the Kingdom into a logistics hub*** – to ensure that the Kingdom is a regional leader by raising its global ranking in the Logistics Performance Index (LPI) to 10 by 2030G, and to increase the capacity to welcome Umrah visitors to 30 million every year by 2030G; and
- ***enhance liveability across the Kingdom*** – to have three Saudi cities recognised in the top-ranked 100 cities in the world, and to increase average life expectancy to 80 years by 2030G.

3.2.2 National Transport and Logistics Strategy

Over the years, the Kingdom has spent considerable efforts to deliver a comprehensive transport network involving roads, airports, rail, ports and public transport modes. Capitalising on these significant investments in the transport sector, the Kingdom launched its National Transport and Logistics Strategy in 2021G, which aims to solidify the Kingdom's position as a global logistics hub connecting the three continents, uplift and improve all forms of transport services, and strengthen the integration of logistical services and future technologies, thus supporting and enabling the Kingdom's national development plans. The strategy aims to increase the contribution of the transport and logistics sector to national GDP to 10.0 per cent. by 2030G, by enabling industry and expanding investments and increasing the sector's annual contributions to non-oil revenues to SAR 45 billion by 2030G. The transport and logistics sector will significantly support achieving national economic goals.

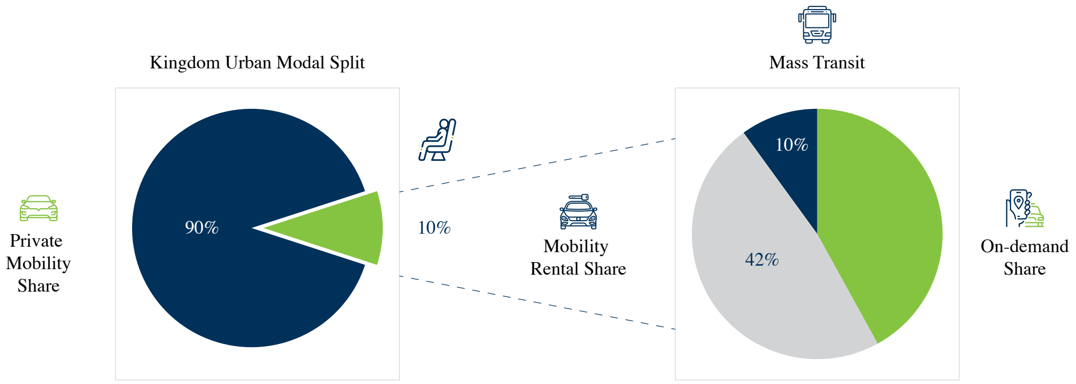
3.2.3 Passenger Mobility Services in the Kingdom

3.2.3.1 Overview of Passenger Mobility Services in the Kingdom

According to the Kingdom's National Transport and Logistics Strategy and a number of recent studies, it was estimated that in 2019G up to 90.0 per cent. of passenger trips in the Kingdom were conducted via private vehicles, while only a minor portion (10.0 per cent.) of total passenger trips were performed via passenger mobility services. On-demand mobility of taxi and ride-hailing services represented 90.0 per cent. of the minor modal share of passenger mobility services, while mass transit services were limited to public bus networks within major cities. The low passenger mobility services modal share in the Kingdom is due to limited mass mobility availability and coverage.

The following figure shows the passenger mobility modal share in the Kingdom (2019G):

Exhibit 3: Passenger Mobility Modal Share in the Kingdom (2019G)



Source: The Kingdom's National Transport and Logistics Strategy (2021G), International Association of Public Transport (UITP)'s Urban Mobility Report (2020G), Future of Urban Mobility Index (2018G), the Market Report.

Passenger mobility services model share is expected to significantly grow in the Kingdom, impacted by the implementation of shared mobility initiatives across mass transit, on-demand mobility and mobility rental services to achieve the national targets of the National Transport and Logistics Strategy. These initiatives include:

- ***mass transit developments*** – examples include the King Abdul Al Aziz Project for Riyadh Public Transport, encompassing a comprehensive metro and public bus network to be launched in Riyadh in 2023G, in addition to a number of planned public bus networks and taxi services transformation projects in major cities;
- ***ride hailing services growth*** – the steady growth of ride hailing services in the Kingdom through 35 licenced companies that performed more than 65 million trips in 2021G according to the TGA;
- ***tourism and business sectors growth*** – the planned growth of international tourism and new business establishments in the Kingdom will act as a key driver for the growth of shared mobility ridership across all modes;
- ***fluctuation of the fuel prices*** – the global surge in the oil prices, driven principally by the lack of investments in the oil and gas sector, significant funds dedicated to the COVID-19 pandemic response and the post-pandemic economic recovery and the Russian-Ukrainian conflict, has resulted in a significant rise in fuel prices in 2022G after multiple years of lower oil prices hitting record lows during the COVID-19 pandemic; and
- ***rise of private vehicle costs*** – The rise in the cost of private vehicle ownership driven by the global disruption of the automotive supply chain during the pandemic period and the rise of VAT in the Kingdom, has stimulated the consumer behaviour toward shared mobility.

3.2.3.2 Private Mobility

Private vehicles dominate passenger mobility in the Kingdom. According to the official statistics released by the Ministry of Interior, in 2019G, there were 14 million registered vehicles in the Kingdom, including 10 million private passenger vehicles, and the issuance of 1.2 million new number plates. Until June 2018G, the Kingdom was the only country in the world in which women were forbidden from driving motor vehicles. In 2017G, King Salman bin Abdulaziz Al-Saud, the Custodian of the Two Holy Mosques issued an order to allow women to drive, with new guidelines to be created and implemented by 2018G as the ban was officially lifted. On International Women's Day in 2020G, GASTAT announced that over 174,000 driving licences had been issued to women in the 19 months since the ban was lifted.

3.2.3.3 Mass Transit

The Kingdom's public transport system was inaugurated in 1979G by Royal Decree No. (M / 11) dated 1399H, which aimed to establish the Saudi Public Transport Company (SAPTCO) as a Saudi joint stock company. It was granted the concession to transport passengers by bus within and between cities for 15 years and has continued its services to the present. As of 31 December 2021G, SAPTCO had a fleet of 3,247 vehicles and operated exclusive transport, intercity transport, and international transport services. In 2021G, it served 8.8 million passengers within the cities, 3 million passengers between the cities, and 20,000 passengers internationally. Passengers pay for bus fares using SAPTCO's rechargeable smart card. As of the date of this Prospectus, the smart card itself cost SAR 10 while a single bus journey cost SAR 3. For the long-distance journeys, tickets are available through SAPTCO's website, at a ticketing agent, or through SAPTCO's mobile app.

More recently, the Kingdom's capital has embarked on a comprehensive public transport project comprising a metro network and a parallel bus network, which is being established according to the comprehensive plan for public transport developed by the Royal Commission for Riyadh City. These initiatives include the King Abdul Al Aziz Project for Riyadh Public Transport, encompassing a comprehensive metro and public bus network compromising 22 lines and 6,765 bus stops across 1,200 km planned to be launched in Riyadh in 2023G, in addition to a number of planned public bus networks and taxi services transformation projects in major cities. The expected increase in the passenger mobility services model share in the Kingdom will be supported by the significant growth of ride-hailing services in the Kingdom.

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3.2.3.4 On-demand Mobility

(a) Taxi Services

In recent years, traditional taxi services have witnessed a decline in ridership, mainly attributed to the emergence of highly competitive, app-based ride-hailing services. Accordingly, the TGA has launched several initiatives to enhance the traditional taxi services, including the modernisation of taxi fleets that limit the new taxi licence to vehicles of no more than five years age, with future plans to include smart maps and free Wi-Fi. The TGA has also allowed a number of ride-hailing platforms to include traditional taxis. In March 2022G, the TGA announced a hike in public taxi fares within cities, while fixing SAR10 as minimum charge for any trip in public cabs with a capacity of four passengers. According to the new pricing, the charge for every additional kilometre over the base fare was hiked by SAR 2.1 instead of SAR1.8, an increase of 17.0 per cent. in 2022G.

(b) Ride-Hailing Services

In the past few years, more reliable app-based ride-hailing services have emerged and witnessed significant growth, which can be attributed to improved service quality, extensive geographical coverage, and enhanced accessibility to a wider passenger base through mobile applications. According to the TGA, the 35 licenced ride-hailing companies operating in the Kingdom provided more than 65 million trips in 2021G. According to Uber in the Kingdom and as of the date of this Prospectus, its ride-hailing fares were around SAR 4 for base fare and around SAR 1.1 per km or around 0.30 per minute with a minimum fare of around SAR 8. These fares do not reflect variations due to geography, traffic delays or other factors.

By offering women a way to get to work, it helps to meet the Saudi Vision 2030 of increasing the female workforce, in that women already account for around 80.0 per cent. of Uber's and Careem's passengers. The "Wusool" programme was launched in 2018G by the Kingdom's Human Resources Development Fund (HRDF); it is a programme for transporting working women aiming to enable Saudi women to work in the private sector and help them to overcome transportation difficulties to and from the workplace. The programme has benefited over 122,000 Saudi working women since its launch in 2017G, with transport financial aid reaching SAR 1,100 monthly for working women with salaries less than SAR 6,000 monthly. In 2020G, MHRSD announced that only Saudi nationals would be allowed to work for ride-hailing companies, in a move aimed at creating jobs for young people in the private sector with more than 200,000 registered Saudi drivers in the Kingdom. Additionally, following the female driving ban lift, the TGA stated that the number of female drivers in the Kingdom had increased by 500.0 per cent. in 2021G, from 600 to 3,900.

(c) Rental Mobility Services

The passenger mobility rental services in the Kingdom include more than 600 companies operating more than 200,000 licenced rental vehicles, according to the TGA. In addition to traditional rental mobility services, the TGA has recently regulated car sharing and hourly car rental services which opened the doors to car sharing platforms in the Kingdom. There have been a number of entrepreneurial car sharing and innovative car rental platforms over the past few years.

These entrepreneurial ventures include companies acting as car rental integrators for car rental companies in the Kingdom through their online platforms and companies offering monthly car subscriptions services through their online platforms. More recently, in 2019G, the TGA fully licenced its first peer-to-peer vehicle sharing platform.

(d) Micro Mobility Services

Saudi entrepreneurs with an interest in micro-mobility have recently launched several micro-mobility start-ups, i.e., dockless bikes, e-scooters, e-buses, and e-bikes. Those companies include Gazal, Hop On, Dabeeb, and many more. They aim to transform the way people move from one place to another. Micro-mobility faces a critical infrastructure challenge for activation and expansion through streets designed for easy movement of cars, as modern Saudi cities were designed in the 1970sG, with wide streets and no bike lanes. However, a number of major projects are under development with one the key objectives to increase pedestrian accessibility and mobility e.g., King Salman Park, which is being developed over 16 km,2 includes a 7.2 km pedestrian walkway and is planned to be operational in 2024G. Moreover, pedestrian planning is a key feature of all new under-development giga cities in the Kingdom.

3.2.4 Passenger Mobility Rental Industry Overview and Valuation Chain

3.2.4.1 Industry Overview

Mobility rental is a key segment of passenger mobility services in the Kingdom, contributing to an estimated 42.0 per cent. of the passenger mobility services market in 2021G, according to official records and a number of recent studies. Although passenger car rental penetration is high in the Kingdom, it lacks other mobility rental services, such as micro-mobility. The Kingdom's passenger mobility rental stands at 7.0 per cent. compared to the global average of 10.0 per cent., and 9.0 per cent. within G20 countries.

The following table shows mobility rental penetration – the Kingdom versus benchmarks:

Table 3.15: Mobility Rental Penetration – The Kingdom Vs. Benchmarks (2021G)

Region	GCC benchmarks		Global benchmarks							
Country	Kingdom	UAE	Singapore	Sweden	Germany	Netherlands	Denmark	Japan	Austria	Belgium
Mobility rental penetration (%)	7%	9%	12%	17%	9%	11%	9%	7%	12%	10%

Source: Statista (2021G), Future of Urban Mobility Index (2018G), the Market Report.

Note: Mobility rental penetration (%) = estimated number of mobility rental users / total inhabitants.

3.2.4.2 Value Chain

The passenger mobility rental industry offers vehicle rental services to a wide range of customers characterised principally by rental period. The rental periods in the Kingdom can be principally divided into:

- ***short-term rental*** – car rental services offered within a typical period of up to 12 months, usually under a business-to-consumer model, with the key serviced customer segments being business and leisure travellers, i.e., expatriates, domestic and inbound travellers, and insurance clients under temporary replacement vehicle schemes in the case of accidents; and
- ***long-term rental, known as leasing*** – vehicle lease services offered within a typical period ranging between two and five years, usually under a business-to-business model, with key serviced customer segments being corporate and Government customers.

The typical passenger mobility rental value chain globally and in the Kingdom involves three phases:

- ***asset acquisition*** – rental companies typically purchase vehicles through local vehicle retailers holding the franchise of original equipment manufacturers and less commonly, through original equipment manufacturers directly, in the case of a regional relationship or the absence of a local representative;
- ***services and operations*** – rental companies provide a wide range of rental services customised to the targeted customer segments, i.e., individual consumers or businesses. The industry has witnessed the digitisation of administrative services, e.g., licensing, contracting, and reporting, and sales services, such as digital mobile applications, online platforms, subscriptions and self-drive vehicle-sharing applications; and
- ***asses decommission*** – in recent years, the industry has witnessed a critical change in consumer behaviour leaning towards younger rental fleets, with 2 to 5 year old vehicles. As a result of regulatory changes from authorities, rental companies were pressured to limit the depreciation of the fleet by the periodic acquisition of new vehicles and the early disposal of used vehicles through the used-car sales market.

3.2.5 Recent Regulatory Changes

The regulatory environment has recently witnessed a number of critical reforms aimed at transforming passenger mobility rental services in the Kingdom into a world-class system to support wider national growth plans across the other sectors of the economy, including the following:

- ***Labour reforms*** – in 2018G, the MHRSD announced that car rental outlets should follow Saudization under the Nitaqat Programme, indicating that only Saudi nationals can work in car rental outlets in the Kingdom. In 2020G, the MHRSD added that only Saudi nationals would be allowed to work for ride-hailing companies in a move aimed at creating jobs for young people in the private sector;
- ***regulatory reforms*** – in 2018G, the TGA issued new licencing regulations for car rental services in the Kingdom, including the limitation of the registration of new vehicles and renewals to a maximum life of five years from the make year. The regulations set four licencing categories, with the highest category mandating a minimum of 3,000 vehicles and the lowest category mandating a minimum of 15 vehicles and a sole headquarters office in the licencing city and out of major cities (Riyadh, Makkah, Jeddah, Madinah and Dammam). As a result, it consolidated the fragmented car rental market in the Kingdom, which currently includes more than 600 licenced rental companies, and phased out aging rental fleets and individual rentals. In addition, in 2021G, the TGA granted the first electronic licence for car rental brokerage in the Kingdom. The beneficiaries of the new licence will be Saudis who own private cars;
- ***empowerment of women*** – the driving ban on women was lifted by royal decree in September 2017G, and the first driving licence was issued in June 2018G. On International Women's Day in 2020G, GASTAT announced that over 174,000 driving licences had been issued to women in the19 months since the ban was lifted;
- ***insurance reforms*** – under Saudi Arabian law, vehicle insurance is mandatory and all vehicles must have at least third-party liability insurance. In 2020G, the Saudi Central Bank established rules for the comprehensive insurance of motor vehicles financially leased to individuals; and
- ***contractual reforms*** – in 2021G, the TGA announced the application of the first phase of obligating car rental facilities to issue all contracts through the Naql portal, thus establishing a unified contract that meets all regulatory requirements and preserves the rights of lessors and lessees.

3.3 Car Rental Market Segment

A car rental agency typically rents vehicles to consumers for short, defined periods of time ranging from a few days up to one year. More recently, the car rental market has seen hourly rental schemes. The car rental agency can also provide rental services, known as leasing, under a business-to-consumer model, which will be covered separately under the next section.

3.3.1 Market Overview

3.3.1.1 Customer Segments and Channels

Passenger car rental agencies in the Kingdom usually serve three principal segments characterised by different purposes:

- ***leisure rentals*** – domestic and inbound leisure travellers seeking temporary mobility solutions within the destination city, or to a different domestic destination, regarding personal occasions, leisure and entertainment events, sightseeing destinations, domestic trips;
- ***business rentals*** – business travellers seeking temporary mobility solutions within the destination city; services can include chauffeured car rentals for conferences, corporate and business meetings; and
- ***insurance replacement*** – Some vehicle insurance customers are contractually granted a replacement car in the case of accidents that require the overnight stay of the impacted insured car within designated workshops for repairs.

Car rental customers in the Kingdom can typically book a car through various offline channels, such as physical outlets at key demand hubs, e.g., airports, ports, public transport stations, etc. or through online channels such as mobile applications and websites.

3.3.2 Estimated Market Size

Historically, the car rental segment has been fragmented and characterized by a large number of car rental operators of various fleet sizes, inconsistent service quality, aging fleets and unsatisfactory customer service, altogether in the presence of ineffective regulations. The regulatory reforms of the car rental services in the Kingdom issued by the TGA in 2021G have restricted the issuance of new rental licences to agencies with a minimum fleet size of 15 vehicles to operate generally in the Kingdom, and a minimum of 100 vehicles to operate in the major cities of Riyadh, Makkah, Madinah, Dammam and Jeddah. Additionally, the car rental market supply is witnessing the replacement of aging fleets with younger fleets following the new regulations that restrict the issuance of rental vehicle operating permits to new vehicles, and renewal permits to vehicles of five years of age from the make year. Accordingly, a notable number of small-to-medium-sized car rental agencies have either exited the market or retreated outside the major cities in the Kingdom, thus enhancing the market's maturity and enabling the wider transformation of the car rental segment in the Kingdom.

According to the TGA, as of the date of this Prospectus, the car rental market included 615 licenced rental agencies in the Kingdom. These companies are categorised across four principal categories mandated by the TGA, in addition to online car rental companies. The car rental market was estimated to have more than 200,000 licenced and operational rental vehicles in the Kingdom as of the date of this Prospectus. The market is mainly dominated by 90 category A and category B licence companies, principally characterized by having more than 3,000 and 300 rental vehicles, respectively. These companies own the majority of the car rental fleet in the Kingdom.

According to GASTAT's annual survey of the national economic activities in the Kingdom, the revenue of the business establishments within the car rental and vehicle lease industry in the Kingdom had been steadily growing above SAR 11 billion in 2019G before the COVID-19 pandemic. The passenger car rental market segment is a part of the wider car rental and vehicle lease industry in the Kingdom and was estimated in total at SAR 2.8 billion in the peak year 2019G before the COVID-19 pandemic. The growth was principally driven by major development programmes and tourism growth under the Saudi Vision 2030. During the pandemic period, the car rental market was one of the most impacted markets, as passenger mobility reached record low levels due to international travel restrictions and domestic lockdowns. It recorded a significant decline of 30.0 per cent. from the previous year, valuing the car rental market at SAR 2.0 billion in 2020G. As the Kingdom continues to recover from the pandemic's impact, steadily resume the development plans of the Saudi Vision 2030, and open for international tourists, the car rental market continues to recover with a steady growth of 16.0 per cent. from the previous year and was valued at SAR 2.3 billion in 2021G.

The following table shows estimated active fleet and annual revenues of the car rental market segment in the Kingdom (2017G–2021G):

Table 3.16: Car Rental Market Segment in the Kingdom (2017G–2021G)

	Unit	2017GI	2018GI	2019GI	2020GI	2021GI
Active fleet size	Vehicles	101,312	106,377	111,696	117,281	123,145
Annual revenue	SAR billion	2.3	2.5	2.8	2.0	2.3
Annual revenue growth (Y-o-Y)	%	-	10%	13%	(30%)	16%

Source: Stakeholder and Expert Interviews; Secondary Disclosed and Published Data; the Market Report.

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3.3.3 Key Demand Drivers

3.3.3.1 International and Domestic Tourism in the Kingdom

The car rental market in the Kingdom has been traditionally focused on domestic travellers such as citizens and resident expatriates seeking long-distance trips or intercity commutes, compared to more developed car rental markets, which typically focus on international inbound travellers. This is due to the traditionally limited international tourism and business activities in the Kingdom compared to other global markets, except for the globally attractive religious tourism. According to the Ministry of Tourism, the total inbound and domestic tourist trips achieved a record high of 65.3 million tourist trips in 2019G before the pandemic, including 47.8 million domestic trips and 17.5 million inbound trips, the majority of which were due to religious tourism and domestic leisure tourism. Together, such trips represented 61.0 per cent. of total tourist trips. However, the expenditures of inbound tourism were estimated at SAR 103.4 billion compared to SAR 61.2 billion in domestic tourism. According to the World Tourism Organization, SAR 12.8 billion out of the total inbound tourism expenditure can be attributed to passenger transport, which indicates the strong impact of tourism activity on the car rental market in the Kingdom.

The following table shows statistics of tourist trips in the Kingdom (2017G–2020G):

Table 3.17: Statistics of Tourist Trips in the Kingdom (2017G–2020G)

Year	2017G(A)	2018G(A)	2019G(A)	2020G(A)
Religious (million trips)	20.6	19.7	20.9	7.2
Leisure (million trips)	18.5	17.6	21.0	21.0
Business (million trips)	4.2	4.0	4.6	2.3
Family & friends (million trips)	15.1	15.9	17.2	14.6
Other (million trips)	1.6	1.4	1.6	1.2
Total (million trips)	**60.0**	**58.6**	**65.3**	**46.3**

Source: Ministry of Tourism, Annual Statistics, 2021G; the Market Report.

Tourism development is an important driver of growth for the future of the Kingdom. It is one of the key pillars at the heart of the Saudi Vision 2030's plan to help diversify the economy and reduce reliance on oil. The Ministry of Tourism, the Saudi Tourism Authority and the Tourism Development Fund were established in line with international best practices, and with clear remits to support the growth of this significant sector and help it to flourish. According to the Saudi Tourism Authority, as the Kingdom recovers from the COVID19 pandemic, 62 million tourist visits are targeted in 2022G and 100 million tourist visits are ultimately targeted in 2030G.

3.3.3.2 Leisure and Entertainment Reforms in the Kingdom

Additionally, the General Entertainment Authority was established in line with the Saudi Vision 2030 to regulate and develop the entertainment sector by providing inclusive, world-class entertainment offerings that would drive the industry to proactively contribute to the fulfilment of the national goals of a vibrant society and a thriving economy. The events schedule is spread across the Kingdom, which stimulates the growing need for car rentals encouraged by the comprehensive roads network, the lack of a comprehensive public transport network, and the higher cost of flights.

The following table shows statistics of museum and tourist site visits in the Kingdom (2017G–2018G):

Table 3.18: Statistics of Museums and Tourist Sites Visits in the Kingdom (2017G–2018G)

	Archaeology, Heritage and History Museums		Natural Museums		Private Museums		Archaeological and Historical Sites	
	Number	Visitor	Number	Visitor	Number	Visitor	Number	Visitor Permits
2017G(A)	20	568,760	1	706	173	-	8209	-
2018G(A)	33	1,083,099	4	3308	195	303,162	8499	178,020

Source: Ministry of Tourism, Annual Statistics, 2019G

The overall reforms of the tourism, leisure and entertainment sectors, as well as the major aviation and transport infrastructure development plans in the Kingdom, indicate the continuous adjacent growth of the market demand for car rentals in the Kingdom.

3.3.4 Evolving Consumer Behaviour

3.3.4.1 Digital Evolution Stimulating Online Sales Channels

In the travel and tourism market, despite the fact that domestic travellers are still anchored to the traditional offline booking channels, online travel booking is definitely on the rise. Seera Group Holding's online travel agencies, Almosafer and Tajawal, bear testimony to that. According to earnings data released in the second quarter of 2019G, online consumer business had grown by 70.0 per cent. over the previous year. In the adjacent car rental market, a number of major players in the car rental market are investing in the digitisation of their customer interface platforms by developing user-friendly mobile applications and websites. It is estimated that online sales reached 20.0 per cent. of total car rentals in the peak year of 2019G in the Kingdom before the COVID-19 pandemic. However, car services in the Kingdom are still anchored to the store experience, where only 25.0 per cent. of 17 category A licenced agencies have a mobile application or a website.

The following table shows estimated annual revenues by sales channel (2017G–2021G):

Table 3.19: Estimated Annual Revenues by Sales Channel in the Car Rental Market in the Kingdom (2017G–2021G)

Estimations	Unit	2017GI	2018GI	2019GI	2020GI	2021GI
Online sales	%	15%	18%	20%	25%	28%
Offline sales	%	85%	82%	80%	75%	72%

Source: Stakeholder and Expert Interviews; Secondary Disclosed and Published Data; the Market Report.

3.3.4.2 Women's Empowerment Driving Untapped Market Demand

On International Women's Day in 2020G, GASTAT announced that over 174,000 driving licences had been issued to women in the19 months since the driving ban was lifted. Additionally, the labour reforms following the Saudi Vision 2030 to empower women have led to a rapid increase in women's contribution to the labour force in the Kingdom, from 20.9 per cent. in the fourth quarter of 2017G to 34.9 per cent. in the fourth quarter of 2021G. These recent developments have fuelled demand from women in the car rental markets for business and leisure purposes.

3.4 Vehicle Lease Market Segment

This segment includes vehicle lease services, known as leasing, offered within a typical period range from two to five years, usually under a business-to-business model, with key serviced customer segments being corporate and Government customers. Historically, the vehicle lease market has known the following two types of leasing, usually undertaken by an organisation seeking to purchase a new fleet or renew its existing fleet:

- ***financial leasing*** – a service most often provided by banks and specialised financial leasing companies (licenced by the Saudi Central Bank), which are often companies related to car dealers. Financial lease agreements stipulate that the customer pays the full value of the car within a stipulated period. After the expiry of the agreement, the lessee (customer) becomes the owner of the car. While financial leasing provides flexibility and financial feasibility for high mileage and a long period, it comes with many disadvantages, including:
  - contract fulfilment in the event of costly accidents where the cost incurred is higher than the cost of the operating lease for the same period; and
  - the administrative burden to follow up on maintenance and to rent a temporary replacement in case of accidents.
- ***operational leasing*** – this can be considered a type of financing providing that during the operation of the agreement (usually two to five years), where the customer pays the lease fee. Monthly payments are affected by such factors as the initial value of the car, the amount of the first deposit, the interest rate, and remaining value at the end of the lease period. After the expiry of the agreement, the customer – lessee – hands the car over to the lessor. Some key advantages include the following:
  - the car fleet is regularly renewed, which allows new cars to have the manufacturer's warranty during the entire period of use for the provision of the company's activities;
  - car fleet costs are transparent, uniformly distributed over a longer period and easy to plan;
  - lease cars are not considered a fixed asset – the client's balance is not additionally burdened;
  - significant optimising of finances, time and human resources – the outsourcing provider can provide for high efficiency in its use of resources – no staff unit inside the client is necessary for car fleet management;

- facilitated accounting – the client receives one invoice for all car-related services;
- customer support 24/7 – safety, support and continuous operating assistance to car users; and
- eliminating the maintenance burden of owned fleets and the associated activities of purchasing, contracting and subsequent financial operations.

The Company only provides operational leasing services.

3.4.1 Market Overview

3.4.1.1 Client Segments and Channels

The key client segments for operational leasing are business clients, corporates of various sizes across different industries and Government agencies across different sectors. Each client has specific fleet requirements and specifications, some of which require customisation following the corporate policy and objectives, e.g., value proposition, branding, corporate responsibility, and sustainability. The vehicle lease procurement process is typically performed through tenders for Government agencies following Government procurement regulations, whilst private corporates can be more flexible, allowing for direct orders, and tend to retain a limited number of highly qualified vehicle lease companies for price preferential and optimised operations.

3.4.1.2 Estimated Market Size

The vehicle lease market segment in the Kingdom is principally dominated by private corporates and Government agencies where the demand is higher within some industries and sectors due to the business nature of the core services delivered, i.e., general sales, logistics services, municipal services, construction activities, security forces, etc. Before the COVID-19 pandemic, the vehicle lease market was valued at SAR 1.61 billion in 2019G. The pandemic impact was milder on the vehicle lease market compared to the car rental market, due to the long-term contracts and the essential role of the logistics services across all front line and essential industries during the pandemic. The impact of the pandemic was seen on the vehicle lease market in terms of consumer behaviour under a financially restrained market, e.g., delayed payments, reduced renewal budgets, and economic vehicles preferences. During the pandemic period, the vehicle lease market was valued at SAR 1.63 billion in 2020G. The vehicle lease market, similar to the wider economy in the Kingdom, continues to recover and grow steadily fuelled by major developments and the rapid growth of the business sector in the Kingdom. In 2021G, the vehicle lease market segment was valued at SAR 1.78 billion with 9 per cent. growth from the previous year and approached pre-pandemic levels.

The following table shows estimated fleet size and annual revenues of the vehicle lease market segment in the Kingdom (2017G–2021G):

Table 3.20: Vehicle Lease Market Segment in the Kingdom (2017G–2021G)

Estimations	Unit	2017GI	2018GI	2019GI	2020GI	2021GI
Fleet Size	Vehicles	82,891	87,036	91,388	95,957	100,755
Annual Revenue	SAR billion	1.37	1.54	1.61	1.63	1.78
Annual Revenue Growth	%	-	13%	5%	1%	9%

Source: Stakeholder and Expert Interviews; Secondary Disclosed and Published Data; the Market Report.

3.4.2 Key Demand Drivers

3.4.2.1 Business Sector Growth

As a result of accelerated efforts by the Ministry of Investment through the Invest Saudi brand to promote the Kingdom's competitive and open business environment, a total of 1,131 new international companies set up operations in the Kingdom in 2019G. This number marks a 54.0 per cent. increase compared to the 2018G figures, which made 2019G a record year for The Kingdom's rapidly developing business landscape. The new companies are expected to stimulate the corporate demand in the vehicle lease market.

Additionally, the pandemic has certainly acted as the trigger for the increased uptake of last mile solutions in e-commerce. Over the past two years, there has been an accelerated adoption of online shopping or contactless buying, as consumers were forced to stay indoors due to the global health crisis. There was an 8.0% rise in e-commerce transactions in 2020G alone, with China and the USA witnessing even more significant growth, according to Forrester Research.

3.4.2.2 Economic Developments

The Kingdom is in the midst of developing a number of large-scale, complex and multi-purpose construction projects, including NEOM, the Red Sea Project and Qiddiya, which were rolled out as part of the Saudi Vision 2030. According to PIF, it has established more than 30 companies across 10 strategic sectors, generating more than 331,000 direct and indirect job opportunities from 2018G to 2021G, and expects to create 1.8 million direct, indirect and induced jobs in the Kingdom by 2025G. Such giga projects have stimulated the transport and logistics sector as a key enabler for current developments and the future functionality of these projects, and accordingly, will continue to stimulate the vehicle lease market segment.

3.4.2.3 Governmental Budget Restraints

As the Kingdom recovers from the pandemic and proceeds with its transformation programme under the Saudi Vision 2030, Government expenditures continue to be optimised and the allocated budget reduced, reaching SAR 955 billion in 2022G, according to the Ministry of Finance. This is a record low level that has not been reached since 2017G. The budget cuts have affected some key sectors, principally infrastructure and transportation, security and regional administration, public administration, education and the military, and accordingly, their purchasing power of supplies and equipment, including transportation and logistics fleets.

3.4.3 Emerging Market Trends and Evolving Client Behaviour

3.4.3.1 Corporate Shift to Operational Leasing

The Kingdom witnessed an increased conversion rate from outright purchase and financial leasing to operational leasing, particularly regarding the Saudi Government (e.g., ministries or authorities) and semi-Government entities. The transition of these entities from the procurement process to the operating lease process aims to improve their budget in terms of lower monthly payments and lack of heavy upfront capital cost. This trend also serves the aim to meet the Saudi Vision 2030 objective of improving the effectiveness of financial planning and Government spending.

3.4.3.2 Sustainability from Niche to Mainstream

In 2021G, the Kingdom pledged to cut its carbon emissions to net zero by 2060G, with the Ministry of Transport announcing its commitment to decreasing CO2 emissions and fuel consumed by passenger cars which have a direct impact on climate change. It aims to do this through three main strategic steps: shifting new passenger car sales towards electric models, electrifying the public transport system, and shifting consumer behaviour from passenger cars to alternative means of transport. These emerging policies and market trends will stimulate the shift of vehicle lease markets towards greener fleets, e.g., natural gas, electric, and hybrid vehicles.

3.4.3.3 Transformation and Privatisation

The privatisation programme is one of the executive programs launched by the Kingdom to achieve the objectives of the Saudi Vision 2030. It seeks to enhance the role of the private sector in the provision of services and the availability of Government assets and to attract local and foreign direct investment aiming to increase the total value of investments from public-private partnerships to SAR 62 billion by 2025G. This strategic programme will transfer a significant portion of the purchasing power of Government agencies to the private sector.

3.4.3.4 Smart Fleet Management

Fleet management-as-a-service is gaining popularity globally. It is essentially when a vehicle lease or mobility company takes on the management of a company-owned fleet of vehicles and every process associated with it, which means outsourced support can provide a firm with increased efficiency, lowered costs, improved employee satisfaction, and retention, and therefore, improved client retention.

3.5 Used Vehicle Market

The used vehicle, or pre-owned vehicle, market references the sale of vehicles that have been sold and registered at least once already. The prices in this market are neither listed nor regulated. They are usually dynamic and influenced by several factors, including the market demand and supply, vehicle age and mileage, the vehicle's general condition and maintenance, as well as the pricing and launch of new models. The car rental industry considers used vehicle sales a key component of its value chain in which aging vehicles can be sold in the secondary market to generate revenue. It compensates the upfront acquisition cost of these vehicles, and accordingly, increases the operating profit margins while potentially offering more competitive rental rates to customers. In other global markets, car rental companies often have a buy-back agreement in place with original equipment manufacturers or car dealerships. However, this practice is less frequent in the Kingdom, as car rental companies are mostly able to sell used vehicles at higher margins than buy-back agreements.

3.5.1 Market Overview

3.5.1.1 Customer Segments and Channels

The used vehicle market typically serves individual consumers seeking to sell or purchase personal vehicles, as well as corporates from both the public and private sectors seeking to sell or purchase commercial vehicles. Based on sales channels, the used vehicle market comprises the following peer-to-peer, franchised dealers and independent dealers:

- ***peer-to-peer sales*** – include vehicles sold through online and offline platforms that connect car buyers and sellers;
- ***direct sales to consumers*** – include vehicles sold directly to a consumer or business through exclusive showrooms; this can be done through franchised dealers with showrooms across multiple locations or independent dealers;
- ***auction platform*** – includes vehicles sold through an event organised by a third party or a car rental company, wherein potential buyers place a competitive bid in either an open or closed format to buy the vehicle for sale; and
- ***export sales*** – include vehicles sold to markets outside the Kingdom, where vehicles can be sold to neighbouring countries directly or through car agents.

3.5.2 Estimated Market Size

The Kingdom is the largest automotive market in the Gulf region. It is an important market for car manufacturers and home to various original automotive equipment manufacturers. The used vehicle market in the Kingdom, with more than 2,000 dealerships, is highly competitive. Both multi-brand outlets and brand-authorised dealerships operate in the market, and each focuses on geographical presence and value-added services offered as a key parameter to distinguish themselves.

The number of online car sales platforms is increasing and gaining a considerable market share, leveraging their accessibility to a wider customer base and focusing on increasing consumer engagement, listings and on-boarding of dealers. Due to the COVID-19 pandemic, there has been a huge job loss and domestic and international travel freeze among expatriates, which has resulted in an enormous supply of used cars from rental companies. Additionally, the automotive industry has been significantly impacted by the global pandemic disrupting its manufacturing facilities and supply chain and contracting market demand for both new and used vehicle sales due domestic lockdowns and international travel restrictions. However, growing safety concerns amid the pandemic have shifted consumer preferences toward personal mobility, thereby propelling demand for new or used vehicles.

Before the COVID-19 pandemic, the used vehicle market witnessed steady annual growth with the used vehicle sales market valued at SAR 33.6 billion in 2019G. As the Kingdom continues to recover from the pandemic's impact, the used vehicle sales rental market continues to recover and grow steadily. The forecasts are positive, with the market set to steadily grow and exceed pre-pandemic levels in the car rental segment. In 2021G, the used vehicle market segment was valued at SAR 39 billion, thus exceeding its pre-pandemic levels due to the change in consumer behaviour amid pandemic safety concerns moving away from public transport and shared vehicles towards private vehicles ownership, the rise in the prices of the new vehicles after the disruption of automotive production and supply chain worldwide during the pandemic, and the increased VAT of 15.0 per cent. imposed on new vehicles. Consequently, the resale value of used vehicles has surged more than 20.0 per cent. according to several studies.

The following table shows estimated annual revenues of the new and used vehicle sales market segment in the Kingdom (2017G–2021G):

Table 3.21: New and Used Vehicle Market Segment in the Kingdom (2017G–2021G)

Estimations	Unit	2017GI	2018GI	2019GI	2020GI	2021GI
New Vehicle Sales Volume	Vehicles	502,959	413,806	483,865	439,307	473,401
Used Vehicle Sales Volume	Vehicles	939,967	1,000,150	1,032,110	884,650	916,050
Used Vehicle Sales Revenue	SAR billion	24.6	26.0	33.6	32.5	39.0
Used Vehicle Sales Revenue Growth	%	-	6%	29%	(3%)	20%

Source: Stakeholder and Expert Interviews; Secondary Disclosed and Published Data; the Market Report.

3.5.3 Key Demand Drivers

3.5.3.1 Growth of New Vehicle Sales

Historically the new vehicle market in the Kingdom has been the largest in the GCC region, with significant growth of 17.0 per cent. in 2019G and sales of more than 480,000 new vehicles. The new vehicle market in the Kingdom contracted by 9.0 per cent. in 2020G during the covid pandemic before recovering in 2021G to record sales of more than 470,000 with 8.0 per cent. growth from the previous year. The growth of the new vehicle market in the Kingdom impacts the growth of the used vehicle market where replaced used vehicles are traded and accordingly the supply volume impacts the consumer demand and the resale value.

3.5.3.2 Household Income

The Household Survey 2019G, carried out by GASTAT, indicated that on average, families across the Kingdom owned 1.38 cars per household. Rising disposable incomes have contributed to the growth of both new and used vehicle sales.

3.5.3.3 Regulatory Reforms

With new car rental regulations in place restricting the registration of used vehicles as rental vehicles, and limiting renewal to vehicles under five years age, car rental companies continue to emerge as active players in the used vehicle market, characterised by relatively younger fleets. However, used vehicle sales for car rental companies continues to be a secondary business, and its growth is limited to the size of the car rental fleet of its primary business.

3.5.3.4 Financial Reforms and Incentives

The tripling of VAT rates from 5.0% to 15.0% has impacted car sales in the Kingdom. However, the Government has issued incentives to stimulate the used vehicle market. In particular, ZATCA has removed VAT for used vehicle sales for cars that are not purchased through a showroom or a person registered to a VAT system.

3.5.4 Emerging Market Trends and Evolving Customer Behaviour

3.5.4.1 Post-pandemic Shift in Consumer Behaviour

The growing safety concerns amid the pandemic have shifted consumer preferences toward personal mobility, thereby propelling the demand for new or used vehicles.

3.5.4.2 Growth of Online Marketplaces

The pandemic has supported the growing acceptance and use of online marketplaces, generally including the used vehicle marketplace. Online platforms have access to a wider customer base and allow users to compare car models at their convenience.

3.5.4.3 Growth of the Vehicle Lease Market

The vehicle lease market segment has witnessed an increase in the volume of used vehicles in the three- to five-year-old car segment following the new regulations restricting registration to new vehicles and renewal to those cars five years and newer from the make year.

3.6 Competitive Landscape

The car rental and vehicle leasing market in the Kingdom is composed of two principal types of service providers:

- ***local players*** – such as Lumi and Theeb, which typically have high brand awareness and strong user penetration due their strong market presence and local focus; and
- ***international players*** – such as Budget, AVIS and Hertz. These typically have a strong brand name, a regional presence and awareness of global trends and solutions. Historically, international car rental companies have operated under franchise agreements with local businesses.

The alternatives for car rental and vehicle lease services include public transport, private vehicles, car sharing and, to a lesser extent, ride-hailing and taxi services in the case of chauffeured car rental services.

3.6.1 Private Mobility

The dominance of private mobility and high vehicle ownership continues to limit the growth of the mobility rental services specifically between citizens and residents. In 2019G, the private mobility share was valued at 90 per cent.

3.6.1.1 Public Transport

While there has been a big push for public transport and shared mobility to reduce transport emissions, the pandemic has driven commuters who have used public transport and taxi services to shift back to personal and rented vehicles. Despite the significant mass transit developments in the Kingdom, including metro and public bus networks, the geographical area of the Kingdom, as the largest country in the Middle East and its sizeable population of 35 million, will impose a reliance on private and rental mobility for many years until a comprehensive network is fully established and activated. According to official records and several studies, in 2019G, the public transport share was estimated at only 1 per cent. of the total passenger trips in the Kingdom, compared to 4.0 per cent. for the rental mobility. Consequently, the car rental market is expected to continue its dominance to serve the tourism sector due to its availability and easy accessibility.

3.6.1.2 Emerging Rental Mobility Solutions

In 2019G, it was estimated that on-demand mobility including taxi and ride hailing contributed to 5.0 per cent. of the total passenger trips in the Kingdom compared to 4.0 per cent. for rental mobility.

Given the rapid growth of ride hailing services in the Kingdom, the Government has allowed car sharing platforms to operate on an hourly rather daily basis in the Kingdom. This decision may pose an indirect threat to the car rental market, as such platforms compete against intracity, short and medium-trip rental mobility solutions represented in ride-hailing and taxi services. As car sharing extends its core hourly care offering, it loses its competitive pricing edge and becomes more expensive compared with the traditional daily car rental services.

To a smaller extent, car sharing can also be a threat to the vehicle lease market as it principally serves corporates with sizable fleets, demanding requirements and long-term contracts which the emerging car sharing platforms would struggle to provide due to fleet size and ownership limitations. However, more recently, car sharing platforms have tapped into long-term monthly car subscriptions at competitive prices as an alternative to financial leasing or direct purchase, including the following:

- ***integrator online platform*** – a company which principally operates through an online platform and integrates various rental offerings from various companies and connecting them to customers seeking online channels for car rentals without the actual ownership of rental vehicles;
- ***assets-based online platform*** – a licenced car rental company with an online platform that owns a licenced rental fleet and provides rental services through a car subscription system, sometime utilizing its online platform to act as a car rental integrator to maximize its revenues; and
- ***service-based online platform*** – principally an online platform that does not own any rental vehicles and acts as a peer-to-peer vehicle sharing platform where it connects vehicle owners seeking to rent their privately owned vehicles for an additional income, to rental customers who want to rent vehicles at competitive prices and within certain geographical areas.

3.6.1.3 Electric Mobility

In 2021G, the Kingdom announced its ambitious target to have least 30.0 per cent. of cars in its capital electric by 2030G. The Kingdom aims to reach zero-net emissions by 2060G and it announced plans to cut carbon emissions by over 270 million tons per year as part of the Saudi Green Initiative (SGI), which would feature investments of more than SAR 700 billion. The Kingdom's strategic direction will influence a drastic transformation in the transport and logistic sectors, including the car rental and vehicle lease market, as car rental fleets will need to be phased out and replaced with greener fleets. The Kingdom is expected to issue electric vehicle deployment regulations to complement the electric vehicle specifications issued by the Saudi SASO in 2018G, as well as incentives to stimulate the growth of electric vehicles in the Kingdom to achieve its ambitious targets. For several years, SIXT Rent a Car has had Tesla Model S vehicles in the Kingdom as a part of its Executive Luxury Sedan Electric Car Class. More recently, Samaco Automotive, the official dealer of Audi in the Kingdom, signed an agreement with SIXT Rent a Car to supply the mobility service provider with Audi e-tron vehicles.

3.6.1.4 Micro Mobility

Emerging micro mobility solutions, e.g., bicycles and electric scooters, are not considered substitutes or direct threats to car rental and vehicle lease companies due their limited travel distance and capacity. However, such micro mobility solutions are seen as complementary to car rental services and are rapidly gaining a notable market share from the ride-hailing and traditional taxi market, especially in busy central areas and main transport hubs, as a last mile solution. Accordingly, a number of major car rental companies are collaborating with micro mobility companies globally to offer an integrated and comprehensive mobility rental solution to its customers and retain its strong brand awareness in its key geographical markets, e.g., AVIS and Scootaround, as well as SIXT Rent a Car and Tier.

3.6.1.5 Moped Delivery

With the increased availability of on-demand food delivery services, food couriers are flooding the streets of cities worldwide. While many of these delivery riders use gas-powered scooters, emerging scooter rental companies are working to transition them towards more eco-friendly electric mopeds. While the major players in the car rental and vehicle lease markets are not yet seen in this space, a number of start-up and small-to-medium enterprises have emerged in the space of scooter rentals and fleet management for moped delivery.

3.6.2 Industry Rivalry

The overall car rental and vehicle lease market in the Kingdom is fairly fragmented by a large number of local players, as well as a few significant international players, such as Hertz, AVIS, SIXT SE and Budget Rent a Car.

The car rental market currently includes 615 licenced rental agencies in the Kingdom, according to the TGA. These companies are classified across four principal licencing categories, in addition to online car rental. The car rental market is estimated to have more than 150,000 licenced and operational rental vehicles in the Kingdom. The market is dominated by 17 category A companies, with more than 3,000 licenced rental vehicles each, and secondarily by category B companies, with more than 300 licenced rental vehicles each.

- ***Category A*** – 17 car rental companies with a fleet of more than 3,000 vehicles, providing regular rental and chauffeured services with the granted right to provide hourly rental services;
- ***Category B*** – 73 car rental companies with a fleet of more than 300 vehicles, providing regular rental services only with the granted right to provide hourly rental services;
- ***Category C*** – 212 car rental companies with a fleet of more than 100 vehicles limited to operating within the licencing city only, providing regular rental services only with the granted right to provide hourly rental services;
- ***Category D*** – 311 car rental companies with a fleet of more than 15 vehicles, limited to operating within the licencing city only and restricted to branch offices, operating out of the major cities of Riyadh, Makkah, Madinah, Dammam and Jeddah; and
- ***Online Car Rental*** – two car rental companies have been licenced to provide online car rental services without any limitation to their fleet size.

The following table shows an overview of the market supply of car rental companies in the Kingdom (2022G):

Table 3.22: Overview of the Market Supply of Car Rental Companies in the Kingdom (2022G)

Licensing category	Category A	Category B	Category C	Category D	Online Car Rental	Total
No. of licenced companies	17	73	212	311	2	615

Source: TGA, licenced companies database, 2022G

The recent regulatory reforms of the car rental market have helped to consolidate the fragmented car rental market in the Kingdom, which included more than 600 licenced rental companies as of the date of this Prospectus, by phasing out aging rental fleets with the restriction of new rental vehicle licensing to new vehicles and rental vehicle renewals to vehicles of five years' life from the make year and restricting small to medium companies with less than 100 rental vehicles in the major cities. However, the market remains fragmented with hundreds of small rental businesses dispersed across the Kingdom, and distributed between local players and international players operating in the Kingdom through local partnerships.

The following table shows estimated market shares of the car rental and vehicle lease market segment based on the revenues in the Kingdom (2021G):

Table 3.23: Car Rental and Vehicle Lease Market Shares of Key Players in the Kingdom Based on Estimated Active Fleet Size (2021G)

Rank	Company name	Estimated market share
1	United International Transportation Company (Budget)	11%
2	Theeb Rent a Car Company	10%
3	Lumi Rental Company	7%
4	Al Wefaq Rent a Car Company (Yelo)	6%
5	Al Moftah Rent A Car Company Limited (Key)	4%

Source: Stakeholder and Expert Interviews; Secondary Disclosed and Published Data; the Market Report.

There are currently two car rental and vehicle lease companies with additional used vehicle sales activity that are publicly listed on Tadawul: (i) United International Transportation Company, the local trading entity of Budget Rent a Car, the international car rental and vehicle lease player; and (ii) Theeb Rent a Car, a major local player in the car rental and vehicle lease that was publicly listed on Tadawul in 2021G.

4. Business Description

4.1 Overview

Lumi Rental Company (hereinafter referred to as the “Company” or “Issuer”) is a Saudi closed joint stock company registered under commercial registration No. 1010228226 dated 23 Muharram 1428H (corresponding to 10 February 2007G) and formed pursuant to Ministerial Resolution No. 228, dated 9 Rajab 1442H (corresponding to 21 February 2021G). The Company’s capital is five hundred and fifty million Saudi Arabian Riyals (SAR 550,000,000) divided into fifty-five million (55,000,000) ordinary Shares with a fully paid nominal value of SAR 10 per Share. The Company’s head and registered office is located in Riyadh, Al Taawun District, Imam Saud Bin Abdulaziz Bin Mohammed Road, P.O Box 6477, Riyadh 12476, Kingdom of Saudi Arabia.

As per its Bylaws, the Company’s main activities include motor vehicle rental, ground transportation of passengers in the cities and suburbs, sale of motor vehicles, maintenance and repair of motor vehicles, rental through digital applications, rental of water boats and canoes without drivers, rental of jet skis without drivers, bike rental, rental of diving equipment, travel supplies rental, motor equipment rental, rental of mining and oilfield equipment, rental of measurement and control equipment, motorcycles and caravan rental and cranes rental for construction purposes.

Seera Group Holding (formerly known as Al Tayyar Travel Group) established Lumi Rental Company in 2006G as a sole proprietorship to provide car rental services amongst a portfolio of travel companies. In 2016G, in response to its transformation programme to steer Seera Group Holding in a new, more focused direction and enhance long-term shareholder value, strategic plans for the car rental business were reconfigured and an expert management team was mobilised. Currently, the Company has emerged as one of the leaders in the car rental sector.

Since 2016G, the Company has experienced high growth, increasing from a fleet size of 3,603 vehicles as of 31 December 2015G to 19,634 vehicles as of 30 September 2022G, and servicing a diversified customer base. The fleet size increased to 24,730 vehicles as of 30 April 2023G. As a leading omnichannel rental brand in the Kingdom, as of 30 September 2022G, the Company serves customers across the Central, Western, Eastern, Northern and Southern Regions from 33 car rental branches and three vehicle maintenance centres, in addition to mobile workshops and third-party vendors, digital channels for customer services and a used vehicles sales showroom.

The Company’s core activities consist of the following business segments (for further details, see Section 4.6 (*Overview of the Company’s Business*)):

- vehicle lease and provision of other related services;
- car rental and provision of other related services; and
- sale of used vehicles owned by the Company and released from its operations of the above two business segments.

As of 30 September 2022G, the Company had a total of 771 employees across the Kingdom (for further details, see Section 5.9 (*Employees*)).

The Company generated revenue of SAR 317.3 million, SAR 430.5 million and SAR 521.5 million in the financial years ended 31 December 2019G, 2020G and 2021G, respectively. The Company generated revenue of SAR 524.8 million in the nine-month period ended 30 September 2022G, compared to its revenue of SAR 375.8 million in the nine-month period ended 30 September 2021G. Its net income was SAR 29.5 million, SAR 50.6 million and SAR 105.7 million in the financial years ended 31 December 2019G, 2020G and 2021G, respectively. The Company’s net income was SAR 102.5 million in the nine-month period ended 30 September 2022G, compared to its net income of SAR 72.2 million in the nine-month period ended 30 September 2021G. The total value of the Company’s assets as of 31 December 2019G, 2020G and 2021G, was SAR 807.8 million, SAR 920.0 million and SAR 1,363.1 million. The total value of the Company’s assets as of 30 September 2022G was SAR 1,531.4 million, compared to the total value of the Company’s assets as of 30 September 2021G was SAR 1,164.3 million. Total liabilities of the Company amounted to SAR 265.1 million, SAR 326.8 million and SAR 664.1 million as of 31 December 2019G, 2020G and 2021G, respectively. Total liabilities of the Company amounted SAR 729.9 million in the nine-month period ended 30 September 2022G, compared to its total liabilities of SAR 498.8 million in the nine-month period ended 30 September 2021G. For further detailed discussions regarding the financial performance of the Company, see Section 6 (*Management’s Discussion and Analysis of Financial Position and Results of Operations*)).

4.2 Corporate History and Evolution of Capital

The Company was originally licenced to operate under a branch of a sole proprietorship owned by Nasser Aqeel Abdullah Al Tayyar, under the name Al Tayyar Rent A Car.

On 14 Shawwal 1427H (corresponding to 5 November 2006G), the branch of the sole proprietorship was converted to a limited liability company and its name was changed to "Al Tayyar Rent A Car" and registered under Commercial Registration No. 1010228226, dated 23 Muharram 1428H (corresponding to 10 February 2007G) with a capital of one million Saudi Arabian Riyals (SAR 1,000,000), divided into one thousand (1,000) shares with a nominal value of one thousand Saudi Arabian Riyals (SAR 1,000) per share.

The shares of the Company upon incorporation were distributed as follows:

Table 4.1: The Shareholders of the Company as of 14 Shawwal 1427H (Corresponding to 5 November 2006G)

Shareholder	Number of Shares	Ownership Percentage (%)
Al Tayyar Real Estate Development and Investment Company	500	50%
Nasser Aqeel Abdullah Al Tayyar	500	50%
Total	**1,000**	**100%**

Source: The Company.

Pursuant to the Shareholders' Resolution dated 15 Ramadan 1430H (corresponding to 5 September 2009G), the capital of the Company was increased from one million Saudi Arabian Riyals (SAR 1,000,000) divided into one thousand (1,000) shares with a nominal value of one thousand Saudi Arabian Riyals (SAR 1,000) per share to fifteen million Saudi Arabian Riyals (SAR 15,000,000) divided into fifteen thousand (15,000) shares with a nominal value of one thousand Saudi Arabian Riyals (SAR 1,000) per share through the capitalization of fourteen million Saudi Arabian Riyals (SAR 14,000,000) from the shareholders' account.

Moreover, Al Tayyar Real Estate Development and Investment Company assigned its entire shareholding of five hundred (500) shares with a nominal value of one thousand Saudi Arabian Riyals (SAR 1,000) per share and Nasser Aqeel Abdullah Al Tayyar assigned four hundred and fifty (450) shares with a nominal value of one thousand Saudi Arabian Riyals (SAR 1,000) per share to Al Tayyar Travel Group. Nasser Aqeel Abdullah Al Tayyar assigned the remaining fifty (50) shares with a nominal value of one thousand Saudi Arabian Riyals (SAR 1,000) per share to High Speed Transportation Company.

The ownership of the Company after the capital increase was as follows:

Table 4.2: The Shareholders of the Company as of 15 Ramadan 1430H (Corresponding to 5 September 2009G)

Shareholder	Number of Shares	Ownership Percentage (%)
Al Tayyar Travel Group (1)	14,250	95%
High Speed Transportation Company	750	5%
Total	**15,000**	**100%**

Source: The Company.

(1) Al Tayyar Travel Group is currently known as Seera Group Holding.

On 4 Rabi' al-Awwal 1437H (corresponding to 15 December 2015G), High Speed Transportation Company assigned its entire shareholding of seven hundred and fifty (750) shares with a nominal value of one thousand Saudi Arabian Riyals (1,000) per share, amounting to five per cent. of the Company's capital, to Al Tayyar Holidays Travel and Tourism Company.

The ownership of the Company after the transfer of shares was as follows:

Table 4.3: The Shareholders of the Company as of 4 Rabi' Al-Awwal 1437H (Corresponding to 15 December 2015G)

Shareholder	Number of Shares	Ownership Percentage (%)
Al Tayyar Travel Group (1)	14,250	95%
Al Tayyar Holidays Travel and Tourism Company (2)	750	5%
Total	**15,000**	**100%**

Source: The Company.

(1) Al Tayyar Travel Group is currently known as Seera Group Holding.

(2) Al Tayyar Holidays Travel and Tourism Company currently known as Seera Holidays Travel and Tourism.

Pursuant to the shareholder's resolution of Saudi Transportation United Company Ltd. dated 21 Jumada al-Ula 1436H (corresponding to 12 March 2015G), the Company acquired ninety per cent. of Saudi Transportation United Company Ltd. shares. On 25 Jumada al-Ula 1440H (corresponding to 31 January 2019G), the Shareholders of the Company approved the merger of Saudi Transportation United Company with the Company.

Pursuant to the Shareholders' Resolution dated 25 Muharram 1442H (corresponding to 13 September 2020G), the Company was converted from a limited liability company to a closed joint stock company and its capital was increased from fifteen million Saudi Arabian Riyals (SAR 15,000,000) divided into fifteen thousand (15,000) shares with a nominal value of one thousand Saudi Arabian Riyals (SAR 1,000) per share to five hundred and fifty million Saudi Arabian Riyals (SAR 550,000,000) divided into fifty-five million (55,000,000) ordinary shares, with a fully paid nominal value of ten Saudi Arabian Riyals (SAR 10) per share, through the capitalization of five hundred and thirty-five million (SAR 535,000,000) in retained earnings and in the additional capital.

The ownership of the Company after the conversion and capital increase was as follows:

Table 4.4: The Shareholders of the Company as of 25 Muharram 1442H (Corresponding to 13 September 2020G)

Shareholder	Number of Shares	Ownership Percentage (%)
Seera Group Holding	52,250,000	95%
Seera Holiday for Travel and Tourism Company	2,750,000	5%
Total	**55,000,000**	**100%**

Source: The Company.

On 24 Ramadan 1443H (corresponding to 10 April 2022G) the shareholder Seera Holiday for Travel and Tourism Company transferred its two million seven hundred and fifty thousand (2,750,000) shares with a nominal value of ten Saudi Arabian Riyals (10) per share, amounting to 5 per cent. of the Company's capital, to Seera Group Holding.

The ownership of the Company after the transfer of shares was as follows:

Table 4.5: The Shareholders of the Company as of 24 Ramadan 1443H (Corresponding to 10 April 2022G)

Shareholder	Number of Shares	Ownership Percentage (%) (1)
Seera Group Holding	**55,000,000**	**100%**
Total	**55,000,000**	**100%**

Source: The Company.

(1) The ownership percentages are rounded.

The key historical changes and events are summarised as follows:

Table 4.6: Key Historical Changes and Events

Date	Change
2006G	– The operations of the Company commenced under a sole proprietorship.
2007G	– The Company was established as a limited liability company under the name Al Tayyar Rent a Car Limited, with a capital of one million Saudi Arabian Riyals (SAR 1,000,000).
2009G	– The capital of the Company was increased from one million Saudi Arabian Riyals (SAR 1,000,000) to fifteen million Saudi Arabian Riyals (SAR 15,000,000) through the capitalization of fourteen million Saudi Arabian Riyals (SAR 14,000,000) from the shareholders' account.
2016G	– The Company revised its strategy, launched the transformation of its business and mobilised a management team of industry experts to scale car rental and vehicle lease businesses. – The Company opened the first rental counter in the Riyadh Airport.
2017G	– The Company opened six new car rental branches, including Jeddah Airport North and South Terminals. – The Company reached a total fleet size of 4,646 vehicles with a lease fleet size of 2,085 vehicles and a rental fleet size of 2,561 vehicles.
2018G	– The Company expanded its branch network across the Kingdom airports by opening the seventh car rental branch, including Dammam Airport. – The Company reached a total fleet size of 6,867 vehicles with a lease fleet size of 3,782 vehicles and a rental fleet size of 3,085 vehicles.
2019G	– The Company changed its name from Al Tayyar Rent A Car Limited to Lumi Rental Company. – The Company obtained ISO certification, demonstrating its dedication to high-quality standards. – The Company reached a total fleet size of 11,182 vehicles with a lease fleet size of 6,240 vehicles and a rental fleet size of 4,942 vehicles.
2020G	– The Company was converted to a joint stock company. – The Company's capital increased from fifteen million Saudi Arabian Riyals (SAR 15,000,000) to five hundred and fifty million Saudi Arabian Riyals (SAR 550,000,000) through the capitalization of five hundred and thirty-five million (SAR 535,000,000) in retained earnings and in the additional capital. – The Company received the award as the Leading Car Rental Company in the Middle East and Saudi Arabia at the prestigious World Travel Awards ceremony. – The Company opened eight new car rental branches, including five at domestic airports in Tabuk, Yanbu, Al Ula, Al Wajh and Al Jouf. – The Company ended the year with a total fleet size of 12,041 vehicles with a lease fleet size of 8,832 vehicles and a rental fleet size of 3,209 vehicles.
2021G	– The Company launched a revamped digital rental channel for customers to create a seamless vehicles pick-up and drop-off experience. – For the second consecutive year, the Company received the award for the Leading Car Rental Company in the Middle East and Saudi Arabia at the prestigious World Travel Awards ceremony. – The Company opened three new car rental branches, including the Jeddah Airport Terminal 1 branch, Taif Airport and Al Baha Airport. – The Company reached a total fleet size of 16,666 vehicles with a lease fleet size of 10,849 vehicles and a rental fleet size of 5,817 vehicles.
2022G	– The Company opened its first used vehicle sales showroom. – As of 30 September 2022G, the Company had a total fleet size of 19,634 vehicles with a lease fleet size of 12,864 vehicles and a rental fleet size of 6,770 vehicles.
2023G	– The Company singed two new contracts with Saudi Arabian Oil Company (Saudi Aramco) for a total of additional 3,003 vehicles, in addition to concluding new contracts with other Governmental agencies, including the Ministry of Interior for a total of additional 1,500 vehicles, another contract with the Saudi Emergency Force for a total of additional 400 vehicles, and another contract with the Saudi Post for a total of additional 855 vehicles. The value of the Company's backlog reached SAR 1,300.7 million as of 30 April 2023G with a total fleet size of 24,730 vehicles with a lease fleet size of 15,065 vehicles and a rental fleet size of 9,665 vehicles, with 5,758 vehicles to be delivered to new clients mentioned above from May 2023G to November 2023G. Noting that such vehicles are not counted in the size of the fleet mentioned above.

Source: The Company.

4.3 Current Shareholding Structure

4.3.1 Overview

The current capital of the Company is SAR 550,000,000 divided into 55,000,000 ordinary shares with a fully paid nominal value of SAR 10 per Share.

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

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

Shareholder	Shareholding (Pre-Offering)			Shareholding (Post-Offering)		
	Number of Shares	Ownership Percentage (%) (1)	Nominal Value (SAR)	Number of Shares	Ownership (%)	Overall Nominal Value (SAR)
Seera Group Holding	55,000,000	100%	550,000,000	38,500,000	70%	385,000,000
Public	-	-	-	16,500,000	30%	165,000,000
Total	**55,000,000**	**100%**	**550,000,000**	**55,000,000**	**100%**	**550,000,000**

Source: The Company.

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

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

Source: The Company.

The following tables set out the details of Shareholders directly or beneficially holding five per cent. or more of the Shares in the Company as of the date of this Prospectus:

Table 4.8: Details of Shareholders Directly Holding Five per Cent. or More Shares in the Company as of the Date of this Prospectus

Shareholder	Shareholding (Pre-Offering)			Shareholding (Post-Offering)		
	Number of Shares	Ownership Percentage (%) (1)	Nominal Value (SAR)	Number of Shares	Ownership (%) (1)	Overall Nominal Value (SAR)
Seera Group Holding	55,000,000	100%	550,000,000	38,500,000	70%	385,000,000
Total	**55,000,000**	**100%**	**550,000,000**	**38,500,000**	**70%**	**385,000,000**

Source: The Company.

(1) Ownership percentages are rounded.

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Table 4.9: Details of Shareholders Beneficially Holding Five per Cent. or More Shares in the Company as of the Date of this Prospectus

Shareholder	Shareholding (Pre-Offering)			Shareholding (Post-Offering)		
	Number of Shares	Ownership Percentage (%) (1)	Nominal Value (SAR)	Number of Shares	Ownership (%)	Overall Nominal Value (SAR)
Nasser Aqeel Abdullah Al Tayyar	5,350,142	9.73%	53,501,422	3,745,100	6.81%	37,450,996
Total	**5,350,142**	**9.73%**	**53,501,422**	**3,745,100**	**6.81%**	**37,450,996**

Source: The Company

(1) The ownership percentages are rounded.

4.3.2 Overview of the Substantial Shareholder

This Section sets out the details of Seera Group Holding, the Substantial Shareholder, directly holding 100 per cent. of the ordinary Shares as of the date of this Prospectus. Seera Group Holding is a Saudi public joint stock company incorporated by virtue of Ministerial Resolution No 811, dated 7 Jumada al-Ula 1426H (corresponding to 14 June 2005G), and registered under Commercial Registration No. 1010148039, dated 24 Rajab 1418H (corresponding to 25 November 1997G). The Company's head office and registered office is located at Al Taawun District, Imam Saud Bin Abdulaziz Bin Mohammed Road, Riyadh 12476, Kingdom of Saudi Arabia. The current capital of the Company is three billion Saudi Arabian Riyals (SAR 3,000,000,000) divided into three hundred million (300,000,000) ordinary shares with a fully paid nominal value of ten Saudi Arabian Riyals (SAR 10) per share.

Seera Group Holding's main activities consist of selling tickets for scheduled air travel services, tourism, cargo, transportation, Hajj and Umrah, arranging conferences and events, education, chartered flights, furnished suites and hotels, shipping and other travel related products and services. As of the date of this Prospectus, Seera Group Holding directly holds 55,000,000 Shares in the Company (representing 100 per cent. of its capital).

Table 4.10: The Substantial Shareholder and Its Ownership in the Company Pre- and Post-Offering

Shareholder	Pre-Offering			Post-Offering		
	Number of Shares	Ownership (%)	Overall Nominal Value (SAR)	Number of Shares	Ownership (%)	Overall Nominal Value (SAR)
Seera Group Holding	55,000,000	100%	550,000,000	38,500,000	70%	385,000,000
Total	**55,000,000**	**100%**	**550,000,000**	**38,500,000**	**70%**	**385,000,000**

Source: The Company.

The following table sets out the ownership structure of Seera Group Holding as of the date of this Prospectus:

Table 4.11: Ownership Structure of Seera Group Holding as of the Date of this Prospectus

Shareholder	Number of Shares	Nominal value per Share (SAR)	Overall Nominal Value (SAR)	Shareholding (%) (1)
Nasser Aqeel Abdullah Al Tayyar	29,182,594	10	291,825,940	9.73%
Others (less than 5% each)	270,817,406	10	2,708,174,060	90.27%
Total	**300,000,000**	**10**	**3,000,000,000**	**100%**

Source: The Company.

(1) The ownership percentages are rounded.

4.3.3 Organisational Description of the Company

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

4.4 Vision, Mission and Strategy

4.4.1 Vision

Reshape the way people and businesses move across the Kingdom and beyond by digital innovation in the land mobility sector.

4.4.2 Mission

Create convenience and drive customer loyalty through innovation, operational excellence, and a young fleet in the land mobility sector.

4.4.3 Strategy

The Company maintains the following three key pillars in its growth strategy:

4.4.3.1 Building a Pipeline of Future Revenue and Asset Growth Through VehicleLease Contracts with Corporate and Government Clients

The Company will continue to retain and expand the fleet size offered to its existing corporate lease clients by consistently providing service excellence and pricing competitiveness that caters to their large-scale lease management needs.

These capabilities will be further leveraged to acquire new corporate clients as the Saudi Vision 2030 agenda creates new vehicle lease demand to achieve expected growth.

As the Government sector shifts to the lease model to curtail spending, the Company aims to engage in bidding for Government lease contracts with a competitive formula of pricing, operational capacity and service infrastructure which has a proven track record of success.

4.4.3.2 Achieving Scale, Adding to Growth of Operations and Profitability as a Car Rental Business

The Company will build on its optimal branch network through openings in existing and new cities that are gaining prominence as travel destinations. The Company has plans to scale up from 30 branches across airports and cities in the Kingdom (as of 30 September 2022G), to 40 branches by the end of 2023G.

In order to generate maximum value from its rental infrastructure (branch and fleet), the Company is adopting an omni-channel approach to capture customers through integrated online (mobile application, website and WhatsApp) and offline (branch, call centre) channels. The Company is also focusing on increasing mid and high-value vehicles in its rental fleet mix to maximise gains from the car rental business.

In order to drive the growth of the retail and corporate rental customer base of individuals and companies for car rental services, the Company will continue to offer competitive rental rates across a wide range of fleet options, retain customers through a loyalty programme and increase the corporate rental client base.

As the Kingdom continues to organise large tourism events to drive inbound and domestic travel, the Company plans to provide end-to-end logistics and fleet management support to enable beneficiaries to navigate large-scale events across the Kingdom, established via a history of offering bespoke transportation planning, chauffeur-driven luxury vehicles, and bus transportation to support key upcoming events across the Kingdom. Additionally, the Company will cater to the transportation needs of religious tourism.

4.4.3.3 Fleet Management and Sale of Used Vehicles

The Company opened a used vehicle sales showroom in Riyadh and will open used vehicle showrooms in Jeddah and Dammam to further maximise the purchase price recovery of the vehicles. Moreover, the Company aims to digitise its existing closed bidding process for used vehicles to enhance the buyer experience.

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4.5 Competitive AdvantagesLease Portal

The Company has developed a lease management portal to raise service requests and access relevant documentation and details of the fleet. This enhances the customer experience, as well as the Company's service standards.

4.5.1 Omni-Channel Services Offering

The Company offers an omni-channel service through integrated online (mobile application, website, and WhatsApp) and offline (branch, call centre) channels for the ease of its customers. This gives a choice to the customer to reserve a vehicle or communicate with the Company through preferred channels.

4.5.2 Fleet Procurement

The Company has been buying a sizeable number of vehicles every year for the past several years, resulting in strong relationships with car dealers. This enables the Company to obtain attractive vehicle prices and priority delivery for its fleet procurement.

4.5.3 Strong Relationships with Car Dealers

Based on the Company's annual and continuous purchases of vehicles over the past years, the Company has well-established relationships with car dealers which enables it to obtain favourable prices for its fleet vehicles in addition to priority delivery upon purchases.

4.5.4 Maintenance Infrastructure

The Company has a very strong maintenance infrastructure, including:

- three in-house workshops equipped with the required tools and equipment to cater to all vehicle maintenance requirements;
- mobile workshops to cater to preventive maintenance requirements remotely;
- contracts with the third-party service providers covering more than 650 maintenance points across the Kingdom; and
- 24/7 roadside assistance for car rental customers and vehicle lease clients.

4.5.5 Digitalisation

The Company is leveraging its digital products that were developed based on customer and client experience research. For the car rental segment, this includes the digital application and website through which customers register all their information and required documentation and create instant reservations. For the vehicle lease segment, a lease management portal is available for clients to raise vehicle maintenance and repair requests and view all their relevant lease documentation and fleet reports. The Company is continuously working on digitizing its process to enhance customer experience and operational efficiency. This includes integration with different tools.

4.5.6 Strong Shareholder Base and Reputation

Seera Group Holding, the sole shareholder of the Company, is a leading Saudi company listed on the Exchange. In response to its transformation programme launched in 2016G to steer Seera Group Holding in a new, more focused direction and enhance long-term shareholder value, strategic plans for the car rental business were reconfigured and an expert management team was mobilised, enabling the Company to grow at a high pace compared to other rental companies in the Kingdom. Moreover, having a high-profile shareholder such as Seera Group Holding enhances the Company's reputation as a stable and secure institution.

4.5.7 ISO Certified and Award-Winning Business.

The Company has been awarded the Leading Car Rental Company Award in Saudi Arabia & Middle East by World Travel Awards for 2020G and 2021G. This is the result of delivering consistent quality and service that has helped the Company to gain the trust of its corporate clients and retail customers. As part of its focus on quality, the Company has also obtained ISO certifications for Quality Management Systems (ISO 9001:2015G) in 2019G, for Customer Satisfaction & Complaint handling (ISO 10002:2018G) and for Occupational Health & Safety Management System (ISO 45001:2018G) in 2020G.

4.6 Overview of the Company's Business

The Company is one of the leading car rental companies in the Kingdom. It offers lease services to corporate and Government sector clients, provides rentals through a network of 30 airport and city branches across the Kingdom and via digital channels, and sells used vehicles reaching the end of their useful life. The Company's brand name "Lumi" has become associated with efficient operations and a young fleet (as of 30 September 2022G, the average age of the entire fleet was less than two years old).

4.6.1 Business Segments

The Company's business consists of three reportable segments:

- vehicle lease and provision of other related services;
- car rental and provision of other related services; and
- sale of used vehicles owned by the Company and released from its operations of the above two business segments.

In the financial years ended 31 December 2019G, 2020G and 2021G, and the nine-month periods ended 30 September 2021G and 2022G, the revenue from the vehicle lease services represented 33.7 per cent., 46.1 per cent., 48.6 per cent., 50.0 per cent. and 41.9 per cent., respectively, of the Company's total revenue for the same period; the revenue from the car rental services represented 45.1 per cent., 28.6 per cent., 35.2 per cent., 33.2 per cent. and 36.5 per cent., respectively, of the Company's total revenue for the same period, and the revenue from the sale of used vehicles represented 21.1 per cent., 25.3 per cent., 16.1 per cent., 17.0 per cent. and 21.6 per cent., respectively, of the Company's total revenue for the same periods.

4.6.1.1 Lease Services

The Company offers the lease of vehicles to corporate and Government sector entities. Lease services include fleet maintenance, insurance, vehicle replacement, and roadside assistance. The vehicle lease services started in 2014G for corporate clients. In the financial years ended 31 December 2019G, 2020G and 2021G, and the nine-month periods ended 30 September 2021G and 2022G, the revenue from the vehicle lease services represented 33.7 per cent., 46.1 per cent., 48.6 per cent., 49.8 per cent. and 41.9 per cent., respectively, of the Company's total revenue. As of 31 September 2022G, the lease fleet consisted of 12,864 vehicles. The lease fleet size increased to 15,065 vehicles as of 30 April 2023G.

(a) Services Offering

Vehicle lease means the use of a motor vehicle by a client for a fixed period of time at an agreed amount of money. Lease services are characterised by the length of the contract period, wherein the minimum contract period for a lease is one year and can extend to as long as five years. Typically, the Company's clients lease vehicles for three to four years.

Generally, corporates and Government entities have three options for the provision of transportation of their staff: (i) allocate a transportation allowance; (ii) purchase a vehicle for employee use; or (iii) lease a vehicle on a fixed-term basis for employees. The Company addresses the needs of corporates and Government entities through its vehicle lease segment, for contract periods that are at least a year long, and through its car rental segment for those that are less than a year. See Section 4.6.1.2 (*Car Rental Services*).

Clients establish lease agreements with the Company in order to:

- **Conserve Capital:** Clients do not pay the full purchase price of the vehicles, rather they are charged a fixed rate that is spread over the period of the contract. Additionally, they do not need to invest in car workshop infrastructure (land, building, equipment and manpower) to maintain their vehicles;
- **Limit De-fleeting Risk:** As vehicles reach the end of their useful life, rather than refurbish the fleet as needed and evaluate channels to dispose of it, clients simply return the vehicles to the Company; and
- **Reduce Operational Complexity:** All the hassle of negotiating policies, managing insurance claims and repairs, providing 24/7 and on-site preventative maintenance and arranging replacement vehicles on temporary basis in the event of an accident or breakdown is delegated to the Company, so the clients can focus on their core business activities.

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The Company provides hassle-free vehicle lease services, starting from the procurement of the fleet, delivery to clients as per schedule, periodical and on-demand maintenance, insurance and vehicle replacement in the event of an accident or breakdown, all throughout the lease period. Services include the following key activities:

- **Fleet Customization:** The Company accommodates customised technical requirements, such as specific vehicle additions and accessories (branding customization, additional equipment, etc.);
- **Fleet Maintenance:** The Company provides maintenance services both through its own maintenance workshops and third parties. See Section 4.6.2.4 (*Maintenance of Fleet Vehicles*);
- **Accident Management:** The Company receives Najm accident survey reports from vehicle lease clients, starts the repair process and activates insurance claim; and
- **Fleet Replacements:** The Company provides a replacement vehicle based on the nature of the accident and agreement terms with clients.

At the end of the lease contract, as clients return their leased vehicles, the Company disposes of them through its used vehicle sales segment. See Section 4.6.1.3 (*Used Vehicle Sales*).

The Company offers the following types of vehicles for lease:

- **Non-commercial Vehicles:** These are utilised as passenger vehicles including sedans, SUVs, passenger vans, coasters, busses, etc.
- **Commercial Vehicles:** These are used in the transportation of heavy-duty or hazardous goods and services for inter-city or intra-city commerce, including trucks, cargo vans, pickups, etc.

(b) Sale Channels

(i) Client Acquisition

The Company's vehicle lease clients acquisition differs for corporate and Government sector clients, as each category has distinct acquisition strategies that are executed by separate client acquisition teams within the Client Acquisition Division, as follows:

Corporate Clients

On an annual basis, the Company develops a pre-approved list of prospective clients that screens companies based on their potential contract value (using criteria such as the size of their current and potential fleet requirements) and the risk of doing business with them (based on the type of industries in which they are engaged, the size of their business and share capital, country of incorporation, their creditworthiness, their current providers of their lease fleet). This evaluation process enables the Company to target prospective clients with possible sizeable fleet requirements, as well as to decrease future defaults by the corporate clients on their lease payments.

Once the prospective clients are identified, the Client Acquisition Division team members contact them individually to discuss their vehicle lease needs. Based on the input from clients, the Client Acquisition Division prepares customised proposals. For sales execution, the acquisition team may require a lead time of anywhere from six months to two years depending on various aspects, including fleet requirements, internal clients approval period, existing lease contracts, among others. To enhance successful client conversion rates and develop strategic relationships, the Company may also offer a smaller initial number of lease vehicles to enable clients to assess the quality of the lease services provided. The clients may then decide to scale up the lease fleet provided by the Company.

Before signing lease contracts with potential clients, the Company implements vigorous financial background checks to decrease the possibility of default on lease payments by clients.

In addition to the acquisition of corporate vehicle lease clients, the team identifies many cross-sell opportunities for other services, such as corporate car rental and chauffeur services based on the client mobility needs.

Government Clients

The Government clients acquisition process differs fundamentally from the corporate clients acquisition process as the Government vehicle lease clients are acquired through a bidding process on the Etimad system, the Ministry of Finance's advanced platform to manage Government procurement. The Company continuously monitors and evaluates new lease bids on the Etimad platform, short-lists opportunities and develops a proposed bid based on client requirements and commercial feasibility. There is regular engagement with Government entities to track the status of the bid until awarded.

(ii) Client Management

Once a client has been acquired, an account management team is responsible for managing relationships at various levels across the vehicle lease client portfolio. In addition to ensuring provision of after-sales services (see Section 4.6.1.1(a) (*Services Offering*)), key activities include invoice and receivable management.

The Company also provides a digital lease management portal where clients can raise vehicle maintenance and repair service requests and view their relevant lease documentation including insurance, invoices, account statements, individual car registration and vehicle delivery notes, in addition to reporting on fleet management aspects, including vehicle details, their assigned client employee and maintenance or replacement history of the vehicles within the fleet.

(c) Vehicle Lease Clients

The Company has a diversified portfolio of clients operating across different industries such as fast-moving consumer goods, IT and telecommunications, electronics, oil and gas, consultancy and manufacturing industries in the Kingdom.

In the nine-month period ended 30 September 2022G, corporate clients accounted for 65.9 per cent. of the lease fleet and 56.0 per cent. of lease revenue, while Government clients accounted for 33.6 per cent. of the lease fleet and 44 per cent. of lease revenue in the same periods. An additional 0.5 per cent. of vehicles were held for delivery to clients, held as back-up or in transit between cities. For further details on lease revenue by corporate and Government clients, see Section 6 (*Management's Discussion and Analysis of Financial Position and Results of Operations*).

The Company, categorizes clients based on the following fleet size:

- **large clients** having fleet requirements of more than 1,000 vehicles,
- **mid-size clients** requiring 500 to 1000 vehicles; and
- **small clients** with less than 500 vehicle needs.

The Company has been able to achieve a corporate lease contract renewal rate of 90 per cent. for the financial year ended 31 December 2021G (calculated based on the number of vehicles renewed in each contract) and a Government lease win rate of 53 per cent. (calculated as the number of vehicles won over the total number of vehicles in the awarded bids) during the same period. In general, the Company aims to satisfy the requirements of its vehicle lease clients by:

- **Pricing Methodology:** The Company has a pricing strategy that enables competitiveness and profitability.
- **Scale:** As a vehicle lease company with a large fleet size, few players in the market can offer the fleet scale, regional coverage and technical service specificities required by large-scale clients. Additionally, the Company's scale enables strong procurement capabilities with key vehicle suppliers and insurance providers.
- **Service Excellence:** The Company eases the operational complexities of managing a fleet for clients via a hands-on client management team to oversee and manage day-to-day client service, an effective vehicle maintenance model composed of maintenance centres and third-party quick-service points spread across the Kingdom, and a lease management portal for full oversight of fleet status and the ability to raise service requests. See Section 4.6.2.4 (*Maintenance of Fleet Vehicles*).

(d) Existing Contracts

Existing contracts represent the value of future revenues expected to be recorded according to the Company's estimate based on existing long-term lease contracts. The Company assesses the residual value of the current agreements by subtracting the amount of pre-established revenues from the total value of the long-term lease contracts granted to the Company, which in most cases represents the remaining contractual value in addition to the value of the new agreements obtained by the Company for which it has not yet begun to provide services.

As of 31 December 2019G, 2020G and 2021G, and the nine-month periods ended 30 September 2021G and 2022G, the remaining value of the Company's existing contracts (backlog) amounted to about SAR 360.7 million, SAR 463.3, million, SAR 455.7 million, SAR 465.7 million and SAR 454.8 million, respectively, related to 6,571, 9,160, 11,432, 10,667 and 12,599 vehicles leased during those periods. The increase in the remaining value of the existing contracts is due to the increase in the number of lease contracts at the end of each period primarily attributed to the Government's strategic decision to prioritize the leasing model for its fleet via a centralized procurement system. The Company has successfully capitalized on this emerging trend by offering good value for money and demonstrating a reliable capacity to deliver vehicles within the established contractual parameters. As of 30 September 2022G, the average remaining contracted period was 3.6 years per vehicle. As of 31 December 2019G, 2020G and 2021G, and the nine-month periods ended 30 September 2021G and 2022G, the remaining value of the existing contracts for the top ten clients amounted to 58.1 per cent., 53.3 per cent., 42.3 per cent., 45.9 per cent. and 35.8 per cent., respectively, of the total existing contracts. The backlog position has significantly increased in April 2023G as the Company singed two new contracts with Saudi Arabian Oil Company (Saudi Aramco), one for three years and one for five years for a total of additional 3,003 vehicles, in addition to concluding new contracts with other Government agencies, including the Ministry of Interior for a total of additional 1,500 vehicles for a period of 36 months, another contract with the Saudi Emergency Force for a total of additional 400 vehicles for a period of 60 months, and another contract with the Saudi Post for a total of additional 855 vehicles for a period of 32 months. Furthermore, several contracts that expired after 30 September 2022G were renewed and the Company also entered into contracts with other new clients that in aggregate resulted in a material increase of the fleet size and backlog. As a result, the value of the Company's backlog increased to SAR 1,300.7 million as of 30 April 2023G with a vehicle lease fleet size of 15,065 vehicles, the average remaining contracted period of 3.3 years per vehicle and the remaining value of the existing contracts for the top ten clients amounting to 68.9 per cent. The additional 5,758 vehicles will be delivered to the mentioned new clients from May 2023G to November 2023G (such vehicles are not included in the fleet size mentioned above).

Estimates of the residual value of existing contracts are subject to a number of assumptions. Hence, they should not be relied upon as a guide to future revenues; rather, they reflect an estimate of potential revenues if these assumptions are valid and no other unexpected developments occur. For example, the realised revenues may differ from the revenues assumed in calculating the residual value of existing contracts due to the conclusion of new contracts, the early termination of existing contracts with the imposition of the relevant fine (for which the Company may not be entitled to obtain full compensation), or the failure of clients to complete existing contracts or pay amounts due.

Accordingly, the actual revenues generated by the Company's vehicle lease fleet may differ from the assumed revenues for any residual value calculations of existing contracts. For further details, see Section 2.1.4 (*Risks Related to the Residual Value of the Existing Contracts*).

The table below shows the residual value of the Group's existing contracts as of 30 September 2022G, of which 26.0 per cent. are from the Government sector and 74.0 per cent. are corporate clients:

Table 4.12: Residual Value of the Group's Existing Contracts as of 30 September 2022G

SAR million	2022G	2023G	2024G	2025G	2026G and beyond
Government Sector Clients	25.5	61.0	29.9	9.0	-
Corporate Clients	44.2	143.2	88.2	53.9	-
Total	**69.7**	**204.4**	**118.1**	**62.9**	**-**

Source: The Company.

4.6.1.2 Car Rental Services

The Company provides car rental and related services to its retail customers and corporate clients via 33 airport and city branches across the Kingdom as well as through digital channels, including its mobile/web application, call centre and WhatsApp. The Company has provided car rental services since its incorporation and serves its retail customers and corporate clients on a daily, weekly and monthly rental basis. In the financial years ended 31 December 2019G, 2020G and 2021G, and the nine-month periods ended 30 September 2021G and 2022G, the revenue from the car rental services represented 45.1 per cent., 28.6 per cent., 35.2 per cent., 33.2 per cent. and 36.5 per cent., respectively, of the Company's total revenue for the same period. As of 30 September 2022G, the car rental fleet consisted of 6,770 vehicles (and the size of the car rental fleet increased to 9,665 vehicles as of 30 April 2023G).

(a) Services Offering

(i) Basic Services

Under the "Lumi" brand, the Company offers a wide range of passenger cars and commercial vehicles for daily, weekly or monthly rental. The Company buys only the latest available vehicle model years. The car rental packages include vehicle maintenance, 24/7 roadside assistance, standard vehicle insurance, accident assistance, as well as limited daily free kilometres.

(ii) Extra Services

Further to the above basic services, the Company offers the following extra services for additional fees:

- **Flexible Drop-off:** The Company allows customers to pick up a vehicle from one city and drop it off in another city within the Kingdom;
- **Extra Insurance:** The Company offers its customers an optional daily insurance premium covering the payable deductible in the event of accidents;
- **Cross-Border Permits:** The Company provides permits for travel between the Kingdom, Bahrain and Jordan to accommodate emerging travel flows to neighbouring destinations; and

- **Optional Child Seats:** The Company offers optional child seats depending on the car rental package, location and availability.

(iii) Motorcycle Rentals

The Company has signed a partnership with Harley Davidson as the exclusive provider of motorcycle rentals in the Kingdom and has started to offer motorcycle rental in October 2021G to capture the new trends and lifestyles developing in the Kingdom, as well as inbound tourism.

(iv) Chauffeur Services

The Company offers chauffeur services to customers by providing professional and bi-lingual (Arabic and English) drivers operating clean vehicles for airport transfers and intra-city transport.

(b) Rental Retail Customer and Corporate Client Acquisition

(i) Retail Customer Acquisition

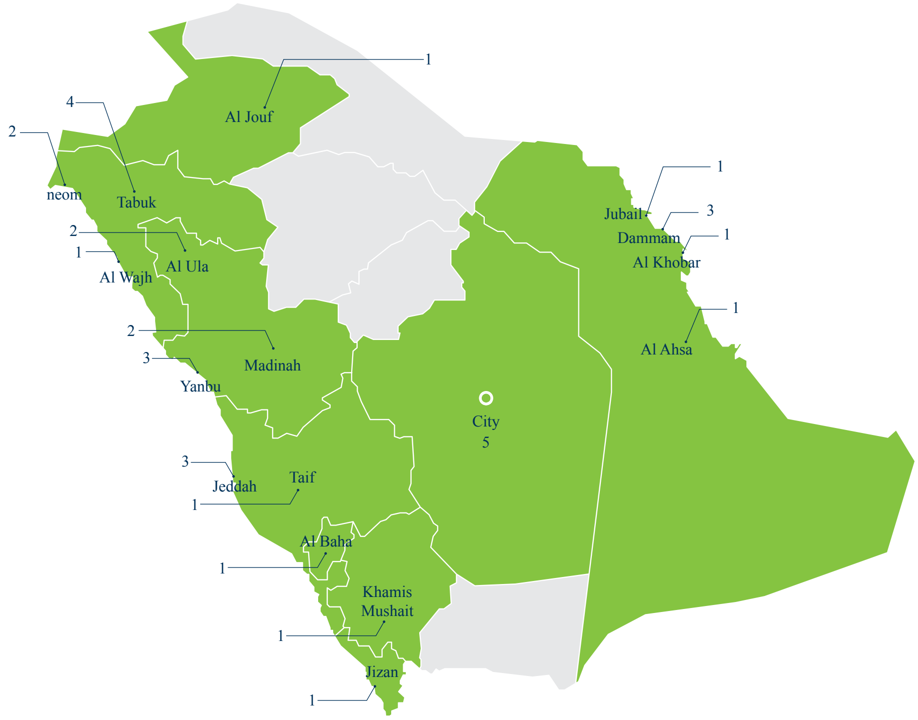
The Company offers a user-friendly omni-channel rental experience, giving the customers a choice to rent cars through any of the following channels:

Branches

For the nine-month period ended 30 September 2022G, walk-in customers without prior reservations accounted for the majority of cars rented at the Company's car rental branches. As of 30 September 2022G, the Company had 33 airport and city car rental branches across the Kingdom. All of the car rental branches utilise the same fleet management systems and maintenance and administration standards, with regional supervisors reporting to a central management team. All operational, marketing and technology aspects are cascaded to all airport and city branches to create consistent and efficient car rental experiences. For further analysis of revenue by airport and city branches, see Section 6 (*Management's Discussion and Analysis of Financial Position and Results of Operations*).

The following map shows the geographic location of the Company's car rental branches as of 30 September 2022G:

Exhibit 4.2: The Geographic Location of the Company's Car Rental Branches as of 30 September 2022G



Source: The Company.

Airport Branches

As of 30 September 2022G, the Company had 12 airport branches in the Kingdom, covering key international airports (Riyadh Airport Terminals 2 and 5, Jeddah Airport, Dammam Airport, Taif Airport, Madinah Airport, Yanbu Airport, Tabuk Airport and Al Ula Airport), in addition to domestic airports (Al Wajh Airport, Al Jouf Airport and Al Baha Airport), compared to ten branches in the Kingdom's airports as of 30 September 2021G, and 11 (in addition to car rental with chauffeur services branch), 8 and 5 branches as of 31 December 2021G, 2020G and 2019G, respectively.

The Company has established lease agreements with airport operators in order to conduct car rental business at each of the above airports. Such lease agreements are entered into through negotiations or bidding processes (financial and technical) for the right to lease space (rental counter plus parking space) for the car rental business. The terms of the lease agreements typically require payments of fixed and/or varying lease fees to the airport's operator. Varying lease fees are usually a specified percentage of the revenues that the Company generates at the airport in question, subject to a minimum annual guarantee. Under most lease agreements, the Company may also pay fixed rent for other leased facilities. Most lease agreements are for a fixed length of time, while others can be terminated by any party at any time. For further details on lease agreements, see Section 12.7.1 (*Leases*).

Airport rental operations are vital for travel flows across the Kingdom. There is a shift towards expanding car rental facilities to alleviate congestion at airports and create better service quality and experiences. The Company is committed to maintaining its presence in the main airport hubs in the Kingdom and expanding to other emerging domestic destinations.

The Company's airport branches accounted for approximately 39.0 per cent., 20.3 per cent., 25.5 per cent., 23.6 per cent. and 34.1 per cent. of the car rental revenue in the financial years ended 31 December 2019G, 2020G and 2021G, and the nine-month periods ended 30 September 2021G and 2022G, respectively, and 17.6 per cent., 5.8 per cent., 9.0 per cent., 7.8 per cent. and 12.4 per cent., respectively, of the Company's total revenue during the same periods. For further details, relating to the airport branches, see Section 2.1.7 (*Risks Related to Airport Branch Leases*).

City Branches

As of 30 September 2022G, the Company had 21 city branches in the Kingdom. Each branch has location specificities, such as parking space and areas for quick service repairs. The Company does not own any of the city branches but rents them through lease agreements with binding terms to the property owners for average periods between two to five years. For further details on lease agreements, see Section 12.7.1 (*Leases*).

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

- provide a convenient and geographically extensive network of car rental branches for flexibility on rental vehicle pick-up and drop-off;
- provide access to a wider customer base and more diversified revenue streams, i.e., capture more varied customer segments whose journeys are not tied to airports;
- reduce dependence on airport travellers and mitigate the impact of external events that may adversely affect air travel;
- contribute to higher vehicle utilisation, as on average, the car rental periods for vehicles reserved through city branches are longer compared to airport branches; and
- a network of both city and airport branches enables effective promotion of "Lumi" rental services by advertising city branch rentals among frequent airport renters and vice versa

The Company's city branches accounted for approximately 61.0 per cent., 79.7 per cent., 74.5 per cent., 76.4 per cent. and 65.9 per cent. of the car rental revenue in the financial years ended 31 December 2019G, 2020G and 2021G, and the nine-month periods ended 30 September 2021G and 2022G, respectively, and 27.6 per cent., 22.8 per cent., 26.2 per cent., 23.6 per cent. and 22.9 per cent., respectively, of the Company's total revenue for the same periods.

Digital Application and Website

The Company offers online reservation platforms through web (www.lumirental.com/en) and mobile application (LumiApp), in bilingual Arabic and English versions, as another channel for rental services.

The platform enables customers to register all their information, upload required documentation, create a rental reservation and select their preferred vehicle pick-up date and car rental branch location online at their convenience. The vehicle will be prepped and ready for the customer ahead of the set pick-up time to minimise the wait at the car rental branch and create a seamless pick-up experience. Furthermore, all transactional data, historical or current, including invoices, receipts and reservations are directly accessible by customers after logging-in.

Since the launch of the revamped application, the Company has streamlined the car rental process at the car rental branches by significantly reducing the time required to be spent by the customers there. The Company further expects that bookings via digital channels will be of increasing importance in the foreseeable future. For further details, seeee Section 2.1.19 (*Risks Related to the Growing Importance of E-Channels for Car Rentals*).

Call Centre and WhatsApp

The 24/7, bi-lingual (Arabic and English) call centre based in Riyadh is another channel for car rental reservations. This state-of-the-art call centre is backed by a customer relationship management system. In addition to serving as a channel for rental reservation services, customers can book extra services, obtain assistance, make complaints and provide feedback. The dedicated WhatsApp account, together with e-mail bookings represents another channel to cater to differentiated customer preferences.

Travel Consolidators

The Company also strengthens its digital reach through regional and international, industry-leading travel consolidators. By listing "Lumi" on these platforms as a car rental company, the Company caters to a wider customer base and diversifies its sources of rental revenue.

(ii) Corporate Customers Acquisition

The majority of corporate rental clients are sourced through strategic relationship building with corporate clients in the private sector, or in the case of Government entities via the Etimad platform (the Ministry of Finance's procurement e-services portal).

(c) Rental Retail Customers and Corporate Clients

The Company's car rental users are categorised into retail customers and corporate clients. The retail customers accounted for 57.9 per cent., 40.3 per cent., 35.0 per cent., 34.7 per cent. and 46.8 per cent. of car rental revenue in the financial years ended 31 December 2019G, 2020G and 2021G, and the nine-month periods ended 30 September 2021G and 2022G, respectively, while the corporate clients accounted for 42.1 per cent., 59.7 per cent., 65.0 per cent., 65.3 per cent. and 53.2 per cent. of car rental revenue in the same periods.

(i) Retail Customers

Retail customers are individuals who rent vehicles for business, leisure, and religious travel purposes or to meet other personal needs.

The Company's retail customers are usually walk-in customers that visit the car rental branch locations or who reserve rental vehicles through digital channels including its mobile and web applications, call centre or WhatsApp. They generally select "Lumi" as their car rental provider due to its convenient car rental branch locations, competitive pricing, the age, condition and variety of cars and convenient reservation experience.

The following table provides an overview of the individual customers age in the nine-month period ended 30 September 2022G:

Table 4.13: Overview of the Individual Customers Age in Nine-Month Period Ended 30 September 2022G

Customers Age Groups in Nine-Month Period Ended 30 September 2022G				
20 – 29	30 – 39	40 – 49	50 – 59	60 and above
23%	41%	25%	9%	2%

Source: The Company.

The above table mirrors the Kingdom's current population distribution, which mostly consists of young individuals.

(ii) Corporate Clients

The Company provides car rental services to private companies from various industries and Government entities. Employees of such corporate clients regularly require car rentals to use for business purposes on their inter-city and intra-city travel needs. In the financial years ended 31 December 2019G, 2020G and 2021G, and the nine-month periods ended 30 September 2021G and 2022G, the Company has served more than 121, 135, 128, 109 and 135 companies, respectively. Corporate rentals are usually invoiced on a monthly bases directly to the relevant corporate and Government entities, as opposed to their employees using the rented cars.

In the financial years ended 31 December 2019G, 2020G and 2021G, and the nine-month periods ended 30 September 2021G and 2022G, 28.0 per cent., 61.3 per cent., 64.4 per cent., 59.6 per cent. and 89.8 per cent., respectively, of the Company's corporate rental revenue came from the private sector and 72.0 per cent., 38.7 per cent., 35.6 per cent., 40.4 per cent. and 10.2 per cent., respectively, of the Company's corporate rental revenue came from the Government sector.

(d) Car Rental Pricing

When setting rental rates, the Company collects market data and conducts an extensive internal pricing exercise to determine the optimal prices based on vehicle make and model while maintaining a price advantage over competitors.

The Company's rental rates for retail customers are determined annually and reviewed on a quarterly basis. Promotions are offered depending on seasonality throughout different seasons such as school holidays, Ramadan, local entertainment events, etc.

As for the Company's corporate clients, the same rates are used as for the retail customers but with varying discount levels that are a function of the forecasted volume of transactions. For further details, see Section 2.1.13 (*Risks Related to Inaccurate Estimates of Costs for Rental and Lease Pricing Purposes*).

4.6.1.3 Used Vehicle Sales

The Company only sells used vehicles from its own fleet and does not sell any third-party used vehicles. The vehicles sold within this segment are those that are offloaded from the Company's own lease and rental fleet. Vehicles from the lease segment are sold upon the expiry of the lease contract, usually after three to four years, while vehicles within the car rental segment are sold after a life cycle of two years.

In the financial years ended 31 December 2019G, 2020G and 2021G, and the nine-month periods ended 30 September 2021G and 2022G, the Company sold 1,846, 2,968, 1,976, 1,542 and 2,077 vehicles, respectively, whereas revenue from the used vehicle sales represented 21.1 per cent., 25.3 per cent., 16.1 per cent., 17.0 per cent. and 21.8 per cent. of the Company's total revenue in the same periods, respectively. For further details, see Section 2.1.16 (*Risks Related to the Company's Selling of Vehicles upon Retirement*).

(a) Quality Vehicles and Pricing

The Company has a comprehensive maintenance strategy to keep vehicles in good quality for resale at the highest possible prices, which are the two main factors impacting the saleability of used vehicles.

Once designated for disposal, all vehicles undergo a thorough inspection covering all major mechanical and electrical systems, as well as the external appearance of the car body. If repairs are required, the Company evaluates whether the cost is worth incurring for great resale value; otherwise the defects are disclosed to customers for them to repair independently.

A data-driven approach, including vehicle brand, model year, age, mileage and general vehicle condition, plus market demand, is adopted to determine the floor price of any vehicle.

The following table provides an overview of the vehicles sold by make in the financial years ended 31 December 2019G, 2020G and 2021G, and the nine-month period ended 30 September 2022G:

Table 4.14: Overview of the Vehicles Sold by Make in the Financial Years Ended 31 December 2019G, 2020G and 2021G, and the Nine-Month Period Ended 30 September 2022G

VEHICLES SOLD BY MAKE IN THE FINANCIAL YEARS ENDED 31 DECEMBER 2019G, 2020G AND 2021G, AND THE NINE-MONTH PERIOD ENDED 30 SEPTEMBER 2022G	
Vehicle Make	**Range (% of Fleet Vehicles)**
Hyundai	41.5% - 50.7%
Toyota	23.7% - 29.31%
Nissan	5.1% - 9.5%
Chevrolet	5.7% - 12.7%
Others	10.5% - 11.5%

Source: The Company.

(b) Sale Channels

Used vehicles are sold through the following channels, as outlined below:

(i) Bidding Process

Until June 2022G, the Company sold used vehicles through a bidding process where the Company invites potential buyers to submit bids in closed envelopes on individual vehicles or multiple vehicles bundled together. Bids are “silent” i.e., buyers fill in a bid sheet with the vehicle details and offering bid amount. After the bidding period is completed, the highest bidder is selected and vehicles are delivered once the winning bid amount is paid. The Company maintains a database of regular purchasers.

(ii) Car Showrooms

The Company has rented a showroom in Riyadh since March 2022G and obtained licence to operate it starting in July 2022G. The showroom is a new sales channel for used vehicles catering to the consumer market and allowing walk-in customers to inspect the vehicles before purchasing them.

4.6.2 Fleet

4.6.2.1 Fleet Composition

The Company’s fleet is composed of its lease, rental and service vehicles (including mobile workshops, towing vehicles, for staff transportation, etc.).

(a) Lease Fleet

Lease fleet purchases are based on client requirements considering advisory from the Company to maximise the value of fleet services, including evaluation criteria, such as the availability of spare parts, after-sale and warranties, car safety and robustness, in addition to the resale value.

The Company’s lease fleet reached 12,864 vehicles as of 30 September 2022G and was distributed over more than 185 clients. The fleet size increased to 15,065 vehicles as of 30 April 2023G. The following table provides an overview of the lease fleet mix by make in the financial years ended 31 December 2019G, 2020G and 2021G, and the nine-month period ended 30 September 2022G:

Table 4.15: Overview of the Lease Fleet Mix by Make in the Financial Years Ended 31 December 2019G, 2020G and 2021G, and the Nine-Month Period Ended 30 September 2022G

Vehicle Make	Range (% of Fleet Vehicles)
Toyota	41.6% – 56.3%
Hyundai	12.1% - 21.2%
Nissan	7.6% - 9.1%
Ford	5.9% - 8.0%
Others	15.3% - 23.7%

Source: The Company.

Fleet selection for lease vehicles is driven by the transportation needs of the vehicle lease clients. The vehicle categories vary from client to client depending upon the nature of their business and their staff needs.

(b) Rental Fleet

The composition of the car rental fleet is renewed annually in adherence to a monthly replacement plan that is developed based on model age and new model introduction timeline by car agents, current fleet requirements and market demand or seasonality.

The primary objective of the Company for its rental fleet is to provide diversity in vehicle options from economy to luxury class cars and to ensure that vehicles are in excellent condition and are appealing to customers, i.e., models are at most two years old.

As of 30 September 2022G, the Company operated a car rental fleet of 6,770 vehicles (the car rental fleet size increased to 9,665 vehicles as of 30 April 2023G). The following table provides an overview of the car rental fleet mix by make in the financial years ended 2019G, 2020G and 2021G, and the nine-month period ended 30 September 2022G:

Table 4.16: Overview of the Car Rental Fleet Mix by Make in the Financial Years Ended 2019G, 2020G and 2021G, and the Nine-Month Period Ended 30 September 2022G

Vehicle Make	Range (% of Fleet Vehicles Count)
Hyundai	32.9% - 51.2%
Toyota	21.8% - 31.0%
Chevrolet	5.8% - 13.9%
Nissan	2.9% - 11.2%
Others	5.7% - 21.4%

Source: The Company.

(c) Company Service Fleet

The service fleet represented 0.4 per cent. of the Company's total fleet as of 30 September 2022G. It is used for roadside assistance, washing and mobile maintenance, towing and Company staff transportation.

4.6.2.2 Purchases of Fleet Vehicles

During the financial years 31 December 2019G, 2020G and 2021G, and the nine-month periods ended 30 September 2021G and 2022G, the Company took delivery of approximately 6,149, 3,830, 6,599, 4,284 and 5,045, vehicles, respectively. The Company purchases its vehicles from authorised car dealerships with whom it has long standing relationships, resulting in volume discounts on vehicle prices.

Purchases of vehicles are financed through the Company's operating cash and bank financing (see Section 12.5 (*Financing Agreements*)).

The following table shows the values of total fleet purchases in the financial years ended 31 December 2019G, 2020G and 2021G, and the nine-month periods ended 30 September 2021G and 2022G:

Table 4.17: Fleet Purchases in the Financial Years Ended 31 December 2019G, 2020G, 2021G and Nine-month periods ended 30 September 2021G and 2022G

(SAR million)	Financial Years Ended 31 December			Nine-Month Period Ended 30 September	
	2019G	2020G	2021G	2021G	2022G
Car Rental	191.8	51.4	349.4	168.1	212.7
Vehicle Lease	284.3	278.6	250.6	187.5	198.8
Total	**476.1**	**330.0**	**600.0**	**355.6**	**411.5**

Source: The Company.

See Section 4.6.7 (*Suppliers*) for a discussion of the top five suppliers in percentage of total purchase for fleet purchases in the financial years ended 31 December 2019G, 2020G and 2021G, and the nine-month period ended 30 September 2022G. For further details, see Sections 2.1.14 (*Risks Related to Inaccurate Estimates of Future Car Rental Demand Levels*) and 2.1.15 (*Risks Related to Vehicle Purchases*).

4.6.2.3 Fleet Management

Fleet Management is a key component in ensuring effective vehicles utilisation. The Company's management reviews and analyses vehicle performance data to optimise the distribution of the fleet mix across regions and car rental branches in the Kingdom, taking into consideration demand forecasts and seasonality.

4.6.2.4 Maintenance of Fleet Vehicles

A comprehensive maintenance network is the cornerstone to:

- providing excellent after-sales services;
- maximising fleet utilisation (by reducing delay or poor-quality repairs); and
- ensuring optimal resale value at the end of the vehicle's life cycle.

Additionally, the Company inspects and cleans vehicles after every rental and schedules periodic maintenance across the fleet in line with the maintenance guidelines of the respective manufacturers in order to maintain the warranties.

The Company leverages both in-house and outsourced workshops to ensure appropriate service coverage for its customers as follows:

(a) In-house Workshops

As of 30 March 2022G, the Company has operated three vehicle maintenance centres in Riyadh, Jeddah and Dammam, which focus on collision damage, major repairs and periodic maintenance for its fleet. All of these facilities include sophisticated vehicle diagnostic and repair equipment.

The Company also operates 25 mobile workshops which provide maintenance for its fleet remotely. Besides handling preventive maintenance, these mobile workshops handle corrective maintenance activities linked to roadside repair, quick service repair and minor repairs, such as tire and battery replacement.

(b) Outsourced Workshops

As of 30 September 2022G, the Company had three outsourced workshop channels, including the following:

(i) Third-party Repair Centres

The Company expands the coverage of its network of maintenance centres and its capacity (technical and geographical) by the use of contracts for electrical and mechanical maintenance and repair services for vehicles with around 35 third-party authorised external workshops.

(ii) Quick Service Centre

The Company has also contracted with more than 650 maintenance points which are third-party quick service providers for quick, preventative maintenance.

(iii) Roadside Assistance

The Company has contracted with a third party to provide roadside assistance for quick solutions, including flat tire replacement, battery recharge, emergency refuel, etc. In addition, if required, they tow the vehicle to the nearest service point for major maintenance or repair requirements.

See Section 2.1.23 (*Risks Related to the Theft or Misuse of Cars by the Company's Customers*).

4.6.2.5 Sale of Fleet Vehicles

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

4.6.3 Site Selection and Car Rental Branch Development Process

The Company's car rental branch selection process is as follows:

- **Area Identification** – the Company's management identifies potential locations based on the regular branch network studies, taking into consideration the demographic parameters evaluation and the Government projects distribution within the cities.
- **Initial Location Screening** – identified facilities in the selected areas are filtered based on several criteria, including the TGA's regulations, accessibility, existing and potential parking slots, distance from competitors and existing car rental branches.
- **Management Review and Location Selection** – short-listed locations are reviewed in detail by the Senior Executives with a detailed forecasted profitability analysis.

The Company typically seeks lease terms ranging between two to five years or more, as applicable. For further details related to leasing car rental branches, see Section 2.1.6 (*Risks Related to Leasing Real Estate Properties*).

4.6.4 Marketing

The Company operates under the Lumi brand, offering high-quality mobility solutions to serve retail clients and corporate customers. See Section 12.11 (*Intellectual Property*) for further details regarding the Lumi brand registration.

The Company's value proposition is affordable convenience through an omni-channel network of car rental branches and digital channels. It continues to maintain its position as a leading provider of car rental services through a focus on service excellence, streamlined car rental branch experience and a wide variety of new vehicle models.

The Company's marketing channels cover offline airport marketing, as well as online digital marketing to promote its brand and to drive rental reservations. A comprehensive marketing strategy is developed annually to attract target customer segments and includes offering seasonal discounts, such as for the National Day, city-specific seasons, etc.

For further details relating to certain risks in connection with the marketing activities and brand recognition, see Section 2.1.11 (*Risks Related to the Company's Reputation and Services*) and Section 2.1.12 (*Risks Related to Marketing Activities*)).

4.6.5 Insurance and Risk Management

In general, two main categories of risks arise from the Company's operations:

- **Vehicle:** legal liability arising from the operation of its vehicles; and
- **Property:** this includes:
  - risk of property damage and/or business interruption and/or increased cost of operating as a consequence of property damage; and
  - risks related to movable and immovable properties.

The Company mitigates its exposure to large liability losses by maintaining insurance coverage with several providers (for further details, see Section 12.6 (*Insurance Policies*)).

4.6.6 Information Technology, Data and Operational Excellence

The Company's information technology (IT), digital and data infrastructure enable scalable, effective and personalised delivery of services across all its business segments, regions and sales channels.

A car rental enterprise resource planning (ERP) system enables real-time visibility and management of all aspects of fleet operations throughout the vehicle life cycle from procurement to disposal. Integrated to the ERP system is a customer relationship management tool to track and manage customer interactions across all channels in order to ensure the effectiveness of service delivery. On top of the ERP and customer relationship management systems, digital applications and tools are built through which customers interact with the Company either to make reservations for rental customers or to view lease details. Across all these technology layers, data is captured to support business decisions and create more personalised customer experiences.

The following functionalities are enabled by the integrated IT, digital and data systems:

- **Fleet Management:** for end-to-end fleet performance visibility and management, including developing fleet acquisition, maintenance and disposal schedules, tracking fleet composition, location, cost, mileage and age, setting rental or leasing rates, and reporting sales through offline and online distribution channels.
- **Operational Excellence:** on a specific segment of the Company's fleet comprising around 33 per cent. of its total fleet as of 30 September 2022G, "Internet of Things" devices are installed to ensure customer safety, optimise utilization of assets and limit misuse by customers. This is accomplished via the wireless transmission of sensory data to the ERP system to monitor car health, such as tire pressure, oil levels and maintenance alerts, driver behaviour, and to track fleet locations and movements, and to control car remotely, including car locking, unlocking and immobilisation if any vehicle misuse is recorded. Additionally, the ERP system is integrated with Government e-services such as TAMM to reduce the time required for rental agreement process.
- **Digital Products:** to better serve customers, digital products are developed based on customer and client experience research. For the car rental segment, this includes the digital application and website through which customers register all their information and required documentation and create instant reservations. For the vehicle lease segment, a lease management portal is available for clients to raise vehicle maintenance and repair requests and view their relevant lease documentation or fleet reports.
- **Revenue Maximisation:** with access to data, such as customer preferences by city, branch and vehicle, the lead time before travel or the average rental agreement period, the Company is able to a certain extent to anticipate future customer behaviour and optimise vehicle availability in the right location and at the right time in order to maximise revenue and profit.

Since the Company manages a large database of customer data, data protection and IT security are a major priority. All of the services are hosted in the Company's own secured data centre. In order to ensure that all systems and data are sufficiently protected from viruses, spamming and other forms of hacking or attack, the Company regularly invests in the upgrade of systems, infrastructure and security protocols to protect proprietary data against destruction, theft, fraud or abuse. For further details, see Sections 2.1.20 (*Risks Related to the Inability to Adequately Maintain the Confidentiality and Integrity of Customer and Employee Data*) and 2.1.32 (*Risks Related to Reliance on Information Technology Infrastructure*).

4.6.7 Suppliers

The primary suppliers of the Company are dealerships supplying its fleet. The following table provides the total purchase from the top five suppliers for fleet purchases in percentage of total purchases in the financial years ended 31 December 2019G, 2020G and 2021G, and the nine-month period ended 30 September 2022G:

Table 4.18: Total Purchase from the Top Five Suppliers for Fleet Purchases in Percentage of Total Purchases in the Financial Years Ended 31 December 2019G, 2020G and 2021G, and the Nine-Month Period Ended 30 September 2022G

Name of Supplier	Average Percentage for the financial years ended 31 December 2019G, 2020G and 2021G, and the nine-month period ended 30 September 2022G
Abdul Lateef Jameel	42.6%
Al Majdouie Motors	12.7%
Muhammad Yousaf Naghi Motors	12.8%
Al Manahel International Company	5.2%
Universal Motors Agencies	5.7%
Total	**79.0%**

Source: The Company.

The Company maintains strategic relationships with vehicle suppliers to continue to benefit from purchase discounts, ensure the timely delivery of vehicles for our vehicle lease clients and obtain priority service.

In the financial years ended 31 December 2019G, 2020G and 2021G, and the nine-month periods ended 30 September 2021G and 2022G, the top ten suppliers (excluding fleet purchases) accounted for 5.4 per cent., 12.3 per cent., 6.2 per cent., 5.9 per cent. and 11.4 per cent., respectively, of total purchases. No supplier (excluding fleet purchases) had over 5.0 per cent. share of the Company's supply needs in the same period (except for insurance in 2020G that accounted for 5.1 per cent. due to vehicle purchases being lower due to COVID-19, resulting in greater insurance premium payments relative to the overall number of purchases).

4.6.8 Geographic Locations and Operations

The Company's headquarters are located in Riyadh, Kingdom of Saudi Arabia. All of the branches are located in the Kingdom and no business or assets exist outside the Kingdom. The following table shows the locations of the Company's branches as of 30 September 2022G:

Table 4.19: Details of the Company's Geographical Presence as of 30 September 2022G

Country	City	Car Rental Branch	Used Vehicles Sales Showroom	Workshop
Kingdom of Saudi Arabia	Riyadh	5	1	1
	Neom	2		
	Dammam	3		
	Jeddah	3		1
	Al Ula	2		
	Yanbu	3		
	Taif	1		
	Tabuk	4		
	Al Jouf	1		
	Al Wajh	1		
	Al Baha	1		
	Medina	2		
	Khobar	1		1
	Jubail	1		
	Al Ahsa	1		
	Jizan	1		
	Khamis	1		
Total		**33**	**1**	**3**

Source: The Company.

4.6.9 Awards and Achievements

The Company has been awarded the Leading Car Rental Company Award in Saudi Arabia & Middle East for two years running by World Travel Awards for 2020G and 2021G. It has also been certified by ISO for Quality Management Systems (ISO 9001:20152015G) in 2019G, for Customer Satisfaction & Complaint handling (ISO 10002:2018) and for Occupational Health & Safety Management System (ISO 45001:2018) in 2020G.

4.6.10 Corporate Social Responsibility

The Company conducts its activities and business operations based on the principles and foundations that are consistent with its values, taking into account the interests of society. In addition to the Company's commitment to conduct its operations pursuant to the applicable law, it takes additional steps to improve the living standards of its employees and their families and to contribute to the well-being of the local communities where it operates and thus to contribute to sustainable economic and social development.

The Company's corporate social responsibility activities aim to achieve the following:

- adopting and applying the principle of fairness within the workplace and addressing the different issues related to employees, such as remuneration, health, safety, and work-life balance, in addition to engaging employees in programmes for the purpose of training, developing capabilities and improving skills, which will enable the Company to attract, appoint, develop and maintain its human resources;
- to improve its social and market impact by providing the necessary services, as well as through its transparent dealings with customers and service providers;
- carrying out its activities responsibly, in accordance with the relevant enacted policies, with the aim of building public relations through various marketing and media activities to avoid monopolistic and anti-competitive behaviour in the market;

- building a mutually beneficial relationship with the local communities;
- achieving a balance between the goals of the Company and those of the greater community. This includes preserving this relationship through sustainable development for the community in general, including employees' volunteer activities, providing free services, donations in kind, as well as charitable giving; and
- adopting environmental measures in line with the Applicable Law, seeking to reduce waste and/or pollutants that can be harmful to human health and the environment, in addition to reducing energy consumption, and the use and re-manufacturing of recyclable materials. In addition, the Company aims to develop more eco-friendly and work environment friendly methods.

4.7 Research and Development

The Company has a continuous research and development strategy focused on growth and market penetration through digitization and improving operational efficiency through automation of processes. In particular, this includes:

- conducting detailed customer research, prototyping and analysis to find new channels to acquire customers at scale and to identify opportunities to improve customer experiences;
- identifying, evaluating, designing and developing new e-commerce opportunities and supporting them from start-up to maturity through digital customer journeys;
- continuously measuring and analysing platform performance data and user adoption data to optimize customer journeys and improve platform performance and reliability;
- building and managing integrations with relevant third-party systems;
- developing, digitizing and modernising internal operational systems and services; and
- optimizing business processes through digitalization.

4.8 Future Plans and Initiatives

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

4.8.1 Ground Transportation for Events

The Company plans to offer logistics support to events across the Kingdom, providing bespoke transportation planning, chauffeur driven vehicles and bus transportation, etc. It has a track record of supporting key events across the Kingdom, including Winter at Tantoora in Al Ula in 2019G-2020G, PIF's Future Investment Initiatives conferences in 2019G and 2021G, Formula-E in 2019G, Formula-1 in 2021G, the Red Sea International Film Festival in 2021G, the Saudi Cup for International Horse Race Festival in 2022G and others.

4.8.2 New Openings and Renovations for Subsidiaries

As part of the Company's continued growth, it plans to open ten new car rental branches across the Kingdom to expand its network in addition to two new maintenance centres. For further details, see Section 2.1.4 (*Risks Related to the Residual Value of the Existing Contracts*).

4.8.3 Used Vehicles Sales Certificate

In order to create full transparency of vehicle condition and build customer trust, the Company is developing a 20-point vehicle inspection system covering all major mechanical systems and all safety functions, such as engine, cooling and fuel system, drive axle, transmission, electronic systems, suspension, brake system, steering, air conditioning, as well as appearance. Technical certificates will be issued for purchases of used vehicles to support sales to customers through the showroom in the future.

4.9 Overview of Company Departments

The Company has a number of departments that support its business activities. Set out below is a brief description of the activities of the Company's departments:

4.9.1 Lease Department

The Lease Department (including Client Acquisition and Client Management Divisions) is responsible for all lease sales. In particular, this includes:

- participating in Government bids for lease vehicle requirements;
- lead management, advisory, proposals for potential clients;
- providing quotes for vehicle lease services based on internal calculations;
- signing the relevant agreements in coordination with Legal Department;
- managing vehicle delivery to the clients in coordination with Fleet Department;
- overseeing the after-sales service process including vehicle accident and replacement, client support, etc.;
- managing invoice submission and collections; and
- managing vehicle lease contracts and renewals.

4.9.2 Rental (Regional and Customer Service) Department

The Rental (Regional and Customer Service) Department is responsible for maintaining relations with the Company's rental customers. In particular, this includes:

- managing and monitoring car rental branches and the regional offices, liaising with individual/corporate customers;
- implementing, updating and regularly monitoring an annual fleet mix and revenue plan, revenue forecasts and revenue reports;
- identifying opportunities and dealing with main rental customers;
- resource planning and supervising of the front-office teams within the car rental branches;
- monitoring and regulating the day-to-day operation of each car rental branch;
- ensuring the distribution of the fleet over the regions in order to maintain an optimal level of utilisation;
- liaising directly with customers and ensuring car maintenance and replacements if applicable;
- providing quotes for chauffeur drive services;
- managing relationships with existing and former retail clients and corporate customers, with a focus on better understanding customer requirements, meeting revenue targets and increasing fleet utilisation rates;
- interacting with current and former customers to resolve complaints or queries and to provide updates (for example, in relation to the temporary closure of facilities, changes to opening hours and marketing events and promotions), along with analysing customer data for service improvement; and
- undertaking customer surveys by phone and e-mail to monitor market trends, identify opportunities and shortcomings, gather member suggestions, and monitor member satisfaction levels.

4.9.3 Used Car Sales Department

The Used Car Sales Department is responsible for managing and monitoring used vehicle sales operations. In particular, this includes:

- coordination with the Rental Department and Lease Department on vehicles due for sale;
- removal of tracking devices from the vehicles;
- managing the bidding and sales process;
- exploring new sales opportunities to enhance the customer network; and
- maintaining contact with priority customers.

4.9.4 Fleet Department

The Fleet Department is primarily responsible for the following:

- **Fleet Procurement:**
  - procuring fleet vehicles;
  - supplier registration/ pre-qualification;
  - issuance of requests for quotations / requests for proposal documents;
  - supplier evaluation and selection;
  - issuance of purchase orders;
  - installation of tracking devices in the vehicles;
  - coordination, management and monitoring of receiving of vehicles; and
  - inventory and shipment of vehicles as per business requirements.
- **Fleet Maintenance:**
  - procurement of spare parts and vehicle consumables required for the maintenance;
  - coordinating the maintenance and safety of vehicles;
  - monitoring maintenance history and logs, developing automated and manual maintenance programmes, providing maintenance guidelines and regulations; and
  - managing relationships with external maintenance providers and ensuring that their services and warranty support obligations are provided on a timely basis and in a satisfactory manner.
- **Fleet Insurance:**
  - negotiation policy rates with insurance companies;
  - insuring all Company vehicles;
  - uploading and updating vehicle insurance in the Company’s ERP;
  - accident claim management with the insurance companies; and
  - receivable recovery from insurance companies.

4.9.5 Facility Management Department

The Facility Management Department is primarily responsible for the following:

- **Facility Operations:**
  - maintenance of the Company’s branch facilities covering all civil, electrical, mechanical, or other repair work of existing and new facilities;
  - managing connections and billing for electricity and water of existing and new Lumi facilities; and
  - providing security of existing and new facilities.
- **Property Management:**
  - finding and inspecting suitable locations required by the Company for its car rental branches, offices, staff accommodations, workshops, parking, used vehicle sales showroom, etc. that fulfil the Civil and Municipality licence requirements;
  - negotiation of the rent with owners for the facilities selected by the Company;
  - rent management, renewal and termination for the Company’s facilities; and
  - timely issuance, renewal and cancellation of Municipality, civil defence and any other required licence for the Company’s facilities to run its operations.
- **Procurement:**
  - supplier/vendor management by finding suitable candidates and registering them in the SAP system;
  - purchasing of the required items for the Company through the purchase order process; and
  - printing services through vendors based on the Company’s team’s request.

4.9.6 Finance Department

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

- setting out accounting policies and procedures, and ensuring compliance with relevant regulatory requirements;
- managing the financial reporting process, ensuring that financial information is recorded, analysed and reported in an accurate, complete and timely manner;
- managing the financial planning process, supporting the Company's Executive Management in setting financial strategies, converting agreed strategies into financial plans, and reviewing the plans of the Company's departments to ensure efficiency, accuracy and alignment with the agreed strategies;
- ensuring availability of sufficient funds and liquidity and managing and optimising working capital requirements to meet the Company's current and future plans and obligations, including by developing and measuring key performance indicators for the Company's activities and performance, and providing recommendations in connection therewith;
- developing and improving the Company's internal control systems, policies and procedures to safeguard the Company's assets, and ensuring efficient workflow and compliance with corporate governance requirements;
- managing payments to suppliers and relationships with banks and negotiating interest rates, financing terms, and preparing and filing Zakat and tax returns;
- managing the Company's liabilities toward employees, third parties and Government institutions;
- coordinating with the data team to create dashboards for real time reporting and reviewing the accuracy of reports:
- identifying and mitigating the Company's risks, including interest rate risks and close monitoring of credit risks;
- collaborating and liaising with internal and external auditors for conducting effective audits of the Company's financials and key processes; and
- performing revenue assurance for each business segment and ensuring the invoice values and customer's data.

4.9.7 Human Resources Department

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

- HR strategy development for the Company, including workforce and succession planning, analytics and reporting;
- employee relations addressing employee contracts, queries, vacations, travel, support requests, etc;
- payroll management covering employee attendance, salary calculation, overtime calculation, etc.;
- medical insurance issuance and renewal for the Company's employees;
- talent acquisition based on the Company's request;
- employee reward calculation, including yearly performance appraisals, compensation, benefits, rewards and recognition;
- managing employee development programmes including performance management training, learning and development;
- managing all Government services and issues with the relevant Government authorities, such as the Ministry of Human Resources and Social Development; and
- monitoring employee costs and expenses to assist in budget preparations.

4.9.8 Legal Department

The Legal Department is responsible for implementing the laws, regulations and instructions pertaining to the Company's business, and ensuring compliance with the highest standards to protect and preserve the Company's rights. In particular, this includes:

- drafting and review of agreements;
- issuance and amendment of Articles of Association;
- registration of trademarks;
- registration and renewal of commercial registration certificates along with any required amendments (e.g., adding activities, changing address);
- managing and renewal of subscription of Chamber of Commerce membership and adding/removing of authorised signatories;
- legal consultations and investigations, e.g. in connection with fraud and forgery cases;
- management of powers of attorney;
- litigation in general;
- services of the Board of Directors and Executive Committee and minutes of meetings; and
- preparing required documents for General Assemblies of Shareholders (e.g., calls to meetings, agenda, voting, minutes, shareholders registry).

4.9.9 Internal Audit Department

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

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

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

The Internal Audit Department's responsibilities in particular include:

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

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4.9.10 Marketing Department

The Marketing Department is responsible for developing the Company's marketing strategies, with a view to enhancing its brand and reputation and increasing retail clients and corporate customers numbers, lifetime value and retention. In particular, this includes:

- conducting market research, identifying market trends and market forecasting and targeted market research, including through the monitoring of social media and by analysing retail clients and corporate customer behaviour and frequency of usage of rental cars;
- managing the Company's website content and search engine optimization;
- managing social media channels;
- managing press releases, event coverage and media relations;
- planning and implementing marketing campaigns across performance and digital channels, offline marketing and CRM, including through promotional offers, activations and events, and evaluation of the success and improvement of marketing campaigns;
- appointing third-party marketing agencies with a view to ensuring cost, quality and an adequate return on investment; and
- managing the Company's branding and promotional materials and ensuring and protecting correct usage of the Company's identity, designs and intellectual property.

4.9.11 Data Management Department

The Data Management Department is responsible for managing the Company's data. In particular, this includes:

- providing the data visualisation platform (including x number of licences);
- building and maintaining the data platform with multiple data sources;
- dashboard creation and maintenance;
- building and maintaining the relationship management platform for retail clients and corporate customers;
- end user analytics and relationship management training regarding retail clients and corporate customers;
- digital implementation and tracking for website and applications; and
- data governance monitoring, guidance and support.

4.9.12 Strategy Department

The Strategy Department is responsible for developing work plans and mechanisms for strategic planning and institutional performance and contributing to achieving the Company's objectives by following up and supervising the executive work of the relevant operational plans. In particular, this includes:

- contributing to the development of the Company's vision and developing strategic principles, organisational objectives and strategic plans to ensure the achievement of the Company's overall organisational objectives;
- following up and supervising the application of internal methodologies to achieve the progress of the business, implementing key operations and submitting performance reports to the CEO; and
- identifying and studying new trends, opportunities and partnerships for growth in existing and new markets.

4.9.13 Information Technology Department

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

- maintaining facilities established based on the latest technological architecture to host multiple services related to information technology;
- managing the Company's 'Virtual Private Network' to provide secure and reliable connectivity to the points of sale, workshops and regional offices across the Kingdom;
- automating manual business processes with implemented ERPs to reduce cost, and increase user efficiency and productivity;
- integrating systems together to make the information more comprehensive for detailed data analysis, accurate management reporting and risk avoidance;

- providing support services to business users related to applications, infrastructure, network, repair and upgrade of hardware;
- managing system security and controls, preparing and implementing business continuity and disaster recovery plans to provide alternatives in the event of interception in the main facility;
- ensuring that IT projects are implemented as per the Company's business requirements within the established timeline and budget; and
- establishing IT policies, processes and governance risk and compliance along with enterprise architecture and business relations.

4.9.14 Administrative Office Facilities and Projects Department

The Administrative Office Facilities and Projects Department is responsible for managing the Company's Head Office facilities and developing the Company's facilities and branches in line with its business plan. This includes:

- maintaining the Company's head office facilities, covering all civil, electrical, mechanical and other necessary repairs;
- managing connections, electricity and water bills for the Company's head office;
- providing security services to the Company's head office
- building and renovation of the Company's facilities as per its requirements;
- defining the scope of work for each project in coordination with the Company's team;
- coordinating with the IT team to fulfil IT requirements in any renovation work;
- getting three competitive vendor quotations for the required works;
- evaluation and selection of vendors based on technical and financial qualifications;
- completion of projects covering civil defence readiness, IT readiness, CCTV installation, furniture installation, etc. within the set timelines; and
- inspection of project upon completion and handing over to the Company's team.

4.9.15 Digital Management

The Digital Department is responsible for undertaking the development of the Company's digital solutions and systems in line with its overall vision. This includes:

- expanding technological capabilities to strengthen the Company's attractiveness to its retail clients and corporate customers; and
- developing a long-term strategy based on the Company's current and future business objectives.

4.10 Business Continuity

The members of the Board of Directors acknowledges that there has been no suspension or interruption in the Company's business during the twelve-month period preceding the date of this Prospectus, which would affect or have a significant impact on its financial position, and no material change in the nature of its business is contemplated.

The Company's management has continually assessed the impact of COVID-19 on its operations and has taken a series of proactive and preventive measures to ensure the health and safety of its employees and to ensure the sustainability of its operations. There have been interruptions in the Company's operations due to the Government regulations (such as travel restrictions) or employees being infected with COVID-19. The demand for car rental was also affected, as the fleet occupancy rate decreased from 82.8 per cent. in the financial year ended 31 December 2019G to 61.7 per cent. in the financial year ended 31 December 2020G, 75.2 per cent. in the financial year ended 31 December 2021G, 75.4 per cent. in the nine-month period ended 30 September 2021G and 72.5 per cent. in the nine-month period ended 30 September 2022G. For further details relating to the impact of COVID-19 on the financial results of the Company, see Section 6.5 (*Results of Operations for the Financial Years Ended 31 December 2019G, 2020G and 2021G*) and see Section 2.1.9 (*The Risks Related to Infectious Diseases or Other Public Health Threats*) for a further details of the risks related to infectious diseases or any public health threats).

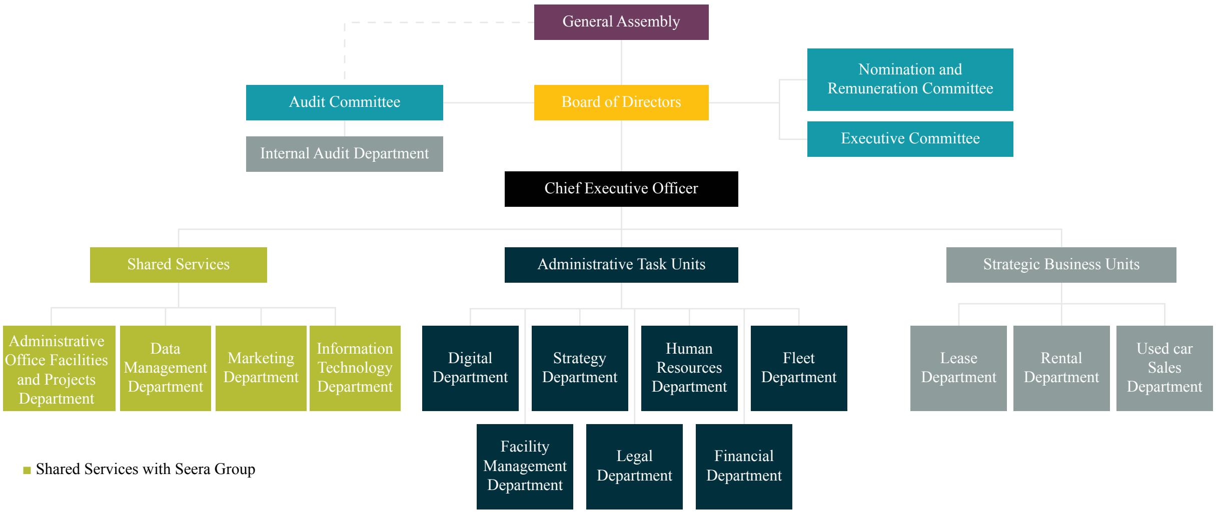
5. Organisational Structure and Corporate Governance

5.1 Organisational Structure

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

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

Exhibit 5: Organisational Structure of the Company



Source: The Company.

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

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

Shareholder	Shareholding (Pre-Offering)			Shareholding (Post-Offering)		
	Number of Shares	Direct Ownership (%)	Nominal Value (SAR)	Number of Shares	Direct Ownership (%)	Nominal Value (SAR)
Seera Group Holding	55,000,000	100%	550,000,000	38,500,000	70%	385,000,000
Public	-	-	-	16,500,000	30%	165,000,000
Total	**55,000,000**	**100%**	**550,000,000**	**55,000,000**	**100%**	**550,000,000**

Source: The Company.

5.2 Board of Directors and Secretary of the Board of Directors

5.2.1 Composition of the Board of Directors

The Board of Directors consists of seven Directors who are appointed by the General Assembly (for further details, see Section 12.13 (*Summary of Bylaws*)). The Companies Law, the Corporate Governance Regulations, the Bylaws and the internal corporate governance regulations of the Company determine the duties and responsibilities of the Board of Directors. The term of the Directors' membership in the Board of Directors, including the Chairman, shall be for a maximum period of four years for each term.

The following table sets out the Company's Directors:

Table 5.2: Company's Board of Directors

Name	Position	Nationality	Status and Independence	Direct Share Ownership		Indirect Share Ownership		Date of Appointment [(1)]
				Pre-Offering	Post-Offering	Pre-Offering	Post-Offering	
Mohammed Saleh Hassan Alkhalil [(2)]	Chairman	Saudi	Non-Executive	-	-	0.280874%	0.19661272%	12 Thul-Qi'dah 1444H (corresponding to 1 June 2023G)
Ahmed Samer Hamdi Saadeddin Alzaim [(3)] [(4)] [(5)]	Vice Chairman	Saudi	Non-Executive	-	-	0.161173%	0.112820%	29 Thul-Qi'dah 1444H (corresponding to 18 June 2023G)
Ibrahim Abdulaziz Ibrahim Alrashed [(6)]	Director	Saudi	Non-Executive	-	-	0.0004667%	0.00032669%	12 Thul-Qi'dah 1444H (corresponding to 1 June 2023G)
Abdullah Nasser Abdullah Aldaoud [(7)]	Director	Saudi	Non-Executive	-	-	0.0007773%	0.00054411%	12 Thul-Qi'dah 1444H (corresponding to 1 June 2023G)
Sulaiman Nasser Jebran Alhatlan Alqahtani	Director	Saudi	Independent	-	-	-	-	12 Thul-Qi'dah 1444H (corresponding to 1 June 2023G)
Yasser Abdulaziz Mohammed Alkadi	Director	Saudi	Independent	-	-	-	-	29 Thul-Qi'dah 1444H (corresponding to 18 June 2023G)
Khaled Mohammed Abu Bakr Al-Amoudi	Director	Saudi	Independent	-	-	-	-	12 Thul-Qi'dah 1444H (corresponding to 1 June 2023G)

Source: The Company.

[(1)] Dates listed in this table are the dates of appointment to the current positions in the Board of Directors, noting that current term of the Board of Directors expires on 12 Thul-Qi'dah 1448H (corresponding to 19 April 2027G). The biographies in Section 5.2.4 (*Biographies of the Directors and the Secretary*) describe the dates of their appointment, whether in the Board of Directors or in any other position.

[(2)] As of the date of this Prospectus, Mohammed Saleh Hassan Alkhalil directly owns 0.280874 per cent. in Seera Group Holding (the single shareholder of the Company). As a result, he indirectly owns approximately 154,481 shares in the Company.

[(3)] As of the date of this Prospectus, Ahmed Samer Hamdi Saadeddin Alzaim directly and indirectly owns 0.161173 per cent. in Seera Group Holding (the single shareholder of the Company). As a result, he indirectly owns approximately 88,645 shares in the Company.

[(4)] As of the date of this Prospectus, Ahmed Samer Hamdi Saadeddin Alzaim's wife directly owns 0.035003 per cent. in Seera Group Holding (the single shareholder of the Company). As a result, she indirectly owns approximately 19,252 shares in the Company.

[(5)] As of the date of this Prospectus, Ahmed Samer Hamdi Saadeddin Alzaim's mother directly and indirectly owns 0.096678 per cent. in Seera Group Holding (the single shareholder of the Company). As a result, she indirectly owns approximately 53,173 shares in the Company.

[(6)] As of the date of this Prospectus, Ibrahim Abdulaziz Ibrahim Alrashed directly owns 0.0004667 per cent. in Seera Group Holding (the single shareholder of the Company). As a result, he indirectly owns approximately 257 shares in the Company.

[(7)] As of the date of this Prospectus, Abdullah Nasser Abdullah Aldaoud directly owns 0.0007773 per cent. in Seera Group Holding (the single shareholder of the Company). As a result, he indirectly owns approximately 428 shares in the Company.

The Secretary of the Board of Directors is Reem Abdulaziz Abdulrahman AlDaej, who was appointed pursuant to a resolution by the Board of Directors dated 19 Thul-Qi'dah 1444H (corresponding to 8 June 2023G) For a summary of her biography, see Section 5.2.4.8 (*Reem Abdulaziz Abdulrahman Al-Daej, Board Secretary*).

Between the date of the CMA's approval of the Offering and the publication of this Prospectus, the Board and the Committees underwent notable changes in its composition, whereas the composition of the Board at the time of the CMA's approval of the Offering dated 7 Ramadan 1444H (corresponding to 29 March 2023G) was as follows:

Table 5.3: Company's Board of Directors as of 7 Ramadan 1444H (corresponding to 29 March 2023G)

Name	Position	Status and Independence	Date of Appointment
Majed Aidh Al-Nafi'i	Chairman	Non-Executive	25 Shawwal 1443H (corresponding to 26 May 2022G)
Ibrahim Abdulaziz Ibrahim Alrashed	Vice Chairman	Non-Executive	25 Shawwal 1443H (corresponding to 26 May 2022G)
Abdullah Nasser Abdullah Aldaoud	Director	Non-Executive	25 Shawwal 1443H (corresponding to 26 May 2022G)
Sulaiman Nasser Jebran Alhatlan Alqahtani	Director	Independent	25 Shawwal 1443H (corresponding to 26 May 2022G)
Abdullah Fahad Al-Fassam	Director	Independent	25 Shawwal 1443H (corresponding to 26 May 2022G)
Khaled Mohammed Abu Bakr Al-Amoudi	Director	Independent	25 Shawwal 1443H (corresponding to 26 May 2022G)
Hatem Ali Bin Talib Barjash	Director	Independent	25 Shawwal 1443H (corresponding to 26 May 2022G)

Source: The Company.

The Extraordinary General Assembly held on 12 Thul-Qi'dah 1444H (corresponding to 1 June 2023G) has resolved to conclude the previous session of the Board, which was supposed to end on 18 Sha'ban 1446H (corresponding to 17 February 2025G). Additionally, the Extraordinary General Assembly approved the reconfiguration of a new four-year term session and the reappointment of all members of the previous Board of Directors in the new session of the Board, except for one member who was not reappointed due to a potential conflict of interest. Furthermore, Mohammed Saleh Hassan Alkhalil was appointed as Chairman for the new session of the Board and Majed Aidh Al-Nafi'i (who was holding the Chairman position prior to reconfiguration) was appointed as Vice Chairman of the Board for the new session.

The composition of the Board of Directors after the reconfiguration was as follows:

Table 5.4: Company's Board of Directors as of 12 Thul-Qi'dah 1444H (corresponding to 1 June 2023G)

Name	Position	Status and Independence	Date of Appointment
Mohammed Saleh Hassan Alkhalil	Chairman	Non-Executive	12 Thul-Qi'dah 1444H (corresponding to 1 June 2023G)
Majed Aidh Al-Nafi'i	Vice Chairman	Non-Executive	12 Thul-Qi'dah 1444H (corresponding to 1 June 2023G)
Ibrahim Abdulaziz Ibrahim Alrashed	Director	Non-Executive	12 Thul-Qi'dah 1444H (corresponding to 1 June 2023G)
Abdullah Nasser Abdullah Aldaoud	Director	Non-Executive	12 Thul-Qi'dah 1444H (corresponding to 1 June 2023G)
Sulaiman Nasser Jebran Alhatlan Alqahtani	Director	Independent	12 Thul-Qi'dah 1444H (corresponding to 1 June 2023G)
Abdullah Fahad Al-Fassam	Director	Independent	12 Thul-Qi'dah 1444H (corresponding to 1 June 2023G)
Khaled Mohammed Abu Bakr Al-Amoudi	Director	Independent	12 Thul-Qi'dah 1444H (corresponding to 1 June 2023G)

Source: The Company.

On 19 Thul-Q'idah 1444H (corresponding to 8 June 2023G), the Director, Abdullah Fahad Al-Fassam submitted his resignation for personal reasons. As a result, the Extraordinary General Assembly issued a resolution dated 29 Thul-Qi'dah 1444H (corresponding to 18 June 2023G), appointing Yasser Abdulaziz Mohammed Alkadi as an independent member of the Board of Directors.

On 25 Thul-Qi'dah 1444H (corresponding to 13 June 2023G), the Vice Chairman, Majed Aidh Al-Nafi'i, submitted his resignation for personal reasons. and the Extraordinary General Assembly held its meeting on 29 Thul-Qi'dah 1444H (corresponding to 18 June 2023G) As a result, the Extraordinary General Assembly issued a resolution dated 29 Thul-Qi'dah 1444H (corresponding to 18 June 2023G), appointing Ahmed Samer Alzaim as a Vice Chairman of the Board of Directors.

The composition of the Board of Directors after the above-mentioned resignations and appointments became as follows:

Table 5.5: Company's Board of Directors as of 29 Thul-Qi'dah 1444H (corresponding to 18 June 2023G)

Name	Position	Status and Independence	Date of Appointment
Mohammed Saleh Hassan Alkhalil	Chairman	Non-Executive	12 Thul-Qi'dah 1444H (corresponding to 1 June 2023G)
Ahmed Samer Hamdi Saadeddin Alzaim	Vice Chairman	Non-Executive	29 Thul-Qi'dah 1444H (corresponding to 18 June 2023G)
Ibrahim Abdulaziz Ibrahim Alrashed	Director	Non-Executive	12 Thul-Qi'dah 1444H (corresponding to 1 June 2023G)
Abdullah Nasser Abdullah Aldaoud	Director	Non-Executive	12 Thul-Qi'dah 1444H (corresponding to 1 June 2023G)
Sulaiman Nasser Jebran Alhatlan Alqahtani	Director	Independent	12 Thul-Qi'dah 1444H (corresponding to 1 June 2023G)
Yasser Abdulaziz Mohammed Alkadi	Director	Independent	29 Thul-Qi'dah 1444H (corresponding to 18 June 2023G)
Khaled Mohammed Abu Bakr Al-Amoudi	Director	Independent	12 Thul-Qi'dah 1444H (corresponding to 1 June 2023G)

Source: The Company.

For details regarding the changes related to the composition of the Committees, see Section 5.3 (*Company Committees*).

5.2.2 Responsibilities of the Board of Directors

The Company is supervised by a Board of Directors consisting of professional and highly experienced persons. Further to powers set by the General Assembly in the Companies Law and its implementing regulations, as well as the Company's Bylaws, the Board of Directors is vested with full powers to manage the business of the Company and supervise its affairs. The Board of Directors delegates responsibility for the overall day-to-day management of the Company to the Company's Executive Management.

Some powers are delegated to the Board of Directors' Committees, consisting of the Audit Committee, the Nomination and Remuneration Committee and the Executive Committee (collectively, the "**Committees**"), and a number of administrative departments with responsibility for dealing with a range of operational and business matters (for further details, see Section 4.9 (*Overview of Company Departments*). In addition, the Board of Directors has the power to form any number of committees it considers necessary for the effective governance, oversight and operations of the Company or to delegate some of its powers to one or more of the Directors or to third parties. However, despite any delegation, the ultimate responsibility for the Company rests with the Board of Directors.

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

5.2.2.1 Board of Directors

The responsibilities of the Board of Directors include the following:

- participating in the overall direction and management of the Company;
- acting on behalf of the Company in an agent-like capacity;
- overseeing the Committees in line with the policies and objectives of the Company;
- approving the appointment of the Chief Executive Officer, the Chief Financial Officer and the Head of Internal Audit Department;
- laying down a comprehensive strategy for the Company, the main work plans and the policy related to risk management;
- determining the appropriate capital structure of the Company, its strategies and financial objectives and approving its annual budgets;
- supervising the main capital expenditures of the Company and acquisition/disposal of assets;
- determining the performance objectives to be achieved and supervising implementation thereof;
- monitoring the overall performance of the Company;
- reviewing and approving the organisational and functional structures of the Company;

- developing a written policy regulating conflicts of interest and the remedy of any possible cases of conflict by the Directors, Executive Management and Shareholders;
- developing written policies regulating the Company's relationship with the Shareholders, including policies in connection with the indemnification of Shareholders and the settlement of complaints or disputes between the Company and Shareholders;
- developing policies in connection with maintaining relationships with customers and suppliers and protecting the confidentiality of information in relation thereto;
- establishing a code of conduct for the Executive Management and employees in line with the proper professional and ethical standards;
- developing policies in connection with the Company's social contributions;
- establishing policies and procedures to ensure the Company's compliance with the relevant laws and regulations and the Company's continuous obligation to disclose material information to the Shareholders and other relevant parties;
- laying down policies, standards and procedures in connection with the membership of the Board of Directors and implementation thereof;
- ensuring the alignment of strategies and plans with the Company's existing resources, risks, economic and market conditions and growth;
- entering into financial transactions on behalf of the Company;
- ensuring the integrity of the financial and accounting procedures, including procedures related to the preparation of the financial reports;
- ensuring the implementation of control procedures appropriate for risk management by forecasting the risks that the Company could encounter and disclosing them with transparency;
- holding a meeting in the last quarter of each year to approve the budget for the following year;
- except for the Audit Committee, which is appointed by a resolution of the Ordinary General Assembly, establishing Committees of the Board of Directors with specific mandates, approving its charters and appointing its members;
- evaluating the performance of the Company's Senior Executives in connection with the achievement of strategy;
- ensuring that a sound system of internal control (supported by the Audit Committee) is established, implemented and maintained at all levels;
- reviewing the effectiveness of the Company's internal control systems;
- ensuring compliance with the Company's corporate governance regulations and its policies and procedures;
- approving the delegation of authority matrix, budgets and financial statements;
- determining the powers to be delegated to the Company's Senior Executives;
- approving new business initiatives and business closures;
- reviewing the performance of the Committees established by the Board of Directors;
- reviewing compliance with the authority matrix;
- ensuring disclosure of key business transactions and Related Party transactions in the Board of Directors' annual report;
- calling for a meeting of the General Assembly at least once a year during the six months following the end of the Company's financial year;
- reviewing the Company's corporate governance regulations periodically, evaluating whether any changes are required in light of updated regulations and changes in practices and communicating such changes to the Secretary; and
- providing recommendations to the Shareholders for the dividends to be distributed in accordance with the Company's dividend distribution policy and for any retention of profits.

5.2.2.2 Chairman

The responsibilities of the Chairman include the following:

- promoting constructive relationships between the Board of Directors and the Senior Executives, and between the executive Directors and the non-executive Directors;
- ensuring that the Board of Directors' agenda is focused on the Company's strategy, performance, value creation for Shareholders and accountability at all levels;
- promoting a culture in the boardroom that supports constructive criticism and alternative views on issues under consideration, and encourages discussion and voting on these issues;
- ensuring that both the Directors and the Shareholders receive adequate and timely information;
- delegating tasks to individual Directors and following up on their progress; and
- ensuring that the Directors disclose their business and conflicts of interest in any matter discussed in Board of Directors meetings.

5.2.2.3 Secretary

The responsibilities of the Secretary include the following:

- managing the administrative, technical and logistics related to the affairs of the Board of Directors and the General Assembly meetings;
- managing and coordinating the meeting agendas of the Board of Directors and the Committees;
- attending the meetings of the Board of Directors;
- preparing visual presentations, preparing and distributing minutes of meetings, archiving all data, information and records related to the Board of Directors and the Committees and monitoring the implementation of resolutions of the Board of Directors and the Committees;
- ensuring the flow of information within the Board of Directors and between the Board of Directors and the Company's Executive Management;
- preparing and maintaining a register of proceedings and resolutions of the Board of Directors and the Committees and the safekeeping the Company's official records;
- managing and developing the Board of Directors' secretariat division;
- acting as a liaison officer with the CMA and other official entities and ensuring compliance with the Corporate Governance Regulations and other related regulations;
- assisting in the modernisation and implementation of the Company's corporate governance;
- assisting the Nomination and Remuneration Committee in preparing and implementing the orientation programme for incoming Directors;
- preparing status reports on the resolutions of the Board of Directors and implementation thereof;
- ensuring that the procedures, rules and regulations applicable to the Board of Directors are followed by the Directors;
- maintaining and updating the Company's Corporate Governance Manual as per the instructions of the Board of Directors; and
- performing other tasks as delegated by the Board of Directors.

5.2.3 Service Contracts with Directors

No service or employment contracts were concluded between the Directors and the Company.

5.2.4 Biographies of the Directors and the Secretary

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

5.2.4.1 Mohammed Saleh Hassan Alkhalil, Chairman

Nationality:	Saudi
Age:	60 years
Position	Company Chairman.
Capacity	Non-Executive
Academic and Professional Qualifications:	– Master's Degree of Science in Business Administration, College of Management, Colorado State University, Fort Collins, United States of America, 1990G; and – Bachelor's Degree of Science and Engineering in Computer Science, King Fahad University of Petroleum and Minerals, Dhahran, Kingdom of Saudi Arabia, 1985G.
Appointment Date (Current Term):	12 Thul-Qi'dah 1444H (corresponding to 1 June 2023G).
Current Positions:	– Company Chairman, since 2023G; – Member of the Board of Directors, Asaqifa for Business Development Company, a limited liability company, business development and technical projects sector, since 2023G; – Chairman of the Board of Directors, Almosafer Travel and Tourism Company, a closed joint stock company, travel and tourism sector, since 2023G; – Chairman of the Board of Directors, Rua Al Madinah Holding Company, a closed joint stock company, real estate development and investment sector, since 2021G; – Member of the Board of Directors, The Saudi Investment Bank, a public joint stock company, banking and financial services sector, since 2021G; – Member of the Board of Directors, Al-Makar Company for Development, a closed joint stock company, development and improvement sector, since 2020G; – Chairman of the Board of Directors, National Petrochemical Industries Company (NATPET), a closed joint stock company, petrochemical industries sector, since 2020G; – Chairman of the Board of Directors, Alujain Corporation, a public joint stock company, petrochemicals, mining and metals sector, since 2017G; – Chairman of the Board of Directors, Al Enwan Real Estate Development Company, a limited liability company, real estate development sector, since 2016G;
Current Positions:	– Chairman of the Board of Directors, Seera Group Holding, a public joint stock company, travel and tourism sector, since 2015G; – Chairman of the Board of Directors, Kanolli Food Industries Ltd. Co., a limited liability company, food industry sector, since 2013G; – Member of the Board of Directors, Tatweer Buildings Company, a limited liability company, project management sector, since 2012G; – Member of the Board of Directors, Al Tahaluf Real Estate Company, a limited liability company, real estate development sector, since 2012G; – Member of the Board of Directors, Arkan Steel Company for the Manufacture of Iron, a closed joint stock company, iron and steel industry sector, since 2011G; – Vice Chairman of the Board of Directors, Cementra Company – Jordan, a private joint stock company, cement industries sector, since 2011G; and – Chairman of the Board of Directors, FAD Investment and Development Company, a limited liability company, development and investment sector, since 2008G.

Key Past Professional Experience:	– Member of the Board of Directors, Al Widyan Real Estate Company, a closed joint stock company, real estate investment sector, from 2020G to 2022G; – Vice Chairman of the Board of Directors, Unaizah Endowment Company, a closed joint stock company, real estate investment sector, from 2018G to 2022G; – Chairman of the Board of Directors, Unaizah Investment Company, a closed joint stock company, real estate investment sector, from 2012G to 2022G; – Vice Chairman of the Board of Directors, Elite Medical Doctors Company, a closed joint stock company, medical services sector, from 2009G to 2022G; – Member of the Board of Directors, Akwan Real Estate Company, a closed joint stock company, real estate investment sector, from 2007G to 2022G; – Member of the Board of Directors, Bilda Company for Specialised Commercial Complexes, a closed joint stock company, real estate investment sector, from 2007G to 2021G; – Member of the Board of Directors, Thakher Makkah, a limited liability company, real estate development sector, from 2016G to 2018G; – Chairman of the Board of Directors and founder of the International Environmental Services Company, a limited liability company, environmental services sector, from 2008G to 2018G; – Member of the Board of Directors, Riyadh Chamber, a service organisation, from 2012G to 2016G; – Member of the Board of Directors, Tatweer Education Holding Company (a company owned by the Public Investment Fund), a closed joint stock company, from 2012G to 2016G; – Member of the Board of Directors, Manafea Holding Company, a closed joint stock company, investment management sector, from 2011G to 2015G; – Member of the Board of Trustees, Muhammad Abdulaziz Al-Rajhi Endowment, an endowment entity, charitable sector, from 2010G to 2013G; and – Member of Muhammad Abdulaziz Al-Rajhi Business Council, a council that aims to manage the business of Muhammad Abdulaziz Al-Rajhi from 2007G to 2009G.

5.2.4.2 Ahmed Samer Hamdi Saadeddin Alzaim, Vice Chairman

Nationality:	Saudi
Age:	56 years
Position:	Company Chairman.
Capacity	Non-Executive
Academic and Professional Qualifications:	– Bachelor's Degree in Business Administration, Lebanese American University, Beirut, Lebanon, 1987G; and – Bachelor's Degree in Economics, New York University, New York, United States of America, 1992G.
Appointment Date (Current Term):	29 Thul-Qi'dah 1444H (corresponding to 18 June 2023G).
Current Positions:	– Company Vice Chairman, since 2023G. – Company Audit Committee Member, since 2022G; – Chairman of the Risk Committee, Al Rajhi Company for Cooperative Insurance, a public joint stock company, insurance sector, since 2021G; – Chairman of the Board of Managers, International Gulf Trading and Real Estate Investment Company, a limited liability company, real estate sector, since 2020G; – Member of the Nomination and Remuneration Committee, Riyadh Cables Group, a public joint stock company, manufacture of cables sector, since 2019G; – Member of the Nomination and Remuneration Committee, Saudi Modern Company for Metals, Cables and Plastic Industry, a closed joint stock company, manufacture of metal products, high voltage cables and plastics sector, since 2019G; – Member of the Nomination and Remuneration Committee, Saudi Modern Company for Telephone Cable Industry, a closed joint stock company, manufacture of cables sector, since 2019G; – Member of the Nomination and Remuneration Committee, Saudi Modern Company for Specialised Electrical Cables and Wires Industry, a closed joint stock company, manufacture of cables sector, since 2019G; – Member of the Nomination and Remuneration Committee, Riyadh Cables Company, a closed joint stock company, manufacture of cables sector, since 2019G; – Member of the Board of Managers, National Company for Cables Ltd, a limited liability company, manufacture of cables sector, since 2017G; – Chairman of the Board of Managers, Silver Crown Trading Co., a limited liability company, trading sector, since 2017G; – Chairman of the Board of Managers, Lighting Technology Co. Ltd, a limited liability company, lighting fixtures sector, since 2017G; – Chairman of the Board of Directors, Saudi Modern Company for Telephone Cable Industry, a closed joint stock company, manufacture of cables sector, since 2015G; – Chairman of the Board of Directors, Saudi Modern Company for Metals, Cables and Plastic Industry, a closed joint stock company, manufacture of metal products, high voltage cables and plastics sector, since 2015G; – Member of the Executive Committee, Saudi Modern Company for Metals, Cables and Plastic Industry, a closed joint stock company, manufacture of metal products, high voltage cables and plastics sector, since 2014G; – Member of the Executive Committee, Saudi Modern Company for Telephone Cable Industry, a closed joint stock company, manufacture of cables sector, since 2014G; – Member of the Executive Committee, Saudi Modern Company for Specialised Electrical Cables and Wires Industry, a closed joint stock company, manufacture of cables sector, since 2014G; – Member of the Executive Committee, Riyadh Cables Company, a closed joint stock company, manufacture of cables sector, since 2014G; – Member of the Executive Committee, Riyadh Cables Group, a public joint stock company, manufacture of cables sector, since 2014G; – Member of the Audit Committee, Seera Group Holding, a public joint stock company, travel and tourism sector, since 2012G; – Vice Chairman of the Board of Directors, Seera Group Holding, a public joint stock company, travel and tourism sector, since 2005G; – Member of the Board of Directors, Al Rajhi Company for Cooperative Insurance, a public joint stock company, insurance sector, since 2009G; – Member of the Board of Managers, Modern Company for Cables Ltd, a limited liability company, construction and maintenance sector, since 1996G; and – Member of the Board of Directors, Riyadh Cables Group, a public joint stock company, manufacture of cables sector, since 1996G.

Key Past Professional Experience:	– Member of the Nomination and Remuneration Committee, Al Rajhi Company for Cooperative Insurance, a public joint stock company, insurance sector, from 2020G to 2021G; – Chairman of the Nomination and Remuneration Committee, Al Rajhi Company for Cooperative Insurance, a public joint stock company, insurance sector, from 2015G to 2020G; – Member of the Board of Managers, International Gulf Trading and Real Estate Investment Company, a limited liability company, real estate sector, from 2004G to 2020G; – Member of the Board of Directors, Riyadh Cables Company, a closed joint stock company, manufacture of cables sector, from 1997G to 2019G; – Member of the Board of Directors, Saudi Modern Company for Specialised Electrical Cables and Wires Industry, a closed joint stock company, manufacture of cables sector, from 1997G to 2019G; – Member of the Audit Committee, Al Rajhi Company for Cooperative Insurance, a public joint stock company, insurance sector, from 2015G to 2018G; – Member of the Executive Committee, Seera Group Holding, a public joint stock company, travel and tourism sector, from 2012G to 2018G; and – Member of the Board of Directors, Riyadh Chambers of Commerce and Industry, a non-profit organisation, from 2004G to 2016G.

5.2.4.3 Ibrahim Abdulaziz Ibrahim Alrashed, Director

Nationality:	Saudi
Age:	44 years
Position	Company Director.
Capacity	Non-Executive
Academic and Professional Qualifications:	– Diploma in Real Estate Development, Harvard Business School, Cambridge, United States of America, 2022G; – Master's Degree in Business Administration, Sam M. Walton College of Business, University of Arkansas, Arkansas, United States of America, 2005G; – Bachelor's Degree in Accounting, King Saud University, Riyadh, Kingdom of Saudi Arabia, 2000G; – Initial Fellowship, Saudi Organization for Certified Public Accountants (SOCPA), Riyadh, Kingdom of Saudi Arabia, 2002G; and – Followship of the Royal Institution of Chartered Surveyors, London, United Kingdom.
Appointment Date (Current Term):	12 Thul-Qi'dah 1444H (corresponding to 1 June 2023G).
Current Positions:	– Company Director, since 2022G; – Company Nomination and Remuneration Committee Member, since 2022G; – Company Executive Committee Chairman, since 2023G; – Vice Chairman of the Board of Directors, Al Raeda Finance Company, a closed joint stock company, financial services sector, since 2022G; – Member of the Board of Directors, Moakaba for Real Estate Development Company, a limited liability company, real estate sector, since 2021G; – Member of the Board of Directors, Saudi Entertainment Ventures Co. (SEVEN), a closed joint stock company, entertainment sector, since 2019G; – Chairman of the Board of Directors, Gheras Al-Khairat Company and its subsidiaries, a closed joint stock company, agricultural sector, since 2019G; and – Member of the Board of Directors, Seera Group Holding, a public joint stock company, travel and tourism sector, since 2018G.
Key Past Professional Experience:	– Company Executive Committee Member, from 2022G to 2023G; – Regional Director, Colliers International, a limited liability company, professional services and investment management services, from 2008G to 2022G; – Consultant, Ernst and Young Professional Services, a professional company, financial advisory services sector, from 2005G to 2007G; – Analysts Supervisor, Ernst and Young Professional Services, a professional company, financial advisory services sector, from 2002G to 2005G; and – Auditor, Ernst and Young Professional Services, a professional company, financial advisory services sector, from 2000G to 2001G.

5.2.4.4 Abdullah Nasser Abdullah Aldaoud, Director

Nationality:	Saudi
Age:	40 years
Position	Company Director.
Capacity	Non-Executive
Academic and Professional Qualifications:	– Master's Degree in Business Administration, Georgetown University, Washington, District of Columbia, United States of America, 2007G; – Master's Degree in International Politics, Georgetown University, Washington, District of Columbia, United States of America, 2007G; and – Bachelor's Degree in Business Administration, King Saud University, Riyadh, Kingdom of Saudi Arabia, 2002G.
Appointment Date (Current Term):	12 Thul-Qi'dah 1444H (corresponding to 1 June 2023G).
Current Positions:	– Company Director, since 2022G; – Member of the Executive Committee of the Company, since 2022G; – Managing Director, Qiddiya Investment Company, a closed joint stock company owned by the Public Investment Fund, investment services sector, since 2021G; – Managing Director, Seera Group Holding, a public joint stock company, travel and tourism sector, since 2021G; – Member of the Board of Directors, Alarabiya News Holding Limited, a limited liability company, media sector, since 2021G; – Member of the Board of Directors, Square Enix Holdings Company, a limited liability company, entertainment sector, since 2021G; – Member of the Board of Directors, AlUla Development Company, a closed joint stock company, real estate development sector, since 2020G; – Member of the Investment Committee, Royal Commission for AlUla, a Saudi Governmental entity, since 2020G; – Chairman of the Board of Directors, Alraedah Finance Company, a closed joint stock company, financial services sector, since 2019G; – Member of the Board of Directors, E-Commerce Council, a Saudi Government council, since 2019G; – Member of the Board of Directors, MBC Group, a closed joint stock company, media and entertainment sector, since 2018G; – Chairman of the Board of Directors, Saudi Entertainment Projects Company, a closed joint stock company, entertainment sector, since 2018G; and – Member of the Board of Directors, Careem Inc., a closed joint stock company, transportation services sector, since 2014G.
Key Past Professional Experience:	– Member of the Board of Directors, Rua Al Madinah Holding Company, a closed joint stock company, real estate development sector, from 2016G to 2021G; – Chairman of the Board of Directors, Almosafer Travel Company, a closed joint stock company, travel and tourism sector, from 2016G to 2021G; – Chief Executive Officer, Seera Group Holding, a public joint stock company, travel and tourism sector, from 2015G to 2021G; – Member of the Board of Directors, Saudi Tadawul Group Holding Company, a public joint stock company, capital markets sector, from 2018G to 2020G; and – Vice President, Deutsche Bank AG Saudi Arabia, a branch of a German public joint stock company, banking and financial services sector, from 2007G to 2014G.

5.2.4.5 Sulaiman Nasser Jebran Alhatlan Alqahtani, Director

Nationality:	Saudi
Age:	51 years
Position:	Company Director.
Capacity:	Independent
Academic and Professional Qualifications:	– Master's Degree in Accounting, California State University, California, United States of America, 1998G; and – Bachelor's Degree in Accounting, King Saud University, Riyadh, Kingdom of Saudi Arabia, 1994G.
Appointment Date (Current Term):	12 Thul-Qi'dah 1444H (corresponding to 1 June 2023G).
Current Positions:	– Company Director, since 2022G; – Company Audit Committee Chairman, since 2022G; – Member of the Board of Directors, Arriyadh Development Company, a public joint stock company, real estate development sector, since 2022G; – Chief Executive Officer, Growth Avenue Investment Company, a limited liability company, investments sector, since 2022G; – Member of the Board of Directors, Saudi Vitrified Clay Pipes Company, a public joint stock company, vitrified clay pipes production services sector, since 2020G; – Vice Chairman of the Board of Directors, Al Hilal Saudi Club, a sports club owned by the Ministry of Sports, sports sector, since 2018G; – Member of the Board of Directors, Maharah Human Resources Company, a public joint stock company, manpower services sector, since 2017G; – Member of the Audit Committee, Bupa Arabia for Cooperative Insurance Company, a public joint stock company, insurance services sector, since 2016G; and – Member of the Audit Committee, Almarai Company, a public joint stock company, food and beverage production sector, since 2011G.
Key Past Professional Experience:	– Member of the Audit Committee, Arriyadh Development Company, a public joint stock company, real estate development sector, from 2021G to 2022G; – Chief Executive Officer, Griffin Financial Consulting, a limited liability company, financing and strategic consulting services sector, in 2020G; – Chief Executive Officer and member of the Board of Managers, House of National Consulting Company, a limited liability company, financial services sector, from 2006G to 2020G; – Member of the Audit Committee, Securities Depository Centre Company (Edaa), a closed joint stock company, capital markets sector, from 2016G to 2018G; – Member of the Audit Committee, Bank Albilad, a public joint stock company, banking and financial services sector, from 2011G to 2018G; – Partner, Alhumaid and Alnemer Consulting Company, Limited Liability Company, financial services sector, from 2005G to 2006G; and – Training Facility Member, Institute of Public Administration, a Saudi Government entity, educational sector, from 1999G to 2005G.

5.2.4.6 Yasser Abdulaziz Mohammed Alkadi, Director

Nationality:	Saudi
Age:	43 years
Position:	Company Director.
Capacity:	Independent
Academic and Professional Qualifications:	– Master's Degree in Business Administration, University of Portland, Portland, United States of America, 2003G. – Bachelor's Degree in Science, University of Portland, Portland, United States of America, 2001G.
Appointment Date (Current Term):	29 Thul-Qi'dah 1444H (corresponding to 18 June 2023G).
Current Positions:	– Company Director, since 2023G; – Member of the Board of Directors, Jabal Omar Development Company, a public joint stock company, real estate management and development sector, since 2021G; – Member of the Board of Directors, Derayah Financial Company, a closed joint stock company, investment sector, since 2020G; – Member of the Board of Trustees, Oqal Angel Investors Network, a closed joint stock company, investments sector, since 2019G; – Member of the Executive Committee, Tomoh Program, one of the programs of the General Authority for Small and Medium Enterprises (Monsha'at), a Saudi Governmental entity, since 2019G; – Member of the Logistics Committee, Riyadh Chamber of Commerce, a Saudi Governmental entity, since 2018G; – Chief Executive Officer, Kadi Group Holding, a closed joint stock company, investment sector, since 2017G; and – Managing Director, Zajil Logistics Company, a closed joint stock company, road transportation and logistics services sector, since 2015G.
Key Past Professional Experience:	– Member of the Board of Directors, National Shipping Company of Saudi Arabia, a public joint stock company, maritime transportation and logistics services sector, from 2020G to 2023G; – Member of the Logistics Committee, Eastern Province Chamber of Commerce, a Saudi Governmental entity, from 2018G to 2021G; – Business Development Manager, Jeraisy Group, a closed joint stock company, industrial and commercial sector, from 2006G to 2008G; and – Financial Analyst, Faisaliah Group, a closed joint stock company, Dairy, electronics, healthcare and food service sector, from 2004G to 2006G.

5.2.4.7 Khalid Mohamed Abu Bakr Alamoudi, Director

Nationality:	Saudi
Age:	48 years
Position:	Company Director.
Capacity:	Independent
Academic and Professional Qualifications:	Bachelor's Degree of Industrial Management, King Fahad University of Petroleum and Minerals, Dhahran, Kingdom of Saudi Arabia, 1997G.
Appointment Date (Current Term):	12 Thul-Qi'dah 1444H (corresponding to 1 June 2023G).
Current Positions:	– Company Director, since 2022G; – Chairman of the Hotels and Tourism Committee, Chamber of Commerce and Industry in Mecca, a Saudi Governmental entity, since 2023G; – Chairman of the Nomination and Remuneration Committee, Human Resources Development Fund, a Saudi Governmental entity, since 2022G; – Member of the Board of Directors, Alof Development Company, an affiliated Company of Jazan Municipality, since 2022G; – Member of the Board of Managers, Warifat Hospitality Management Company, a limited liability company, hospitality sector, since 2021G; – Member of the Board of Managers, SAHAT property Management Company, a limited liability company, real estate services sector, since 2020G; – Member of the Board of Directors, Saudi Tabreed District Cooling Company, a closed joint stock company, district cooling services sector, since 2020G; – Member of the Board of Directors, Alinma Makkah Real Estate Fund, a public fund, real estate investments sector, since 2020G; – Chief Executive Officer, Jabal Omar Development Company, a public joint stock company, real estate development sector, since 2019G; and – Member of the Board of Directors, National Financing Services Company, a closed joint stock company, financial services sector, since 2019G.
Key Past Professional Experience:	– Member of the Board of Directors, Human Resources Development Fund, a Saudi Governmental entity, from 2019G to 2022G; – General Supervisor and Vice Chairman of the Board of Directors, Real Estate Development Fund, a Saudi Government entity, from 2017G to 2019G; – Head of Real Estate Finance, National Commercial Bank (currently known as Saudi National Bank), a public joint stock company, banking and financial services sector, from 2012G to 2017G; – Head of Sales and Distribution, National Commercial Bank (currently known as Saudi National Bank), a public joint stock company, banking and financial services sector, from 2008G to 2012G; and – Area Manager of North Jeddah (Islamic Retail Network), National Commercial Bank (currently known as Saudi National Bank), a public joint stock company, banking and financial services sector, from 2006G to 2008G.

5.2.4.8 Reem Abdulaziz Abdulrahman Al-Daej, Board Secretary

Nationality:	Saudi
Age:	27 years
Position	Board Secretary.
Academic and Professional Qualifications:	– Bachelor's Degree in Law, Prince Sultan University, Riyadh, Kingdom of Saudi Arabia, 2019G; – Certified Disclosure Professional, The Financial Academy, Riyadh, Kingdom of Saudi Arabia, 2020G; and – Board Secretary Certificate, Technical and Vocational Training Corporation, Riyadh, Kingdom of Saudi Arabia, 2022G.
Appointment Date (Current Term):	19 Thul-Qi'dah 1444H (corresponding to 8 June 2023G).
Current Positions:	– Secretary of the Company's Board of Directors, since 2022G; and – Head of the Legal Department of the Company, since 2023G.
Key Past Professional Experience:	– Assistant Manager, Seera Group Holding, a public joint stock company, travel and tourism sector, from 2022G to 2023G; – Senior Legal Officer, Seera Group Holding, a public joint stock company, travel and tourism sector, from 2020G to 2022G; and – Legal Officer, Seera Group Holding, a public joint stock Company, travel and tourism sector, from 2019G to 2020G.

5.3 Company Committees

The Board of Directors has established the Committees to optimise the management of the Company and to meet relative regulatory requirements. Each Committee is required to have clear rules identifying their role, powers and responsibilities. Minutes must be prepared for each meeting of each Committee (which are reviewed and approved by the Board of Directors). The charters of the Audit Committee and the Nomination and Remuneration Committee were approved at the Extraordinary General Assembly Meeting on 12 Thul-Qi'dah 1444H (corresponding to 1 June 2023G), while the Executive Committee charter was approved by the Board of Directors on 30 Ramadan 1443H (corresponding to 1 May 2022G).

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

5.3.1 Audit Committee

5.3.1.1 Responsibilities of the Audit Committee

The Audit Committee assists the Board with oversight of: (i) the integrity, effectiveness and accuracy of the Company's financial statements, reports, and internal control system; (ii) the Company's compliance with legal and regulatory requirements, and the rules of professional conduct; (iii) the qualifications and independence of the Company's external auditors; (iv) the performance of the Company's internal audit and external auditors; and (v) evaluating and supervising the risk management system in the Company and the relevant procedures in this regard. The responsibilities of the Audit Committee further include the following:

(a) Financial Statements and Reports:

- Reviewing significant issues related to accounting and reporting matters, including complex or unusual transactions, critical discretionary areas, and emerging professional and organisational announcements, and assess their impact on the financial statements;
- reviewing material or unusual issues included in the Company's financial statements and reports, and issues raised by the Chief Financial Officer (or his/her delegate), compliance officer, or the external auditor;
- reviewing the results of the external audit, along with the management and the external auditor, including any difficulties encountered;
- studying the Company's interim and annual financial statements, expressing an opinion thereon, and making recommendations in this regard to the Board prior to their submission to the Board to ensure the validity, integrity and transparency thereof; and considering whether they are complete and consistent with information that the members are aware of and whether they reflect appropriate accounting principles and policies;
- reviewing other sections of the annual report and related organisational files before they are issued, and considering the accuracy and completeness of the information;
- reviewing all issues required to be referred to the Committee in light of the generally accepted auditing standards, in cooperation with the management and the external auditor;

- considering the accounting policies followed by the Company, expressing an opinion thereon and making recommendations to the Board in respect of the same;
- identifying how the management develops preliminary financial information, and the nature and extent of involvement of the Internal Audit Department and the external auditor;
- providing a technical opinion, at the request of the Board, regarding whether the Board's report and Company's financial statements are fair, balanced and understandable and contain information that enables the Shareholders and investors to assess the Company's financial position, performance, business model and strategy; and
- examining accounting estimates with regard to significant matters contained in the Company's financial statements and reports.

(b) Internal Control:

- Considering and reviewing the Company's internal and financial control and risk management systems and the effectiveness thereof, including IT security and controls; and
- understanding the scope of the internal audit of financial reports by the Internal Audit Department, and obtaining reports that include important findings and recommendations, and management's observations and comments.

(c) Internal Audit:

- Adopting the internal audit charter;
- reviewing the performance and activities of the Head of the Internal Audit Department, and ensuring that there are no unjustified restrictions on his/her activities, and making recommendations to the Board with respect to his/her appointment, dismissal, annual remuneration and salary;
- overseeing and supervising the performance and activities of the Company's Internal Audit Department to verify the availability of the necessary resources and the effectiveness thereof in performing the tasks and duties assigned thereto in accordance with appropriate professional standards;
- approving the annual audit plan and changes to the plan, and reviewing the performance and activities of the Internal Audit Department compared to the plan set therefor;
- working with the Head of the Internal Audit Department to review the internal audit budget, resource plan, activities, and organisational structure for the internal audit duties;
- reviewing the Company's internal audit procedures;
- considering internal audit reports, and following up on the implementation of corrective measures with regard to the observations contained therein; and
- meeting separately with the Head of the Internal Audit Department on a regular basis to discuss any matters that the Committee or Internal Audit Department deem necessary to be discussed in private sessions.

(d) External Auditors:

- Reviewing the external auditors' proposed audit scope, approach and plan, and providing an opinion thereon, including coordinating audit efforts with internal audit activities;
- recommending to the Board to nominate, dismiss, and determine the fees of the external auditor, and reviewing the scope of the work thereof and the terms of contract with the same, provided that the recommendation takes into account the independence of the external auditor;
- reviewing the performance of the external auditor, supervise the activities thereof, and approving any activity outside the scope of audit work assigned thereto during the performance of the duties thereof;
- studying the external auditor's report, observations and reservations on the Company's financial statements, and following up on the relevant actions;
- verifying the independence, objectivity and fairness of the external auditor, and the effectiveness of auditing, taking into account the relevant rules and standards, and making recommendations to the Board in this regard;
- verifying that the external auditor is not providing technical or management services outside the scope of the audit work, and making recommendations to the Board in this regard;
- meeting separately with the external auditor on a regular basis to discuss any matters that the Committee or Auditor deems necessary to be discussed in private sessions;
- responding to the inquiries of the external auditor; and
- settling any disputes that arise between the management and the external auditor regarding financial reporting.

(e) Compliance:

- Verifying and monitoring the Company’s compliance with the applicable laws, regulations, policies and instructions;
- reviewing the effectiveness of the control system, ensuring compliance with applicable laws and regulations, the results of investigations conducted by management, and following up on any non-compliance (including taking disciplinary action);
- reviewing reports and results of investigations conducted by competent auditors or supervisors in addition to any remarks given by the external auditor or internal auditors and verifying that the Company is taking the required measures in this regard.
- reviewing the process of communicating the rules of professional conduct to the Company’s employees and observing the compliance with the same;
- reviewing the contracts and transactions to be entered into by the Company with any related party, and making recommendations to the Board in relation to the same;
- ensuring that appropriate arrangements 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 or any cases of non-compliance through a reasonable mechanism; and
- obtaining regular updates from the Company’s management and legal advisor regarding compliance issues.

(f) Reporting:

- Submitting periodic reports to the Board regarding the Committee’s activities and issues identified and providing recommendations to the Board that it deems appropriate in any matter within its competencies, as necessary;
- providing an open avenue of communication amongst the Internal Audit Management, the external auditor and the Board;
- providing an annual report to Shareholders describing the Committee’s formation, duties and performance of such duties in addition to such other information as may be required by applicable rules, including approving services outside the auditing scope;
- reviewing any other reports on the Committee’s responsibilities issued by the Company;
- preparing an annual written report assessing the adequacy and efficiency of the Company’s internal control, financial and risk management systems – including information technology security and controls – and its recommendations in respect thereof, as well as the tasks undertaken by the Committee within its competence. Copies of the report should be made available for collection by the Company’s Shareholders at the Company’s head office and published on the website of the Company and the Exchange at the time of publishing the invitation to convene the relevant annual General Assembly meeting, and at least ten days prior to such General Assembly meeting. A copy of the report should be read out at that meeting; and
- preparing a written report to the Board regarding the Company’s internal audit procedures and the Committee’s recommendations in this regard.

(g) Miscellaneous:

- Performing such other activities related to the Audit Committee Charter, as requested by the Board;
- instituting and overseeing special investigations as needed;
- reviewing and assessing the adequacy and propriety of the Audit Committee Charter on a yearly basis, providing recommendations to the Board in this regard, and guaranteeing that necessary disclosures are made according to relevant laws and regulations.
- confirming, on a yearly basis, that all responsibilities set forth in the Audit Committee Charter are performed; and
- regularly assessing the performance of the Committee and every member thereof.

5.3.1.2 Audit Committee Members

The Audit Committee shall be formed by a Board resolution and shall consist of at least three but no more than five members from among the Shareholders or others; provided that (i) at least one member is an Independent Director; (ii) no Executive Director is a member or Chairman; (iii) there are not less than three and not more than five members; (iv) one of its members is specialised in finance and accounting; and (v) a person who worked during the two previous years in the executive or financial management of the Company or who has audited the Company's accounts may not be a member. The Audit Committee convenes periodically, provided that at least four meetings are held during the Company's financial year. The internal auditor and the external auditor may call for a meeting with the Audit Committee at any time as may be necessary.

The Audit Committee was formed, and its members were appointed for a term of four years by the Board resolution dated 19 Thul-Qi'dah 1444H (corresponding to 8 June 2023G). The Audit Committee is comprised of the following members as of the date of this Prospectus:

Table 5.6: Audit Committee Members

Name	Role
Sulaiman Nasser Jebran Alhatlan Alqahtani	Chairman
Ahmed Samer Hamdi Saadeddin Alzaim	Member
Ahmad Abdullah Abdulrahman Alkanhal	Member
Rana Nasser Abdulaziz Alomair	Member

Source: The Company.

5.3.1.3 Biographies of the Members of the Audit Committee

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

(a) Sulaiman Nasser Jebran Alhatlan Alqahtani, Audit Committee Chairman

See Section 5.2.4.5 (*Sulaiman Nasser Jebran Alhatlan Alqahtani, Director*) for further details regarding the experience, qualifications and the current and previous positions of Sulaiman Nasser Jebran Alhatlan Alqahtani.

(b) Ahmed Samer Hamdi Saadeddin Alzaim, Audit Committee member

See Section 5.2.4.2 (*Ahmed Samer Hamdi Saadeddin Alzaim, Vice Chairman*) for further details regarding the experience, qualifications and the current and previous positions of Ahmed Samer Hamdi Saadeddin Alzaim.

(c) Ahmad Abdullah Abdulrahman Alkanhal, Audit Committee Member

Nationality:	Saudi
Age:	49 years
Position:	Company Audit Committee member.
Academic and Professional Qualifications:	– Master of Administration, Naif Arab University for Security Sciences, Riyadh, Kingdom of Saudi Arabia, 2001G; and – Bachelor's Degree in Accounting, King Saud University, Riyadh, Kingdom of Saudi Arabia, 1996G.
Appointment Date (Current Term):	19 Thul-Qi'dah 1444H (corresponding to 8 June 2023G).
Current Positions:	– Company Audit Committee Member, since 2022G; – Company Remuneration and Nomination Committee Member, since 2022G; – Vice Chairman of the Board of Directors, Educational Horizon Company, a closed joint stock company, educational sector, since 2021G; – Member of the Board of Directors, Mosa Abdulaziz AlMosa and Sons Company, a closed joint stock company, real estate sector, since 2017G; – Vice Chairman of the Board of Managers, Emdad Logistic Services Company, a limited liability company, logistics services sector, since 2013G; – Vice Chairman of the Board of Directors, Alshabab Football Club, a football club owned by the Ministry of Sports, sports sector, since 2009G; – Member of the Board of Managers, The Global Marketing Company for Sleeping System Ltd. (Sleep High), a limited liability company, furniture manufacturing sector, since 2008G; – Member of the Audit Committee, The Global Marketing Company for Sleeping System Ltd. (Sleep High), a limited liability company, furniture manufacturing sector, since 2008G; – Founder and General Supervisor, Digital Encyclopedia Trading Corporation, a sole proprietorship, retail sector, since 2008G; – Member of the Board of Directors, Saudi Industrial Development Company, a public joint stock company, industrial sector, since 2008G; and – Member of the Audit Committee, Saudi Industrial Development Company, a public joint stock company, industrial sector, since 2007G.
Key Past Professional Experience:	– General Supervisor, SIDC Ceramic Plant (CASAVIA), (a branch of Saudi Industrial Development Co.), a public joint stock company, ceramic and acrylic manufacturing sector, from 2011G to 2016G; – Executive Vice President, Arriyadh Development Company, a public joint stock company, real estate development sector, from 2005G to 2013G; – Director of Public Transport Centre, Arriyadh Development Company, a public joint stock company, real estate development sector, from 2004G to 2005G; – Assistant Director of Public Transport Centre, Arriyadh Development Company, a public joint stock company, real estate development sector, from 2002G to 2004G; and – Member of the real estate subsidiary committee, Riyadh Chamber of Commerce and Industry, a non-profit organisation, from 2013G to 2016G.

(d) Rana Nasser Abdulaziz Alomair, Audit Committee member

Nationality:	Saudi
Age:	38 years
Position	Company Audit Committee Member, since 2022G.
Academic and Professional Qualifications:	– Master's Degree in Business Administration, Alfaisal University, Riyadh, Kingdom of Saudi Arabia, 2014G; – Bachelor of Arts in English Translation, King Saud University, Riyadh, Kingdom of Saudi Arabia, 2010G; – General Securities Qualification Certificate (CME-1), The Financial Academy, Riyadh, Kingdom of Saudi Arabia, 2010G; and – Diploma in Computer Programming, Alfaisal International Academy, Riyadh, Kingdom of Saudi Arabia, 2008G,
Appointment Date (Current Term):	19 Thul-Qi'dah 1444H (corresponding to 8 June 2023G).
Current Positions:	– Company Audit Committee Member, since 2022G; – Co-Founder and Managing Partner, Esnad Financial Company, a limited liability company, financial sector, since 2020G; – Audit Committee member, Impact Financial Company, a closed joint stock company, financial sector, since 2020G; and – Member of the Compliance Committee, Nomw Capital, a closed joint stock company, investment and financial services sector, since 2016G.
Key Past Professional Experience:	– Governance, Risk Management, and Compliance Consultant, Riyadh Airports Company, a limited liability company, airport services sector, from 2019G to 2020G; – Governance Consultant, Nomw Capital, a closed joint stock company, investment and financial services sector, from 2016G to 2019G; – Compliance Officer, Arab National Bank, a public joint stock company, banking and financial services sector, from 2014G to 2016G; and – Compliance Officer, Samba Financial Group (currently merged with Saudi National Bank), a public joint stock company, banking and financial services sector, from 2012G to 2014G.

5.3.2 Nomination and Remuneration Committee

5.3.2.1 Responsibilities of the Nomination and Remuneration Committee

The Nomination and Remuneration Committee oversees the nomination of Directors to the Board of Directors and the remuneration of Directors and Senior Executives. The duties and responsibilities of the Nomination and Remuneration Committee are mainly to: (i) lead the process of nominating and evaluating the Directors, Senior Executives and employees of the Company; (ii) ensure the effectiveness and soundness of the Company's Board and Executive Management structures and the relevant internal policies and procedures; and (iii) assist the Board in the review and determination of the remuneration of Directors, members of the committees of the Board, Senior Executives and employees of the Company. The responsibilities of the Nomination and Remuneration Committee further include the following:

(a) Nomination

- Preparing, recommending to the Board, and overseeing policies and criteria in relation to the appointment of Directors and members of the Company's Executive Management (the "**Nomination Policy**");
- ensuring that all necessary and appropriate inquiries are made into the backgrounds and qualifications of such candidates before recommending them to the Board for nomination;
- recommending to the Board candidates for nomination (or re-nomination) to the Board in accordance with the applicable law and the Nomination and Remuneration Committee Charter;
- at least annually reviewing, assessing and recommending to the Board the skills, qualifications, and credentials required for membership in the Board and the Company's Executive Management, including setting the time commitment required for such membership and the job specifications for executive, non-executive, and independent Directors and members of the Company's Executive Management;
- verifying on an annual basis the independence of each independent Director in accordance with the applicable law and the absence of any conflicts of interest, if a Director also serves as a member of the Board of Directors of another company;

- periodically reviewing and making recommendations to the Board concerning the succession plans for Directors and Senior Executives, taking into account the challenges and opportunities facing the Company, as well as the skills and expertise required in the future;
- evaluating and recommending to the Board potential candidates for Executive Management positions in the Company and, in particular, assisting the Board in selecting, developing, and evaluating potential candidates for the position of Chief Executive Officer; and
- developing and periodically reviewing procedures for filling vacancies in the Board and the Company's Executive Management, and making recommendations to the Board regarding the selection and approval of candidates to fill such vacancies.

(b) Review and Assessment

- Regularly reviewing the structure, size, composition, strengths, and weaknesses of the Board (including the skills, knowledge, and experience) and the Company's Executive Management and making appropriate recommendations to the Board that are compatible with the interests of the Company;
- developing and overseeing an orientation programme for new Directors; and
- developing, recommending and overseeing an annual self-evaluation process for the Directors and certain Senior Executives of the Company.

(c) Remuneration

- Preparing, recommending and overseeing the implementation and disclosure of a policy for the remuneration of Directors, Senior Executives, and members of the Committees of the Board (the "**Remuneration Policy**"), which shall be presented before the General Assembly for approval;
- preparing an annual report on the remuneration and other payments (in cash or in kind) received by the Directors, Executive Management and members of the Board committees, and the basis for the remuneration received with respect to the Remuneration Policy (including a description of any significant departures from the Remuneration Policy) (the "**Annual Report on Remuneration**"), for presentation before the Board for consideration;
- regularly reviewing and assessing the effectiveness and appropriateness of the Remuneration Policy and making recommendations to the Board in relation to the same;
- recommending to the Board the form and amount of remuneration to be granted to the Directors, Senior Executives of the Company, and members of the Board committees, in accordance with the approved Remuneration Policy;
- reviewing and making recommendations to the Board regarding the Company's incentive plans for Directors and employees, including in relation to adopting, amending, and terminating such plans;
- preparing and overseeing a career progression framework for the Company's employees detailing, among other things, the general range of professional ranks and levels, salary scale, benefits and allowances (in cash or in kind) for the relevant professional rank and level; and
- preparing all disclosures required under the policies of the Company and any laws, regulations, or rules to which the Company is subject, including, at a minimum, disclosures related to the Remuneration Policy and the Annual Report on Remuneration, and disclosures regarding remuneration in the annual report of the Board.

(d) Miscellaneous

- Performing such other related activities as requested by the Board.

5.3.2.2 Nomination and Remuneration Committee Members

The Nomination and Remuneration Committee consists of at least three and no more than five members. Members of the Nomination and Remuneration 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 Nomination and Remuneration Committee must be an Independent Director. The Nomination and Remuneration Committee shall convene periodically at least once every six months. Additional meetings may be held from time to time at the request of the Board or any of the members.

Between the date of the CMA's approval of the Offering and the publication of this Prospectus, the Nomination and Remuneration Committee underwent notable changes in its composition, whereas the composition of the Nomination and Remuneration Committee at the time of the CMA's approval of the Offering dated 7 Ramadan 1444H (corresponding to 29 March 2023G) was as follows:

Table 5.7: Nomination and Remuneration Committee Members as of 7 Ramadan 1444H (corresponding to 29 March 2023G)

Name	Role
Abdullah Fahad Al-Fassam	Chairman
Ahmad Abdullah Abdulrahman Alkanhal	Member
Ibrahim Abdulaziz Ibrahim Alrashed	Member

Source: The Company.

The Nomination and Remuneration Committee was reformed, and its members were appointed for a term of four years pursuant to the Board of Directors' resolution 19 Thul-Qi'dah 1444H (corresponding to 8 June 2023G). The Nomination and Remuneration Committee comprises of the following members:

Table 5.8: The Current Nomination and Remuneration Committee Members

Name	Role
Yasser Abdulaziz Mohammed Alkadi	Chairman
Ahmad Abdullah Abdulrahman Alkanhal	Member
Ibrahim Abdulaziz Ibrahim Alrashed	Member

Source: The Company.

5.3.2.3 Biographies of the Members of the Nomination and Remuneration Committee

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

(a) Yasser Abdulaziz Mohammed Alkadi, Chairman of the Nomination and Remuneration Committee

See Section 5.2.4.6 (*Yasser Abdulaziz Mohammed Alkadi, Director*) for further details regarding the experience, qualifications and the current and previous positions of Yasser Abdulaziz Mohammed Alkadi.

(b) Ahmad Abdullah Abdulrahman Alkanhal, Member of the Nomination and Remuneration Committee

See Section 5.3.1.3(c) (*Ahmad Abdullah Abdulrahman Alkanhal, Audit Committee Member*) for further details regarding the experience, qualifications and the current and previous positions of Ahmad Abdullah Abdulrahman Alkanhal.

(c) Ibrahim Abdulaziz Ibrahim Alrashed, Member of the Nomination and Remuneration Committee

See Section 5.2.4.3 (*Ibrahim Abdulaziz Ibrahim Alrashed, Director*) for further details regarding the experience, qualifications and the current and previous positions of Ibrahim Abdulaziz Ibrahim Alrashed.

5.3.3 Executive Committee

5.3.3.1 Responsibilities of the Executive Committee

The Executive Committee shall have the right to exercise the authorities delegated to it by the Board and shall supplement the role of the Board within the set limits in the interim period between meetings of the Board. The exercise of such authorities by the Committee shall not prejudice the authority reserved for the Board. The responsibilities of the Executive Committee further include the following:

(a) Review and Assessment

Reviewing and providing recommendations on the following matters where applicable:

- annual operating plans, and capital expenditure budgets and any material changes to them;
- interim and annual declarations and the distribution of dividends;
- changes in the Company's share capital and/or equity;
- approval of the Company's investor relations website framework and content (through which the Company communicates with its shareholders);
- the Company's investment plans and strategies, including expansion into new business sectors or new geographic areas;
- any decision to cease to operate all or any material part of the Company's business operations;
- joint-ventures, acquisitions and divestments in line with long term business, financial and operating plans;
- financing agreements and related security arrangements; and
- changes in delegation levels as specified in the Company's authority matrix.

(b) Miscellaneous:

- Performing such other tasks as delegated to it by the Board of Directors from time-to-time.

5.3.3.2 Executive Committee Members

The Executive Committee consists of at least three and no more than five members. Members of the Executive Committee may be executive and/or non-executive members of the Board of Directors. The Executive Committee shall convene periodically at least four times every financial year. Additional meetings may be held from time to time at the request of the chairman of the Executive Committee or any of its members.

Between the date of the CMA's approval of the Offering and the publication of this Prospectus, the Executive Committee underwent notable changes in its composition, whereas the composition of the Executive Committee at the time of the CMA's approval of the Offering dated 7 Ramadan 1444H (corresponding to 29 March 2023G) was as follows:

Table 5.9: Executive Committee Members as of 7 Ramadan 1444H (corresponding to 29 March 2023G)

Name	Role
Majed Aidh Al-Nafi'i	Chairman
Abdullah Nasser Abdullah Aldaoud	Member
Ibrahim Abdulaziz Ibrahim Alrashed	Member

Source: The Company.

The Executive Committee was reformed, and its members were appointed for a term of four years pursuant to the Board of Directors' resolution dated 19 Thul-Qi'dah 1444H (corresponding to 8 June 2023G). The Executive Committee is comprised of the following members:

Table 5.10: The Current Executive Committee Members

Name	Role
Ibrahim Abdulaziz Ibrahim Alrashed	Chairman
Abdullah Nasser Abdullah Aldaoud	Member
Fahad Mohammed Saleh Alobailan	Member

Source: The Company.

5.3.3.3 Biographies of the Members of the Executive Committee

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

(a) Ibrahim Abdulaziz Ibrahim Alrashed, Chairman of the Executive Committee

See Section 5.2.4.3 (*Ibrahim Abdulaziz Ibrahim Alrashed, Director*) for further details regarding the experience, qualifications and the current and previous positions of Ibrahim Abdulaziz Ibrahim Alrashed.

(b) Abdullah Nasser Abdullah Aldaoud, Member of the Executive Committee

See Section 5.2.4.4 (*Abdullah Nasser Abdullah Aldaoud, Director*) for further details regarding the experience, qualifications and the current and previous positions of Abdullah Nasser Abdullah Aldaoud.

(c) Fahad Mohammed Saleh Alobailan, Member of the Executive Committee

Nationality:	Saudi
Age:	41 years
Position	Company Executive Committee Member.
Academic and Professional Qualifications:	– Master's Degree in Business Administration, Thunderbird School of Global Management, Arizona, United States of America, 2012G; and – Bachelor's Degree in Business Administration, King Saud University, Riyadh, Kingdom of Saudi Arabia, 2003G.
Appointment Date (Current Term):	19 Thul-Qi'dah 1444H (corresponding to 8 June 2023G).
Current Positions:	– Company Executive Committee Member, since 2023G; – Chief Tourism Officer, Almosafer Travel and Tourism Company, a closed joint stock company, travel and tourism sector, since 2023G; – Member of the Board of Directors, Najm Company for Insurance Services, a closed joint stock company, insurance sector, since 2021G; – Member of the Board of Directors, Batic Investments and Logistics Company, a public joint stock company, investments and logistics services sector, since 2021G; – Vice Chairman of the Board of Directors, Saudi Industries Development Company, a closed joint stock company, investment management sector, since 2021G; and – Vice President of Tourism Committee, Riyadh Chamber of Commerce, a Saudi Governmental entity, since 2019G.
Key Past Professional Experience:	– Vice President of Sales, Seera Group Holding, a public joint stock company, travel and tourism sector, from 2021G to 2022G; – Vice President of Retail, Seera Group Holding, a public joint stock company, travel and tourism sector, from 2019G to 2020G; – Head of Lexus Riyadh, Abdul latif Jameel Company Limited, a limited liability company, wholesale and retail of cars sector, from 2017G to 2019G; – General Manager of Lexus Center Riyadh, Abdul latif Jameel Company Limited, a limited liability company, wholesale and retail of cars sector, from 2015G to 2016G; and – Regional Director of Retail Operations of Lexus Riyadh, Abdul latif Jameel Company Limited, a limited liability company, wholesale and retail of cars sector, from 2011G to 2014G.

5.4 Executive Management

5.4.1 Overview of Executive Management

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

5.4.2 Members of the Executive Management

The following table sets out the details of the members of the Company's Executive Management:

Table 5.11: Details of Senior Executives

Name	Position	Appointment Date	Nationality	Age (Years)	Number of Shares Held Pre-Offering	Number of Shares Held Post-Offering
Syed Mohammed Azfar Shakeel	Chief Executive Officer	9 Jumada al-Ula 1437H (corresponding to 18 February 2016G)	Pakistani	49	-	-
Sulaiman Dari Sulaiman Alrasheed	Chief Financial Officer	15 Safar 1444H (corresponding to 11 September 2022G)	Saudi	45		
Usama Masood Alam	Deputy Chief Financial Officer and Director of the Financial Department	28 Jumada al-Ula 1443H (corresponding to 1 January 2022G)	Pakistani	32	-	-
Homoud Redha Homoud Alhamzah	Director of Lease	24 Muharram 1443H (corresponding to 1 September 2021G)	Saudi	40	-	-
Bader Abdulmohsen Ali Altamimi	Director of Rental	28 Jumada al-Ula1443H (corresponding to 1 January 2022G)	Saudi	37	-	-
Sulaiman Saleh Sulaiman Alrubaish	Director of Used Car Sales	18 Thul-Hijjah 1443H (corresponding to 17 July 2022G)	Saudi	39	-	-
Homoud Redha Homoud Alhamzah	Acting Director of Fleet	28 Juamada al-Ula 1443H (corresponding to 1 January 2022G).	Saudi	40	-	-
Mohamad Suleiman Mohammed Alamro	Chief Human Resources Officer	28 Juamada al-Ula 1443H (corresponding to 1 January 2022G)	Saudi	32	-	-
Reem Abdulaziz Abdulrahman Al-Daej	Head of the Legal Department	8 Ramadan 1444H (corresponding to 30 March 2023G)	Saudi	27	-	-
Afaf Majed Intabi	Director of Marketing	11 Ramadan 1444H (corresponding to 2 April 2023G)	Saudi	38	-	-

Source: The Company.

5.4.3 Biographies of Senior Executives

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

5.4.3.1 Syed Mohammed Azfar Shakeel, Chief Executive Officer

Nationality:	Pakistani
Age:	49 years
Academic and Professional Qualifications:	– Bachelor's Degree in Finance, Karachi University, Karachi, Islamic Republic of Pakistan, 1994G; and – Fellow Member, Pakistani Institute of Public Finance Accountants, Karachi, Islamic Republic of Pakistan, 1999G.
Appointment Date:	9 Jumada al-Ula 1437H (corresponding to 18 February 2016G).
Current Positions:	Chief Executive Officer of the Company, since 2016G.
Key Past Professional Experience:	– Country Manager, Hanco Rent A Car L.L.C, a limited liability company registered in United Arab Emirates, car rental services sector, from 2013G to 2016G; – Head of Treasury and Planning, Al Tala'a International Transportation Company Ltd., a limited liability company, transportation, infrastructure and logistics services sector, from 2011G to 2013G; – Budget Manager, Al Tala'a International Transportation Company Ltd., a limited liability company, transportation, infrastructure and logistics services sector, from 2006G to 2011G; – Finance Manager, Coca Cola Beverages Pakistan Limited, a limited liability company registered in the Islamic Republic of Pakistan, beverage manufacturing sector, from 2005G to 2006G; – Assistant Finance Manager, Procter and Gamble Private Limited, a limited liability company, soap, cleaning compound, and toilet preparation manufacturing sector, from 2003G to 2005G; – Accounts Executive, Gillette Pakistan Limited, a Pakistani public joint stock company, cosmetics sector, from 2000G to 2003G; and – Management Trainee, Gillette Pakistan Limited, a Pakistani public joint stock company, cosmetics sector, from 1997G to 2000G.

5.4.3.2 Sulaiman Dari Sulaiman Alrasheed, Chief Financial Officer

Nationality:	Saudi
Age:	45 years
Academic and Professional Qualifications:	– Master's degree in business management, University of Wisconsin, Whitewater, Wisconsin, United States of America, 2004G; and – Bachelor's Degree in Administrative Sciences-Accounting, King Saud University, Riyadh, Kingdom of Saudi Arabia, 2001G.
Appointment Date	15 Safar 1444H (corresponding to 11 September 2022G).
Current Positions:	– Chief Finance Officer of the Company, since 2022G; – Member of the Audit Committee, Falcom Holding, a closed joint stock company, investment sector, since 2022G; and – Member of the Board of Directors and Member of the Audit Committee, United Cement Industrial Company, a closed joint stock company, cement industry sector, since 2013G.
Key Past Professional Experience:	– Executive Director of Financial Affairs, Wajhat Metal Industries, a limited liability company, industrial and mining investments sector, from 2012G to 2022G ; and – Senior Corporate Banker and Team Leader, National Commercial Bank (currently Saudi National Bank), a public joint stock company, banking and financial services sector, from 2005G to 2011G.

5.4.3.3 Usama Masood Alam, Deputy Chief Financial Officer

Nationality:	Pakistani
Age:	32 years
Academic and Professional Qualifications:	– Associate Chartered Accountant in England and Wales (ICAEW), Kaplan Financial London, London, United Kingdom, 2011G; – IGCSE (A Levels), University of Cambridge, Cambridge, United Kingdom, 2009G; and – IGCSE (O Levels), University of Cambridge, Cambridge, United Kingdom, 2007G.
Appointment Date	28 Jumada al-Ula 1443H (corresponding to 1 January 2022G).
Current Positions:	Deputy Chief Financial Officer of the Company, since 2022G.
Key Past Professional Experience:	– Finance Business Partner, the Company, from 2018G to 2021G; – Planning and Reporting Manager, the Company, from 2016G to 2017G; – Senior Auditor, MIM International Consultancies, a limited liability company registered in United Arab Emirates, audit and consultancy services sector, from 2014G to 2015G; – Assistant Accounts Manager, Premier DLC (Beacon House Group), a limited liability company registered in the Islamic Republic of Pakistan, education and corporate training sector, from 2013G to 2014G; – Internal Auditor, The University of Lahore, a private university located in Lahore, Punjab, the Islamic Republic of Pakistan, education sector, from 2012G to 2013G; and – Bookkeeper, Best Tutors London, a limited liability company registered in the United Kingdom, education sector, from 2010G to 2011G.

5.4.3.4 Homoud Redha Homoud Alhamzah, Director of Lease

Nationality:	Saudi
Age:	40 years
Academic and Professional Qualifications:	Bachelor's Degree in Marketing Science, Prince Sultan University, Riyadh, Kingdom of Saudi Arabia, 2005G.
Appointment Date	24 Muharram 1443H (corresponding to 1 September 2021G).
Current Positions:	– Director of Lease in the Company, since 2021G; and – Acting Director of Fleet in the Company, since 2022G.
Key Past Professional Experience:	– Chief Executive Officer, Best Trading Company, a closed joint stock company, car rental services sector, from 2020G to 2021G; – Chief Executive Officer, Hayat Water Company, a closed joint stock company, bottled water manufacturing sector, from 2018G to 2019G; – Deputy General Manager, Cherry Trading Company, a limited liability company, car rental services sector, from 2010G to 2017G; and – Senior Corporate Relationship Manager, Samba Financial Group (currently merged with Saudi National Bank), a public joint stock company, banking and financial services sector, from 2005G to 2010G.

5.4.3.5 Bader Abdulmohsen Ali Altamimi, Director of Rental

Nationality:	Saudi
Age:	37 years
Academic and Professional Qualifications:	– Bachelor's Degree in Business Administration, Boise State University, Boise, Idaho, United States of America, 2012G; and – Certified Counselor Salesperson, Wilson Learning Worldwide, Boston, United States of America, 2012G.
Appointment Date	28 Jumada al-Ula 1443H (corresponding to 1 January 2022G).
Current Positions:	– Director of Rental in the Company, since 2022G; and – Senior Manager – Lease Account Management in the Company, since 2019G.
Key Past Professional Experience:	– Executive Manager of Sales and Development Department, Oud Real Estate Company, a limited liability company, real estate development sector, from 2018G to 2019G; – Branch Rental Manager of Exotic Car Collection, Enterprise Rent A Car, LLC, car rental services sector, from 2014G to 2017G; – Assistant Manager of Daily Rental Department, Enterprise Rent A Car, LLC, car rental services sector, from 2014G to 2015G; – Vehicle Acquisition Supervisor, Larry H. Miller Group, Automotive Dealership registered in the United States of America, automotive products and services sector, from 2013G to 2014G; – Sales Consultant, Al Ghassan Motors, a sole proprietorship, luxury and sports automobile sector, from 2005G to 2006G; and – Sales Executive, Al Saif Motors, a limited liability company, automobile sector, from 2002G to 2005G.

5.4.3.6 Sulaiman Saleh Sulaiman Alrubaish, Director of Used Car Sales

Nationality:	Saudi
Age:	39 years
Academic and Professional Qualifications:	– Bachelor's Degree in Business Administration, Imam Mohammed Bin Saud University, Riyadh, Saudi Arabia, 2021G; – SAP System Certified Trainer, Abdul Latif Jameel Training Centre, Riyadh, kingdom of Saudi Arabia, 2015G; and – Computer Science Diploma, Buraidah College of Technology, Al Qassim, Kingdom of Saudi Arabia, 2004G.
Appointment Date	18 Thul-Hijjah 1443H (corresponding to 17 July 2022G).
Current Positions:	Director of Used Car Sales in the Company, since 2022G.
Key Past Professional Experience:	– Head of National Sales and Marketing, Almutlaq Company, a closed joint stock company, furniture industry sector, form 2021G to 2022G; – Sales Manager, Abdul Latif Jameel Retail Company Limited, a closed joint stock company, automobile sector, from 2016G to 2020G; – Sales Supervisor, Abdul Latif Jameel Retail Company Limited, a closed joint stock company, automobile sector, from 2014G to 2015G; – Sales Consultant, Abdul Latif Jameel Retail Company Limited, a closed joint stock company, automobile sector, from 2008G to 2013G; – Fleet Sales Supervisor, Bravo Company, a closed joint stock company, telecommunications sector, from 2006G to 2007G; and – Sales Consultant, Abdul Latif Jameel Retail Company Limited, a closed joint stock company, automobile sector, from 2004G to 2006G.

5.4.3.7 Homoud Redha Homoud Alhamza, Acting Director of Fleet

See Section 5.4.3.4 (*Homoud Redha Homoud Alhamzah, Director of Lease*) for further details regarding the experience, qualifications and the current and previous positions of Homoud Redha Homoud Alhamzah.

5.4.3.8 Mohamad Suleiman Mohammed Alamro, Chief Human Resources Officer

Nationality:	Saudi
Age:	32 years
Academic and Professional Qualifications:	– Advanced Certification in Human Resources (SHRM), the Society for Human Resource Management, Riyadh, Kingdom of Saudi Arabia, 2022G; and – Bachelor's Degree in Finance and Investment, Imam Muhammad Bin Saud Islamic University, Riyadh, Kingdom of Saudi Arabia, 2015G.
Appointment Date	28 Jumada al-Ula 1443H (corresponding to 1 January 2022G).
Current Positions:	Chief Human Resources Officer of the Company, since 2022G.
Key Past Professional Experience:	– Director of Human Recourses Service Centre, Seera Group Holding, a public joint stock company, travel and tourism sector, from 2021G to 2022G; – Human Resources Business partner, the Company, from 2018G to 2021G; – Human Resources Development Specialist, Advance Electronic Company, a limited liability company, manufacturing sector, from 2017G to 2018G; and – Human Resources Development Administrator, Advance Electronic Company, a limited liability company, from 2015G to 2017G.

5.4.3.9 Reem Abdulaziz Abdulrahman Al-Daej, Head of the Legal Department

See Section 5.2.4.8 (*Reem Abdulaziz Abdulrahman Al-Daej, Board Secretary*) for further details regarding the experience, qualifications and the current and previous positions of Reem Abdulaziz Abdulrahman Al-Daej.

5.4.3.10 Afaf Majed Inrabi, Director of Marketing

Nationality:	Saudi
Age:	38 years
Academic and Professional Qualifications:	Master of Business Administration, University of Business and Technology, Jeddah, Saudi Arabia, 2012G.
Appointment Date	11 Ramadan 1444H (corresponding to 2 April 2023G).
Current Positions:	Director of the Marketing Department of the Company, since 2023G.
Key Past Professional Experience:	– Director of the E-Shopping and Customer Experience Department, Health Water Bottling Company, a closed joint stock company, water bottling sector, from 2019G to 2023G; – Marketing Specialist, Nestlé Water Factory Co. Ltd., a limited liability company, consumer products Sector, from 2013G to 2019G; and – Deputy Director of Public Relations, Home Health Care Charity, a charitable organization, home healthcare sector, from 2012G to 2013G.

5.4.4 Employment Contracts with the CEO and CFO

The following table shows a summary of the employment contracts between the Company and the CEO and CFO:

Table 5.12: Summary of Employment Contracts Concluded with the Company and the CEO and CFO

Name	Title	Appointment Dated	Date of Contract Conclusion	Contract Term
Syed Mohammed Azfar Shakeel	Chief Executive Officer	9 Jumada al-Ula 1437H (corresponding to 18 February 2016G)	9 Jumada al-Ula 1437H (corresponding to 18 February 2016G)	One year, automatically renewable unless either party notifies the other party 60 days prior to the expiration of the contract.
Sulaiman Dari Suliman Alrasheed	Chief Financial Officer	15 Safar 1444H (corresponding to 11 September 2022G)	15 Safar 1444H (corresponding to 11 September 2022G)	One year, automatically renewable for the same period unless either party notifies the other party 30 days prior to the expiration of the contract

The duties and responsibilities of the Chief Executive Officer can be summarised as follows:

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

The duties and responsibilities of the Chief Financial Officer can be summarised as follows:

- assisting in the formulation of the Company's objectives and lead the Company's financial planning process;
- leading the financial reporting process and strengthening the Company's internal control systems;
- optimizing the Company's cash flow, liquidity and working capital facilities; and
- managing the financial forecast and budget processes and supervising the preparation of the Company's financial statements.

5.5 Remuneration of Directors and Senior Executives and Employees

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

The following table sets out the remuneration of the Directors and top five Senior Executives (including the Chief Executive Officer and the Chief Financial Officer) granted by the Company for the financial years ended 31 December 2019G, 2020G and 2021G, and the nine-month period ended 30 September 2022G. The Company did not have Committees prior to the conversion from a limited liability company to a joint stock company. Neither the Directors, nor Committee Members, nor Senior Executives received any in-kind rewards or benefits.

Table 5.13: Directors and Top Five Senior Executives Remuneration in the Financial Years Ended 31 December 2019G, 2020G and 2021G, and the Nine-Month Period Ended 30 September 2022G

	Financial Year Ended 31 December			Nine-Month Period Ended 30 September
	2019G	2020G	2021G	2022G
	(SAR)			
Directors	-	-	-	-
Members of the Committees	-	-	-	-
Top Five Senior Executives (including CEO and CFO)	2,282,525	1,508,373	1,672,734	2,779,976
Total	**2,282,525**	**1,508,373**	**1,672,734**	**2,779,976**

Source: The Company.

As of the date of this Prospectus, employees of the Company are entitled to participate in the incentive programme shares provided by Seera Group Holding Company to its employees and employees of its subsidiaries, including the Company. This includes the following: (i) the annual cash incentive programme which gives employees a portion of their bonus in cash and the rest shares in Seera Group Holding Company; and (ii) a long-term share incentive programme, under which shares of Seera Group Holding Company are allocated to employees on the basis of seniority and level of performance. These programmes are fully funded and managed by Seera Group Holding Company and the Company does not have any financial obligations resulting from them. As of the date of this Prospectus, no decision has been made as to whether after the Offering the Company's employees will continue to benefit from Seera Group Holding's employee incentive programmes or whether the Company will replace these programmes after the offering with other incentive programmes funded by Seera Group Holding.

The requirements for relevant employees who are not eligible for the above employee incentive programs are as follows:

continuing to work for Seera Group Holding Company or its subsidiaries throughout the vesting period of 15 months for the annual cash incentive programme and three years for the long-term equity incentive programme without sabbatical leave or long vacations outside the employee's contractual terms;

- continued high performance and commitment to work throughout the accrual period; and
- Seera Group Holding Company will retain ownership of shares related to the employee incentive programmes during the vesting period, after which such shares will be transferred or disbursed to the eligible employee at the end of the vesting period subject to the above terms and conditions.

The eligibility period for a number of the Company's employees ends after the offering. As a result, a number of the Company's employees may acquire shares in Seera Group Holding Company after the offering based on their eligibility prior to the offering.

5.6 Corporate Governance

The Company's policy is to adopt high standards of corporate governance. Its Board of Directors undertakes to comply with the Corporate Governance Regulations issued by the CMA on 16 Jumada al-Ula 1438H (corresponding to 13 February 2017G), as amended by resolution No. 8-5-2923 on 25 Jumada al-Akhirah 1444H (corresponding to 18 January 2023G).

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

The Company's internal Corporate Governance Manual, which was adopted by the Board of Directors on 30 Ramadan 1443H (corresponding to 1 May 2022G), as amended on 29 Thul-Qi'dah 1444H (corresponding to 18 June 2023G), includes provisions in relation to the following:

- rights of the Shareholders;
- the Board of Directors (including the Board formation, membership, meetings, working procedures, competencies, duties and powers, development, support, evaluation and remuneration);
- Company committees;
- internal control and audit; and
- internal policies.

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

- Article 8(a) on the Company announcing information about the nominees for membership in the Board of Directors on the Exchange's website upon the invitation or call for the General Assembly;
- Article 8(b) on limiting the General Assembly voting to candidates whose information was announced according to Article 8(a);
- Article 13(d) on publishing the invitation to the General Assembly on the websites of the Exchange and Company;
- Article 14(c) on making information related to the General Assembly's agenda available to the Shareholders through the websites of the Exchange and Company;
- Article 15(e) on announcing to the public and notifying the CMA and Exchange of the results of the General Assembly as soon as it ends;
- Article 17(d) on notifying the CMA of the names of the members of the Board of Directors, a description of their memberships, as well as any changes in their memberships;
- Article 19(b) on the Board of Directors annually evaluating the extent of the Board member's independence and ensuring that there are no relationships or circumstances that affect or may affect his/her independence; and
- Article 65 on the Company publishing the Board membership nomination announcements on the websites of the Company and the Exchange to invite those interested in being nominated for Board membership, provided that the nomination period shall remain open for at least a month from the date of the announcement.

The Company is currently not in compliance with the above requirements of the Corporate Governance Regulations applicable to listed companies because it is not yet a listed company as of the date of this Prospectus. The Directors undertake to comply with such requirements, with effect from Admission, as soon as the approval is issued for the listing of the Shares. In addition, the Directors confirm that the Company is currently complying with all of the other provisions of the Corporate Governance Regulations and the Companies Law that companies must comply with from the date of entry into force of the Companies Law.

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

The Company's Board of Directors consists of seven Directors, all of whom are non-executive Directors, including three independent Directors in accordance with the provisions of the Corporate Governance Regulations. The Board of Directors ensures, among other things, that:

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

5.7 Conflicts of Interest

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

- they will comply with Articles 71 and 27 of the Companies Law and Articles 42 and 44 of the Corporate Governance Regulations;
- they will not vote on General Assembly resolutions that relate to any Related Party transaction or contract in which the Directors have a direct or indirect interest; and
- they will not compete with the Company's business without the approval of the Ordinary General Assembly in accordance with Article 27 of the Companies Law.

As of the date of this Prospectus, the Company declare that none of the Directors, Senior Executives, Board Secretary nor any of their relatives have any direct or indirect interest in the Shares of the Company or any matter that may in any way affect the business of the Company, except as disclosed in this Section 5.7 (*Conflicts of Interest*) and Section 5.2 (*Board of Directors and Secretary of the Board of Directors*). As of the date of this Prospectus, none of the Directors, Senior Executives or the Current Shareholder is a party to any agreement, arrangement or understanding under which they are subject to any obligation that prevents them from competing with the Company or any similar obligation in relation to the Company's business.

The Directors also declare that, as of the date of this Prospectus, the Directors are not engaged in any business competing with the Company's business, and that to engage in businesses competing with the Company, the Directors must obtain approval from the General Assembly in accordance with Article 44 of the Corporate Governance Regulations and Article 27 of the Companies Law.

5.8 Bankruptcy/Insolvency

Neither the Directors, Senior Executives nor the Secretary have at any time been declared bankrupt or been subject to bankruptcy proceedings.

None of the companies in which any of the Directors, Senior Executives or Secretary were employed in a managerial or supervisory capacity, was declared insolvent or bankrupt during the past five years preceding the date of this Prospectus.

5.9 Employees

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

5.9.1 Number of Employees

The Company employed 611 employees (31.6 per cent. of whom were Saudi nationals) as of 31 December 2021G and employed 771 (34.9 per cent. of whom were Saudi nationals) as of 30 September 2022G.

The following table shows the number of employees of the Company by business segment as of 31 December 2019G, 2020G and 2021G, and as of 30 September 2022G:

Table 5.14: Number of Employees of the Company by Business Segment as of 31 December 2019G, 2020G and 2021G, and as of 30 September 2022G

Business Segment	31 December												30 September			
	2019G				2020G				2021G				2022G			
	Saudi	Non-Saudi	Total	Saudization Percentage	Saudi	Non-Saudi	Total	Saudization Percentage	Saudi	Non-Saudi	Total	Saudization Percentage	Saudi	Non-Saudi	Total	Saudization Percentage
Car Rental	65	165	230	28.2%	70	170	240	29.2%	126	247	373	33.8%	165	323	488	33.8%
Vehicle Lease	33	49	82	40.2%	38	53	91	41.7%	49	58	107	45.8%	64	57	121	52.9%
Used Car Sales	1	9	10	10.0%	1	11	12	8.3%	1	11	12	8.3%	4	13	17	23.5%
Fleet	5	60	65	7.7%	5	70	75	6.7%	12	83	95	12.6%	20	90	110	18.2%
Management	1	1	2	50%	1	1	2	50%	1	1	2	50%	1	1	2	50%
Finance	-	12	12	-	-	12	12	-	3	13	16	18.8%	10	12	22	45.5%
Marketing	-	-	-	-	-	-	-	-	-	1	1	-	-	1	1	-
Digital	-	-	-	-	-	-	-	-	-	-	-	-	-	2	2	-
Other	4	2	6	66.6%	5	2	7	71.4%	3	2	5	60.0%	4	3	7	57.1%
Total	**109**	**298**	**407**	**26.8%**	**120**	**319**	**439**	**27.3%**	**195**	**416**	**611**	**31.9%**	**269**	**502**	**771**	**34.9%**

Source: The Company.

The following table shows the number of employees of the Company and the achieved Saudization percentages as of 31 December 2019G, 2020G and 2021G, and as of 30 September 2022G:

Table 5.15: Number of Employees of the Company and the Achieved Saudization Percentages as of 31 December 2019G, 2020G and 2021G, and as of 30 September 2022G

Entity	31 December												30 September			
	2019G				2020G				2021G				2022G			
	Saudi	Non-Saudi	Total	Saudization Percentage	Saudi	Non-Saudi	Total	Saudization Percentage	Saudi	Non-Saudi	Total	Saudization Percentage	Saudi	Non-Saudi	Total	Saudization Percentage
Lumi Rental Company	109	298	407	26.8%/ Medium Green	120	319	439	27.3%/ Medium Green	195	416	611	31.9%/ Medium Green	269	502	771	34.9%/
Total	**109**	**298**	**407**	**26.8%/ Medium Green**	**120**	**319**	**439**	**27.3%/ Medium Green**	**195**	**416**	**611**	**31.9%/ Medium Green**	**269**	**502**	**771**	**34.9% /**

Source: The Company.

The number of Company's employees was 407 employees as of 31 December 2019G; it increased by 7.3 per cent. to 439 employees as of 31 December 2020G, it further increased by 39.2 per cent. to 611 employees as of 31 December 2021G and increased by 26.2 per cent. to 771 employees as of 30 September 2022G, primarily due to scaling operations across business lines.

5.9.2 Saudization

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

For the Nitaqat classification of the Company, see Table 5.15 (*Number of Employees of the Company and the Achieved Saudization Percentages as of 31 December 2019G, 2020G and 2021G, and as of 30 September 2022G*) above.

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

6.1 Introduction

This Section provides an analysis of the operational performance and financial position of the Company during the financial years ended 31 December 2019G, 2020G and 2021G, and the nine-month periods ended 30 September 2021G and 30 September 2022G. This Section is based on the audited financial statements for the financial years ended 31 December 2019G, 2020G and 2021G, and the unaudited interim financial statements for the nine-month period 30 September 2022G. The financial information for the nine-month period ended 30 September 2021G was extracted from comparative figures for 2021G contained in the unaudited interim financial statements for the nine-month period 30 September 2022G.

The financial statements were prepared by the Company and audited in accordance with the International Standards on Auditing that are endorsed in the Kingdom by the Company's auditor Dr. Mohamed Al- Amri & Co., a member firm of BDO, during the financial years, ended 31 December 2019G and 2020G and by KPMG Professional Services for the financial year ended 31 December 2021G. The unaudited interim financial statements for the nine-month period ended 30 September 2022G were prepared by KPMG Professional Services.

The Company applied the International Financial Reporting Standards endorsed in the Kingdom and other standards and publications issued by the Saudi Organization for Certified Public Accountants (collectively referred to as "**IFRS**") for the preparation of the audited financial statements for the financial year ended 31 December 2019G, 2020G and 2021G, and the unaudited interim financial statements for the nine-month period ended 30 September 2022G.

Neither Dr. Mohamed Al- Amri & Co., a member firm of BDO, KPMG Professional Services (the "**Auditors**"), nor any of their subsidiaries or any of their employees have any shares or interest of any kind in the Company that would affect their independence. The Auditors have given their written consent to refer in this Prospectus to their role as the Company's auditors for the financial years ended 31 December 2019G, 2020G, 2021G and the nine-month periods ended 30 September 2021G and 30 September 2022G.

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

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

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

6.2 Directors' Declaration on the Financial Statements

The Directors declare that the financial information presented in this Section is extracted without material change and is presented to be consistent with the audited financial statements for the financial year ended 31 December 2019G, 2020G and 2021G, and the unaudited interim financial statements for the nine-month period ended 30 September 2022G, along with the accompanying notes, which were prepared by the Company in accordance with the IFRS. They were audited or reviewed, as applicable, by the Company's auditors KPMG Professional Services, and Dr. Mohammed Al-Omari & Co. a member of BDO. The directors acknowledge that the Company has no intention of making any material change in its activity.

The members of the Board of Directors acknowledge that the Company's financial statements for any of the last three financial years immediately preceding the application for registration and the offering of securities had an unqualified audit opinion, and that the Company has not undergone any structural changes, and there has been no material change in the Company's accounting policies, and no material or required amendment has been made to the audited financial statements published during the periods referred to.

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

The Directors declare that there have been no material adverse changes to the Company's financial or business position in the three financial years directly preceding the date of application for the registration and offer of securities subject to this Prospectus, in addition to the end of the period covered in the auditor's report until the date of issuance of this Prospectus, with the exception to what has been mentioned in Section or any another Section in this Prospectus, especially the factors mentioned in Section 2 (*Risk Factors*).

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

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

The Directors declare that the Company does not have any loans or any other liabilities for the issued, existing, or approved and not issued debt instruments either covered by personal guarantee or non-personal guarantee or covered by mortgage except for what has been disclosed in Section 12.5 (*Financing Agreements*), Section 2 (*Risk Factors*) and Section 6 (*Management's Discussion and Analysis of Financial Position and Results of Operations*) of this Prospectus.

The Directors acknowledge that the Company does not have any overdrafts from bank accounts, nor does it have any collateral, under-acceptance, acceptance credit or leasing purchase obligations.

The Directors declare that there are no mortgages, rights, burdens or costs on the Company properties as of the date of this Prospectus.

The Directors declare that there has not been any interruption in the business of the Company which may have or has had a significant effect on its financial position in the last 12 months.

The Directors declare that no commissions, discounts, brokerages or other non-cash compensation any of the proposed directors or directors and senior executives, offerors or experts who have received any such payments or benefits have been granted within the three years immediately preceding the application for registration and offer of securities that are the subject of this Prospectus in connection with the issue or offer of any securities by the Company.

The Directors declare that except for what has been disclosed in Section 5.2.2.1 (*Board of Directors*) and Section 12.8 (*Related Party Contracts and Transactions*), neither they nor any of their relatives have any shareholding or interest of any kind in the Company.

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

6.3 Key Factors Affecting the Company's Operations

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

6.3.1 Economic Conditions

The business of car rental companies, particularly those related to rental, is highly dependent on the economic conditions and the implications of those conditions for consumer spending. Changes in economic conditions may lead to a change in the level of consumer spending. For example, the decline in oil prices may negatively affect the Kingdom's economy, due to the large percentage that the oil sector constitutes of the Kingdom's GDP, which in turn would negatively affect the levels of consumer spending. In the event of a low level of consumption, and considering the presence of many companies in the car rental segment, some customers may resort to using the services of other car rental companies that offer their services at prices lower than those provided by the Company, which in turn would have a negative impact on the Company's business, its financial position and the results of its operations.

6.3.2 COVID-19 and Risk of Other Pandemics

The spread of epidemics such as the emerging coronavirus, and the actions that follow that spread, led to precautionary restrictions imposed by the Government, including prohibitions such as travel bans and curfews, which in turn negatively affected the levels of demand for Company services. The spread of the coronavirus pandemic has led to a decrease in spending and demand in several segments, including the car rental segment. The lease segment did not suffer the same impact due to the fact that the customer base of this segment is diversified and includes industries, such as delivery and supply, that have not been subject to the curfew restrictions imposed by the Government.

In addition, the restrictions imposed to control the pandemic limited the movements of the Company's employees, which resulted in the temporary closure of the Company's car rental branches and its maintenance centres, thus leading to a decrease in the number of rental cars. Moreover, the Company's supply chain has been severely affected by the impact of the coronavirus on car dealerships in the Kingdom and on overseas manufacturers of fleet vehicles and spare parts. There are also risks associated with infection of the Company's employees with the virus, which may lead to the imposition of restrictions on their movements and work, and thus may affect the daily operations of the Company.

The extent of the impact of the coronavirus on the Company's business depends on the development of current events and new information that may appear regarding the degree of severity of the virus and the measures necessary to contain it or remedy its impact. During the nine-month period ended 30 September 2022G, COVID-19 did not significantly impact the Company's operations. The Company will continue to assess the nature and extent of the pandemic and its impact on future commercial and financial performance.

6.3.3 Fleet Management and Operation

Like any other company in the car rental segment, the Company's business depends on its efficiency in effectively managing the fleet of cars dedicated to the car rental business. The efficiency of fleet management is represented in several aspects, the most important of which is the Company's ability to maintain or increase fleet utilization, and, in order to ensure that fleet utilization is maintained or raised, the Company periodically reviews the efficiencies achieved from the optimal combination between the various car classes, in addition to adjusting the configuration according to the actual needs, car economics and extent of availability. The Company was able to achieve average utilization rates of up to 82.2 per cent, 61.7 per cent. and 75.2 per cent. for the years 2019G, 2020G and 2021G, respectively. Any deterioration in the utilization rates of the fleet allocated to the car rental activity will lead to costs and expenses incurred by the Company with no sufficient revenue to maintain profitability, which in turn would have a negative impact on the Company's business, financial position and results of operations.

6.3.4 Lease

Revenue realized from lease activities constituted 33.7 per cent, 46.1 per cent. and 48.6 per cent. of the Company's total revenue for the years 2019G, 2020G and 2021G, respectively. The Company's business success in this activity depends on its ability to keep existing customers and gain additional customers. The Company's loss of lease segment customers, if it occurs, would have a negative impact on the Company's business, financial position and results of operations.

6.3.5 Seasonal Factors

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

6.3.6 Changes in Local Regulations and Compliance with Saudization

The car rental and vehicle lease industries are subject to numerous laws and regulations in the Kingdom, which may materially affect or restrict the Company's business and operations or increase its costs in the future. As such, the Company may be subject to fines or penalties in the event of its failure to comply with these laws or regulations or to fulfil licencing requirements, which may change from time to time, resulting in the Company incurring higher costs or suffering reputational harm, which would reduce its competitive position and demand for its products. For example, the Kingdom currently mandates a maximum age of five years for cars used for rental, however any new requirement regarding the decrease of maximum age life of rental car fleet may result in the Company having to incur significant additional expenditures to replace its current fleet size with newer cars. The Company currently maintains an internal policy limiting the age of cars used for rental to two years to reduce maintenance costs and resale discounts.

Pursuant to Saudization requirements, all companies active in the Kingdom must employ and maintain a certain ratio of Saudi personnel among their staff. Any changes in local regulations which adversely impact expatriates may cause an exodus of these expatriate workers from the Kingdom and could result in a disruption in operations. There may be a significant increase in costs of salaries in the event that the Company is forced to hire a larger number of Saudi employees. The occurrence of any of the above would have a material adverse effect on the Company's business, financial condition, results of operations and prospects. As of 30 September 2022G, the Company was compliant with its Saudization rate requirements.

6.4 Key Accounting Estimates and Assumptions

6.4.1 New Standards, Interpretations and Amendments Effective in the Current Year

The Company applied for the first-time certain standards and amendments, which are effective for annual periods beginning on or after 1 January 2021G, but they had no material impact on these financial statements. The Company has not adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

6.4.1.1 Interest Rate Benchmark Reform – IBOR 'Phase 2' (Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16)

The amendments provide temporary relief which addresses the financial reporting effects when an Interbank Offered Rate (IBOR) is replaced with an alternative nearly risk-free interest rate (RFR). The amendments include the following practical expedients:

- a practical expedient to require contractual changes, or changes to cash flows that are directly required by the reform to be treated as changes to a floating interest rate, equivalent to a movement in a market rate of interest;
- it permits changes required by IBOR reform to be made to hedge designations and hedge documentation without the hedging relationship being discontinued; and
- it provides temporary relief to entities from having to meet the separately identifiable requirement when an RFR instrument is designated as a hedge of a risk component.

These amendments had no impact on the unconsolidated financial statements of the Company. The Company intends to use the practical expedients in future periods if they become applicable.

6.4.1.2 COVID-19-Related Rent Concessions beyond 30 June 2021G Amendments to IFRS 16

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

The amendment was intended to apply until 30 June 2021G, but as the impact of the COVID-19 pandemic is continuing, on 31 March 2021G, the IASB extended the period of application of the practical expedient to 30 June 2022G. The amendment applies to annual reporting periods beginning on or after 1 April 2021G.

6.4.1.3 Standards, Interpretations and Amendments Issued After 1 January 2022G

Standards	Title	Effective Date
IAS 37	Onerous Contracts – Cost of Fulfilling a Contract (Amendments to IAS 37)	1 January 2022G
Annual Improvements	Annual improvements to IFRS 2018G-2020G	1 January 2022G
IAS 16	Property, Plant and Equipment - Proceeds before Intended Use (Amendments to IAS 16)	1 January 2022G
IFRS 3	Business Combinations - Amendments Updating a Reference to the Conceptual Framework	1 January 2022G

6.4.2 Standards, Interpretations and Amendments Issued but not yet Effective

Standards	Title	Effective Date
IAS 1	Amendments to IAS 1: "Classification of Liabilities as Current or Non-Current"	1 January 2023G
IAS 1 and IFRS Practice Statement 2	Amendments to IAS 1: "Disclosure of Accounting Policies"	1 January 2023G
IFRS 17	Insurance Contracts	1 January 2023G
IAS 12	Deferred Tax Related to Assets and Liabilities Arising from a Single Transaction	1 January 2023G
IAS 8	Definition of Accounting Estimates	1 January 2023G
IFRS 10 and IAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendments to IFRS 10 and IAS 28)	Available for optional application. Indefinitely deferred effective date

As of 1 January 2022G, the standards, interpretations and amendments do not have any material impact on the interim condensed financial statements of the Company. With regard to the other standards, interpretations and amendments mentioned above, the Company is currently evaluating the implications on its interim financial statements upon application.

6.4.3 Basis of Preparation

6.4.3.1 Unconsolidated Financial Statements

These unconsolidated financial statements are separate financial statements of the Company. The Company has elected for an exemption in accordance with paragraph 4(a) of IFRS 10 to prepare separate financial statements. The Company need not present the consolidated financial statements because it is a subsidiary of Seera Group Holding (a Saudi joint stock company), and producing financial IFRS-compliant statements available for public use on the website of Saudi Stock Exchange (Tadawul).

Accordingly, the Company's investments in its subsidiaries are accounted for under the cost method and are not consolidated as required by IAS 27 paragraph 16 (a) and are the only financial statements prepared by it.

6.4.3.2 Overall Considerations

These unconsolidated financial statements were prepared using the measurement bases specified by IFRS for each type of asset, liability, income, and expense. The measurement bases are more fully described in the accounting policies.

The principal accounting policies adopted in the preparation of these financial statements are set out in note 6 from the Company's unconsolidated audited financial statements for 2021G. The accounting policies were consistently applied to all the years presented unless otherwise stated. Certain comparatives were reclassified to conform with the current year presentation. This includes amongst others certain captions in the Statement of cashflows moving from investing to operating activities, including additions of and proceeds for vehicles as well as related party balances moving from operating to financing activities.

The preparation of these unconsolidated financial statements in compliance with IFRS requires the use of certain critical accounting estimates. It also requires the Company's management to exercise judgment in applying its accounting policies. The areas where significant judgments and estimates were made in preparing these unconsolidated financial statements and their effect are disclosed in note 5 from the Company's unconsolidated audited financial statements for 2021G.

These unconsolidated financial statements have been prepared on the historical cost basis, except for the following:

- defined benefits plan measured at the present value of future obligations using the Projected Unit Credit Method; and
- investment in subsidiaries at cost method.

Furthermore, these unconsolidated financial statements are prepared on a going concern basis.

6.4.3.3 Financial Year End

The Company's financial year starts on 1 January and ends on 31 December in each Gregorian calendar year.

6.4.3.4 Functional and Presentation Currency

The unconsolidated financial statements are presented in SAR, which is also the Company's functional currency.

6.4.3.5 Use of Judgement and Estimates

The Company makes certain estimates and assumptions regarding the future. They are continually evaluated based on historical experience and other factors, including expectations of future events that are considered reasonable in the circumstances. In the future, experience may differ from these estimates and assumptions. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below:

The Company concluded that the COVID-19 pandemic did not impact the sources of estimates and judgements and that they remain similar to those disclosed in the last annual unconsolidated financial statements.

The estimates and assumptions 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:

(a) Useful Lives and Residual Value of Depreciable Assets

An estimate of the useful lives and residual value of property and equipment is made for the purposes of calculating depreciation. These estimates are based on expected usage for useful lives. Residual value is based on experience and observable data where available.

The useful lives and residual value of the Company's assets are determined and unaudited annually for appropriateness by management based on the technical evaluation at the time the asset is acquired. The useful lives are based on historical experience with similar assets as well as an anticipation of future events which may impact their life such as changes in technology.

(b) Impairment of Trade Receivables

The Company measures the loss allowance for trade receivables in an amount equal to lifetime expected credit loss. The expected credit losses on trade receivables are estimated using a provision matrix by reference to the past default experience of the receivable and an analysis of the receivable's current financial position, adjusted for factors that are specific to the receivables, the general economic conditions of the industry in which the receivables operate and an assessment of both the current and the forecast direction of conditions at the reporting date. Trade receivables are normally assessed collectively, unless there is a need to assess a particular receivable on an individual basis.

(c) Leases

The determination of the lease term for some lease contracts in which the Company is a lessee, including whether the Company is reasonably certain to exercise lessee's options and the determination of the incremental borrowing rate are used to measure the lease liabilities.

(d) Employees' End-of-Service Benefits

The cost of employee benefits obligations and other after-service benefits are determined by actuarial valuation exercises. The actuarial estimates involve making many assumptions that may differ from actual developments in the future. These assumptions include the determination of the discount rate and future salary increases. Given the complexity of the estimates and the underlying assumptions and their long-term nature, the commitment of employee benefits is greatly influenced by changes in these assumptions. All inputs are unaudited at the end of each financial year.

(e) Estimate of Zakat

The Company's zakat on ordinary activities is the sum of the total zakat. The calculation of the Company's zakat charge necessarily involves a degree of estimation and judgment in respect of certain items whose treatment cannot be finally determined until resolution has been reached with the ZATCA or, as appropriate, through a formal legal process.

6.4.3.6 Measurement of Fair Values - Recognition and Measurement of Provisions

By their nature, the measurement of provisions depends upon estimates and assessments and whether the criteria for recognition have been met, including estimates of the probability of cash outflows. The Company's estimates related to provisions for environmental matters are based on the nature and seriousness of the contamination, as well as on the technology required for remediation. Provisions for litigation are based on cost estimates, considering legal advice and other available information.

A number of the Company's accounting policies and disclosures require the measurement of fair values, for both financial and non-financial assets and liabilities.

When measuring the fair value of an asset or liability, the Company uses observable market data as far as possible. Fair values are categorized into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

- **Level 1:** quoted prices (unadjusted) in active markets for identical assets and liabilities;
- **Level 2:** inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., price derivations); and
- **Level 3:** inputs for the asset or liability that are not based on observable market data (unobservable inputs).

If the inputs used to measure the fair value of an asset or liability fall into different levels of the fair value hierarchy, the fair value measurement is categorised in its entirety at the same level of the fair value hierarchy as the low-level input that is significant to the entire measurement.

The Company recognises transfers between the levels of the fair value hierarchy at the end of the reporting year in which the change has occurred.

Further details on the assumptions used to assess fair values can be found in note 25 from the Company's unconsolidated audited financial statements for the financial year ended 31 December 2021G.

6.4.4 Summary of Significant Accounting Policies

The following significant accounting policies applied by the Company in preparing its unconsolidated financial statements:

6.4.4.1 Foreign currency translation

Foreign currency transactions are translated into the functional currency, using the exchange rates prevailing at the dates of the transactions (spot exchange rate). Foreign exchange gains and losses resulting from the settlement of such transactions and from the re-measurement of monetary items at year-end exchange rates are recognised in profit or loss.

Non-monetary items are not retranslated at year-end and are measured at historical cost (translated using the exchange rates at the transaction date), except for non-monetary items measured at fair value which are translated using the exchange rates at the date when the fair value was determined.

6.4.4.2 Vehicles

Vehicles are presented at cost, net of accumulated depreciation and accumulated impairment losses, as appropriate. The original cost of the vehicles is recognised net of manufacturers' incentives and allowances provided at the time of purchase.

Amortisation is based on their estimated residual values at the expected date of disposal, after taking into account the expected market conditions for used vehicles. Any adjustments to depreciation are made prospectively.

The estimation of residual values required the Company to make assumptions regarding the age and mileage of the vehicle at the time of disposal, as well as the expected used vehicle auction market conditions. The Company regularly assesses the estimated residual values and adjusts depreciation rates, if any. Differences between actual and estimated residual values result in a gain or loss on disposal and are recognised as part of the vehicle's disposal at the time of sale.

Depreciation is calculated in a straight line over the estimated lifetime of two to seven years.

6.4.4.3 Property and Equipment

(a) Recognition and Measurement

Items of property and equipment are measured at cost, which includes capitalized borrowing costs, less accumulated depreciation and any accumulated impairment losses. If 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. All other repair and maintenance costs are recognized in the income statement as incurred.

An item of property and equipment is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss on disposal of an item of property and equipment is recognized in profit or loss as other income.

(b) Subsequent Expenditure

Subsequent expenditure is capitalized only if it is probable that the future economic benefits associated with the expenditure will flow to the Company.

(c) Derecognition

An item of property and equipment is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss on disposal of an item of property and equipment is recognized in the unconsolidated statement of profit or loss and other comprehensive income.

(d) Depreciation

Depreciation is calculated to write off the cost of items of property and equipment less their estimated residual values using the straightline method over their estimated useful lives and is generally recognized in profit or loss. Land is not depreciated.

The estimated depreciation rate of property and equipment for current and comparative periods are as follows:

Right-of-use assets	Useful life or lease period, whichever is lower
Furniture and fixtures	6.67
Office equipment	6.67
Decors and enhancements	6.67
Air conditioners	6.67
Computers	5
Tools and hardware	6.67
Telecom and security systems	5

The residual values, useful life and depreciation methods of property and equipment are unaudited at each year-end and adjusted prospectively, as appropriate. For further details regarding the right of use assets, see Section 6.5.2.4(b) (*Current Portion of Loans and Borrowings*).

6.4.4.4 Impairment Testing of Non-Financial Assets

At each reporting date, the Company assesses 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 or the cash generating unit'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 the cash generating unit 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 applied.

These calculations are corroborated by valuation multiples, quoted share prices for publicly traded companies or other available fair value indicators.

For assets excluding goodwill, an assessment is made at each reporting date to determine whether there is an indication that previously recognized impairment losses no longer exist or have decreased. If such indication exists, the Company estimates the recoverable amount of the asset or cash generating unit. A previously recognized 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 recognized. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount or the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognized for the asset in prior years. Such reversal is recognized in the unconsolidated statement of profit or loss.

6.4.4.5 Inventory

Inventories represent vehicles for sale, vehicle oil 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 recognized as cost of revenue when the inventories are sold. The Company recognizes an allowance for inventory losses due to factors such as obsolescence, technical faults, physical damage, etc.

(a) Vehicle for Sale

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

(b) Vehicle Oil and Other Supplies

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

6.4.4.6 Financial Instruments

The Company's financial assets are primarily comprised of cash and cash equivalents, trade receivables, other receivables and unbilled revenue. The Company's financial liabilities are primarily comprised of loans and borrowings, trade and other payables (excluding unearned rental income) and contract liabilities.

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.

(a) Initial Recognition and Measurement

Trade receivables and debt securities issues are initially recognised when they originate. All other financial assets and financial liabilities are initially recognised when the Company becomes a party to the contractual provisions of the instrument.

A financial asset (unless it is a trade receivable without a significant financing component) or financial liability is initially measured at fair value plus, for an item not at fair value through profit or loss, transaction costs that are directly attributable to its acquisition or issue. A trade receivable without a significant financing component is initially measured at the transaction price.

(b) Financial Assets – Classification and Measurement

On initial recognition, a financial asset is classified as measured at:

- amortised cost
- fair value through other comprehensive income (FVOCI) for the following:
  - equity investments; and
  - debt investments;
- fair value through profit or loss (FVTPL)

(c) Financial Assets – Classification and Measurement

Financial assets are not reclassified subsequent to their initial recognition unless the Company changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

(i) Amortized Cost

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated at fair value through profit or loss:

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

(ii) Fair Value through Other Comprehensive Income (FVOCI)

A debt investment is measured at fair value through other comprehensive income if it meets both of the following conditions and is not designated at fair value through profit or loss:

- it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Regarding an equity investment that is not held for trading, on initial recognition, the Company may irrevocably elect to present subsequent changes in the investment's fair value in other comprehensive income. This election is made on an investment-by-investment basis.

(iii) Fair Value through Profit or Loss (FVTPL)

All financial assets not classified as measured at amortised cost or fair value through other comprehensive income as described above are measured at fair value through profit or loss. On initial recognition, the Company may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at fair value through other comprehensive income at fair value through profit or loss if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

(d) Financial Assets: Business Model Assessment

The Company makes an assessment of the objective of the business model in which a financial asset is held at the portfolio level because this best reflects the way the business is managed, and information is provided to management. The information considered includes:

- the stated policies and objectives for the portfolio and the operation of those policies in practice;
- how the performance of the portfolio is evaluated and reported to the Company's management;
- the risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed;
- how managers of the business are compensated – e.g. whether compensation is based on the fair value of the assets managed or the contractual cash flows collected; and
- the frequency, volume and timing of sales of financial assets in prior periods, the reasons for such sales and expectations about future sales activity.

Consistent with the Company's continuing recognition of the assets, transfers of financial assets to third parties in transactions that do not qualify for derecognition are not considered sales for this purpose.

Financial assets that are held for trading or are managed and whose performance is evaluated on a fair value basis are measured at fair value through profit or loss.

(e) Financial Assets: Assessment of Whether Contractual Cash Flows are Solely Payments of Principal and Interest.

In assessing whether contractual cash flows are solely payments of principal and interest, the Company considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making this assessment, the Company considers:

- contingent events that would change the amount or timing of cash flows;
- terms that may adjust the contractual coupon rate, including variable rate features;
- prepayment and extension features; and
- terms that limit the Company's claim to cash flows from specified assets (e.g. non-recourse features).

(f) Financial Assets: Subsequent Measurement and Gains and Losses

(i) Financial Assets at Amortised Cost

These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses, while interest income, foreign exchange gains and losses and impairment are recognised in the statement of profit or loss. Any gain or loss on de-recognition is recognised in the statement of profit or loss.

(ii) Financial Assets at Fair Value through Other Comprehensive Income (FVOCI)

- **Debt Investment:** These assets are subsequently measured at fair value. Interest income calculated using the effective interest method, foreign exchange gains and losses and impairment are recognised in the statement of profit or loss. Other net gains and losses are recognised in other comprehensive income. On de-recognition, gains and losses accumulated in other comprehensive income are reclassified to the statement of profit or loss.
- **Equity Investment:** These assets are subsequently measured at fair value. Dividends are recognised as income in the statement of profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognised in other comprehensive income and are never reclassified to the statement of profit or loss.

(iii) Financial Assets at Fair Value through Profit or Loss (FVTPL)

These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognised in the statement of profit or loss.

(g) Financial liabilities – Classification, Subsequent Measurement and Gains and losses

Financial liabilities are classified as measured at:

- fair value through profit or loss (FVTPL); and
- amortised cost.

A financial liability is classified as at fair value through profit or loss if it is classified as held-for-trading, it is a derivative or it is designated as such on initial recognition. Financial liabilities at fair value through profit or loss are measured at fair value, and net gains and losses, including any interest expense, are recognised in the statement of profit or loss. Other financial liabilities are subsequently measured at amortised cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognised in the statement of profit or loss. Any gain or loss on de-recognition is also recognised in the statement of profit or loss.

(h) De-recognition

(i) Financial Assets

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

- the contractual rights to the cash flows from the financial asset expire, 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 substantially transferred all the risks and rewards of the asset; or (b) the Company has neither substantially transferred nor retained all the risks and rewards of the asset, but has transferred control of the asset.

(ii) Financial Liabilities

A financial liability is derecognized 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 a de-recognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognized in the statement of profit or loss.

(iii) Offsetting Financial Instruments:

Financial assets and financial liabilities are offset, and the net amount is included in the statement of financial position only when there is a legally binding right to offset the recognised amounts and when the Company intends to settle on a net basis to realize the assets and settle the liabilities simultaneously.

(iv) Impairment of Financial Assets

The Company recognises loss allowances for expected credit losses on:

- financial assets measured at amortised cost; and
- contract assets.

The Company measures loss allowances at an amount equal to lifetime expected credit loss, except for the following, which are measured as 12-month expected credit loss:

- debt securities that are determined to have low credit risk at the reporting date; and
- other debt securities and bank balances for which credit risk (i.e., the risk of default occurring over the expected life of the financial instrument) has not significantly increased since initial recognition.

Loss allowances for trade receivables and contract assets are always measured at an amount equal to lifetime expected credit loss. Lifetime expected credit losses are the expected credit losses that result from all possible default events over the expected life of a financial instrument and 12-month expected credit losses are the portion of expected credit losses that result from default events that are possible within the 12 months after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months).

(v) Measurement of Expected Credit Losses

At each reporting date, the Company assesses whether financial assets carried at amortised cost and debt securities at fair value through other comprehensive income are credit-impaired. A financial asset is ‘credit-impaired’ when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Evidence that a financial asset is credit-impaired includes the following observable data:

- the borrower is unlikely to pay its credit obligations to the Company in full, without recourse by the Company to actions such as realising security (if any is held);
- the restructuring of a loan or advance by the Company on terms that the Company would not consider otherwise;
- it is probable that the borrower will enter bankruptcy or other financial reorganization;
- the disappearance of an active market for a security because of financial difficulties.

Expected credit losses are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e., the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Company expects to receive).

(vi) Presentation of Allowance for Expected Credit Loss in the Statement of Financial Position

Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of the assets.

(vii) Write-Off

The gross carrying amount of a financial asset is written off (either partially or in full) to the extent that there is no realistic prospect of recovery. This is generally the case when the Company determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off.

6.4.4.7 Cash and Cash Equivalents

Cash and cash equivalents in the unconsolidated statement of financial position are comprised of cash at banks and cash in hand.

6.4.4.8 Equity and Reserves

Share capital represents the nominal value of shares that have been issued.

The additional capital is the amount paid by the parent company to the Company to meet its working capital needs. The additional capital will be converted to shares at the time the Company increases its share capital.

Retained earnings include all current and prior period profits.

6.4.4.9 Statutory Reserve

In accordance with the Companies Law in the Kingdom and the Company's Bylaws, the Company used to be required to transfer 10 per cent. of net income for the year to the statutory reserve until such reserve equals 30 per cent. of its share capital. This reserve was not available for distribution to the shareholders. The transfer to the statutory reserve was made by the Company at year end.

On 12 Thul-Qi'dah 1444H (corresponding to 1 June 2023G), the Company's Extraordinary General Assembly has approved amending the Bylaws in accordance with the new Companies Law. These amendments include the elimination of the statutory reserve requirement, as it is no longer applicable under the Companies Law. Consequently, effective from 12 Thul-Qi'dah 1444H (corresponding to 1 June 2023G), the Company is no longer required to transfer 10 per cent. of its net income for the year to the statutory reserve. For further details regarding the Company's reserves, see Section 12.13 (*Summary of Bylaws*).

6.4.4.10 Employees' End-of-Service Benefits

(a) Short-Term Employee Benefits

A liability is recognized for benefits accruing to employees in respect of wages and salaries, annual leave, air tickets and sick leave that are expected to be settled wholly within twelve months after the end of the period in which the employees render the related service. The liability is recorded as the undiscounted benefit amount to be paid in return for this service.

(b) Defined Benefit Plans

The end-of-service allowance is determined using the projected unit credit method, and actuarial valuations are made at the end of each reporting period. Re-measurements, comprising actuarial gains and losses, are reflected immediately in the statement of financial position with a charge or credit recognized in other comprehensive income in the period in which they occur. Remeasurements recognised in other comprehensive income will not be reclassified as profit or loss in subsequent periods. Interest is determined by applying the discount rate at the beginning of the period to the defined benefit liability or net asset. Defined benefit costs are classified as follows:

- service cost (including current service cost and past service cost);
- interest expense; and
- re-measurements.

The Company presents the first two components of defined benefit costs in profit or loss and the third component in other comprehensive income, in the relevant line items.

6.4.4.11 Borrowing Costs

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to be for its intended use or sale are capitalized as part of the cost of the respective asset. All other borrowing costs are charged to expenses in the period in which they arise. Borrowing charges include interest and other charges that an entity incurs in relation to the borrowing of funds.

6.4.4.12 Leases

All leases are accounted for by recognizing a right-of-use asset and a lease liability except for:

- leases of low-value assets; and
- leases with a term of 12 months or less.

Lease liabilities are measured at the present value of the contractual payments due to the lessor over the lease term, with the discount rate determined by reference to the rate inherent in the lease unless (as is typically the case) this is not readily determinable, in which case the Company's incremental borrowing rate on commencement of the lease is used. Variable lease payments are only included in the measurement of the lease liability if they depend on an index or rate. In such cases, the initial measurement of the lease liability assumes that the variable element will remain unchanged throughout the lease term. Other variable lease payments are expensed in the period to which they relate.

On initial recognition, the carrying value of the lease liability also includes:

- amounts expected to be payable under any residual value guarantee;
- the exercise price of any purchase option granted in favour of the Company if it is reasonably certain to assess that option; and
- any penalties payable for terminating the lease, if the term of the lease has been estimated on the basis of termination option being exercised.

Right-of-use assets are initially measured at the amount of the lease liability, reduced by any lease incentives received, and increased by:

- lease payments made at or before the commencement of the lease;
- initial direct costs incurred; and
- the amount of any provision recognized where the Company is contractually required to dismantle, remove or restore the leased asset.

Subsequent to initial measurement, lease liabilities increase as a result of interest charged at a constant rate on the balance outstanding and are reduced by lease payments made. Right-of-use assets are amortized on a straight-line basis over the remaining term of the lease or over the remaining economic life of the asset if, rarely, this is judged to be shorter than the lease term.

When the Company revises its estimate of the term of any lease (because, for example, it re-assesses the probability of a lessee extension or termination option being exercised), it adjusts the carrying amount of the lease liability to reflect the payments to make over the revised term, which are discounted at the same discount rate that applied on lease commencement. The carrying value of lease liabilities is similarly revised when the variable element of future lease payments dependent on a rate or index is revised, except the discount rate remains unchanged. In both cases an equivalent adjustment is made to the carrying value of the right-of-use asset, with the revised carrying amount being amortized over the remaining lease term. If the carrying amount of the right-of-use asset is adjusted to zero, any further reduction is recognized in profit or loss.

When the Company renegotiates the contractual terms of a lease with the lessor, the accounting depends on the nature of the modification:

- if the renegotiation results in one or more additional assets being leased for an amount commensurate with the standalone price for the additional rights-of-use obtained, the modification is accounted for as a separate lease in accordance with the above policy;
- in all other cases where the renegotiated increases the scope of the lease (whether it is an extension to the lease term, or one or more additional assets being leased), the lease liability is remeasured using the discount rate applicable on the modification date, with the right-of-use asset being adjusted by the same amount; and
- if the renegotiation results in a decrease in the scope of the lease, both the carrying amount of the lease liability and right-of-use asset are reduced by the same proportion to reflect the partial of full termination of the lease with any difference recognized in profit or loss. The lease liability is then further adjusted to ensure its carrying amount reflects the amount of the renegotiated payments over the renegotiated term, with the modified lease payments discounted at the rate applicable on the modification date. The right-of-use asset is adjusted by the same amount.

For contracts that both convey a right to the Company to use an identified asset and require services to be provided to the Company by the lessor, the Company has elected to account for the entire contract as a lease, i.e., it does not allocate any amount of the contractual payments to and accounts separately for any services provided by the supplier as part of the contract.

(a) Short-Term Leases

The Company elected not to recognize right-of-use assets and lease liabilities for the short-term leases whose terms are 12 months or less. The Company recognizes lease payments associated with those leases as expenses on a straight-line basis over the lease term.

(b) Accounting as a Lessor

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

6.4.4.13 Trade Payables

These amounts represent liabilities for goods and services provided to the Company which are unpaid prior to the end of the financial period. The amounts are not secured. Trade and other payables are presented as current liabilities unless payment is not due within 12 months after the reporting period. They are originally recorded at fair value and then measured at amortised cost using the effective interest method.

6.4.4.14 Provisions

Provisions are recognised when present obligations as a result of a past event will probably lead to an outflow of economic resources from the Company and amounts can be reliably estimated. The timing or amount of the outflow may still be uncertain. A present obligation arises from the presence of a legal or constructive commitment that has resulted from past events, such as legal disputes or onerous contracts.

Provisions are measured at the estimated expenditure required to settle the present obligation, based on the most reliable evidence available at the reporting date, including the risks and uncertainties associated with the present obligation. Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. Provisions are discounted to their present values, where the time value of money is material.

Any reimbursement that the Company can be virtually certain to collect from a third party with respect to the obligation is recognised as a separate asset. However, this asset may not exceed the amount of the related provisions.

All provisions are unaudited at each reporting date and adjusted to reflect the current best estimate. In those cases, where the possible outflow of economic resources as a result of present obligations is considered improbable or remote, no liability is recognised, unless it was assumed in the course of a business combination.

6.4.4.15 Accruals and Other Liabilities

Liabilities are recognized for amounts payable in the future for goods or services received, invoiced or not invoiced by the supplier.

6.4.4.16 Revenue

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

The Company recognises revenue from contracts with customers based on the following five-step model as set out in IFRS 15:

- **Step 1 - Identify the contract(s) with a customer:** A contract is defined as an agreement between two or more parties that creates enforceable rights and obligations and sets out the criteria for every contract that must be met.
- **Step 2 - Identify the performance obligations in the contract:** A performance obligation is a promise in a contract with a customer to transfer a good or service to the customer.
- **Step 3 - Determine the transaction price:** The transaction price is the amount of consideration to which the Company expects to be entitled in exchange for transferring the promised goods or services to a customer. The transaction price is measured at the fair value of the consideration received or receivable, taking into account the contractually defined terms of payment, excluding taxes, duties and is recorded net of trade discounts.
- **Step 4 - Allocate the transaction price to the performance obligations in the contract:** For a contract that has more than one performance obligation, the Company will allocate the transaction price to each performance obligation in an amount that depicts the amount of consideration to which the Company expects to be entitled in exchange for satisfying each performance obligation.

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

(a) Rental Income – the Company as a Lessor

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

(b) Revenue from Vehicle Sales

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

6.4.4.17 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 to depreciation of vehicles, cost of vehicles disposed of, etc.

6.4.4.18 General and Administrative Expenses

General and administrative expenses comprise direct and indirect costs that are not specifically part of the cost of sales.

6.4.4.19 Finance Costs

Finance costs are expensed in the period in which they occur. These costs primarily consist of profit margins on loans and borrowings, as well as financial expenses associated with lease liabilities.

6.4.4.20 Zakat

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

(a) Value Added Tax

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

6.5 Results of Operations for the Financial Years Ended 31 December 2019G, 2020G and 2021G

6.5.1 Statement of Profit or Loss and Other Comprehensive Income

The following table presents the Company’s statements of profit or loss and other comprehensive income for the financial years ended 31 December 2019G, 2020G and 2021G:

Table 6.1: Statements of Profit or Loss and Other Comprehensive Income for the Financial Years Ended 31 December 2019G, 2020G and 2021G

SAR in 000s	2019G	2020G	2021G	Var.	Var.	CAGR 2019G-2021G
				2019G-2020G	2020G-2021G	
Rental	143,238	123,028	183,726	(14.1%)	49.3%	13.3%
Lease	107,058	198,378	253,632	85.3%	27.9%	53.9%
Total rental services	**250,295**	**321,406**	**437,359**	**28.4%**	**36.1%**	**32.2%**
Sale of used vehicles	66,969	109,091	84,115	62.9%	(22.9%)	12.1%
Revenue	**317,264**	**430,498**	**521,474**	**35.7%**	**21.1%**	**28.2%**
Cost of revenue	(242,702)	(335,505)	(356,645)	38.2%	6.3%	21.2%
Gross profit	**74,562**	**94,993**	**164,829**	**27.4%**	**73.5%**	**48.7%**
General and administrative expenses	(30,796)	(31,160)	(46,351)	1.2%	48.8%	22.7%
Provision for expected credit loss	(8,608)	(9,050)	(14,142)	5.1%	56.3%	28.2%
Profit from operations	**35,157**	**54,783**	**104,335**	**55.8%**	**90.5%**	**72.3%**
Other income	0	5,308	7,528	N/A	41.8%	0.0%
Other (expenses)	(2)	(149)	(0)	7350.0%	(100.0%)	(100.0%)
Finance charges	(4,497)	(2,698)	(2,704)	(40.0%)	0.2%	(22.5%)
Impairment in subsidiary	0	(5,228)	0	N/A	(100.0%)	0.0%
Profit before Zakat	**30,659**	**52,016**	**109,159**	**69.7%**	**109.9%**	**88.7%**
Zakat charge for the year	(1,045)	(1,692)	(3,052)	61.9%	80.4%	70.9%
Profit for the year	**29,614**	**50,324**	**106,107**	**69.9%**	**110.8%**	**89.3%**
Re-measurement of employees’ end-of-service benefits	(76)	269	(425)	(453.9%)	(258.0%)	136.5%
Total comprehensive income for the year	**29,537**	**50,593**	**105,682**	**71.3%**	**108.9%**	**89.2%**
as a % of revenue						
Cost of revenue	(76.5%)	(77.9%)	(68.4%)	1.8%	(12.2%)	(5.4%)
Gross profit	23.5%	22.1%	31.6%	(6.0%)	43.0%	16.0%
G&A expenses	(9.7%)	(7.2%)	(8.9%)	(25.8%)	23.6%	(4.2%)
Provision for expected credit loss	(2.7%)	(2.1%)	(2.7%)	(22.2%)	28.6%	(0.0%)
Other income	0.0%	1.2%	1.4%	N/A	16.7%	N/A
Other (expenses)	(0.0%)	(0.0%)	(0.0%)	N/A	N/A	N/A
Finance charges	(1.4%)	(0.6%)	(0.5%)	(57.1%)	(16.7%)	(40.2%)
Impairment in subsidiary	0.0%	(1.2%)	0.0%	N/A	(100.0%)	N/A
Profit Margin	9.3%	11.8%	20.3%	26.9%	72.0%	47.7%

SAR in 000s	2019G	2020G	2021G	Var.	Var.	CAGR 2019G-2021G
				2019G-2020G	2020G-2021G	
KPIs						
Short-term rental						
Available short-term rental fleet at end of year (number of vehicles)	4,942	3,209	5,817	(35.1%)	81.3%	8.5%
Yearly revenue per available car (in SAR)	28,984	38,338	31,584	32.3%	(17.6%)	4.4%
Weighted average of available fleet (number of vehicles)	4,036	4,162	3,731	3.1%	(10.4%)	(3.9%)
Weighted average of rented fleet (number of vehicles)	3,317	2,566	2,805	(22.6%)	9.3%	(8.0%)
Rental fleet utilization	82.2%	61.7%	75.2%	(24.9%)	21.9%	(4.4%)
Average rental revenue per daily booking (in SAR)	107	128	155	19.6%	21.1%	20.4%
Long-term lease						
Available leasing fleet at end of period (number of vehicles)	6,240	8,832	10,849	41.5%	22.8%	31.9%
Period leasing revenue per available car (in SAR)	17,157	22,461	23,378	30.9%	4.1%	16.7%
No. of active lease agreements at period end	5,888	8,586	10,272	45.8%	19.6%	32.1%
Average monthly revenue per vehicle (in SAR)	2,106	2,146	2,199	1.9%	2.5%	2.2%
Sale of used cars						
No. of cars sold (number of vehicles)	1,846	2,968	1,976	60.8%	(33.4%)	3.5%
Revenue per vehicle sold (in SAR)	36,278	36,756	42,569	1.3%	15.8%	8.3%

Source: The Audited financial statements for the financial years ended 31 December 2019G, 2020G and 2021G.

The Company operates a car rental and vehicle lease business, both representing its total rental services revenue stream. The Company also generates revenues from the sale of its used car rental and lease vehicles via weekly auctions. Revenue is mainly generated from vehicle lease and rental arrangements which represented 78.9 per cent, 74.7 and 83.9 per cent. of total revenue in 2019G, 2020G and 2021G, respectively.

6.5.1.1 Total Revenue

Total rental services revenue is generated through the Company's two main business segments: (i) car rental and (ii) vehicle lease. Car rental revenue amounted to 35.2 per cent. of total revenue in 2021G whilst vehicle lease revenue amounted to 48.6 per cent. during the same period. Car rental revenue accounted for 45.1 per cent. and 28.6 per cent. of total revenue in 2019G and 2020G, respectively, while vehicle lease revenue accounted for 33.7 per cent. and 46.1 per cent. of total revenue in 2019G and 2020G, respectively.

Car rental services revenue increased by 28.4 per cent., from SAR 250.3 million in 2019G to SAR 321.4 million in 2020G, driven mainly by the vehicle lease segment increasing by SAR 91.3 million which increased as the Company was able to secure new leasing contracts. This was slightly offset by the decrease of SAR 20.2 million in rental sales, mainly due to the decline in revenues generated from walk-in customers, affected by the imposed COVID Government restrictions and lockdowns.

Car rental services revenue increased by 36.1 per cent., from SAR 321.4 million in 2020G to SAR 437.4 million in 2021G, mostly driven by (i) an increase of SAR 60.7 million in the car rental segment mainly driven by the increase of SAR 38.2 million in rental corporate sales, coupled with (ii) an increase of SAR 55.3 million in sales from the vehicle lease segment, due to the net increase of 1,686 total active lease agreements at period end in 2021G.

Sale of used vehicles pertains to the revenue generated from the sale of motor vehicles used in the car rental and vehicle lease business segments at the end of their useful life. The Company conducts these sales through weekly-organized auctions. Sale of used vehicles accounted for 21.1 per cent, 25.3 per cent. and 16.1 per cent. of the Company's total revenue in 2019G, 2020G and 2021G, respectively.

Sale of used vehicles revenue increased by 62.9 per cent., from SAR 67.0 million in 2019G to SAR 109.1 million in 2020G due to the major fleet off-load undertaken by the Company in order to counter the low utilization of rental vehicles during COVID-19.

Sale of used vehicles revenue decreased by 22.9 per cent., from SAR 109.1 million in 2020G to SAR 84.1 million in 2021G, due to the lower number of vehicles sold (2,968 vehicles in 2020G compared with 1,976 vehicles in 2021G).

6.5.1.2 Cost of Revenue

Cost of sales mainly comprised vehicle depreciation, cost of used vehicles sold, salaries and other benefits, vehicle repairs and maintenance, insurance, and outsourced vehicles which represent 48.7 per cent, 22.8 per cent, 8.0 per cent, 4.7 per cent, 4.7 per cent. and 3.3 per cent. of the total cost of revenue on average from 2019G to 2021G, respectively.

The total cost of revenue increased by 38.2 per cent., from SAR 242.7 million in 2019G to SAR 335.5 million in 2020G, mainly driven by the increase of SAR 52.6 million in vehicle depreciation due to the increase in the Company's overall fleet size, an increase of SAR 31.5 million in the cost of vehicles sold, driven by the higher number of vehicles sold in 2020G, and an increase of SAR 10.9 million in vehicle repairs and maintenance in line with the Company's larger fleet. This was offset by a decrease of SAR 6.2 million in salaries and other benefits which was related to a salary reduction during the full lockdown period due to the COVID-19 pandemic.

Cost of sales slightly increased by 6.3 per cent., from SAR 335.5 million in 2020G to SAR 356.6 million in 2021G, driven by an increase of SAR 39.0 million in vehicle depreciation due to an increase in the Company's overall fleet size and offset by a decrease of SAR 32.7 million in the cost of vehicles sold, driven by the lower number of vehicles sold in 2021G compared to 2020G.

6.5.1.3 Gross Margin

Gross margin decreased by 1.4 per cent. from 23.5 per cent. in 2019G to 22.1 per cent. in 2020G, mainly driven by a decrease of 10.5 per cent. in car rental segment gross margin due to a decrease in utilization rate from 82.2 per cent. in 2019G to 61.7 per cent. in 2020G. This was offset by an increase in lease gross margins by 1.8 per cent., mainly driven by an increase of SAR 91.3 million in lease segment revenues, also, offset by an increase in used vehicles sold margins by 6.4 per cent., driven by the major off-load undertaken by the Company on its rental fleet.

Gross margin increased by 9.5 per cent. from 22.1 per cent. in 2020G to 31.6 per cent. in 2021G, mainly driven by an increase of 20.3 per cent. in car rental segment margin driven by higher revenues generated from corporate accounts and better rental fleet utilization rates. In addition to an increase of 13.7 per cent. in the gross margin of the used vehicle sales segment driven by the higher price of used vehicles in the market due to new vehicles shortage, coupled with a higher average age of 2.8 years (thus lower net book value) of used vehicles sold in 2021G. The average age of vehicles sold in 2021G was affected by the higher mix of leasing vehicles sold (52.3 per cent. in 2021G as compared to 21.5 per cent. in 2020G) after the expiry of the lease agreements. Lease vehicles in general serve more time within the Company's fleet as they are only sold after the expiry of the lease agreement as opposed to the rental vehicles which are usually sold after two years of service.

6.5.1.4 General and Administrative Expenses

General and administrative expenses mainly comprised salaries and other benefits, fees and subscriptions, depreciation, advertising and other provisions which represent 63.0 per cent., 14.4 per cent., 4.7 per cent., 2.7 per cent. and 4.1 per cent. of the total general and administrative expense on average from 2019G to 2021G, respectively.

General and administrative expenses increased by 1.2 per cent., from SAR 30.8 million in 2019G to SAR 31.2 million in 2020G, driven by an increase of SAR 4.9 million in salaries and other benefits due to an increase in employee head count and average employee cost, offset by a decrease of SAR 1.6 million in fees and subscriptions due to the reduction of staff visa expenses during the COVID-19 lockdown, and the one-off insurance claims provision taken of SAR 2.0 million against insurance receivables in 2019G.

General and administrative expenses further increased by 48.8 per cent., from SAR 31.2 million in 2020G to SAR 46.4 million in 2021G, mainly driven by an increase of SAR 8.5 million in salaries and other benefits due to the addition of 55 new employees to the headcount coupled with a slight increase in the average monthly cost of employees and an increase of SAR 4.3 million in fees and subscriptions mainly related to a positive adjustment of SAR 2.4 million in Iqama and work permit expenses recorded in 2021G and related to 2020G.

6.5.1.5 Provision for Expected Credit Losses

Expected credit losses pertain to doubtful receivables and accrued revenue and are estimated through the Expected credit loss model, in compliance with IFRS 9. The expected credit loss model depends on the ageing of receivables at the date of each financial statement, and the provision shall be calculated by means of an evaluation of the settlement in the previous periods compared with future expectations, according to the type of customer, ageing of receivables, date of collection and other elements.

Provision for expected credit loss related to trade receivables for the period increased by 5.1 per cent., from SAR 8.6 million in 2019G to SAR 9.1 million in 2020G, as a result of the increased aging of the Company's receivables from corporate and Government customers.

Provision for expected credit loss for the period increased by 56.3 per cent., from SAR 9.1 million in 2020G to SAR 14.1 million in 2021G as a result of the continued increase of the aging of the Company's corporate and Government customers' receivables.

6.5.1.6 Other Operating Income

Other operating income pertains mostly to rebates granted by vendors and mainly car agents to the Company against the purchase of vehicles. Other operating income increased from nil in 2019G to SAR 5.3 million in 2020G, driven by rebates against the purchases of cars undertaken by the Company in 2019G.

Other operating income increased by 41.8 per cent., from SAR 5.3 million to SAR 7.5 million in 2021G, driven by the rebates received from the Company's vehicles and insurance vendors.

6.5.1.7 Other Operating Expenses

Other operating expenses solely pertains to foreign exchange losses in 2019G and 2020G.

Other operating expenses increased by SAR 147.3 thousand from SAR 1.7 thousand in 2019G to SAR 149.0 thousand in 2020G as a result of Forex losses due to payments made by customers in currencies other than SAR. Other operating expenses amounted to SAR nil in 2021G.

6.5.1.8 Finance Cost

Finance charges pertain to interest paid on loans and borrowings and finance charges related to lease liabilities. Finance charges decreased in finance costs by 40.0 per cent., from SAR 4.5 million in 2019G to SAR 2.7 million in 2020G, mainly due to the decrease in the SIBOR rate coupled with the decrease of the principal amount of the loan.

Finance charges slightly increased to SAR 2.7 million in 2021G due to the increase of finance charges related to lease liabilities, offset by the early termination of the Company's loan facility. See 6.5.2.3 (*Loans and Borrowings – Non-Current Portion*) for further details on the loan facility.

6.5.1.9 Impairment in Subsidiary

Impairment in subsidiary related to a net loss of SAR 5.2 million on the conversion of the Company's subsidiary, Saudi Company for Transportation United (SCT), which was converted to a branch of the Company. On October 8, 2020G, the Company's subsidiary, Saudi Company for Transportation United (SCT), was converted into a branch of the Company. A net impairment of SAR 5.2 million was recognised in 2020G.

6.5.1.10 Zakat Charge for the Year

Zakat relates to provisions recorded in accordance with the regulations of ZATCA. The Company does not declare Zakat on a standalone basis but is instead part of the Seera Group Holding tax group.

Zakat increased by 61.9 per cent., from SAR 1.0 million in 2019G to SAR 1.7 million in 2020G, and further increased by 80.4 per cent., from SAR 1.7 million in 2020G to SAR 3.1 million in 2021G, in line the with growth in business witnessed by the Company and the subsequent increase in the Company's profit before Zakat.

6.5.1.11 Net Income

Net income increased by 69.9 per cent., from SAR 29.6 million in 2019G to SAR 50.3 million in 2020G, mainly due to the increase in the lease segment revenue and gross profit in 2020G slightly offset by a decrease in revenues generated from the car rental segment due to reasons discussed in Section 6.6.2.2 (*Current Assets*).

Net income increased by 110.9 per cent., from SAR 50.3 million to SAR 106.1 million in 2021G owing to the growth in revenue in both the car rental and vehicle lease segments, an improvement in gross margins on the back of the increase in booking volume, allowing a higher fleet utilization due to corporate rental customers and the improvement of margins in the used vehicle sales segment.

6.5.1.12 Re-Measurement of Employees' End-of-Service Benefits

The Company calculates employees' end-of-service benefits according to the laws and regulations applicable in the Kingdom. Additionally, the Company re-measures the employees' end-of-service benefits using the projected credit unit method by a qualified actuary.

The most recent actuarial valuation of the present value of the end-of-service benefit obligation was carried out on 31 December 2021G. During the financial year, no material fluctuations or events affected the actuarial assumptions used to calculate the liability. Accordingly, actuarial losses or profits from employee benefit liabilities amounted to a loss of SAR 76 thousand, a gain of SAR 0.3 million and a loss of SAR 0.4 million for 2019G, 2020G and 2021G, respectively.

6.5.1.13 Revenue by Business Segment

The following table presents the Company's revenue by segment of activity for the financial years ended 31 December 2019G, 2020G and 2021G:

Table 6.2: Revenue by Segment for the Financial Years Ended 31 December 2019G, 2020G and 2021G

SAR in 000s	2019G	2020G	2021G	Var. 2019G-2020G	Var. 2020G-2021G	CAGR 2019G-2021G
Rental	143,238	123,028	183,726	(14.1%)	49.3%	13.3%
Lease	107,058	198,378	253,632	85.3%	27.9%	53.9%
Total rental services	**250,295**	**321,406**	**437,359**	**28.4%**	**36.1%**	**32.2%**
Sale of used vehicles	66,969	109,091	84,115	62.9%	(22.9%)	12.1%
Total revenue	**317,264**	**430,498**	**521,474**	**35.7%**	**21.1%**	**28.2%**
as a % of revenue						
Rental	45.1%	28.6%	35.2%	(36.6%)	23.1%	(11.7%)
Lease	33.7%	46.1%	48.6%	36.8%	5.4%	20.1%
Sale of used vehicles	21.2%	25.3%	1.16%	19.9%	(36.4%)	(12.6%)

Source: The audited financial statements for the financial years ended 31 December 2019G, 2020G and 2021G.

(a) Rental Revenue

Car rental revenue includes the car rental revenue from individual, corporate and Government customers. Individual rental revenue is mostly composed of walk-in customers. Walk-in customers are individuals who visit the Company's city or airport branches to rent a car.

Car rental revenue decreased by 14.1 per cent., from SAR 143.2 million in 2019G to SAR 123.0 million in 2020G, mostly as a result of the COVID-19 Government-imposed restrictions that resulted in a drop, in rental fleet utilization rate from 82.2 per cent. in 2019G to 61.7 per cent. in 2020G. The drop in car rental revenue in 2020G, was reflected in a significant drop of the revenue generated from airport branches, decreasing by SAR 30.9 million.

Car rental revenue increased by 49.3 per cent., from SAR 123.0 million in 2020G to SAR 183.7 million in 2021G, mostly as a result of an increase in revenue generated from corporate customers and improvement of walk-in revenues by 29.7 per cent., driven by an overall market recovery following the easing of lockdown restrictions across all countries in 2021G. The increase was reflected in an increase of revenue generated from airport branches by SAR 21.9 million and an increase of revenue generated from city branches by SAR 38.8 million.

(b) Lease Revenue

Vehicle lease revenue consists of revenue generated from leasing vehicles to customers in the corporate and Government sectors once a purchase order is secured from these customers following a tendering process.

Vehicle lease revenue increased by 85.3 per cent., from SAR 107.1 million in 2019G to SAR 198.4 million in 2020G, mainly as a result of a significant increase in revenue generated from new contracts, as the number of leased vehicle active agreements increased from 5,888 agreements at the end of 2019G to 8,586 agreements at the end of 2020G. The increase in lease revenue was mostly driven by an increase of SAR 50.6 million from Government customers, and from an increase of SAR 42.7 million generated from corporate customers.

Vehicle lease revenue increased by 27.9 per cent., from SAR 198.4 million in 2020G to SAR 253.6 million in 2021G, mainly as a result of a significant increase in revenue generated from new contracts, as the number of lease agreements increased from 8,586 agreements at the end of 2020G to 10,272 at the end of 2021G. The growth in lease revenue was mostly driven by an increase in revenue generated from existing clients, particularly with corporate customers increasing by SAR 33.0 million and Government customers increasing by SAR 19.8 million.

(c) Sale of Used Vehicles

The sale of used vehicles relates to the sale of used vehicles within the car rental segment after two to three years from the date of purchase of the vehicle and after the expiry of the lease agreement / contract for vehicles in the vehicle lease segment.

Sale of used vehicles increased by 62.9 per cent., from SAR 67.0 million in 2019G to SAR 109.1 million in 2020G, as the number of used vehicles sold increased from 1,846 vehicles in 2019G to 2,968 vehicles in 2020G in order to counter the low utilization rates of car rentals during the COVID-19 lockdown. The average revenue per vehicle sold increased from SAR 36.3 thousand per used vehicle sold in 2019G to SAR 36.8 thousand per car sold in 2020G due to the younger age of the fleet sold in 2020G.

Sales of used vehicles decreased by 22.9 per cent., from SAR 109.1 million in 2020G to SAR 84.1 million in 2021G, as the Company's used vehicles sold decreased from 2,968 vehicles in 2020G to 1,976 vehicles in 2021G, following the exceptional sale of vehicles in 2020G to mitigate the low rental utilization during the COVID-19 lockdown. The average revenue per vehicle sold increased from SAR 36.8 thousand in 2020G to SAR 42.6 thousand in 2021G, following an increase in the market price of used vehicles as a result of the shortage of supply of new vehicles in the market and the mix of vehicles sold, as the average purchase price of vehicles sold in 2020G amounted to SAR 53.6 thousand compared to SAR 64.4 thousand for vehicles sold in 2021G.

6.5.1.14 Rental Revenue by Customer Type

The following table presents the Company's car rental revenue by customer type for the financial years ended 31 December 2019G, 2020G and 2021G:

Table 6.3: Rental Revenue by Customer Type for the Financial Years Ended 31 December 2019G, 2020G and 2021G

SAR in 000s	2019G	2020G	2021G	Var.	Var.	CAGR 2019G-2021G
				2019G-2020G	2020G-2021G	
Online sale	0	0	1,525	N/A	N/A	N/A
Offline/branch sale	82,973	49,530	62,729	(40.3%)	26.6%	(13.1%)
Individual	82,973	49,530	64,254	(40.3%)	29.7%	(12.0%)
Corporate	12,316	28,184	66,337	128.8%	135.4%	132.1%
Government	43,368	28,442	42,548	(34.4%)	49.6%	(0.9%)
Seera Group Holding	4,581	16,872	10,587	268.3%	(37.3%)	52.0%
Total rental revenue	**143,238**	**123,028**	**183,726**	**(14.1%)**	**49.3%**	**13.3%**
as a % of total				**Change in ppt.**		
Individual	57.9%	40.3%	35.0%	(30.4%)	(13.2%)	(22.3%)
Corporate	8.6%	22.9%	36.1%	166.3%	57.6%	104.9%
Government	30.3%	23.1%	23.2%	(23.8%)	0.4%	(12.5%)
Seera Group Holding	3.2%	13.7%	5.8%	328.1%	(57.7%)	34.6%
As a % of total individual sale				**Change in ppt.**		
Online sale	-	-	2.4%	-	-	-
Offline/branch sale	100%	100%	97.6%	0%	(2.4%)	(1.2%)
Number of online sale agreements	-	-	2,625	-	-	-
Number of offline/branch sale agreements	152,744	70,587	81,614	(53.8%)	15.6%	(26.9%)
Average revenue per online agreement	-	-	581	-	-	-
Average revenue per offline/branch agreement	543	702	769	29.3%	9.5%	19.0%

Source: The audited financial statements for the financial years ended 31 December 2019G, 2020G and 2021G.

(a) Individual

Individual car rental revenue is composed of walk-in customers. Walk-in customers are individuals who visit the Company's city or airport branches to rent a car or individuals that rent a car online through the Company's site or the phone application.

Total individual car rental revenue represented 57.9 per cent. of the total car rental revenue in 2019G, 40.3 per cent. in 2020G and 35.0 per cent. in 2021G.

Individual car rental revenue decreased by 40.3 per cent., from SAR 83.0 million in 2019G to SAR 49.5 million in 2020G due to Government restrictions related to COVID-19.

Individual car rental revenue increased by 29.7 per cent., from SAR 49.5 million in 2020G to SAR 64.3 million in 2021G due to the easing of restrictions imposed due to COVID-19.

Individual online car rental revenue represented 2.4 per cent. as a percentage of total individual car rental revenue. Individual online car rental revenue increased from nil in 2020G to SAR 1.5 million in 2021G after the online service has been launched by the Company.

(b) Corporate

Corporate car rental revenue refers to the revenues generated from car rental agreements with companies in the private sector.

Corporate car rental revenue represented 8.6 per cent. of the total car rental revenue in 2019G, 22.9 per cent. in 2020G and 36.1 per cent. in 2021G.

The corporate car rental revenue increased by 128.8 per cent., from SAR 12.3 million in 2019G to SAR 28.2 million in 2020G, mainly driven by additional corporate contracts secured by the Company, of which the largest contributor resulted in an increase of SAR 15.0 million in the Company's rental revenue.

Corporate car rental revenue increased by 135.4 per cent., from SAR 28.2 million to SAR 66.3 million in 2021G, also driven by an increase of revenue generated from new accounts secured in 2021G and the full year effect of new accounts secured in 2020G.

(c) Government

Government car rental revenue refers to the revenues generated from car rental agreements with public sector entities.

Government car rental revenue represented 30.3 per cent. of the total car rental revenue in 2019G, 23.1 per cent. in 2020G and 23.2 per cent. in 2021G.

Government car rental revenue decreased by 34.4 per cent., from SAR 43.4 million in 2019G to SAR 28.4 million in 2020G, mainly driven by a decrease in car rental revenue all Government customers during the COVID-19 period.

Government car rental revenue increased by 49.6 per cent., from SAR 28.4 million in 2020G to SAR 42.5 million in 2021G, mainly driven by an increase in revenues from the Company's agreement with Government customers, out of which the largest contributor resulted in an increase of SAR 19.5 million.

(d) Seera Group Holding

Seera Group Holding car rental revenue refers to the revenues generated by the Company from car rental agreements with private corporate entities affiliated to Seera Group Holding.

Seera Group Holding car rental revenue represented 3.2 per cent., 13.7 per cent. and 5.8 per cent. of the total car rental revenue in 2019G, 2020G and 2021G, respectively.

Seera Group Holding car rental revenue increased by 268.3 per cent., from SAR 4.6 million in 2019G to SAR 16.9 million in 2020G, mainly due to the Al Ula event contract granted to the Company by Seera Holidays Travel and Tourism.

Seera Group Holding car rental revenue decreased by 37.3 per cent., from SAR 16.9 million to SAR 10.6 million in 2021G due to the non-recurrence for the Al Ula event. The event generated SAR 13.7 million for the Company in 2020G.

6.5.1.15 Rental Revenue by Region

The following table presents the Company's car rental revenue by region of activity in the Kingdom for the financial years ended 31 December 2019G, 2020G and 2021G:

Table 6.4: Rental Revenue by Region for the Financial Years Ended 31 December 2019G, 2020G and 2021G

SAR in 000s	2019G	2020G	2021G	Var.	Var.	CAGR 2019G-2021G
				2019G-2020G	2020G-2021G	
Central Region	51,421	46,155	68,706	(10.2%)	48.9%	15.6%
Northern Region	6,854	35,878	61,609	423.5%	71.7%	199.8%
Western Region	62,613	28,392	35,358	(54.7%)	24.5%	(24.9%)
Southern Region	7,347	4,671	8,025	(36.4%)	71.8%	4.5%
Eastern Region	15,003	7,932	10,028	(47.1%)	26.4%	(18.2%)
Total rental revenue	**143,238**	**123,028**	**183,726**	**(14.1%)**	**49.3%**	**13.3%**
as a % of total				**Change in ppt.**		
Central Region	35.9%	37.5%	37.4%	4.5%	(0.3%)	2.1%
Northern Region	4.8%	29.2%	33.5%	508.3%	14.7%	164.2%
Western Region	43.7%	23.1%	19.2%	(47.1%)	(16.9%)	(33.7%)

SAR in 000s	2019G	2020G	2021G	Var.	Var.	CAGR 2019G-2021G
				2019G-2020G	2020G-2021G	
Southern Region	5.1%	3.8%	4.4%	(25.5%)	15.8%	(7.1%)
Eastern Region	10.5%	6.4%	5.5%	(39.0%)	(14.1%)	(27.6%)
Weighted average rented cars per year				**Change**		
Central Region	1,328	1,334	1,301	0.5%	(2.5%)	(1.0%)
Northern Region	82	193	585	135.4%	203.1%	167.1%
Western Region	1,247	683	479	(45.2%)	(29.9%)	(38.0%)
Southern Region	224	101	182	(54.9%)	80.2%	(9.9%)
Eastern Region	436	256	259	(41.3%)	1.2%	(22.9%)
Weighted average available cars per year				**Change**		
Central Region	1,539	1,888	1,754	22.7%	(7.1%)	6.8%
Northern Region	105	257	705	144.8%	174.3%	159.1%
Western Region	1,571	1,279	692	(18.6%)	(45.9%)	(33.6%)
Southern Region	274	186	232	(32.1%)	24.7%	(8.0%)
Eastern Region	547	552	348	0.9%	(37.0%)	(20.2%)
Utilization %				**Change in ppt.**		
Central Region	86.3%	70.7%	74.2%	(18.1%)	5.0%	(7.3%)
Northern Region	78.4%	75.1%	82.9%	(4.2%)	10.4%	2.8%
Western Region	79.3%	53.4%	69.1%	(32.7%)	29.4%	(6.7%)
Southern Region	81.8%	54.4%	78.5%	(33.5%)	44.3%	(2.0%)
Eastern Region	79.6%	46.3%	74.4%	(41.8%)	60.7%	(3.3%)
Number of branches				**Change**		
Central Region	9	9	7	0.0%	(22.2%)	(11.8%)
Northern Region	3	8	6	166.7%	(25.0%)	41.4%
Western Region	12	13	11	8.3%	(15.4%)	(4.3%)
Southern Region	2	2	3	0.0%	50.0%	22.5%
Eastern Region	5	5	6	0.0%	20.0%	9.5%

Source: Management information.

(a) Central Region

Car rental revenue from the Central Region decreased by 10.2 per cent., from SAR 51.4 million in 2019G to SAR 46.2 million in 2020G, mainly as a result of a significant drop in the revenue by SAR 10.2 million of airport branches in that region, due to COVID-19 restrictions; this is highlighted by a decrease in utilization rates for the region from 86.3 per cent. in 2019G to 70.7 per cent. in 2020G. The decline in car rental revenue from airport branches was partially offset by an increase in revenue generated from city branches by SAR 4.9 million, driven by the Company's dealings with corporate and Government accounts.

Car rental revenue from the Central Region increased by 48.9 per cent., from SAR 46.2 million in 2020G to SAR 68.7 million in 2021G despite a decrease in the number of active branches from nine branches in 2020G to seven branches in 2021G. The increase was a result of an increase in the utilization rates from 70.7 per cent. in 2020G to 74.2 per cent. in 2021G following the easing of lockdown restrictions in the Kingdom in 2021G and a pickup in rental corporate sales of the Company. The increase in car rental revenue in the Central Region was mostly driven by an increase of SAR 12.8 million from the region's airport branches, coupled with a continued increase in revenue generated by city branches of SAR 9.8 million.

(b) Northern Region

Car rental revenue from the Northern Region increased from SAR 6.9 million in 2019G to SAR 35.9 million in 2020G due to the one-off Al Ula event in quarter one of 2020G driving revenue generated from the Al Ula city branch to SAR 13.7 million, as well as an increase of SAR 13.5 million generated from the Holiday Inn Tabuk branch servicing the Company's corporate customers. The Company opened four airport branches in the Northern Region in 2020G generating SAR 0.4 million during their ramp up period, and one city branch in NEOM Community 1, generating SAR 1.6 million from July 2020G to December 2020G.

Car rental revenue from the Northern Region increased by 71.7 per cent., from SAR 35.9 million in 2020G to SAR 61.6 million in 2021G, driven by an increase in revenue of SAR 9.9 million generated from airport branches with the ease of COVID-19 restrictions and an increase of SAR 15.9 million from city branches servicing the Company's corporate accounts.

(c) Western Region

Car rental revenue from the Western Region decreased by 54.7 per cent., from SAR 62.6 million in 2019G to SAR 28.4 million in 2020G mainly due to a significant decrease in utilization rates witnessed in this region, affected by COVID-19. Utilization rates dropped from 79.3 per cent. in 2019G to 53.4 per cent. in 2020G. The decline in revenue mainly stemmed from a decrease of SAR 17.7 million from city branches and SAR 16.5 million from airport branches.

Car rental revenue from the Western Region increased by 24.5 per cent., from SAR 28.4 million in 2020G to SAR 35.4 million in 2021G, despite a decrease in the branches from 13 to 11, mainly due to a major recovery in revenues generated by city branches, increasing by SAR 9.2 million with the ease of COVID-19 restrictions and the opening of the new Jeddah airport branch in November 2021G, generating SAR 0.8 million. The Company lost the tender for the new Jeddah airport location in 2019G.

(d) Southern Region

Car rental revenue from the Southern Region decreased by 36.4 per cent., from SAR 7.3 million in 2019G to SAR 4.7 million in 2020G due to a decrease in the utilization rate from 81.8 per cent. in 2019G to 54.4 per cent. in 2020G, driven by COVID-19 restrictions.

Car rental revenue from the Southern Region increased by 71.8 per cent., from SAR 4.7 million in 2020G to SAR 8.0 million in 2021G as the number of branches increased from two to three in 2021G, with the new airport branch contributing to an increase in revenue by SAR 0.2 million along with the city branches contributing to an increase of SAR 3.2 million.

(e) Eastern Region

Car rental revenue from the Eastern Region decreased by 47.1 per cent., from SAR 15.0 million in 2019G to SAR 7.9 million in 2020G due to a decrease in utilization rates from 79.6 per cent. in 2019G to 46.3 per cent. in 2020G due to the COVID-19 restrictions.

Car rental revenue from the Eastern Region increased by 26.4 per cent., from SAR 7.9 million in 2020G to SAR 10.0 million in 2021G as the car rental revenue of almost all of the branches increased over that period, contributing to a total increase of SAR 2.1 million with the ease of COVID-19 restrictions.

6.5.1.16 Rental Revenue by Branch Type

The following table presents the Company's car rental revenue by type of branch, split between airport and city branches, for the financial years ended 31 December 2019G, 2020G and 2021G:

Table 6.5: Rental Details by Branch Type for the Financial Years Ended 31 December 2019G, 2020G and 2021G

SAR in 000s	2019G	2020G	2021G	Var.	Var.	CAGR 2019G-2021G
				2019G-2020G	2020G-2021G	
Airport	55,820	24,938	46,863	(55.3%)	87.9%	(8.4%)
City	87,418	98,090	136,864	12.2%	39.5%	25.1%
Total	**143,238**	**123,028**	**183,726**	**(14.1%)**	**49.3%**	**13.3%**
as a % of total				**Change in ppt.**		
Airport	39.0%	20.3%	25.5%	(47.9%)	25.6%	(19.1%)
City	61.0%	79.7%	74.5%	30.7%	(6.5%)	10.5%
Number of bookings				**Change**		
Airport	105,135	37,239	54,641	(64.6%)	46.7%	(27.9%)
City	24,299	12,512	17,458	(48.5%)	39.5%	(15.2%)
Average revenue per booking:				**Change**		
Airport	531	670	858	26.2%	28.1%	27.1%
City	3,598	7,840	7,840	117.9%	(0.0%)	47.6%

Source: Management information.

(a) Airport Branches

Car rental revenue generated from airport branches made up 39.0 per cent, 20.3 per cent. and 25.5 per cent. of the total car rental revenue generated by the Company in 2019G, 2020G and 2021G, respectively.

Car rental revenue from airport branches decreased by 55.3 per cent., from SAR 55.8 million in 2019G to SAR 24.9 million in 2020G as airport branches heavily relied on walk-in customers affected by the COVID-19 restrictions. The decrease in revenue was mainly driven by a decrease in the Central Region airport branches by SAR 10.2 million and a decrease in Western Region airport revenue of SAR 16.5 million. This was reflected in the decline of the car rental fleet utilization of airport branches from 83.5 per cent. in 2019G to 55.0 per cent. in 2020G.

Car rental revenue from airport branches increased by 87.9 per cent., from SAR 24.9 million in 2020G to SAR 46.9 million in 2021G mainly due to the easing of COVID-19 restrictions throughout 2021G. The Central and Northern Regions had the most significant impact on this segment with increased revenues of SAR 12.7 million and SAR 9.9 million respectively in 2021G. The Company won the tender for the new Jeddah airport location in August 2021G with operations resuming in November 2021G. Jeddah airport locations were the Company's second-highest revenue generators among airport branches in 2019G.

(b) City Branches

Car rental revenue generated from city branches made up 61.0 per cent, 79.7 per cent. and 74.5 per cent. of the total car rental revenue generated by the Company in 2019G, 2020G and 2021G, respectively.

Car rental revenue from city branches increased by 12.2 per cent., from SAR 87.4 million in 2019G to SAR 98.1 million in 2020G due to the servicing of corporate contracts despite Government restrictions related to COVID-19. The main decrease was witnessed in the Western Region with a decrease in revenue amounting to SAR 17.7 million from city branches.

Car rental revenue from city branches increased by 39.5 per cent., from SAR 98.1 million in 2020G to SAR 136.9 million in 2021G, driven by an increase in car rental revenue from corporate customer. The main increase was driven by the city branches of the Northern Region increasing by SAR 15.9 million, the city branches of the Central Region increasing by SAR 9.8 million and the city branches of the Western Region increase by SAR 9.2 million.

6.5.1.17 Lease Revenue by Customer Type

The following table presents the Company's vehicle lease segment revenues by customer type for the financial years ended 31 December 2019G, 2020G and 2021G:

Table 6.6: Lease Revenue by Customer Type for the Financial Years Ended 31 December 2019G, 2020G and 2021G

SAR in 000s	2019G	2020G	2021G	Var.	Var.	CAGR 2019G-2021G
				2019G-2020G	2020G-2021G	
Corporate	57,713	100,377	133,386	73.9%	32.9%	52.0%
Government	46,107	96,728	116,490	109.8%	20.4%	59.0%
Seera Group Holding	3,238	1,273	3,756	(60.7%)	195.1%	7.7%
Total	**107,058**	**198,378**	**253,632**	**85.3%**	**27.9%**	**53.9%**
as a % of total				**Change in ppt.**		
Corporate	53.9%	50.6%	52.6%	(6.1%)	4.0%	(1.2%)
Government	43.1%	48.8%	45.9%	13.2%	(5.9%)	3.2%
Seera Group Holding	3.0%	0.6%	1.5%	(80.0%)	150.0%	(29.3%)
No. of active lease agreements at end of period				**Change**		
Corporate	3,355	5,380	6,522	60.4%	21.2%	39.4%
Government	2,513	3,139	3,691	24.9%	17.6%	21.2%
Seera Group Holding	20	67	59	235.0%	(11.9%)	71.8%
No. of leased days				**Change**		
Corporate	964,960	1,662,211	2,132,414	72.3%	28.3%	48.7%
Government	539,952	1,099,234	1,304,978	103.6%	18.7%	55.5%
Seera Group Holding	19,800	11,288	22,583	(43.0%)	100.1%	6.8%
Average monthly rate per lease agreement				**Change**		
Corporate	1,794	1,812	1,877	1.0%	3.6%	2.3%
Government	2,562	2,640	2,678	3.0%	1.4%	2.2%
Seera Group Holding	4,906	3,382	4,990	(31.1%)	47.5%	0.9%

Source: Management information.

Vehicle lease revenue consists of revenue generated from leasing vehicles to customers in the corporate sector once a purchase order is secured following the efforts of the sales team of the Company and from leasing vehicles to the Government sector once a purchase order is secured following a bidding process. Vehicle lease revenue amounted to 33.7 per cent, 46.1 per cent. and 48.6 per cent. of the Company's total revenue in 2019G, 2020G and 2021G, respectively.

(a) Corporate Sector

Vehicle lease revenue from the corporate sector represented 53.9 per cent. of the total vehicle lease revenue in 2019G, 50.6 per cent. in 2020G and 52.6 per cent. in 2021G. Vehicle lease revenue from the corporate sector increased by 73.9 per cent., from SAR 57.7 million in 2019G to SAR 100.4 million in 2020G, mainly driven by new contracts secured over the same period that was reflected in an increase in the number of leased cars to corporate sector customers from 3,355 in 2019G to 5,380 in 2020G. This growth was mostly driven by new contacts secured with: (i) "Customer A", which contributed to an increase of SAR 12.3 million from 906 cars leased in 2020G; and (ii) "Customer E" which contributed to an increase of SAR 2.6 million from 105 cars leased, amongst others.

Vehicle lease revenue from the corporate sector increased by 32.9 per cent., from SAR 100.4 million in 2020G to SAR 133.4 million in 2021G, driven by new contracts secured over the same period that was reflected in an increase in the number of leased cars to corporate sector customers to 6,522 in 2021G. This growth was mostly driven by "Customer A" which contributed to an increase of SAR 17.6 million for a total of 996 cars leased in 2021G.

(b) Government Sector

Vehicle lease revenue from the Government sector represented 43.1 per cent. of the total vehicle lease revenue in 2019G, 48.8 per cent. in 2020G and 45.9 per cent. in 2021G. Vehicle lease revenue from the Government sector increased from SAR 46.1 million in 2019G to SAR 96.7 million in 2020G mainly driven by new contracts secured over the same period that was reflected in an increase in the number of leased cars to Government sector customers from 2,513 in 2019G to 3,139 in 2020G and the full year impact of the agreements, since most leased agreements with the Government sector started in 2019G. The growth was mostly generated by contracts with "Customer F" and "Customer G" contributing to an increase of SAR 12.9 million from 1,146 cars leased in 2020G, "Customer I" which contributed to an increase of SAR 9.0 million from 544 cars leased in 2020G, and "Customer J" which contributed to an increase of SAR 7.3 million for 209 cars leased in 2020G, amongst others.

Vehicle lease revenue from the Government sector increased by 20.4 per cent., from SAR 96.7 million in 2020G to SAR 116.5 million in 2021G, mainly driven by new contracts secured over the same period that was reflected in an increase in the number of leased cars from 3,139 in 2020G to 3,691 in 2021G. The growth was mostly generated by contracts with "Customer H" which contributed to an increase of SAR 12.3 million for 623 cars leased in 2021G, "Customer J" which contributed to an increase of SAR 4.7 million for 300 cars leased in 2021G, and "Customer K" which contributed to an increase of SAR 3.1 million for 147 leased cars in 2021G.

(c) Seera Group Holding Entities

Vehicle lease revenue from Seera Group Holding entities related to related party and inter-group transactions for Elaa Travel Tourism and Cargo Co. Ltd. and Seera Group Holding. Vehicle lease revenue from Seera Group Holding entities represented 3.0 per cent. of the total vehicle lease revenue in 2019G, 0.6 per cent. in 2020G, and 1.5 per cent. in 2021G. Vehicle lease revenue from Seera Group Holding decreased by 60.7 per cent., from SAR 3.2 million in 2019G to SAR 1.3 million in 2020G, mainly driven by a decrease in revenue from Elaa Travel Tourism and Cargo Co. Ltd by SAR 1.5 million due to a decrease in leased cars by 43.

Vehicle lease revenue from Seera Group Holding increased from SAR 1.3 million in 2020G to SAR 3.8 million in 2021G as a result of an increase in revenue from Elaa Travel Tourism and Cargo Co. Ltd. by SAR 2.8 million related to the lease of 45 lorries.

6.5.1.18 Sale of Used Vehicles

The following table presents the Company's revenue from sales of used vehicles for the financial years ended 31 December 2019G, 2020G and 2021G:

Table 6.7: Sale of Used Vehicles for the Financial Years Ended 31 December 2019G, 2020G and 2021G

SAR in 000s	2019G	2020G	2021G	Var.	Var.	CAGR 2019G-2021G
				2019G-2020G	2020G-2021G	
Revenue	66,969	109,091	84,115	62.9%	(22.9%)	12.1%
Cost of vehicles sold	(61,073)	(92,527)	(59,780)	51.5%	(35.4%)	(1.1%)
Gain on sale of used vehicle	5,896	16,564	24,336	180.9%	46.9%	103.2%
KPIs						
No. of vehicles Sold	1,846	2,968	1,976	60.8%	(33.4%)	3.5%
Average age of vehicle sold	2.3	2.1	2.8	(8.7%)	33.3%	10.3%
Average revenue per vehicle sold (SAR)	36,278	36,756	42,569	1.3%	15.8%	8.3%
Average NBV per vehicle sold (SAR)	(33,084)	(31,175)	(30,253)	(5.8%)	(3.0%)	(4.4%)
Gross margin	8.8%	15.2%	28.9%	72.7%	90.1%	81.2%

Source: The audited financial statements for the financial years ended 31 December 2019G, 2020G and 2021G.

The sale of used vehicles represented 21.1 per cent. of the total revenue in 2019G, 25.3 per cent. in 2020G, and 16.1 per cent. in 2021G.

The sale of used vehicles revenues increased by 62.9 per cent., from SAR 67.0 million in 2019G to SAR 109.1 million in 2020G, mainly driven by an increase in the number of used vehicles sold from 1,846 vehicles in 2019G to 2,968 vehicles in 2020G. This was primarily due to the Company's efforts to reduce its rental fleet to mitigate the low utilization during the COVID-19 period. The average revenue-per-used-vehicle-sold slightly increased from SAR 36.3 thousand in 2019G to SAR 36.8 thousand in 2020G due to the younger age of the fleet sold affected by the car rental fleet off-load to counter the low utilization impact due to COVID-19.

The sale of used vehicles revenues decreased by 22.9 per cent. from SAR 109.1 million in 2020G to SAR 84.1 million in 2021G, mainly driven by the decrease in the number of used vehicles sold from 2,968 vehicles in 2020G to 1,976 vehicles in 2021G. The average revenue-per-car-sold increased from SAR 36.8 thousand in 2020G to SAR 42.6 thousand in 2021G, mostly as a result of the increasing demand for used vehicles in the market following a shortage in the supply of new vehicles as a result of global supply chain challenges and due to the mix of vehicles sold, as the average purchase price of vehicles sold in 2020G amounted to SAR 53.6 thousand compared to SAR 64.4 thousand for vehicles sold in 2021G.

6.5.1.19 Cost of Revenue

The following table presents the Company's cost of revenue breakdown by nature for the financial years ended 31 December 2019G, 2020G and 2021G:

Table 6.8: Cost of Revenue Breakdown for the Financial Years Ended 31 December 2019G, 2020G and 2021G

SAR in 000s	2019G	2020G	2021G	Var.	Var.	CAGR 2019G-2021G
				2019G-2020G	2020G-2021G	
Depreciation on Vehicles	103,640	156,256	195,223	50.8%	24.9%	37.2%
Cost of vehicles sold	61,073	92,527	59,780	51.5%	(35.4%)	(1.1%)
Salaries and other benefit	29,045	22,807	23,046	(21.5%)	1.0%	(10.9%)
Vehicle repair and maintenance	6,423	17,314	19,959	169.6%	15.3%	76.3%
Insurance	11,739	14,411	17,717	22.8%	22.9%	22.9%
Outsourced rental vehicle	8,483	8,274	13,684	(2.5%)	65.4%	27.0%
Depreciation on right-of-use assets	3,763	4,271	8,421	13.5%	97.2%	49.6%
Rent	10,816	11,158	8,188	3.2%	(26.6%)	(13.0%)
Vehicle shipping and transport expenses	2,183	2,846	3,587	30.3%	26.1%	28.2%
Traffic fines	2,483	2,689	3,468	8.3%	29.0%	18.2%
Fuel Cost	2,135	2,338	2,636	9.5%	12.7%	11.1%
Other cost of revenue	919	613	939	(33.3%)	53.2%	1.1%
Total	**242,702**	**335,503**	**356,648**	**38.2%**	**6.3%**	**21.2%**
KPIs						
No. of employees at year end (COR employees)	261	284	401	8.8%	41.2%	24.0%
Average monthly salaries and other benefits/ employee	9,274	6,692	4,789	(27.8%)	(28.4%)	(28.1%)
As a % of Revenue				**Change in ppt.**		
Vehicle Depreciation	32.7%	36.3%	37.4%	11.0%	3.0%	6.9%
Cost of vehicles sold	19.2%	21.5%	11.5%	12.0%	(46.6%)	(22.6%)
Salaries and other benefits	9.2%	5.3%	4.4%	(42.4%)	(17.0%)	(30.8%)
Vehicle repair and maintenance	2.0%	4.0%	3.8%	100.0%	(5.0%)	37.8%
Insurance	3.7%	3.3%	3.4%	(10.8%)	3.0%	(4.1%)
Outsourced Vehicle	2.7%	1.9%	2.6%	(29.6%)	36.8%	(1.9%)
Right-of-Use Amortisation	1.2%	1.0%	1.6%	(16.7%)	60.0%	15.5%
Rent	3.4%	2.6%	1.6%	(23.5%)	(38.5%)	(31.4%)
Travel and transportation	0.7%	0.7%	0.7%	(0.0%)	0.0%	(0.0%)
Traffic fines	0.8%	0.6%	0.7%	(25.0%)	16.7%	(6.5%)

SAR in 000s	2019G	2020G	2021G	Var. 2019G-2020G	Var. 2020G-2021G	CAGR 2019G-2021G
Fuel Costs	0.7%	0.5%	0.5%	(28.6%)	0.0%	(15.5%)
Other COS	0.3%	0.1%	0.2%	(66.7%)	100.0%	(18.4%)
Total	**76.6%**	**77.6%**	**68.4%**	**1.7%**	**(12.2%)**	**(5.5%)**

Source: The audited financial statements for the financial years ended 31 December 2019G, 2020G and 2021G.

Cost of revenue mainly comprised vehicle depreciation, cost of used vehicles sold, salaries and other benefits, vehicle repairs and maintenance, insurance, and outsourced vehicles which represented 48.7 per cent, 22.8 per cent, 8.0 per cent, 4.7 per cent, 4.7 per cent. and 3.3 per cent. of the total cost of revenue on average from 2019G to 2021G, respectively.

Cost of revenue increased by 38.2 per cent., from SAR 242.7 million in 2019G to SAR 335.5 million in 2020G, mostly driven by the increase in vehicle depreciation and the cost of used vehicles sold over the same period.

Cost of revenue increased by 6.3 per cent., from SAR 335.5 million in 2020G to SAR 356.6 million in 2021G, driven mostly by the increase in vehicle depreciation following the increase in the Company's fleet size from 12,042 vehicles in 2020G to 16,666 in 2021G.

(a) Vehicle Depreciation

Depreciation consists of depreciation charges for the vehicles which make up the Company's fleet used for rental and lease services. The Company's depreciation policy is different for each business segment. The Company depreciates its fleet vehicles using a straight-line method; however, the useful life of the vehicle or the depreciation rate differs according to whether the vehicles are under the vehicle lease or car rental segments.

For vehicles under the car rental segment, they are depreciated using a straight-line method, at 20 per cent. per year, whereas vehicles under vehicle lease segments, are depreciated according to the duration of the lease agreement and vehicle brand.

Vehicle depreciation increased by 50.8 per cent., from SAR 103.6 million in 2019G to SAR 156.3 million in 2020G, driven by the continuous expansion of the fleet from an average of 8,328 vehicles as of 31 December 2019G to an average of 11,701 vehicles as of 31 December 2020G. As such, the average depreciation per vehicle available increased by 7.3 per cent., from SAR 12.4 thousand in 2019G to SAR 13.4 thousand in 2020G as a result of the increasing share of lease vehicles in the fleet and the growth in the car rental business of corporate customers, having a higher cost and thus a higher depreciation.

Vehicle depreciation increased by 24.9 per cent., from SAR 156.2 million in 2020G to SAR 195.2 million in 2021G, driven by the expansion of the fleet from an average of 11,701 in 2020G to 13,318 in 2021G. As such, the average depreciation per vehicle increased by 9.8 per cent. between 2020G and 2021G from SAR 13.4 thousand per vehicle to SAR 14.7 thousand per vehicle, respectively, in line with the continuous increase in share of the leasing vehicles in the fleet and the growth in the car rental corporate business, increasing the average cost per car in the fleet from SAR 77.1 thousand in the financial year ended 31 December 2020G to SAR 84.1 thousand in the financial year ended 31 December 2021G thus explaining the higher depreciation expense per vehicle.

(b) Cost of Vehicles

Cost of vehicles sold pertains to the net book value of the Company's fleet used for rental and lease services which are sold at the end of their useful life as a normal course of the Company's operations.

Cost of vehicles increased by 51.5 per cent., from SAR 61.1 million in 2019G to SAR 92.5 million in 2020G due to the increased number of sold vehicles from 1,853 to 2,968, respectively.

Cost of vehicles decreased by 35.4 per cent., from SAR 92.5 million in 2020G to SAR 59.8 million in 2021G, mainly driven by the decrease in the number of vehicles sold from 2,968 in 2020G to 1,976 in 2021G.

(c) Salaries and Benefits

Salaries and benefits included within cost of revenue pertain to the costs of operational staff, including drivers for limo transfer services, cleaners and counter sales executives. Salaries and benefits decreased by 21.5 per cent., from SAR 29.0 million in 2019G to SAR 22.8 million in 2020G as a result of the decrease in the average monthly salary cost per employee from SAR 9.3 thousand in 2019G to SAR 6.7 thousand in 2020G as a result of the salary reduction implemented by the Company during the six months of full lock-down in 2020G.

Salaries and benefits increased by 1.0 per cent., from SAR 22.8 million in 2020G to SAR 23.0 in 2021G, as a result of the increase in the number of employees to 401 over that period, partially offset by a further drop in the average salary per employee from SAR 6.7 thousand in 2020G to SAR 4.8 thousand in 2021G as a result of the large addition of drivers and cleaners to the employee pool (having lower salaries than the average existing employees).

(d) Vehicle Repair and Maintenance

Vehicle repair and maintenance expenses primarily consist of spare parts expenses, preventive maintenance expense, and accident maintenance.

Vehicle repair and maintenance increased from SAR 6.4 million in 2019G to SAR 17.3 million in 2020G, mainly driven by the increase in vehicle spare parts expenses of SAR 7.4 million, which was driven by the increase in the Company's fleet size from an average of 8,328 vehicles as of 31 December 2019G to an average of 11,701 vehicles as of 31 December 2020G and the increase in average cost of maintenance per vehicle of the vehicle lease fleet from SAR 1.1 thousand in 2019G to SAR 2.1 thousand in 2020G due to the addition of luxury, SUV and commercial vehicles to the Company's vehicle lease fleet.

Vehicle repair and maintenance increased by 15.3 per cent., from SAR 17.3 million in 2020G to SAR 20.0 million in 2021G, mainly driven by the overall increase in the Company's fleet size from an average of 11,701 in 2020G to 13,318 in 2021G with an average cost of maintenance per car for both the car rental and vehicle lease fleet amounting to SAR 1.5 thousand, stable as compared to the average cost of maintenance per car of 2020G.

(e) Insurance Costs

Insurance costs are mainly related to the insurance coverage policy costs for the Company's fleet. Insurance costs increased by 22.8 per cent., from SAR 11.7 million in 2019G to SAR 14.4 million in 2020G, in line with the fleet expansion from an average of 8,328 vehicles in 2019G to an average of 11,701 vehicles in 2020G, driven by the Company's expansion of its vehicle lease fleet.

Insurance costs increased by 22.9 per cent., from SAR 14.4 million in 2020G to SAR 17.7 million in 2021G in line with the further expansion of the fleet from 11,701 in 2020G to 13,318 in 2021G.

(f) Outsourced Rental Vehicles

Outsourced vehicles pertain to cost of rental of vehicles requested for customer rental agreements but are not available within the Company's fleet, mainly high-end luxury cars or buses. Outsourced vehicle expenses decreased by 2.5 per cent., from SAR 8.5 million in 2019G to SAR 8.3 million in 2020G. Outsourced vehicles related to various corporate and individual customers through the rental of buses and high-end luxury vehicles.

Outsourced vehicle expenses increased by 65.4 per cent., from SAR 8.3 million in 2020G to SAR 13.7 million in 2021G due to the additional buses rented by the Company.

(g) Depreciation on Right-of-Use Assets

Depreciation of right-of-use assets represents the amortisation cost related to lease agreements under IFRS 16 treatment. Depreciation of right-of-use assets increased by 13.5 per cent., from SAR 3.8 million in 2019G to SAR 4.3 million in 2020G following the additions of five airport rental branches (Tabuk, Yanbu, Jouf, Al Ula and Wajh Airports).

Depreciation of right-of-use assets costs increased by 97.2 per cent., from SAR 4.3 million in 2020G to SAR 8.4 million in 2021G, due to the additions of four new airport locations, six city branches, and four workshop, parking lots and staff accommodation locations under the IFRS treatment based on lease terms.

(h) Rent Expenses

Rent expense pertains to the locations rented by the Company that do not fall under IFRS 16 treatment due to the short-term nature of the lease agreements, which related to 18 locations in 2019G, 39 locations in 2020G and 39 locations in 2021G. Rent expense increased by 3.2 per cent., from SAR 10.8 million in 2019G to SAR 11.2 million in 2020G, mainly due to the slight increase in rent expense for some locations rented by the Company.

Rent expense decreased by 26.6 per cent., from SAR 11.2 million in 2020G to SAR 8.2 million in 2021G, as a result of a discount received related to 2020G COVID-19 period but booked in 2021G, upon receipt of the letter of confirmation of the decrease of SAR 0.8 million of an airport branch location due to its addition to the ROU assets of the Company upon contract extension and the decrease of SAR 0.8 million of the expense of an airport branch location due to its closure in mid 2020G.

(i) Vehicle Shipping and Transport Expenses

Vehicle delivery and transport relates to the fees incurred by the Company to relocate cars from one branch to another or to the auction location.

Vehicle delivery and transport increased by 30.3 per cent., from SAR 2.2 million in 2019G to SAR 2.8 million in 2020G, in line with the Company's high sale of vehicles and increase in the size of the vehicle lease fleet.

Vehicle delivery and transport increased by 26.1 per cent., from SAR 2.8 million in 2020G to SAR 3.6 million in 2021G, in line with the increase in the Company's fleet size.

(j) Traffic Fines

Traffic fines relate to the fines incurred on the Company's fleet while being driven by customers and are charged back by the Company to the customers. Traffic fines usually relate to visit visa customers and drivers of Government lease vehicles.

Traffic fines increased by 8.3 per cent., from SAR 2.5 million in 2019G to SAR 2.7 million in 2020G, in line with the Company's increase in fleet size.

Traffic fines increased by 29.0 per cent., from SAR 2.7 million in 2020G to SAR 3.5 million in 2021G, in line with the Company's increase in fleet size.

(k) Fuel Costs

Fuel Costs relate to the cost of fuel the Company incurs before renting vehicles out, since the Company does not have in place a full-to-full, the fuel cost for special projects, the Company's limo services and vehicle transportation.

Fuel costs increased by 9.5 per cent., from SAR 2.1 million in 2019G to SAR 2.3 million in 2020G, due to the servicing of the Al Ula event and in line with the increasing size of the Company's fleet.

Fuel costs increased by 12.7 per cent., from SAR 2.3 million in 2020G to SAR 2.6 million in 2021G, due to the increase in limo transfers in the Northern Region and in line with the increasing size of the Company's fleet.

(l) Other Cost of Revenue

Other cost of revenue relates to bank charges and consolidators' commissions (commissions paid to Telgani, an online reseller of the Company's rental services).

Other cost of revenue decreased by 33.3 per cent., from SAR 0.9 million in 2019G to SAR 0.6 million in 2020G, due to the removal of charges on banking and credit card transactions due to COVID-19 in 2020G.

Other cost of revenue increased by 53.2 per cent., from SAR 0.6 million in 2020G to SAR 0.9 million in 2021G, due to the reinstatement of bank charges and the payment of commission against sales, in line with the increased sales generated from Telgani.

6.5.1.20 Gross Margin by Segment

The following table presents the Company's gross margin recorded from the car rental segment for the financial years ended 31 December 2019G, 2020G and 2021G:

Table 6.9: Gross Margins for the Rental Segment for the Financial Years Ended 31 December 2019G, 2020G and 2021G

Rental						
SAR in 000s	2019G	2020G	2021G	Var. 2019G-2020G	Var. 2020G-2021G	CAGR 2019G-2021G
Revenue	143,238	123,028	183,726	(14.1%)	49.3%	13.3%
Depreciation (as per the financial statements)	(45,541)	(52,418)	(68,267)	15.1%	30.2%	22.4%
Segment profit	**97,697**	**70,610**	**115,459**	**(27.7%)**	**63.5%**	**8.7%**
Other costs	(58,004)	(49,486)	(61,555)	(14.7%)	24.4%	3.0%
Depreciation adjustment (1)	**-**	**-**	**14,938**	**-**	**-**	**-**
Gross profit	**39,693**	**21,125**	**68,842**	**(46.8%)**	**225.9%**	**31.7%**
Gross Margin %	27.7%	17.2%	37.5%	(37.9%)	118.0%	16.4%

Source: Management information.

(1) Starting 2021G management started reclassifying depreciation based on the operational use of the vehicles.

Car rental gross profit decreased by 46.8 per cent., from SAR 39.7 million in 2019G to SAR 21.1 million in 2020G, primarily as a result of the overall decrease of SAR 20.2 million in car rental revenue due to the various reasons mentioned earlier in Section 6.5.2.2 (*Current Assets*), coupled with an increase of SAR 6.9 million in rental vehicle depreciation and partially offset by the decrease of SAR 7.2 million in direct car rental segment salaries due to the decrease in the number of employees and a salary reduction throughout the six months of full COVID-19 lockdown in 2020G. As such, gross margins decreased from 27.7 per cent. in 2019G to 17.2 per cent. in 2020G.

Car rental gross profit increased by 225.9 per cent., from SAR 21.1 million in 2020G to SAR 68.8 million in 2021G, driven by an increase of SAR 60.7 million in car rental revenue following the recovery in car rentals in 2021G due to the expansion of the Company's corporate business and following the ease of COVID-19 restrictions, as mentioned earlier in this Section. This was partially offset by an increase in costs of revenue by SAR 13.0 million, mostly stemming from the increase in cost of outsourced vehicle expenses of SAR 5.4 million in relation to the bus rental agreements with corporate customers and an increase in the direct car rental segment employees' salaries to SAR 2.2 million with a pickup in branch activity and an increase in employees. As such, the gross margin increased from 17.2 per cent. in 2020G to 37.5 per cent. in 2021G.

The following table presents the Company's gross margin recorded from the vehicle lease segment for the financial years ended 31 December 2019G, 2020G and 2021G:

Table 6.10: Gross Margins for the Lease Segment for the Financial Years Ended 31 December 2019G, 2020G and 2021G

Lease						
SAR in 000s	2019G	2020G	2021G	Var. 2019G-2020G	Var. 2020G-2021G	CAGR 2019G-2021G
Revenue	107,058	198,378	253,632	85.3%	27.9%	53.9%
Depreciation (as per the financial statements)	(58,099)	(103,838)	(126,956)	78.7%	22.3%	47.8%
Segment profit	**48,958**	**94,540**	**126,677**	**93.1%**	**34.0%**	**60.9%**
Other costs	(19,985)	(37,236)	(37,861)	86.3%	1.7%	37.6%
Depreciation adjustment (1)	**-**	**-**	**(14,938)**	**-**	**-**	**-**
Gross profit	**28,974**	**57,304**	**73,878**	**97.8%**	**28.9%**	**59.7%**
Gross margin %	27.1%	28.9%	29.1%	6.6%	0.7%	3.6%

Source: Management information.

(1) Starting 2021G management started reclassifying depreciation based on the operational use of the vehicles.

The vehicle lease segment gross profit increased by 97.8 per cent., from SAR 29.0 million in 2019G to SAR 57.3 million in 2020G, driven by an increase in lease revenue by SAR 91.3 million and partially offset by an increase in lease vehicle depreciation SAR 45.7 million due to the expansion of the fleet against new lease agreements secured. As such, the vehicle lease segment gross margin increased from 27.1 per cent. in 2019G to 28.9 per cent. in 2020G.

The vehicle lease segment's gross profit increased by 28.9 per cent., from SAR 57.3 million in 2020G to SAR 73.9 million in 2021G, driven by an increase of SAR 55.3 million in lease revenue, partially offset by an increase of SAR 38.7 million in direct costs due to the increase of SAR 38.1 million in lease fleet depreciation, driven by the expansion of the fleet to meet new lease agreements. As such, the vehicle lease segment gross margin increased from 28.9 per cent. in 2020G to 29.1 per cent. in 2021G.

The following table presents the Company's gross margin recorded from the sale of used vehicles for the financial years ended 31 December 2019G, 2020G and 2021G:

Table 6.11: Gross Margins for the Sale of Used Vehicles for the Financial Years Ended 31 December 2019G, 2020G and 2021G

Used Vehicles Sold						
SAR in 000s	2019G	2020G	2021G	Var. 2019G-2020G	Var. 2020G-2021G	CAGR 2019G-2021G
Revenue	66,969	109,091	84,115	62.9%	(22.9%)	12.1%
Cost of vehicles sold	(61,073)	(92,527)	(59,780)	51.5%	(35.4%)	(1.1%)
Other costs	-	-	(2,227)	-	-	-
Gross profit	5,895	16,564	22,109	181.0%	33.5%	93.7%
Gross Margin %	**8.8%**	**15.2%**	**26.3%**	**72.7%**	**73.0%**	**72.9%**
KPIs						
No. Cars Sold	1,846	2,968	1,976	60.8%	(33.4%)	3.5%
Revenue per vehicles in SR	36,278	36,756	42,569	1.3%	15.8%	8.3%
Cost of vehicles per vehicle in SR	(33,084)	(31,175)	(31,380)	(5.8%)	0.7%	(2.6%)
Original Purchase Cost (SR000s)	104,006	159,173	127,334	53.0%	(20.0%)	10.6%
Average cost per car in SR	56,341	53,630	64,440	(4.8%)	20.2%	6.9%
Recovery %	64.4%	68.5%	66.1%	6.4%	(3.5%)	1.3%

Source: Management information.

The gross profit from the sale of used vehicles significantly increased by 181.0 per cent., from SAR 5.9 million in 2019G to SAR 16.6 million in 2020G, driven by an increase in the number of used vehicles sold by 1,115 due to a major off-load taken on by the Company in 2020G and offset by an increase in the cost of vehicles sold by SAR 31.5 million. As such, the gross profit margin from the sale of used vehicles increased from 8.8 per cent. in 2019G to 15.2 per cent. in 2020G.

The gross profit from the sale of used vehicles increased by 33.5 per cent., from SAR 16.6 million in 2020G to SAR 22.1 million in 2021G, driven by an increase in average revenue per vehicle sold from SAR 36.8 thousand in 2020G to 42.6 thousand in 2021G, due to the new vehicle market shortage and long delivery times, coupled with the higher original cost of vehicles sold. The average age of vehicles sold increased from 2.1 years in 2020G to 2.8 years in 2021G, which also led to an increase in direct margin since the cars were more depreciated, thus having lower NBV. As such, the gross margin from the sale of used vehicles increased from 15.2 per cent. in 2020G to 26.3 per cent. in 2021G.

6.5.1.21 General and Administrative Expenses

The following table presents the Company's general and administrative expenses broken down by nature for the financial years ended 31 December 2019G, 2020G and 2021G:

Table 6.12: General and Administrative Expenses Breakdown for the Financial Years Ended 31 December 2019G, 2020G and 2021G

SAR in 000s	2019G	2020G	2021G	Var. 2019G-2020G	Var. 2020G-2021G	CAGR 2019G-2021G
Salaries and other benefits	16,668	21,530	30,069	29.2%	39.7%	34.3%
Fees and subscriptions	4,849	3,232	7,556	(33.3%)	133.8%	24.8%
Depreciation	1,445	1,672	1,986	15.7%	18.8%	17.7%
Advertising	857	231	1,871	(73.0%)	710.0%	47.8%
Impairment of other receivables	2,012	968	1,446	(51.9%)	49.4%	(15.2%)
Travel and transportation	1,805	1,332	710	(26.2%)	(46.7%)	(37.3%)
Other G&A expenses	3,159	2,195	2,714	(30.5%)	23.6%	(6.9%)
Total	**30,796**	**31,160**	**46,361**	**1.2%**	**48.8%**	**22.7%**
KPIs						
No. of employees (G&A employees)	146	155	210	6.2%	35.5%	19.9%
Average monthly salaries and other benefits/ employee	9,514	11,575	11,932	21.7%	3.1%	12.0%
As a % of Revenue				**Change in ppt.**		
Salaries and other benefits	24.9%	19.7%	35.7%	(20.7%)	81.1%	19.8%
Fees and subscriptions	7.2%	3.0%	9.0%	(59.1%)	203.2%	11.4%
Depreciation	2.2%	1.5%	2.3%	(29.0%)	52.7%	4.1%
Advertising	1.3%	0.2%	2.2%	(83.5%)	950.5%	31.8%
Other Provisions	3.0%	0.9%	1.7%	(70.5%)	93.7%	(24.4%)
Staff Travel	2.7%	1.2%	0.8%	(54.7%)	(30.9%)	(44.0%)
Other G&A expenses	4.7%	2.0%	3.3%	(57.3%)	62.0%	(16.9%)

Source: The audited financial statements for the financial years ended 31 December 2019G, 2020G and 2021G.

General and Administrative Expenses increased by 1.2 per cent., from SAR 30.8 million in 2019G to SAR 31.2 million in 2020G, mostly driven by an increase in salaries and other benefits over the same period. General and administrative expenses increased by 48.8 per cent., from SAR 31.2 million in 2020G to SAR 46.4 million in 2021G, driven by an increase in salaries and other benefits and an increase in fees and subscriptions, advertising expense and impairment for other receivables.

(a) Salaries and Other Benefits

Salaries and other benefits relate to the costs of head office employees (indirect). Salaries and benefits increased by 29.2 per cent., from SAR 16.7 million in 2019G to SAR 21.5 million in 2020G as a result of an increase in average monthly cost by 21.7 per cent., from SAR 9.5 thousand per month per employee to SAR 11.6 thousand due to the addition of Saudi employees with a higher average monthly cost.

Salaries and benefits increased by 39.7 per cent., from SAR 21.5 million, in 2020G to SAR 30.1 million in 2021G as a result of an increase in the number of employees from 155 in 2020G to 210 in 2021G in line with the Company's growth in 2021G.

(b) Fees and Subscriptions

Fees and subscriptions are mainly comprised of: (i) Iqama and work permits; (ii) subscription fees; and (iii) Government payments. Fees and subscription fees decreased by 33.4 per cent., from SAR 4.8 million in 2019G to SAR 3.2 million in 2020G mainly due to the decrease in the expenses of staff entry visas due to lockdowns and travel restrictions during that period.

Fees and subscriptions increased by 133.8 per cent., from SAR 3.2 million in 2020G to SAR 7.6 million in 2021G mainly due to an increase in Iqama and work permit expense adjustments of SAR 2.4 million passed in 2021G by the Company relating to 2020G and the new TGA regulation implemented in the second half of year 2021G, costing the Company SAR 100 per vehicle per year.

(c) Depreciation

Depreciation relates to the depreciation of the property, plant and equipment of the Company and included fixed assets such as Land, Furniture and fixtures, office equipment, and others.

Depreciation increased by 15.7 per cent., from SAR 1.4 million in 2019G to SAR 1.7 million in 2020G, driven by increases in decor and enhancement depreciation by SAR 94 thousand, and furniture and fixtures depreciation by SAR 61.

Depreciation expense increased by 18.8 per cent., from SAR 1.7 million in 2020G to SAR 1.9 million in 2021G, driven by an increase in decor and enhancements depreciation by SAR 0.1 million and tools and hardware depreciation by SAR 66 thousand. The increase is in line with the growth in the Company's business.

(d) Advertising

Advertising is related to online and offline marketing campaigns, promotions and gifts, and other public advertising.

Advertising decreased by 73.0 per cent., from SAR 0.9 million in 2019G to SAR 0.2 million in 2020G, due to the reduction of advertising during the COVID-19 period.

Advertising expenses increased from SAR 0.2 million in 2020G to SAR 1.9 million in 2021G due to an awareness campaign undertaken by the Company in 2021G.

(e) Impairment of Other Receivables

Impairment of other receivables relates to provisions against receivable balances not pertaining to the trade receivables.

Impairment of other receivables decreased by 51.9 per cent., from SAR 2.0 million in 2019G to SAR 1.0 million in 2020G, due to a one-time provision against long outstanding insurance claims receivables recognized by the Company in 2019G.

Impairment of other receivables increased by 49.4 per cent., from SAR 1.0 million in 2020G to SAR 1.4 million in 2021G, due to an additional provision booked against long outstanding advances to suppliers in 2021G.

(f) Travel and Transportation

Travel and transportation pertains to business trips taken by the Company's staff. Travel and transportation expenses decreased by 26.2 per cent., from SAR 1.8 million in 2019G to SAR 1.3 million in 2020G due to the travel restrictions imposed due to COVID-19.

Travel and transportation expenses decreased by 46.7 per cent., from SAR 1.3 million in 2020G to SAR 0.7 million in 2021G due to the continued efficient management of additional expenses by the Company and the continued COVID-19 travel restrictions in early 2021G.

(g) Other General and Administrative expenses

Other general and administrative expenses consist of professional fees, utilities, software expenses, communication, hospitality and cleanliness, stationery and others. Other general and administrative expenses decreased by 23.5 per cent., from SAR 3.2 million in 2019G to SAR 2.2 million in 2020G due to the decrease of SAR 0.5 million in software expenses.

Other general and administrative expenses increased by 23.6 per cent., from SAR 2.7 million in 2020G to SAR 2.8 million in 2021G mainly as a result of the increase SAR 0.4 million in professional fees paid in 2021G due to the appointment of a new auditor, an increase of the fees of the financial consultant and the addition of the services of an administrative consultant.

6.5.1.22 Finance Expenses

The following table presents the Company's finance expenses for the financial years ended 31 December 2019G, 2020G and 2021G:

Table 6.13: Finance Expenses for the Financial Years Ended 31 December 2019G, 2020G and 2021G

SAR in 000s	2019G	2020G	2021G	Var. 2019G-2020G	Var. 2020G-2021G	CAGR 2019G-2021G
Finance cost – Lease liability	478	267	820	(44.1%)	207.1%	31.0%
Finance cost – Loans and borrowings	4,018	2,432	1,884	(39.5%)	(22.5%)	(31.5%)
Total	**4,497**	**2,698**	**2,704**	**(40.0%)**	**0.2%**	**(22.5%)**

Source: The audited financial statements for the financial years ended 31 December 2019G, 2020G and 2021G.

Finance costs consisted of finance costs related to lease liabilities and finance costs related to loans and borrowings.

Finance costs related to lease liabilities decreased by 44.1 per cent., from SAR 0.5 million in 2019G to SAR 0.3 million in 2020G, because five of the airport branches available in the Company's IFRS 16 schedule were due for renewal in 2020G and were treated as short-term leases, having a term of less than one year, prior to the renewal of their lease agreements in September 2020G. Finance costs related to lease liabilities increased by 207.1 per cent., from SAR 0.3 million in 2020G to SAR 0.8 million in 2021G, driven by the increase in lease liability additions during the year.

Finance costs related to loans and borrowings decreased by 39.5 per cent., from SAR 4.0 million in 2019G to SAR 2.4 million in 2020G, driven by a decrease in the SIBOR rate and a decrease in loan principal amount. Finance costs related to loans and borrowings further decreased by 22.5 per cent., from SAR 2.4 million in 2020G to SAR 1.9 million in 2021G, driven by the early termination of the Company's loan facility. See 6.5.2.3(b) (*Loans and Borrowings – Non-Current Portion*).

6.5.1.23 Zakat

The following table presents the Company's Zakat provisions for the financial years ended 31 December 2019G, 2020G and 2021G:

Table 6.14: Zakat for the Financial Years Ended 31 December 2019G, 2020G and 2021G

SAR in 000s	2019G	2020G	2021G	Var. 2019G-2020G	Var. 2020G-2021G	CAGR 2019G-2021G
At the beginning of the year	774	1,045	1,692	35.0%	61.9%	47.9%
Provided during the year	1,045	1,692	3,052	61.9%	80.4%	70.9%
Payments made during the year	(774)	(1,045)	(1,692)	35.0%	61.9%	47.9%
At the end of the year	**1,045**	**1,692**	**3,052**	**61.9%**	**80.4%**	**70.9%**

Source: The audited financial statements for the financial years ended 31 December 2019G, 2020G and 2021G.

Zakat relates to provisions recorded in accordance with the regulations of ZATCA. The Company does not declare Zakat on a standalone basis but is instead part of the Seera Group Holding tax group.

Zakat increased by 61.9 per cent., from SAR 1.0 million in 2019G to SAR 1.7 million in 2020G, and by 80.4 per cent., from SAR 1.7 million in 2020G to SAR 3.1 million in 2021G, in line with the Company's growth in business.

6.5.1.24 Net Income

Net income increased by 69.9 per cent., from SAR 29.6 million in 2019G to SAR 50.3 million in 2020G, mainly due to an increase in the lease segment revenue and gross profit in 2020G slightly offset by a decrease in revenue generated from the car rental segment due to reasons discussed in Section 6.5.2.2 (*Current Assets*).

Net income increased by 110.9 per cent., from SAR 50.3 million in 2020G to SAR 106.1 million in 2021G, due to: (i) the growth in revenue in both the car rental and vehicle lease segments; (ii) an improvement in gross margins on the back of rising volumes allowing higher fleet utilization due to corporate rental customers; and (iii) the improvement of margins in the used vehicle sales segment.

6.5.1.25 Re-measurement of Employees' End-of-Service Benefits

The Company calculates employees' end-of-service benefits according to laws and regulations applicable in the Kingdom. Additionally, it re-measures the employees' end-of-service benefits using the projected credit unit method by a qualified actuary.

The most recent actuarial valuation of the present value of the end-of-service benefit obligation was carried out on 31 December 2021G. During the financial year, no material fluctuations or events affected the actuarial assumptions used to calculate the liability. Accordingly, actuarial losses or profits from employee benefit liabilities amounted to a loss of SAR 76 thousand, a gain of SAR 0.3 million and a loss of SAR 0.4 million for 2019G, 2020G and 2021G, respectively.

6.5.2 Balance Sheet as of 31 December 2019G, 2020G and 2021G

The following table presents the Company's balance sheet as of 31 December 2019G, 2020G and 2021G:

Table 6.15: Balance Sheet as of 31 December 2019G, 2020G and 2021G

SAR in 000s	As of 31 December 2019G	As of 31 December 2020G	As of 31 December 2021G
Assets			
Vehicles	625,066	706,327	1,051,353
Property and Equipment	24,243	28,326	38,067
Investment in subsidiaries	7,778	-	-
Total Non-Current Assets	**657,087**	**734,653**	**1,089,420**
Inventories	-	-	391
Trade receivables	101,115	126,508	191,596
Prepayments and other receivables	42,289	42,206	59,265
Due from related parties	1,990	403	5,076
Cash and cash equivalents	5,333	16,276	17,342
Total Current Assets	**150,728**	**185,392**	**273,670**
Total Assets	**807,814**	**920,045**	**1,363,090**
Liabilities and Shareholders' Equity			
Employees' End-of-Service Benefits	6,078	8,100	9,184
Loans and Borrowings	75,477	52,254	-
Lease Liabilities	927	5,056	8,807
Total Non-Current Liabilities	82,482	65,410	17,991
Trade payables	120,380	77,243	231,747
Loans and borrowings	23,224	23,224	-
Lease liabilities	4,309	4,408	13,047
Accruals and other liabilities	7,135	10,973	15,686
Due to related parties	26,557	143,820	382,611
Zakat payable	1,045	1,692	3,052
Total Current Liabilities	**182,650**	**261,359**	**646,142**
Total Liabilities	**265,132**	**326,770**	**664,133**
Share Capital	15,000	15,000	550,000
Additional Capital	455,716	535,000	-
Statutory Reserve	4,500	4,500	15,111
Retained Earnings	67,466	38,775	133,846
Total Equity	**542,682**	**593,275**	**698,957**
Total Liabilities and Shareholders' Equity	**807,814**	**920,045**	**1,363,090**

Source: The audited financial statements for the financial years ended 31 December 2019G, 2020G and 2021G.

The following table presents the Company's statement of financial position, key performance indicators as of 31 December 2019G, 2020G and 2021G:

Table 6.16: Balance Sheet KPIs as of 31 December 2019G, 2020G and 2021G

KPIs	As of 31 December 2019G	As of 31 December 2020G	As of 31 December 2021G
Days of Sales Outstanding	116	96	111
Days of Payables Outstanding – (car suppliers)	92	108	93
Cash Conversion Cycle (Days) – (based on car suppliers)	25	(11)	18
WC as a % of revenue	(10.1%)	(17.6%)	(71.4%)
Return on Average Assets	3.7%	5.8%	9.3%
Return on Average Equity	5.5%	8.9%	16.4%
Debt/Equity Ratio	0.18	0.13	-

Source: Management information.

6.5.2.1 Non-Current Assets

The following table presents the Company's non-current assets broken down as of 31 December 2019G, 2020G and 2021G:

Table 6.17: Non-Current Assets as of 31 December 2019G, 2020G and 2021G

SAR in 000s	As of 31 December 2019G	As of 31 December 2020G	As of 31 December 2021G
Vehicles	625,066	706,327	1,051,353
Property and Equipment	24,243	28,326	38,067
Investment in subsidiaries	7,778	-	-
Total Non-Current Assets	**657,087**	**734,653**	**1,089,420**

Source: The audited financial statements for the financial years ended 31 December 2019G, 2020G and 2021G.

For further details on any significant planned fixed assets to be purchased or leased, see to Section 6.6.2.1 (*Non-Current Assets*).

(a) Vehicles

The following table presents the Company's vehicles register, showing the amounts of additions, disposals and depreciation charges, as of 31 December 2019G, 2020G and 2021G:

Table 6.18: Vehicles as of 31 December 2019G, 2020G and 2021G

SAR in 000s	As of 31 December 2019G	As of 31 December 2020G	As of 31 December 2021G
Cost			
Balance at the beginning of the year	384,518	758,151	929,022
Additions during the year	476,138	330,044	600,028
Transfer on disposal of a subsidiary	2,073	-	-
Transferred to inventory	(104,578)	(159,173)	(127,374)
Balance at the end of the year	**758,151**	**929,022**	**1,401,676**
Accumulated Depreciation			
Balance at the beginning of the year	72,232	133,085	222,695
Charge for the year	103,640	156,256	195,223

SAR in 000s	As of 31 December 2019G	As of 31 December 2020G	As of 31 December 2021G
Elimination on transfer on disposal of a subsidiary	717	-	-
Transferred to inventory	(43,505)	(66,646)	(67,594)
Balance at the end of the year	**133,085**	**222,695**	**350,323**
Net book value	**625,066**	**706,327**	**1,051,353**

Source: The audited financial statements for the financial years ended 31 December 2019G, 2020G and 2021G.

Vehicles pertains to the net book value of the Company's fleet used for the purposes of car rental and vehicle lease services. The net book value of vehicles increased from SAR 625.1 million as of 31 December 2019G to SAR 706.3 million as of 31 December 2020G, primarily as a result of additions to the fleet amounting to SAR 330.0 million in 2020G and an increase in the size of the car fleet from 11,182 cars as of 31 December 2019G to 12,041 cars as of 31 December 2020G (the Company purchased 3,233 vehicles for the lease segment and 597 cars for the car rental segment). This was offset by an increase in depreciation charges for the year from SAR 103.6 million in 2019G to SAR 156.3 million in 2020G and an increase in net disposals (net balance of cost and accumulated depreciation transferred to inventory) from SAR 61.1 million in 2019G to SAR 92.5 million in 2020G, as the Company disposed of 638 cars from the vehicle lease segment and 2,330 cars from the car rental segment in 2020G.

The net book value of vehicles increased from SAR 706.3 million as of 31 December 2020G to SAR 1,051.4 million as of 31 December 2021G, as a result of: (i) vehicle additions that amounted to SAR 600.0 million, which contributed to the fleet increase from 12,041 cars as of 31 December 2020G to 16,666 cars as of 31 December 2021G (the Company purchased 3,047 vehicles for the lease segment and 3,552 cars for the car rental segment in 2021G); in addition to (ii) a decrease in net disposals (net balance of cost and accumulated depreciation of cars sold classified under "transferred to inventory" in Table 6.18 (Vehicles as of 31 December 2019G, 2020G and 2021G) from SAR 92.5 million in 2020G to SAR 59.8 million in 2021G as the Company disposed of 1,033 cars from the vehicle lease segment and 943 cars for the car rental segment over 2021G. This was offset by an increase in depreciation charges for the year from SAR 156.3 million for 2020G to SAR 195.2 million for 2021G.

For further details on any significant planned fixed assets to be purchased or leased, see Section 6.6.2.1 (*Non-Current Assets*).

(b) Properties and Equipment, Net

The following two tables present the Company's property and equipment at net book value, broken down by initial cost and accumulated depreciation, as of 31 December 2019G, 2020G and 2021G:

Table 6.19: Property and Equipment as of 31 December 2019G, 2020G and 2021G

SAR in 000s	As of 31 December 2019G	As of 31 December 2020G	As of 31 December 2021G
Property and Equipment	33,080	44,009	57,266
Accumulated Depreciation	(8,838)	(15,683)	(19,199)
Property and Equipment, Net	**24,243**	**28,326**	**38,067**

Source: The audited financial statements for the financial years ended 31 December 2019G, 2020G and 2021G.

Table 6.20: Details of the Book Value of the Property and Equipment as of 31 December 2019G, 2020G and 2021G

SAR in 000s	Right-of -use assets	Land	Furniture & fixtures	Office equipment	Decors & enhancements	Air conditioners	Computers	Tools &hardware	Telecom & security systems	Total
Cost										
As of 1 January 2019G	**9,059**	**12,318**	**828**	**117**	**4,356**	**255**	**3,273**	**970**	**59**	**31,234**
Additions during the year	740	-	251	1	544	26	113	170	-	1,846
Disposals	-	-	-	-	-	-	-	-	-	-
As of 31 December 2019G	**9,799**	**12,318**	**1,079**	**118**	**4,900**	**281**	**3,386**	**1,140**	**59**	**33,080**
Additions	8,346	-	533	24	426	143	1	348	17	9,837
Transfer on disposal of subsidiary	1,215	-	10	-	1	10	-	-	-	1,235
Disposals during the year	-	-	(53)	-	(91)	-	-	-	-	(143)
As of 31 December 2020G	**19,360**	**12,318**	**1,569**	**143**	**5,235**	**434**	**3,387**	**1,488**	**76**	**44,009**
Additions during the year	17,672	-	445	0	965	138	212	413	304	20,148
Disposals during the year	(6,892)	-	-	-	-	-	-	-	-	(6,892)
As of 31 December 2021G	**30,140**	**12,318**	**2,014**	**143**	**6,200**	**571**	**3,599**	**1,901**	**380**	**57,266**
Accumulated Depreciation										
As of 1 January 2019G	**-**	**-**	**457**	**116**	**1,298**	**88**	**1,456**	**183**	**33**	**3,630**
Depreciation for the Year	3,763	-	88	1	563	32	617	140	4	5,208
As of 31 December 2019G	**3,763**	**-**	**545**	**117**	**1,861**	**120**	**2,073**	**322**	**37**	**8,838**
Depreciation for the Year	4,271	-	149	3	657	38	616	205	4	5,942
Transfer on disposal of subsidiary	911	-	5	-	0	5	-	-	-	920
Disposals	-	-	(7)	-	(10)	-	-	-	-	(17)
As of 31 December 2020G	**8,944**	**-**	**692**	**120**	**2,508**	**162**	**2,689**	**527**	**41**	**15,683**
Charge for the period	8,421	-	209	4	788	67	599	271	47	10,407
Eliminations on disposal	(6,892)	-	-	-	-	-	-	-	-	(6,892)
As of 31 December 2021G	10,474	-	900	124	3,297	230	3,287	799	89	19,199
Net Book Value										
As of 31 December 2021G	**19,666**	**12,318**	**1,115**	**18**	**2,904**	**342**	**311**	**1,102**	**291**	**38,067**
As of 31 December 2020G	**10,416**	**12,318**	**878**	**22**	**2,727**	**271**	**698**	**961**	**35**	**28,326**
As of 31 December 2019G	**6,037**	**12,318**	**534**	**1**	**3,039**	**161**	**1,313**	**818**	**22**	**24,243**

Source: The audited financial statements for the financial years ended 31 December 2019G, 2020G and 2021G.

Property and equipment mainly consist of land and right-of-use assets in the amount of SAR 18.3 million, representing 76 per cent. of the total balance as of 31 December 2019G. Property and equipment increased from SAR 24.2 million as of 31 December 2019G to SAR 28.3 million as of 31 December 2020G due to additions of SAR 9.8 million, mainly in the right-of-use assets by SAR 8.3 million following the addition of five airport branches. The additions were slightly offset by depreciation charges of SAR 5.9 million.

Property and equipment increased from SAR 28.3 million as of 31 December 2020G to SAR 38.1 million as of 31 December 2021G, as a result of additions of SAR 20.1 million, mainly related to right-of-use assets that amounted to SAR 17.7 million relating to several rental plots in airports (four airports amounting to SAR 7.8 million), city branches (six branches amounting to SAR 1.2 million) and other locations (four locations amounting to SAR 4.6 million). The additions were partially offset by depreciation charges of SAR 10.4 million that year.

(i) Right-of-Use Assets

The right-of-use assets balance relates to the assets leased by the Company and recorded in the balance sheet in line with the Company's adoption of IFRS 16 starting in 2019G. The Company records leased right-of-use assets measured at the amount of the lease liability, reduced by any lease incentives received, and increased by lease payments made at or before lease commencement, initial direct costs incurred, and any provision recognized where the Company is contractually required to dismantle, remove or restore the leased asset.

The net book value of right-of-use assets increased from SAR 6.0 million as of 31 December 2019G, to SAR 10.4 million as of 31 December 2020G following additions of SAR 8.3 million related to five airport branches, which was partially offset by depreciation charges of SAR 4.3 million during the same period.

The net book value of right-of-use assets increased from SAR 10.4 million as of 31 December 2020G to SAR 19.7 million as of 31 December 2021G following additions of SAR 17.7 million related to several rental plots of airports and city branches. These additions were partially offset by depreciation charges of SAR 8.4 million for the period under review.

(ii) Land

Land mainly relates to a piece of land that the Company had owned since 2007G. The net book value of the land amounted to SAR 12.3 million as of 31 December 2021G, 2020G and 2019G and it is neither utilised nor generates any income. The Company sold the land in June 2022G.

(iii) Furniture and Fixtures

Furniture and Fixtures mainly consists of the Company's office furniture. The balance of furniture and fixtures increased from SAR 0.5 million as of 31 December 2019G to SAR 0.9 million as of 31 December 2020G mainly due to additions of SAR 0.5 million, partially offset by depreciation expenses of SAR 0.1 million during the period under review.

Furniture and fixtures increased from SAR 0.9 million as of 31 December 2020G to SAR 1.1 million as of 31 December 2021G as a result of additions of SAR 0.4 million, partially offset by depreciation expenses of SAR 0.2 million during the period under review.

(iv) Office Equipment

Office equipment consists of office supplies such as phones, scanners and printers, among others. The office equipment balance increased from SAR 1.0 thousand as of 31 December 2019G to SAR 22.1 thousand as of 31 December 2020G mainly due to additions of SAR 24.3 thousand during the period under review.

The office equipment balance decreased slightly from SAR 22.1 thousand as of 31 December 2020G to SAR 18.3 thousand as of 31 December 2021G as a result of depreciation expenses of SAR 4.0 thousand.

(v) Decors and Enhancements

Decors and enhancements consists of renovation costs related to the Company's offices and branches. The balance of decors and enhancements decreased from SAR 3.0 million as of 31 December 2019G to SAR 2.7 million as of 31 December 2020G mainly due to depreciation expenses of SAR 0.7 million, which were partially offset by additions of SAR 0.4 million during the period under review.

The balance of decors and enhancements increased from SAR 2.7 million as of 31 December 2020G to SAR 2.9 million as of 31 December 2021G as a result of additions of SAR 1.0 million, partially offset by depreciation expenses of SAR 0.8 million.

(vi) Air Conditioners

The net book value of air conditioners, that are installed in the Company's offices and branches, increased slightly from SAR 0.16 million as of 31 December 2019G to SAR 0.27 million as of 31 December 2020G, mainly due to additions of SAR 0.1 million during the period under review.

The net book value of air conditioners increased continuously from SAR 0.27 million as of 31 December 2020G to SAR 0.34 million as of 31 December 2021G as a result of additions of SAR 0.14 million, partially offset by depreciation expenses of SAR 67 thousand.

(vii) Computers

The net book value of computer equipment used in Company's offices and branches, decreased from SAR 1.3 million as of 31 December 2019G to SAR 0.7 million as of 31 December 2020G, as a result of depreciation expenses of SAR 0.62 million during the period under review.

The net book value of computers decreased from SAR 0.7 million as of 31 December 2020G to SAR 0.31 million as of 31 December 2021G, mainly due to depreciation expenses of SAR 0.60 million, partially offset by additions of SAR 0.21 million during the period under review.

(viii) Tools and Hardware

Tools and hardware relates to the equipment used in the Company's workshops. The net book value of tools and hardware increased from SAR 0.82 million as of 31 December 2019G to SAR 0.96 million as of 31 December 2020G, mainly due to additions of SAR 0.35 million during the period under review.

The net book value of tools and hardware increased from SAR 0.96 million as of 31 December 2020G to SAR 1.1 million as of 31 December 2021G as a result of additions of SAR 0.41 million, partially offset by depreciation expenses of SAR 0.27 million.

(ix) Telecom and Security Systems

Telecom and security systems relate to Company's office security systems. The net book value increased slightly from SAR 22.1 thousand as of 31 December 2019G to SAR 34.5 thousand as of 31 December 2020G, mainly due to additions of SAR 16.7 thousand during the period under review.

The net book value of telecom and security systems increased from SAR 34.5 thousand as of 31 December 2020G to SAR 0.29 million as of 31 December 2021G, mainly due to additions of SAR 0.30 million during the period under review.

(c) Investment in Subsidiaries

Investment in subsidiaries amounted to SAR 7.8 million as of 31 December 2019G and consisted of the Company's ownership of one hundred per cent. of the shares in Saudi Company for Transportation United (SCT).

Investment in subsidiaries decreased by 100.0 per cent., from SAR 7.8 million as of 31 December 2019G to nil as of 31 December 2020G following the conversion of the subsidiary to a branch of the Company on 8 October 2020G. As a result, SAR 2.6 million was transferred to the Company's net assets and a loss on disposal of investment in subsidiary of SAR 5.2 million was recognised by the Company.

Investment in subsidiaries remained at nil as of 31 December 2021G following the disposal undertaken by the Company in 2020G as described in the paragraph above.

The Company also held an 80.0 per cent. interest in Hanay Trading Company Limited, during the periods ended 31 December 2019G, 2020G and 2021G. The investment in Hanay was fully impaired by the Company and amounted to nil as of 31 December 2019G, 2020G and 2021G.

6.5.2.2 Current Assets

The following table presents the Company's current assets broken down, followed by key performance indicators, as of 31 December 2019G, 2020G and 2021G:

Table 6.21: Current Assets as of 31 December 2019G, 2020G and 2021G

SAR in 000s	As of 31 December 2019G	As of 31 December 2020G	As of 31 December 2021G
Inventories	-	-	391
Trade receivables	101,115	126,508	191,596
Due from related parties	1,990	403	5,076
Prepayment and other receivables	42,289	42,206	59,265
Cash and cash equivalents	5,333	16,276	17,342
Total Current Assets	**150,728**	**185,392**	**273,670**

Source: The audited financial statements for the financial years ended 31 December 2019G, 2020G and 2021G.

Table 6.22: Current Assets KPIs as of 31 December 2019G, 2020G and 2021G

KPIs	As of 31 December 2019G	As of 31 December 2020G	As of 31 December 2021G
Days of Receivables	116	96	111

Source: Management information.

(a) Inventories

The following table presents the Company's inventory ending balance as of 31 December 2019G, 2020G and 2021G:

Table 6.23: Inventories as of 31 December 2019G, 2020G and 2021G

SAR in 000s	As of 31 December 2019G	As of 31 December 2020G	As of 31 December 2021G
Vehicle Oil	-	-	391
Total	**-**	**-**	**391**

Source: The audited financial statements for the financial years ended 31 December 2019G, 2020G and 2021G.

Inventories increased from nil as of 31 December 2019G and 31 December 2020G to SAR 0.39 million as of 31 December 2021G. Inventories is comprised of vehicle oil purchased by the Company in 2021G for preventive maintenance.

(b) Trade Receivables

The following table presents the Company's trade receivables broken down between gross trade receivables and expected credit losses provisions, followed by key performance indicators as of 31 December 2019G, 2020G and 2021G:

Table 6.24: Trade Receivable as of 31 December 2019G, 2020G and 2021G

SAR in 000s	As of 31 December 2019G	As of 31 December 2020G	As of 31 December 2021G
Gross Trade Receivable	109,944	144,387	223,618
Expected Credit Losses	(8,830)	(17,879)	(32,022)
Trade Receivables, Net	**101,114**	**126,508**	**191,596**

Source: The audited financial statements for the financial years ended 31 December 2019G, 2020G and 2021G.

Table 6.25: Trade Receivables KPIs as of 31 December 2019G, 2020G and 2021G

SAR in 000s	As of 31 December 2019G	As of 31 December 2020G	As of 31 December 2021G
Days of Trade Receivables	116	96	111
Expected credit loss/Gross trade receivables	8.0%	12.4%	14.3%

Source: Management information.

The following table presents the Company's trade receivables broken down by customer type as of 31 December 2019G, 2020G and 2021G:

Table 6.26: Accounts Receivable by Customer Type as of 31 December 2019G, 2020G and 2021G

SAR in 000s	As of 31 December 2019G	As of 31 December 2020G	As of 31 December 2021G
Government	60,685	67,137	105,481
Corporate	38,610	64,729	103,429
Walk-in	10,650	12,521	14,707
Gross trade receivables	**109,944**	**144,387**	**223,618**
Expected Credit Losses	(8,830)	(17,879)	(32,022)
Trade Receivables, Net	**101,115**	**126,508**	**191,596**

Source: Management information.

The following table presents the Company's ageing of trade receivables as of 31 December 2021G:

Table 6.27: Ageing of Accounts Receivable as of 31 December 2021G

SAR in 000s	0-30 Days	31-180 Days	181-365 Days	>365 Days	Total
Gross Trade Receivables	31,779	108,783	33,030	50,024	223,617
As a % of Total Trade Receivables	14.2%	48.6%	14.1%	23.4%	100.0%

Source: Audited financial statements for the financial year ended 31 December 2021G.

(i) Gross Trade Receivables

The trade receivable balance as of 31 December 2019G consisted of accounts receivable from Government customers that amounted to SAR 60.7 million (55.2 per cent. of total gross trade receivables), accounts receivable from corporate customers that amounted to SAR 38.6 million (35.1 per cent. of total gross trade receivables) and trade receivables from walk-in customers that amounted to SAR 10.7 million (9.7 per cent. of total gross trade receivables).

The trade receivable balance as of 31 December 2020G consisted of accounts receivable from Government customers that amounted to SAR 67.1 million (46.5 per cent. of total gross trade receivables), accounts receivable from corporate customers that amounted to SAR 64.7 million (44.8 per cent. of total gross trade receivables) and trade receivables from walk-in customers that amounted to SAR 12.5 million (8.7 per cent. of total gross trade receivables).

The trade receivable balance as of 31 December 2021G consisted of accounts receivable from Government customers that amounted to SAR 105.5 million (47.2 per cent. of total gross trade receivables), accounts receivable from corporate customers that amounted to SAR 103.4 million (46.3 per cent. of total gross trade receivables) and trade receivables from walk-in customers that amounted to SAR 14.7 million (6.6 per cent. of total gross trade receivables).

Total trade receivables increased from SAR 109.9 million as of 31 December 2019G to SAR 144.4 million as of 31 December 2020G, primarily due to the increase in trade receivables from corporate by SAR 26.1 million and the increase in trade receivables from Government by SAR 6.5 million, in line with the revenue growth from both customer types as well as an increase in trade receivables of walk-in by SAR 1.9 million as of 31 December 2020G. Days of trade receivables outstanding decreased from 116 days as of 31 December 2019G to 96 days as of 31 December 2020G due to the collection of a large amount of Government leasing receivables prior to 31 December 2020G.

Trade receivables increased from SAR 144.4 million as of 31 December 2020G to SAR 223.6 million as of 31 December 2021G, as a result of an increase in trade receivables from corporate by SAR 38.3 million and an increase in trade receivables from Government by SAR 38.7 million, in line with the increase in revenue from corporate customers during the period under review. Days of trade receivables outstanding increased from 96 days as of 31 December 2020G to 111 days as of 31 December 2021G mainly due to the increase in receivables relating to two of the Company's main rental clients.

(ii) Expected Credit Losses

The following table presents the Company's movement in expected credit losses as of 31 December 2019G, 2020G and 2021G:

Table 6.28: Movement in Expected Credit Losses as of 31 December 2019G, 2020G and 2021G

SAR in 000s	As of 31 December 2019G	As of 31 December 2020G	As of 31 December 2021G
At the Beginning of the Year	**221**	**8,830**	**17,879**
Charge for the Year	8,608	9,050	14,142
At the End of the Year	**8,830**	**17,879**	**32,022**

Source: Management information.

The Company uses the IFRS 9 approach to measure expected credit losses using a provision for expected credit losses over the life of the accounts receivable. To measure expected credit losses on a collective basis, trade receivables are grouped based on similar credit risks and aging. The expected loss rates are based on the Company's historical credit losses experienced over the two-year period prior to the year end.

Expected credit loss increased from SAR 8.8 million as of 31 December 2019G to SAR 17.9 million as of 31 December 2020G, driven by additional provisions of SAR 9.1 million, in line with an increase in receivables outstanding from SAR 109.9 million as of 31 December 2019G to SAR 144.4 million as of 31 December 2020G, in line with the Company's growth of revenue generated from corporate and Government customers. As such, expected credit loss as a per cent. of receivables increased from 8.0 per cent. as of 31 December 2019G to 12.4 per cent. 31 December 2020G.

Expected credit loss increased from SAR 17.9 million as of 31 December 2020G to SAR 32.0 million as of 31 December 2021G, driven by the additional provisions of SAR 14.1 million, in line with the increase in receivables outstanding from SAR 144.4 million as of 31 December 2020G to SAR 223.6 million as of 31 December 2021G, in the line with the Company's growth of revenue generated from corporate and Government customers. As such, expected credit loss as a per cent. of receivables increased from 12.4 per cent. as of 31 December 2020G to 14.3 per cent. as of 31 December 2021G.

(c) Prepayments and Other Receivables

The following table presents the Company's prepayment and other receivables broken down as of 31 December 2019G, 2020G and 2021G:

Table 6.29: Prepayments and Other Receivables as of 31 December 2019G, 2020G and 2021G

SAR in 000s	As of 31 December 2019G	As of 31 December 2020G	As of 31 December 2021G
VAT receivable	6,875	7,679	27,767
Advances to suppliers	27,387	19,490	20,564
Prepaid expenses	3,593	13,268	8,723
Insurance receivables	2,012	2,012	2,012
Unbilled revenue	755	616	1,297
Advances for letters of guarantee margins	855	329	329
Advances to employees	2,015	789	87
Others	810	1,002	2,913
Impairment against other receivables	(2,012)	(2,980)	(4,426)
Total	**42,289**	**42,206**	**59,265**
As a % of Total			
VAT receivable	16%	18%	47%
Advance to suppliers	65%	46%	35%
Prepaid expenses	8%	31%	15%
Insurance receivables	5%	5%	3%
Unbilled revenue	2%	1%	2%
Advances for letters of guarantee margins	2%	1%	1%
Advances to employees	5%	2%	0%
Other prepaid	2%	2%	5%
Total	-	-	-

Source: The audited financial statements for the financial years ended 31 December 2019G, 2020G and 2021G.

(i) VAT Receivables

VAT receivables represent the VAT refundable balance owed by tax authorities generated from purchases from vendors, mostly in connection with vehicles.

VAT receivables increased from SAR 6.9 million as of 31 December 2019G to SAR 7.7 million as of 31 December 2020G, driven by an increase in VAT rate from five per cent. to fifteen per cent. effective as of 1 July 2020G, offset by a decrease in vehicle purchases by the Company from SAR 476.1 million in 2019G to SAR 330.0 million in 2020G (see Table 6.18 (*Vehicles as of 31 December 2019G, 2020G and 2021G*)).

VAT receivables increased from SAR 7.7 million as of 31 December 2020G to SAR 27.8 million as of 31 December 2021G. The increase in this balance is due to two factors: (i) an increase in the VAT rate from 5 per cent. to 15 per cent. effective 1 July 2020G by the Ministry of Finance; and (ii) a significant increase in vehicle purchases from SAR 330.0 million in 2020G to SAR 600.0 million in 2021G.

(ii) Advances to Suppliers

Advances to suppliers represent the advances paid to vendors not yet invoiced.

Advances to suppliers decreased from SAR 27.4 million as of 31 December 2019G to SAR 19.5 million as of 31 December 2020G, mainly driven by a decrease in the advance paid to one of the Company's major car suppliers after the successful delivery of vehicles.

Advances to suppliers increased from SAR 19.5 million as of 31 December 2020G to SAR 20.6 million as of 31 December 2021G as a result of advance payments made to various suppliers but still pending the receipt of invoices.

The Company has long outstanding advances to suppliers amounting to SAR 18.4 million as of 31 December 2021G. The balances relate to two suppliers that are currently involved in litigation, as they failed to deliver the vehicle orders requested by the Company.

(iii) Prepaid Expenses

Prepaid expenses include prepaid rent, prepaid car insurance, prepaid employee related expenses, and prepaid medical insurance, among others.

The prepaid expenses balance increased from SAR 3.6 million as of 31 December 2019G to SAR 13.3 million as of 31 December 2020G, mainly due to the issuance in December 2020G of the vehicle insurance policy pertaining to 2021G.

Prepaid expenses decreased from SAR 13.3 million as of 31 December 2020G to SAR 8.7 million as of 31 December 2021G, mainly driven by a decrease of SAR 8.1 million in prepaid insurance expenses related to the Company's vehicle insurance policy covering the 2021G period.

(iv) Insurance Receivables

Insurance Receivables represent claims against losses incurred by the Company to its car rental and vehicle lease fleet.

The balance of insurance receivables is long outstanding and remained stable at SAR 2.0 million as of 31 December 2019G, 2020G and 2021G. The balance is fully provided for by the Company.

(v) Unbilled Revenue

Unbilled revenue represents the entity's right to consideration in exchange for goods or services that the entity has transferred to the customer. The Company accrues revenue for outstanding rental agreements at the end of an accounting period.

The balance decreased from SAR 0.8 million as of 31 December 2019G to SAR 0.6 million as of 31 December 2020G. Contract assets increased from SAR 0.6 million as of 31 December 2020G to SAR 1.3 million as of 31 December 2021G, respectively, following an increase in the Company's revenues.

(vi) Advances from Letters of Guarantee Margins

Advances from letters of guarantee consist of amounts deposited in the bank against open letters of guarantee issued by the Company.

Advances from letters of guarantee decreased from SAR 0.9 million as of 31 December 2019G to SAR 0.3 million as of 31 December 2020G due to a decrease in the number of issued letter of guarantees by the Company.

Advances from letters of guarantee remained constant at SAR 0.3 million as of 31 December 2021G.

(vii) Advances to Employees

Advances to Employees relate to advances granted to employees in the form of non-interest loans, repaid monthly through deductions from their salaries. Advances to employees decreased from SAR 2.0 million as of 31 December 2019G to SAR 0.8 million as of 31 December 2020G and from SAR 0.8 million as of 31 December 2020G to SAR 87 thousand as of 31 December 2021G due to the repayment of loans and advances made by the Company's employees.

(viii) Others

Others under receivables primarily relate to prepaid insurance, staff receivables and other miscellaneous receivables which increased continuously from SAR 0.8 million as of 31 December 2019G to SAR 1.0 million as of 31 December

2020G. The balance mainly relates to long outstanding, staff receivables amounting to SAR 791 thousand that are fully provided for.

Others under receivables increased from SAR 1.0 million as of 31 December 2020G to SAR 2.9 million as of 31 December 2021G, driven by the addition of prepaid insurance amounting to SAR 1.7 million and covering the period ended in 31 December 2021G.

(d) Amounts Due from Related Parties

The following table presents the Company's amounts due from related parties as of 31 December 2019G, 2020G and 2021G:

Table 6.30: Amounts Due from Related Parties as of 31 December 2019G, 2020G and 2021G

SAR in 000s	Relationship	As of 31 December 2019G	As of 31 December 2020G	As of 31 December 2021G
Saudi Company for Transportation United (SCT)	Affiliate	1,626	-	-
Al Mousim Travel & Tours (AMTT)	Affiliate	145	145	130
Taqniatech Company for Communication Technology Limited (TAQ)	Affiliate	144	144	144
Seera Hospitality Company (SHC)	Affiliate	63	63	63
Mawasim Tourism and Umrah Services (MWT)	Affiliate	7	24	-
Al Tayyar Holidays Travel Group Company (ATE)	Affiliate	4	4	4
Al Tayyar Rent A Car Company (ARC)	Affiliate	2	2	2
Discover Saudi for Travel and Tourism (DSTT)	Affiliate	-	7	765
Movenpick Hotel City Star – Jeddah	Affiliate	-	16	65
Elaa Air Transportation Company	Affiliate	-	-	3,609
Jawlah Travels	Affiliate	-	-	277
Tajawal Trading	Affiliate	-	-	18
Total		**1,990**	**405**	**5,076**

Source: The audited financial statements for the financial years ended 31 December 2019G, 2020G and 2021G.

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

The terms of the transactions with related parties are approved by the Company's management and in certain instances by the Company's Board of Directors. Transactions with members of the Board of Directors require a General Assembly approval based on a recommendation from the Board of Directors. Transactions with related parties are entered in the normal course of the Company's business. These balances are expected to be settled in the normal course of business. Pricing policies and the terms of these transactions are at arm's length. For further details on revenue generated by the Company from related parties, see Section 6.5 (*Results of Operations for the Financial Years Ended 31 December 2019G, 2020G and 2021G*).

Amounts due from related parties increased to SAR 5.1 million as of 31 December 2021G, following an increase in the balance of Elaa Air Transport (SAR 3.6 million), Discover Saudi (SAR 0.8 million), and Jawlah Travels (SAR 0.3 million) among others. Elaa Air Transportation resorted to the Company in order to cover its needs from cars for several project initiated in 2021G. This resulted in a shift in Elaa's balance from a due to as of 31 December 2020G to a due from the balance as of 31 December 2021G. Additionally, Discover Saudi resorted to the Company in order to cover its needs of rental vehicles in relation to its activities. The Company recorded revenues of SAR 1.3 million from Discover Saudi in 2021G.

The amount due from related parties with Saudi Company for Transportation United (SCT) decreased from SAR1.6 million as of 31 December 2019G to nil as of 31 December 2020G. This was due to the derecognition of the SCT balance when it transitioned from a subsidiary to a branch in 2020G. The balance remained nil as of 31 December 2021G.

The amount due from related parties with Al Mousim Travel & Tours (AMTT) remained stable with a balance of SAR 0.14 million as of 31 December 2019G and 31 December 2020G. The balance decreased from SAR 0.14 million to SAR 0.13 million as of 31 December 2021G. The balance relates to rental services provided by the Company to AMTT.

The amount due from related parties with Taqniatech Company for Communication Technology Limited (TAQ) remained stable with a balance of SAR 0.14 million as of 31 December 2019G, 2020G and 2021G. The balance relates to rental services provided by the Company to TAQ.

The amount due from related parties with Seera Hospitality Company (SHC) remained stable with a balance of SAR 63 thousand as of 31 December 2019G, 2020G and 2021G. The balance relates to rental services provided by the Company to SHC.

The amount due from related parties with Mawasim Tourism and Umrah Services (MWT) increased from SAR 7 thousand as of 31 December 2019G to SAR 24 thousand as of 31 December 2020G. The balance decreased from SAR 24 thousand as of 31 December 2020G to nil as of 31 December 2021G. The balance relates to rental services provided by the Company to MWT.

The amount due from related parties balance with Al Tayyar Holidays Travel Group Company (ATE) remained stable with a balance of SAR 4 thousand as of 31 December 2019G, 2020G and 2021G.

The amount due from related parties with Al Tayyar Rent A Car Company (ARC) remained stable with a balance of SAR 2 thousand as of 31 December 2019G, 2020G and 2021G.

The amount due from related parties with Discover Saudi for Travel and Tourism (DSTT) increased from nil as of 31 December 2019G to SAR 7 thousand as of 31 December 2020G. The balance increased from SAR 0.7 million as of 31 December 2020G to SAR 0.765 million as of 31 December 2021G. The balance relates to rental services provided by the Company to DSTT.

The amount due from related parties with Movenpick Hotel City Star-Jeddah increased from nil as of 31 December 2019G to SAR 16 thousand as of 31 December 2020G. The balance increased from SAR 16 thousand as of 31 December 2020G to SAR 65 thousand as of 31 December 2021G. The balance relates to rental services provided by the Company to Movenpick Hotel City Star – Jeddah.

The amount due from related parties with Elaa Air Transportation Company remained nil as of 31 December 2019G and 31 December 2020G. The balance increased from nil as of 31 December 2020G to SAR 3.6 million as of 31 December 2021G. The balance is of a funding nature.

The amount due from related parties with Jawlah Travels remained nil as of 31 December 2019G and 31 December 2020G. The balance increased from nil as of 31 December 2020G to SAR 0.27 million as of 31 December 2021G. The balance relates to rental services provided by the Company to Jawlah Travels.

The amount due from related parties with Tajawal Trading was nil as of 31 December 2019G and 31 December 2020G. The balance increased from nil as of 31 December 2020G to SAR 18 thousand as of 31 December 2021G.

(e) Cash and Cash Equivalents

The following table presents a summary of the breakdown of cash and cash equivalents as of 31 December 2019G, 31 December 2020G and 31 December 2021G:

Table 6.31: Cash and Cash Equivalents as of 31 December 2019G, 2020G and 2021G

SAR in 000s	As of 31 December 2019G	As of 31 December 2020G	As of 31 December 2021G
Cash at banks	5,333	16,276	17,342
Total	**5,333**	**16,276**	**17,342**

Source: The audited financial statements for the financial years ended 31 December 2019G, 2020G and 2021G.

Cash and cash equivalents increased from SAR 5.3 million as of 31 December 2019G to SAR 16.3 million as of 31 December 2020G as a result of the increase of the Company's activities in line with its growing lease and rental revenues. Cash and cash equivalents increased from SAR 16.3 million as of 31 December 2020G to SAR 17.3 million as of 31 December 2021G, driven by an increase in the Company's revenues and offset by an increase in the volume of vehicle purchases discussed under Section 6.4.4.2 (*Vehicles*).

6.5.2.3 Non-Current Liabilities

The following table presents the Company's non-current liabilities broken down as of 31 December 2019G, 2020G and 2021G:

Table 6.32: Non-Current Liabilities as of 31 December 2019G, 2020G and 2021G

SAR in 000s	As of 31 December 2019G	As of 31 December 2020G	As of 31 December 2021G
Employees' End-of-Service Benefits	6,078	8,100	9,184
Long-Term Loans	75,477	52,254	-
Lease Liabilities	927	5,056	8,807
Total	**82,482**	**65,410**	**17,991**

Source: The audited financial statements for the financial years ended 31 December 2019G, 2020G and 2021G.

(a) Employees' End-of-Service Benefits

The following table presents the Company's employees' end-of-service benefits movement as of 31 December 2019G, 2020G and 2021G:

Table 6.33: Movement in the Provision for Employees' End-of-Service Benefits as of 31 December 2019G, 2020G and 2021G

SAR in 000s	As of 31 December 2019G	As of 31 December 2020G	As of 31 December 2021G
At the Beginning of the Year	**3,794**	**6,078**	**8,100**
Liability transfer (out)/in	533	583	(1,168)
Past service cost	-	-	-
Current service cost	1,861	2,011	2,352
Finance expense	154	210	298
Actuarial (gain)/loss	76	(269)	425
Benefits paid	(341)	(512)	(823)
At the End of the Year	**6,078**	**8,100**	**9,184**

Source: Management information.

Employees' end-of-service benefits is estimated using actuarial valuations pursuant to IFRS reporting standards, and increased from SAR 6.1 million as of 31 December 2019G to SAR 8.1 million as of 31 December 2020G, primarily due to an increase in the average monthly cost per employee. As of 31 December 2021G, the balance increased to SAR 9.2 million mainly as a result of an overall increase in headcount.

(b) Loans and Borrowings – Non-Current Portion

The following table presents the Company's borrowings split between non-current and current portions as of 31 December 2019G, 2020G and 2021G:

Table 6.34: Long-Term Loans as of 31 December 2019G, 2020G and 2021G

SAR in 000s	As of 31 December 2019G	As of 31 December 2020G	As of 31 December 2021G
Non-current portion	75,477	52,254	-
Current Portion	23,224	23,224	-
Total	**98,701**	**75,477**	**-**

Source: The audited financial statements for the financial years ended 31 December 2019G, 2020G and 2021G.

On 24 March 2019G, the Company obtained a loan from a local bank in order to fund vehicle purchases. The non-current portion of loans and borrowings decreased from SAR 75.5 million as of 31 December 2019G to SAR 52.3 million as of 31 December 2020G due to the repayment of the loan in accordance with the agreed repayment schedule. The non-current portion of the loans and borrowings balance then decreased from SAR 52.3 million as of 31 December 2020G to nil as of 31 December 2021G following the early settlement of the Company's loan through funding obtained from Seera Group Holding. For an analysis of the current portion of long-term loans, see Section 6.5.2.4 (*Current*

Portion of Loans and Borrowings). For further details regarding the analysis and classification of the total amount of debt instruments issued, existing, or approved but not issued, see Sections 6.6.2.3 (*Non-Current Liabilities*) and 6.6.2.4 (*Current Liabilities*) of this Prospectus.

(c) Lease Liabilities

The following table presents the Company's movement in obligations of lease contracts as of 31 December 2019G, 2020G and 2021G:

Table 6.35: Movement in the Obligations of Lease Contracts as of 31 December 2019G, 2020G and 2021G

SAR in 000s	As of 31 December 2019G	As of 31 December 2020G	As of 31 December 2021G
Opening Balance	8,190	5,236	9,464
Additions	740	8,346	17,672
Transfer	-	130	-
Finance Charges	478	267	820
Paid during the year	(4,173)	(4,514)	(6,102)
Total	**5,236**	**9,464**	**21,854**
Classified as:			
Current Portion	4,309	4,408	13,047
Non-Current Portion	927	5,056	8,807

Source: Audited financial statements for the financial year 2019G, 2020G and 2021G.

Lease liabilities are measured with the present value of the remaining lease payments, discounted using the additional incremental borrowing rate at the date of the beginning of the contract, if the interest rate implicit in the contract cannot be determined immediately. After the commencement date of the contract, the lease liability is increased to reflect the accretion of interest and reduced by the lease payments paid.

The non-current portion of lease liabilities increased from SAR 0.9 million as of 31 December 2019G to SAR 5.1 million as of 31 December 2020G following additions of five airport branches in September 2020G to lease contracts. The non-current portion increased from SAR 5.1 million as of 31 December 2020G to SAR 8.8 million as of 31 December 2021G following further from the addition of 14 lease contracts to the IFRS 16 treatment.

6.5.2.4 Current Liabilities

The following table presents the Company's current liabilities broken down, followed by a table showing key performance indicators related to days payable outstanding as of 31 December 2019G, 2020G and 2021G:

Table 6.36: Current Liabilities as of 31 December 2019G, 2020G and 2021G

SAR in 000s	As of 31 December 2019G	As of 31 December 2020G	As of 31 December 2021G
Trade payables	120,380	77,243	231,747
Loans and borrowings	23,224	23,224	-
Lease liabilities	4,309	4,408	13,047
Accruals and other liabilities	7,135	10,973	15,686
Due to related parties	26,557	143,820	382,611
Zakat payable	1,045	1,692	3,052
Total Current Liabilities	**182,650**	**261,359**	**646,142**

Source: The audited financial statements for the financial years ended 31 December 2019G, 2020G and 2021G.

Table 6.37: KPIs as of 31 December 2019G, 2020G and 2021G

KPIs	As of 31 December 2019G	As of 31 December 2020G	As of 31 December 2021G
Days Payable Outstanding – (based on cars purchased)	92	108	93

Source: Management information.

(a) Trade Payables

Trade Payables represent liabilities for unpaid goods and services provided to the Company prior to the end of a financial period.

The trade payables balance decreased from SAR 120.4 million as of 31 December 2019G to SAR 77.2 million as of 31 December 2020G as a result of a faster settlement of outstanding payables in line with the Company's effort to maintain a preferential relationship with key vendors, coupled with a lower level of additions to vehicles as compared to the financial year ended 31 December 2019G, due to the COVID-19 pandemic (see Section 6.4.4.2 (*Vehicles*) for further details on vehicle purchases).

Trade payables increased from SAR 77.2 million as of 31 December 2020G to SAR 231.7 million as of 31 December 2021G, mainly driven by an increase in payables to vehicle dealers due to purchases of vehicles amounting to SAR 600.0 million. Days payable outstanding from vehicle purchases decreased from 108 days as of 31 December 2020G to 93 days as of 31 December 2021G.

(b) Current Portion of Loans and Borrowings

The current portion of loans and borrowings represents the portion expected to be repaid in the financial year following the reporting year, according to the repayment schedule. These loans are mainly utilized for vehicle purchases and amounted to SAR 23.2 million as of 31 December 2019G and 31 December 2020G. The current portion of loans and borrowings decreased from SAR 23.2 million as of 31 December 2020G to nil as of 31 December 2021G due to the early settlement of the Company's loan facility.

(c) Current Portion of Lease Liabilities

The current portion of Lease liabilities increased from SAR 4.3 million as of 31 December 2019G to SAR 4.4 million as of 31 December 2020G, and then to SAR 13.0 million as of 31 December 2021G due to the continuous addition of properties under the IFRS 16 treatment upon the renewal of said leases for a period of more than 1 year.

The Company's lease contract liabilities measured with the present value of the remaining lease payments are discounted using the additional incremental borrowing rate at the date of the beginning of the contract if the interest rate implicit in the contract cannot be determined immediately. After the commencement date of the contract, the lease liability is increased to reflect the accretion of interest and reduced by the lease payments paid.

(d) Accruals and Other Liabilities

The following table presents the Company's accruals and other liabilities broken down as of 31 December 2019G, 2020G and 2021G:

Table 6.38: Accruals and Other Liabilities as of 31 December 2019G, 2020G and 2021G

SAR in 000s	As of 31 December 2019G	As of 31 December 2020G	As of 31 December 2021G
Accrued maintenance	800	3,874	5,367
Annual leave and ticket accrual	3,273	3,526	3,359
Contract liability	592	1,939	3,829
Accrued commission	-	747	928
Accrued expenses	1,546	194	896
Accrued rent expenses	525	113	252
Others	399	579	1,054
Total	**7,135**	**10,973**	**15,686**

Source: The audited financial statements for the financial years ended 31 December 2019G, 2020G and 2021G.

(i) Accrued Maintenance

The Company accrues maintenance and repairs expenses in order to match the revenue recognized from the lease revenue segments. The Company accrues maintenance based on the number of active lease agreements, taking into consideration the vehicle brand and the duration of the contract. Accrued maintenance increased from SAR 0.8 million as of 31 December 2019G to SAR 3.9 million as of 31 December 2020G due to the increase in the fleet size of the lease segment over the same period (see Section 6.4.4.2 (*Vehicles*) for further details on vehicle purchases and fleet size).

Accrued maintenance increased from SAR 3.9 million as of 31 December 2020G to SAR 5.4 million as of 31 December 2021G in line with the further growth of the fleet size of the Company's vehicle lease segment.

(ii) Annual Leave and Ticket Accrual

Annual leave and ticket accrual relates to the unpaid leave days and unused flight allowance owed to the Company's employees. Annual leave and ticket accrual increased slightly from SAR 3.3 million as of 31 December 2019G to SAR 3.5 million as of 31 December 2020G, but remained relatively constant at SAR 3.4 million as of 31 December 2021G even though the number of employees of the Company had increased from 517 as of 31 December 2020G to 637 as of 31 December 2021G. This is mainly due to the change in the Company policy of limiting the days of allowed accrued leave days per employee.

(iii) Contract Liability

Contract liability represents unearned revenue recorded by the Company for settlements received against unrendered services. Contract liability increased from SAR 0.6 million as of 31 December 2019G to SAR 1.9 million as of 31 December 2020G, mainly due to an increase in prepayments from walk-in customers by SAR 1.1 million, and increased from SAR 1.9 million as of 31 December 2020G to SAR 3.8 million as of 31 December 2021G, mainly driven by an increase in unearned revenue from walk-in customers by SAR 2.5 million over the same period, coupled with the prepayment of the lease agreement signed with the Ministry of Health (Hail Municipality), amounting to SAR 0.9 million.

(iv) Accrued Commissions

Accrued commissions relate to the accrual of the commissions of the Company's sales employees. Accrued commissions increased from nil as of 31 December 2019G to SAR 0.7 million as of 31 December 2020G in line with an increase in the Company's revenue generated from corporate and Government customers. Accrued commissions increased continuously from SAR 0.7 million as of 31 December 2020G to SAR 0.9 million as of 31 December 2021G, in line with the continued increase in revenue generated from corporate and Government customers.

(v) Accrued Expenses

Accrued expenses mainly relate to audit fees, accrued staff bonuses, and accrued loan interest. Accrued expenses decreased from SAR 1.5 million as of 31 December 2019G to SAR 0.2 million as of 31 December 2020G due to a decrease in accrued staff bonuses from SAR 1.4 million to nil during the period under review. Accrued expenses increased from SAR 0.2 million as of 31 December 2020G to SAR 0.9 million as of 31 December 2021G mainly due to an increase in audit fees by SAR 0.3 million, related to the fees of Dr. Mohammed Al-Omari & Co. a member of BDO, and KPMG Professional Services, and an increase in the accrued staff bonuses by SAR 0.4 million during the period under review. This balance was partially offset by a decrease in the accrued loan interest from SAR 73 thousand as of 31 December 2020G to nil as of 31 December 2021G, following the settlement of the outstanding loan balance.

(vi) Accrued Rent Expenses

Accrued rent expenses represent rent expense not yet invoiced to the Company for properties not accounted for under IFRS 16, due to the short-term nature of their contract. Accrued rent decreased from SAR 0.5 million as of 31 December 2019G to SAR 0.1 million as of 31 December 2020G, and increased from SAR 0.1 million as of 31 December 2020G to SAR 0.3 million as of 31 December 2021G.

(vii) Others

Other accrued expenses relate to advances from the Company's used vehicle segment customers. The Company requires a deposit of SAR 5 thousand from each customer in order to be able to participate in the auction of used vehicles.

Other Accrued expenses increased from SAR 0.4 million as of 31 December 2019G to SAR 0.6 million as of 31 December 2020G, and from SAR 0.6 million as of 31 December 2020G to SAR 1.1 million as of 31 December 2021G as a result of an increase in bidding advances for vehicle sales by SAR 0.5 million due to the registration of more participants.

(e) Amounts Due to Related Parties

The following table presents the Company's amounts due to related parties as of 31 December 2019G, 2020G and 2021G:

Table 6.39: Amounts Due to Related Parties as of 31 December 2019G, 2020G and 2021G

SAR in 000s	Relationship	As of 31 December 2019G	As of 31 December 2020G	As of 31 December 2021G
Seera Group Holding	Partner	25,778	135,011	363,153
Seera Holiday for Travel and Tourism Company Limited (SHT)	Affiliate	345	1,800	9,468
Almosafer Company for Travel and Tourism (MCT)	Affiliate	-	5,366	4,814
Elaa Air Transportation	Affiliate	412	378	-
Elaa Travel, Tourism and Cargo Company Limited (ECC)	Affiliate	-	539	3,745
National Travel and Tourism Bureau Limited (NTTB)	Affiliate	18	18	18
Fayfa Travel & Tourism Agency Company (FTT)	Affiliate	4	4	4
Hanay Trading Company Limited (HTCL) (1)	Affiliate	-	494	470
Seera Travel and Tourism (STD)	Affiliate	-	93	364
Mawasim Company	Affiliate	-	-	456
Tajawal General Trading, LLC (TGT)	Affiliate	-	117	117
Total		**26,557**	**143,820**	**382,609**

Source: The audited financial statements for the financial years ended 31 December 2019G, 2020G and 2021G.

(1) Previously, prior to March 2022G, Hanai Trading Co., Ltd. 2 was a subsidiary of the Company.

Related parties include shareholders, the Board of Directors, key management personnel and entities of which they are principal owners. The terms of the transactions with related parties are approved by the Company's management and in certain instances by the Company's Board of Directors. Transactions with members of the Board of Directors require a General Assembly approval based on a recommendation from the Board of Directors. Transactions with related parties are entered in the normal course of the Company's business and are expected to be settled in the normal course of business. The pricing policies and terms of these transactions are at arm's length.

The amount due to related parties with Seera Group Holding increased from SAR 25.8 million as of 31 December 2019G to SAR 135.0 million as of 31 December 2020G due to financing funds received by the Company. The balance increased from SAR 135.0 million as of 31 December 2020G to SAR 363.1 million as of 31 December 2021G due to additional financing received from Seera Group Holding used to proceed with the early settlement of the Company's loan facility and for the purchase of vehicles. In June 2022G, the Company secured two CAPEX based borrowing facilities with SAIB and Bank Saudi Fransi and used them to settle all of its dues to Seera Group Holding.

The amount due to related parties with Seera Holiday for Travel and Tourism Company Limited (SHT) increased from SAR 0.35 million as of 31 December 2019G to SAR 1.8 million as of 31 December 2020G. It then increased from SAR 1.8 million as of 31 December 2020G to SAR 9.5 million as of 31 December 2021G due to transfer of a number of the Company's employees to SHT in order to remain compliant with Saudization regulations. The cost of these employees was billed in 2021G by SHT to the Company.

The amount due to related parties with Almosafer Company for Travel and Tourism (MCT) increased from nil as of 31 December 2019G to SAR 5.4 million as of 31 December 2020G due to the payment of a funding nature received by the Company from MCT in 2020G. The balance decreased from SAR 5.4 million as of 31 December 2020G to SAR 4.8 million as of 31 December 2021G due to rental services provided by the Company through MCT.

The amount due to related parties with Elaa Air Transportation remained stable at SAR 0.4 million as of 31 December 2019G and 2020G and decreased from SAR 0.4 million as of 31 December 2020G to nil as of 31 December 2021G. The Company purchases its employees' flight tickets from Elaa Air Transportation.

The amount due to related parties with Elaa Travel, Tourism and Cargo Company Limited (ECC) increased from nil as of 31 December 2019G to SAR 0.5 million as of 31 December 2020G and from SAR 0.5 million as of 31 December 2020G to SAR 3.7 million as of 31 December 2021G due to Iqama payments made by ECC on behalf of the Company.

The amount due to related parties with National Travel and Tourism Bureau Limited (NTTB) was 18 thousand as of 31 December 2019G, 2020G and 2021G.

The amount due to related parties with Fayfa Travel & Tourism Agency Company (FTT) was 4 thousand as of 31 December 2019G, 2020G and 2021G.

The amount due to related parties with Hanay Trading Company Limited (HTCL) increased from nil as of 31 December 2019G to SAR 0.5 million as of 31 December 2020G and remained stable as of 31 December 2021G.

The amount due to related parties with Seera Travel and Tourism (STD) increased from nil as of 31 December 2019G to SAR 0.1 million as of 31 December 2020G and increased from SAR 0.1 as of 31 December 2020G to SAR 0.4 million as of 31 December 2021G. The balance is related to employee cost allocation.

The amount due to related parties with Mawasim Company remained nil as of 31 December 2019G and 31 December 2020G and increased from nil as of 31 December 2019G to SAR 0.5 million as of 31 December 2021G. The balance is of a funding nature.

The amount due to related parties with Tajawal General Trading, LLC (TGT) increased from nil as of 31 December 2019G to SAR 0.1 million as of 31 December 2020G and remained stable at SAR 0.1 million as of 31 December 2021G. The balance is related to employee cost allocation.

(f) Zakat Payable

The following table presents the Company's Zakat payable calculations as of 31 December 2019G, 2020G and 2021G:

Table 6.40: Zakat Payable as of 31 December 2019G, 2020G and 2021G

SAR in 000s	As of 31 December 2019G	As of 31 December 2020G	As of 31 December 2021G
Profit before zakat	30,659	52,016	109,159
Impairment of trade receivables	8,608	9,050	14,142
End-of-service provided during the year	2,548	2,221	2,650
Others	-	4,384	1,446
Adjusted profit	41,816	67,670	127,397
Share capital	15,000	15,000	550,000
Additional capital	455,716	455,716	-
Statutory reserve	4,500	4,500	4,500
Retained earnings	55,929	67,466	38,775
Provisions	3,453	16,408	26,969
Due to related parties	221	18,779	143,820
Trade payable	-	-	231,747
Loans and borrowings	98,701	75,477	-
Lease liabilities	5,236	722	21,854
Total	**680,572**	**721,739**	**1,145,062**
Non-current assets	(649,309)	(734,653)	(1,089,420)
Zakat base	31,263	(12,914)	55,642
Zakat @ 2.5%	**1,045**	**1,692**	**3,185**

Source: The audited financial statements for the financial years ended 31 December 2019G, 2020G and 2021G.

Provision for zakat increased from SAR 1.0 million as of 31 December 2019G to SAR 1.7 million as of 31 December 2020G in line with an increase in the Company's activities and adjusted profit base due to the reasons stated in previous Sections.

Provision for zakat increased further from SAR 1.7 million as of 31 December 2020G to SAR 3.1 million as of 31 December 2021G in line with the increase in the Company's activities and adjusted profit base due to the reasons stated in previous sections.

(g) Contingent Liabilities

The following table presents the Company's letters of guarantee as of 31 December 2019G, 2020G and 2021G:

Table 6.41: Letter of Guarantees as of 31 December 2019G, 2020G and 2021G

SAR in 000s	As of 31 December 2019G	As of 31 December 2020G	As of 31 December 2021G
Letters of Guarantee	800	300	300

Source: The audited financial statements for the financial years ended 31 December 2019G, 2020G and 2021G.

The letters of guarantee balance decreased from SAR 2.1 million as of 31 December 2019G to SAR 0.8 million as of 31 December 2020G and remained constant at SAR 0.8 million as of 31 December 2021G due to the renewal of expired bank guarantees from Seera Group Holding.

6.5.2.5 Equity

The following table presents the Company's equity as of 31 December 2019G, 2020G and 2021G:

Table 6.42: Equity as of 31 December 2019G, 2020G and 2021G

SAR in 000s	As of 31 December 2019G	As of 31 December 2020G	As of 31 December 2021G
Share Capital	15,000	15,000	550,000
Additional capital	455,716	535,000	-
Statutory Reserve	4,500	4,500	15,111
Retained Earnings	67,466	38,775	133,846
Total Equity	**542,682**	**593,275**	**698,957**

Source: The audited financial statements for the financial years ended 31 December 2019G, 2020G and 2021G

The following table presents the Company's changes in equity as of 31 December 2019G, 2020G and 2021G:

Table 6.43: Changes in Equity as of 31 December 2019G, 2020G and 2021G

SAR in 000s	Share Capital	Additional Capital	Statutory Reserve	Retained Earnings	Total
As of 01 January 2019G	**15,000**	**-**	**4,500**	**37,929**	**57,429**
Net Income for the Year	-	-	-	29,614	29,614
Other Comprehensive Income	-	-	-	(77)	(77)
Additional capital introduced	-	455,716	-	-	455,716
As of 31 December 2019G	**15,000**	**455,716**	**4,500**	**67,466**	**542,682**
Net Income for the Year	-	-	-	50,324	50,324
Transferred to additional capital	-	79,284	-	(79,284)	-
Other Comprehensive Income	-	-	-	269	269
As of 31 December 2020G	**15,000**	**535,000**	**4,500**	**38,775**	**593,275**
Net Income for the Year	-		-	106,107	106,107
Other Comprehensive Income	-	-	-	(425)	(425)
Transferred to statutory reserve	-	-	10,611	(10,611)	-
Transferred to share capital	535,000	(535,000)	-	-	-
As of 31 December 2021G	**550,000**	**-**	**15,111**	**133,846**	**698,957**

Source: The audited financial statements for the financial years ended 31 December 2019G, 2020G and 2021G.

The Company's capital consists of 55,000,000 fully paid ordinary shares of SAR 10 each. As of 31 December 2021G, the total capital was SAR 550.0 million.

The following tables show the details of the changes in the Company's capital as of 31 December 2021G, 2020G and 2019G:

Table 6.44: The Company's capital as of 31 December 2021G:

2021G	Percentage	Number of shares	Share value	Total
Seera Group Holding	95%	52,250,000	10	522,500,000
Seera Holidays Travel & Tourism Co. Ltd.	5%	2,750,000	10	27,500,000
Total	**100%**	**55,000,000**	**10**	**550,000,000**

Source: The audited financial statements for the financial year ended 31 December 2021G.

Table 6.45: The Company's capital as of 31 December 2020G:

2020G	Percentage	Number of shares	Share value	Total
Seera Group Holding	95%	14,250	1000	14,250,000
Seera Holidays Travel & Tourism Co. Ltd.	5%	750	1000	750,000
Total	**100%**	**15,000**	**1000**	**15,000,000**

Source: The audited financial statements for the financial year ended 31 December 2020G.

Table 6.46: The Company's capital as of 31 December 2019G:

2019G	Percentage	Number of shares	Share value	Total
Seera Group Holding	95%	14,250	1000	14,250,000
Seera Holidays Travel & Tourism Co. Ltd.	5%	750	1000	750,000
Total	**100%**	**15,000**	**1000**	**15,000,000**

Source: The audited financial statements for the financial year ended 31 December 2019G.

Capital increased through the transfer of SAR 535 million to shares on 21 February 2021G as per the terms agreed with the Ministry of Commerce on changing the legal status of the Company from a limited liability company to a closed joint stock company. The transfer of SAR 535 million was divided between the transfer of SAR 79.3 million from retained earnings to additional paid in capital and the transfer of SAR 455.7 million that was transferred from the parent Company to additional paid in capital, and it is divided into 55,000,000 ordinary shares with a value of SAR 10 per share.

The statutory reserve amounting to SAR 4.5 million remained stable as of 31 December 2019G and 31 December 2020G. It then increased from SAR 4.5 million as of 31 December 2020G to SAR 15.1 million as of 31 December 2021G, after the change in the Company's legal status effective 21 February 2021G and the addition of ten per cent. of the Company's total comprehensive income to the statutory reserve.

Retained earnings decreased from SAR 67.5 million as of 31 December 2019G to SAR 38.8 million as of 31 December 2020G, in line with the transfer of SAR 79.3 million from the retained earnings account to additional capital as part of the Company's legal status change.

Retained earnings increased from SAR 38.8 million as of 31 December 2020G to SAR 133.8 million as of 31 December 2021G in line with the increase of net income in 2021G.

6.5.3 Statement of Cash Flows for the Financial Years Ended 31 December 2019G, 2020G and 2021G

The following table presents a summary of the Company's statement of cash flows for the financial years ended 31 December 2019G, 2020G and 2021G:

Table 6.47: Statements of Cash Flows for the Financial Years Ended 31 December 2019G, 2020G and 2021G

SAR in 000s	2019G	2020G	2021G
Net Cash (Used in) Operating Activities	322,956	(77,299)	(147,828)
Net Cash Used in Investing Activities	(411,015)	(2,411)	(2,477)
Net Cash from Financing Activities	94,529	90,653	151,371
Net (Decrease) / Increase in Cash and Cash Equivalents During the Year	**6,470**	**10,942**	**1,066**
Cash and Cash Equivalents at the Beginning of the Year	(1,137)	5,333	16,276
Cash and Cash Equivalents at the End of the Year	**5,333**	**16,275**	**17,342**

Source: The audited financial statements for the financial years ended 31 December 2019G, 2020G and 2021G.

6.5.3.1 Cash Flows from Operating Activities

The following table presents a detailed breakdown of the Company's cash flows generated from operating activities for the financial years ended 31 December 2019G, 2020G and 2021G:

Table 6.48: Cash Flows from Operating Activities for the Financial Years Ended 31 December 2019G, 2020G and 2021G

SAR in 000s	2019G	2020G	2021G
Profit Before Zakat	30,659	50,324	106,107
Adjustments to Reconcile Profit Before Zakat to Net Cash Flows:			
Depreciation of:			
Vehicles	103,640	156,256	195,223
Property and Equipment	5,208	6,863	10,407
Employees' End-of-Service Benefits Provision	2,548	2,221	2,352
Impairment loss on trade receivables	8,608	9,050	14,142
Impairment loss on other receivables	(2,012)	968	1,446
Gain on sale of vehicles	(5,896)	(16,442)	(24,336)
Financial Charges	4,018	2,432	1,884
Finance cost of lease liabilities	478	267	820
Provision for Zakat	-	1,692	3,052
Impairment in subsidiary	-	5,228	-
Net changes in working capital			
Inventories	-	-	(391)
Trade receivables	(62,449)	(33,680)	(79,231)
Prepayments and Other Receivables	(13,835)	(672)	(18,505)
Trade payables	57,533	(43,137)	154,504
Accruals and other liabilities	3,581	3,839	4,712
Related parties, net	191,988	-	-
Net cash generated from operations	**324,069**	**145,206**	**372,186**
Employees' End-of-Service Benefits Paid	(341)	(512)	(823)
Additions to vehicles	-	(330,044)	(600,028)
Proceeds from sale of vehicles	-	109,096	84,115
Zakat Paid	(774)	(1,045)	(1,692)

SAR in 000s	2019G	2020G	2021G
Finance charges paid	-	-	(1,586)
Net cash (Used in) operating activities	**(322,956)**	**(77,299)**	**(147,828)**

Source: The audited financial statements for the financial years ended 31 December 2019G, 2020G and 2021G.

Cash flows used in operating activities decreased from SAR 323.0 million in 2019G to SAR 77.3 million in 2020G primarily as a result of a decrease in the change in trade receivables from SAR 62.4 million in 2019G to SAR 33.7 million and a decrease in additions made to vehicles from SAR 476.1 million in 2019G to SAR 330.0 million in 2020G. This was partly offset by an increase in income before zakat from SAR 30.7 million in 2019G to SAR 50.3 million in 2020G.

Cash flow used in operating activities increased from SAR 77.3 million in 2020G to SAR 147.8 million in 2021G mainly as a result of an increase in additions of vehicles from SAR 330.0 million in 2020G to SAR 600.0 million in 2021G, driven by the large acquisition of rental and lease vehicles by the Company, discussed in previous Sections.

6.5.3.2 Cash Used in Investing Activities

The following table presents a detailed breakdown of the Company's cash flows used in investing activities for the financial years ended 31 December 2019G, 2020G and 2021G:

Table 6.49: Cash Flows from Investing Activities for the Financial Years Ended 31 December 2019G, 2020G and 2021G

SAR in 000s	2019G	2020G	2021G
Additions to property and equipment	(1,846)	(2,411)	(2,477)
Additions on vehicles	(476,138)	-	-
Revenue from sold vehicles	66,969	-	-
Net (Used in) Investing Activities	**(411,015)**	**(2,411)**	**(2,477)**

Source: The audited financial statements for the financial years ended 31 December 2019G, 2020G and 2021G.

Investing activities include additions of property and equipment. Cash flows used in investing activities increased from SAR 1.8 million in 2019G to SAR 2.4 million in 2020G following the purchase of furniture and equipment over the same period (see Section 6.4.4.2 (*Vehicles*)). Cash flows used in investing activities subsequently increased from SAR 2.41 million in 2020G to SAR 2.48 million in 2021G following the purchase of furniture and equipment over the same period (see Section 6.4.4.2 (*Vehicles*)).

6.5.3.3 Cash Flows from Financing Activities

The following table presents a detailed breakdown of the Company's cash flows generated from financing activities for the financial years ended 31 December 2019G, 2020G and 2021G:

Table 6.50: Cash Flows from Financing Activities for the Financial Years Ended 31 December 2019G, 2020G and 2021G

SAR in 000s	2019G	2020G	2021G
Additions from loans and borrowings	116,119	-	-
Repayment of loans and borrowings	(17,418)	(23,224)	(75,477)
Related parties, net	-	118,521	232,950
Principal payment of Lease Liabilities	(4,173)	(4,377)	(5,282)
Interest paid on lease liability	-	(267)	(820)
Net Cash from Financing Activities	**94,529**	**90,653**	**151,371**

Source: The audited financial statements for the financial years ended 31 December 2019G, 2020G and 2021G.

Net cash generated from financing activities decreased from SAR 94.5 million in 2019G to SAR 90.6 million in 2020G as a result of a decrease in financing from related parties from SAR 192.0 million in 2019G to SAR 118.5 million in 2020G coupled with a decrease in additions from loans and borrowings from 116.1 million in 2019G to nil in 2020G.

Net cash generated from financing activities increased from SAR 90.6 million in 2020G to SAR 151.4 million in 2021G due to an increase in the balance in related parties from SAR 118.5 million in 2020G to SAR 233.0 million in 2021G, used to repay the remaining balance of the Company's loan and for the purchase of vehicles.

6.6 Results of Operations for the Nine-month Periods Ended 30 September 2021G and 30 September 2022G

6.6.1 Statement of Profit or Loss and Other Comprehensive Income

The following table presents the Company's statement of profit or loss and other comprehensive income for the nine-month periods ended 30 September 2021G and 2022G:

Table 6.51: Statement of Profit or Loss and Other Comprehensive Income for the Nine-month Periods Ended 30 September 2021G and 30 September 2022G

SAR in 000s	Nine-month Period Ended 30 September 2021G	Nine-month Period Ended 30 September 2022G	Var. 30 September 2021G – 30 September 2022G
Rental	**124,608**	**191,687**	**53.8%**
Lease	**187,135**	**219,645**	**17.4%**
Total rental services	**311,742**	**411,332**	**31.9%**
Sale of used vehicles	**64,074**	**113,433**	**77.0%**
Revenue	**375,816**	**524,764**	**39.6%**
Cost of revenue	(260,260)	(355,428)	36.6%
Gross profit	115,556	169,337	46.5%
General and administrative expenses	(31,802)	(38,606)	21.4%
Impairment loss on accounts receivable	(14,917)	(13,712)	(8.1%)
Profit from operations	**68,838**	**117,018**	**70.0%**
Other income	7,345	3,194	(56.5%)
Finance charges	(1,914)	(14,741)	670.2%
Profit before Zakat	**74,269**	**105,471**	**42.0%**
Zakat charge for the year	(2,077)	(2,949)	42.0%
Profit for the period	**72,192**	**102,522**	**42.0%**
Total comprehensive income for the year	**72,192**	**102,522**	**42.0%**
As a % of Revenue			
Cost of revenue	(69.3%)	(67.7%)	(2.3%)
Gross profit	30.7%	32.3%	5.2%
General and administrative expenses	(8.5%)	(7.4%)	(12.9%)
Impairment loss on accounts receivable	(4.0%)	(2.6%)	(35.0%)
Other income	2.0%	0.6%	(70.0%)
Finance charges	(0.5%)	(2.8%)	460.0%
Profit Margin	19.2%	19.5%	1.6%
KPIs			
Rental			
Available rental fleet at period end	4,519	6,770	49.8%
Revenue for the period per car available	27,574	28,314	2.7%
Weighted average of available fleet	3,531	5,844	65.5%
Weighted average of rented fleet	2,662	4,247	59.5%
Rental fleet utilization	75.4%	72.7%	(3.60%)
Revenue per booking in SAR	160	160	(0.00%)

SAR in 000s	Nine-month Period Ended 30 September 2021G	Nine-month Period Ended 30 September 2022G	Var. 30 September 2021G – 30 September 2022G
Lease			
Available leasing fleet at period end	10,263	12,864	25.30%
Period leasing revenue per available car in SAR	18,234	17,074	(6.40%)
No. of active lease agreements at period end	9,870	10,952	11.0%
Average monthly revenue per car in SAR	2,238	2,196	(1.9%)
Sale of Used Vehicles			
Number of vehicles sold	1,542	2,077	34.70%
Revenue per sold Car in SAR	41,553	54,614	31.40%

Source: The unaudited interim financial statements for the nine-month period ended 30 September 2022G.

The Company operates a car rental and vehicle lease business, both representing its total rental services revenue stream. It also generates revenues from the sale of its used car rental and lease vehicles via weekly auctions. Revenue is mainly generated from vehicle lease and rental arrangements, which represented 83.0 per cent. and 78.4 per cent. of total revenue during the nine-month periods ended 30 September 2021G and 30 September 2022G, respectively.

6.6.1.1 Total Revenue

Total rental services revenue is generated through the Company's two main business segments: (i) car rental; and (ii) vehicle lease. Car rental revenue accounted for 33.2 per cent. and 36.5 per cent. of total revenue in the nine-month periods ended 30 September 2021G and 30 September 2022G, respectively, while vehicle lease revenue accounted for 49.8 per cent. and 41.9 per cent. of total revenue during the same period.

Car rental services revenue increased by 31.9 per cent., from SAR 311.7 million in the nine-month period ended 30 September 2021G to SAR 411.3 million in the nine-month period ended 30 September 2022G, driven mainly by an increase of SAR 67.1 million in the car rental segment due to an increase in car rental revenues generated from corporate and walk-in customers, coupled with an increase of SAR 32.5 million in the vehicle lease segment due to the net addition of 1,932 leased cars over the comparative period.

Sale of used vehicles pertains to the revenue generated from the sale of motor vehicles used in the car rental and vehicle lease business segments at the end of their useful life. The Company conducts these sales through weekly auctions. Sale of used vehicles accounted for 17.0 per cent. and 21.6 per cent. of the Company's total revenue in the nine-month periods ended 30 September 2021G and 30 September 2022G, respectively.

Sale of used vehicles revenue increased by 77.0 per cent., from SAR 64.1 million in the nine-month period ended 30 September 2021G to SAR 113.4 million in the nine-month period ended 30 September 2022G, driven by an increase in the number of cars sold average revenue per car sold.

6.6.1.2 Cost of Revenue

Cost of sales mainly comprised vehicle depreciation, cost of used vehicles sold, salaries and other benefits, vehicle repairs and maintenance, insurance, and outsourced vehicles which represented 53.0 per cent, 17.9 per cent, 6.5 per cent, 6.4 per cent. and 4.7 per cent., respectively, of the total cost of revenue during the nine-month period ended 30 September 2022G. Vehicle depreciation, cost of used vehicles sold, salaries and other benefits, vehicle repairs and maintenance, insurance, and outsourced vehicles costs represented 52.6 per cent., 21.5 per cent., 6.7 per cent., 5.1 per cent. and 5.2 per cent. of the total cost of revenue, respectively, during the nine-month period ended 30 September 2022G.

The total cost of revenue increased by 36.6 per cent., from SAR 260.3 million in the nine-month period ended 30 September 2021G to SAR 355.4 million in the nine-month period ended 30 September 2022G, mainly driven by an increase in vehicle depreciation of SAR 48.8 million, in line with the Company's continuous fleet expansion coupled with an increase of the cost of vehicles sold due to the higher average purchase price of cars sold in the nine-month period ended 30 September of 2022G compared to the nine-month period ended 30 September of 2021G.

6.6.1.3 Gross Margin

Gross margin increased by 46.5 per cent., from SAR 115.6 million in the nine-month period ended 30 September 2021G to SAR 169.3 million in the nine-month period ended 30 September 2022G, mainly due to: (i) the resale value adjustment conducted by the Company which resulted in a decrease of SAR 9.0 million on lease vehicle depreciation costs; and (ii) an increase in sales of used vehicles gross margin from 24.7 per cent. in the nine-month period ended 30 September 2021G to 31.5 per cent. in the nine-month period ended 30 September 2022G, in line with an increase in the recovery rate from the original vehicle price from 65.8 per cent. in the nine-month period ended 30 September 2021G to 74.3 per cent. in the nine-month period ended 30 September 2022G, driven by increasing demand for used vehicles resulting from the shortage of new cars available in the market.

6.6.1.4 General and Administrative Expenses

General and administrative expenses mainly comprised salaries and other benefits, fees and subscriptions, depreciation, advertising and other provisions which represented 65.0 per cent, 17.8 per cent, 4.4 per cent, 2.1 per cent. and 4.5 per cent., respectively, of the total general and administrative expenses during the nine-month period ended 30 September 2021G. Salaries and other benefits, fees and subscriptions, depreciation, advertising and other provisions represented 66.9 per cent., 13.5 per cent., 3.3 per cent., 1.4 per cent. and 6.1 per cent., respectively of the total general and administrative expenses during the nine-month period ended 30 September 2022G.

General and administrative expenses further increased by 21.4 per cent., from SAR 31.8 million in the nine-month period ended 30 September 2021G to SAR 38.6 million in the nine-month period ended 30 September 2022G, mainly driven by an increase in salaries and other benefits due to an increase in the Company's employee count. This was offset by a decrease in fees and subscriptions related to a reduction in residence and work permit expenses affected by the exceptional expense recognized in the nine-month period ended 30 September 2021G.

6.6.1.5 Impairment Loss on Accounts Receivable

Impairment loss on accounts receivable relates to a provision to cover doubtful receivables and is estimated through the expected credit loss model, in compliance with IFRS 9. The expected credit loss model depends on the ageing of receivables at the date of each financial statement, and the provision shall be calculated by means of an evaluation of settlement in the previous periods compared with future expectations, according to the type of customer, ageing of receivables, date of collection and other elements.

The provision for impairment loss on accounts receivable decreased by 8.1 per cent., from SAR 14.9 million in the nine-month period ended 30 September 2021G to SAR 13.7 million in the nine-month period ended 30 September 2022G due to a decrease in the share of Government revenue out of the Company's total revenue during the nine-month period ended 30 September 2022G. The provision for impairment loss on accounts receivable for 2021G represents 4.0 per cent. of the Company's revenue for the same period, in line with the provision recorded in the nine-month period ended 30 September 2022G, representing (2.6) per cent. of the revenues generated in the same period.

6.6.1.6 Other Income

Other income pertains mostly to rebates granted by vendors and car agents to the Company against the purchase of vehicles. Other income decreased from SAR 7.3 million in the nine-month period ended 30 September 2021G to SAR 3.2 million in the nine-month period ended 30 September 2022G, due to an exceptional one-time discount provided by the Company's insurance vendor in the period ending 30 September 2021G.

6.6.1.7 Finance Charges

Finance charges pertain to interest paid on loans and borrowings and finance charges related to lease liabilities. Finance charges increased by 670.2 per cent., from SAR 1.9 million in the nine-month period ended 30 September 2021G to SAR 14.7 million in the nine-month period ended 30 September 2022G, in line with an increase in loans and borrowings from nil in the nine-month period ended 30 September 2021G to SAR 463.8 million in the nine-month period ended 30 September 2022G. See Section 6.5.2.4 (*Current Liabilities*) for further details on the balance of loans and borrowings.

6.6.1.8 Zakat Charge for the Year

Zakat relates to provisions recorded in accordance with the regulations of ZATCA. The Company does not declare Zakat on a standalone basis but is instead part of the Seera Group Holding tax group.

Zakat increased by 42.0 per cent., from SAR 2.1 million in the nine-month period ended 30 September 2021G to SAR 2.9 million in the nine-month period ended 30 September 2022G in line the with growth in business witnessed by the Company and an increase of the Company's net income.

6.6.1.9 Net Income

Net income increased by 42.0 per cent., from SAR 72.2 million in the nine-month period ended 30 September 2021G to SAR 102.5 million in the nine-month period ended 30 September 2022G, mainly due to the increase in revenue and gross margin across the Company's business segments.

6.6.1.10 Revenue by Business Segment

The following table presents the Company's revenue by segment of activity for the nine-month periods ended 30 September 2021G and 30 September 2022G:

Table 6.52: Revenue by Segment for the Nine-month Periods Ended 30 September 2021G and 30 September 2022G

SAR in 000s	Nine-month Period Ended 30 September 2021G	Nine-month Period Ended 30 September 2022G	Var. 30 September 2021G – 30 September 2022G
Rental	124,608	191,687	53.8%
Lease	187,135	219,645	17.4%
Total rental services	**311,742**	**411,332**	**31.9%**
Sale of Used Vehicles	64,074	113,433	77.0%
Total Revenue	**375,816**	**524,764**	**39.6%**
As a % of Revenue			
Rental	33.2%	36.5%	10.2%
Lease	49.8%	41.9%	(15.9%)
Sale of Used Vehicles	17.0%	21.6%	26.8%

Source: The unaudited interim financial statements for the nine-month period ended 30 September 2022G.

(a) Rental Revenue

Car rental revenue includes revenue from individuals and corporate customers. Individual car rental revenue is composed of revenue from walk-in customers. Walk-in customers are individuals who visit the Company's city or airport branches to rent a car.

Car rental revenue increased by 53.8 per cent., from SAR 124.6 million in the nine-month period ended 30 September 2021G to SAR 191.7 million in the nine-month period ended 30 September 2022G, in line with an increase in the average rented fleet from 2,662 vehicles to 4,247 over the same period. The nine-month period ended 30 September 2021G was still affected by the COVID-19 restrictions.

(b) Lease Revenue

Vehicle lease revenue consists of revenue generated from leasing vehicles to customers in the corporate and Government sectors once a purchase order is secured from these customers following a tendering process.

Vehicle lease revenue increased by 17.4 per cent., from SAR 187.1 million in the nine-month period ended 30 September 2021G to SAR 219.6 million in the nine-month period ended 30 September 2022G, mainly as a result of an increase in active vehicle lease agreements from 9,870 in the nine-month period ended 30 September 2021G to 10,952 in the nine-month period ended 30 September 2022G.

(c) Sale of Used Vehicles

The Company's operations in this sector include the sale of used motor vehicles in: (i) the car rental segment after two years of purchase; and (ii) the vehicle lease segment after the expiry of a lease agreement / contract. Revenue from the sale of used vehicles increased by 77.0 per cent., from SAR 64.1 million in the nine-month period ended 30 September 2021G to SAR 113.4 million in the nine-month period ended 30 September 2022G, due to an increase in the average revenue per used vehicle sold of SAR 13.1 thousand, despite a decrease of 535 in the number of vehicles sold over the same period.

6.6.1.11 Rental Revenue by Customer Type

The following table presents the Company's car rental revenue by customer type of activity for the nine-month periods ended 30 September 2021G and 30 September 2022G:

Table 6.53: Rental Revenue by Customer Type for the Nine-month Periods Ended 30 September 2021G and 30 September 2022G

SAR in 000s	Nine-month Period Ended 30 September 2021G	Nine-month Period Ended 30 September 2022G	Var.
			30 September 2021G – 30 September 2022G
Online sale	216	23,561	10,807.9%
Offline/branch sale	42,973	66,231	54.1%
Total individual	43,189	89,792	107.9%
Corporate	41,452	85,073	105.2%
Government	32,927	10,417	(68.4%)
Seera Group Holding	7,040	6,404	(9.0%)
Total Rental Revenue	**124,608**	**191,687**	**53.8%**
As a % of Total		**Change in ppt.**	
Individual	34.7%	46.8%	34.9%
Corporate	33.3%	44.4%	33.3%
Government	26.4%	5.4%	(79.5%)
Seera Group Holding	5.6%	3.3%	(41.1%)
As a % of individual revenue		**Change in ppt.**	
Online sale	0.5%	26.2%	5,140.0%
Offline/branch sale	99.5%	73.8%	(25.9%)
Number of online sale agreements			
Number of offline/branch sale agreements	427	29,468	6,801.2%
Average revenue per online agreement	58,780	55,877	(4.9%)
Average revenue per offline/branch agreement	506	800	58.1%
Average revenue per offline/branch agreement	731	1,185	62.1%

Source: Management information.

(a) Individual

Individual car rental revenue refers to revenue generated from car rental contracts with retail customers. Walk-in customers are individuals who visit the Company's city or airport branches to rent a car.

Total individual car rental revenue represented 34.7 per cent. of the total car rental revenue in the nine-month period ended 30 September 2021G, and 46.8 per cent. in the nine-month period ended 30 September 2022G. Individual car rental revenue increased by 107.9 per cent., from SAR 43.2 million in the nine-month period ended 30 September 2021G to SAR 89.8 million in the nine-month period ended 30 September 2022G as a result of the easing of restrictions imposed due to the COVID-19 pandemic.

Online car rental revenues for individuals increased by 10,807.9%, from SAR 216 thousand in the nine-month period ended 30 September 2021G to SAR 23.6 million in the nine-month period ending 30 September 2022G as a result of the increase in the number of online sales agreements from 427 in the nine-month period ended 30 September 2021G to 29,468 in the nine-month period ended 30 September 2022G.

The Company offered discounts to encourage customers to use the mobile application and the Company's website to rent online. This justifies the fact that the average online revenue per agreement is less than the average offline/branch revenue per agreement during the two periods.

(b) Corporate

Corporate car rental revenue refers to the revenue generated from rental agreements with companies in the private sector.

Corporate car rental revenue represented 33.3 per cent. of the total car rental revenue in the nine-month period ended 30 September 2021G and 44.4 per cent. in the nine-month period ended 30 September 2022G.

Corporate car rental revenue increased by 105.2 per cent., from SAR 41.5 million in the nine-month period ended 30 September 2021G to SAR 85.1 million in the nine-month period ended 30 September 2022G, driven by the Company's corporate agreements in the Northern Region.

(c) Government

Government car rental revenue refers to the revenue generated from rental agreements with public sector entities.

Government car rental revenue represented 26.4 per cent. of the total car rental revenue in the nine-month period ended 30 September 2021G and 5.4 per cent. in the nine-month period ended 30 September 2022G.

Government car rental revenue decreased by 68.4 per cent., from SAR 32.9 million in the nine-month period ended 30 September 2021G to SAR 10.4 million in the nine-month period ended 30 September 2022G, mainly driven by a decrease in revenue generated from the Company's agreement with its main rental Government customer.

(d) Seera Group Holding

Seera Group Holding car rental revenue refers to the revenue generated by the Company from rental agreements with private corporate entities affiliated to Seera Group Holding.

Seera Group Holding car rental revenue represented 5.6 per cent. of the total car rental revenue in the nine-month period ended 30 September 2021G and 3.3 per cent. in the nine-month period ended 30 September 2022G.

Seera Group Holding car rental revenue decreased by 9.0 per cent., from SAR 7.0 million in the nine-month period ended 30 September 2021G to SAR 6.4 million in the nine-month period ended 30 September 2022G, mainly driven by a decrease in the Company's dealings with the companies of the Group.

6.6.1.12 Rental Revenue by Region

The following table presents the Company's car rental revenue by region for the nine-month periods ended 30 September 2021G and 30 September 2022G:

Table 6.54: Rental Revenue by Region for the Nine-month Periods Ended 30 September 2021G and 30 September 2022G

SAR in 000s	Nine-month Period Ended 30 September 2021G	Nine-month Period Ended 30 September 2022G	Var.
			30 September 2021G – 30 September 2022G
Central Region	49,240	50,426	2.4%
Northern Region	38,696	86,986	124.8%
Western Region	24,546	33,892	38.1%
Southern Region	5,630	7,456	32.4%
Eastern Region	6,496	12,926	99.0%
Total Rental Revenue	**124,608**	**191,687**	**53.8%**
As a % of Total		**Change in ppt.**	
Central Region	39.5%	26.3%	(33.4%)
Northern Region	31.1%	45.4%	46.0%
Western Region	19.7%	17.7%	(10.2%)
Southern Region	4.5%	3.9%	(13.3%)
Eastern Region	5.2%	6.7%	28.9%

SAR in 000s	Nine-month Period Ended 30 September 2021G	Nine-month Period Ended 30 September 2022G	Var. 30 September 2021G – 30 September 2022G
Weighted average rented cars per year		**Change**	
Central Region	1,333	1,365	2.4%
Northern Region	351	1,439	310.0%
Western Region	610	786	28.9%
Southern Region	92	207	125.0%
Eastern Region	276	438	58.7%
Weighted average available cars per year		**Change**	
Central Region	1,722	1,804	4.8%
Northern Region	468	1,853	295.9%
Western Region	818	1,229	50.2%
Southern Region	126	305	142.1%
Eastern Region	396	653	64.9%
Utilization %		**Change in ppt.**	
Central Region	77.4%	75.7%	(2.2%)
Northern Region	75.0%	77.7%	3.6%
Western Region	74.7%	64.0%	(14.3%)
Southern Region	72.9%	64.9%	(6.9%)
Eastern Region	69.6%	67.1%	(3.6%)
Number of Branches		**Change**	
Central Region	7	5	(28.6%)
Northern Region	6	10	66.7%
Western Region	9	9	0.0%
Southern Region	3	3	0.0%
Eastern Region	5	6	20.0%

Source: Management information.

(a) Central Region

Car rental revenue from the Central Region increased by 2.4 per cent., from SAR 49.2 million in the nine-month period ended 30 September 2021G to SAR 50.4 million in the nine-month period ended 30 September 2022G, mainly as a result of the increase in the revenue of all airport branches in that region due to the easing of COVID-19 restrictions. Utilization in the Central Region decreased from 77.4 per cent. in the nine-month period ended 30 September 2021G to 75.7 per cent. in the nine-month period ended 30 September 2022G due to an increase in the average available fleet of the Company during the period, from 1,722 vehicles in the nine-month period ended 30 September 2021G to 1,804 vehicles in the nine-month period ended 30 September 2022G.

(b) Northern Region

Car rental revenue from the Northern Region increased by 124.8 per cent., from SAR 38.7 million in the nine-month period ended 30 September 2021G to SAR 87.0 million in the nine-month period ended 30 September 2022G due to the opening of three new branches and the re-operation of one of the Company's branches in the region during the nine-month period ended 30 September 2022G. The revenue growth was mostly generated from the Company's city branches increasing by SAR 39.4 million, driven by the Company's dealings with corporate customers. Airport branches increased by SAR 8.8 million when comparing both periods, mainly due to the easing of COVID-19 restrictions. Utilization in the Northern Region increased from 75.0 per cent. in the nine-month period ended 30 September 2021G to 77.7 per cent. in the nine-month period ended 30 September 2022G, along with an increase in the average available fleet of the Company during the period, from 468 vehicles in the nine-month period ended 30 September 2021G to 1,853 vehicles in the nine-month period ended 30 September 2022G.

(c) Western Region

Car rental revenue from the Western Region increased by 38.1 per cent., from SAR 24.5 million in the nine-month period ended 30 September 2021G to SAR 33.9 million in the nine-month period ended 30 September 2022G, mainly due to higher revenue from walk-in customers due to the easing of COVID-19 restrictions. Utilization in the Western Region decreased from 74.7 per cent. in the nine-month period ended 30 September 2021G to 64.0 per cent. in the nine-month period ended 30 September 2022G, due to an increase in the average available fleet of the Company during the period, from 818 vehicles in the nine-month period ended 30 September 2021G to 1,229 vehicles in the nine-month period ended 30 September 2022G.

(d) Southern Region

Car rental revenue from the Southern Region increased by 32.4 per cent., from SAR 5.6 million in the nine-month period ended 30 September 2021G to SAR 7.5 million in the nine-month period ended 30 September 2022G, mainly due to an increase in revenue generated from walk-in customers with the easing of COVID-19 restrictions. Utilization in the Southern Region decreased from 72.9 per cent. in the nine-month period ended 30 September 2021G to 67.9 per cent. in the nine-month period ended 30 September 2022G, due to an increase in the average available fleet Of the Company during the period, from 126 vehicles in the nine-month period ended 30 September 2021G to 305 vehicles in the nine-month period ended 30 September 2022G.

(e) Eastern Region

Car rental revenue from the Eastern Region increased by 99.0 per cent., from SAR 6.5 million in the nine-month period ended 30 September 2021G to SAR 12.9 million in the nine-month period ended 30 September 2022G, mainly due to an increase in revenue generated from airport branches in the region in line with a pickup in walk-in sales with the easing of COVID-19 restrictions. Utilization in the Eastern Region decreased from 69.6 per cent. in the nine-month period ended 30 September 2021G to 67.1 per cent. in the nine-month period ended 30 September 2022G, due to an increase in the average available fleet of the Company during the period, from 396 vehicles in the nine-month period ended 30 September 2021G to 653 vehicles in the nine-month period ended 30 September 2022G.

6.6.1.13 Rental Revenue by Branches Type

The following table presents the Company's car rental revenue by branch type for the nine-month periods ended 30 September 2021G and 30 September 2022G:

Table 6.55: Rental Details According to the Type Branches for the Nine-month Periods Ended 30 September 2021G and 30 September 2022G

SAR in 000s	Nine-month Period Ended 30 September 2021G	Nine-month Period Ended 30 September 2022G	Var.
			30 September 2021G – 30 September 2022G
Airport	29,457	65,277	121.6%
City	95,151	126,410	32.9%
Total	**124,608**	**191,687**	**53.8%**
As a % of Total		**Change in ppt.**	
Airport	23.6%	34.1%	44.5%
City	76.4%	65.9%	(13.7%)
Utilization rate		**Change**	
Airport	69.0%	70.1%	1.6%
City	78.6%	74.2%	(5.6%)

Source: Management information.

(a) Airport Branches

Car rental revenue generated from airport branches made up 23.6 per cent. and 34.1 per cent. of the total car rental revenue generated by the Company during the nine-month periods ended 30 September 2021G and 30 September 2022G, respectively.

Car rental revenue from airport branches increased by 121.6 per cent., from SAR 29.5 million in the nine-month period ended 30 September 2021G to SAR 65.3 million in the nine-month period ended 30 September 2022G, as airport branches heavily relied on walk-in customers. Walk-in car rental revenue picked up due to the easing of Government restrictions related to COVID-19. The increase was mainly witnessed in the Western Region, which increased by SAR 11.2 million, the Northern Region, which increased by SAR 8.8 million, and the Central Region, which increased by SAR 6.9 million. This was reflected in an increase in the utilization rate of airport branches from 69.0 per cent. in the nine-month period ended 30 September 2021G to 70.1 per cent. in the nine-month period ended 30 September 2022G, despite an increase in the Company's average available fleet during the period, from 1,001 in the nine-month period ended 30 September 2021G to 2,203 in the nine-month period ended 30 September 2022G.

(b) City Branches

Car rental revenue generated from city branches made up 76.4 per cent. and 65.9 per cent. of the total car rental revenue generated by the Company during the nine-month period ended 30 September 2021G and 30 September 2022G, respectively.

Car rental revenue from city branches increased by 32.9 per cent., from SAR 95.2 million in the nine-month period ended 30 September 2021G to SAR 126.4 million in the nine-month period ended 30 September 2022G, driven by an increase in car rental revenue from corporate customers, coupled with the easing of restrictions related to COVID-19. The increase was mainly driven by an increase of SAR 39.4 million in the Northern Region, which was driven by the Company's dealings with corporate customers. Utilization of the city branches decreased from 78.6 per cent. in the nine-month period ended 30 September 2021G to 74.2 per cent. in the nine-month period ended 30 September 2022G, due to an increase in the Company's average available fleet during the period, from 2,530 in the nine-month period ended 30 September 2021G to 3,641 in the nine-month period ended 30 September 2022G.

6.6.1.14 Lease Revenue by Customer Type

The following table presents the Company's vehicle lease revenue by customer type for the nine-month periods ended 30 September 2021G and 30 September 2022G:

Table 6.56: Lease Revenue by Customer Type for the Nine-month Periods Ended 30 September 2021G and 30 September 2022G

SAR in 000s	Nine-month Period Ended 30 September 2021G	Nine-month Period Ended 30 September 2022G	Var.
			30 September 2021G – 30 September 2022G
Corporate	97,811	120,208	22.9%
Government	86,468	96,671	11.8%
Seera Group Holding	2,856	2,766	(3.2%)
Total	**187,135**	**219,645**	**17.4%**
As a % of Total		**Change in ppt.**	
Corporate	52.3%	54.7%	4.6%
Government	46.2%	44.0%	(4.8%)
Seera Group Holding	1.5%	1.3%	(13.3%)
Number of active lease agreements during the period		**Change**	
Corporate	6,770	8,297	22.6%
Government	3,833	4,237	10.5%
Seera Group Holding	64	65	1.6%

SAR in 000s	Nine-month Period Ended 30 September 2021G	Nine-month Period Ended 30 September 2022G	Var.
			30 September 2021G – 30 September 2022G
Number of leased days	**Change**		
Corporate	1,542,488	1,905,953	23.6%
Government	949,316	1,078,691	13.6%
Seera Group Holding	16,231	15,635	(3.7%)
Average monthly rate per lease agreement	**Change**		
Corporate	1,902	1,890	(0.6%)
Government	2,733	2,689	(1.6%)
Seera Group Holding	5,279	5,307	0.5%

Source: Management information.

(a) Corporate Sector

Vehicle lease revenue from the corporate sector represented 52.3 per cent. of the total vehicle lease revenue in the nine-month period ended 30 September 2021G and 54.7 per cent. in the nine-month period ended 30 September 2022G. Vehicle lease revenue from the corporate sector increased by 22.9 per cent., from SAR 97.8 million in the nine-month period ended 30 September 2021G to SAR 120.0 million in the nine-month period ended 30 September 2022G, mainly driven by an increase in the number of leased vehicles to corporate customers by 1,527 vehicles.

(b) Government Sector

Vehicle lease revenue from the Government sector represented 46.2 per cent. of total vehicle lease revenue in the nine-month period ended 30 September 2021G, and 44.0 per cent. in the nine-month period ended 30 September 2022G. Revenue increased by 11.8 per cent., rising from SAR 86.5 million in the nine-month period ended 30 September 2021G to SAR 96.7 million in the nine-month period ended 30 September 2022G. This increase was mainly driven by an addition of 404 vehicles leased to Government customers.

(c) Seera Group Holding Entities

Vehicle lease revenue from Seera Group Holding entities related to related party and inter-group transactions for Elaa Travel Tourism and Cargo Co. Ltd. and Seera Group Holding. Vehicle lease revenue from Seera Group Holding entities represented 1.5 per cent. of the total vehicle lease revenue in the nine-month period ended 30 September 2021G and 1.3 per cent. in the nine-month period ended 30 September 2022G. Vehicle lease revenue from Seera Group Holding decreased by 3.2 per cent., from SAR 2.9 million in the nine-month period ended 30 September 2021G to SAR 2.8 million in the nine-month period ended 30 September 2022G, mainly driven by a decrease in the number of rental days by 596 days during the nine-month period ended 30 September 2022G.

6.6.1.15 Sale of Used Vehicles

The following table presents the Company's revenue from sales of used vehicles for the nine-month periods ended 30 September 2021G and 30 September 2022G:

Table 6.57: Sale of Used Vehicles for the Nine-month Periods Ended 30 September 2021G and 30 September 2022G

SAR in 000s	Nine-month Period Ended 30 September 2021G	Nine-month Period Ended 30 September 2022G	Var.
			30 September 2021G – 30 September 2022G
Revenue	64,074	113,433	77.0%
Cost of Vehicles Sold	(46,606)	(76,342)	63.8%
Gain on sale of used vehicle	**17,468**	**37,090**	**112.3%**
KPIs			
Number of vehicles Sold	1,542	2,077	34.7%

SAR in 000s	Nine-month Period Ended 30 September 2021G	Nine-month Period Ended 30 September 2022G	Var.
			30 September 2021G – 30 September 2022G
Average age of vehicle sold	2.7	3.0	11.1%
Average revenue per vehicle sold (SAR)	41,552	54,614	31.4%
Average NBV per vehicle sold (SAR)	(30,224)	(36,756)	21.6%
Gross margin	27.3%	32.7%	19.8%

Source: The unaudited interim financial statements for the nine-month period ended 30 September 2022G.

Sale of used vehicles represented 17.0 per cent. of the total revenue in the nine-month period ended 30 September 2021G and 21.6 per cent. in the nine-month period ended 30 September 2022G.

Sale of used vehicles revenues increased by 77.0 per cent., from SAR 64.1 million in the nine-month period ended 30 September 2021G to SAR 113.4 million in the nine-month period ended 30 September 2022G, as a result of an increase in the average revenue per used vehicle sold of SAR 13.1 thousand, and an increase in the number of cars sold, which amounted to 535 cars during the same period.

6.6.1.16 Cost of Revenue

The following table presents the Company's cost of revenue breakdown by nature for the nine-month periods ended 30 September 2021G and 30 September 2022G:

Table 6.58: Cost of Revenue Breakdown for the Nine-month Periods Ended 30 September 2021G and 30 September 2022G

SAR in 000s	Nine-month Period Ended 30 September 2021G	Nine-month Period Ended 30 September 2022G	Var.
			30 September 2021G – 30 September 2022G
Vehicle Depreciation	138,057	186,904	35.4%
Cost of vehicles sold	46,606	76,342	63.8%
Salaries and other benefit	16,998	23,764	39.8%
Vehicle repair and maintenance	16,570	17,999	8.6%
Insurance	12,212	18,377	50.5%
Outsource Vehicle	10,924	1,238	(88.7%)
Right-of-Use Amortisation	6,064	15,075	148.6%
Rent	5,927	5,674	(4.3%)
Travel and transportation	2,615	3,635	39.0%
Traffic fines	2,215	3,929	77.4%
Fuel Cost	1,872	1,843	(1.5%)
Other COS	200	647	223.5%
Total	**260,260**	**355,428**	**36.6%**
KPIs			
Number of employees (COR employees)	349	481	37.8%
Average monthly salaries and other benefits/ employee	5,412	5,490	1.4%
As a % of Revenue			
Vehicle Depreciation	36.7%	35.6%	(3.0%)
Cost of vehicles sold	12.4%	14.5%	16.9%

SAR in 000s	Nine-month Period Ended 30 September 2021G	Nine-month Period Ended 30 September 2022G	Var.
			30 September 2021G – 30 September 2022G
Salaries and other benefit	4.5%	4.5%	0.0%
Vehicle repair and maintenance	4.4%	3.4%	(22.7%)
Insurance	3.2%	3.5%	9.4%
Outsource Vehicle	2.9%	0.2%	(93.1%)
Right-of-Use Amortisation	1.6%	2.9%	81.3%
Rent	1.6%	1.1%	(31.3%)
Travel and transportation	0.7%	0.7%	0.0%
Traffic fines	0.6%	0.7%	(16.7%)
Fuel Cost	0.5%	0.4%	20.0%
Other COS	0.1%	0.1%	0.0%
Total	**69.2%**	**67.6%**	**(2.3%)**

Source: The unaudited interim financial statements for the nine-month period ended 30 September 2022G.

Cost of sales mainly comprised vehicle depreciation, cost of used vehicles sold, salaries and other benefits, vehicle repair and maintenance, and insurance, which represented 53.0 per cent., 17.9 per cent., 6.5 per cent., 6.4 per cent. and 4.7 per cent. of the total cost of revenue over the nine-month period ended 30 September 2021G, respectively, and 52.6 per cent., 21.5 per cent., 6.7 per cent., 5.1 per cent. and 5.2 per cent. of the total cost of revenue over the nine-month period ended 30 September 2022G, respectively.

The total cost of revenue increased by 36.6 per cent., from SAR 260.3 million in the nine-month period ended 30 September 2021G to SAR 355.4 million in the nine-month period ended 30 September 2022G, mainly driven by an increase of SAR 48.8 million in vehicle depreciation in line with the Company's continuous fleet expansion coupled with an increase in the cost of vehicles sold due to the higher average purchase price of cars sold in the nine-month period ended 30 September 2022G compared to the nine-month period ended 30 September 2021G.

(a) Vehicle Depreciation

Depreciation consists of depreciation charges for the vehicles which make up the Company's fleet used for rental and lease services. The Company's depreciation policy is different for each business segment. The Company depreciates its fleet vehicles using a straight-line method; however, the useful life of the vehicle or the depreciation rate differs according to whether the vehicles are under the vehicle lease or car rental segments.

Vehicles under the car rental segment are depreciated at 20 per cent. per year (useful life of five years), whereas vehicles under the vehicle lease segment, are depreciated according to the duration of the lease agreement and vehicle brand.

During the nine-month period ended 30 September 2022G, the Company decided to review the depreciation policy of its vehicle lease fleet based on the actual resale price achieved from the sale of used lease vehicles. The Company estimated the gains made on the sales of used lease vehicles as high and decided to adjust the residual value of the vehicle brands achieving high and sustainable margins, thus reducing accumulated depreciation. After the review of the sales margins achieved, the Company decided to increase the residual value of Toyota, Hyundai, ISUZU, Chevrolet and GMC vehicles. The result of this exercise amounted to a reduction in depreciation charges of the vehicle lease fleet of SAR 9.0 million in the nine-month period ended 30 September 2022G compared to nil in the nine-month period ended 30 September 2021G.

Vehicle depreciation increased by 35.4 per cent., from SAR 138.1 million in the nine-month period ended 30 September 2021G to SAR 186.9 million in the nine-month period ended 30 September 2022G, mainly driven by an increase in the Company's fleet. This was partially offset by the depreciation charge adjustment recorded by the Company on the depreciation charge for the year of its vehicle lease fleet.

(b) Cost of Vehicles

Cost of vehicles sold pertains to the net book value of the Company's fleet used for rental and lease services which are sold at the end of their useful life as a normal course of the Company's operations.

Cost of vehicles increased by 63.8 per cent., from SAR 46.6 million in the nine-month period ended 30 September 2021G to SAR 76.3 million in the nine-month period ended 30 September 2022G, due to an increase in the average cost per vehicle sold from SAR 30.2 thousand in the nine-month period ended 30 September 2021G to SAR 36.8 thousand in the nine-month period ended 30 September 2022G, in line with the higher purchase price per vehicle sold due to the expansion of the Company's SUV and high-end sedans in order to serve the needs of corporate customers in the nine-month period ended 30 September 2022G, in addition to an increase in the number of sold vehicles from 1,542 to 2,077.

(c) Salaries and Benefits

Salaries and benefits included within the cost of revenue pertain to the costs of direct branch-related employees and drivers of the limo transfer services. Salaries and benefits increased by 39.8 per cent., from SAR 17.0 million in the nine-month period ended 30 September 2021G to SAR 23.8 million in the nine-month period ended 30 September 2022G, as a result of an increase in the number of direct employees, mainly in relation to the Company's car rental segment over the same period from 349 to 481.

(d) Vehicle Repair and Maintenance

Vehicle repair and maintenance expenses primarily consist of expenses for spare parts, preventive maintenance, and accident maintenance.

Vehicle repair and maintenance increased by 8.6 per cent., from SAR 16.6 million in the nine-month period ended 30 September 2021G to SAR 18.0 million in the nine-month period ended 30 September 2022G, due to the Company's renewal of its fleet which occurred during the nine-month period ended 30 September 2021G.

(e) Insurance Costs

Insurance costs are mainly related to the insurance coverage policy costs for the Company's fleet. Insurance costs increased by 50.5 per cent., from SAR 12.2 million in the nine-month period ended 30 September 2021G to SAR 18.4 million in the nine-month period ended 30 September 2022G, in line with an increase in the number of vehicles in the Company's fleet.

(f) Outsourced Rental Vehicles

Outsourced vehicles pertain to the cost of rental of vehicles requested for rental customers but not available within the Company's fleet, mainly high-end luxury cars or buses and heavy-duty vehicles. Outsourced vehicle expenses decreased by 88.7 per cent., from SAR 10.9 million in the nine-month period ended 30 September 2021G to SAR 1.2 million in the nine-month period ended 30 September 2022G, due to a decrease in demand for rental of buses by the Company's corporate customers.

(g) Depreciation on Right-of-Use Assets

Depreciation of right-of-use assets represents the amortisation costs related to lease agreements under IFRS 16 treatment. Depreciation of right-of-use assets increased by 148.6 per cent., from SAR 6.1 million in the nine-month period ended 30 September 2021G to SAR 15.1 million in the nine-month period ended 30 September 2022G with the addition of 13 new branch locations under the IFRS treatment based on lease terms. This was partially offset by the reduction in discount rate used for lease valuation from 5 per cent. to 3 per cent. based on the financing costs of Seera Group Holding in the nine-month period ended 30 September 2022G.

(h) Rent Expense

Rent expense relates to the locations rented by the Company that do not fall under IFRS 16 treatment due to the short-term nature of the lease agreements. Rent expense remained relatively stable, decreasing from SAR 5.9 million in the nine-month period ended 30 September 2021G to SAR 5.7 million in the nine-month period ended 30 September 2022G.

(i) Travel and Transportation

Travel and transportation relates to the fees incurred by the Company to relocate cars from one branch to another or to the auction location.

Vehicle delivery and transport increased by 39.0 per cent., from SAR 2.6 million in the nine-month period ended 30 September 2021G to SAR 3.6 million in the nine-month period ended 30 September 2022G, in line with the Company's increase in the size of the fleet.

(j) Traffic Fines

Traffic fines relate to the fines incurred on the Company's fleet while being driven by customers and are charged back by the Company to the customers.

Traffic fines increased by 77.4 per cent., from SAR 2.2 million in the nine-month period ended 30 September 2021G to SAR 3.9 million in the nine-month period ended 30 September 2022G due to the increase witnessed in rental walk-in customers. These charges are then charged to the customers.

(k) Fuel Cost

Fuel Cost relates to the cost of fuel the Company uses for its vehicles before renting them out, since the Company does not currently have in place a full-to-full policy.

Fuel cost decreased by 1.5 per cent., from SAR 1.9 million in the nine-month period ended 30 September 2021G to SAR 1.8 million in the nine-month period ended 30 September 2022G, in line with a decrease in revenue from limo services.

(l) Other Cost of Revenue

Other cost of revenue relates to bank charges and consolidators commissions (commissions paid to an online reseller of the Company's rental services).

Other cost of revenue increased from SAR 0.2 million in the nine-month period ended 30 September 2021G to SAR 0.6 million in the nine-month period ended 30 September 2022G, due to the removal of the effect of the relief from banking and credit card transactions due to COVID-19 that were applicable for part of 2021G.

6.6.1.17 Gross Margin by Segment

The following table presents the Company's gross margin recorded from the car rental segment for the nine-month periods ended 30 September 2021G and 30 September 2022G:

Table 6.59: Gross Margins for the Car Rental Segment for the Nine-month Periods Ended 30 September 2021G and 30 September 2022G

Rental			
SAR in 000s	Nine-month Period Ended 30 September 2021G	Nine-month Period Ended 30 September 2022G	Var. 30 September 2021G – 30 September 2022G
Revenue	124,608	191,687	53.8%
Depreciation (as per the financial statements)	(44,856)	(87,732)	95.6%
Segment profit	**79,752**	**103,954**	**30.3%**
Other costs	(45,460)	(52,834)	16.2%
Depreciation adjustment(1)	**0**	**0**	**N/A**
Gross profit	**34,292**	**51,120**	**49.1%**
Gross Margin %	27.5%	26.7%	(2.9%)

Source: Management information.

(1) Starting 2021G management started reclassifying depreciation based on the operational use of the vehicles.

Rental gross profit increased by 49.1 per cent., from SAR 34.3 million in the nine-month period ended 30 September 2021G to SAR 51.1 million in the nine-month period ended 30 September 2022G, due to higher sales generated from both walk-in and corporate customers. Gross margin of the car rental segment decreased from 27.5 per cent. in the nine-month period ended 30 September 2021G to 26.7 per cent. in the nine-month period ended 30 September 2022G, in line with a decrease in the operating ratio resulting from an increase in the Company's fleet.

The following table presents the Company's gross margin recorded from the lease segment for the nine-month periods ended 30 September 2021G and 30 September 2022G:

Table 6.60: Gross Margins for the Lease Segment for the Nine-month Periods Ended 30 September 2021G and 30 September 2022G

Lease			
SAR in 000s	Nine-month Period Ended 30 September 2021G	Nine-month Period Ended 30 September 2022G	Var.
			30 September 2021G – 30 September 2022G
Revenue	187,135	219,645	17.4%
Depreciation (as per the financial statements)	(93,203)	(99,172)	6.4%
Segment profit	**93,931**	**120,473**	**28.3%**
Other costs	(28,512)	(38,024)	33.4%
Depreciation adjustment(1)	**0**	**0**	**N/A**
Gross profit	**65,419**	**82,449**	**26.0%**
Gross Margin %	**35.0%**	**37.5%**	**7.1%**

Source: Management information.

(1) Starting 2021G management started reclassifying depreciation based on the operational use of the vehicles.

The vehicle lease segment gross profit increased by 26.0 per cent., from SAR 65.4 million in the nine-month period ended 30 September 2021G to SAR 82.4 million in the nine-month period ended 30 September 2022G, driven by an increase of 17.4 per cent. in revenue due to the addition of leasing agreements, coupled with the adjustment on the Company's depreciation charge for the year as discussed in Section 6.4.4.2 (*Vehicles*). This caused the gross margin of the vehicle lease segment to increase from 35.0 per cent. in the nine-month period ended 30 September 2021G to 37.5 per cent. in the nine-month period ended 30 September 2022G.

The following table presents the Company's gross margin recorded from the sale of used vehicles for the nine-month periods ended 30 September 2021G and 30 September 2022G:

Table 6.61: Gross Margins for the Sale of Used Vehicles for the Nine-month Period Ended 30 September 2021G and 30 September 2022G

Sale of used vehicles			
SAR in 000s	Nine-month Period Ended 30 September 2021G	Nine-month Period Ended 30 September 2022G	Var.
			30 September 2021G – 30 September 2022G
Revenue	64,074	113,433	77.0%
Cost of revenue	(48,229)	(77,665)	61.0%
Gross profit	**15,845**	**35,767**	**125.7%**
Gross Margin %	**24.7%**	**31.5%**	**27.5%**
KPIs			
Number of cars sold	1,542	2,077	34.7%
Revenue per vehicles in SR	41,552	54,614	31.4%
Cost of vehicles per vehicle in SR	(31,277)	(37,393)	19.6%
Original Purchase Cost (SR000s)	97,340	152,669	56.8%
Average cost per car in SR	63,126	73,504	16.4%
Recovery %	65.8%	74.3%	12.9%

Source: Management information.

Gross profit from the sale of used vehicles increased by 125.7 per cent., from SAR 15.8 million in the nine-month period ended 30 September 2021G to SAR 35.8 million in the nine-month period ended 30 September 2022G, driven by a higher recovery rate from the original vehicle purchase price, increasing from 65.8 per cent. in the nine-month period ended 30 September 2021G to 74.3 per cent. in the nine-month period ended 30 September 2022G. This was mainly due to the limited supply of new cars in the market due to global supply chain limitations, causing the gross margin of the sale of used vehicles to increase from 24.7 per cent. in the nine-month period ended 30 September 2021G to 31.5 per cent. in the nine-month period ended 30 September 2022G.

6.6.1.18 General and Administrative Expenses

The following table presents the Company's general and administrative expenses broken down by nature for the nine-month periods ended 30 September 2021G and 30 September 2022G:

Table 6.62: General and Administrative Expenses Breakdown for the Nine-month Periods Ended 30 September 2021G and 30 September 2022G

SAR in 000s	Nine-month Period Ended 30 September 2021G	Nine-month Period Ended 30 September 2022G	Var.
			30 September 2021G – 30 September 2022G
Salaries and other benefits	20,673	25,837	25.0%
Fees and subscriptions	5,658	5,204	(9.0%)
Depreciation	1,398	1,257	(10.1%)
Advertising	671	532	(20.7%)
Other Provisions	1,443	2,352	63.0%
Staff Travel	474	845	78.3%
Other G&A expenses	1,483	2,581	74.0%
Total	**31,802**	**38,608**	**21.4%**
KPIs			
Number of employees (G&A employees)	205	290	41.5%
Average monthly salaries and other benefits/employee	11,205	9,899	(11.7%)
As a % of Revenue		**Change in ppt.**	
Salaries and other benefits	**32.3%**	**22.8%**	**(29.4%)**
Fees and subscriptions	8.8%	4.6%	(48.0%)
Depreciation	2.2%	1.1%	(49.2%)
Advertising	1.0%	0.5%	(55.2%)
Other Provisions	2.3%	2.1%	(7.9%)
Staff Travel	0.7%	0.7%	0.7%
Other G&A expenses	2.3%	2.3%	(1.7%)
Total	**49.6%**	**34.1%**	**21.4%**

Source: The unaudited interim financial statements for the nine-month period ended 30 September 2022G.

General and administrative expenses mainly comprise salaries and other benefits, fees and subscriptions, depreciation, advertising, and other provisions which represented 65.0 per cent., 17.8 per cent., 4.4 per cent., 2.1 per cent. and 4.5 per cent., respectively of total general and administrative expenses during the nine-month period ended 30 September 2021G. Salaries and other benefits, fees and subscriptions, depreciation, advertising, and other provisions also represented 66.9 per cent., 13.5 per cent., 3.3 per cent., 1.4 per cent., and 6.1 per cent., respectively of total general and administrative expenses during the nine-month period ended 30 September 2022G.

General and administrative expenses increased by 21.4 per cent., from SAR 31.8 million in the nine-month period ended 30 September 2021G to SAR 38.6 million in the nine-month period ended 30 September 2022G, mainly driven by an increase in salaries and other benefits due to an increase in the number of the Company's employees. This was offset by a decrease in fees and subscriptions related to a reduction in residence and work permit expenses affected by the exceptional expense recognized in the nine-month period ended 30 September 2021G.

(a) Salaries and Other Benefits

Salaries and other benefits relate to the costs of head office employees (indirect).

Salaries and benefits increased by 25.0 per cent., from SAR 20.7 million in the nine-month period ended 30 September 2021G to SAR 25.8 million in the nine-month period ended 30 September 2022G, as a result of an increase in the number of head office employees from 205 to 290.

(b) Fees and Subscriptions

Fees and subscriptions are mainly comprised of: (i) Iqama and work permits; (ii) subscription fees; and (iii) Government payments.

Fees and subscription fees decreased by 8.0 per cent., from SAR 5.7 million in the nine-month period ended 30 September 2021G to SAR 5.2 million in the nine-month period ended 30 September 2022G mainly due to the removal of the effect of the exceptional adjustment recorded on Iqama and work permit expenses in 2021G.

(c) Depreciation

Depreciation relates to the depreciation of the Company's property, plant and equipment that are not related to the sales generating branches and locations, but rather to fixed assets such as land, furniture and fixtures, office equipment, and others.

Depreciation decreased by 10.1 per cent., from SAR 1.4 million in the nine-month period ended 30 September 2021G to SAR 1.3 million in the nine-month period ended 30 September 2022G, in line with a decrease in investments undertaken by the Company in its property, plant and equipment assets.

(d) Advertising

Advertising is related to online and offline marketing campaigns, promotions and gifts, and other public advertising.

Advertising decreased by 20.7 per cent., from SAR 0.7 million in the nine-month period ended 30 September 2021G to SAR 0.5 million in the nine-month period ended 30 September 2022G. Advertising expenses were higher in the nine-month period ended 30 September 2021G, driven by the awareness campaign undertaken by the Company throughout 2021G.

(e) Other Provisions

Other provisions relate to provisions against receivable balances not pertaining to trade receivables.

Other provisions increased by 63.0 per cent., from SAR 1.4 million in the nine-month period ended 30 September 2021G to SAR 2.4 million in the nine-month period ended 30 September 2022G, due to an additional provision booked against long outstanding advances to suppliers.

(f) Staff Travel

Staff travel pertains to the business trips taken by the Company's staff. Staff travel expenses increased by 78.3 per cent., from SAR 5 million in the nine-month period ended 30 September 2021G to SAR 0.8 million in the nine-month period ended 30 September 2022G, driven by a pickup in the car rental segment and the branch activities of the Company driving the need for additional employee travel and branch visits.

(g) Other General and Administrative Expenses

Other general and administrative expenses consist of professional fees, utilities, software expenses, communication, hospitality and cleanliness, stationery and others. Other general and administrative expenses increased by 74.0 per cent., from SAR 1.5 million in the nine-month period ended 30 September 2021G to SAR 2.6 million in the nine-month period ended 30 September 2022G as a result of an increase in cleaning and security expenses in the Company's new centre and associated professional fees.

6.6.1.19 Finance Charges

The following table presents the Company's finance charges broken down by nature for the nine-month periods ended 30 September 2021G and 30 September 2022G:

Table 6.63: Finance Expenses for the Nine-month Periods Ended 30 September 2021G and 30 September 2022G

SAR in 000s	Nine-month Period Ended 30 September 2021G	Nine-month Period Ended 30 September 2022G	Var.
			30 September 2021G – 30 September 2022G
Finance charges – Lease Liability	589	1,435	143.6%
Finance charges – Funding received from Seera Group Holding	0	0	N/A
Finance charges – Loans and borrowings	1,325	13,306	904.2%
Total	**1,914**	**14,741**	**670.2%**

Source: The unaudited interim financial statements for the nine-month period ended 30 September 2022G.

Finance charges consist of finance costs related to lease liabilities and finance costs related to loans and borrowings.

Finance costs related to lease liabilities increased by 670.2 per cent., from SAR 1.9 million in the nine-month period ended 30 September 2021G to SAR 14.7 million in the nine-month period ended 30 September 2022G mainly due to finance charges recorded for financing received from Banque Saudi Fransi during the nine-month period ended 30 September 2022G. See Section 6.5.2.4 (*Current Liabilities*) for further details on the loans and borrowings balance.

6.6.2 Balance Sheet as of 31 December 2021G and as of 30 September 2022G

The following table presents the Company's statement of financial position followed by key performance indicators, as of 31 December 2021G and 30 September 2022G:

Table 6.64: Balance Sheet as of 31 December 2021G and as of 30 September 2022G

SAR in 000s	As of 31 December 2021G	As of 30 September 2022G
Assets		
Vehicles	1,051,353	1,198,999
Property and Equipment	38,067	76,622
Total Non-Current Assets	**1,089,420**	**1,275,620**
Inventories	391	1,058
Trade receivables	191,596	178,392
Prepayments and other receivables	59,265	55,237
Due from related parties	5,076	-
Cash and bank balances	17,342	21,053
Total Current Assets	**273,670**	**255,739**
Total Assets	**1,363,090**	**1,531,360**
Liabilities and Equity		
Employee End-of-Service Benefits	9,184	12,997
Loans and borrowings		355,591
Lease Liabilities	8,807	41,430
Total Non-Current Liabilities	**17,991**	**410,018**
Trade payables	231,747	159,785

SAR in 000s	As of 31 December 2021G	As of 30 September 2022G
Loans and borrowings		108,227
Lease liabilities	13,047	34,005
Accruals and other liabilities	15,686	14,896
Due to related parties	382,611	-
Zakat payable	3,052	2,949
Total Current Liabilities	**646,142**	**319,863**
Total Liabilities	**664,133**	**729,881**
Share Capital	550,000	550,000
Statutory Reserve	15,111	15,111
Retained Earnings	133,846	236,368
Total Equity	**698,957**	**801,479**
Total Liabilities and Equity	**1,363,090**	**1,531,360**

Source: The audited financial statements for the financial year 2021G and the unaudited interim financial statements for the nine-month period ended 30 September 2022G.

Table 6.65: Balance Sheet KPIs as of 31 December 2021G and as of 30 September 2022G

KPIs	As of 30 December 2021G	As of 30 September 2022G
Days of Sales Outstanding	111	126
Days of Payables Outstanding – (car suppliers)	93	128
Cash Conversion Cycle (Days) – (based on car suppliers)	18	(33)
WC as a % of revenue	(99.1%)	(12.2%)
Return on Average Assets	6.7%	1.3%
Return on Average Equity	11.6%	3.4%
Debt/Equity ratio	-	57.9%

Source: Management information.

6.6.2.1 Non-Current Assets

The following table presents the Company's non-current assets as of 31 December 2021G and as of 30 September 2022G:

Table 6.66: Non-Current Assets as of 31 December 2021G and as of 30 September 2022G

SAR in 000s	As of 31 December 2021G	As of 30 September 2022G
Vehicles	1,051,353	1,198,999
Property and Equipment	38,067	76,622
Total Non-Current Assets	**1,089,420**	**1,275,620**

Source: The audited financial statements for the financial year ended 31 December 2021G and the unaudited interim financial statements for the nine-month period ended 30 September 2022G.

Apart from the planned increase of the vehicle fleet size, the Company does not anticipate any significant fixed assets to be purchased or leased. For further details, see Section 6.4.4.2 (*Vehicles*).

(a) Vehicles

The following table presents the Company's vehicles register, showing the additions, disposals and depreciation charges, as of 31 December 2021G and as of 30 September 2022G:

Table 6.67: Vehicles as of 31 December 2021G and as of 30 September 2022G

SAR in 000s	As of 31 December 2021G	As of 30 September2022G
Cost		
Balance at the beginning of the year	929,022	1,401,676
Additions during the year	600,028	412,020
Transferred to inventory(1)	(127,374)	(154,826)
Balance at the end of the year	**1,401,676**	**1,658,870**
Accumulated Depreciation		
Balance at the beginning of the year	**222,695**	**350,323**
Charge for the year	195,223	186,904
Transferred to inventory(2)	(67,594)	(77,356)
Balance at the end of the year	**350,323**	**459,872**
Net book value	**1,051,353**	**1,198,999**

Source: The audited financial statements for the financial year ended 31 December 2021G and the unaudited interim financial statements for the nine-month period ended 30 September 2022G.

(1) Inventories with a net book value of SAR 0.7 million remained unsold in the nine-month period ended 30 September 2022G (31 December 2021G: Nil.)

(2) During the nine-month period ended 30 September 2022G, management re-evaluated the remaining values of rented and leased vehicles to capture the current market factors that increased the resale value of used vehicles.

The net book value of vehicles increased from SAR 1,051.4 million as of 31 December 2021G to SAR 1,199.0 million as of 30 September 2022G due to an increase in costs at the end of the year, from SAR 1,401.7 million as of 31 December 2021G to SAR 1,658.9 million as of 30 September 2022G, in line with an increase of 5,027 vehicles during the nine-month period ended 30 September 2022G and an increase in consumption, from SAR 350.3 million as of 31 December 2021G to SAR 459.9 million as of 30 September 2022G.

The Company assesses its fleet needs separately:

- for the **car rental segment**, the Company monitors the utilization of its available fleet by branch and by region and plans the fleet expansion on a quarterly basis. As of 30 September 2022G, the Company planned to purchase an additional 2,084 cars at a cost of SAR 204.7 million, mainly aiming to increase the capacity in the Northern Region and to cover the increased demand of the individual car rental segment; and
- for the **vehicle lease segment**, the Company purchases vehicles based on the won bids for leases from Government and corporate customers, as of 30 September 2022G, the Company planned an addition of 2,086 cars at a cost of SAR 190.4 million to be added to cover the newly signed lease agreements.

(b) Property and Equipment at Net Book Value, as of 31 December 2021G and 30 September 2022G

The following table presents the Company's property and equipment at net book value, broken down between initial cost and accumulated depreciation, as of 31 December 2021G and as of 30 September 2022G:

Table 6.68: Property and Equipment as of 31 December 2021G and as of 30 September 2022G

SAR in 000s	As of 31 December 2021G	As of 30 September 2022G
Property and Equipment	57,266	110,859
Accumulated Depreciation	(19,199)	(34,238)
Property and Equipment, Net	**38,067**	**76,622**

Source: The audited financial statements for the financial year ended 31 December 2021G and the unaudited interim financial statements for the nine-month period ended 30 September 2022G.

Table 6.69: Details of the Book Value of the Property and Equipment as of 31 December 2021G and as of 30 September 2022G

SAR in 000s	As of 30 September 2022G			As of 31 December 2021G
	Right-of-use assets	Other fixed assets	Total	Total
Cost:				
Balance at the beginning	30,140	27,126	57,266	44,009
Additions during the period	65,555	1,936	67,490	20,148
Disposal during the period	(1,547)	(12,350)	(13,897)	(6,892)
Balance at the end	94,148	16,711	110,859	57,266
Accumulated depreciation:				
Balance at the beginning	10,474	8,725	19,199	15,683
Charge for the period	15,151	1,434	16,585	10,407
Disposals during the period	(1,547)	-	(1,547)	(6,892)
Balance at the end	**24,078**	**10,160**	**34,238**	**19,199**
Net book value	**70,070**	**6,552**	**76,622**	**38,067**

Source: The audited financial statements for the financial year ended 31 December 2021G and the unaudited interim financial statements for the nine-month period ended 30 September 2022G.

Property and equipment mainly consists of right-of-use assets amounting to SAR 70.1 million, representing 91.4 per cent. of the total properties and equipment net book value as of 30 September 2022G. Property and equipment increased from SAR 38.1 million as of 31 December 2021G to SAR 76.6 million, as a result of additions of SAR 67.5 million, mainly related to right-of-use assets that amounted to SAR 65.6 million. The additions were offset by the sale of the land owned by the Company for SAR 12.4 million during the nine-month period ended 30 September 2022G, in addition to depreciation charges of SAR 16.6 million during that period.

(i) Right-of-Use Assets

Right-of-use assets relates to the assets leased by the Company and recorded in the balance sheet in line with the Company's adoption of IFRS 16 starting in 2019G. The Company records leased right-of-use assets measured at the amount of the lease liability, reduced by any lease incentives received, and increased by lease payments made at or before lease commencement, initial direct costs incurred, and any provision recognized where the Company is contractually required to dismantle, remove or restore the leased asset.

The net book value of right-of-use assets increased from SAR 19.7 million as of 31 December 2021G to SAR 70.1 million as of 30 September 2022G following additions of SAR 65.6 million related to leases for airport branches and car parking space. These additions were partially offset by depreciation charges of SAR 15.2 million during the period under review.

(ii) Land

Land mainly relates to a piece of land that the Company had owned since 2007G. The net book value of land amounted to SAR 12.4 million as of 31 December 2021G. This land was sold during the nine-month period ended 30 September 2022G.

(iii) Furniture and Fixtures

Furniture and fixtures mainly consist of the Company's office furniture. The furniture and fixtures balance increased from SAR 1.1 million as of 31 December 2021G to SAR 1.7 million as of 30 September 2022G, as a result of additions amounting to SAR 0.8 million during the period under review.

(iv) Office Equipment

Office equipment consists of office supplies such as phones, scanners and printers, among others. The office equipment balance decreased slightly from SAR 18.3 thousand as of 31 December 2021G to SAR 15.3 thousand as of 30 September 2022G.

(v) Decors and Enhancements

Decors and enhancements consists of renovation costs related to the Company's offices and branches. The balance of decors and enhancements decreased SAR 2.9 million as of 31 December 2021G to SAR 2.8 million as of 30 September 2022G as a result of additions of SAR 566 thousand, offset by depreciation expenses of SAR 653 thousand during the period under review.

(vi) Air Conditioners

The net book value of air conditioners that are installed in the Company's offices and branches decreased slightly from SAR 342 thousand as of 31 December 2021G to SAR 307 thousand as of 30 September 2022G as a result of additions of SAR 20 thousand, offset by depreciation expenses of SAR 58 thousand during the period under review.

(vii) Computers

The net book value of computers equipment used in the Company's offices and branches decreased from SAR 311 thousand as of 31 December 2021G to SAR 285 thousand as of 30 September 2022G, as a result of minor additions of SAR 73 thousand, partially offset by depreciation expenses of SAR 100 thousand during the period under review.

(viii) Tools and Hardware

Tools and hardware relates to the equipment used in the Company's workshops. The net book value of tools and hardware decreased from SAR 1.1 million as of 31 December 2021G to SAR 1.0 million as of 30 September 2022G as a result of minor additions amounting to SAR 117 thousand. This was partially offset by a depreciation expense of SAR 195 thousand during the period under review.

(ix) Telecom and Security Systems

Telecom and security systems relate to the Company's office security systems. The balance of telecom and security systems increased from SAR 291 thousand as of 31 December 2021G to SAR 356 thousand as of 30 September 2022G, as a result of additions amounting to SAR 120 thousand. This was partially offset by a depreciation expense of SAR 55 thousand during the period under review.

6.6.2.2 Current Assets

The following table presents a breakdown of the Company's current assets, followed by key performance indicators, as of 31 December 2021G and as of 30 September 2022G:

Table 6.70: Current Assets as of 31 December 2021G and as of 30 September 2022G

SAR in 000s	As of 31 December 2021G	As of 30 September 2022G
Inventories	391	1,058
Trade receivables	191,596	178,392
Due from related parties	5,076	-
Prepayment and other receivables	59,265	55,237
Cash and cash equivalents	17,342	21,053
Total Current Assets	**273,670**	**255,739**

Source: The audited financial statements for the financial year ended 31 December 2021G and the unaudited interim financial statements for the nine-month period ended 30 September 2022G.

Table 6.71: KPIs of Current Assets

KPIs	As of 31 December 2021G	As of 30 September 2022G
Days of Receivables	111	126

Source: Management information.

(a) Inventory

The following table presents the Company's inventory as of 31 December 2021G and as of 30 September 2022G:

Table 6.72: Inventory as of 31 December 2021G and as of 30 September 2022G

SAR in 000s	As of 31 December 2021G	As of 30 September 2022G
Inventory	391	1,058
Total	**391**	**1,058**

Source: The audited financial statements for the financial year ended 31 December 2021G and the unaudited interim financial statements for the nine-month period ended 30 September 2022G.

Inventory comprises vehicle oil which was purchased by the Company in 2021G for preventive maintenance of the Company's fleet and the used vehicles for sale. Inventory increased from SAR 0.39 million as of 31 December 2021G to SAR 1.1 million as of 30 September 2022G, as a result of an increase in the value of cars for sale and unsold cars, from nil as of 31 December 2021G to SAR 0.7 million as of 30 September 2022G.

(b) Trade Receivables

The following table presents the Company's trade receivables by gross trade receivables and expected credit losses provisions, followed by key performance indicators as of 31 December 2021G and as of 30 September 2022G:

Table 6.73: Trade Receivable as of 31 December 2021G and as of 30 September 2022G

SAR in 000s	As of 31 December 2021G	As of 30 September2022G
Gross Trade Receivable	223,618	220,471
Expected Credit Losses	(32,022)	(42,079)
Trade Receivables, Net	**191,596**	**178,392**

Source: Audited financial statements for the financial year ended 31 December 2021G and the unaudited interim financial statements for the nine-month period ended 30 September 2022G.

Table 6.74: Trade Receivables KPIs as of 31 December 2021G and as of 30 September 2022G

SAR in 000s	As of 31 December 2021G	As of 30 September 2022G
Days of Trade Receivables	111	126
Expected credit loss/Gross trade receivables	14.3%	19.1%

Source: Management information.

The following table presents the Company's trade receivables by customer type as of 31 December 2021G and as of 30 September 2022G:

Table 6.75: Accounts Receivable by Customer Type as of 31 December 2021G and as of 30 September 2022G

SAR in 000s	As of 31 December 2021G	As of 30 September 2022G
Government	105,481	65,477
Corporate	103,429	136,316
Walk-in	14,707	18,678
Gross trade receivables	**223,618**	**220,471**
Expected Credit Losses	(32,022)	(42,079)
Trade Receivables, Net	**191,596**	**178,392**

Source: Management information.

The following table presents the Company’s ageing of trade receivables as of 30 September 2022G:

Table 6.76: Ageing of Accounts Receivable as of 30 September 2022G

SAR in 000s	0-30 Days	31-180 Days	181-365 Days	>365 Days	Total
Gross Trade Receivables	61,454	88,874	25,879	44,264	220,471
As a % of Total Trade Receivables	27.9%	40.3%	11.7%	20.1%	100.0%

Source: Management information.

(i) Gross Trade Receivables

The trade receivables balance as of 30 September 2022G consists of accounts receivable from Government customers that amounted to SAR 65.5 million (29.7 per cent. of total gross trade receivables), accounts receivable from corporate customers that amounted to SAR 136.3 million (61.8 per cent. of total gross trade receivables) and trade receivable from walk-in customers that amounted to SAR 18.7 million (8.5 per cent. of total gross trade receivables).

Total trade receivable decreased from SAR 223.6 million as of 31 December 2021G to SAR 220.5 million as of 30 September 2022G, as a result of a decrease in trade receivables from Government customers of SAR 40.0 million, in line with a decrease in car rental revenue from Government customers (for further details, see Section 6.5.1.14 (*Government*)), an increase in trade receivables from corporate customers of SAR 32.9 million, and an increase in trade receivables from walk-in customers amounting to SAR 4.0 million, in line with an increase in revenue during the period under review. This was reflected by a decrease in days of trade receivables outstanding, from 111 days as of 31 December 2021G to 95 days as of 30 September 2022G.

(ii) Expected Credit Losses

The following table presents the Company’s movement in expected credit losses as of 31 December 2021G and as of 30 September 2022G:

Table 6.77: Movement in Expected Credit Losses as of 31 December 2021G and as of 30 September 2022G

SAR in 000s	As of 31 December 2021G	As of 30 September 2022G
At the Beginning of the Year	**17,879**	**32,022**
Charge for the Year	14,142	10,057
At the End of the Year	**32,022**	**42,079**

Source: The audited financial statements for the financial year ended 31 December 2021G and the unaudited interim financial statements for the nine-month period ended 30 September 2022G.

The Company uses the IFRS 9 approach to measure expected credit losses by using a provision for expected credit losses over the life of the accounts receivable. To measure expected credit losses on a collective basis, trade receivables are grouped based on similar credit risk and aging. The expected loss rates are based on the Company’s historical credit losses experienced over the two-year period prior to the year end.

Expected credit loss increased from SAR 32.0 million as of 31 December 2021G to SAR 42.1 million as of 30 September 2022G, driven by additional provisions of SAR 10.1 million. Total expected credit loss as a percentage of receivables increased from 14.3 per cent. as of 31 December 2021G to 19.1 per cent. as of 30 September 2022G, in line with a decrease in receivables outstanding from Government customers, from SAR 105.5 million as of 31 December 2021G to SAR 65.5 million as of 30 September 2022G and an increase in receivables outstanding from corporate customers, from SAR 103.4 million as of 31 December 2021G to SAR 136.3 million as of 30 September 2022G.

(c) Prepayments and Other Receivables

The following table presents a breakdown of the Company's prepayment and other receivables as of 31 December 2021G and as of 30 September 2022G.

Table 6.78: Prepayments and Other Receivables as of 31 December 2021G and as of 30 September 2022G

SAR in 000s	As of 31 December 2021G	As of 30 September 2022G
VAT receivable	27,767	743
Advances to suppliers	20,564	32,701
Prepaid expenses	8,723	15,205
Insurance receivables	2,012	-
Unbilled revenue	1,297	4,784
Advances for letters of guarantee margins	329	329
Advances to employees	87	145
Others	2,913	9,412
Impairment against other receivables	(4,426)	(8,081)
Total	**59,265**	**55,237**
As a % of Total		
VAT receivable	47%	1.3%
Advance to suppliers	35%	59.2%
Prepaid expenses	15%	27.5%
Insurance receivables	3%	0.0%
Unbilled revenue	2%	8.7%
Advances for letters of guarantee margins	1%	0.6%
Advances to employees	0%	0.3%
Other prepaid	5%	17.0%
Total	**107%**	**115%**

Source: The audited financial statements for the financial year ended 31 December 2021G and the unaudited interim financial statements for the nine-month period ended 30 September 2022G.

(i) VAT Receivables

VAT Receivables represent the VAT refundable balance owed by tax authorities generated from the purchases from vendors, mostly in connection with vehicles.

VAT receivables decreased from SAR 27.8 million as of 31 December 2021G to SAR 0.7 million as of 30 September 2022G, mainly due to the transfer of SAR 24.5 million to Seera Group Holding to be reclaimed from the appropriate tax authorities, since the Company's taxes are declared through Seera Group Holding.

(ii) Advances to Suppliers

Advances to suppliers represent advances to the Company's suppliers that have not yet been received.

Advances to suppliers increased from SAR 20.6 million as of 31 December 2021G to SAR 32.7 million as of 30 September 2022G as a result of advance payments made to various suppliers.

The Company has outstanding advances to suppliers for more than 365 days amounting to SAR 18.8 million as of 30 September 2022G. The balances relate to two suppliers that failed to deliver the products requested by the Company; litigation with both suppliers has been initiated.

(iii) Prepaid Expenses

Prepaid expenses include prepaid rent, prepaid car insurance, prepaid employee related expenses and prepaid medical insurance, among others.

Prepaid expenses increased from SAR 8.7 million as of 31 December 2021G to SAR 15.2 million as of 30 September 2022G, mainly driven by an increase of SAR 6.5 million in prepaid insurance expense related to the Company's vehicle insurance policy for 2022G.

(iv) Insurance Receivables

Insurance Receivables represents pending claims against losses incurred by the Company in its rental and vehicle lease fleet.

The balance of insurance receivables decreased from SAR 2.0 million as of 31 December 2021G to nil as of 30 September 2022G, due to the reclassification of such amount under other receivables as of 30 September 2022G.

(v) Unbilled Revenue

Unbilled revenue represents an entity's right to a consideration in exchange for goods or services that the entity has transferred to the customer. The Company accrues revenue for outstanding rental agreements at the end of an accounting period.

The balance increased from SAR 1.3 million as of 31 December 2021G to SAR 4.8 million as of 30 September 2022G in line with the increase in the Company's revenue.

(vi) Advances from Letters of Guarantee Margins

Advances from letters of guarantee consist of amounts deposited in the bank against open letters of guarantees issued by the Company.

Advances from letters of guarantee remained constant at SAR 329 thousand as of 31 December 2021G and 30 September 2022G.

(vii) Advances to Employees

Advances to Employees relate to advances granted to employees in the form of non-interest loans, repaid monthly through deductions from their salaries. Advances to employees increased from SAR 87 thousand as of 31 December 2021G to SAR 145 thousand as of 30 September 2022G due to an increase in existing loans and advances provided to the Company's employees.

(viii) Others

Other receivables primarily comprise staff receivables and other miscellaneous receivables.

Other receivables increased from SAR 2.9 million as of 31 December 2021G to SAR 9.4 million as of 30 September 2022G due to the reclassification of insurance receivables amounting to SAR 2.0 million and advance payments in relation to consultancy fees paid in connection with the Company's offering amounting to SAR 5.9 million as of 30 September 2022G.

(d) Amounts Due from Related Parties as of 31 December 2021G and 30 September 2022G

The following table presents the Company's amounts due from related parties as of 31 December 2021G and as of 30 September 2022G:

Table 6.79: Amounts Due from Related Parties as of 31 December 2021G and as of 30 September 2022G

SAR in 000s	Relationship	As of 31 December 2021G	As of 30 September 2022G
Al Mousim Travel & Tours (AMTT)	Affiliate	130	-
Taqniatech Company for Communication Technology Limited (TAQ)	Affiliate	144	-
Seera Hospitality Company (SHC)	Affiliate	63	-
Mawasim Tourism and Umrah Services (MWT)	Affiliate	-	-
Al Tayyar Holidays Travel Group Company (ATE)	Affiliate	4	-
Al Tayyar Rent A Car Company (ARC)	Affiliate	2	-
Discover Saudi for Travel and Tourism (DSTT)	Affiliate	765	-
Movenpick Hotel City Star – Jeddah	Affiliate	65	-
Elaa Air Transportation Company	Affiliate	3,609	-
Jawlah Travels	Affiliate	277	-
Tajawal Trading	Affiliate	18	-
Total		**5,076**	**-**

Source: The audited financial statements for the financial year ended 31 December 2021G and the unaudited interim financial statements for the nine-month period ended 30 September 2022G.

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

The terms of the transactions with related parties are approved by the Company's management and in certain instances by the Company's Board of Directors. Transactions with members of the Board of Directors require a General Assembly approval based on a recommendation from the Board of Directors. Transactions with related parties are entered in the normal course of the Company's business and these balances are expected to be settled in the normal course of business. The pricing policies and terms of these transactions are at arm's length.

Amounts due from related parties decreased from SAR 5.1 million as of 31 December 2021G to nil as of 30 September 2022G, due to the collection of all amounts due from related parties.

(e) Cash and Cash Equivalents as of 31 December 2021G and 30 September 2022G

The following table presents summary of the breakdown of cash and cash equivalents as of 31 December 2021G and 30 September 2022G:

Table 6.80: Cash and Cash Equivalents as of 31 December 2021G and 30 September 2022G

SAR in 000s	As of 31 December 2021G	As of 30 September 2022G
Cash in hand	-	11
Cash at banks	17,342	21,042
Total	**17,342**	**21,053**

Source: The audited financial statements for the financial year ended 31 December 2021G and the unaudited interim financial statements for the nine-month period ended 30 September 2022G.

Cash and cash equivalents increased from SAR 17.3 million as of 31 December 2021G to SAR 21.1 million as of 30 September 2022G, driven by an increase in the volume of purchases discussed under Section 6.4.4.2 (*Vehicles*).

6.6.2.3 Non-Current Liabilities

The following table presents a breakdown of the Company's non-current liabilities as of 31 December 2021G and as of 30 September 2022G:

Table 6.81: Non-Current Liabilities as of 31 December 2021G and as of 30 September 2022G

SAR in 000s	As of 31 December 2021G	As of 30 September 2022G
Employee End-of-Service Benefits	9,184	12,997
Loans and Borrowings	-	355,591
Lease Liabilities	8,807	41,430
Total	**17,991**	**410,018**

Source: Audited financial statements for the financial year ended 31 December 2021G and unaudited interim financial statements for the nine-month period ended 30 September 2022G.

(a) Employees' End-of-Service Benefits

The following table presents the movement in the Company's employees' end-of-service benefits as of 31 December 2021G and as of 30 September 2022G:

Table 6.82: Movement in the Provision for Employees' End-of-Service Benefits as of 31 December 2021G and as of 30 September 2022G

SAR in 000s	As of 31 December 2021G	As of 30 September 2022G
At the Beginning of the Year	**8,100**	**9,184**
Liability transfer (out)/in	(1,168)	-
Past service cost	-	-
Current service cost	2,352	3,717
Finance expense	298	-
Actuarial (gain)/loss	425	216
Benefits paid	(823)	(121)
At the End of the Year	**9,184**	**12,997**

Source: Management information.

Employees' end-of-service benefits is estimated using actuarial valuations as per IFRS reporting standards. Employees' end-of-service benefits increased from SAR 9.2 million as of 31 December 2021G to SAR 13.0 million as of 30 September 2022G.

(b) Loans and Borrowings

The following table presents the movement in loans and borrowings as of 31 December 2021G and as of 30 September 2022G:

Table 6.83: Movement in Loans and Borrowings as of 31 December 2021G and as of 30 September 2022G

SAR in 000s	As of 31 December 2021G	As of 30 September 2022G
Unsecured bank loans	-	463,818
Classified as:		
Non-Current Portion		355,590
Current Portion	-	108,227

Source: The audited financial statements for the financial year ended 31 December 2021G and unaudited interim financial statements for the nine-month period ended 30 September 2022G.

On 25 April 2022G and 14 June 2022G, the Company entered into financing agreements with local banks by which the Company utilized an amount of SAR 487 million in total loan facilities. This finance is repayable on a quarterly basis over three years based on market rates. The purpose of the loans was to settle balances with the parent company and finance the Company's operations. The loan is secured against the waiver of related cash flow income.

Loans and advances issued and outstanding, or approved and not issued, are covered by promissory notes issued by Seera Group Holding.

The following table shows used and unused loans and borrowings as of 30 September 2022G:

Table 6.84: Used and Unused Loans and Borrowings as of 30 September 2022G

Lender	Amount Available	Amount Used	Balance as of 30 September 2022G	Final Payment Date	Financial Guarantees
Outgoing and Outstanding Loans					
Banque Saudi Fransi	525,000	425,000	401,818	30 June 2025G	– Directing at least 20% of the Company's revenues generated from the car rental sector through the Company's accounts with Banque Saudi Fransi – Maintaining the Company's leverage ratio of at least 2x
Saudi Investment Bank	425,000	62,000	62,000	30 September 2025G	– Depositing all customer revenues in its bank account – Maintaining the Company's leverage ratio of at least 2x
Loans approved but not issued					
Gulf International Bank	150,000	-	-	Thirty-six months from the date of withdrawal	– N/A

Source: Management information.

(c) Lease obligations as of 31 December 2021G and 30 September 2022G

The following table shows the movement of the Company's lease obligations as of 31 December 2021G and 30 September 2022G:

Table 6.85: Movement of Lease Obligations as of 31 December 2021G and 30 September 2022G

SAR in 000s	As of 31 December 2021G	As of 30 September 2022G
Opening balance	9,464	21,854
Additions	17,672	65,477
Transfers	-	-
Finance charges	820	1,435
Paid during the year	(6,102)	(13,331)
Total	**21,854**	**75,435**
Classified as:		
Current portion	13,047	34,005
Non-current portion	8,807	41,430

Source: The audited financial statements for the financial year ended 31 December 2021G and the unaudited interim financial statements for the nine-month period ended 30 September 2022G.

Lease obligations are measured at the present value of the remaining lease payments, as they are deducted using the additional borrowing rate on the start date of the contract, if the interest rate implied in the contract cannot be determined immediately. After the effective date, the amount of lease obligations is increased to reflect the accrual of interest and reduced by the value of the lease payments made.

The non-current portion of lease obligations increased from SAR 8.8 million as of 31 December 2021G to SAR 41.4 million as of 30 September 2022G due to the addition of 13 new long-term leases for accounting treatment in accordance with IFRS 16.

6.6.2.4 Current Liabilities

The following table presents a breakdown of the Company's current liabilities followed by a table showing key performance indicators relating to days payable outstanding as of 31 December 2021G and as of 30 September 2022G:

Table 6.86: Liabilities as of 31 December 2021G and as of 30 September 2022G

SAR in 000s	As of 31 December 2021G	As of 30 September 2022G
Trade payables	231,747	159,785
Loans and borrowings	-	108,227
Lease liabilities	13,047	34,005
Accruals and other liabilities	15,686	14,896
Due to related parties	382,611	-
Zakat payable	3,052	2,949
Total Current Liabilities	**646,142**	**319,863**

Source: The audited financial statements for the financial year ended 31 December 2021G and the unaudited interim financial statements for the nine-month period ended 30 September 2022G.

Table 6.87: KPIs as of 31 December 2021G and as of 30 September 2022G

KPIs	As of 31 December 2021G	As of 30 September 2022G
Days Payable Outstanding – (based on cars purchased)	93	128

Source: Management information.

(a) Trade Payables

Trade Payables represent unpaid liabilities for goods and services provided to the Company prior to the end of a financial period.

Trade payables decreased from SAR 231.7 million as of 31 December 2021G to SAR 159.8 million as of 30 September 2022G, mainly driven by the repayment of accrued payables to vehicle dealers.

(b) Accruals and Other Liabilities

The following table presents a breakdown of the Company's accruals and other liabilities as of 31 December 2021G and as of 30 September 2022G:

Table 6.88: Accruals and Other Liabilities as of 31 December 2021G and as of 30 September 2022G

SAR in 000s	As of 31 December 2021G	As of 30 September 2022G
Accrued maintenance	5,367	2,015
Annual leave and ticket accrual	3,359	5,139
Contract liabilities	3,829	3,978
Accrued commission	928	500
Accrued expenses	896	1422
Accrued rent expenses	252	360
Others	1,054	1,482
Total	**15,686**	**14,896**

Source: The audited financial statements for the financial year ended 31 December 2021G and the unaudited interim financial statements for the nine-month period ended 30 September 2022G.

(i) Accrued Maintenance

The Company accrues maintenance and repair expenses in order to match the revenue recognized from the lease revenue segments. The Company accrues maintenance based on the number of active lease agreements, taking into consideration the vehicle brand and the duration of the contract. Accrued maintenance decreased from SAR 5.4 million as of 31 December 2021G to SAR 2.0 million as of 30 September 2022G, in line with the low life expectancy of the Company's vehicle lease segment fleet size over the same period.

(ii) Annual Leave and Ticket Accrual

Annual leave and ticket accrual relates to the unpaid leave days and unused flight allowance owed to the Company's employees. Annual leave and ticket accrual increased slightly from SAR 3.4 million as of 31 December 2021G to SAR 5.1 million as of 30 September 2022G, due to an increase in the number of Company employees.

(iii) Contract Liabilities

Contract Liabilities represents unearned revenue recorded by the Company for settlements received against unrendered services. Contract liabilities increased from SAR 3.8 million as of 31 December 2021G to SAR 3.9 million as of 30 September 2022G, driven by the rendering of prepaid services by the Company.

(iv) Accrued Commission

Accrued commissions relate to the accrual of the commissions of the Company's sales employees. Accrued commissions decreased from SAR 0.9 million as of 31 December 2021G to SAR 0.5 million as of 30 September 2022G, due to the settlement of the previous period's commissions and the accrual of the commissions due for the nine-month period ended 30 September 2022G.

(v) Accrued Expenses

Accrued expenses mainly relate to audit fees, accrued staff bonus, and accrued loan interest. Accrued expenses increased from SAR 0.9 million as of 31 December 2021G to SAR 1.4 million as of 30 September 2022G mainly due to an increase in professional fees contracted by the Company during the nine-month period ended 30 September 2022G.

(vi) Accrued Rent Expenses

Accrued rent expense represents rent expenses not yet invoiced to the Company for properties not accounted for under IFRS 16, due to the short-term nature of their contract. Accrued rent increased from SAR 0.3 million as of 31 December 2021G to SAR 0.4 million as of 30 September 2022G.

(vii) Other

Other accrued expenses relate to advances from the Company's used vehicle segment customers. The Company requires a deposit of SAR 5,000 from each customer in order to be able to participate in the auction of used vehicles.

Other accrued expenses increased from SAR 1.1 million as of 31 December 2021G to SAR 1.5 million as of 30 September 2022G, as a result of an increase in the bidding advances for vehicle sales by SAR 0.4 million due to the registration of more participants in the Company's used vehicle sales auctions.

(c) Amounts Due to Related Parties as of 31 December 2021G and as of 30 September 2022G

The following table presents the Company's amounts due to related parties as of 31 December 2021G and as of 30 September 2022G:

Table 6.89: Amounts Due to Related Parties as of 31 December 2021G and as of 30 September 2022G

SAR in 000s	Relationship	As of 31 December 2021G	As of 30 September 2022G
Seera Group Holding	Partner	363,153	-
Seera Holiday for Travel and Tourism Company Limited (SHT)	Affiliate	9,468	-
Almosafer Company for Travel and Tourism (MCT)	Affiliate	4,814	-
Elaa Travel, Tourism and Cargo Company Limited (ECC)	Affiliate	3,745	-

SAR in 000s	Relationship	As of 31 December 2021G	As of 30 September 2022G
National Travel and Tourism Bureau Limited (NTTB)	Affiliate	18	-
Fayfa Travel & Tourism Agency Company (FTT)	Affiliate	4	-
Hanay Trading Company Limited (HTCL)(1)	Affiliate	470	-
Seera Travel and Tourism (STD)	Affiliate	364	-
Mawasim Tourism and Umrah Services (MWT)	Affiliate	456	-
Tajawal General Trading, LLC (TGT)	Affiliate	117	-
Total		**382,609**	**-**

Source: The audited financial statements for the financial year ended 31 December 2021G and the unaudited interim financial statements for the nine-month period ended 30 September 2022G.

(1) Previously, and prior to March 2022G, Hanai Trading Co., Ltd. was a subsidiary of the Company.

Related parties include shareholders, the Board of Directors, key management personnel and entities of which they are principal owners. The terms of the transactions with related parties are approved by the Company's management and in certain instances by the Board of Directors. Transactions with members of the Board of Directors require a General Assembly approval based on a recommendation from the Board of Directors. Transactions with related parties are entered in the normal course of the Company's business, and these balances are expected to be settled in the normal course of business. The pricing policies and terms of these transactions are at arm's length.

The amounts due to related parties balance decreased from SAR 382.6 million as of 31 December 2021G to nil as of 30 September 2022G, mainly due to repayments of all amounts due to related parties.

(d) Zakat Payable

The following table presents the Company's Zakat payable calculations as of 31 December 2021G and as of 30 September 2022G:

Table 6.90: Zakat Payable as of 31 December 2021G and as of 30 September 2022G

SAR in 000s	As of 31 December 2021G	As of 30 September 2022G
Beginning Balance	1,692	3,052
Provided during the period/year	3,052	2,949
Payments made during the period/year	(1,692)	(3,052)
Ending Balance	**3,052**	**2,949**

Source: The audited financial statements for the financial year ended 31 December 2021G and the unaudited interim financial statements for the nine-month period ended 30 September 2022G.

The Zakat provision decreased from SAR 3.1 million as of 31 December 2021G to SAR 3.0 million as of 30 September 2022G due to the recording of a Zakat provision to cover the nine-month period ended 30 September 2022G.

(e) Contingent Liabilities

The following table presents the Company's letters of guarantee as of 31 December 2021G and as of 30 September 2022G:

Table 6.91: Letters of Guarantee as of 31 December 2021G and as of 30 September 2022G

SAR in 000s	As of 31 December 2021G	As of 30 September 2022G
Letters of Guarantee	300	274,300

Source: The audited financial statements for the financial year ended 31 December 2021G and the unaudited interim financial statements for the nine-month period ended 30 September 2022G.

The letters of guarantee balance decreased from SAR 0.3 million as of 31 December 2021G to SAR 274.3 million as of 30 September 2022G. Seera Group Holding issues letters of guarantees on behalf of the Company.

6.6.2.5 Equity

The following table presents the Company's equity as of 31 December 2021G and as of 30 September 2022G:

Table 6.92: Equity as of 31 March 2021G and as of 30 September 2022G

SAR in 000s	As of 31 December 2021G	As of 30 September 2022G
Share Capital	550,000	550,000
Statutory Reserve	15,111	15,111
Retained Earnings	133,846	236,368
Total Equity	**698,957**	**801,479**

Source: The audited financial statements for the financial year ended 31 December 2021G and the unaudited interim financial statements for the nine-month period ended 30 September 2022G.

The following table presents the Company's changes in equity as of 31 December 2021G and as of 30 September 2022G:

Table 6.93: Changes in Equity as of 30 September 2021G and as of 30 September 2022G

SAR in 000s	Share Capital	Additional Capital	Statutory Reserve	Retained Earnings	Total
As of 1 January 2021G	**15,000**	**535,000**	**4,500**	**38,775**	**593,275**
Net Income for the Year	-		-	72,192	72,192
Transfer to share capital	535,000	(535,000)	-	-	-
Other Comprehensive Income	-	-	-	-	-
As of 30 September 2021G	**550,000**	**-**	**4,500**	**110,967**	**665,467**
As of 1 January 2022G	**550,000**	**-**	**15,111**	**133,846**	**698,957**
Net Income for the Year	-	-	-	102,522	102,522
Transferred to additional share capital					
Other Comprehensive Income	-	-	-	-	-
As of 30 September 2022G	**550,000**	**-**	**15,111**	**236,368**	**801,479**

Source: The audited financial statements for the financial year ended 31 December 2021G and the unaudited interim financial statements for the nine-month period ended 30 September 2022G.

The Company's capital consists of authorised capital issued and fully paid-up capital of SAR 550.0 million as of 30 September 2022G and as of 31 December 2021G.

The statutory reserve amounted remained stable, amounting to SAR 15.1 million as of 30 September 2022G and 31 December 2021G.

The retained earnings increased from SAR 133.8 million as of 31 December 2021G to SAR 236.4 million as of 30 September 2022G, in line with the Company's net profit recorded over the nine-month period ended 30 September 2022G.

6.6.3 Statement of Cash Flows for the Nine-month Periods Ended 30 September 2021G and 30 September 2022G

The following table presents a summary for the Company's statement of cash flows for the nine-month periods ended 30 September 2021G and 30 September 2022G:

Table 6.94: Statements of Cash Flows for the Nine-month Periods Ended 30 September 2021G and 30 September 2022G

SAR in 000s	30 September 2021G	30 September 2022G
Net cash used in operating activities	(85,706)	(8,582)
Net cash generated from / (used in) investing activities	(1,478)	8,564
Net cash from financing activities	81,699	3,729
Net increase / (decrease) in cash and cash equivalents during the year	**(5,485)**	**3,711**
Cash and cash equivalents at the beginning of the year	16,276	17,342
Cash and cash equivalents at the end of the year	**10,791**	**21,053**

Source: The unaudited interim financial statements for the nine-month period ended 30 September 2022G.

6.6.3.1 Cash Flows from Operating Activities

The following table presents a detailed breakdown of the Company's cash flows generated from operating activities for the nine-month periods ended 30 September 2021G and 30 September 2022G:

Table 6.95: Cash Flows from Operating Activities for the Financial Years Ended 30 September 2021G and 30 September 2022G

SAR in 000s	30 September 2021G	30 September 2022G
Profit after Zakat	**72,192**	**102,522**
Adjustments to Reconcile Profit Before Zakat to Net Cash Flows:		
Depreciation of:		
Vehicles	138,059	186,904
Property and Equipment	7,462	16,585
Employee End-of-Service Benefits Provision	275	3,934
Impairment loss on trade receivables	14,917	13,712
Gain on sale of vehicles	46,109	77,470
Proceeds from sale of vehicles	-	(182)
Zakat charge for the period	2,077	2,949
Finance charges	1,325	13,306
Finance cost of lease liabilities	589	1,435
Net changes in working capital		
Trade receivables	(71,987)	3,147
Inventory	(401)	(667)
Prepayments and Other Receivables	(9,921)	373
Related parties, net	6,791	68,171
Trade payables	56,347	(71,961)
Accruals and other liabilities	7,173	(789)
Net cash generated from operations	**271,007**	**416,910**

SAR in 000s	30 September 2021G	30 September 2022G
Employee benefits paid	(337)	(167)
Finance charges paid	(1,325)	(13,306)
Additions to vehicles	(355,051)	(412,020)
Net cash from operating activities	**(85,706)**	**(8,582)**

Source: The unaudited interim financial statements for the nine-month period ended 30 September 2022G.

Cash flows used in operating activities increased from SAR 85.7 million as of 30 September 2021G to SAR 8.6 million as of 30 September 2022G, mainly due to an increase in net cash generated from operations from SAR 271.0 million to SAR 416.9 million during the nine-month period ended 30 September 2022G, as discussed in the previous sections.

6.6.3.2 Cash Used in Investing Activities

The following table presents a detailed breakdown of the Company's cash flows used in investing activities for the nine-month periods ended 30 September 2021G and 30 September 2022G:

Table 6.96: Cash Flows from Investing Activities for the Financial Years Ended 30 September 2021G and 30 September 2022G

SAR in 000s	30 September 2021G	30 September 2022G
Purchase of property and equipment	(1,478)	(1,936)
Acquisition of investment	-	(2,000)
Sale proceeds from disposal of land	-	12,500
Net generated from / (used in) investing activities	**(1,478)**	**8,564**

Source: The unaudited interim financial statements for the nine-month period ended 30 September 2022G.

Investing activities include additions to the Company's property and equipment. Cash flows used in investing activities increased from SAR 1.5 million as of 30 September 2021G to SAR 8.6 million as of 30 September 2022G, driven by the sale of land during the nine-month period ended 30 September 2022G.

6.6.3.3 Cash Flows from Financing Activities

The following table presents a detailed breakdown of the Company's cash flows generated from financing activities for the nine-month periods ended 30 September 2021G and 30 September 2022G:

Table 6.97: Cash Flows from Financing Activities for the Nine-month Periods Ended 30 September 2021G and 30 September 2022G

SAR in 000s	30 September 2021G	30 September 2022G
Repayment of loans and borrowings	(17,418)	(23,182)
Proceeds of loans and borrowings	-	487,000
Related party, net	103,999	(446,758)
Lease interest paid	(589)	(1,435)
Principal repayment of lease liabilities	(4,292)	(11,896)
Net cash from financing activities	**81,700**	**3,729**

Source: The unaudited interim financial statements for the nine-month period ended 30 September 2022G.

Net cash generated from financing activities decreased from SAR 81.7 million as of 30 September 2021G to SAR 3.7 million as of 30 September 2022G, due to the repayment of receivables to related parties through the proceeds of loans and borrowings.

7. Dividend Distribution Policy

Pursuant to Article 107 of the Companies Law, each Shareholder is entitled to the rights attached to each of its Shares, including the right to dispose of them and the right to attend Shareholders' assemblies, participate in its deliberations and vote in its decisions and the right to receive a portion of the dividends that are to be declared. The declaration and distribution of any dividends will be recommended by the Board of Directors before being approved by the Shareholders at a General Assembly meeting. The Company is under no obligation to declare dividends, and any decision to do so will depend on, amongst other things, the Company's historic and anticipated earnings and cash flows, financing and capital requirements and market and general economic conditions, the Company's Zakat position and legal and regulatory considerations. Dividend distribution is subject to restrictions set out in the financing agreement entered into with financiers (for further details, see Section 12.5 (*Financing Agreements*) as well as the limitations contained in the Bylaws. Dividends will be distributed in Saudi Arabian Riyals.

The distribution of dividends is subject to certain limitations contained in the Company's Bylaws, as Article 33 states that after deducting all general expenses and other costs, the Company's annual net profits shall be allocated as follows:

- the Ordinary General Assembly may, when determining dividends from the net profit, decide to create reserves to serve the Company's interest or to ensure the distribution of fixed dividends – so far as possible – to the Shareholders. The Ordinary General Assembly may also deduct amounts from the net profits to achieve social purposes for the Company's employees; and
- the General Assembly shall determine the percentage of the net profits to be distributed to the Shareholders after deducting any reserves, if applicable.

The Company may distribute interim dividends quarterly or semi-annually in accordance with the rules established by the competent authority.

The Offer Shareholders are not entitled to any dividends announced prior to the date of this Prospectus, as the first entitlement of Offer Shareholders shall be in dividends announced by the Company from the date of this Prospectus and the subsequent financial years. As of the date of this Prospectus, the Directors undertake that there are no declared or outstanding dividends for the financial years ended 31 December 2019G, 2020G, 2021G, and the nine-month period ended 30 September 2022G.

8. Use of Proceeds

The total Offering Proceeds are estimated at SAR [•], of which approximately SAR 29,942,252 will be applied towards the Offering expenses, which include the fees of the Financial Advisor, the Lead Manager, the Bookrunners, the Underwriter, the Legal Advisor, the Financial Due Diligence Advisor, the Auditors, the Receiving Agents and the Market Consultant, as well as marketing, printing and distribution fees and other costs and expenses related to the Offering.

The Net Offering Proceeds of approximately SAR [•] will be distributed to the Selling Shareholder. The Company will not receive any part of the proceeds from the Offering. The Selling Shareholder will bear all fees, costs and expenses in relation to the Offering.

9. Capitalisation and Indebtedness

Prior to the Offering, the Selling Shareholder owned the entire issued share capital of the Company. Upon completion of the Offering, it will hold 70 per cent. of the Company's shares.

The following table shows the Company's capitalisation as reflected in the Company's audited financial statements for the financial years ended 31 December 2019G, 2020G and 2021G, and the unaudited interim financial statements for the nine-month period ended 30 September 2022G. The following table, including the notes thereto set out in Section 19 (*Financial Statements and Auditors' Report*), should be read in conjunction with the relevant Financial Statements.

Table 9.1: Capitalisation and Indebtedness of the Company

(SAR '000)	Financial Years Ended 31 December			Nine-Month Period Ended 30 September	
	FY 2019G (Audited)	FY 2020G (Audited)	FY 2021G (Audited)	2021G (Unaudited)	2022G (Unaudited)
Long term lease liabilities	927	5,056	8,807	9,253	41,430
Short term lease liabilities	4,309	4,408	13,047	13,334	34,005
Short-Term Loans	23,224	23,224	-	58,060	108,227
Long-Term Loans	75,477	52,254	-	-	355,591
Total Loans	**103,937**	**84,942**	**21,854**	**80,647**	**539,253**
Capital	15,000	15,000	550,000	550,000	550,000
Contributed Capital	455,716	535,000	-	-	-
Statutory Reserve	4,500	4,500	15,111	4,500	15,111
Retained Earnings	67,466	38,775	133,846	110,967	236,368
Total Shareholders' Equity	**542,682**	**593,275**	**698,957**	**665,467**	**801,479**
Total Capitalisation (Total Loans + SH Equity)	**646,619**	**678,217**	**720,811**	**746,114**	**1,340,731**
Total Loans/Total Capitalisation	**16.1%**	**12.5%**	**3.0%**	**10.8%**	**40.2%**

Source: The audited financial statements for the financial years ended 31 December 2019G, 2020G and 2021G, and the unaudited interim financial statements for the nine-month period ended 30 September 2022G.

The Directors declare that:

- the Company does not have any debt instruments as of the date of this Prospectus;
- no Shares of the Company are under option rights; and
- subject to any material adverse change in the Company's business, they believe that its existing cash balances and cash flows will be sufficient to meet its anticipated cash needs for working capital and capital expenditures for at least twelve (12) months following the date of this Prospectus.

10. Statements by Experts

All of the Advisors and Auditors whose names are listed starting on pages (vii) and (viii), have given and, as of the date of this Prospectus, have not withdrawn, their written consent to the publication of their names, addresses, logos and statements attributed to each of them in this Prospectus, and do not, themselves, nor do their employees forming part of the team serving the Company, or any of their relatives, have any shareholding or interest of any kind in the Company as of the date of this Prospectus which would impair their independence.

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11. Declarations

The Directors declare the following:

- they have not at any time been declared bankrupt or been subject to bankruptcy proceedings;
- none of the companies in which any of the Directors, Senior Executives or the Secretary were employed, in a managerial or supervisory capacity, was declared bankrupt or insolvent during the past five years;
- except as specified in Section 12.8 (*Related Party Contracts and Transactions*), they do not, themselves, nor do any of Senior Executives, Secretary, or their relatives or affiliates, have any material interest in any written or verbal contract or arrangement under consideration or expected to be conducted with the Company as of the date of this Prospectus;
- except as otherwise described in Section 5.2.1 (*Composition of the Board of Directors*), and Section 12.8 (*Related Party Contracts and Transactions*), neither they nor any of Senior Executives, Secretary, nor their relatives, have any shareholding or interest of any kind in the Company nor in any debt instruments of the Company, and the Company is prohibited from granting a loan to a Director or guaranteeing a loan entered into by a Director;
- all transactions with Related Parties described in Section 12.8 (*Related Party Contracts and Transactions*), including the determination of the financial consideration for contracts, have been carried out in a systematic and legal manner and on appropriate and fair commercial principles used in transactions with third parties;
- no commissions, discounts, brokerages or other non-cash compensation were granted by the Company within the three years immediately preceding the application for the registration and offer of securities in connection with the issue or sale of any securities;
- there has been no interruption in the Company's business that may significantly affect or has affected its financial position during the last 12 months;
- there is no intention to introduce any material changes to the nature of the Company's business;
- neither the Directors or Chief Executive Officer will vote on General Assembly resolutions that relate to any transaction or contract in which they have a direct or indirect interest;
- except as otherwise described in Section 4.10 (*Business Continuity*), there has been no material adverse change in the financial or trading position of the Company in the three years ended 31 December 2019G, 2020G and 2021G, and the nine-month period ended 30 September 2022G immediately preceding the date of filing the application for registration and offering of securities that are the subject of this Prospectus and during the period from the end of the period covered in the Auditors' Report to the date of approval of this Prospectus;
- except as otherwise described in Section 5.5 (*Remuneration of Directors and Senior Executives and Employees*), the Company does not have any employee share schemes in place for its employees or any other similar arrangement involving the employees in the capital of the Company;
- the Company does not have any securities (contractual or otherwise) or any assets, the value of which is subject to fluctuation that would adversely and materially affect its financial position;
- except as disclosed in Section 2 (*Risk Factors*) and Section 6.3 (*Key Factors Affecting the Company's Operations*), the Company is not aware of any information regarding any Government, economic, financial, monetary or political policies or any other factors that have materially affected or may materially affect (directly or indirectly) its operations;
- except as disclosed in Section 2 (*Risk Factors*) and Section 6.3 (*Key Factors Affecting the Company's Operations*), the Company is not aware of any seasonal information or business cycles related to its business that would affect the Company's operations or financial position;
- the statistical information used in Section 3 (*Market Overview*) obtained from third-party sources represents the latest information available from each respective source;
- except as stated in Section 2.1.34 (*Risks Related to the Failure to Secure Adequate Insurance Coverage*), the Company has insurance policies with sufficient insurance coverage to carry out its activities. The Company renews its insurance policies regularly to ensure continued insurance coverage;
- all contracts and agreements which the Company considers to be material or important or which have an impact on a Subscriber's decision to invest in the Offer Shares have been disclosed. There are no other material agreements or contracts that have not been disclosed;

- all terms and conditions that may affect the decisions of the Investors to invest in Offer Shares have been disclosed;
- as of the date of this Prospectus, there are no material Related Party contracts or transactions that have any material impact on the Company's activities, and the Company has no intention of entering into any new agreements with Related Parties, except as specified in Section 12.8 (*Related Party Contracts and Transactions*);
- the Selling Shareholder will incur all the expenses and costs related to the Offering, and such costs will be deducted from the Offering Proceeds, including the fees of the Financial Advisor, the Lead Manager, the Bookrunner, the Underwriter, the Legal Advisor, the Financial Due Diligence Advisor, the Auditors the Market Consultant and the Receiving Agents, as well as marketing, printing and distribution costs and other expenses related to the Offering;
- as of the date of this Prospectus, there is no dispute with ZATCA, or objections thereof. The Selling Shareholder, shall incur any additional claims that may be filed by ZATCA against the Company for the preceding years until the date of listing. The Selling Shareholder's undertakings have been given;
- they have developed procedures, controls and systems that would enable the Company to meet all of the requirements of the relevant laws and regulations, including the Companies Law, CML and its implementing regulations (including the Rules on the Offer of Securities and Continuing Obligations), and Listing Rules;
- all of the Company's employees are under its sponsorship, except for the employees hired through the "Ajeer" programme, in accordance with the relevant instructions and regulatory restrictions;
- as of the date of this Prospectus, the Shareholders whose names appear in Section 4.3 (*Current Shareholding Structure*) are the legal and beneficial owners, whether direct or indirect owners, of the Shares;
- all increases in the share capital of the Company are in compliance with the applicable laws and regulations of the Kingdom;
- except as disclosed in Section 2 (*Risk Factors*), and to the best of their knowledge and belief, there are no other material risks that may affect a prospective investor's decision to invest in the Offer Shares;
    - except as disclosed in Section 2.2.12 (*Risks Related to Licences and Approvals*), and Section 12.3 (*Government Consents, Licences and Certificates*), as of the date of this Prospectus, the Company has obtained all necessary licences and permits to carry out its business activities;
    - except as disclosed in Section 12.12 (*Litigation*), the Company is not subject to any claims or legal procedures that may have, alone or as a whole, materially affect the business of the Company or its financial position;
    - except as disclosed in Section 12.5 (*Financing Agreements*), the Company has not issued any debt instruments, nor does it have any term loans or any other outstanding loans or indebtedness (including bank overdrafts, financial liabilities under acceptance, acceptance credits or purchase commitments);
    - the Company has working capital sufficient for at least 12 months immediately following the date of this Prospectus;
    - no Shares of the Company are under option;
    - the audited financial statements for the financial years ended 31 December 2019G, 2020G and 2021G, and the unaudited interim financial statements for the nine-month period ended 30 September 2022G and the accompanying notes thereto have been prepared in compliance with IFRS endorsed in the Kingdom and other standards and pronouncements issued by SOCPA;
    - the financial information appearing in this Prospectus has been extracted from the Company's audited unaudited interim financial statements, and no material amendments have been made thereto. The financial information appearing in Section 6 (*Management's Discussion and Analysis of Financial Position and Results of Operations*) has been extracted from the Company's audited financial statements for the financial years ended 31 December 2019G, 2020G and 2021G, and the unaudited interim financial statements for the nine-month period ended 30 September 2022G. Furthermore, the financial information is presented in a manner consistent with the audited annual financial statements of the Company;
    - the Company is capable of preparing the required reports in a timely manner in accordance with the implementing regulations issued by the CMA;
    - all necessary approvals have been obtained from lenders to offer 30 per cent. of the Company shares in order for the Company to be a public joint stock company;
    - there is no breach of the contractual terms and conditions under the agreements with the providers of all loans, facilities and financing as of the date of this Prospectus;
    - the Company is committed to all the terms and conditions under the agreements with lenders granting all loans, facilities and financing;

- all material facts regarding the Company and its financial performance have been disclosed in this Prospectus, and there are no other facts the omission of which would make any statement herein misleading;
- the Directors acknowledge that the Company does not own any other assets outside the Kingdom;
- the Offering does not violate the relevant laws and regulations of the Kingdom;
- the Offering does not violate any of the contracts or agreements to which the Company is a party;
- all material legal information related to the Company has been disclosed in this Prospectus; and
- the Company's Directors are not subject to any legal proceedings or actions that may, individually or collectively, have a material effect on the Company's business, or its financial position.

In addition to the above, the Directors confirm that:

- this Prospectus contains all of the information required to be included under the Rules on the Offer of Securities and Continuing Obligations, and no facts that may affect the application for the registration and offer of securities were omitted from this Prospectus;
- they have submitted, and will submit, to the CMA all of the documents required under the CML and the Rules on the Offer of Securities and Continuing Obligations;
- the Company has prepared its internal control policies on sound principles where it has implemented a written policy regulating and resolving possible conflicts of interest issues, which include the misuse of the Company's assets and misfeasance due to Related Party transactions. The Company has ensured that its operational and financial policies are sound and that control procedures appropriate for risk management are implemented in accordance with Part 5 of the Corporate Governance Regulations. The Directors review the Company's internal controls on an annual basis;
- the internal control, accounting, and information technology systems of the Company are sufficient and adequate;
- except as disclosed in Section 12.8 (*Related Party Contracts and Transactions*), there are no conflicts of interest related to the Directors with respect to contracts or transactions entered into with the Company;
- as of the date of this Prospectus, none of the Directors are engaged in any activities similar or competitive with the activities of the Company. The Directors undertake to fulfil this regulatory requirement in the future as per Article 27 of the Companies Law and Chapter 6 of Part 3 of the Corporate Governance Regulations;
- unless otherwise approved by the General Assembly, a Director may not have a direct or indirect interest in the transactions and contracts entered into by the Company;
- the Directors shall notify the Board of Directors of any direct or indirect interest they may have in the transactions and contracts entered into by the Company, and this notification will be recorded in the minutes of the Board of Directors meeting;
- all transactions with Related Parties shall be entered into on an arm's-length basis and all works and contracts with Related Parties shall be subject to a vote in meetings of the Board of Directors and, if required by the Companies Law, the General Assembly. Directors may not vote on any decision related to transactions or contracts with the Company in which they have a direct or indirect interest, whether in the Board of Directors or the General Assembly, in accordance with Article 71 of the Companies Law and Chapter 6 of Part 3 of the Corporate Governance Regulations;
- the Directors and the Chief Executive Officer shall not have the right to vote on decisions related to their fees and remuneration; and
- neither the Directors nor any Senior Executive shall obtain a loan from the Company, and the Company shall not guarantee any loan entered into by a Director.

The Directors undertake to:

- record all Board of Directors resolutions by means of written minutes of meetings, which shall be signed by the Directors;
- disclose the details of any Related Party transactions in accordance with the Companies Law and the Corporate Governance Regulations;
- comply with the provisions of Articles 27, 71 and 72 of the Companies Law and Chapter 6 of Part 3 of the Corporate Governance Regulations; and
- amend the Company's Bylaws in the first Extraordinary General Assembly after listing in accordance with the Corporate Governance Regulations issued by the CMA and other applicable laws and regulations.

12. Legal Information

12.1 The Company

Lumi Rental Company (hereinafter referred to as the "**Company**" or "**Issuer**") is a closed joint stock company with Commercial Registration No. 1010228226 dated 23 Muharram 1428H (corresponding to 10 February 2007G) converted pursuant to Ministerial Resolution No. 228 dated 9 Rajab 1442H (corresponding to 21 February 2021G). The current share capital of the Company is five hundred and fifty million Saudi Arabian Riyals (SAR 550,000,000) divided into fifty-five million (55,000,000) ordinary Shares with a fully paid nominal value of SAR 10 per Share. The Company's registered head office is located in Imam Saud Bin Abdulaziz Bin Mohammed Road, Al Taawun District, P.O. Box 6477, Riyadh 12476, Kingdom of Saudi Arabia. According to the Commercial Registrations of its headquarters and branches, the Company's main activities include renting cars with drivers and the renting and operational leasing of passenger cars (without drivers).

12.2 Ownership Structure

The following table summarises the shareholding structure of the Company pre-and post-Offering:

Table 12.1: Shareholding Structure of the Company Pre-and Post-Offering

Shareholder	Shareholding (Pre-Offering)			Shareholding (Post-Offering)		
	Number of Shares	Shareholding (%)(1)	Nominal Value (SAR)	Number of Shares	Shareholding (%)	Nominal Value (SAR)
Seera Group Holding	55,000,000	100%	550,000,000	38,500,000	70%	385,000,000
Public	-	-	-	16,500,000	30%	165,000,000
Total	**55,000,000**	**100%**	**550,000,000**	**55,000,000**	**100%**	**550,000,000**

Source: The Company.

(1) The ownership percentages are rounded.

For further details regarding the Shareholders and the shareholding structure of the Company, see Section 4.3 (*Current Shareholding Structure*).

12.3 Government Consents, Licences and Certificates

The Company hold several operational and regulatory licences and certificates from the relevant competent authorities which are periodically renewed. The Directors declare that the Company has obtained all licences and certificates necessary to execute their operations in order to engage in the relevant activities, except for certain operational licences expired or not obtained, as disclosed in Table 12.4 (*Summary of Operational Licences Obtained by the Company*), despite the Company submitting all necessary requests to the competent authorities to obtain these licences. The following tables list the licences and certificates held by the Company as of the date of this Prospectus:

Table 12.2: Details of Commercial Registration Certificates Obtained by the Company

Location	Type of Entity	Commercial Registration No.	Registration Date	Expiration Date
Riyadh, Kingdom of Saudi Arabia	Closed Joint Stock Company	1010228226	23 Muharram 1428H (corresponding to 10 February 2007G)	23 Muharram 1448H (corresponding to 8 July 2026G)
Al-Ula, Kingdom of Saudi Arabia	Branch	4651102639	5 Safar 1442H (corresponding to 22 September 2020G)	5 Safar 1445H (corresponding to 21 August 2023G)
Al-Ula, Kingdom of Saudi Arabia	Branch	4651102370	20 Rabi' al-Thani 1441H (corresponding to 17 December 2019G)	20 Rabi' al-Thani 1445H (corresponding to 14 November 2023G)

Location	Type of Entity	Commercial Registration No.	Registration Date	Expiration Date
Khamis Mushait, Kingdom of Saudi Arabia	Branch	5855070552	5 Jumada al-Ula 1438H (corresponding to 2 February 2017G)	9 Thul-Qi'dah 1444H (corresponding to 29 May 2023G)
Al Wajh, Kingdom of Saudi Arabia	Branch	3552101601	5 Safar 1442H (corresponding to 22 September 2020G)	5 Safar 1445H (corresponding to 31 August 2023G)
Riyadh, Kingdom of Saudi Arabia	Branch	1010599908	18 Safar 1441H (corresponding to 17 October 2019G)	18 Safar 1445H (corresponding to 3 September 2023G)
Buraidah, Kingdom of Saudi Arabia	Branch	1131298375	21 Rajab 1440H (corresponding to 28 March 2019G)	21 Rajab 1445H (corresponding to 2 February 2024G)
Taif, Kingdom of Saudi Arabia	Branch	4032251684	10 Muharram 1443H (corresponding to 18 August 2021G)	10 Muharram 1445H (corresponding to 28 July 2023G)
Riyadh, Kingdom of Saudi Arabia	Branch	1010324433	13 Safar 1433H (corresponding to 7 January 2012G)	13 Safar 1445H (corresponding to 29 August 2023G)
Jubail, Kingdom of Saudi Arabia	Branch	2055126812	8 Rabi' al-Awwal 1441H (corresponding to 5 November 2019G)	8 Rabi' al-Awwal 1445H (corresponding to 22 September 2023G)
Riyadh, Kingdom of Saudi Arabia	Branch	1010616188	11 Rabi' al-Thani 1441H (corresponding to 8 December 2019G)	11 Rabi' al-Thani 1445H (corresponding to 26 October 2023G)
Jazan, Kingdom of Saudi Arabia	Branch	5900120565	8 Rabi' al-Awwal 1441H (corresponding to 5 November 2019G)	8 Rabi' al-Awwal 1445H (corresponding to 23 September 2023G)
Jeddah, Kingdom of Saudi Arabia	Branch	4030367717	18 Safar 1441H (corresponding to 17 October 2019G)	18 Safar 1445H (corresponding to 3 September 2023G)
Yanbu, Kingdom of Saudi Arabia	Branch	4700112044	5 Safar 1442H (corresponding to 22 September 2020G)	5 Safar 1445H (corresponding to 21 August 2023G)
Jubail, Kingdom of Saudi Arabia	Branch	2055026257	11 Safar 1439H (corresponding to 31 October 2017G)	10 Safar 1445H (corresponding to 26 August 2023G)
Jeddah, Kingdom of Saudi Arabia	Branch	4030279663	8 Rabi' al-Awwal 1436H (corresponding to 30 December 2014G)	13 Thul-Hijjah 1444H (corresponding to 1 July 2023G)
Jeddah, Kingdom of Saudi Arabia	Branch	4030367715	18 Safar 1441H (corresponding to 17 October 2019G)	18 Safar 1445H (corresponding to 3 September 2023G)
Riyadh, Kingdom of Saudi Arabia	Branch	1010569335	27 Rajab 1440H (corresponding to 3 April 2019G)	27 Rajab 1445H (corresponding to 8 February 2024G)
Dammam, Kingdom of Saudi Arabia	Branch	2050085522	11 Shawwal 1433H (corresponding to 29 August 2012G)	13 Thul-Hijjah 1444H (corresponding to 1 July 2023G)
Riyadh, Kingdom of Saudi Arabia	Branch	1010678326	19 Jumada al-Ula 1442H (corresponding to 3 January 2021G)	19 Jumada al-Ula 1445H (corresponding to 3 December 2023G)
Al Hofuf, Kingdom of Saudi Arabia	Branch	2251495553	9 Safar 1441H (corresponding to 8 October 2019G)	9 Safar 1446H (corresponding to 13 August 2024G)
Jeddah, Kingdom of Saudi Arabia	Branch	4030293122	5 Jumada al-Ula 1438H (corresponding to 2 February 2017G)	5 Jumada al-Ula 1445H (corresponding to 17 November 2023G)
Riyadh, Kingdom of Saudi Arabia	Branch	1010638731	22 Shawwal 1441H (corresponding to 14 June 2020G)	22 Shawwal 1444H (corresponding to 12 May 2023G)
Sakaka, Kingdom of Saudi Arabia	Branch	3400120071	10 Safar 1442H (corresponding to 27 September 2020G)	10 Safar 1445H (corresponding to 26 August 2023G)
Dammam, Kingdom of Saudi Arabia	Branch	2050125982	16 Ramadan 1440H (corresponding to 21 May 2019G)	16 Ramadan 1444H (corresponding to 7 April 2023G)
Jeddah, Kingdom of Saudi Arabia	Branch	4030368604	2 Rabi' al-Awwal 1441H (corresponding to 30 October 2019G)	2 Rabi' al-Awwal 1445H (corresponding to 17 September 2023G)

Location	Type of Entity	Commercial Registration No.	Registration Date	Expiration Date
Dammam, Kingdom of Saudi Arabia	Branch	2050125983	16 Ramadan 1440H (corresponding to 21 May 2019G)	16 Ramadan 1446H (corresponding to 16 March 2025G)
Riyadh, Kingdom of Saudi Arabia	Branch	1010079694	6 Rabi' al-Thani 1411H (corresponding to 25 October 1990G)	15 Rabi' al-Awwal 1445H (corresponding to 30 September 2023G)
Yanbu, Kingdom of Saudi Arabia	Branch	4700020204	10 Jumada al-Akhirah 1438H (corresponding to 9 March 2019G)	10 Jumada al-Akhirah 1445H (corresponding to 22 December 2024G)
Al-Khobar, Kingdom of Saudi Arabia	Branch	2051228260	8 Rabi' al-Awwal 1441H (corresponding to 5 November 2019G)	8 Rabi' al-Awwal 1445H (corresponding to 23 September 2023G)
Dammam, Kingdom of Saudi Arabia	Branch	2050125984	16 Ramadan 1440H (corresponding to 21 May 2019G)	16 Ramadan 1444H (corresponding to 7 April 2023G)
Riyadh, Kingdom of Saudi Arabia	Branch	1010567276	18 Rajab 1440H (corresponding to 25 March 2019G)	18 Rajab 1445H (corresponding to 28 January 2024G)
Riyadh, Kingdom of Saudi Arabia	Branch	1010695162	8 Sha'ban 1442H (corresponding to 21 March 2021G)	8 Sha'ban 1447H (corresponding to 20 January 2026G)
Riyadh, Kingdom of Saudi Arabia	Branch	1010599904	18 Safar 1441H (corresponding to 17 October 2019G)	18 Safar 1445H (corresponding to 3 September 2023G)
Tabuk, Kingdom of Saudi Arabia	Branch	3550134190	5 Safar 1442H (corresponding to 22 September 2020G)	5 Safar 1445H (corresponding to 21 August 2023G)
Riyadh, Kingdom of Saudi Arabia	Branch	1010627470	23 Jumada al-Akhirah 1441H (corresponding to 17 February 2020G)	23 Jumada al-Akhirah 1446H (corresponding to 24 December 2024G)
Jeddah, Kingdom of Saudi Arabia	Branch	4030369035	8 Rabi' al-Awwal 1441H (corresponding to 5 November 2019G)	8 Rabi' al-Awwal 1445H (corresponding to 23 September 2023G)
Madina Al Munawara, Kingdom of Saudi Arabia	Branch	4650077802	10 Jumada al-Ula 1436H (corresponding to 30 March 2015G)	10 Jumada al-Ula 1445H (corresponding to 23 December 2023G)
Yanbu, Kingdom of Saudi Arabia	Branch	4700020105	20 Safar 1438H (corresponding to 20 November 2016G)	20 Safar 1445H (corresponding to 5 September 2023G)
Al Baha, Kingdom of Saudi Arabia	Branch	5800106763	13 Thul-Qi'dah 1442H (corresponding to 23 June 2021G)	13 Thul-Qi'dah 1444H (corresponding to 2 June 2023G)
Tabuk, Kingdom of Saudi Arabia	Branch	3550129516	27 Shawwal 1440H (corresponding to 30 June 2019G)	27 Shawwal 1444H (corresponding to 17 May 2023G)
Riyadh, Kingdom of Saudi Arabia	Branch	1010788058	4 Sha'ban 1443H (corresponding to 7 March 2022G)	4 Sha'ban 1447H (corresponding to 22 February 2026G)
Madina Al Munawara, Kingdom of Saudi Arabia	Branch	4650245988	27 Thul-Qi'dah 1443H (corresponding to 26 June 2022G)	27 Thul-Qi'dah 1445H (corresponding to 4 June 2024G)
Makkah, Kingdom of Saudi Arabia	Branch	4031268637	3 Muharram 1444H (corresponding to 1 August 2022G)	3 Muharram 1446H (corresponding to 9 July 2024G)
Tabuk, Kingdom of Saudi Arabia	Branch	3550146188	5 Muharram 1444H (corresponding to 3 August 2022G)	5 Muharram 1446H (corresponding to 11 July 2024G)
Hail, Kingdom of Saudi Arabia	Branch	3350161126	21 Thul-Hijjah 1443H (corresponding to 20 July 2022G)	21 Thul-Hijjah 1445H (corresponding to 27 June 2024G)
Tabuk, Kingdom of Saudi Arabia	Branch	3550146264	6 Muharram 1444H (corresponding to 4 August 2022G)	6 Muharram 1445H (corresponding to 24 July 2023G)

Source: The Company.

Table 12.3: Details of Regulatory Licences and Certificates Obtained by the Company

Issuing Authority	Licence Number	Purpose	Issue Date	Expiration Date
Ministry of Human Resources and Social Development	388983-19437307	Certificate of compliance with Saudization requirements	30 Shawwal 1444H (corresponding to 20 May 2023G)	30 Shawwal 1444H (corresponding to 20 May 2023G)
Ministry of Human Resources and Social Development	20012303005832	Certificate of wage protection	24 Shawwal 1444H (corresponding to 14 May 2023G)	24 Shawwal 1444H (corresponding to 14 May 2023G)
Riyadh Chamber of Commerce and Industry	191919	Chamber of Commerce and Industry membership certificate	3 Muharram 1429H (corresponding to 12 January 2008G)	23 Muharram 1448H (corresponding to 8 July 2026G)
ZATCA	1020225605	Certificate enabling the Company to finalise all processes	29 Ramadan 1443H (corresponding to 30 April 2022G)	10 Shawwal 1444H (corresponding to 30 April 2023G)
ZATCA	3000773859	VAT registration certificate	14 Rabi' al-Thani 1439H (corresponding to 1 January 2018G)	N/A
GOSI	53358572	Certificate of fulfilment of the GOSI obligations	28 Ramadan 1444H (corresponding to 19 April 2023G)	28 Ramadan 1444H (corresponding to 19 April 2023G)
Local Content and Government Procurement Authority	M101241	Local Content Score Certificate	25 Muharram 1444H (corresponding to 23 August 2022G)	13 Muharram 1445H (corresponding to 31 July 2023G)

Source: The Company.

Table 12.4: Summary of Operational Licences Obtained by the Company

Region/Location	Issuing Authority	Number of Valid Licences	Number of Expired Licences	Number of Pending Licences
Riyadh	Riyadh Region Municipality, Kingdom of Saudi Arabia	Five Licences	N/A	N/A
	General Directorate of Civil Defence, Kingdom of Saudi Arabia	Four Licences	N/A	N/A
	Transport General Authority, Kingdom of Saudi Arabia	Five Licences	N/A	N/A
	Riyadh Region Traffic Department	One Licence	N/A	N/A
Makkah Al Mukarrama	Makkah Al Mukarrama Region Municipality, Kingdom of Saudi Arabia	N/A	N/A	N/A
	Jeddah Region Municipality, Kingdom of Saudi Arabia	N/A	N/A	N/A
	General Directorate of Civil Defence, Kingdom of Saudi Arabia	N/A	N/A	N/A
	Transport General Authority, Kingdom of Saudi Arabia	Five Licences	N/A	N/A
Madina Al Munawara	Madina Al Munawara Region Municipality, Kingdom of Saudi Arabia	One Licence	N/A	N/A
	Al Ula Region Municipality, Kingdom of Saudi Arabia	One Licence	N/A	N/A
	Royal Commission for Jubail and Yanbu	One Licence	N/A	N/A
	Yanbu Region Municipality, Kingdom of Saudi Arabia	One Licence	N/A	N/A
	General Directorate of Civil Defence, Kingdom of Saudi Arabia	N/A	N/A	N/A
	Transport General Authority, Kingdom of Saudi Arabia	Eight Licences	N/A	N/A

Region/Location	Issuing Authority	Number of Valid Licences	Number of Expired Licences	Number of Pending Licences
Eastern Region	Eastern Region Municipality, Kingdom of Saudi Arabia	Five Licences	N/A	N/A
	General Directorate of Civil Defence, Kingdom of Saudi Arabia	Two Licences	N/A	N/A
	Transport General Authority, Kingdom of Saudi Arabia	Four Licences	N/A	N/A
Aseer	Aseer Region Municipality, Kingdom of Saudi Arabia	One Licence	N/A	N/A
	General Directorate of Civil Defence, Kingdom of Saudi Arabia	N/A	One Licence (1)	N/A
	Transport General Authority, Kingdom of Saudi Arabia	One Licence	N/A	N/A
Tabuk	Tabuk Region Municipality, Kingdom of Saudi Arabia	N/A	N/A	N/A
	General Directorate of Civil Defence, Kingdom of Saudi Arabia	N/A	N/A	N/A
	Transport General Authority, Kingdom of Saudi Arabia	N/A	N/A	N/A
Jazan	Jazan Region Municipality, Kingdom of Saudi Arabia	One Licence	N/A	N/A
	General Directorate of Civil Defence, Kingdom of Saudi Arabia	N/A	One Licence	N/A
	Transport General Authority, Kingdom of Saudi Arabia	One Licence	N/A	N/A
Al Baha	Al Baha Region Municipality, Kingdom of Saudi Arabia	N/A	N/A	N/A
	General Directorate of Civil Defence, Kingdom of Saudi Arabia	N/A	N/A	N/A
	Transport General Authority, Kingdom of Saudi Arabia	One Licence	N/A	N/A
Al Jouf	Al Jouf Region Municipality, Kingdom of Saudi Arabia	N/A	N/A	N/A
	General Directorate of Civil Defence, Kingdom of Saudi Arabia	N/A	N/A	N/A
	Transport General Authority, Kingdom of Saudi Arabia	One Licence	N/A	N/A
Hail	Hail Region Municipality, Kingdom of Saudi Arabia	N/A	N/A	One Licence (2)
	General Directorate of Civil Defence, Kingdom of Saudi Arabia	N/A	N/A	One Licence (3)
	Transport General Authority, Kingdom of Saudi Arabia	N/A	N/A	One Licence (4)
Al Khobar	Al Khobar Region Municipality, Kingdom of Saudi Arabia	N/A	N/A	N/A
	General Directorate of Civil Defence, Kingdom of Saudi Arabia	One Licence	N/A	N/A
	Transport General Authority, Kingdom of Saudi Arabia	N/A	N/A	N/A

Source: The Company.

(1) The Company expects to obtain a civil defense license for the Khamis Mushait branch on 15 Safar 1445H (corresponding to 31 August 2023G).

(2) The Company expects to obtain the municipality license for its new branch, Hail, on 11 Shawwal 1444H (corresponding to 31 April 2023G).

(3) The Company expects to obtain a civil defense license for its new branch, Hail, on 11 Shawwal 1444H (corresponding to 31 April 2023G).

(4) The Company expects to obtain a car rental license from the Public Transport Authority for its new branch in Hail 11 Shawwal 1444H (corresponding to 31 April 2023G).

12.4 Material Agreements

The Company has entered into a number of agreements for the purpose of their business. The following is a summary of those agreements which the Company considers material or important or which may otherwise influence a Subscriber's decision to invest in the Offer Shares. The Company believes that all such agreements, in addition to the key provisions thereunder, have been included in this Section and that there are no other agreements which are material in the context of the Company's business that have not been disclosed. As of the date of this Prospectus, the Company has not breached any of provisions of the material business agreements during the relevant terms of such agreements and is not aware of any event which, with the passing of time, may become a breach or default under any such agreements. These summaries do not purport to describe all of the applicable provisions of such agreements. For further details on the Company's financing agreements, lease agreements, and insurance policies, see Section 12.5 (*Financing Agreements*), Section 12.7.1 (*Leases*), and Sections 12.6 (*Insurance Policies*). The following table sets out the material agreements (except for financing agreements, lease agreements and insurance policies) entered into by the Company for the purposes of its business:

Table 12.5: Details of Material Agreements

Name of Agreement	Parties	Brief Description	Term and Renewal Mechanism	Value for the Period(s) Indicated
Agreements with Key Customers				
Vehicle Lease Agreement	The Company (as lessor) and the Ministry of Health (as lessee)	The Company has entered into a vehicle lease agreement to lease 544 different vehicles in favour of the lessee.	The agreement is for a term of 36 months, commencing on the actual receipt date of the vehicles, namely 6 Shaban 1440H (corresponding to 12 April 2019G) (1). The agreement is not subject to automatic renewal.	SAR 14,009,321 (the nine-month period ended 30 September 2021G) SAR 14,019,688 (the nine-month period ended 30 September 2022G)
Master Lease Agreement	The Company (as lessor) and Saudi Technology and Security Comprehensive Control Company Ltd. (Tahakom) (as lessee)	The Company has entered into a master lease agreement to lease certain vehicles in favour of the lessee.	The agreement is for a term of 36 months, commencing on 8 Jumada al-Akhirah 1441H (corresponding to 2 February 2020G) to 11 Rajab 1444H (corresponding to 2 February 2023G) (1). The agreement can be renewed through the conclusion of a new agreement between the parties.	SAR 22,144,854 (the nine-month period ended 30 September 2021G) SAR 26,058,345.96 (the nine-month period ended 30 September 2022G)
Master Lease Agreement	The Company (as lessor) and Crown Prince Private Affairs (as lessee)	The Company has entered into a master lease agreement to lease certain vehicles in favour of the lessee.	The agreement is for an undefined term, commencing on 11 Rajab 1440H (corresponding to 18 March 2019G).	SAR 36,765,430 (the nine-month period ended 30 September 2021G)SAR 6,134,373 (the nine-month period ended 30 September 2022G)
Vehicle Lease Agreement	The Company (as lessor) and the Special Forces for Environmental Security (as lessee)	The Company has entered into a vehicle lease agreement to lease 112 Nissan and Jeeps cars in favour of the lessee.	The agreement is for a term of three years, commencing on the actual receipt date of the vehicles, namely 24 Jumada al-Akhirah 1441H (corresponding to 19 January 2020G) to 26 Jumada al-Akhirah1444H (corresponding to 19 January 2023G) (1). The agreement is not subject to automatic renewal.	SAR 3,484,656 (the nine-month period ended 30 September 2021G) SAR 3,484,656 (the nine-month period ended 30 September 2022G)

Name of Agreement	Parties	Brief Description	Term and Renewal Mechanism	Value for the Period(s) Indicated
Vehicle Lease Agreement	The Company (as lessor) and the Presidency of State Security (as lessee)	The Company has entered into a vehicle lease agreement, whereby the Company agreed to provide a number of vehicles to the lessee on a rental basis.	The agreement is for a term of four years, commencing on 1 Safar 1440H (corresponding to 10 October 2018G) to 14 Rabi` al-Awwal 1444H (corresponding to 10 October 2022G) (1). The agreement is not subject to automatic renewal.	SAR 9,241,847 (the nine-month period ended 30 September 2021G)SAR 11,170,216 (the nine-month period ended 30 September 2022G)
Vehicle Lease Agreement	The Company (as lessor) and General Directorate of Public Security (as lessee)	The Company has entered into a vehicle lease agreement to lease a number of vehicles in favour of the lessee.	The agreement is for a term of three years, commencing on 21 Ramadan 1441H (corresponding to 14 May 2020G) to 24 Shawwal 1444H (corresponding to 14 May 2023G). The agreement is not subject to automatic renewal.	SAR 13,726,343 (the nine-month period ended 30 September 2021G) SAR 16,753,401 (the nine-month period ended 30 September 2022G)
Vehicle Lease Agreement	The Company (as lessor) and Ministry of Municipal, Rural Affairs and Housing (as lessee)	The Company has entered into a vehicle lease agreement to lease a number of vehicles in favour of Riyadh Municipality.	The agreement is for a term of 36 months, commencing on the actual receipt date of the vehicles on 6 Rabi' al-Awwal 1441H (corresponding to 3 November 2019G) to 9 Rabi` al-Thani 1444H (corresponding to 3 November 2022G) (1). The agreement is not subject to automatic renewal.	SAR 2,104,766 (the nine-month period ended 30 September 2021G)SAR 2,102,499 (the nine-month period ended 30 September 2022G)
Vehicle Lease Agreement	The Company (as lessor) and the Ministry of Municipal, Rural Affairs and Housing (as lessee)	The Company has entered into a vehicle lease agreement to lease a number of vehicles in favour of Jeddah Municipality including the operation, maintenance and insurance.	The agreement is for a term of 36 months, commencing on the actual receipt date of the vehicles on 20 Muharram 1441H (corresponding to 19 September 2019G) to 23 Safar 1444H (corresponding to 19 September 2022G) (1). The agreement is not subject to automatic renewal.	SAR 4,968,865 (the nine-month period ended 30 September 2021G) SAR 4,762,319 (the nine-month period ended 30 September 2022G)
Supply Agreement	The Company (as supplier) and the Ministry of Municipal, Rural Affairs and Housing (as customer)	The Company has entered into a supply agreement to supply 132 vehicles for lease in favour of the customer.	The agreement is for a term of 36 months, commencing on the actual receipt date of the vehicles on 12 Shaban 1442H (corresponding to 25 March 2021G) to 15 Ramadan 1445H (corresponding 25 March 2024G). The agreement is not subject to automatic renewal.	SAR 1,800,759 (the nine-month period ended 30 September 2021G)SAR 2,679,027 (the nine-month period ended 30 September 2022G)

Name of Agreement	Parties	Brief Description	Term and Renewal Mechanism	Value for the Period(s) Indicated
Car Rental Agreement	The Company (as supplier) and Yousef Bin Ahmed Kanoo Company (as customer)	The Company has entered into a car rental agreement to lease a number of vehicles in favour of the customer.	The agreement is for a term of 12 months, commencing on 2 Rabi' al-Thani 1444H (corresponding to 27 October 2022G) until 12 Rabi' al-Thani 1445H (corresponding to 27 October 2023G). The two parties may renew the agreement in writing no less than 30 days prior to its expiry date.	SAR 29,005,000 (the nine-month period ended 30 September 2021G) SAR 40,098,581.34 (the nine-month period ended 30 September 2022G)
Vehicle Lease Agreement	The Company (as lessor) and the Saudi Arabian Oil Company (Saudi Aramco) (as lessee)	The Company has entered into a vehicle lease agreement for the purpose of leasing a fleet of vehicles in the Western Province, consisting of 2,336 vehicles for the benefit of Saudi Arabian Oil Company (Saudi Aramco).	The agreement is for a term of five years starting from 11 Shawwal 1444H (corresponding to 1 May 2023G) until 5 Thul-Hijjah 1449H (corresponding to 31 March 2028G). The agreement does not automatically renew and the lessee has the right to extend the agreement for one or more additional periods totalling 12 months by providing written notice to the lessor at least 30 days prior to the expiration of the agreement.	The total value of the agreement amounted to SAR 369,355,680.
Vehicle Lease Agreement	The Company (as lessor) and the Saudi Arabian Oil Company (Saudi Aramco) (as lessee)	The Company has entered into a vehicle lease agreement for the purpose of leasing a fleet of vehicles in the Central Province, consisting of 667 vehicles for the benefit of Saudi Arabian Oil Company (Saudi Aramco).	The agreement is for a term of five years starting from 11 Shawwal 1444H (corresponding to 1 May 2023G) until 5 Thul-Hijjah 1449H (corresponding to 31 March 2028G). The agreement does not automatically renew and the lessee has the right to extend the agreement for one or more additional periods totalling 12 months by providing written notice to the lessor at least 30 days prior to the expiration of the agreement.	The total value of the agreement amounted to SAR 101,829,420.
Vehicle Lease Agreement	The Company (as the lessor) and Saudi Post Corporation (as the lessee)	The Company has entered into a vehicle lease agreement with Saudi Post Corporation for the purpose of leasing 855 vehicles of various types for the benefit of the lessee.	The agreement is for a term of 32 months and 12 days, provided that the term of the agreement commences after 60 days from the date of signing it or from the date of signing the letter of commencement of work (whichever is earlier), and the agreement is not subject to automatic renewal.	The total value of the agreement amounted to SAR 49,115,573.

Name of Agreement	Parties	Brief Description	Term and Renewal Mechanism	Value for the Period(s) Indicated
Vehicle Lease Agreement	The Company (as lessor) and the Saudi Emergency Force (as lessee)	The Company has entered into a vehicle lease agreement with the Saudi Emergency Force for the purpose of leasing 400 vehicles of various types for the benefit of the lessee.	The agreement is for a term of five Gregorian years starting from 17 Thul-Hijjah 1444H (corresponding to 5 July 2023G) until 11 Safar 1450H (corresponding to 04 July 2028G), and the agreement is not subject to automatic renewal.	The total value of the agreement amounted to SAR 68,485,260.
Award for Vehicle Lease Services Competition	The Company (as the lessor) and the Ministry of Interior (as the lessee)	The Company has received an award resolution to a competition to provide vehicle lease services to the Ministry of Interior on 24 Thul-Hijjah 1444H (corresponding to 13 June 2023G) for the purpose of leasing 1,500 vehicles of various types for the Ministry of Interior. The agreement is currently in the process of signing with the Ministry of Interior.	The leasing services will be provided for a period of three Gregorian years and the commencement date shall be specified in the agreement.	The total value of the competition amounted to SAR 128,569,425.
Agreements with Key Suppliers				
Vehicle Supply Arrangement	The Company (as purchaser) and Almajdouie Motors Company (as supplier)	The Company has entered into an arrangement with the supplier in the form of a credit supply agreement guaranteed by a promissory note, pursuant to which the Company may purchase Hyundai and Peugeot vehicles on credit from the supplier on a purchase order basis, for an agreed price and payment terms.	The arrangement between the parties is for an unspecified term, and extends to cover purchase orders issued by the Company for the purchase of vehicles.	SAR 49,737,950 (the nine-month period ended 30 September 2021G) SAR 39,488,200 (the nine-month period ended 30 September 2022G)
Vehicle Supply Arrangement	The Company (as purchaser) and Alyemni Motors Company (as supplier)	The Company has entered into an arrangement with the supplier in the form of a credit supply agreement guaranteed by a promissory note, pursuant to which the Company may purchase Isuzu vehicles on credit from the supplier on a purchase order basis, for an agreed price and payment terms.	The arrangement between the parties is for an unspecified term, and extends to cover purchase orders issued by the Company for the purchase of vehicles.	SAR 7,889,000 (the nine-month period ended 30 September 2021G) Nil (the nine-month period ended 30 September 2022G)
Vehicle Supply Arrangement	The Company (as purchaser) and Alissa Universal Motors Company (as supplier)	The Company has entered into an arrangement with the supplier in the form of a credit supply agreement guaranteed by a promissory note, pursuant to which the Company may purchase Isuzu vehicles on credit from the supplier on a purchase order basis, for an agreed price and payment terms.	The arrangement between the parties is for an unspecified term, and extends to cover purchase orders issued by the Company for the purchase of vehicles.	SAR 6,096,000 (the nine-month period ended 30 September 2021G) SAR 8,094,500 (the nine-month period ended 30 September 2022G)

Name of Agreement	Parties	Brief Description	Term and Renewal Mechanism	Value for the Period(s) Indicated
Vehicle Supply Arrangement	The Company (as purchaser) and Abdul Latif Jameel Retail Company Limited (as supplier)	The Company has entered into an arrangement with the supplier in the form of a credit supply agreement guaranteed by a promissory note and a bank guarantee, pursuant to which the Company may purchase Toyota and Lexus vehicles on credit from the supplier on a purchase order basis, for an agreed price and payment terms.	The arrangement between the parties is for an unspecified term, and extends to cover purchase orders issued by the Company for the purchase of vehicles.	SAR 170,353,161 (the nine-month period ended 30 September 2021G) SAR 242,814,020 (the nine-month period ended 30 September 2022G)
Vehicle Supply Arrangement	The Company (as purchaser) and Gulf Advantage Automobiles LLC (as supplier)	The Company has entered into an arrangement with the supplier in the form of a credit supply agreement guaranteed by a promissory note, pursuant to which the Company may purchase Renault vehicles on credit from the supplier on a purchase order basis, for an agreed price and payment terms.	The arrangement between the parties is for an unspecified term, and extends to cover purchase orders issued by the Company for the purchase of vehicles.	SAR 2,940,750 (the nine-month period ended 30 September 2021G) SAR 1,114,050 (the nine-month period ended 30 September 2022G)
Vehicle Supply Arrangement	The Company (as purchaser) and Manahil International Company (as supplier)	The Company has entered into an arrangement with the supplier in the form of a credit supply agreement guaranteed by a promissory note, pursuant to which the Company may purchase Nissan vehicles on credit from the supplier on a purchase order basis, for an agreed price and payment terms.	The arrangement between the parties is for an unspecified term, and extends to cover purchase orders issued by the Company for the purchase of vehicles.	SAR 16,498,950 (the nine-month period ended 30 September 2021G) SAR 37,902,649 (the nine-month period ended 30 September 2022G)
Vehicle Supply Arrangement	The Company (as purchaser) and Mohammed Yousuf Naghi Motors Company (as supplier)	The Company has entered into an arrangement with the supplier in the form of a framework agreement guaranteed by a promissory note and a bank guarantee, pursuant to which the Company may purchase BMW vehicles on credit from the supplier on a purchase order basis, for an agreed price and payment terms. The contract further includes a resale option, pursuant to which the Company may resell the purchased vehicles to the supplier within 12 months of the purchase, subject to certain contractual conditions.	The agreement is for a term of three years, commencing on 22 Thul- Hijjah 1442H (corresponding to 1 August 2021G) to 25 Muharram1446H (corresponding to 31 July 2024G) and is automatically renewable.	SAR 60,908,956 (the nine-month period ended 30 September 2021G) SAR 29,494,710 (the nine-month period ended 30 September 2022G)

Name of Agreement	Parties	Brief Description	Term and Renewal Mechanism	Value for the Period(s) Indicated
Vehicle Supply Arrangement	The Company (as purchaser) and Petromin Corporation (as supplier)	The Company has entered into an arrangement with the supplier, in the form of a credit supply agreement guaranteed by a promissory note, pursuant to which the Company may purchase Jeep, Dodge, Fiat and Chrysler vehicles on credit from the supplier on a purchase order basis, for an agreed price and payment terms.	The arrangement between the parties is for an unspecified term, and extends to cover purchase orders issued by the Company for the purchase of vehicles.	SAR 5,326,256 (the nine-month period ended 30 September 2021G) SAR 7,514,901 (the nine-month period ended 30 September 2022G)
Vehicle Supply Arrangement	The Company (as purchaser) and Al Jomaih Automotive Company Limited (as supplier)	The Company has entered into an arrangement with the supplier in the form of a credit supply agreement guaranteed by a promissory note, pursuant to which the Company may purchase GMC and Cadillac vehicles on credit from the supplier on a purchase order basis, for an agreed price and payment terms.	The arrangement between the parties is for an unspecified term, and extends to cover purchase orders issued by the Company for the purchase of vehicles.	SAR 20,817,658 (the nine-month period ended 30 September 2021G) SAR 11,050,099 (the nine-month period ended 30 September 2022G)

Source: The Company.

The agreement is expired; and the Company is in the process of renewing such agreement. However, the customer continues to benefit from the leased vehicles, while the Company issues monthly invoices for the leased vehicles which is not pursuant to a new agreement or extension agreement as of the date of this Prospectus.

12.4.1 Agreements with Key Customers

12.4.1.1 Vehicle Lease Agreement between the Company and the Ministry of Health

The Company (as the lessor) has entered into a vehicle lease agreement with the Ministry of Health (as the lessee) to lease 544 different vehicles in favour of the lessee. This is in consideration of SAR 14,009,321 and SAR 14,019,688 for the nine-month periods ended 30 September 2021G and 2022G, respectively. The agreement is for a term of 36 months, commencing on the actual receipt date of the vehicles, namely 6 Sha'ban 1440H (corresponding to 12 April 2019G). The agreement is not subject to automatic renewal. The agreement is governed by and construed in accordance with the laws of the Kingdom, and any dispute arising from or in relation to the agreement shall be referred to the Board of Grievances in the Kingdom.

12.4.1.2 Master Lease Agreement between the Company and Saudi Technology and Security Comprehensive Control Company Ltd. (Tahakom)

The Company (as the lessor) has entered into a master lease agreement with Saudi Technology and Security Comprehensive Control Company Ltd. (Tahakom) (as the lessee) to lease certain vehicles in favour of the lessee. This is in consideration of SAR 22,144,854 and SAR 26,058,345.96 for the the nine-month periods ended 30 September 2021G and 2022G, respectively. The agreement shall be valid for a term of 36 months, commencing on 8 Jumada al-Akhirah 1441H (corresponding to 2 February 2020G) to 11 Rajab 1444H (corresponding to 2 February 2023G). The agreement can be renewed through the conclusion of a new agreement between the parties. The agreement is governed by and construed in accordance with the laws of the Kingdom, and any dispute arising from or in relation to the agreement shall be referred to the competent authorities in the Kingdom.

12.4.1.3 Master Lease Agreement between the Company and the Crown Prince Private Affairs

The Company (as the lessor) has entered into a master lease agreement with the Crown Prince Private Affairs (as the lessee) to lease certain vehicles in favour of the lessee. This is in consideration of SAR 36,765,430 and SAR 6,134,373 for the nine-month periods ended 30 September 2021G and 2022G, respectively. The agreement is for an undefined term, commencing on 11 Rajab 1440H (corresponding to 18 March 2019G). The agreement is governed by and construed in accordance with the laws of the Kingdom, and any dispute arising from or in relation to the agreement shall be referred to the Board of Grievances in the Kingdom.

12.4.1.4 Vehicle Lease Agreement between the Company and the Special Forces for Environmental Security

The Company (as the lessor) has entered into a vehicle lease agreement with the Special Forces for Environmental Security (as the lessee) whereby the Company agreed to lease 112 Nissan Jeeps in favour of the lessee. This is in consideration of SAR 3,484,656 and SAR 3,484,656 for the nine-month periods ended 30 September 2021G and 2022G, respectively. The agreement shall be valid for a term of three years, commencing on the actual receipt date of the vehicles, namely 24 Jumada al-Akhirah 1441H (corresponding to 19 January 2020G). The agreement is not subject to automatic renewal. The agreement is governed by and construed in accordance with the laws of the Kingdom, and any dispute arising from or in relation to the agreement shall be referred to the Board of Grievances in the Kingdom.

12.4.1.5 Vehicle Lease Agreement between the Company and the Presidency of State Security

The Company (as the lessor) has entered into a vehicle lease agreement with the Presidency of State Security (as the lessee) whereby the Company agreed to provide a number of vehicles to the lessee on a rental basis. This is in consideration of SAR 9,241,847 and SAR 11,170,216 for the nine-month periods ended 30 September 2021G and 2022G, respectively. The agreement shall be valid for a term of four years, commencing on 1 Safar 1440H (corresponding to 10 October 2018G) to 14 Rabi` al-Awwal 1444H (corresponding to 10 October 2022G). The agreement is not subject to automatic renewal. The agreement is governed by and construed in accordance with the laws of the Kingdom, and any dispute arising from or in relation to the agreement shall be referred to the Board of Grievances in the Kingdom.

12.4.1.6 Vehicle Lease Agreement between the Company and the General Directorate of Public Security

The Company (as the lessor) has entered into a vehicle lease agreement with the General Directorate of Public Security (as the lessee) whereby the Company leases a number of vehicles in favour of the lessee. This is in consideration of SAR 13,726,343 and SAR 5,615,425 for the nine-month periods ended 30 September 2021G and 2022G, respectively. The agreement shall be valid for a term of three years, commencing on 21 Ramadan1441H (corresponding to 14 May 2020G) to 24 Shawwal 1444H (corresponding to 14 May 2023G). The agreement is not subject to automatic renewal. The agreement is governed by and construed in accordance with the laws of the Kingdom, and any dispute arising from or in relation to the agreement shall be referred to the Board of Grievances in the Kingdom.

12.4.1.7 Vehicle Lease Agreement between the Company and the Ministry of Municipal, Rural Affairs and Housing

The Company (as the lessor) has entered into a vehicle lease agreement with the Ministry of Municipal, Rural Affairs and Housing (as the lessee) whereby the Company leases a number of vehicles in favour of Riyadh Municipality. This is in consideration of SAR 2,104,766 and SAR 2,102,499 for the nine-month periods ended 30 September 2021G and 2022G, respectively. The agreement shall be valid for a term of 36 months, commencing on the actual receipt date of the vehicles commencing on 6 Rabi' al-Awwal 1441H (corresponding to 3 November 2019G) to 9 Rabi` al-Thani 1444H (corresponding to 3 November 2022G). The agreement is not subject to automatic renewal. The agreement is governed by and construed in accordance with the laws of the Kingdom, and any dispute arising from or in relation to the agreement shall be referred to the Board of Grievance in the Kingdom.

12.4.1.8 Vehicle Lease Agreement between the Company and the Ministry of Municipal, Rural Affairs and Housing

The Company (as the supplier) has entered into vehicle lease with the Ministry of Municipal, Rural Affairs and Housing (as the customer) whereby the Company leases a number of vehicles in favour of Jeddah Municipality including the operation, maintenance and insurance. This is in consideration of SAR 4,968,865 and SAR 4,762,319 for the s nine-month periods ended 30 September 2021G and 2022G, respectively. The agreement shall be valid) for a term of 36 months, commencing on the actual receipt date of the vehicles commencing on 20 Muharram 1441H (corresponding to 19 September 2019G) to 23 Safar 1444H (corresponding to 19 September 2022G). The agreement is not subject to automatic renewal. The agreement is governed by and construed in accordance with the laws of the Kingdom, and any dispute arising from or in relation to the agreement shall be referred to the Board of Grievances in the Kingdom.

12.4.1.9 Supply Agreement between the Company and the Ministry of Municipal, Rural Affairs and Housing

The Company (as the supplier) has entered into a vehicle lease agreement with the Ministry of Municipal, Rural Affairs and Housing (as the customer) whereby the Company supplies 132 vehicles for lease in favour of the customer. This is in consideration of SAR 1,800,759 and SAR 2,679,027 for the nine-month periods ended 30 September 2021G and 2022G, respectively. The agreement shall be valid for a term of 36 months, commencing on the actual receipt date of the vehicles commencing on 12 Shaban 1442H (corresponding to 25 March 2021G) to 15 Ramadan 1445H (corresponding 25 March 2024G). The agreement is not subject to automatic renewal. The agreement is governed by and construed in accordance with the laws of the Kingdom, and any dispute arising from or in relation to the agreement shall be referred to the Board of Grievance in the Kingdom.

12.4.1.10 Car Rental Agreement between the Company and Yousef Bin Ahmed Kanoo Company

The Company (as the supplier) has entered into a car rental agreement with Yousef Bin Ahmed Kanoo Company (as the customer), whereby the Company leases a number of vehicles in favour of the customer. The total revenues generated from this agreement amounted to SAR 29,005,000 million and SAR 40,098,581.34 million for the nine-month periods ended 30 September 2021G and 2022G. The agreement shall be valid for a term of 12 months, commencing on 2 Rabi' al-Thani 1444H (corresponding to 27 October 2022G) to 12 Rabi' al-Thani 1445H (corresponding to 27 October 2023G). The two parties may renew the agreement in writing no less than 30 days prior to its expiry date. The agreement is governed by and construed in accordance with the laws of the Kingdom, and any dispute arising from or in relation to the agreement shall be referred to the competent authorities in the Kingdom.

12.4.1.11 Vehicle Lease Agreement between the Company and Saudi Arabian Oil Company (Saudi Aramco)

The Company (as the lessor) has entered into a vehicle lease agreement with Saudi Arabian Oil Company (Saudi Aramco) (as the lessee) for the purpose of leasing a fleet of vehicles in the Western Province, consisting of 2,336 vehicles for the benefit of the lessee. The total value of the agreement amounts to SAR 369,355,680. The agreement is valid for a period of five years from 11 Shawwal 1444H (corresponding to the 1 May 2023G) until 5 Thul-Hijjah 1449H (corresponding to 31 March 2028G). Some vehicles are subject to monthly fees for a duration of three years instead of five years. The agreement does not automatically renew and the lessee has the right to extend the agreement for one or more additional periods totalling 12 months by providing written notice to the lessor at least 30 days prior to the expiration of the agreement. Any extension will be subject to the same terms and conditions stipulated in the initial period of the agreement. The agreement is governed by the laws of the Kingdom of Saudi Arabia, and any disputes arising from it will be referred to arbitration in the Kingdom.

12.4.1.12 Vehicle Lease Agreement between the Company and Saudi Arabian Oil Company (Saudi Aramco)

The Company (as the lessor) has entered into a vehicle lease agreement with Saudi Arabian Oil Company (Saudi Aramco) (as the lessee) for the purpose of leasing a fleet of vehicles in the Central Province, consisting of 667 vehicles for the benefit of the lessee. The total value of the agreement amounts to SAR 101,829,420. The agreement is valid for a period of five years from 11 Shawwal 1444H (corresponding to the 1 May 2023G) until 5 Thul-Hijjah 1449H (corresponding to 31 March 2028G). Some vehicles are subject to monthly fees for a duration of three years instead of five years. The agreement does not automatically renew, and the lessee has the right to extend the agreement for one or more additional periods totalling 12 months by providing written notice to the lessor at least 30 days prior to the expiration of the agreement. Any extension will be subject to the same terms and conditions stipulated in the initial period of the agreement. The agreement is governed by the laws of the Kingdom of Saudi Arabia, and any disputes arising from it will be referred to arbitration in the Kingdom.

12.4.1.13 Vehicle Lease Agreement between the Company and Saudi Post Corporation

The Company (as the lessor) has entered into a vehicle lease agreement with Saudi Post Corporation (as the lessee), for the purpose of leasing a fleet of vehicles consisting of 855 vehicles of various types for the benefit of the lessee. The total value of the agreement amounted to SAR 49,115,573. The agreement shall be valid for a term of 32 months and 12 days, provided that the term of the agreement commences after 60 days from the date of signing it or from the date of signing the letter of commencement of work (whichever is earlier), and the agreement is not subject to automatic renewal. The agreement is governed by and construed in accordance with the laws of the Kingdom, and any dispute arising from or in relation to the agreement shall be referred to the Board of Grievance in the Kingdom.

12.4.1.14 Vehicle Lease Agreement between the Company and Saudi Emergency Force

The Company (as the lessor) has entered into a vehicle lease agreement with the Saudi Emergency Force (as the lessee), for the purpose of leasing a fleet of vehicles consisting of 400 vehicles of various types for the benefit of the lessee. The total value of the agreement amounted to SAR 68,485,260. The agreement shall be valid for a term of five Gregorian years starting from 17 Thul-Hijjah 1444H (corresponding to 5 July 2023G) until 11 Safar 1450H (corresponding to 04 July 2028G), and the agreement is not subject to automatic renewal. The agreement is governed by and construed in accordance with the laws of the Kingdom, and any dispute arising from or in relation to the agreement shall be referred to the Board of Grievance in the Kingdom.

12.4.1.15 Award for Vehicle Lease Services Competition

The Company has received an award resolution to a competition to provide vehicle lease services to the Ministry of Interior on 24 Thul-Hijjah 1444H (corresponding to 13 June 2023G) for the purpose of leasing 1,500 vehicles of various types for the benefit of the Ministry of Interior. The agreement is currently in the process of signing with the Ministry of Interior. The total value of the competition amounted to SAR 128,569,425. Leasing services will be provided for a period of three Gregorian years and the commencement date shall be specified in the agreement.

12.4.2 Agreements with Key Suppliers

12.4.2.1 Vehicle Supply Arrangement between the Company and Almajdouie Motors Company

The Company (as the purchaser) has entered into a vehicle supply arrangement with Almajdouie Motors Company (as supplier) in the form of a credit supply agreement guaranteed by a promissory note, pursuant to which the Company may purchase Hyundai and Peugeot vehicles on credit from the supplier on a purchase order basis, for an agreed price and payment terms. The total value of purchases pursuant to the arrangement amounted to SAR 49,737,950 and SAR 39,488,200 for the nine-month periods ended 30 September 2021G and 2022G, respectively. The arrangement between the parties is for an unspecified term, and extends to cover purchase orders issued by the Company for the purchase of vehicles. The arrangement is governed by and construed in accordance with the laws of the Kingdom, and any dispute arising from or in relation to the agreement shall be referred to the competent judicial authorities in the Kingdom.

12.4.2.2 Vehicle Supply Arrangement between the Company and Alyemni Motors Company

The Company (as the purchaser) has entered into a vehicle supply arrangement with Alyemni Motors Company (as supplier) in the form of a credit supply agreement guaranteed by a promissory note, pursuant to which the Company may purchase Isuzu vehicles on credit from the supplier on a purchase order basis, for an agreed price and payment terms. The total value of purchases pursuant to the arrangement amounted to SAR 7,889,000 and nil for the nine-month periods ended 30 September 2021G and 2022G, respectively. The arrangement between the parties is for an unspecified term, and extends to cover purchase orders issued by the Company for the purchase of vehicles.

12.4.2.3 Vehicle Supply Arrangement between the Company and Alissa Universal Motors

The Company (as the purchaser) has entered into a vehicle supply arrangement with Alissa Universal Motors Company (as supplier) in the form of a credit supply agreement guaranteed by a promissory note, pursuant to which the Company may purchase Isuzu vehicles on credit from the supplier on a purchase order basis, for an agreed price and payment terms. The total value of purchases pursuant to the arrangement amounted to SAR 6,096,000 and SAR 8,094,500 for the nine-month periods ended 30 September 2021G and 2022G, respectively. The arrangement between the parties is for an unspecified term, and extends to cover purchase orders issued by the Company for the purchase of vehicles.

12.4.2.4 Vehicle Supply Arrangement between the Company and Abdul Latif Jameel Retail Company Limited

The Company (as the purchaser) has entered into a vehicle supply arrangement with Abdul Latif Jameel Retail Company Limited (as supplier) in the form of a credit supply agreement guaranteed by a promissory note and a bank guarantee, pursuant to which the Company may purchase Toyota and Lexus vehicles on credit from the supplier on a purchase order basis, for an agreed price and payment terms. The total value of purchases pursuant to the arrangement amounted to SAR 170,353,161 and SAR 242,814,020 for the nine-month periods ended 30 September 2021G and 2022G, respectively. The arrangement between the parties is for an unspecified term, and extends to cover purchase orders issued by the Company for the purchase of vehicles.

12.4.2.5 Vehicle Supply Arrangement between the Company and Gulf Advantage Automobiles LLC

The Company (as the purchaser) has entered into a vehicle supply arrangement with Gulf Advantage Automobiles LLC (as supplier) in the form of a credit supply agreement guaranteed by a promissory note, pursuant to which the Company may purchase Renault vehicles on credit from the supplier on a purchase order basis, for an agreed price and payment terms. The total value of purchases pursuant to the arrangement amounted to SAR 2,940,750 and SAR 1,114,050 for the nine-month periods ended 30 September 2021G and 2022G, respectively. The arrangement between the parties is for an unspecified term, and extends to cover purchase orders issued by the Company for the purchase of vehicles. The arrangement documents include an undertaking provided by the Company, pursuant to which the Company is required to notify the supplier in case of a change in control or structure.

12.4.2.6 Vehicle Supply Arrangement between the Company and Manahil International Company

The Company (as the purchaser) has entered into a vehicle supply arrangement with Manahil International Company (as supplier) in the form of a credit supply agreement guaranteed by a promissory note, pursuant to which the Company may purchase Nissan vehicles on credit from the supplier on a purchase order basis, for an agreed price and payment terms. The total value of purchases pursuant to the arrangement amounted to SAR 16,498,950 and SAR 37,902,649 for nine-month periods ended 30 September 2021G and 2022G, respectively. The arrangement between the parties is for an unspecified term, and extends to cover purchase orders issued by the Company for the purchase of vehicles.

12.4.2.7 Vehicle Supply Arrangement between the Company and Mohammed Yousuf Naghi Motors Company

The Company (as the purchaser) has entered into a vehicle supply arrangement with Mohammed Yousuf Naghi Motors Company (as supplier) in the form of a framework agreement guaranteed by a promissory note and a bank guarantee, pursuant to which the Company may purchase BMW vehicles on credit from the supplier on a purchase order basis, for an agreed price and payment terms. The contract further includes a resale option, pursuant to which the Company may resell the purchased vehicles to the supplier within 12 months of the purchase, subject to certain contractual conditions. The total value of purchases pursuant to the arrangement amounted to SAR 60,908,956 and SAR 29,494,710 for the nine-month periods ended 30 September 2021G and 2022G, respectively. The agreement is for a term of three years commencing on 22 Thul- Hijjah 1442H (corresponding to 1 August 2021G) to 25 Muharram1446H (corresponding to 31 July 2024G) and is automatically renewable. The agreement is governed by and construed in accordance with the laws of the Kingdom, and any dispute arising from or in relation to the agreement shall be referred to the Commercial Court in Jeddah, Kingdom of Saudi Arabia.

12.4.2.8 Vehicle Supply Arrangement between the Company and Petromin Corporation

The Company (as the purchaser) has entered into a vehicle supply arrangement with Petromin Corporation (as supplier) in the form of a customer registration agreement guaranteed by a promissory note, pursuant to which the Company may purchase Jeep, Dodge, Fiat and Chrysler vehicles on credit from the supplier on a purchase order basis, for an agreed price and payment terms. The total value of purchases pursuant to the arrangement amounted to SAR 5,326,256 and SAR 7,514,901 for the nine-month periods ended 30 September 2021G and 2022G, respectively. The arrangement between the parties is for an unspecified term, and extends to cover purchase orders issued by the Company for the purchase of vehicles. The arrangement documents include an undertaking provided by the Company, pursuant to which the Company is required to notify the supplier in case of a change in control or structure.

12.4.2.9 Vehicle Supply Arrangement between the Company and Al Jomaih Automotive Company Limited

The Company (as the purchaser) has entered into a vehicle supply arrangement with Al Jomaih Automotive Company Limited (as supplier) in the form of a credit supply agreement guaranteed by a promissory note, pursuant to which the Company may purchase GMC and Cadillac vehicles on credit from the supplier on a purchase order basis, for an agreed price and payment terms. The total value of purchases pursuant to the arrangement amounted to SAR 20,817,658 and SAR 11,050,099 for the nine-month periods ended 30 September 2021G and 2022G, respectively. The arrangement between the parties is for an unspecified term, and extends to cover purchase orders issued by the Company for the purchase of vehicles.

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12.5 Financing Agreements

The Company has entered into two financing agreements related to its business. The following is a summary of the financing agreements which the Company considers material or important or which may otherwise influence a Subscriber's decision with respect to the Offer Shares. As of the date of this Prospectus, the Company has not breached any of provisions of the financing agreements during the relevant term of such agreements, and is not aware of any event which, with the passing of time, may become a breach or default under any financing agreement. These summaries include only the material provisions, not all of the applicable provisions of such agreements, and cannot be considered as an alternative to the terms and conditions of those agreements.

The financing agreements to which the Company is a party include provisions that require the submission of a prior notification in connection with any change of control or change in the ownership structure of the Company, or when offering the Company's Shares for public subscription. The Company, in this regard, obtained all the consents required from the financers.

The following table sets out the financing agreements entered into by the Company for the purposes of its business:

Table 12.6: Details of Financing Agreements

Lender	Type of Financing	Availability Period	Financing Amount
The Saudi Investment Bank	Credit Facilities Agreement (Shari'a Compliant)	The loan availability period runs from 24 Ramadan 1443H (corresponding to 25 April 2022G) until 10 Shawwal 1444H (corresponding to 30 April 2023G)	SAR 675,000,000
Banque Saudi Fransi	Credit Facilities Agreement (Shari'a Compliant)	The loan availability period runs from 15 Thul-Qi'dah 1443H (corresponding to 14 June 2022G) until 12 Thul-Hijjah 1444H (corresponding to 30 June 2023G)	SAR 575,000,000
Gulf International Bank	Credit Facilities Agreement (Shari'a Compliant)	The loan availability period runs from 16 Thul-Qi'dah 1443H (corresponding to 15 June 2022G) until the cancellation or termination of the facility by Gulf International Bank.	SAR 310,000,000

Source: The Company.

12.5.1 Shari'a compliant Credit Facilities Agreement with the Saudi Investment Bank

The Company concluded a *Shari'a* compliant credit facilities agreement with The Saudi Investment Bank on 24 Ramadan 1443H (corresponding to 25 April 2022G), whereby The Saudi Investment Bank agreed to provide *Shari'a* compliant credit facilities amounting to SAR 675,000,000 in total to the Company. The credit facilities consist of:

- SAR 425,000,000 medium-term Murabaha financing for the purpose of the purchase and sale of commodities at an annual profit rate of 1.25% over SAIBOR payable monthly/quarterly/bi-annually/annually; and
- SAR 250,000,000 facilities for the issuance of initial letters of guarantee and/or performance guarantees and/or letters of payment guarantee in favour of Government, semi-Government and/or private entities acceptable to the lender at an annual rate equal to the SAMA tariff rate, except for the payment guarantees which include an additional 0.25% margin per annum.

The agreement was signed, and the financing became available on 24 Ramadan 1443H (corresponding to 25 April 2022G) and the facilities expire on 10 Shawwal 1444H (corresponding to 30 April 2023G), with The Saudi Investment Bank having the option to further extend or terminate the facilities at its discretion. The Company considers the terms and conditions of the facilities agreement to be in line with prevailing market practices. The guarantees provided under the agreement are as follows:

- a performance guarantee provided by Seera Group Holding in favour of the Saudi Investment Bank;
- the assignment of all risk insurance proceeds in favour of The Saudi Investment Bank, as the primary beneficiary;
- the assignment of the car rental contract proceeds and car sales revenues in favour of The Saudi Investment Bank;
- a promissory note in the amount of SAR 675,000,000 provided by the Company and Seera Group Holding in favour of the Saudi Investment Bank; and
- the issuance of an authorisation letter permitting the lender to purchase/sell commodities.

The main financial and operational covenants given by the Company in favour of The Saudi Investment Bank under the agreement include the following undertakings:

- to hold the facilities provided by The Saudi Investment Bank on a pari passu basis;
- to maintain a leverage ratio not exceeding 2:1;
- not to undergo a change in the ownership or control of the Company, whether directly or indirectly, without prior approval from The Saudi Investment Bank;
- to maintain a minimum net tangible value of SAR 545,000,000;
- not to mortgage or permit the mortgage of the Company's assets or revenues or any part thereof unless in the Company's ordinary course of business, excluding any mortgages in connection with financing or lending; and
- to pay dividends, following the timely settlement of The Saudi Investment Bank and compliance with the relevant terms and conditions.

The agreement is governed by the laws of the Kingdom and any disputes arising from the agreement shall be referred to the competent judicial bodies in the Kingdom, including the Banking Committee, with The Saudi Investment Bank reserving the right to initiate proceedings in other jurisdictions. The Saudi Investment Bank consented to the Offering pursuant to a letter to that effect dated 18 Jumada al-Ula 1444H (corresponding to 12 December 2022G).

12.5.2 Shari'a-compliant Credit Facilities Agreement with Banque Saudi Fransi

The Company concluded a *Shari'a*-compliant credit facilities agreement with Banque Saudi Fransi on 15 Thul-Qi'dah 1443H (corresponding to 14 June 2022G), whereby Banque Saudi Fransi agreed to provide *Shari'a*-compliant credit facilities amounting to SAR 575,000,000. The credit facilities consist of:

- SAR 100,000,000 long term Tawarroq facility for the purpose of financing the purchase and sale of commodities at an annual profit rate of 1.5% over SAIBOR. The facilities shall be subject to the Master Commodity Purchase and Sale Agreement (Al Tawarroq) dated 15 Thul-Qi'dah 1443H (corresponding to 14 June 2022G);
- SAR 50,000,000 multipurpose facility for the issuance of bids, advance payments, performance and retention bonds (multi bonding) and/or payment guarantee facilities, with pricing specified in the form of a tariff in connection with the relevant document; and
- SAR 425,000,000 long term Tawarroq facility for the purpose of refinancing capital expenditure loans granted to the Company by the Shareholder for purchasing its lease and rental fleet at an annual profit rate of 1.5% over SAIBOR, with an availability period expiring on 3 Rabi' al-Awwal 1444H (corresponding to 29 September 2022G), to be repaid over 12 instalments of 11 equal quarterly instalments of SAR 23,181,818.19 each and a final instalment of SAR 170,000,000 plus the accrued profit markup, for a tenor starting on 4 Rabi' al-Awwal 1444H (corresponding to 30 September 2022G) and ending on the final repayment date of 5 Muharram 1447H (corresponding to 30 June 2025G). The facilities shall be subject to the Master Commodity Purchase and Sale Agreement (Al Tawarroq) dated 15 Thul-Qi'dah 1443H (corresponding to 14 June 2022G).

The agreement was signed, and the financing became available on 15 Thul-Qi'dah 1443H (corresponding to 14 June 2022G) and the facilities expire on 12 Thul-Hijjah 1444H (corresponding to 30 June 2023G), with Banque Saudi Fransi having the option to further extend any or all of the limits' tenor(s) for an additional period of one (1) year or more from the expiry date. The Company considers the terms and conditions of the facilities agreement to be in line with prevailing market practices. The guarantees provided under the agreement are as follows:

- an order note for SAR 575,000,000 payable at sight, in favour of Banque Saudi Fransi;
- the general assignment of contract cash flows covering the amount of SAR 425,000,000; and
- the assignment of contract proceeds with a total value of SAR 150,000,000.

The main financial and operational covenants given by the Company in favour of Banque Saudi Fransi under the agreement include the following undertakings:

- to hold the facilities provided by Banque Saudi Fransi on a pari passu basis;
- to maintain a leverage ratio not exceeding 2x;
- to route 20% of sales through the Company's account with Banque Saudi Fransi; and
- to pay dividends, following the timely settlement of Banque Saudi Fransi dues.

In addition, Banque Saudi Fransi shall have the right, at its sole discretion (including, without limitation, in the event that there is a change in the persons able to exercise effective control, over more than half of the voting power or more than half of the issued share capital), to:

- withdraw or cancel any or all of the facilities or lower the authorised limit for any facility;
- alter applicable rates of commission;
- increase the non-commission bearing margin required with respect to any facility; and
- demand repayment of all outstanding and related charges upon giving 15 days' written notice.

The agreement is governed by the laws of the Kingdom and any disputes arising from the agreement shall be referred to the Banking Committee. Banque Saudi Fransi consented to the Offering pursuant to a letter to that effect dated 18 Jumada al-Ula 1444H (corresponding to 12 December 2022G).

12.5.3 Credit Facilities Agreement with The Gulf International Bank

The Company concluded a Shari'a-compliant credit facilities agreement with Gulf International Bank on 16 Thul-Qi'dah 1443H (corresponding to 15 June 2022G), whereby The Gulf International Bank agreed to provide Shari'a-compliant credit facilities amounting to SAR 310,000,000 in total to the Company. The credit facilities consist of:

- SAR 155,000,000 facility for the purposes of financing the working capital consisting of:
  - SAR 5,000,000 short term financing for the purpose of financing salaries and day-to-day expenses at an annual profit rate of 1.25% over SAIBOR to be repaid at the end of the relevant period, with a tenor of three months; and
  - SAR 150,000,000 facilities for the issuance of initial letters of guarantee and/or performance guarantees and/or letters of payment guarantee in favour of Government, semi-Government and/or private entities acceptable to the lender at an annual rate of 0.5% over the SAMA tariff rate for bid bonds, 1.25% over the SAMA tariff for payment guarantees and performance guarantees in favour of non-government organizations, and 0.85% over the SAMA tariff for both payment guarantees and performance guarantees in favour of Government organizations, with an expiry date being 36 months from the issuance of the payment guarantee or performance guarantee and 12 months from the issuance of a bid bond;
- SAR 145,000,000 medium term financing for the purpose of payment directly to the vendors of the Company at an annual rate of 1.5% over SAIBOR to be paid in quarterly instalments with a tenor of 30 months; and
- SAR 10,000,000 treasury facility for the purpose of transacting in treasury products provided by The Gulf International Bank at an annual rate with a maximum tenor of 36 months and subject to the conditions set forth in the international swaps and derivative association.

The agreement was signed, and the financing became available on 16 Thul-Qi'dah 1443H (corresponding to 15 June 2022G) and the facilities are available until the date upon which they are cancelled or terminated by The Gulf International Bank at its sole discretion. The Company considers the terms and conditions of the facilities agreement to be in line with prevailing market practices. The guarantee provided under the agreement is an order note for SAR 310,000,000 payable at sight, in favour of The Gulf International Bank.

The main financial and operational covenants given by the Company in favour of Gulf International Bank under the agreement include the following undertakings:

- to maintain a debt-service not exceeding 2:1;
- to hold the facilities provided by the Gulf International Bank on a pari passu basis;
- to assign all revenue from Government and corporate sectors through the Company's account in Gulf International Bank;
- not to sell, lease, transfer or otherwise dispose of any asset throughout the term of the facility;
- not to issue any further shares or alter any rights attaching to its shares in existence at the date thereof; and
- that there shall be no change in the shareholding of the Company without the prior written consent of The Gulf International Bank.

In addition, Gulf International Bank shall have the right, at its sole discretion (including, without limitation, in the event that there is any situation that gives reasonable grounds to believe that a material adverse change in the business or financial condition or prospects), to:

- withdraw or cancel any or all of the facilities or lower the authorised limit for any facility; and/or
- demand repayment of all outstanding and related charges upon giving 15 days' written notice.

The agreement is governed by the laws of the Kingdom and any disputes arising from the agreement shall be referred to the Banking Committee. Gulf International Bank consented to the Offering pursuant to a letter to that effect dated 14 Jumada al-Ula 1444H (corresponding to 8 December 2022G).

12.6 Insurance Policies

The Company maintains insurance policies covering different types of risks. These insurance policies have been concluded with several insurers. The following table sets out the key particulars of the insurance policies held by the Company:

Table 12.7: Details of Insurance Policies

Policy No.	Types of Insurance Coverage	Insurer	Validity	Maximum Insurance Coverage
P/210/6011/21/00024677	General Liability Insurance	Malath Cooperative Insurance Company	17 Thul-Qi'dah 1443H (corresponding to 16 June 2022G) to 26 Thul-Qi'dah 1444H (corresponding to 15 June 2023G)	SAR 5,000,000
P/210/6011/21/00024604	General Liability Insurance	Malath Cooperative Insurance Company	26 Sha'ban 1443H (corresponding to 29 March 2022G) to 6 Ramadan 1444H (corresponding to 28 March 2023G)	SAR 5,000,000
P/210/6011/21/00024678	General Liability Insurance	Malath Cooperative Insurance Company	17 Thul-Qi'dah 1443H (corresponding to 16 June 2022G) to 26 Thul-Qi'dah 1444H (corresponding to 15 June 2023G)	SAR 5,000,000
P/210/6011/21/00024033	Comprehensive General Liability Insurance	Malath Cooperative Insurance Company	17 Thul-Qi'dah 1443H (corresponding to 16 June 2022G) to 26 Thul-Qi'dah 1444H (corresponding to 15 June 2023G)	SAR 5,000,000
2/7/1/2023	Comprehensive Motor Insurance	United Cooperative Assurance	8 Jumada al-Akhirah 1444H (corresponding to 1 January 2023G) to 18 Jumada al-Akhirah 1445H (corresponding to 31 December 2023G)	SAR 10,000,000
7/2/2023	Comprehensive Motor Insurance	The Mediterranean and Gulf Cooperative Insurance and Reinsurance Company (MEDGULF)	24 Jumada al-Akhirah 1444H (corresponding to 17 January 2023G) to 4 Rajab 1445H (corresponding to 16 January 2024G)	SAR 10,000,000
MOC - 5990908	Comprehensive Motor Insurance	The Mediterranean and Gulf Cooperative Insurance and Reinsurance Company (MEDGULF)	29 Sha'ban 1443H (corresponding to 1 April 2022G) to 9 Ramadan 1444H (corresponding to 31 March 2023G)	SAR 10,000,000
2/3/5/2023	Comprehensive Motor Insurance	The Mediterranean and Gulf Cooperative Insurance and Reinsurance Company (MEDGULF)	15 Rajab 1443H (corresponding to 6 February 2023G) to 24 Rajab 1445H (corresponding to 5 February 2024G)	SAR 10,000,000
MOC - 6003651	Comprehensive Motor Insurance	The Mediterranean and Gulf Cooperative Insurance and Reinsurance Company (MEDGULF)	11 Rabi' al-Awwal 1444H (corresponding to 7 October 2022G) to 22 Rabi' al-Awwal 1445H (corresponding to 6 October 2023G)	SAR 10,000,000
MOC - 6001580	Comprehensive Motor Insurance	The Mediterranean and Gulf Cooperative Insurance and Reinsurance Company (MEDGULF)	24 Thul-Qi'dah 1443H (corresponding to 23 June 2022G) to 4 Thul-Hijjah 1444H (corresponding to 22 June 2023G)	SAR 10,000,000

Policy No.	Types of Insurance Coverage	Insurer	Validity	Maximum Insurance Coverage
25340947	Group Medical Insurance	Tawuniya Insurance Company	11 Rabi' al-Awwal 1444H (corresponding to 7 October 2022G) to 21 Rabi' al-Awwal 1445H (corresponding to 6 October 2023G)	SAR 2,735,009.35
25340894	Group Medical Insurance	Tawuniya Insurance Company	11 Rabi' al-Awwal 1444H (corresponding to 7 October 2022G) to 21 Rabi' al-Awwal 1445H (corresponding to 6 October 2023G)	SAR 5,524.60
25340902	Group Medical Insurance	Tawuniya Insurance Company	11 Rabi' al-Awwal 1444H (corresponding to 7 October 2022G) to 21 Rabi' al-Awwal 1445H (corresponding to 6 October 2023G)	SAR 3,717.95
25340910	Group Medical Insurance	Tawuniya Insurance Company	11 Rabi' al-Awwal 1444H (corresponding to 7 October 2022G) to 21 Rabi' al-Awwal 1445H (corresponding to 6 October 2023G)	SAR 3,717.95
25340916	Group Medical Insurance	Tawuniya Insurance Company	11 Rabi' al-Awwal 1444H (corresponding to 7 October 2022G) to 21 Rabi' al-Awwal 1445H (corresponding to 6 October 2023G)	SAR 14,904.00
25340925	Group Medical Insurance	Tawuniya Insurance Company	11 Rabi' al-Awwal 1444H (corresponding to 7 October 2022G) to 21 Rabi' al-Awwal 1445H (corresponding to 6 October 2023G)	SAR 3,717.95
25340935	Group Medical Insurance	Tawuniya Insurance Company	11 Rabi' al-Awwal 1444H (corresponding to 7 October 2022G) to 21 Rabi' al-Awwal 1445H (corresponding to 6 October 2023G)	SAR 3,717.95
25340944	Group Medical Insurance	Tawuniya Insurance Company	11 Rabi' al-Awwal 1444H (corresponding to 7 October 2022G) to 21 Rabi' al-Awwal 1445H (corresponding to 6 October 2023G)	SAR 1,629,249.70

Source: The Company.

(1) The insurance policy is issued under the name of Seera Group Holding; the Company confirmed that it will issue a separate medical insurance policy upon the expiry of the current insurance policies of Seera Group Holding.

12.7 Real Estate

The Company confirmed that it does not own any properties as of the date of this Prospectus.

12.7.1 Leases

The Company has entered into various lease agreements in order to initiate or establish its operations. The Company as the lessee in these agreements guarantees to pay the annual rent amount as specified in each agreement and generally does not have the right to assign or sublease the agreements in whole or in part to any third party. The leasing term varies for each lease agreement, often ranging from on year to five years. The Board of Directors of the Company declares that there are no material leases on which the Company relies in its operations. The following table shows the details of lease agreements entered into by the Company:

Table 12.8: Details of Lease Agreements Entered into by the Company as Lessee

Lessor	Property Location	Size of Leased Premises (Sqm)	Rent	Term of Lease/ Renewal Mechanism	Right to Terminate/ Post Termination Procedures	Purpose	Subleasing/ Assignment
Riyadh Airports Company	Supporting Services Area (Terminal 5), King Khalid International Airport, Riyadh, Kingdom of Saudi Arabia	4 sqm.	SAR 4,630,500 for the first year and 4,862,000 for the second year, and 5,105,100 for the third year. In addition to 1% of fees from advertising from the leased premise and SAR 1,281,312 rental amount for the leased (36) parking spaces.	One year starting on 6 Jumada al-Ula 1441H (corresponding to 1 January 2020G) to 16 Jumada al-Ula 1442H (31 December 2020G). The agreement has been extended to two years, the extended term commences on 28 Shaaban 1443H (corresponding to 1 April 2022G) to 22 Ramadan 1445H (corresponding to 31 March 2024G). The agreement may be renewed for a similar term by executing a new lease agreement between the parties.	The lessor has the right to terminate the lease agreement with immediate effect by notice in writing if the lessee breaches one of its obligations under this agreement and fails to remedy it within 30 days of being given written notice from the lessor or if the lessee is bankrupt or insolvent. The lessor will have the right to terminate the lease agreement due to operational purposes or in the public interest by providing 30 days' notice.	Leasing office.	The lessee shall not sublease the leased premise without the lessor's consent.

Lessor	Property Location	Size of Leased Premises (Sqm)	Rent	Term of Lease/ Renewal Mechanism	Right to Terminate/ Post Termination Procedures	Purpose	Subleasing/ Assignment
Riyadh Airports Company	Supporting Services Area (Terminal 2), King Khalid International Airport, Riyadh, Kingdom of Saudi Arabia	4 sqm.	SAR 450,000 for the first year, SAR 472,500 for the second year and SAR 496,125 for the third year.	Three years starting on 9 Thu-Qi'dah 1437H (corresponding to 12 August 2016G) to 8 Thul-Qi'dah 1440H (corresponding to 11 July 2019G). The agreement was extended to 8 Ramadan 1444H (corresponding to 30 March 2023G). The agreement may be renewed for a similar term by executing a new lease agreement between the parties.	The lessor has the right to terminate the lease agreement with immediate effect by providing notice in writing if the lessee breaches one of its obligations under this agreement and fails to remedy it within 30 days of being given written notice from the lessor. The lessor will have the right to terminate the lease agreement due to operational purposes or in the public interest by providing 60 days' notice.	Leasing office.	The lessee shall not sublease the leased premise without the lessor's consent.
Eman Thabet Saeed A Nahdi	Al Nakheel District, Jeddah, Kingdom of Saudi Arabia	8,021 sqm.	SAR 1,200,003 for the first year, SAR 1,200,000 for the second year, SAR 1,200,000 for the third year and the first six months of the fourth year, and SAR 600,000 for the last six months.	Four years and six months starting on 19 Jumada Al-akhirah 1442H (corresponding to 1 February 2021G) to 5 Safar 1447H (corresponding to 30 July 2025G). The agreement may be renewed by executing a new lease agreement between the parties.	The affected party has the right to terminate the lease with immediate effect by notice in writing if the other party breaches one of its obligations under this agreement and fails to remedy it within 15 days of being given written notice from the affected party to do so, or if the lessee is bankrupt or insolvent.	Leasing office, parking lot and storage.	N/A
Saeed Hamed Abdullah Al Ghamdi	Al Makarunah Street, Jeddah, Kingdom of Saudi Arabia	345 sqm.	SAR 170,000 annually.	Three years starting on 27 Safar 1443H (corresponding to 1 September 2021G) to 27 Safar 1446H (corresponding to 31 August 2024G). The agreement may be renewed by executing a new lease agreement between the parties.	The affected party has the right to terminate the lease with immediate effect by notice in writing if the other party breaches one of its obligations under this agreement and fails to remedy it within 15 days of being given written notice from the affected party to do so.	Employees' accommodation.	The lessee shall not sublease the leased premise.

Lessor	Property Location	Size of Leased Premises (Sqm)	Rent	Term of Lease/ Renewal Mechanism	Right to Terminate/ Post Termination Procedures	Purpose	Subleasing/ Assignment
Abdulsalam Abdullah Mohammed Almatroudi	Eastern Ring Road, Exit 11, Riyadh, Kingdom of Saudi Arabia	665.8 sqm.	SAR 400,000 annually.	Three years starting on 3 Muharram 1444H (corresponding to 1 August 2022G) to 6 Safar 1447H (corresponding to 31 July 2025G). The agreement may be renewed by executing a new lease agreement between the parties.	N/A	Leasing office.	The lessee shall not sublease the leased premise without the lessor's consent.
Smart Village Industrial Company	Asfan Road, Jeddah, Kingdom of Saudi Arabia	3,160 sqm.	SAR 860,959 annually.	One year starting on 8 Jumada al-Akhirah 1444H (corresponding to 1 January 2023G) to 18 Jumada al-Akhirah 1445H (corresponding 31 December 2023G). The agreement may be renewed by executing a new lease agreement between the parties.	The affected party has the right to terminate the lease with immediate effect by notice in writing if the other party breaches one of its obligations under this agreement and fails to remedy it within 15 days of being given written notice from the affected party to do so, or if the lessee is bankrupt or insolvent.	Car Workshop.	The lessee shall not sublease the leased premise.
Dammam Airport Company	King Fahad International Airport, Dammam, Kingdom of Saudi Arabia	4 sqm.	SAR 1,500,000 or 25% from the sales, whichever is greater.	Three years starting on 15 Rajab 1439H (corresponding 1 April 2018G) to 18 Sha'ban 1442H (corresponding to 31 March 2021G). The agreement is automatically renewable for a similar term, unless either party notifies the other party 30 days prior to the end of the term.	The lessor has the right to terminate the lease agreement with immediate effect by notice in writing if the lessee breaches one of its obligations under this agreement and fails to remedy it within 15 days of being given written notice from the lessor. The lessor will have the right to terminate the lease agreement due to operational purposes or in the public interest by providing 30 days' notice.	Leasing office.	The lessee shall not sublease the leased premise without the lessor's consent.

Lessor	Property Location	Size of Leased Premises (Sqm)	Rent	Term of Lease/ Renewal Mechanism	Right to Terminate/ Post Termination Procedures	Purpose	Subleasing/ Assignment
Ewaa Services Company	Al Dammam Road, Riyadh, Kingdom of Saudi Arabia	5,000 sqm.	SAR 300,000 annually.	Two years starting on 13 Muharram 1442H (corresponding to 1 September 2020G) to 3 Safar 1444H (corresponding to 31 August 2022G).(1) The agreement may be renewed by executing a new lease agreement between the parties.	N/A	Parking.	N/A
Mohammed Badi Matar Almutairi	Saeed Al-Hajib Street, Riyadh, Kingdom of Saudi Arabia	2,310 sqm.	SAR 400,000 annually	One year starting on 26 Rabi' al-Thani 1443H (corresponding to 1 December 2021G) to 6 Jumada al-Ula 1444H (corresponding to 30 November 2022G).(1) The agreement may be renewed by executing a new lease agreement between the parties.	The affected party has the right to terminate the lease with immediate effect by notice in writing if the other party breaches one of its obligations under this agreement and fails to remedy it within 15 days of being given written notice from the affected party to do so, or if the lessee is bankrupt or insolvent.	Employees' accommodation.	N/A
FAF Group for Trading	King Khalid International Airport, Riyadh, Kingdom of Saudi Arabia	2,047 sqm.	SAR 307,050 annually.	One year starting on 13 Rabi' al-Awwal 1443H (corresponding to 18 October 2021G) to 21 Rabi' al-Awwal 1444H (corresponding to 17 October 2022G). The lease agreement is automatically renewable for a similar term, unless either party notifies the other party one month prior to the end of the term.	The lessor has the right to terminate the lease with immediate effect by providing 30 days' notice in writing if the lessee breaches one of its obligations under this agreement and fails to remedy it.	Leasing office.	The lessee shall not sublease the leased premise without the lessor's written consent.

Lessor	Property Location	Size of Leased Premises (Sqm)	Rent	Term of Lease/ Renewal Mechanism	Right to Terminate/ Post Termination Procedures	Purpose	Subleasing/ Assignment
FAF Group for Trading	King Khalid International Airport, Riyadh, Kingdom of Saudi Arabia	2,351 sqm.	SAR 399,670 annually.	One year starting on 1 Shawwal 1438H (corresponding to 26 June 2017G) to 30 Ramadan 1439H (corresponding to 14 June 2018G). The lease agreement is automatically renewable for a similar term, unless either party notifies the other party one month prior to the end of the term.	The lessor has the right to terminate the lease with immediate effect by providing 30 days' notice in writing if the lessee breaches one of its obligations under this agreement and fails to remedy it.	Leasing office.	The lessee shall not sublease the leased premise without the lessor's written consent.
General Authority for Civil Aviation	Taif International Airport, Taif, Kingdom of Saudi Arabia	4 sqm.	SAR 653,000 for the first year, SAR 702,000 for the second year, SAR 750,000 for the third year. In addition to 10% of the sales.	Three years starting on 7 Muharram 1443H (corresponding to 15 August 2021G) to 10 Safar 1446H (corresponding to 14 August 2024G). The lease agreement may be renewed by executing a new lease agreement between the parties 180 days prior to the end of the term.	The lessor has the right to terminate the lease with immediate effect by providing 15 days' notice in writing if the lessee breaches one of its obligations under this agreement and fails to remedy it or by 60 days' written notice provided to the lessee if the termination of the lease agreement is in the public interest.	Leasing office.	The lessee shall not sublease the leased premise without the lessor's written consent.
General Authority for Civil Aviation	Al- Jawf Domestic Airport, Al-Jawf, Kingdom of Saudi Arabia.	4 sqm.	SAR 356,000 for the first year, SAR 366,680 for the second year, SAR 377,680 for the third year, or 11% of the sales, whichever is greater.	Three years starting on 3 Safar 1442H (corresponding to 20 September 2020G) to 4 Rabi' al-Awwal 1445H (corresponding 19 September 2023G). The agreement may be renewed by executing a new lease agreement between the parties 180 days prior to the end of term.	The lessor has the right to terminate the lease with immediate effect by providing 15 days' notice in writing if the lessee breaches one of its obligations under this agreement and fails to remedy it or by 60 days' written notice provided to the lessee if the termination of the lease agreement is in the public interest.	Leasing office.	The lessee shall not sublease the leased premise without the lessor's written consent.

Lessor	Property Location	Size of Leased Premises (Sqm)	Rent	Term of Lease/ Renewal Mechanism	Right to Terminate/ Post Termination Procedures	Purpose	Subleasing/ Assignment
General Authority for Civil Aviation	King Saud Airport, Al Baha, Kingdom of Saudi Arabia	4 sqm.	SAR 453,000 for the first year, SAR 502,000 for the second year, SAR 550,000 for the third year, or 10% of the sales, whichever is greater.	Three years starting on 7 Muharram 1443H (corresponding to 15 August 2021G) to 10 Safar 1446H (corresponding to 14 August 2024G). The agreement may be renewed by executing a new lease agreement between the parties 180 days prior to the end of term.	The lessor has the right to terminate the lease with immediate effect by a 15 days' notice in writing if the lessee breaches one of its obligations under this agreement and fails to remedy it or by 60 days' written notice provided to the lessee if the termination of the lease agreement is in the public interest.	Leasing office.	N/A
May Ismael Saeb Alnader	King Abdullah Road, Al Khobar, Kingdom of Saudi Arabia	50 sqm.	SAR 22,500 every six months.	One year starting on 9 Ramadan 1443H (corresponding to 10 April 2022G) to 18 Ramadan 1444H (corresponding to 9 April 2023G). The agreement may be renewed by executing a new lease agreement	The affected party has the right to terminate the lease with immediate effect by notice in writing if the other party breaches one of its obligations under this agreement and fails to remedy it within 15 days of being given written notice from the affected party to do so, or if the lessee is bankrupt or insolvent.	Leasing office.	The lessee shall not sublease the leased premise.
Dhaifallah Dakhil Dakheel Allah Alhazmi	Madina Al Munawara Road, Al-Ula, Kingdom of Saudi Arabia	1,582 sqm.	SAR 100,000 annually.	Five years starting on 8 Jumada al-Akhirah 1444H (corresponding to 1 January 2023G) to 3 Sha'ban 1449H (corresponding to 31 December 2027G). The agreement may be renewed by executing a new lease agreement	The affected party has the right to terminate the lease with immediate effect by providing notice in writing if the other party breaches one of its obligations under this agreement and fails to remedy it within 15 days of being given written notice from the affected party to do so, or if the lessee is bankrupt or insolvent.	Leasing office.	The lessee shall not sublease the leased premise.

Lessor	Property Location	Size of Leased Premises (Sqm)	Rent	Term of Lease/ Renewal Mechanism	Right to Terminate/ Post Termination Procedures	Purpose	Subleasing/ Assignment
Dammam Airports Company	King Fahad International Airport, Dammam, Kingdom of Saudi Arabia	24 sqm.	SAR 2,000,000 annually or 25% of the sales, whichever is greater.	Three years starting on 19 Sha'ban 1442H (corresponding to 1 April 2021G) to 21 Ramadan 1445H (corresponding to 31 March 2024G) automatically renewable unless a party notifies the other of its intention of non-renewal at least 30 days before the expiration date	The lessor has the right to terminate the lease with immediate effect by providing 15 days' notice in writing if the lessee breaches one of its obligations under this agreement and fails to remedy it or by 30 days' written notice provided to the lessee if the termination of the lease agreement is in the public interest.	Leasing office.	The lessee shall not sublease the leased premise without the lessor's written consent.
General Authority for Civil Aviation	King Abdulaziz International Airport, Jeddah, Kingdom of Saudi Arabia	8 sqm.	SAR 6,005,000 for the first year, SAR 7,005,000 for the second year, SAR 8,005,000for the third year, SAR 10,005,000for the fourth year, SAR 12,005,000 for the fifth year, or 10% of the sales, whichever is greater.	Five years starting on 20 Rabi' al-Awwal 1443H (corresponding to 26 October 2021G) to 19 Rabi' al-Awwal 1448H (corresponding to 25 October 2026G) The agreement may be renewed by executing a new lease agreement between the parties 180 days prior to the end of term.	The lessor has the right to terminate the lease with immediate effect by providing 15 days' notice in writing if the lessee breaches one of its obligations under this agreement and fails to remedy it or by 60 days' written notice provided to the lessee if the termination of the lease agreement is in the public interest.	Leasing office.	The lessee shall not sublease the leased premise without the lessor's written consent.
Adnan Mohammed Hasan Makeen	Prince Faisal Bin Fahad Street, Jazan, Kingdom of Saudi Arabia	144 sqm.	SAR 90,000 annually.	Five years starting on 1 Thul-Hijjah 1440H (corresponding to 2 August 2019G) to 1 Thul-Hijjah 1445H (corresponding to 7 June 2024G). The lease agreement is automatically renewable for a similar term, unless either party notifies the other party one month prior to the end of the term.	If the lessee breaches one of its obligations under this agreement and fails to remedy it in 30 days, or if the lessee subleases the leased premise without the lessor's written consent.	Leasing office.	The lessee shall not sublease the leased premise without the lessor's written consent.

Lessor	Property Location	Size of Leased Premises (Sqm)	Rent	Term of Lease/ Renewal Mechanism	Right to Terminate/ Post Termination Procedures	Purpose	Subleasing/ Assignment
Abdullah Mohammed Dakhil Almuqbel	Madina Al Munawara Street, Riyadh, Kingdom of Saudi Arabia	397 sqm.	SAR 60,000 annually.	One year starting on 24 Safar 1443H (corresponding to 1 October 2021G) to 3 Rabi al-Awwal 1444H (corresponding to 30 September 2022G).(1) The agreement may be renewed by executing a new lease agreement	The affected party has the right to terminate the lease with immediate effect by notice in writing if the other party breaches one of its obligations under this agreement and fails to remedy it within 15 days of being provided written notice from the affected party to do so, or if the lessee is bankrupt or insolvent.	Storage.	The lessee shall not sublease the leased premise.
Abdullah Safar Ali Alshahrani	King Faisal Road, Khamis Mushait, Kingdom of Saudi Arabia	144 sqm.	SAR 170,000 every six months.	Five years starting on 28 Shawwal 1440H (corresponding to 1 July 2019G) to 24 Thul-Hijjah 1445H (corresponding to 30 June 2024G). The lease agreement is automatically renewable for a similar term, unless either party notifies the other party fifteen days prior to the end of the term.	The affected party has the right to terminate the lease with immediate effect by providing notice in writing if the other party breaches one of its obligations under this agreement or if the lessor assigns the agreement, or in the event of claims or lawsuits arising in connection with the leased premise.	Leasing office.	The lessee may sublease the leased premise provided that the terms of the agreement are assigned to the third party.
Muneer Hashim Omar Zahid Alsayed	King Abdullah Road, Jashm District, Madina Almunawara, Kingdom of Saudi Arabia	160 sqm.	SAR 50,000 every six months.	One year starting on 1 Rajab 1442H (corresponding to 13 February 2021G) to 11 Rajab 1443H (corresponding to 12 February 2022G) (2) The agreement may be renewed by executing a new lease agreement	The affected party has the right to terminate the lease with immediate effect by providing notice in writing if the other party breaches one of its obligations under this agreement and fails to remedy it within 15 days of being given written notice from the affected party to do so, or if the lessee is bankrupt or insolvent.	Leasing office.	The lessee shall not sublease the leased premise.

Lessor	Property Location	Size of Leased Premises (Sqm)	Rent	Term of Lease/ Renewal Mechanism	Right to Terminate/ Post Termination Procedures	Purpose	Subleasing/ Assignment
Ibrahim Abdulaziz Ibrahim AlOgaily	Isamil Assim Street, Albawadi District, Jeddah, Kingdom of Saudi Arabia	234 sqm.	SAR 126,500 every six months.	One year starting on 8 Jumada al-Akhirah 1444H (corresponding to 1 January 2023G) to 18 Jumada al-Akhirah 1445H (corresponding to 31 December 2023G). The agreement may be renewed by executing a new lease agreement between the parties 60 days prior to the end of term.	The affected party has the right to terminate the lease with immediate effect by providing notice in writing if the other party breaches one of its obligations under this agreement and fails to remedy it within 15 days of being given written notice from the affected party to do so, or if the lessee is bankrupt or insolvent.	Leasing office.	The lessee shall not sublease the leased premise.
Abdulrahman Abdullah Almousa and Sons Company	Olaya Street, Olaya District, Riyadh, Kingdom of Saudi Arabia	65.57 sqm.	SAR 50,025.40 every six months.	Three years starting on 1 Rajab 1442H (corresponding to 13 February 2021G) to 30 Jumada al-Akhirah 1445H (corresponding to 12 January 2024G) The agreement may be renewed by executing a new lease agreement.	The affected party has the right to terminate the lease with immediate effect by providing notice in writing if the other party breaches one of its obligations under this agreement and fails to remedy it within 15 days of being provided written notice from the affected party to do so, or if the lessee is bankrupt or insolvent.	Leasing office.	The lessee shall not sublease the leased premise.
General Authority for Civil Aviation	Prince Sultan bin Abdulaziz Airport, Tabuk, Kingdom of Saudi Arabia	4 sqm.	SAR 1,606,000 for the first year, SAR 1,750,540 for the second year, SAR 1,908,089 for the third year, or 15% of the sales, whichever is greater.	Three years starting on 3 Safar 1442H (corresponding to 20 September 2020G) to 4 Rabi' al-Awwal 1445H (corresponding to 19 September 2023G). The agreement may be renewed by executing a new lease agreement between the parties 180 days prior to the end of term.	The lessor has the right to terminate the lease with immediate effect by providing 15 days' notice in writing if the lessee breaches one of its obligations under this agreement and fails to remedy it or by 60 days' written notice provided to the lessee if the termination of the lease agreement is in the public interest.	Leasing office.	The lessee shall not sublease the leased premise without the lessor's written consent.

Lessor	Property Location	Size of Leased Premises (Sqm)	Rent	Term of Lease/ Renewal Mechanism	Right to Terminate/ Post Termination Procedures	Purpose	Subleasing/ Assignment
Dor Aldiyafa Company Holiday Inn Tabuk	Prince Fahad Bin Sultan Street, Tabuk, Kingdom of Saudi Arabia	244 sqm.	SAR 189,750 annually.	one year starting on 29 Ramadan 1443H (corresponding to 1 May 2022G) to 9 Shawwal 1444H (corresponding to 30 April 2023G). The agreement may be renewed by executing a new lease agreement.	The lease agreement may be terminated: (i) if it is proven that the property is about to collapse according to a report from the General Directorate of Civil Defense or other competent authorities; (ii) if Government decisions are issued that require the amendment of the building regulations, which results to inability to use the rental units; or (iii) if the state acquires the property or part of it.	Leasing office and workers accommodation.	The lessee shall not sublease the leased premise.
Majid Abdulaziz Mohammed Al Hadi Alghamdi	Tahliyah Street, Jeddah, Kingdom of Saudi Arabia	100 sqm.	SAR 55,000 annually.	One year starting on 8 Jumada al-Akhirah 1444H (corresponding to 1 January 2023G) to 18 Jumada al-Akhirah 1445H (corresponding to 31 December 2023G). The lease agreement is automatically renewable for a similar term, unless either party notifies the other party 30 days prior to the end of the term	The lessor may terminate the agreement if the lessee fails to pay the rent 30 days after the due date.	Leasing office.	The lessee shall not sublease the leased premise.
General Authority for Civil Aviation	Prince Abdulmohsen Bin Abdulaziz Airport, Yanbu, Kingdom of Saudi Arabia	4 sqm.	SAR 556,000 for the first year, SAR 572,680 for the second year, SAR 589,860 for the third year, or 11% of the sales, whichever is greater.	Three years starting on 3 Safar 1442H (corresponding to 20 September 2020G) to 4 Rabi' al-Awwal 1445H (corresponding to 19 September 2023G). The agreement may be renewed by executing a new lease agreement between the parties 180 days prior to the end of term.	The lessor has the right to terminate the lease with immediate effect by providing 15 days' notice in writing if the lessee breaches one of its obligations under this agreement and fails to remedy it or by 60 days' written notice provided to the lessee if the termination of the lease agreement is in the public interest.	Leasing office.	The lessee shall not sublease the leased premise without the lessor's written consent.

Lessor	Property Location	Size of Leased Premises (Sqm)	Rent	Term of Lease/ Renewal Mechanism	Right to Terminate/ Post Termination Procedures	Purpose	Subleasing/ Assignment
Sulaiman Abdulaziz Al Shabrami	Ibn Kaldoon Street, Dammam, Kingdom of Saudi Arabia	118 sqm.	SAR 105,000 annually.	One year starting on 14 Rabi' al-Thani 1439H (corresponding to 1 January 2018G) to 25 Rabi' al-Thani 1440H (corresponding to 1 January 2019G). The lease agreement is automatically renewable for a similar term, unless either party notifies the other party 30 days prior to the end of the term.	N/A	Leasing office.	N/A
Mohammed Saghir Mohammed Ghabban	Al Akhyar Street, Al Wajh, Kingdom of Saudi Arabia	50 sqm.	SAR 14,400 every six months	One year starting on 14 Jumada al-Ula 1443H (corresponding to 18 December 2021G) to 23 Jumada al-Ula 1444H (corresponding to 17 December 2022G).(1) The agreement may be renewed by executing a new lease agreement.	The affected party has the right to terminate the lease with immediate effect by providing a written notice if the other party breaches one of its obligations under this agreement and fails to remedy it within 15 days of receiving such notice.	Workers' accommodation.	The lessee shall not sublease the leased premise.

Lessor	Property Location	Size of Leased Premises (Sqm)	Rent	Term of Lease/ Renewal Mechanism	Right to Terminate/ Post Termination Procedures	Purpose	Subleasing/ Assignment
Albassami International Business Group Company	Airport street, Jazan, Kingdom of Saudi Arabia	900 sqm.	SAR 40,000 annually	One year starting on 4 Rajab 1442H (corresponding to 16 February 2021G). The lease agreement is automatically renewable for a similar term, unless either party notifies the other party 30 days prior to the end of the term.	The lessor has the right to terminate the lease provided with 15 days' written notice if the lessee fails to pay the due payment amount within 15 days. The affected party has the right to terminate the lease with immediate effect by providing notice in writing if the other party breaches one of its obligations under this agreement. In the event of a change of control that may occur to the leased premises, the lease will be terminated without any compensation to the affected party. Both parties may terminate the lease with 90 days' prior written notice.	Leasing office.	The lessee shall not sublease the leased premise without the lessor's written consent.
Ali Abdulrahman Ahmed Alsaif	Prince Naif Road, Al Ahsa, Kingdom of Saudi Arabia	300 sqm.	SAR 15,000 every six months	One year starting on 25 Sha'ban 1440H (corresponding to 30 April 2019G) to 6 Ramadan 1441H (corresponding to 29 April 2020G). The lease agreement is automatically renewable for a similar term, unless either party notifies the other party 60 days prior to the end of the term.	The affected party has the right to terminate the lease with immediate effect by providing written notice if the other party breaches one of its obligations under this agreement and fails to remedy it within 15 days of receiving such notice.	Warehouse.	The lessee shall not sublease the leased premise.

Lessor	Property Location	Size of Leased Premises (Sqm)	Rent	Term of Lease/ Renewal Mechanism	Right to Terminate/ Post Termination Procedures	Purpose	Subleasing/ Assignment
Ibrahim Ali Omar Alsuhaibani	Al Janubi Street Al-Khobar, Kingdom of Saudi Arabia	1,126 sqm.	SAR 253,000 annually	One year starting on 8 Jumada al-Akhirah 1444H (corresponding to 1 January 2023G) to 18 Jumada al-Akhirah 1445H (corresponding to 31 December 2023G). The agreement may be renewed by executing a new lease agreement.	The affected party has the right to terminate the lease with immediate effect by providing written notice if the other party breaches one of its obligations under this agreement and fails to remedy it within 15 days of receiving such notice.	Car maintenance workshop.	The lessee shall not sublease the leased premise.
Abdullah Mualla Nahedh Al Ahmadi	Abdulrahman Bin Ouf Street, Dammam, Kingdom of Saudi Arabia	320 sqm.	SAR 52,400 annually	One year starting on 8 Shawwal 1443H (corresponding to 10 May 2021G) to 8 Shawwal 1444H (corresponding to 9 May 2022G).(1) The agreement may be renewed by executing a new lease agreement.	The affected party has the right to terminate the lease with immediate effect by providing written notice if the other party breaches one of its obligations under this agreement and fails to remedy it within 15 days of receiving such notice.	Workers' accommodation.	The lessee shall not sublease the leased premise.
National Parking Company	King Fahd International Airport, Dammam, Kingdom of Saudi Arabia	20 Parking Spots.	SAR 46,000 annually	One year starting on 14 Ramadan 1442H (corresponding to 26 April 2021G) to 13 Ramadan 1443H (corresponding to 15 April 2022G). The lease agreement is automatically renewed, unless either party provided prior written notice of its intention of non-renewal.	The lessee shall have the right to terminate the lease at its own discretion, provided that all the due amounts are paid.	Parking.	The lessee shall not sublease the leased premise without the lessor's written consent.

Lessor	Property Location	Size of Leased Premises (Sqm)	Rent	Term of Lease/ Renewal Mechanism	Right to Terminate/ Post Termination Procedures	Purpose	Subleasing/ Assignment
Ali Alaitha Hussain Aljohani	Dhabaa, Tabuk, Kingdom of Saudi Arabia	500 sqm.	SAR 140,000	One year starting on 10 Rajab 1444H (corresponding to 1 February 2023G) to 19 Rajab 1445H (corresponding to 31 January 2024G). The agreement may be renewed by executing a new lease agreement.	The affected party has the right to terminate the lease with immediate effect by providing written notice if the other party breaches one of its obligations under this agreement and fails to remedy it within 15 days of receiving such notice.	Workers' accommodation.	The lessee shall not sublease the leased premise.
FAF Group for Trading	King Khalid International Airport, Riyadh, Kingdom of Saudi Arabia	2,047 sqm.	SAR 153,525 every six months.	One year starting on 12 Rabi' al-Awwal 1443H (corresponding to 18 October 2021G) to 21 Rabi' al-Awwal 1444H (corresponding to 17 October 2022G). The lease agreement is automatically renewable for a similar term, unless either party notifies the other party 30 days prior to the end of the term.	The lessor has the right to terminate the lease if the lessee fails to pay the due payment amount within 15 days.	Leasing Office.	The lessee shall not sublease the leased premise.
Yousef Hassan Abdullah Hanafi	Jeddah, Makkah, Kingdom of Saudi Arabia	200 sqm.	SAR 73,000 annually	One year starting on 16 Thul-Hijjah 1443H (corresponding to 15 July 2022G) to 26 Thul-Hijjah 1444H (corresponding to 14 July 2023G). The agreement may be renewed by executing a new lease agreement.	The affected party has the right to terminate the lease with immediate effect by providing written notice if the other party breaches one of its obligations under this agreement and fails to remedy it within 15 days of receiving such notice.	Leasing office.	The lessee shall not sublease the leased premise.
Jassem Juma'a Albuainen	Prince Mohammed Street, Jubail, Kingdom of Saudi Arabia	400 sqm.	SAR 20,000 annually	One year starting on 06 Muharram 1441H (corresponding to 5 September 2019G) to 17 Muharram 1442H (corresponding to 5 September 2020G).(1)	N/A	Parking.	N/A

Lessor	Property Location	Size of Leased Premises (Sqm)	Rent	Term of Lease/ Renewal Mechanism	Right to Terminate/ Post Termination Procedures	Purpose	Subleasing/ Assignment
Wadha Jassem Albuainen	Prince Mashoor Street, Jubail, Kingdom of Saudi Arabia	85 sqm.	SAR 15,600 annually	One year starting on 8 Jumada al-Akhirah 1444H (corresponding to 1 January 2023G) to 18 Jumada al-Akhirah 1445H (corresponding to 31 December 2023G). The lease agreement is automatically renewable for a similar term, unless either party notifies the other party 60 days prior to the end of the term.	The affected party has the right to terminate the lease with immediate effect by providing a written notice if the other party breaches one of its obligations under this agreement and fails to remedy it within 15 days of receiving such notice.	Individuals' accommodation.	The lessee shall not sublease the leased premise.
Ibrahim Mohammed Salem Al Shamsiya	King Faisal Road, Khamis Mushait, Kingdom of Saudi Arabia	1,034.17 sqm.	SAR 55,000 annually	Five years starting on 1 Jumada al-Akhirah 1443H (corresponding to 4 January 2022G) to 25 Rajab 1448H (corresponding to 3 January 2027G). The agreement may be renewed by executing a new lease agreement.	The affected party has the right to terminate the lease with immediate effect by providing a written notice if the other party breaches one of its obligations under this agreement and fails to remedy it within 15 days of receiving such notice.	Warehouse.	The lessee shall not sublease the leased premise.
Afkar Ala'ssima Real Estate Company	Fahad Bin Mahmas Street, Riyadh, Kingdom of Saudi Arabia	440 sqm.	SAR 92,000 annually	Three years starting on 19 Jumada al-Akhirah 1442H (corresponding to 1 February 2021G) to 19 Rajab 1445H (corresponding to 31 January 2024G). The lease agreement is automatically renewable for a similar term, unless either party notifies the other party 60 days prior to the end of the term.	The affected party has the right to terminate the lease with immediate effect by providing a written notice if the other party breaches one of its obligations under this agreement and fails to remedy it within 15 days of receiving such notice.	Workers' accommodation.	The lessee shall not sublease the leased premise.

Lessor	Property Location	Size of Leased Premises (Sqm)	Rent	Term of Lease/ Renewal Mechanism	Right to Terminate/ Post Termination Procedures	Purpose	Subleasing/ Assignment
Sulaiman Mohammed Abdullah Alyahya	Waqada Street, Riyadh, Kingdom of Saudi Arabia	1,890 sqm.	SAR 108,883 for the first six months SAR 102,073 for the last six months.	One year starting on 1 Shawwal 1443H (corresponding to 2 May 2022G) to 29 Ramadan 1444H (corresponding to 20 April 2023G). The agreement may be renewed by executing a new lease agreement.	The affected party has the right to terminate the lease with immediate effect by providing a written notice if the other party breaches one of its obligations under this agreement and fails to remedy it within 15 days of receiving such notice.	Car maintenance workshop.	The lessee shall not sublease the leased premise.
Saeed Hadi Saeed Al Qahtani	Qara District, Sakakah, Kingdom of Saudi Arabia	50 sqm.	SAR 7,200 every six months	One year starting on 25 Jumada al-Akhirah 1442H (corresponding to 7 February 2021G) to 5 Rajab 1443H (corresponding to 6 February 2022G). The lease agreement is automatically renewable for a similar term, unless either party notifies the other party 60 days prior to the end of the term.	The affected party has the right to terminate the lease with immediate effect by providing a written notice if the other party breaches one of its obligations under this agreement and fails to remedy it within 15 days of receiving such notice.	Workers' accommodation.	The lessee shall not sublease the leased premise.
General Authority for Civil Aviation	Prince Abdulmajeed Bin Abdulaziz Airport, Al Ula, Kingdom of Saudi Arabia	4 sqm.	SAR 156,000 for the first year, SAR 160,680 for the second year SAR 165,500 for the third year or 10% of sales, whichever is greater.	Three years starting on 3 Safar 1442H (corresponding to 20 September 2020G) to 4 Rabi' al-Awwal 1445H (corresponding to 19 September 2023G). The agreement may be renewed by executing a new lease agreement between the parties 180 days prior to the end of term.	The lessor has the right to terminate the lease with immediate effect by providing 15 days' notice in writing if the lessee breaches one of its obligations under this agreement and fails to remedy it or by 60 days' written notice provided to the lessee if the termination of the lease agreement is in the public interest.	Leasing office.	The lessee shall not sublease the leased premise without the lessor's written consent.

Lessor	Property Location	Size of Leased Premises (Sqm)	Rent	Term of Lease/ Renewal Mechanism	Right to Terminate/ Post Termination Procedures	Purpose	Subleasing/ Assignment
General Authority for Civil Aviation	Alwajh Airport, Tabuk, Kingdom of Saudi Arabia	4 sqm.	SAR 106,000 for the first year, SAR 109,180 for the second year SAR 112,455 for the third year or 10% of sales, whichever is greater.	Three years starting on 3 Safar 1442H (corresponding to 20 September 2020G) to 4 Rabi' al-Awwal 1445H (corresponding to 19 September 2023G). The agreement may be renewed by executing a new lease agreement between the parties 180 days prior to the end of term.	The lessor has the right to terminate the lease with immediate effect by providing 15 days' notice in writing if the lessee breaches one of its obligations under this agreement and fails to remedy it or by 60 days' written notice provided to the lessee if the termination of the lease agreement is in the public interest.	Leasing office.	The lessee shall not sublease the leased premise without the lessor's written consent.
Yousef Hassan Abdullah Hanafi	Jeddah, Makkah, Kingdom of Saudi Arabia	50 sqm.	SAR 12,000 annually	One year starting on 11 Ramadan 1443H (corresponding to 12 April 2022G) to 20 Ramadan 1444H (corresponding to 11 April 2023G). The agreement may be renewed by executing a new lease agreement.	The lessor has the right to terminate the lease with immediate effect by providing 15 days' notice in writing if the lessee breaches one of its obligations under this agreement and fails to remedy it.	Workers' accommodation.	The lessee shall not sublease the leased premise.
Sulaiman Khalaf Aafnan Alaafnan	Abdulaziz bin musaad, Hail, Kingdom of Saudi Arabia	480 sqm.	SAR 95,000	Three years starting on 25 Thul-Hijjah 1443H (corresponding to 24 July 2022G) to 28 Muharram 1447H (corresponding to 23 July 2025G). The agreement may be renewed by executing a new lease agreement.	The lessor has the right to terminate the lease with immediate effect by providing 15 days' notice in writing if the lessee breaches one of its obligations under this agreement and fails to remedy it.	Leasing office.	The lessee shall not sublease the leased premise.

Lessor	Property Location	Size of Leased Premises (Sqm)	Rent	Term of Lease/ Renewal Mechanism	Right to Terminate/ Post Termination Procedures	Purpose	Subleasing/ Assignment
Khalid Nasser Mohammed Al Mutawwa	Al Olaya District, Tabuk, Kingdom of Saudi Arabia	766 sqm.	SAR 350,000 annually	Five years starting on 19 Rabi’ al-Awwal 1444H (corresponding to 15 October 2022G) to 14 Jumada al-Ula 1449H (corresponding to 14 October 2027G). The lease agreement is automatically renewable for a similar term, unless either party notifies the other party two months prior to the end of the term.	The lessor has the right to terminate the lease with immediate effect by providing 15 days’ notice in writing if the lessee breaches one of its obligations under this agreement and fails to remedy it.	Leasing office.	The lessee shall not sublease the leased premise without the lessor’s written consent.
Grand Millennium Tabuk	Diba Road, Tabuk, Kingdom of Saudi Arabia	20 sqm.	SAR 15,000 for the first six months, SAR 15,000 for the second six months.	One year starting on 30 Ramadan 1443H (corresponding to 1 May 2022G) to 10 Shawwal 1444H (corresponding to 30 April 2023G). The agreement may be renewed by executing a new lease agreement.	The lessor has the right to terminate the lease with immediate effect by providing 15 days’ notice in writing if the lessee breaches one of its obligations under this agreement and fails to remedy it.	Leasing office.	The lessee shall not sublease the leased premise.
Suwaileh Mushaikhis Saleh Alotaibi	Al Qadsiya District, Riyadh, Kingdom of Saudi Arabia	2,400 sqm.	SAR 350,000 annually	Five years starting on 29 Jumada al-Akhirah 1443H (corresponding to 1 February 2022G) to 23 Sha’ban 1448H (corresponding to 31 January 2027G). The agreement may be renewed by executing a new lease agreement.	The lessor has the right to terminate the lease with immediate effect by providing 15 days’ notice in writing if the lessee breaches one of its obligations under this agreement and fails to remedy it.	Leasing office.	The lessee shall not sublease the leased premise.

Lessor	Property Location	Size of Leased Premises (Sqm)	Rent	Term of Lease/ Renewal Mechanism	Right to Terminate/ Post Termination Procedures	Purpose	Subleasing/ Assignment
Tibah Airports Operations CO. LTD	Madina Al Munawara, Kingdom of Saudi Arabia	10.9 sqm.	SAR 862,000 annually	One year starting on 2 Thul-Hijjah 1443H (corresponding to 1 July 2022G) to 13 Thul-Hijjah 1444H (corresponding to 1 July 2023G). The agreement may be renewed by executing a lease renewal addendum at least 30 days prior to expiration.	Each party has the right to terminate the lease with immediate effect if either party breaches one of its obligations under this agreement and fails to remedy it within 30 days.	Leasing office.	The lessee shall not sublease the leased premise without the lessor's written consent.
Al-Qadi United Company	King Saud Street, Dammam, kingdom of Saudi Arabia	2,200 sqm.	SAR 330,000 annually	Five years starting on 8 Jumada al-Akhirah 1444H (corresponding to 1 January 2023G) to 3 Sha'ban 1449H (corresponding to 31 December 2027G). The agreement may be renewed by executing a new lease agreement.	The lessor has the right to terminate the lease with immediate effect by providing 15 days' notice in writing if the lessee breaches one of its obligations under this agreement and fails to remedy it.	Leasing office.	The lessee shall not sublease the leased premise.
Al-Qadi United Company	King Saud Street, Dammam, kingdom of Saudi Arabia	200,000 sqm.	SAR 200,000 annually	One year starting on 1 Sha'ban 1443H (corresponding to 4 March 2022G) to 11 Sha'ban 1444H (corresponding to 3 March 2023G). The agreement may be renewed by executing a new lease agreement.	The lessor has the right to terminate the lease with immediate effect by providing 15 days' notice in writing if the lessee breaches one of its obligations under this agreement and fails to remedy it.	Parking.	The lessee may sublease the leased premise.

Lessor	Property Location	Size of Leased Premises (Sqm)	Rent	Term of Lease/ Renewal Mechanism	Right to Terminate/ Post Termination Procedures	Purpose	Subleasing/ Assignment
Ali Abdulrahman Ahmed Alsaif	Prince Naif Road, Al Ahsa, Kingdom of Saudi Arabia	638.55 sqm.	SAR 30,000 annually	One year starting on 30 Ramadan 1443H (corresponding to 1 May 2022G) to 9 Shawwal 1444H (corresponding to 30 April 2023G). The agreement is automatically renewable unless either party notifies in writing 60 days prior to expiration.	The lessor has the right to terminate the lease with immediate effect by providing 15 days' notice in writing if the lessee breaches one of its obligations under this agreement and fails to remedy it.	Parking.	The lessee shall not sublease the leased premise.
Bin Dujem	Al Madina Road, Jeddah, Kingdom of Saudi Arabia	N/A	SAR 188,000 annually	Not available	Not available	Leasing office	The lessee shall not sublease the leased premise.
Tabuk Investments and Tourism	Tabuk, Kingdom of Saudi Arabia	14.5 sqm.	SAR 20,000 every six months	One year starting on 29 Jumada al-Akhirah 1443H (corresponding to 1 February 2022G) to 10 Rajab 1444H (1 February 2023G). (2) The agreement may be renewed by executing a new lease agreement.	Each party has the right to terminate the lease by 30 days' written notice provided to the other party prior to the expiration date.	Leasing office.	The lessee shall not sublease the leased premise without the lessor's written consent.
Al Osais Commercial Investment CO.	King Fahad Road, Dammam, Kingdom of Saudi Arabia	95 sqm.	SAR 80,000 every six months	Three years starting on 2 Thul-Qi'dah 1443H (corresponding to 1 June 2022G) to 4 Thul-Hijjah 1446H (corresponding to 31 May 2025G). The agreement may be renewed by executing a new lease agreement.	The lessor has the right to terminate the lease with immediate effect by providing 15 days' notice in writing if the lessee breaches one of its obligations under this agreement and fails to remedy it.	Leasing office.	The lessee shall not sublease the leased premise.

Lessor	Property Location	Size of Leased Premises (Sqm)	Rent	Term of Lease/ Renewal Mechanism	Right to Terminate/ Post Termination Procedures	Purpose	Subleasing/ Assignment
Ali Ibrahim Mohammed Bin Talib	Riyadh, Kingdom of Saudi Arabia	1,200 sqm.	SAR 30,000 every six months	One year starting on 16 Thul-Hijjah 1443H (corresponding to 15 July 2022G) to 26 Thul-Hijjah 1444H (corresponding to 14 July 2023G). The agreement may be renewed by executing a new lease agreement.	The lessor has the right to terminate the lease with immediate effect by providing 15 days' notice in writing if the lessee breaches one of its obligations under this agreement and fails to remedy it.	Parking.	The lessee shall not sublease the leased premise.
Ahmed Suwailem Awwad Shaman	Muath Bin Jabal Street, Tabuk, Kingdom of Saudi Arabia	100 sqm.	SAR 24,000 annually	One year starting on 9 Thul-Qi'dah 1443H (corresponding to 8 June 2022G) to 18 Thul-Qi'dah 1444H (corresponding to 7 June 2023G). The agreement may be renewed by executing a new lease agreement.	The lessor has the right to terminate the lease with immediate effect by providing 15 days' notice in writing if the lessee breaches one of its obligations under this agreement and fails to remedy it.	Employees' accommodation.	The lessee shall not sublease the leased premise.
Anwar Abdullah Mohammed Alhajazi	Al-Thuqbah, Al Khobar, Kingdom of Saudi Arabia	50 sqm.	SAR 53,000 annually	One year starting on 5 Safar 1444H (corresponding to 1 September 2022G) to 11 Thul-Qi'dah 1444H (corresponding to 31 May 2023G). The lease agreement is automatically renewable for a similar term, unless either party notifies the other party one month prior to the end of the term.	Each party has the right to terminate the lease with immediate effect by providing 15 days' notice in writing if the other party breaches one of its obligations under this agreement and fails to remedy it.	Leasing office.	The lessee shall not sublease the leased premise.

Lessor	Property Location	Size of Leased Premises (Sqm)	Rent	Term of Lease/ Renewal Mechanism	Right to Terminate/ Post Termination Procedures	Purpose	Subleasing/ Assignment
Suwailem Ayedh Al Bluwi	Al Ula, Kingdom of Saudi Arabia	50 sqm.	SAR 3,800 annually	One year starting on 2 Thul-Qi'dah 1443H (corresponding to 1 June 2022G) to 11 Thul-Qi'dah 1444H (corresponding to 31 May 2023G). The lease agreement is automatically renewable for a similar term, unless either party notifies the other party one month prior to the end of the term.	Each party has the right to terminate the lease with immediate effect by providing 15 days' notice in writing if the other party breaches one of its obligations under this agreement and fails to remedy it.	Employees' accommodation.	The lessee shall not sublease the leased premise.
Hassan Mohammed Saleh Balhareth	Al Khobar, Kingdom of Saudi Arabia.	1,000 sqm.	SAR 1,680,000 annually	Ten years starting on 22 Thul-Qi'dah 1443H (corresponding to 21 June 2022G) to 12 Rabi' al-Awwal 1454H (corresponding to 20 June 2032G). The lease agreement is automatically renewable for a similar term, unless either party notifies the other party 90 days prior to the end of the term.	The lessor has the right to terminate the lease with immediate effect by providing 15 days' notice in writing if the lessee breaches one of its obligations under this agreement and fails to remedy it.	Rental branch and parking.	The lessee shall not sublease the leased premise.
Millennium & Copthorne Middle East Holdings	Diba Road, Tabuk, Kingdom of Saudi Arabia	65.5 sqm.	SAR 15,000 every six months	One year starting on 26 Rabi' al-Thani 1443H (corresponding to 1 December 2021G) to 6 Jumada al-Ula 1444H (corresponding to 30 November 2022G). The lease agreement is automatically renewable for a similar term, unless either party notifies the other party one month prior to the end of the term.	The lessor has the right to terminate the lease with immediate effect if the lessee breaches one of its obligations under this agreement.	Leasing office.	The lessee shall not sublease the leased premise.

Lessor	Property Location	Size of Leased Premises (Sqm)	Rent	Term of Lease/ Renewal Mechanism	Right to Terminate/ Post Termination Procedures	Purpose	Subleasing/ Assignment
Mohammed Ahmed Faleh Alnazawi	Madina Al Munawara, Kingdom of Saudi Arabia	50 sqm.	SAR 322,096 annually	Three years starting on 1 Thul-Qi'dah 1443H (corresponding to 1 June 2022G) to 4 Thul-Hijjah 1446H (corresponding to 31 May 2025G). The agreement may be renewed by executing a new lease agreement.	The lessor has the right to terminate the lease with immediate effect by providing 15 days' notice in writing if the lessee breaches one of its obligations under this agreement and fails to remedy it.	Rental branch.	The lessee shall not sublease the leased premise.
Cristal Amaken Hospitality	New Industrial Area, Riyadh, Kingdom of Saudi Arabia	7 sqm.	N/A	One year starting on 25 Thul-Hijjah 1443H (corresponding to 25 June 2022G) to 7 Thul-Hijjah 1444H (corresponding to 25 June 2023G). The lease agreement is automatically renewable for a similar term, unless either party notifies the other party one month prior to the end of the term.	Each party has the right to terminate the lease by providing 30 days' written notice to the other party prior to the expiration date.	Leasing office.	The lessee shall not sublease the leased permit.
Nawaf Khalaf Mnahi Alotaibi	Madina Al Munawara, Kingdom of Saudi Arabia	2,737 sqm.	SAR 120,000 annually	One year starting on 5 Safar 1444H (corresponding to 1 September 2022G) to 15 Safar 1445H (corresponding to 31 August 2023G). The lease agreement is automatically renewable for a similar term, unless either party notifies the other party one month prior to the end of the term.	The lessor has the right to terminate the lease with immediate effect by providing 15 days' notice in writing if the lessee breaches one of its obligations under this agreement and fails to remedy it.	Parking.	The lessee shall not sublease the leased premise.

Lessor	Property Location	Size of Leased Premises (Sqm)	Rent	Term of Lease/ Renewal Mechanism	Right to Terminate/ Post Termination Procedures	Purpose	Subleasing/ Assignment
Anwar Abdullah Mohammed Alhijazi	Al Majmaah, Kingdom of Saudi Arabia	1 sqm.	SAR 53,000 annually	One year starting on 5 Rabi' al-Awwal 1444H (corresponding to 1 October 2022G) to 15 Rabi' al-Awwal 1445H (corresponding to 30 September 2023G). The lease agreement is automatically renewable for a similar term, unless either party notifies the other party one month prior to the end of the term.	The lessor has the right to terminate the lease with immediate effect by providing 15 days' notice in writing if the lessee breaches one of its obligations under this agreement and fails to remedy it.	Workers' Accommodation.	The lessee shall not sublease the leased premise.
Khalid Mohammed Ali Alghafees	Riyadh, Kingdom of Saudi Arabia	2,500 sqm.	SAR 450,000 annually	Three years starting on 16 Thul-Qi'dah 1443H (corresponding to 15 June 2022G) to 18 Thul-Hijjah 1446H (corresponding to 14 June 2025G). The agreement may be renewed by executing a new lease agreement.	The lessor has the right to terminate the lease with immediate effect by providing 15 days' notice in writing if the lessee breaches one of its obligations under this agreement and fails to remedy it.	Parking.	The lessee shall not sublease the leased premise.
NMR Hospitality Company	Prince Turki Bin Abdulaziz Road, Riyadh, Kingdom of Saudi Arabia	4 sqm.	N/A	One year starting on 21 Thul-Hijjah 1443H (corresponding to 20 July 2022G) to 2 Muharram 1445H (corresponding to 20 July 2023G). The lease agreement is automatically renewable for a similar term, unless either party notifies the other party one month prior to the end of the term.	Each party has the right to terminate the lease by 30 days' written notice provided to the other party prior to the expiration date.	Leasing office.	The lessee shall not sublease the leased premise.

Source: The Company.

(1) The lease agreement is expired; the Company has confirmed that the renewal is under process.

(2) The lease agreement is expired; the Company is in the process to find alternative sites or intends not to renew the lease agreements.

12.8 Related Party Contracts and Transactions

12.8.1 Vehicle Lease Agreement between the Company and Seera Group Holding

The Company (as the lessor) has entered into a vehicle lease agreement with Seera Group Holding (as the lessee) whereby the Company will lease cars to the lessee in accordance with the term specified in the agreement. The payment mechanism is that the lessor provides a 30-day credit period to the lessee according to the agreement, and the same credit period is provided to other customers for repayment. This is in consideration of SAR 333,037 and SAR 240,225 for the nine-month periods ended 30 September 2021G and 2022G, respectively. The agreement shall be valid from 27 Jumada al-Ula 1437H (corresponding to 7 March 2016G) for a term of 26 months and is automatically renewable. The agreement shall be governed by the laws of the Kingdom and any dispute arising from the agreement shall be referred to the competent authorities in the Kingdom.

This is a related party agreement, as the Company is an affiliate of Seera Group Holding. However, the agreement does not require the approval of the Company's General Assembly as none of the Directors have a direct or indirect interest therein, given that the Company is a wholly owned subsidiary of Seera Group Holding.

12.8.2 Sublease Agreement for Office Premises between the Company and Seera Group Holding

The Company (as the lessee) has entered into a sublease agreement for office premises with Seera Group Holding (as the lessor) on 2 Thul-Qi'dah 1443H (corresponding to 1 June 2022G), where the lessee will sublease office space in Riyadh, Kingdom of Saudi Arabia from the lessor. The payment mechanism is due as soon as the invoice is approved and the payment is processed immediately. The lease shall be for a term of ten years starting on the date of the effective handover of the premises to the lessee pursuant to the terms of the agreement. The agreement shall be governed by the laws of the Kingdom and any dispute in connection thereto, not amicably settled by the parties, shall be referred to the competent authorities in the Kingdom.

This is a related party agreement, as the Company is an affiliate of Seera Group Holding. However, the agreement does not require the approval of the Company's General Assembly as none of the Directors have a direct or indirect interest therein, given that the Company is a wholly owned subsidiary of Seera Group Holding.

12.8.3 Sublease Agreement for Office Premises between the Company and Seera Group Holding

The Company (as the lessee) has entered into a sublease agreement for office premises with Seera Group Holding (as the lessor) on 2 Thul-Qi'dah 1443H (corresponding to 1 June 2022G), where the lessee will sublease office space in Dubai, United Arab Emirates from the lessor. The payment mechanism is due as soon as the invoice is approved and the payment is processed immediately. The lease shall be for a term of ten years starting on the date of the effective handover of the premises to the lessee pursuant to the terms of the agreement. The agreement shall be governed by the laws of the Kingdom and any dispute in connection thereto, not amicably settled by the parties, shall be referred to the competent authorities in the Kingdom.

This is a related party agreement, as the Company is an affiliate of Seera Group Holding. However, the agreement does not require the approval of the Company's General Assembly as none of the Directors have a direct or indirect interest therein, given that the Company is a wholly owned subsidiary of Seera Group Holding.

12.8.4 Facilities Maintenance Agreement between the Company and Seera Group Holding

The Company (as the customer) has entered into a facilities maintenance agreement with Seera Group Holding (as the service provider), whereby the service provider agreed to provide facilities maintenance services to the customer. This is in consideration of a fee inclusive of all costs and expenses the services provider incurs in connection with the agreement and the provision of the services. The customer may terminate the agreement by giving four (4) weeks' written notice to the services provider, at any time at its sole discretion. The agreement was concluded on 2 Thul-Qi'dah 1443H (corresponding to 1 June 2022G) for a term of one year, and is automatically renewable for similar terms unless a party notifies the other party of its intention of non-renewal at least 30 days before the expiration date. The payment mechanism is due as soon as the invoice is approved and the payment is processed immediately. The customer may assign or otherwise transfer all or any of its rights or obligations under this agreement without the prior written consent of the services provider. The agreement shall be governed by the laws of the Kingdom and any dispute in connection thereto, not amicably settled by the parties, shall be referred to the competent authorities in the Kingdom.

This is a related party agreement, as the Company is an affiliate of Seera Group Holding. However, the agreement does not require the approval of the Company's General Assembly as none of the Directors have a direct or indirect interest therein, given that the Company is a wholly owned subsidiary of Seera Group Holding.

12.8.5 Data Management Agreement between the Company and Seera Group Holding

The Company (as the customer) has entered into a data management agreement with Seera Group Holding (as the service provider), whereby the service provider agreed to provide data management services on a non-exclusive basis to the customer. This is in consideration of a fee inclusive of all costs and expenses the services provider incurs in connection with the agreement and the provision of the services. The customer may terminate the agreement upon giving four (4) weeks' written notice to the services provider, at any time at its sole discretion. The agreement was concluded on 2 Thul-Qi'dah 1443H (corresponding to 1 June 2022G) for a term of one year, and is automatically renewable for similar terms unless a party notifies the other party of its intention of non-renewal at least 30 days before the expiration date. The payment mechanism is due as soon as the invoice is approved and the payment is processed immediately. The customer may assign or otherwise transfer all or any of its rights or obligations under this agreement without the prior written consent of the services provider. The agreement shall be governed by the laws of the Kingdom and any dispute in connection thereto, not amicably settled by the parties, shall be referred to the competent authorities in the Kingdom.

This is a related party agreement, as the Company is an affiliate of Seera Group Holding. However, the agreement does not require the approval of the Company's General Assembly as none of the Directors have a direct or indirect interest therein, given that the Company is a wholly owned subsidiary of Seera Group Holding.

12.8.6 Information Technology Services Agreement between the Company and Seera Group Holding

The Company (as the customer) has entered into information technology services agreement with Seera Group Holding (as the service provider), whereby the service provider agreed to provide information technology services on a non-exclusive basis to the customer. This is in consideration of a fee inclusive of all costs and expenses the services provider incurs in connection with the agreement and the provision of the services. The customer may terminate the agreement upon giving four (4) weeks' written notice to the services provider, at any time at its sole discretion. The agreement was concluded on 2 Thul-Qi'dah 1443H (corresponding to 1 June 2022G) for a term of one year, and is automatically renewable for similar terms unless a party notifies the other party of its intention of non-renewal at least 30 days before the expiration date. The payment mechanism is due as soon as the invoice is approved and the payment is processed immediately. The customer may assign or otherwise transfer all or any of its rights or obligations under this agreement without the prior written consent of the services provider. The agreement shall be governed by the laws of the Kingdom and any dispute in connection thereto, not amicably settled by the parties, shall be referred to the competent authorities in the Kingdom.

This is a related party agreement, as the Company is an affiliate of Seera Group Holding. However, the agreement does not require the approval of the Company's General Assembly as none of the Directors have a direct or indirect interest therein, given that the Company is a wholly owned subsidiary of Seera Group Holding.

12.8.7 Marketing Services Agreement between the Company and Seera Group Holding

The Company (as the customer) has entered into a marketing services agreement with Seera Group Holding (as the service provider), whereby the service provider agreed to provide marketing services on a non-exclusive basis to the customer. This is in consideration of a fee inclusive of all costs and expenses the services provider incurs in connection with the agreement and the provision of the services. The customer may terminate the agreement upon giving four (4) weeks' written notice to the services provider, at any time at its sole discretion. The agreement was concluded on 2 Thul-Qi'dah 1443H (corresponding to 1 June 2022G) for a term of one year, and is automatically renewable for similar terms unless a party notifies the other party of its intention of non-renewal at least 30 days before the expiration date. The payment mechanism is due as soon as the invoice is approved and the payment is processed immediately. The customer may assign or otherwise transfer all or any of its rights or obligations under this agreement without the prior written consent of the services provider. The agreement shall be governed by the laws of the Kingdom and any dispute in connection thereto, not amicably settled by the parties, shall be referred to the competent authorities in the Kingdom.

This is a related party agreement, as the Company is an affiliate of Seera Group Holding. However, the agreement does not require the approval of the Company's General Assembly as none of the Directors have a direct or indirect interest therein, given that the Company is a wholly owned subsidiary of Seera Group Holding.

12.8.8 Master Vehicle Lease Agreement between the Company and Elaa Travel, Tourism and Cargo Company Limited

The Company (as the lessor) has entered into a master vehicle lease agreement with Elaa Travel, Tourism and Cargo Company Limited (as the lessee) whereby the Company will lease cars to the lessee in accordance with the specified in the agreement. The payment mechanism is due as soon as the invoice is approved and the payment is processed immediately. This is in consideration of SAR 2,523,208 and SAR 2,524,594 for the nine-month periods ended 30 September 2021G and 2022G, respectively. The agreement shall be valid from 16 Muharram 1442H (corresponding to 4 September 2020G) to 19 Safar 1445H (corresponding to 4 September 2023G) for a term of 36 months. The agreement shall be governed by the laws of the Kingdom and any dispute arising from the agreement shall be referred to the competent authorities in the kingdom.

This is a related party agreement, as Elaa Travel, Tourism and Cargo Company Limited and the Company are related parties pursuant to the Corporate Governance Regulations; and the Chairman of the Board of Directors at that time, had an interest therein. This agreement and such interest have been approved by the Company's General Assembly in the meeting dated 25 Shawwal 1443H (corresponding to 26 May 2022G).

12.9 Conflicts of Interest

As of the date of this Prospectus, the Directors confirm that they do not have any conflicts of interest in relation to contracts and/or transactions entered into with the Company except as disclosed in Section 12.8 (*Related Party Contracts and Transactions*), and none of them were engaged in any activities similar to, or competing with, the Company's activities.

12.10 The Zakat and Tax Status of the Company

Zakat is calculated and paid for by Seera Group Holding on a consolidated basis, including its subsidiaries, comprising the Company, in accordance with the financial regulations applicable in the Kingdom. The Zakat provision is shown in the consolidated financial statements of Seera Group Holding. Zakat provisions amounted to SAR 32.8 million, SAR 26.7 million, SAR 51.8 million and SAR 17.4 million for the financial years ended 31 December 2019G, 2020G and 2021G, and the nine-month period ended 30 September 2022G, respectively. The Company's share of this provision is charged to the statement of profit or loss of Seera Group Holding. The Company's share of Zakat charged was SAR 1.04 million, SAR 1.7 million, SAR 3.05 million and SAR 2.95 million during the financial years ended 31 December 2019G, 2020G and 2021G, and the nine-month period ended 30 September 2022G, respectively. Seera Group Holding has submitted its Zakat returns, paid Zakat dues within the stipulated times, and received certificates from ZATCA for all of the financial years up to 2021G. Moreover, Seera Group Holding received final Zakat assessments for all the financial years up to 2020G.

12.11 Intellectual Property

12.11.1 Trademarks

The Company has registered one trademark on which it relies as a brand for its businesses. The Company relies on this trademark to ensure the success of its businesses and support its competitive position in the market. Therefore, if the Company fail to protect its trademark or is forced to take legal action necessary to do so, this can have an adverse effect on its ability to use such trademark, which would affect its businesses and results of operations (for further details on risks related to the trademarks, see Section 2.1.36 (*Risks Related to Protection of Intellectual Property Rights*).

All Company-owned trademarks are registered under the Company's name. The following table sets out certain key particulars of the Company's registered trademarks:

Table 12.9: Details of Registered Trademarks

Country of Registration	Description of Trademark	Validity/ Expiration Date	Category	Logo
Kingdom of Saudi Arabia	An inclined semicircle divided into two halves, resembling a triangle, with a cavity open at the top, the first triangle is hollow in a vertical direction, and the second triangle is hollow in a horizontal direction, and below the word "Lumi" appears in Arabic and Latin letters, and the sign is in a light green colour.	Registered on 7 Ramadan 1440H (corresponding to 12 May 2019G) valid until 26 Jumada al-Akhirah 1450H (corresponding to 13 November 2028G).	39	

Source: The Company.

12.11.2 The Company's Other Intellectual Properties

The Company owns one internet domain registered under its name. The following table sets out the details of the internet domain registered under the Company's name:

Table 12.10: Details of Internet Domain Name

Internet Domain Name	Expiration Date
www.lumirental.com	9 Rabi' al-Awwal 1447H (corresponding to 1 September 2025G)

Source: The Company.

12.12 Litigation

Below are the details of the outstanding claims and cases filed by and against the Company as of the date of this Prospectus:

12.12.1 Collection Cases

The Company has a total of 278 of pending litigation cases that it has initiated against previous customers, with a total disputed amount of SAR 34,441,759 of which are in the enforcement/settlement phase.

Table 12.11: Collection Cases Details

Defendant	Claim amount	Percentage of assets	Date	Summary	Status
Al Tayyar Gallery	17,188,750 SAR	1.12%	In 2019G	Claim for refund of unsupplied vehicles	A final judgment was issued in the Company's favor - Execution proceedings pursuant to Article 46 of the Enforcement Law (assignment of an expert to examine the balances and track the accounts of the executor against them)
Hemaya Organisation	4,000,000 SAR	0.26%	In 2020G	Defendant's claim for the value of the car rent	A final judgment was issued in the Company's favor with the amount of 3,892,126 SAR - under Execution proceedings pursuant to Article 46 of the Enforcement Law
Abral	1,900,000 SAR	0.12%	In 2019G	Defendant's claim for the value of the car rent	A final judgment was issued in favor of the Company in the amount of 1,298,879 SAR - under execution
Sama International Business	354,765 SAR	0.02%	In 2021G	Defendant's claim for the value of the car rent	A final judgment was issued in favor of the Company - under execution
Ziad Muhammad Alhazmi	27,527 SAR	0.00%	In 2022G	Defendant's claim for the value of a car rental fees	Execution proceedings pursuant to Article 46 of the Enforcement Law
Abdulmohsen Atef Alshehri	466 SAR	0.00%	In 2022G	Defendant's claim for the value of a car rental fees	Execution proceedings pursuant to Article 46 of the Enforcement Law
Al Qarmoushi Company	150,000 SAR	0.01%	In 2022G	Claim for rent value of a property	Issued a final judgment acquired peremptory in favor of the Company -Execution proceedings pursuant to Article 46 of the Enforcement Law

Defendant	Claim amount	Percentage of assets	Date	Summary	Status
Majid Ali Yahya Atif	29,753 SAR	0.00%	In 2019G	Claim for the value of the car rent (promissory note)	Execution proceedings pursuant to Article 46 of the Enforcement Law
Aseel Hassan Ali Zaazou	58,000 SAR	0.00%	In 2019G	Claim for the value of a car rental fees (promissory note)	Execution proceedings pursuant to Article 46 of the Enforcement Law
Jamal Ali Al Sayed Ziadeh	11,725 SAR	0.00%	In 2019G	Claim for the value of a car rental fees (promissory note)	Execution proceedings pursuant to Article 46 of the Enforcement Law
Mohamed Ahmed Mohamed Matar	90,372 SAR	0.01%	In 2019G	Claim for the value of a car rental fees (promissory note)	Execution proceedings pursuant to Article 46 of the Enforcement Law
Shoaib Aziz Al Haq Abu Al Hussein	21,930 SAR	0.00%	In 2019G	Claim for the value of a car rental fees (promissory note)	Execution proceedings pursuant to Article 46 of the Enforcement Law
Imran Khan Nazir	4,325 SAR	0.00%	In 2019G	Claim for the value of a car rental fees (promissory note)	Execution proceedings pursuant to Article 46 of the Enforcement Law
Ahmed Mohamed Abdo Awad	5,816 SAR	0.00%	In 2019G	Claim for the value of a car rental fees (promissory note)	Execution proceedings pursuant to Article 46 of the Enforcement Law
Aqab Masoud Habib Al Qathami	22,338 SAR	0.00%	In 2019G	Claim for the value of a car rental fees (promissory note)	Execution proceedings pursuant to Article 46 of the Enforcement Law
Ravi Talaka Bolon	8,531 SAR	0.00%	In 2019G	Claim for the value of a car rental fees (promissory note)	Execution proceedings pursuant to Article 46 of the Enforcement Law
Tahseen Abdulrahman Nahir Alomari	6,630 SAR	0.00%	In 2019G	Claim for the value of a car rental fees (promissory note)	Execution proceedings pursuant to Article 46 of the Enforcement Law
Bilal Abdo Shamsan Ahmed Al-Rabie	5,233 SAR	0.00%	In 2019G	Claim for the value of a car rental fees (promissory note)	Execution proceedings pursuant to Article 46 of the Enforcement Law
Yahya Mohammed Aitha AlQurei	4,141 SAR	0.00%	In 2019G	Claim for the value of a car rental fees (promissory note)	Execution proceedings pursuant to Article 46 of the Enforcement Law
Amr Ahmed Abd El Wahed Hassan	42,100 SAR	0.00%	In 2019G	Claim for the value of a car rental fees (promissory note)	Execution proceedings pursuant to Article 46 of the Enforcement Law
Mahdy Hada Baksh	38,037 SAR	0.00%	In 2019G	Claim for the value of a car rental fees (promissory note)	Execution proceedings pursuant to Article 46 of the Enforcement Law
Mohammed Munawar inside Al-Sahli	8,379 SAR	0.00%	In 2019G	Claim for the value of a car rental fees (promissory note)	Execution proceedings pursuant to Article 46 of the Enforcement Law
Abdulaziz Hatem Jaafar Najdi	6,818 SAR	0.00%	In 2019G	Claim for the value of a car rental fees (promissory note)	Execution proceedings pursuant to Article 46 of the Enforcement Law
Yasser Nashi Alotaibi	4,318 SAR	0.00%	In 2019G	Claim for the value of a car rental fees (promissory note)	Execution proceedings pursuant to Article 46 of the Enforcement Law
Bandar Abdul Aziz Adam	3,074 SAR	0.00%	In 2019G	Claim for the value of a car rental fees (promissory note)	Execution proceedings pursuant to Article 46 of the Enforcement Law
Muhammad Abdulaziz Bin Muhammad Alharbi	2,525 SAR	0.00%	In 2019G	Claim for the value of a car rental fees (promissory note)	Execution proceedings pursuant to Article 46 of the Enforcement Law

Defendant	Claim amount	Percentage of assets	Date	Summary	Status
Abdullah Thabet Hasir Shaabi	12,775 SAR	0.00%	In 2019G	Claim for the value of a car rental fees (promissory note)	Execution proceedings pursuant to Article 46 of the Enforcement Law
Mazen Nour Yusuf Idris	16,924 SAR	0.00%	In 2019G	Claim for the value of a car rental fees (promissory note)	Execution proceedings pursuant to Article 46 of the Enforcement Law
Marei Al Shehri	15,350 SAR	0.00%	In 2019G	Claim for the value of a car rental fees (promissory note)	Execution proceedings pursuant to Article 46 of the Enforcement Law
Bandar Mubarak Abdul rahman Asiri	8,636 SAR	0.00%	In 2019G	Claim for the value of a car rental fees (promissory note)	Execution proceedings pursuant to Article 46 of the Enforcement Law
Adel Hamid Muslim Al Juhani	5,000 SAR	0.00%	In 2019G	Claim for the value of a car rental fees (promissory note)	Execution proceedings pursuant to Article 46 of the Enforcement Law
Abdullah Faisal Abdul rahim Almaliki	4,435 SAR	0.00%	In 2019G	Claim for the value of a car rental fees (promissory note)	Execution proceedings pursuant to Article 46 of the Enforcement Law
Shawkat Muhammad Dean	3,200 SAR	0.00%	In 2019G	Claim for the value of a car rental fees (promissory note)	Execution proceedings pursuant to Article 46 of the Enforcement Law
Ibrahim Awni Ibrahim Hamid	15,566 SAR	0.00%	In 2019G	Claim for the value of a car rental fees (promissory note)	Execution proceedings pursuant to Article 46 of the Enforcement Law
Nasser Ahmed Nasser Alqahtani	11,533 SAR	0.00%	In 2019G	Claim for the value of a car rental fees (promissory note)	Execution proceedings pursuant to Article 46 of the Enforcement Law
Ayman Saif Eddin Mohamed Ahmed	20,163 SAR	0.00%	In 2019G	Claim for the value of a car rental fees (promissory note)	Execution proceedings pursuant to Article 46 of the Enforcement Law
Saqr Ali Othman Alomari	3,000 SAR	0.00%	In 2019G	Claim for the value of a car rental fees (promissory note)	Execution proceedings pursuant to Article 46 of the Enforcement Law
Owetiq Ateeq Ali Alharbi	29,589 SAR	0.00%	In 2019G	Claim for the value of a car rental fees (promissory note)	Execution proceedings pursuant to Article 46 of the Enforcement Law
Saud Hussein Saeed Saeed	1,464 SAR	0.00%	In 2019G	Claim for the value of a car rental fees (promissory note)	Execution proceedings pursuant to Article 46 of the Enforcement Law
Saud Abdullah Al Qathami	26,483 SAR	0.00%	In 2019G	Claim for the value of a car rental fees (promissory note)	Execution proceedings pursuant to Article 46 of the Enforcement Law
Khalid bin Saad bin Hamoud Al Maliki	14,343 SAR	0.00%	In 2019G	Claim for the value of a car rental fees (promissory note)	Execution proceedings pursuant to Article 46 of the Enforcement Law
Mohammed Abdullah Mohammed Khairi	5,662 SAR	0.00%	In 2019G	Claim for the value of a car rental fees (promissory note)	Execution proceedings pursuant to Article 46 of the Enforcement Law
Abdullah Mohammed Ghanim Motahar	6,215 SAR	0.00%	In 2019G	Claim for the value of a car rental fees (promissory note)	Execution proceedings pursuant to Article 46 of the Enforcement Law
Mohamed Ahmed Mardini	12,156 SAR	0.00%	In 2019G	Claim for the value of a car rental fees (promissory note)	Execution proceedings pursuant to Article 46 of the Enforcement Law
Tahir Mahmoud Muhammad Razzaq	19,898 SAR	0.00%	In 2020G	Claim for the value of a car rental fees (promissory note)	Execution proceedings pursuant to Article 46 of the Enforcement Law

Defendant	Claim amount	Percentage of assets	Date	Summary	Status
Mohammad Awad Abbas	15,553 SAR	0.00%	In 2019G	Claim for the value of a car rental fees (promissory note)	Execution proceedings pursuant to Article 46 of the Enforcement Law
Bahar Ali Adam Tamawi	4,654 SAR	0.00%	In 2020G	Claim for the value of a car rental fees (promissory note)	Execution proceedings pursuant to Article 46 of the Enforcement Law
Emad Saud Omar Alsheikh	9,947.51 SAR	0.00%	In 2020G	Claim for the value of a car rental fees (promissory note)	Execution proceedings pursuant to Article 46 of the Enforcement Law
Lutfi Tahery Tahery	8,530 SAR	0.00%	2020G	Claim for the value of a car rental fees (promissory note)	Execution proceedings pursuant to Article 46 of the Enforcement Law
Ahmed bin Ahmed Qaid Qasim	5,186 SAR	0.00%	In 2020G	Claim for the value of a car rental fees (promissory note)	Execution proceedings pursuant to Article 46 of the Enforcement Law
Ahmed Suleiman Mohamed Hassan	13,175 SAR	0.00%	In 2020G	Claim for the value of a car rental fees (promissory note)	Execution proceedings pursuant to Article 46 of the Enforcement Law
Waheed Muhammad Salem Al Marwani	7,177 SAR	0.00%	In 2020G	Claim for the value of a car rental fees (promissory note)	Execution proceedings pursuant to Article 46 of the Enforcement Law
Saad Nidaa Farhan Alharbi	4,655 SAR	0.00%	In 2020G	Claim for the value of a car rental fees (promissory note)	Execution proceedings pursuant to Article 46 of the Enforcement Law
Ibrahim Khalil Abdulwahab Khoj	2,241 SAR	0.00%	In 2020G	Claim for the value of a car rental fees (promissory note)	Execution proceedings pursuant to Article 46 of the Enforcement Law
Salman Nawaf Ali Abu Sharha	14,000.00 SAR	0.00%	In 2020G	Claim for the value of a car rental fees (promissory note)	Execution proceedings pursuant to Article 46 of the Enforcement Law
Abdulrahman Saeed Issa Asiri	8,557 SAR	0.00%	In 2020G	Claim for the value of a car rental fees (promissory note)	Execution proceedings pursuant to Article 46 of the Enforcement Law
Muhammad Fayyad Ahmed	7,076 SAR	0.00%	In 2020G	Claim for the value of a car rental fees (promissory note)	Execution proceedings pursuant to Article 46 of the Enforcement Law
Abdullah bin Abdullah Ali Ezz Alden	7,624 SAR	0.00%	In 2020G	Claim for the value of a car rental fees (promissory note)	Execution proceedings pursuant to Article 46 of the Enforcement Law
Rayan Moeed Muhammad Alzahrani	3,099 SAR	0.00%	In 2020G	Claim for the value of a car rental fees (promissory note)	Execution proceedings pursuant to Article 46 of the Enforcement Law
Ali Yahya Ali Almekhlafi	4,682 SAR	0.00%	In 2020G	Claim for the value of a car rental fees (promissory note)	Execution proceedings pursuant to Article 46 of the Enforcement Law
Rashid Mohammed Yahya Sumaili	82,000 SAR	0.01%	In 2020G	Claim for the value of a car rental fees (promissory note)	Execution proceedings pursuant to Article 46 of the Enforcement Law
Saad Bin Abdul sattar Bin Ahmed Al sghayer	20,000 SAR	0.00%	In 2020G	Claim for the value of a car rental fees (promissory note)	Execution proceedings pursuant to Article 46 of the Enforcement Law
Abdul majeed Mustafa Zabarmawi	21,600 SAR	0.00%	In 2020G	Claim for the value of a car rental fees (promissory note)	Execution proceedings pursuant to Article 46 of the Enforcement Law
Nayef Alshammari	51,677 SAR	0.00%	In 2020G	Claim for the value of a car rental fees (promissory note)	Execution proceedings pursuant to Article 46 of the Enforcement Law

Defendant	Claim amount	Percentage of assets	Date	Summary	Status
Hamoud Al Husseini	20,930 SAR	0.00%	In 2020G	Claim for the value of a car rental fees (promissory note)	Execution proceedings pursuant to Article 46 of the Enforcement Law
Mohamed Abdullah Eid Bekhit	9,582 SAR	0.00%	In 2020G	Claim for the value of a car rental fees (promissory note)	Execution proceedings pursuant to Article 46 of the Enforcement Law
Yahya Munawer Aljumai	7,457 SAR	0.00%	In 2020G	Claim for the value of a car rental fees (promissory note)	Execution proceedings pursuant to Article 46 of the Enforcement Law
Moaz Yahya Muhammad Ali	6,973 SAR	0.00%	In 2020G	Claim for the value of a car rental fees (promissory note)	Execution proceedings pursuant to Article 46 of the Enforcement Law
Ibrahim Abdo Yahya Al Arishi	10,943 SAR	0.00%	In 2020G	Claim for the value of a car rental fees (promissory note)	Execution proceedings pursuant to Article 46 of the Enforcement Law
Sameer Yahya Hamdan Halawani	10,168 SAR	0.00%	In 2020G	Claim for the value of a car rental fees (promissory note)	Execution proceedings pursuant to Article 46 of the Enforcement Law
Suleiman Muhammad Aljuhani	8,351 SAR	0.00%	In 2020G	Claim for the value of a car rental fees (promissory note)	Execution proceedings pursuant to Article 46 of the Enforcement Law
Yasser Muhammad Almaqati	19,732 SAR	0.00%	In 2020G	Claim for the value of a car rental fees (promissory note)	Execution proceedings pursuant to Article 46 of the Enforcement Law
Ahmed Salmeen Duqeel Belahmar	23,104 SAR	0.00%	In 2020G	Claim for the value of a car rental fees (promissory note)	Execution proceedings pursuant to Article 46 of the Enforcement Law
Talal Hassan Musleh Al-Orfi	7,303 SAR	0.00%	In 2020G	Claim for the value of a car rental fees (promissory note)	Execution proceedings pursuant to Article 46 of the Enforcement Law
Ibrahim Muslim Musaibih Al-Haysawi	3,396 SAR	0.00%	In 2020G	Claim for the value of a car rental fees (promissory note)	Execution proceedings pursuant to Article 46 of the Enforcement Law
Salem Ahmed Omari	2,881 SAR	0.00%	In 2020G	Claim for the value of a car rental fees (promissory note)	Execution proceedings pursuant to Article 46 of the Enforcement Law
Omar Naim Alabsi	1,528 SAR	0.00%	In 2020G	Claim for the value of a car rental fees (promissory note)	Execution proceedings pursuant to Article 46 of the Enforcement Law
Gamal Muhammad Kamal Abdul malik Afifi	5,971 SAR	0.00%	In 2020G	Claim for the value of a car rental fees (promissory note)	Execution proceedings pursuant to Article 46 of the Enforcement Law
Yasin Issa Zain	14,220 SAR	0.00%	In 2020G	Claim for the value of a car rental fees (promissory note)	Execution proceedings pursuant to Article 46 of the Enforcement Law
Abdul rahman Essam Hammad	6,479 SAR	0.00%	In 2020G	Claim for the value of a car rental fees (promissory note)	Execution proceedings pursuant to Article 46 of the Enforcement Law
Wael Obaid Allah Alghamdi	4,160 SAR	0.00%	In 2020G	Claim for the value of a car rental fees (promissory note)	Execution proceedings pursuant to Article 46 of the Enforcement Law
Mohammed Abdullah Sabgha	5,882 SAR	0.00%	In 2021G	Claim for the value of a car rental fees (promissory note)	Execution proceedings pursuant to Article 46 of the Enforcement Law
Muhammad Ashraf Yousef Abdul hadi	1,500 SAR	0.00%	In 2021G	Claim for the value of a car rental fees (promissory note)	Execution proceedings pursuant to Article 46 of the Enforcement Law

Defendant	Claim amount	Percentage of assets	Date	Summary	Status
Abdul aziz Muhammad Khnjy	11,450 SAR	0.00%	In 2021G	Claim for the value of a car rental fees (promissory note)	Execution proceedings pursuant to Article 46 of the Enforcement Law
Sultan Awad Hassan Al-Nimri	4,030 SAR	0.00%	In 2021G	Claim for the value of a car rental fees (promissory note)	Execution proceedings pursuant to Article 46 of the Enforcement Law
Taher Safar Mahmas Al-Mutairi	13,011 SAR	0.00%	In 2021G	Claim for the value of a car rental fees (promissory note)	Execution proceedings pursuant to Article 46 of the Enforcement Law
Aziz Salim Ali Alanazi	7,032 SAR	0.00%	In 2021G	Claim for the value of a car rental fees (promissory note)	Execution proceedings pursuant to Article 46 of the Enforcement Law
Ali Muhammad Ismail Madan	5,915 SAR	0.00%	In 2021G	Claim for the value of a car rental fees (promissory note)	Execution proceedings pursuant to Article 46 of the Enforcement Law
Noir Ghallab Alharbi	7,746 SAR	0.00%	In 2021G	Claim for the value of a car rental fees (promissory note)	Execution proceedings pursuant to Article 46 of the Enforcement Law
Mashael Mohammed Alharbi	5,397 SAR	0.00%	In 2021G	Claim for the value of a car rental fees (promissory note)	Execution proceedings pursuant to Article 46 of the Enforcement Law
Abdullah Ali Abdullah Albakri	4,492 SAR	0.00%	In 2021G	Claim for the value of a car rental fees (promissory note)	Execution proceedings pursuant to Article 46 of the Enforcement Law
Nelmkrn Nair Bailey	1,638 SAR	0.00%	In 2021G	Claim for the value of a car rental fees (promissory note)	Execution proceedings pursuant to Article 46 of the Enforcement Law
Khaled Mosleh Ayedh	843 S.R	0.00%	In 2021G	Claim for the value of a car rental fees (promissory note)	Execution proceedings pursuant to Article 46 of the Enforcement Law
Muhammad Naeem Muhammad Hanif	1,471 SAR	0.00%	In 2021G	Claim for the value of a car rental fees (promissory note)	Execution proceedings pursuant to Article 46 of the Enforcement Law
Abdullah Ahmed Khalaf Al Kaabi	27,000 SAR	0.00%	In 2021G	Claim for the value of a car rental fees (promissory note)	Execution proceedings pursuant to Article 46 of the Enforcement Law
Abdul ailah Ali Yahya	6,500 SAR	0.00%	In 2021G	Claim for the value of a car rental fees (promissory note)	Execution proceedings pursuant to Article 46 of the Enforcement Law
Mishari Marzouq Rakyan Alqathami	102,382 SAR	0.01%	In 2021G	Claim for the value of a car rental fees (promissory note)	Execution proceedings pursuant to Article 46 of the Enforcement Law
Muhammad Mahmoud Khnyfs Alyoubi	5,600 SAR	0.00%	In 2021G	Claim for the value of a car rental fees (promissory note)	Execution proceedings pursuant to Article 46 of the Enforcement Law
Nayef Ahmed Mohammed Al-Jahni	1,400 SAR	0.00%	In 2021G	Claim for the value of a car rental fees (promissory note)	Execution proceedings pursuant to Article 46 of the Enforcement Law
Majid Ali Al-Menhabi Al-Zahrani	5,439 SAR	0.00%	In 2021G	Claim for the value of a car rental fees (promissory note)	Execution proceedings pursuant to Article 46 of the Enforcement Law
Abdullah Qafar Saad Alzahrani	2,944 SAR	0.00%	In 2021G	Claim for the value of a car rental fees (promissory note)	Execution proceedings pursuant to Article 46 of the Enforcement Law
Abdullah Mazyad Alharbi	4,604 SAR	0.00%	In 2021G	Claim for the value of a car rental fees (promissory note)	Execution proceedings pursuant to Article 46 of the Enforcement Law

Defendant	Claim amount	Percentage of assets	Date	Summary	Status
Majid Abdullah Ali Momas	8,897 SAR	0.00%	In 2021G	Claim for the value of a car rental fees (promissory note)	Execution proceedings pursuant to Article 46 of the Enforcement Law
Suleiman Khaled Alsanee	38,934 SAR	0.00%	In 2019G	Claim for the value of a car rental fees (promissory note)	Execution proceedings pursuant to Article 46 of the Enforcement Law
Abdulaziz Alarfaj	1,315 SAR	0.00%	In 2019G	Claim for the value of a car rental fees (promissory note)	Execution proceedings pursuant to Article 46 of the Enforcement Law
Muhammad Hamdan Alanazi	8,134 SAR	0.00%	In 2019G	Claim for the value of a car rental fees (promissory note)	Execution proceedings pursuant to Article 46 of the Enforcement Law
Turki Ghazi Almadani	1,751 SAR	0.00%	In 2019G	Claim for the value of a car rental fees (promissory note)	Execution proceedings pursuant to Article 46 of the Enforcement Law
Abdulsalam Ahmed Saeed	8,627 SAR	0.00%	In 2019G	Claim for the value of a car rental fees (promissory note)	Execution proceedings pursuant to Article 46 of the Enforcement Law
Ahmed Ali Al Ghamdi	14,627 SAR	0.00%	In 2019G	Claim for the value of a car rental fees (promissory note)	Execution proceedings pursuant to Article 46 of the Enforcement Law
Muhammad Hamdan Alanazi	8,134 SAR	0.00%	In 2019G	Claim for the value of a car rental fees (promissory note)	Execution proceedings pursuant to Article 46 of the Enforcement Law
Fahad Abdullah Alsagheer	20,168 SAR	0.00%	In 2019G	Claim for the value of a car rental fees (promissory note)	Execution proceedings pursuant to Article 46 of the Enforcement Law
Turki Ghazi Almadani	1,751 SAR	0.00%	In 2019G	Claim for the value of a car rental fees (promissory note)	Execution proceedings pursuant to Article 46 of the Enforcement Law
Abdulsalam Ahmed Saeed	8,627 SAR	0.00%	In 2019G	Claim for the value of a car rental fees (promissory note)	Execution proceedings pursuant to Article 46 of the Enforcement Law
Abdullah Ali Musalat	8,000 SAR	0.00%	In 2019G	Claim for the value of a car rental fees (promissory note)	Execution proceedings pursuant to Article 46 of the Enforcement Law
Muhammad Ali Alshehri	10,217 SAR	0.00%	In 2019G	Claim for the value of a car rental fees (promissory note)	Execution proceedings pursuant to Article 46 of the Enforcement Law
Mohammad Ahmad Khatary	13,092 SAR	0.00%	In 2020G	Claim for the value of a car rental fees (promissory note)	Execution proceedings pursuant to Article 46 of the Enforcement Law
Abdullah Rashid Al Arfaj	9,607 SAR	0.00%	In 2020G	Claim for the value of a car rental fees (promissory note)	Execution proceedings pursuant to Article 46 of the Enforcement Law
Abdullah Yousef Alzayed	9,000 SAR	0.00%	In 2020G	Claim for the value of a car rental fees (promissory note)	Execution proceedings pursuant to Article 46 of the Enforcement Law
Mohammed Saleh Aljawf	2,925 SAR	0.00%	In 2020G	Claim for the value of a car rental fees (promissory note)	Execution proceedings pursuant to Article 46 of the Enforcement Law
Saeed Aldossary	3,426 SAR	0.00%	In 2020G	Claim for the value of a car rental fees (promissory note)	Execution proceedings pursuant to Article 46 of the Enforcement Law
Saeed Mohammed Al Damnan	2,057 SAR	0.00%	In 2020G	Claim for the value of a car rental fees (promissory note)	Execution proceedings pursuant to Article 46 of the Enforcement Law

Defendant	Claim amount	Percentage of assets	Date	Summary	Status
Abdulmohsen Sorour Alotaibi	18,327 SAR	0.00%	In 2020G	Claim for the value of a car rental fees (promissory note)	Execution proceedings pursuant to Article 46 of the Enforcement Law
Fadi Melhem Mrtdy	18,518 SAR	0.00%	In 2021G	Claim for the value of a car rental fees (promissory note)	Execution proceedings pursuant to Article 46 of the Enforcement Law
Waleed Abdullah Almalki	36,309 SAR	0.00%	In 2021G	Claim for the value of a car rental fees (promissory note)	Execution proceedings pursuant to Article 46 of the Enforcement Law
Suleiman Ali Alarfa	4,444 SAR	0.00%	In 2021G	Claim for the value of a car rental fees (promissory note)	Execution proceedings pursuant to Article 46 of the Enforcement Law
Abdullah Wahq al Wahq	5,379 SAR	0.00%	In 2021G	Claim for the value of a car rental fees (promissory note)	Execution proceedings pursuant to Article 46 of the Enforcement Law
Afnan Raja Alzaid	6,548 SAR	0.00%	In 2021G	Claim for the value of a car rental fees (promissory note)	Execution proceedings pursuant to Article 46 of the Enforcement Law
Saeed Mubarak Alotaibi	11,143 SAR	0.00%	In 2021G	Claim for the value of a car rental fees (promissory note)	Execution proceedings pursuant to Article 46 of the Enforcement Law
Abdullah Mardi Alshammari	2,500 SAR	0.00%	In 2020G	Claim for the value of a car rental fees (promissory note)	Execution proceedings pursuant to Article 46 of the Enforcement Law
Muhammad Khan	3,000 SAR	0.00%	In 2020G	Claim for the value of a car rental fees (promissory note)	Execution proceedings pursuant to Article 46 of the Enforcement Law
Hamad Bin Askar Al Namis	5,000 SAR	0.00%	In 2020G	Claim for the value of a car rental fees (promissory note)	Execution proceedings pursuant to Article 46 of the Enforcement Law
Salem Mansour Aldossary	8,500 SAR	0.00%	In 2020G	Claim for the value of a car rental fees (promissory note)	Execution proceedings pursuant to Article 46 of the Enforcement Law
Abdulrahman Salem Al Fahad	24,155 SAR	0.00%	In 2021G	Claim for the value of a car rental fees (promissory note)	Execution proceedings pursuant to Article 46 of the Enforcement Law
Mubarak Mohammed Al Marri	3,000 SAR	0.00%	In 2021G	Claim for the value of a car rental fees (promissory note)	Execution proceedings pursuant to Article 46 of the Enforcement Law
Turki Muslat Alotaibi	2,700 SAR	0.00%	In 2021G	Claim for the value of a car rental fees (promissory note)	Execution proceedings pursuant to Article 46 of the Enforcement Law
Hassan Ali Al Bahrani	6,105 SAR	0.00%	In 2021G	Claim for the value of a car rental fees (promissory note)	Execution proceedings pursuant to Article 46 of the Enforcement Law
Mansour Mahdi Alajmi	1,673 SAR	0.00%	In 2021G	Claim for the value of a car rental fees (promissory note)	Execution proceedings pursuant to Article 46 of the Enforcement Law
Fahad Mohammed Al Jaber	3,525 SAR	0.00%	In 2021G	Claim for the value of a car rental fees (promissory note)	Execution proceedings pursuant to Article 46 of the Enforcement Law
Abdullah Hammad Alshammari	6,973 SAR	0.00%	In 2021G	Claim for the value of a car rental fees (promissory note)	Execution proceedings pursuant to Article 46 of the Enforcement Law
Abdullah Rashid Al Obaidi	20,218 SAR	0.00%	In 2021G	Claim for the value of a car rental fees (promissory note)	Execution proceedings pursuant to Article 46 of the Enforcement Law

Defendant	Claim amount	Percentage of assets	Date	Summary	Status
Iyad Adnan	7,448 SAR	0.00%	In 2021G	Claim for the value of a car rental fees (promissory note)	Execution proceedings pursuant to Article 46 of the Enforcement Law
Hassan Ali Madkhali	59,523 SAR	0.00%	In 2021G	Claim for the value of a car rental fees (promissory note)	Execution proceedings pursuant to Article 46 of the Enforcement Law
Abdullah Mohammed Alahmari	13,287 SAR	0.00%	In 2021G	Claim for the value of a car rental fees (promissory note)	Execution proceedings pursuant to Article 46 of the Enforcement Law
Abdulrahman Mohammed Al Shaghat	13,899 SAR	0.00%	In 2021G	Claim for the value of a car rental fees (promissory note)	Execution proceedings pursuant to Article 46 of the Enforcement Law
Mohammed Al-Sudairi Alahmari	19,206 SAR	0.00%	In 2021G	Claim for the value of a car rental fees (promissory note)	Execution proceedings pursuant to Article 46 of the Enforcement Law
Ghulam Abbas Shafi	19,700 SAR	0.00%	In 2021G	Claim for the value of a car rental fees (promissory note)	Execution proceedings pursuant to Article 46 of the Enforcement Law
Saleh Abdulrahman Alrasheed	39,935 SAR	0.00%	In 2021G	Claim for the value of a car rental fees (promissory note)	Execution proceedings pursuant to Article 46 of the Enforcement Law
Abdullah Ahmed Al Saleh	7,235 SAR	0.00%	In 2021G	Claim for the value of a car rental fees (promissory note)	Execution proceedings pursuant to Article 46 of the Enforcement Law
Yazid Abdullah Albalawi	6,413 SAR	0.00%	In 2021G	Claim for the value of a car rental fees (promissory note)	Execution proceedings pursuant to Article 46 of the Enforcement Law
Mohammed Ahmed Alqahtani	6,252 SAR	0.00%	In 2021G	Claim for the value of a car rental fees (promissory note)	Execution proceedings pursuant to Article 46 of the Enforcement Law
Abdulaziz Abdullah Al-Shuwaikan	6,600 SAR	0.00%	In 2021G	Claim for the value of a car rental fees (promissory note)	Execution proceedings pursuant to Article 46 of the Enforcement Law
Ibrahim Alsaedi	3,206 SAR	0.00%	In 2021G	Claim for the value of a car rental fees (promissory note)	Execution proceedings pursuant to Article 46 of the Enforcement Law
Abdulaziz Ali Basih	1,140 SAR	0.00%	In 2021G	Claim for the value of a car rental fees (promissory note)	Execution proceedings pursuant to Article 46 of the Enforcement Law
Khalid Saif Alotaibi	6,796 SAR	0.00%	In 2021G	Claim for the value of a car rental fees (promissory note)	Execution proceedings pursuant to Article 46 of the Enforcement Law
The outcome of the lame Habanan	1,005 SAR	0.00%	In 2021G	Claim for the value of a car rental fees (promissory note)	Execution proceedings pursuant to Article 46 of the Enforcement Law
Muhammad Madallah Alhamili	2,905 SAR	0.00%	In 2021G	Claim for the value of a car rental fees (promissory note)	Execution proceedings pursuant to Article 46 of the Enforcement Law
Bandar Ali Yahya	8,593 SAR	0.00%	In 2021G	Claim for the value of a car rental fees (promissory note)	Execution proceedings pursuant to Article 46 of the Enforcement Law
Khalid Abdulmohsen Alqahtani	90,000 SAR	0.01%	In 2021G	Claim for the value of a car rental fees (promissory note)	Execution proceedings pursuant to Article 46 of the Enforcement Law
Nayef Abdullah Alrasheedi	1,966 SAR	0.00%	In 2021G	Claim for the value of a car rental fees (promissory note)	Execution proceedings pursuant to Article 46 of the Enforcement Law

Defendant	Claim amount	Percentage of assets	Date	Summary	Status
Fahad Bakhit Aldosari	34,755 SAR	0.00%	In 2021G	Claim for the value of a car rental fees (promissory note)	Execution proceedings pursuant to Article 46 of the Enforcement Law
Nayef Mohammed Al Qahtani	3,298 SAR	0.00%	In 2021G	Claim for the value of a car rental fees (promissory note)	Execution proceedings pursuant to Article 46 of the Enforcement Law
Fahad Awaf Alharbi	1,900 SAR	0.00%	In 2021G	Claim for the value of a car rental fees (promissory note)	Execution proceedings pursuant to Article 46 of the Enforcement Law
Abdulmohsen Ghaith Alhujaili	1,125 SAR	0.00%	In 2021G	Claim for the value of a car rental fees (promissory note)	Execution proceedings pursuant to Article 46 of the Enforcement Law
Abdulwahab Abdullah Alharbi	7,445 SAR	0.00%	In 2021G	Defendant's claim for the value of a car rental fees	Execution proceedings pursuant to Article 46 of the Enforcement Law
Faisal Ayesh Al Balushi	5,220 SAR	0.00%	In 2021G	Defendant's claim for the value of a car rental fees	Execution proceedings pursuant to Article 46 of the Enforcement Law
Zaid Khaled Al Sharif	4,378 SAR	0.00%	In 2021G	Defendant's claim for the value of a car rental fees	Execution proceedings pursuant to Article 46 of the Enforcement Law
Saad Ibrahim Al Ahmad	2,799 SAR	0.00%	In 2021G	Defendant's claim for the value of a car rental fees	Execution proceedings pursuant to Article 46 of the Enforcement Law
Eman Al Buqami	34,000 SAR	0.00%	In 2021G	Accident Claim	Under consideration
Rights System	14,000 SAR	0.00%	In 2022G	Financial claim	A final judgment was issued obliging the defendant to pay an amount of 14,000 SAR
Al Aqeeq Al Ahmar Est.	939,959 SAR	0.06%	In 2020G	Claim for car rental fees	Execution proceedings pursuant to Article 46 of the Enforcement Law
Hussain Abdulla Ali Haroubi	3,208 SAR	0.00%	In 2022G	Claim for car rental fees	Execution proceedings pursuant to Article 46 of the Enforcement Law
Thamer Sami Aldayel	20,094 SAR	0.00%	In 2022G	Claim for car rental fees	Execution proceedings pursuant to Article 46 of the Enforcement Law
Khalid Fahad Aljrees	5,011 SAR	0.00%	In 2022G	Claim for car rental fees	Execution proceedings pursuant to Article 46 of the Enforcement Law
Yousry Mohamed Tarfawi	621 S.R	0.00%	In 2022G	Claim for car rental fees	Execution proceedings pursuant to Article 46 of the Enforcement Law
Ahmed Sharaf Baaslan	21,720 SAR	0.00%	In 2022G	Claim for car rental fees	Execution proceedings pursuant to Article 46 of the Enforcement Law
Faris Abdullah Abu Hammoud	3,296 SAR	0.00%	In 2022G	Claim for car rental fees	Execution proceedings pursuant to Article 46 of the Enforcement Law
Nimr Dokhi Alotaibi	5,152 SAR	0.00%	In 2022G	Claim for car rental fees	Execution proceedings pursuant to Article 46 of the Enforcement Law
Nawaf Dakheel Allah Ayedh Aljahni	5,467 SAR	0.00%	In 2022G	Claim for car rental fees	Execution proceedings pursuant to Article 46 of the Enforcement Law

Defendant	Claim amount	Percentage of assets	Date	Summary	Status
Osama Noaman Abdo Al-Himyari	4,204 SAR	0.00%	In 2022G	Claim for car rental fees	Execution proceedings pursuant to Article 46 of the Enforcement Law
Issa Khalaf Moazi Albalawi	9,539 SAR	0.00%	In 2022G	Claim for car rental fees	Execution proceedings pursuant to Article 46 of the Enforcement Law
Amer Hadi Amer Asiri	12,347 SAR	0.00%	In 2022G	Claim for car rental fees	Execution proceedings pursuant to Article 46 of the Enforcement Law
Ahmed Jaber Omar Alomari	4,824 SAR	0.00%	In 2022G	Claim for car rental fees	Execution proceedings pursuant to Article 46 of the Enforcement Law
Abdul Rahman Mohamed Abdul Shakour	3,760 SAR	0.00%	In 2022G	Claim for car rental fees	Execution proceedings pursuant to Article 46 of the Enforcement Law
Salem Faraj Mubarak Almohamadi	7,325 SAR	0.00%	In 2022G	Claim for car rental fees	Execution proceedings pursuant to Article 46 of the Enforcement Law
Mohammed Ali Al Qahtani	5,558 SAR	0.00%	In 2022G	Claim for car rental fees	Execution proceedings pursuant to Article 46 of the Enforcement Law
Faris Abdulrahman Alqahtani	16,274 SAR	0.00%	In 2022G	Claim for car rental fees	Execution proceedings pursuant to Article 46 of the Enforcement Law
Thayeb Scarf Al-Roqi	10,366 SAR	0.00%	In 2022G	Claim for car rental fees	Execution proceedings pursuant to Article 46 of the Enforcement Law
Smart Trucks Est.	702,000 SAR	0.05%	In 2020G	Claim for car rental fees	Execution proceedings pursuant to Article 46 of the Enforcement Law
Hani Abdullah Sabir	9,982 SAR	0.00%	In 2022G	Claim for car rental fees	Execution proceedings pursuant to Article 46 of the Enforcement Law
Muhammad Nasser Harthy	4,229 SAR	0.00%	In 2022G	Claim for car rental fees	Execution proceedings pursuant to Article 46 of the Enforcement Law
Aqeel Ali Alomari	3,342 SAR	0.00%	In 2022G	Claim for car rental fees	Execution proceedings pursuant to Article 46 of the Enforcement Law
Mohammed Meshaal Alotaibi	4,830 SAR	0.00%	In 2022G	Claim for car rental fees	Execution proceedings pursuant to Article 46 of the Enforcement Law
Mubarak Alajmi	3,250 SAR	0.00%	In 2022G	Claim for car rental fees	Execution proceedings pursuant to Article 46 of the Enforcement Law
Meshaal Hillel Al-Mutairi	868 S.R	0.00%	In 2022G	Claim for car rental fees	Execution proceedings pursuant to Article 46 of the Enforcement Law
Turki Ghassan Aljawhar	7,111 SAR	0.00%	In 2022G	Claim for car rental fees	Execution proceedings pursuant to Article 46 of the Enforcement Law
Ali Muhammad Alshahrani	621 S.R	0.00%	In 2022G	Claim for car rental fees	Execution proceedings pursuant to Article 46 of the Enforcement Law
Abdullah Al Yami	34,505 SAR	0.00%	In 2022G	Claim for car rental fees	Execution 34

Defendant	Claim amount	Percentage of assets	Date	Summary	Status
Abdulwahab Al Sheikh	365,396 SAR	0.02%	In 2022G	Claim for car rental fees	A final judgment was issued in favor of the Company obliging the defendant to pay the amount of 189,050 SAR - under execution
Contractors Union	436,000 SAR	0.03%	In 2020G	Claim for car rental fees	Under reconciliation procedures
Ghassan Pharaon Hospitals Company	214,980 SAR	0.01%	In 2022G	Claim for car rental fees	The performance order request has been filed pending the department's response.
Fahad Naseer Alshahrani	1,750 SAR	0.00%	In 2022G	Claim for car rental fees	Execution proceedings pursuant to Article 46 of the Enforcement Law
Khalid Hassan Bin ouf	3,265 SAR	0.00%	In 2022G	Claim for car rental fees	Execution proceedings pursuant to Article 46 of the Enforcement Law
Wijdan Saleh Muhammad Alhumaidi	19,144 SAR	0.00%	In 2022G	Claim for car rental fees	Execution proceedings pursuant to Article 46 of the Enforcement Law
Majid Muhammad Abdul qadir Alamoudi	7,645.66 SAR	0.00%	In 2022G	Claim for car rental fees	Execution proceedings pursuant to Article 46 of the Enforcement Law
Wael Saad Alanazi	6,136 SAR	0.00%	In 2022G	Claim for car rental fees	Execution proceedings pursuant to Article 46 of the Enforcement Law
Sultan Muhammad Alanazi	4,670 SAR	0.00%	In 2022G	Claim for car rental fees	Execution proceedings pursuant to Article 46 of the Enforcement Law
Sultan Muhammad Alanazi	3,458 SAR	0.00%	In 2022G	Claim for car rental fees	Execution proceedings pursuant to Article 46 of the Enforcement Law
Hadiya Atiq al-Attavi	460 S.R	0.00%	In 2022G	Claim for car rental fees	Execution proceedings pursuant to Article 46 of the Enforcement Law
Mishari Ayesh Alotaibi	787.70 SAR	0.00%	In 2022G	Claim for car rental fees	Execution proceedings pursuant to Article 46 of the Enforcement Law
Ahmed Abdo Ahmed Abdullah	5,455 SAR	0.00%	In 2022G	Claim for car rental fees	Execution proceedings pursuant to Article 46 of the Enforcement Law
Bassam Mohsen Alhazmi	6,846 SAR	0.00%	In 2022G	Claim for car rental fees	Execution proceedings pursuant to Article 46 of the Enforcement Law
Majid Fahad Alsulaimani	6,024.57 SAR	0.00%	In 2022G	Claim for car rental fees	Execution proceedings pursuant to Article 46 of the Enforcement Law
Ahmed Abdul Rahman Mahmoud Attia	1,458 SAR	0.00%	In 2022G	Claim for car rental fees	Execution proceedings pursuant to Article 46 of the Enforcement Law
Muhammad Sanhat Turki Alshaibani	1,856.66 SAR	0.00%	In 2022G	Claim for car rental fees	Execution proceedings pursuant to Article 46 of the Enforcement Law
Muhannad Abdul rahman Awad Alharthi	1,025 SAR	0.00%	In 2022G	Claim for car rental fees	Execution proceedings pursuant to Article 46 of the Enforcement Law

12.12.2 Substantial Cases Initiated by the Company

12.12.2.1 The Company v Eman AlBugami

The Company (as plaintiff) has initiated a claim in General Court in Riyadh under number 439463783 in 2022G against Eman AlBugami (as defendant) in respect of a claim of unpaid amounts related to a car accident. The total amount at dispute is SAR 34,000. The claim is currently under consideration.

12.12.3 Litigation and Disputes Initiated Against the Company

12.12.3.1 Musaed Alotaibi vs. the Company

Musaed Alotaibi (as plaintiff) has initiated a claim in the General Court in Riyadh under number 439538262 in the year 2022G against the Company (as defendant) demanding a brokerage fee for a rental contract. The total amount at dispute is SAR 16,000. The claim is currently under consideration.

12.13 Summary of Bylaws

12.13.1 Name of the Company

The name of the Company is “Lumi Rental Company”, a single shareholder joint stock company.

12.13.2 Activities of the Company

The Company’s objects are:

- sale of motor vehicles;
- maintenance and repair of motor vehicles;
- sale of vehicle parts and accessories;
- sale, maintenance and repair of motorcycles, spare parts and accessories;
- ground transportation of passengers in the cities and suburbs;
- road transport related service activities;
- motor vehicle rental;
- rental of leisure and sports equipment;
- rental of machinery and other equipment and real goods; and
- activities of tour operators;

The Company conducts its activities according to the relevant laws and after obtaining the required licences, when required, from the competent authorities.

12.13.3 Head Office of the Company

The head office of the Company is in the city of Riyadh, Kingdom of Saudi Arabia. The Company may establish branches, offices or agencies for the Company within or outside the Kingdom by a resolution of the Board of Directors.

12.13.4 Duration of the Company

The duration of the Company is not specified.

12.13.5 Company’s Share Capital

The Company’s issued Share capital is five hundred and fifty million Saudi Riyals (SAR 550,000,000) divided into fifty-five million (55,000,000) Shares, with an equal nominal value of ten Saudi Riyals (SAR 10) each, all of which are ordinary Shares.

12.13.6 Capital Subscription

The Shareholders have subscribed to all of the Company’s issued Shares, amounting to fifty-five million (55,000,000) Shares. and paid in full their nominal value of five hundred and fifty million Saudi Riyals (SAR 550,000,000).

12.13.7 Shareholders' Register

The Company shall prepare a shareholders' register which includes shareholders' names, nationalities, particulars, places of residence, and occupations as well as the number of shares owned by each shareholder, their serial numbers, and the amount paid of their value. The Company may outsource the preparation of the register; said register shall be maintained in the Kingdom.

The Company shall provide the MoC with the information referred to in above paragraph and any amendment thereto within 15 days from the date of the Company's registration with the Commercial Register or from the date of the amendment, as the case may be.

12.13.8 Trading of Shares

The Company's shares are traded by being registered in the shareholders' register, and the transfer of ownership of the share against the Company or third parties is not considered except from the date of this entry.

12.13.9 Increase of Share Capital

The Company's Board of Directors may increase the Company's issued capital provided that the authorised capital has been paid up in full.

The Extraordinary General Assembly may resolve to increase the Company's issued capital, provided that the authorised capital has been paid up in full, unless the unpaid amount of the authorized capital is allocated for Shares issued in exchange for converting debt instruments or financing instruments into Shares and the period specified for conversion has not yet expired.

12.13.10 Decrease of Share Capital

The Extraordinary General Assembly may decide to decrease the capital if it exceeds the needs of the Company or if the Company suffers losses. In the latter case only, the capital may be decreased to below the limit set in Article 59 of the Companies' Law. That decision shall not be issued until a statement prepared by the Board of Directors stating the grounds for such decrease, and the Company's liabilities, and the effect of the decrease on satisfying such liabilities is presented at the General Assembly. Said statement shall include the report of the Company's auditor.

If the capital reduction is due to the fact that the capital is in excess of the Company's needs, the Company's creditors must be invited to express their objections, if any, to such a reduction at least 45 days prior to the date set for the Extraordinary General Assembly meeting to decide upon the reduction. Such invitation must be accompanied by a statement clarifying the capital before and after the reduction, the date of the meeting and the effective date of the reduction. If any creditor object and presents to the Company evidentiary documents within the deadline set above; the Company shall pay such debt, if already due, or present an adequate guarantee of payment if the debt is payable at a future date.

The Company shall ensure equality among Shareholders of the same type and class shall be observed upon the decrease of capital.

12.13.11 Board of Directors

The Company shall be managed by its Board of Directors consisting of seven (7) natural persons to be elected by the Ordinary General Assembly for a term not exceeding four years.

12.13.12 Membership Termination

A Director's membership in the Board shall be terminated upon the expiry of the Board's term or upon the termination of that Director's membership in the Board pursuant to the applicable laws or regulations in the Kingdom. However, the General Assembly (based on a recommendation from the Board of Directors) terminate the membership of any member who has been absent from attending (three) consecutive meetings or (five) separate meetings during the time of his membership without a legitimate excuse accepted by the Board of Directors. However, the Ordinary General Assembly may at any time dismiss all or some of the members of the Board of Directors "provided" the approval of 66 per cent. of the total number of votes of the shareholders present at the meeting, and in this case the General Assembly must elect a new Board of Directors or whoever replaces the dismissed member - as the case may be. – in accordance with the Company's Bylaws and in accordance with the provisions of the Companies Law its Implementing Regulations.

12.13.13 Expiration of the Board Term or the Resignation of its Members or Board Vacancy

The Board of Directors shall call for the Ordinary General Assembly to convene within a sufficient period before the expiry of its term to elect a Board of Directors for a new term. If an election cannot be held and the term of the current Board has expired, its Directors shall continue to perform their duties until a Board of Directors is elected for a new term, provided that the duration of the Directors whose term has expired shall not exceed the period specified in the Companies Law implementing regulation.

If the Chairman and Directors resign, they must call for the Ordinary General Assembly to convene to elect a new Board of Directors. Resignation shall not be effective until the new Board is elected, provided that the term of the resigned Board does not exceed the period specified in the Companies Law implementing regulation.

A Director may resign upon a written notice directed to the Chairman of the Board. If the Chairman of the Board resigns, the notice shall be directed to the remaining Directors and the Secretary. Resignation shall become effective, in both cases, from the date specified in the notice.

If the position of a Director becomes vacant due to his death or resignation and such vacancy does not result in a breach of the conditions necessary for the validity of Board meetings due to a decrease in the number of its Directors below the minimum stipulated in the Companies Law or this Bylaws, the Board may appoint - temporarily - to the vacant position a person with sufficient experience and competence. The registration and the CMA, if the company was listed in the Saudi Exchange, shall be notified of the same within fifteen (15) days from the date of appointment. The appointment shall be presented to the Ordinary General Assembly at its first meeting and the new Director shall complete the term of his predecessor.

If the necessary conditions for the validity of Board meetings are not met due to the number of its Directors being less than the minimum stipulated in the Companies Law or these Bylaws, the remaining Directors shall call for the Ordinary General Assembly to convene within 60 days to elect the required number of Directors.

12.13.14 Powers and Duties of the Board

Without prejudice to the powers conferred on the General Assembly, the Board shall be vested with the widest powers and authorities to manage the Company for the purpose of achieving its objectives. These powers include, but are not limited to, the following:

- issuing, renewing, and deleting commercial records; purchasing establishments; signing all documents with the Chamber of Commerce; and selling establishments;
- overseeing records management; extracting records; transferring commercial records; managing, canceling, and supervising records; opening a subscription with the Chamber of Commerce; approving and canceling signatures with the Chamber of Commerce;
- establishing a company; signing and canceling its articles of association; amending annexes; signing shareholders' decisions; appointing and dismissing managers; modifying such company's purposes; liquidating such company; converting such company from a joint stock company to a limited liability company, or vice versa; converting such company from a general partnership to a limited liability company;
- opening bank accounts in the name of the Company; signing agreements; registering the Company; registering agencies and trademarks; and attending General Assemblies;
- appointing arbitrators; appointing lawyers; representing the Company before notaries and Sharia courts; handling and responding to lawsuits; engaging in reconciliation processes; accepting or rejecting arbitration; accepting or rejecting reconciliation; acknowledging, denying, waiving, pleading, defending, and claiming; litigating; utilizing and implementing all electronic services of the Ministry of Justice; and authorizing or assigning others to implement the electronic services of the Ministry of Justice; and
- signing loan contracts, their amendments, annexes, and all related documents; following up on agreements; consulting agreements; and signing industrial mortgage documents before a notary public to mortgage all the Company's properties.

The Board of Directors is required to obtain the approval of the General Assembly when selling assets whose value exceeds fifty per cent. of the value of its total assets, whether the sale is made through one transaction or several transactions, in which case the transaction that leads to exceeding fifty per cent. of the value of the assets is considered the transaction that requires the approval of the General Assembly, and this percentage is calculated from the date of the first transaction made during the previous 12 months. The Board of Directors may, within the limits of its competence, authorize one or more of its members or third parties to carry out certain work or works.

12.13.15 Remuneration of the Directors

The remuneration of the Board of Directors shall consist of a percentage of the net profits, benefits, attendance allowance for meetings, a specific amount, or which ever is determined by the Ordinary General Assembly.

The Board of Directors' reports to the Ordinary General Assembly must include a comprehensive statement of all amounts received by Directors during the financial year in the way of remuneration, expenses, and other benefits, as well as all amounts received by the Directors in their capacity as officers or executives of the Company, or in consideration of technical, administrative or advisory services. It must also include the number of sessions of the Board and the number of sessions each Director attended.

12.13.16 The Authorities of the Chairman, Deputy Chairman, Managing Director and Secretary

The Board of Directors shall appoint from amongst its members a Chairman, and may appoint a Vice Chairman. The Board of Directors shall appoint a Chief Executive Officer from among its members or others.

The Chairman of the Board of Directors is granted the authorities stipulated in the Companies Law and the Company's Bylaws, including but not limited to the following:

- issuing, renewing, and deleting commercial records; purchasing establishments; signing all documents with the Chamber of Commerce; and selling establishments;
- overseeing records management; extracting records; transferring commercial records; managing, canceling, and supervising records; opening a subscription with the Chamber of Commerce; approving and canceling signatures with the Chamber of Commerce;
- establishing a company; signing and canceling its articles of association; amending annexes; signing shareholders' decisions; appointing and dismissing managers; modifying such company's purposes; liquidating such company; converting such company from a joint stock company to a limited liability company, or vice versa; converting such company from a general partnership to a limited liability company;
- opening bank accounts in the name of the Company; signing agreements; registering the Company; registering agencies and trademarks; and attending General Assemblies;
- appointing arbitrators; appointing lawyers; representing the Company before notaries and Sharia courts; handling and responding to lawsuits; engaging in reconciliation processes; accepting or rejecting arbitration; accepting or rejecting reconciliation; acknowledging, denying, waiving, pleading, defending, and claiming; litigating; utilizing and implementing all electronic services of the Ministry of Justice; and authorizing or assigning others to implement the electronic services of the Ministry of Justice; and
- signing loan contracts, their amendments, annexes, and all related documents; following up on agreements; consulting agreements; and signing industrial mortgage documents before a notary public to mortgage all the Company's properties

The Board of Directors shall appoint a secretary chosen by him from among its members or from others, and the Chairman of the Board of Directors may delegate (by a written decision) some of his powers to other members of the Board or from third parties to undertake a specific work or actions. The Vice-Chairman of the Board of Directors shall replace the Chairman of the Board of Directors in his absence in cases where the Board of Directors has a Vice Chairman.

12.13.17 Board Meetings

The Board of Directors shall be convened no less than four times per year upon a written invitation given by the Chairman. The invitation shall include the agenda of the meeting. The Chairman shall call for a Board meeting to discuss one or more matters if requested in writing by a Board Member to discuss one or more topics.

The Board of Directors shall determine the location of its meetings and may hold its meetings through means of technology.

12.13.18 Board Meetings and Resolutions

A meeting of the Board of Directors shall not be valid unless attended by at least 50 per cent. of the members, (in person or by proxy). Resolutions of the Board shall be adopted by the majority vote of the Directors present (in person or by proxy) or represented at the meeting who are eligible to vote on the matter in question. In the event of a tie vote on resolutions that do not relate to Supermajority Board Matters, the meeting Chairman will have the casting vote. Board resolutions shall be valid from the date of their issuance, unless it is stipulated therein that such resolution will become effective on another date or when certain conditions are met.

12.13.19 Issuance of Board Resolutions on Urgent Matters

The Board may issue resolutions on urgent matters by presenting them to all Directors by circulation, unless one of the Directors requests in writing a meeting of the Board to deliberate on them. Such resolutions are issued with the approval of the majority of the votes of its Directors and are presented to the Board at its first subsequent meeting to record them in the minutes of that meeting.

12.13.20 Deliberations of the Board

Deliberations and resolutions of the Board shall be recorded in minutes prepared by the Secretary and signed by the Chairman, the present Directors and the Secretary. Such minutes shall be entered in a special register signed by the Chairman and Secretary. Modern technological means may also be used to sign and document deliberations and resolutions and record minutes.

12.13.21 Shareholders' Assemblies

Shareholders' assembly meetings shall be chaired by the chairman of the Board of Directors, the Vice-Chairman in case of the Chairman's absence, or any member designated by the Board of Directors in the absence of both the chairman and vice-chairman. If none of the above is possible, the Shareholders shall vote to designate a Board member or any other person to chair the General Assembly meeting.

A Shareholder shall have the right to attend General Assembly meetings even if the Company's Bylaws stipulate otherwise. A Shareholder may delegate a person other than a Board member to attend such meetings on his behalf.

Modern technological means may be used to hold General Assembly meetings and enable Shareholders to engage in deliberations and vote on decisions.

12.13.22 Invitation of Assemblies

Ordinary and Extraordinary General Assemblies are convened at the invitation of the Board of Directors. The Board shall convene a meeting of the Ordinary General Assembly within thirty (30) days if requested to do so by the Company's external auditors or by a Shareholder or Shareholders representing at least 10.0 per cent. of the Company's Shares which have voting rights attached thereto. The external auditors may convene the General Assembly if the Board has not called for a General Assembly meeting within thirty (30) days from the date of the external auditor's request.

The request referred to in Paragraph (1) of this Article must indicate the issues that the Shareholders are required to vote on.

The invitation for a General Assembly meeting shall be sent at least 21 days prior to the date set for the meeting, provided that:

- notification should be sent to all Shareholders at their addresses mentioned in the Shareholders' register or such invitation shall be announced through modern technological means; and
- a copy of the invitation and the agenda shall be sent to the Ministry, as well as the CMA, on the date the invitation is announced.

The invitation to the General Assembly meeting shall include, as a minimum, the following:

- a statement clarifying who is entitled to attend the General Assembly meeting, their right to delegate any person of their choosing other than the Directors, an indication of Shareholders' rights to discuss the topics listed in the Assembly agenda and ask questions, and how to exercise voting rights;
- the location, date and time of the meeting;
- the type of General Assembly, whether general or special; and
- the meeting agenda, including the items to be voted on by the Shareholders.

12.13.23 Quorum of the Ordinary General Assembly

A meeting of the Ordinary General Assembly shall not be valid unless attended by Shareholders representing at least 25 per cent. of the Company's Shares which have voting rights attached thereto.

If such quorum cannot be attained according to part (1) of this Article, an invitation shall be published for a second meeting to be convened during the following 30 days from the scheduled time for the first meeting. The invitation for such meeting shall be published in accordance with Article 91 of the Companies Law. The second meeting shall be deemed valid irrespective of the number of Shares represented therein.

12.13.24 Quorum of the Extraordinary General Assembly

A meeting of the Extraordinary General Assembly shall not be valid unless attended by Shareholders representing at least 50 per cent. of the Company's Shares which have voting rights attached thereto.

If the necessary quorum cannot be attained at the first meeting, there shall be an invitation for a second meeting, which shall be convened in the manner prescribed in Article 30 of the Bylaws. However, a second meeting may be held an hour after the expiration of the period specified for the first meeting, provided that the invitation for the first meeting mentioned the possibility of such meeting being held. The second meeting shall be deemed valid if attended by Shareholders representing at least 25 per cent. of the Company's Shares which have voting rights attached thereto.

If the required quorum has not been achieved in the second meeting, there shall be an invitation for a third meeting in accordance with Article 91 of the Companies Law, and the third meeting shall be deemed valid irrespective of the number of Shares represented therein which have voting rights attached thereto.

12.13.25 Voting Rights

Cumulative voting shall be used for the election of Directors. Members of the Board of Directors may not vote on assembly decisions relating to transactions and contracts in which they have direct or indirect interest or which involve a conflict of interest.

12.13.26 Assembly Resolutions

Resolutions of the Ordinary General Assembly shall be adopted with the approval of the majority of the voting rights represented at the meeting.

Decisions of an Extraordinary General Assembly meeting shall be passed by the vote of two thirds of the voting shares represented therein. Decisions relating to the increase or decrease of capital, extension of the Company's term, dissolution of the Company prior to the expiry of the term specified in its Bylaws, merger of the Company with another company, or division of the Company into two companies or more shall be deemed valid only if made by the vote of three quarters of the voting shares represented in the meeting.

12.13.27 Deliberations at Assemblies

Each Shareholder shall have the right to discuss the items listed in the agenda of the General Assembly, and to address questions to the Directors and the auditor in respect thereof. The Board or the auditor shall answer the Shareholders' questions to the extent that does not prejudice the Company's interests. If a Shareholder deems the answer to his/her question unsatisfactory, such Shareholder may refer the issue to the General Assembly whose decision in this regard shall be conclusive.

12.13.28 General Assembly Meeting Minutes

Minutes of General Assembly meetings shall indicate the number of Shareholders in attendance, whether in person or by proxy; the number of Shares held by each attendee, whether personally or by proxy, the number of Shares held by each Shareholder present in person or represented by proxy, the number of votes attached to such Shares, the resolutions adopted at the meeting, the number of votes assenting or dissenting to such resolutions and a comprehensive summary of the discussions that took place during the meeting. Such minutes shall be regularly recorded after each meeting in a special register that shall be signed by the Chairman, the Secretary and the vote counters.

12.13.29 Financial Year

The Company's financial year shall be twelve Gregorian months, commencing on 1 January and expiring on 31 December of each year.

12.13.30 Financial Documents

The Board of Directors shall prepare the financial statements of the Company at the end of each financial year together with a report of its activities and financial position for such financial year. This report shall include the proposed method for distributing profits. The Board of Directors shall place such documents at the disposal of the auditor at least forty -five (45) days prior to the date set for convening the annual Ordinary General Assembly.

The Chairman, the CEO and the CFO, if any, shall sign the documents referred to in the above paragraph. A copy thereof shall be deposited at the Company's head office at the disposal of the Shareholders.

The Chairman shall provide the Shareholders with the financial statements of the Company and the Board of Directors' report after signing them, the auditors' report unless such reports have been published by modern technological means, at least 21 days prior to the date of the annual General Assembly meeting. In addition, the Chairman shall also deposit such documents pursuant to the Companies Law implementing regulations.

12.13.31 Formation of Reserves

The Ordinary General Assembly may, when determining dividends from the net profit, decide to create reserves to serve the Company's interest or to ensure the distribution of fixed dividends – so far as possible – to the Shareholders. The Ordinary General Assembly may also deduct amounts from the net profits to achieve social purposes for the Company's employees.

The General Assembly shall determine the percentage of the net profits to be distributed to the Shareholders after deducting any reserves, if applicable.

12.13.32 Entitlement to Dividends

Shareholders shall be entitled to their share of dividends pursuant to the General Assembly resolution adopted in this regard. Such resolution shall specify the entitlement date and distribution date. Shareholders registered in the Shareholders' register shall be entitled to their share of dividends at the end of the entitlement date.

The Company may distribute interim dividends to its Shareholders on a biannual or quarterly basis after fulfilling the following requirements:

- the issuance of a resolution by the General Assembly renewed annually authorising the Board to distribute interim dividends;
- the Company shall enjoy regular positive profitability;
- the Company shall enjoy reasonable liquidity, and is able to reasonably foresee the scale of its profits; and
- the Company shall have distributable profits from one or more previous years – according to the latest audited financial statements - sufficient to cover the proposed dividend distribution, after deducting the amounts distributed and capitalised of the profits after the date of those financial statements.

12.13.33 Termination of the Company

The Company shall be terminated for any of the reasons for termination mentioned in Article 243 of the Companies Law. Upon its termination, it shall enter a liquidation phase, in accordance with the provisions of the Companies Law, if the Company's assets are not sufficient to pay its debts, or is incapable according to the Bankruptcy Law, it shall apply to the competent judicial authority to commence any of the liquidation proceedings under the Bankruptcy Law.

12.14 Share Description

12.14.1 Company’s Share Capital

The Company’s Share capital shall be five hundred and fifty million Saudi Riyals (SAR 550,000,000) divided into fifty-five million (55,000,000) Shares, with an equal nominal value of ten Saudi Riyals (SAR 10) each, all of which are ordinary Shares.

12.14.2 Ordinary Shares

The Shares shall be nominal Shares and may not be issued at less than their nominal value. However, the Shares may be issued at a value higher than their nominal value if provided for in the Company’s Bylaws or if approved by the Extraordinary General Assembly, in which case the difference in value shall be added in a separate item as part of the Shareholders’ equity, and the Implementing Regulations of the Companies Law shall specify its terms of use. Each share shall be indivisible vis-à-vis the Company. In the event that a Share is owned by several persons, they shall select one person from amongst themselves to exercise, on their behalf, the rights pertaining to such Share, and they shall be jointly responsible for the obligations arising from the ownership of such Share.

12.14.3 Repurchase of Shares

According to Article 112 of the Companies Law, a company may buy its shares in accordance with the rules set by the competent authority, provided that the Shares purchased by the Company do not entitle it to votes in the Shareholders’ assemblies.

12.14.4 Rights of Ordinary Shareholders

Pursuant to Article 110 of the Companies Law, Shares confer on the Shareholder all rights attached to the Shares, in particular the right to receive a share of the profits to be distributed, to receive a share of the Company’s assets surplus upon liquidation, to attend the General Assemblies, to participate in its deliberations, to vote on its resolutions, to dispose of the shares, to request access to the Company’s books and documents, to monitor the work of the Board of Directors, to file a claim of responsibility against the Directors, and to challenge the validity of the resolutions of the General Assembly in accordance with the conditions and restrictions contained in the Companies Law and the Bylaws.

Each Shareholder shall have the right to discuss the matters stated in the agenda of the General Assembly and direct questions thereon to the Directors and the external auditors. The Board of Directors or the external auditors shall answer the questions of the Shareholders to the extent that they do not put the interest of the Company at risk. If a Shareholder is not satisfied with an answer, such Shareholder may refer the issue to the General Assembly whose resolution shall be binding in this regard.

12.14.5 Amendment to the Rights of Shareholders

Shareholders’ rights related to receiving a share of the dividends to be distributed, receiving a share of the Company’s surplus assets upon liquidation, attending the General Assemblies, participating in its deliberations, voting on its resolutions, disposing of Shares, requesting access to the Company’s books and documents, monitoring the work of the Board of Directors, filing a claim of responsibility against the Directors and challenging the validity of the resolutions of the General Assembly (under the conditions and restrictions set out in the Companies Law and the Bylaws) are granted under the Companies Law and therefore may not be amended.

12.14.6 Representations Related to Legal Information

The Directors declare the following:

- the issue does not violate the relevant laws and regulations of the Kingdom;
- the issue does not violate any of the contracts or agreements to which the Company is a party;
- all material legal information related to the Company has been disclosed in the Prospectus;
- except as disclosed in Section 12.12 (*Litigation*), the Company is not a party to any existing disputes, or legal procedures that may jointly and severally have a material impact on the Company’s operations or financial position; and
- the Company’s Directors shall not be subject to any legal proceedings or actions that may, individually or collectively, have a material effect on the Company’s business or financial position.

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13. Underwriting

The Underwriter, Saudi Fransi Capital, has undertaken to fully underwrite the Offering of sixteen million and five hundred thousand (16,500,000) Offer Shares pursuant to an underwriting agreement (the "**Underwriting Agreement**") entered into with the Company and the Selling Shareholder, subject to certain conditions. The Underwriter's details are set out below:

13.1 Saudi Fransi Capital

Saudi Fransi Capital
King Fahad Branch Road- 8092
P.O. Box 23454
Riyadh 3735-12313
Kingdom of Saudi Arabia
Tel: +966 (11) 282 6666
Fax: +966 (11) 282 6823
Website: www.sfc.sa
E-mail: lumi.IPO@fransicapital.com.sa

The principal terms of the Underwriting Agreement are set out below:

13.2 Summary of Underwriting Arrangement

Under the terms and subject to the conditions contained in the Underwriting Agreement:

(a) The Selling Shareholder undertakes to the Underwriter that on the first Business Day after allocation of the Offer Shares following the end of the Offering Period, it shall:

  i. sell and allocate the Offer Shares to any Individual Subscriber or Participating Entities whose application for Offer Shares has been accepted; and

  ii. sell and allocate to the Underwriters the Offer Shares that have not been subscribed by the Individual Subscribers or Participating Parties pursuant to the Offering.

(b) The Underwriter undertakes to the Selling Shareholder that at the date of allocation, it will purchase any Offer Shares that have not been subscribed by the Individual Investors or Participating Parties, in accordance with what is mentioned below:

Table 13.1: Underwritten Shares

Underwriter	Number of Offer Shares to be Underwritten	Percentage of Offer Shares Underwritten
Saudi Fransi Capital	16,500,000	100%

source: The Company.

The Company and the Selling Shareholder have committed to satisfy all of the provisions of the Underwriting Agreement.

13.3 Underwriting Costs

The Selling Shareholder will pay the Underwriter an underwriting fee based on the total value of the Offering. Moreover, the Selling Shareholder has agreed, on behalf of the Company, to pay the Underwriter's costs and expenses in connection with the Offering.

14. Expenses

The Selling Shareholder will be responsible for all costs and expenses associated with the Offering, which are estimated at approximately SAR 29,942,252. This figure includes the fees of the Financial Advisor, the Lead Manager, the Bookrunner, the Underwriter, the Legal Advisor, the Financial Due Diligence Advisor, the Market Consultant and the Receiving Agents, as well as marketing, printing and distribution fees and other costs and expenses related to the Offering. The Offering expenses will be deducted from the Offering Proceeds. The Company will not be responsible for payment of the Offering expenses.

15. Undertakings Following Admission

Following the Admission, the Company undertakes to:

- complete Form 8 (related to compliance with the Corporate Governance Regulations) and, in the event that the Company does not comply with any of the requirements of the Corporate Governance Regulations, to explain the reasons for such non-compliance;
- provide the CMA with the date on which the first General Assembly will be held following Admission so that a representative thereof may attend;
- submit transactions and contracts in which a Director has a direct or indirect interest for authorisation by the General Assembly (in accordance with the Companies Law and Corporate Governance Regulations) and renew such authorisation on an annual basis, provided that the interested Director is prohibited from voting on the relevant resolution (whether in the Board or the General Assembly) (for further details regarding Related Party contracts and transactions, see Section 12.8 (*Related Party Contracts and Transactions*);
- disclose material developments related to the Company and projects set out in Section 4.8 (*Future Plans and Initiatives*);
- comply with all the mandatory provisions of the Rules on the Offer of Securities and Continuing Obligations, the Listing Rules and the Corporate Governance Regulations immediately upon Admission; and
- invite of General Assembly to update the Company's Bylaws immediately after listing.

Similarly, following the Admission, the Directors undertake to:

- record all Board of Directors resolutions by means of written minutes of meetings, which shall be signed by the Chairman and the Secretary; and
- disclose the details of any Related Party transactions in accordance with the Companies Law and the Corporate Governance Regulations.

16. Waivers

The Company has not applied to the CMA for any waivers from any of its regulatory requirements.

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17. Subscription Terms and Conditions

The Company has made an application to the CMA for the registration and offer of the Shares under the Rules on the Offer of Securities and Continuing Obligations, and an application for the listing of the Shares on the Exchange in accordance with the Listing Rules.

All Subscribers must carefully read the subscription terms and conditions before completing the Subscription Application Form. Signing the Subscription Application Form and delivering it to any of the Bookrunners or Receiving Agent, as applicable, is deemed as the Subscriber's acceptance and approval of the subscription terms and conditions.

17.1 Subscription to Offer Shares

The Offering will consist of sixteen million and five hundred thousand (16,500,000) Offer Shares with a fully paid nominal value of ten Saudi Arabian Riyals (SAR 10) per share at an Offer Price of SAR [•] per Offer Share. The Offer Shares represent 30 per cent. of the Company's share capital with a total value of SAR [•]. The CMA has also the right to suspend the Offering if, at any time after its approval of this Prospectus and before the registration of and admission to the listing of the Shares on the Exchange, a material adverse change has occurred in respect of the Company's operations.

The Offering is restricted to the following groups of Investors:

17.1.1 Tranche (A): Participating Parties

Comprising the parties entitled to participate in the book-building process as specified under the Book-Building Instructions, including investment funds, companies, Qualified Foreign Investors, GCC Corporate Investors and certain other Foreign Investors pursuant to swap agreements. Participating Entities will provisionally be allocated sixteen million and five hundred thousand (16,500,000) Offer Shares, representing 100 per cent. of Offer Shares. The final allocation for the Participating Entities will be made upon the expiry of the Individual Investors' subscription period, using the discretionary allocation mechanism. As a result, some of the Participating Entities may not be allocated any Offer Shares. If there is sufficient demand by Individual Investors, the Financial Advisor, in coordination with the Company, shall have the right to reduce the previously allocated Offer Shares to Participating Entities to fourteen million, eight hundred and fifty thousand (14,850,000) Offer Shares, representing 90 per cent. of the total Offer Shares. Initially, four million nine hundred and fifty thousand (4,950,000) Shares will be allocated to public funds, representing 30 per cent. of the total number of Offer Shares, noting that if there is sufficient demand by Individual Investors to subscribe to the Offer Shares, the Lead Manager may reduce the number of shares allocated to public funds to four million four hundred and fifty five thousand (4,455,000) Shares as a minimum, representing 27 per cent. of the total number of Offer Shares, after the completion of the Individual Subscribers' subscription process.

17.1.2 Tranche (B): Individual Investors

Comprising Saudi Arabian natural persons, including any Saudi female divorcee or widow with minor children from a marriage to a non-Saudi person who can subscribe for her own benefit or in the names of her minor children, on the condition that she proves that she is a divorcee or widow and the mother of her minor Saudi Arabian children, as well as any non-Saudi natural persons resident in the Kingdom or GCC natural persons, in each case who have a bank account with a Receiving Agent and the right to open an investment account with a Capital Market Institution. A subscription for Offer Shares made by a person in the name of his divorced wife shall be deemed invalid and the applicant shall be subject to the sanctions prescribed by law. If a duplicate subscription is made, the second subscription will be considered void and only the first subscription will be accepted. A maximum of one million, six hundred and fifty thousand (1,650,000) Offer Shares, representing ten per cent. of the total Offer Shares shall be allocated to Individual Investors. If the Individual Investors do not subscribe in full to the Offer Shares allocated to them, the Financial Advisor, in coordination with the Company, may reduce the number of Offer Shares allocated to Individual Investors in proportion to the number of Offer Shares subscribed by them.

17.2 Book-Building and Subscription by Participating Parties

(a) The Company, the Selling Shareholder and the Financial Advisor of the Company shall determine the price range for the purposes of book-building, which will be made available to all Participating Parties, without any restriction.

(b) Each of the Participating Parties must submit a Bidding Participation Application during the book-building period. The Participating Entities may change or cancel their Bidding Participation Application at any time during the book-building period, provided that such change is made by submitting an amended or additional Bidding Participation Application, where applicable, prior to the conclusion of the fixing of the Offer Price, which precedes the commencement of the Offering Period. The number of Offer Shares to be subscribed by each Participating Entity shall neither be less than 50,000 Offer Shares nor more than 2,749,999 Offer Shares, and in relation only to public investment funds, without exceeding the maximum amount specified for each participating fund that is determined in accordance with Book-Building Instructions. The number of requested shares shall be subject to allocation. The Bookrunner will inform the Participating Entities of the Offer Price and the number of Offer Shares provisionally allocated to them, using the discretionary allocation mechanism. As a result, some of the Participating Entities may not be allocated any Offer Shares. Subscriptions by the Participating Entities will commence during the Offering Period, which also includes the Individual Subscribers, according to the subscription terms and conditions detailed in the Subscription Application Forms.

(c) After book-building for the Participating Entities is completed, the Financial Advisor will announce the coverage percentage for the Participating Entities.

The Financial Advisor and the Company will have the power to determine the Offer Price based on the supply and demand for the Offer Shares, provided that it does not exceed the price set out in the Underwriting Agreement and provided that the Offer Price is in accordance with the tick size applied by Tadawul.

17.3 Subscription by Individual Subscribers

Each Individual Subscriber must subscribe for a minimum of ten (10) Offer Shares and a maximum of two hundred and fifty thousand (250,000) Ordinary Shares. Changes to or withdrawal of the subscription application shall not be permitted once the Subscription Application Form has been submitted.

Subscription Application Forms will be provided during the Offering Period by the Receiving Agents. Subscription Application Forms must be completed in accordance with the instructions mentioned below. Individual Subscribers can also subscribe through the Internet, banking telephone or ATMs of any of the Receiving Agents' branches that offer any or all such services to its customers, provided that, the following requirements are satisfied:

(a) the Individual Subscriber has a bank account at a Receiving Agent, which offers such services;

(b) there have been no changes in the personal information or data of the Individual Subscriber since his/her subscription in a recent initial public offering; and

(c) the Individual Subscribers who are not Saudi or GCC natural persons has an account at one of the Capital Market Institutions which offer such services.

A signed Subscription Application Form represents a legally binding agreement between the Selling Shareholder and the relevant Individual Subscriber submitting the application to the Receiving Agents.

Individual Subscribers may obtain a copy of this Prospectus from the websites of the Company (www.lumirental.com), the CMA (www.cma.org.sa) or the Financial Advisor (www.sfc.sa), and the Subscription Application Forms from the websites of the following Receiving Agents providing such service:

Banque Saudi Fransi
King Saud Road
P.O Box 56006
Riyadh
Kingdom of Saudi Arabia
Tel: +966 (92) 0000579
Fax: +966 (11) 4027261
Website: www.alfransi.com.sa
E-mail: Fransiplusadmin@alfransi.com.sa

البنك السعودي الفرنسي
Banque Saudi Fransi

Saudi National Bank
King Fahad Road, Al Aqiq, King Abdullah Financial District
P.O Box 3208
Riyadh
Kingdom of Saudi Arabia
Tel: +966 (92) 0001000
Fax: +966 (11) 4060052
Website: www.alahli.com
E-mail: contactus@alahli.com

Riyad Bank
Eastern Ring Road, Al Shuhada District
P.O. Box: 22622
Riyadh 11614
Kingdom of Saudi Arabia
Tel: +966 (11) 401 3030
Fax: +966 (11) 403 0016
Website: www.riyadbank.com
E-mail: customercare@riyadbank.com

The Receiving Agents will commence receiving Subscription Application Forms at some of their branches throughout the Kingdom or through the internet, telephone banking, ATMs, or other electronic channels of any of the Receiving Agents that offer any or all such services to its customers, beginning on Tuesday, 26/02/1445H (corresponding to 12/09/2023G) and will remain open for a period of one (1) day. Once the Subscription Application Form is signed and submitted, the relevant Receiving Agent receiving it will stamp it and provide the Individual Subscriber with a copy of the completed Subscription Application Form (if applicable). If the information provided in the Subscription Application Form is incomplete or inaccurate, or not stamped by the Receiving Agent, the Subscription Application Form will be considered void. Individual Subscribers do not have the right to claim any compensation for damages incurred due to such cancellation.

Each Individual Subscriber is required to specify the number of Offer Shares applied for in the Subscription Application Form, and the total subscription amount will be equal to the number of Offer Shares applied for multiplied by the Offer Price of SAR [•] per Offer Share.

Subscriptions by Individual Subscribers of less than ten (10) Offer Shares or fractional Shares will not be accepted. Increments are to be made in multiples of such minimum number, while the maximum number of Offer Shares to be applied for is two hundred and fifty (250,000) Offer Shares.

Subscription Application Forms must be submitted during the Offering Period and accompanied (where applicable) with the following documents (the Receiving Agents will verify all copies against the originals and will return the originals to the relevant Individual Investor):

- the original and a copy of the Individual Investor's national civil identification card (in case of individuals, including Saudi and other GCC natural persons);
- the original and a copy of the family civil identification card (when subscribing on behalf of family members);
- the original and a copy of a power of attorney (when subscribing on behalf of others);
- the original and a copy of the certificate of guardianship (when subscribing on behalf of orphans);
- the original and a copy of the divorce certificate (when subscribing on behalf of the children of a divorced Saudi woman);
- the original and a copy of the death certificate (when subscribing on behalf of the children of a widowed Saudi woman); and
- the original and a copy of the birth certificate (when subscribing on behalf of the children of a divorced or widowed Saudi woman).

Powers of attorney are only allowed for family members (parents and children only). In the event an application is made on behalf of an Individual Investor (parents and children only), the name of the person signing on behalf of the Individual Investor should be stated in the Subscription Application Form, accompanied by a valid original and copy of the power of attorney. The power of attorney must be notarised by a notary public for the Individual Investors residing in the Kingdom and must be legalised through a Saudi embassy or consulate in the relevant country for the Individual Investors residing outside the

Kingdom. The concerned official of the Receiving Agent shall match the copy with the original version and return the original version to the Individual Investor.

One Subscription Application Form should be completed for each primary Individual Subscriber applying for himself/herself and members appearing on his/her family identification card if the family members apply for the same number of Offer Shares as the primary Individual Investor. In this case:

- all Offer Shares allocated to the primary Individual Subscriber and dependent Individual Subscribers will be registered in the primary Individual Subscriber's name;
- the primary Individual Subscriber will receive any refund in respect of amounts not allocated and paid for by himself/herself or dependent Individual Subscribers; and
- the primary Individual Subscriber will receive all dividends distributed in respect of the Offer Shares allocated to himself/herself and dependent Individual Subscribers (in the event the Shares are not sold or transferred).

Separate Subscription Application Forms must be used if:

- the Offer Shares to be allocated are to be registered in a name other than the name of the primary Individual Subscriber;
- dependent Individual Subscribers intend to apply for a different number of Offer Shares than the primary Individual Subscribers; or
- the wife subscribes in her name, adding allocated Offer Shares to her account (she must complete a separate Subscription Application Form than the Subscription Application Form completed by the relevant primary Individual Subscriber). In the latter case, applications made by husbands on behalf of their spouses will be cancelled and the independent application of the wives will be processed by the Receiving Agent.

A Saudi female divorcee or widow who has minor children from a marriage to a non-Saudi husband can subscribe on behalf of those children provided she submits proof of motherhood. A subscription for Offer Shares made by a person in the name of his divorced wife shall be deemed invalid and the applicant shall be subject to the sanctions prescribed by law. If the primary Individual Investor subscribes for himself and his family members who are registered in the family identification card, and a family member subscribes for a separate subscription application, only the request of the family member who has submitted a separate application from the request of the primary Individual Investor will be cancelled.

During the Offering Period, only a valid Iqama will be an acceptable form of identification for non-Saudi dependents. Passports or birth certificates will not be accepted. Non-Saudi dependents can only be included as dependents with their mother and cannot subscribe as primary Individual Investors. The maximum age for non-Saudi dependents to be included with their mother is 18. Any documents issued by a foreign government must be legalised through a Saudi embassy or consulate in the relevant country.

Each Individual Subscriber agrees to subscribe for and purchase the number of Offer Shares specified in his/her Subscription Application Form for an amount equal to the number of Offer Shares applied for multiplied by the Offer Price of SAR [•] per Offer Share. Each Individual Subscriber shall acquire the number of Offer Shares allocated to him/her upon:

- delivery by the Individual Subscriber of the Subscription Application Form to any of the Receiving Agents; and
- payment in full by the Individual Subscriber to the Receiving Agent of the total value of the Offer Shares subscribed for.

The total value of the Offer Shares subscribed for must be paid in full at a branch of the Receiving Agents by authorizing a debit of the Individual Subscriber's account held with the Receiving Agent to whom the Subscription Application Form is being submitted. The Offer Shares ownership transfer will be valid only from the time such transfer is recorded in the Company's share register and the Shares have commenced trading on the Exchange.

If a submitted Subscription Application Form is not in compliance with the terms and conditions of the Offer, the Company shall have the right to reject such application in full or in part. The Individual Subscriber must accept any number of Offer Shares allocated to him/her unless the allocated shares exceed the number of Offer Shares he/she has applied for.

17.4 Allocation and Refunds

The Lead Manager and the Receiving Agents shall open and operate escrow accounts named “Lumi Rental Company IPO”. Each of the Receiving Agents shall deposit all amounts received from the Subscribers into the escrow accounts mentioned above.

The Lead Manager and Receiving Agents, as applicable, will notify the Subscribers of the final number of Offer Shares allocated together with the amounts to be refunded. Excess subscription monies, if any, will be refunded to the Subscribers in whole without any deductions or fees and will be deposited in the Subscribers’ accounts specified in the Subscription Application Forms. The final allocation will be announced no later than Thursday, 05/03/1445H (corresponding to 21/09/2023G) and refunds shall be processed no later than Thursday, 05/03/1445H (corresponding to 21/09/2023G) (for further details, see “*Key Dates and Subscription Procedures*”, page (xv), and Section 17 (*Subscription Terms and Conditions*)). Individual Subscribers should communicate with the Lead Manager or the branch of the Receiving Agent where they submitted their Subscription Application Form, as applicable, for any further information.

17.4.1 Allocation of Offer Shares to Participating Entities

After completion of the allocation of the Offer Shares to Individual Subscribers, a final allocation of the Offer Shares to the Participating Entities will be made as the Financial Advisor deems appropriate, in coordination with the Company, using the discretionary allocation mechanism. As a result, some of the Participating Entities may not be allocated any Offer Shares. The number of Offer Shares to be initially allocated to the Participating Entities is sixteen million and five hundred thousand (16,500,000) ordinary Shares, representing 100 per cent. of the Offer Shares. The percentage of Offer Shares allocated to public funds shall be at least 50 per cent. of the total number of Offer Shares, if there is sufficient demand by public funds. The Offer Shares will be allocated to each public fund initially pro rata based on the ratio of what was requested by each public fund to the total number of shares requested by each public fund. If the Individual Subscribers subscribe to the Offer Shares allocated thereto, the Financial Advisor, in coordination with the Company, shall have the right to reduce the number of Offer Shares allocated to the Participating Entities to fourteen million, eight hundred and fifty thousand (14,850,000) ordinary Shares, representing 90 per cent. of the Offer Shares after the completion of the Individual Subscribers’ subscription process. Initially, four million nine hundred and fifty thousand (4,950,000) Shares will be allocated to public funds, representing 30 per cent. of the total number of Offer Shares, noting that if there is sufficient demand by Individual Investors to subscribe to the Offer Shares, the Lead Manager may reduce the number of shares allocated to public funds to four million four hundred and fifty five thousand (4,455,000) Shares as a minimum, representing 27 per cent. of the total number of Offer Shares, after the completion of the Individual Subscribers’ subscription process.

17.4.2 Allocation of Offer Shares to Individual Investors

There will be an allocation of a maximum of one million, six hundred and fifty thousand (1,650,000) Offer Shares, representing ten per cent. of the Offer Shares, to Individual Subscribers. The minimum allocation per Individual Subscriber is ten (10) Offer Shares and the maximum allocation per Individual Investor is two hundred and fifty thousand (250,000) Offer Shares. The balance of the Offer Shares (if available) will be allocated on a pro-rata basis of the percentage applied for by each Individual Subscriber to the number of Offer Shares applied for by each Individual Subscriber. If the number of Individual Subscribers exceeds one hundred sixty-five thousand (165,000), the Company will not guarantee the minimum allocation. The Offer Shares will be allocated at the discretion of the Financial Advisor in coordination with the Company. Excess subscription monies, if any, will be refunded to the Individual Subscribers without any charge or withholding by the Receiving Agents.

17.5 Circumstances Where Trading and Listing May be Suspended or Cancelled

17.5.1 Power to Suspend Trading or Cancel Listing

(a) The CMA may suspend trading in listed securities or cancel the listing at any time as it deems fit, in any of the following circumstances:

- (i) the CMA considers it necessary for the protection of investors or the maintenance of an orderly market;
- (ii) the issuer fails, in a manner which the CMA considers material, to comply with the CML, its implementing regulations or the Listing Rules;
- (iii) the issuer fails to pay on time any fees due to the CMA or the Exchange or any fines due to the CMA;
- (iv) if it considers that the issuer or its business, the level of its operations or its assets are no longer suitable for the continued listing of its securities on the Exchange;
- (v) if a reverse takeover announcement does not contain sufficient information about the proposed transaction. If the issuer announces sufficient information regarding the target and the CMA is satisfied, following the issuer's announcement that there will be sufficient information available for the public about the proposed transaction of the reverse takeover, the CMA may decide not to suspend trading at this stage;
- (vi) if information about the proposed transaction of the reverse takeover is leaked and the issuer cannot accurately assess its financial position and the Exchange cannot be informed accordingly;
- (vii) if an application for financial restructuring of the issuer in the event of its accumulated losses reaching 50 per cent. or more of its capital is registered with the court under the Bankruptcy Law;
- (viii) if a request for liquidation procedure or the administrative liquidation of the issuer is registered with the court under the Bankruptcy Law;
- (ix) upon the issuance of a final judgment closing the financial restructuring and initiating the liquidation procedure or the administrative liquidation procedure of the issuer in court under the Bankruptcy Law; or
- (x) upon issuance of a final judgment initiating the liquidation procedure or the administrative liquidation procedure of the issuer in court under the Bankruptcy Law.

(b) Lifting of the trading suspension under paragraph (a) above is subject to the following:

- (i) the issuer adequately addressing the conditions that led to the suspension and the lack of the need to continue the suspension for the protection of investors;
- (ii) the lifting of the suspension is unlikely to affect the normal activity of the Exchange;
- (iii) the issuer complies with any other conditions that the CMA may require;
- (iv) upon the issuance of a final judgment initiating financial restructuring for the issuer under the Bankruptcy Law, unless it was suspended from its activities by the relevant competent authority, if the suspension is made in accordance with paragraph (a)((vii)) above; and
- (v) upon the issuance of a final judgment rejecting the commencement of liquidation procedure or administrative liquidation of the issuer under the Bankruptcy Law, unless the issuer was suspended from its activities by the relevant competent authority, if the suspension is made in accordance with paragraph (a)((viii)) above.

(c) The Exchange shall suspend the trading of securities of the Company in any of the following cases:

- (i) if the issuer does not comply with the deadlines for the disclosure of its periodic financial information within the periods specified in accordance with applicable implementing regulations;
- (ii) if the external auditor's report on the financial statements of the issuer contains an adverse opinion or an abstention from expressing an opinion;
- (iii) if the liquidity requirements in Part 2 of the Listing Rules are not satisfied after listing after the time limit set by the Exchange for the issuer to rectify its conditions, unless the CMA agrees otherwise; or
- (iv) upon the issuance of a resolution by an Extraordinary General Assembly of the issuer to reduce its capital for the two trading days following the issuance of such resolution.
- (v) The Exchange removes the suspension referred to in subparagraphs ((i)) and ((ii)) of paragraph (c) above, after one trading session has passed after the cause of suspension ceases to exist. In case that the issuer's shares are available for trading outside the platform, the Exchange removes the suspension within a period of not more than five trading sessions after the cause of suspension ceases to exist.

(d) The Exchange may at any time propose to CMA to suspend the trading of any listed security or cancel its listing where, in its opinion, it is likely that any of the above circumstances of paragraph (a) above are to occur.

(e) The issuer whose securities are subject to a trading suspension must continue to comply with the Capital Market Law, its implementing regulations and the Listing Rules.

(f) If the listing suspension continues for six (6) months with no appropriate procedure made by the issuer to correct such suspension, the CMA may cancel the listing of the issuer.

(g) Upon the issuer's completion of a reverse takeover, the issuer's shares are de-listed. If the issuer wishes to re-list its shares, it must submit a new application for registration and admission to listing in accordance with the requirements stipulated in the Rules on the Offer of Securities and Continuing Obligations.

(h) This paragraph shall not prejudice the suspension of trading and cancellation of listing resulting from the losses of the issuer pursuant to relevant implementing regulations of the CML and Listing Rules.

17.5.2 Voluntary Cancellation of Listing

(a) After its shares have been listed on the Exchange, an issuer may not cancel the listing of its securities without the prior approval of the CMA. To obtain CMA approval, the issuer must provide the cancellation application to the CMA along with a simultaneous notice to the Exchange. The application must include the following:

(i) specific reasons for the request for cancellation;

(ii) a copy of the disclosure described in paragraph (d) below;

(iii) a copy of the relevant documentation and a copy of all related communication to shareholders if the cancellation is to take place as a result of a takeover or other corporate action by the issuer; and

(iv) the names and contact information of the financial advisor and legal advisor appointed according to the Rules on the Offer of Securities and Continuing Obligations.

(b) The CMA may, at its discretion, approve or reject the cancellation request.

(c) The issuer must obtain the consent of the Extraordinary General Assembly to the cancellation of the listing after obtaining CMA approval.

(d) If the cancellation is made at the issuer's request, it must disclose it to the public as soon as possible. The disclosure must include the reason for the cancellation, the nature of the event resulting in the cancellation and the extent to which it affects the issuer's activities.

17.5.3 Temporary Trading Suspension

(a) An issuer may request from the Exchange a temporary trading suspension of its securities upon the occurrence of an event during trading hours which requires immediate disclosure under the CML, its implementing regulations or the Listing Rules, and where the issuer cannot maintain the confidentiality of this information until the end of the trading period. The Exchange shall suspend trading of the securities of that issuer immediately upon receiving such request.

(b) If trading is temporarily suspended at the issuer's request, the issuer must disclose to the public as soon as possible the reason for the suspension, its anticipated period and the nature of the event that caused it, and the extent to which it affects the issuer's activities.

(c) The CMA may impose a temporary trading suspension without a request from the issuer if it becomes aware of information or circumstances affecting the issuer's activities which the CMA considers would be likely to interrupt the operation of the Exchange or the protection of investors. If its securities are subject to temporary trading suspension, the issuer must continue to comply with the CML, its implementing regulations and Listing Rules.

(d) The Exchange may propose that the CMA exercise its powers in accordance with paragraph (c) above, if it becomes aware of information or circumstances affecting the issuer's activities which would be likely to interrupt the operation of the Exchange or the protection of investors.

(e) A temporary trading suspension will be lifted following the elapse of the period referred to in the disclosure specified in paragraph (b) above in this Section, unless the CMA or the Exchange decide otherwise.

(f) If the listing suspension continues for six (6) months with no appropriate procedure made by the issuer to correct such suspension, CMA may cancel the listing of issuer.

17.5.4 Re-Registering and Listing After Cancellation of Listing

After the cancellation of listing of an issuer's securities, if the issuer wishes to re-list such securities, it must submit new applications in accordance with the procedures set out in the Rules on the Offer of Securities and Continuing Obligations and the Listing Rules.

17.6 Approvals and Decisions under Which the Shares are Offered

The following are the decisions and approvals under which the Offer Shares are publicly offered:

- the Company's Board of Directors' resolution recommending the Offering issued on 28 Thul-Qi'dah 1443H (corresponding to 27 June 2022G);
- the Company's General Assembly resolution approving the Offering issued on 3 Thul-Hijjah 1443H (corresponding to 2 July 2022G);
- the CMA's approval of the Shares Offering issued on 7 Ramadan 1444H (corresponding to 29 March 2023G); and
- the conditional approval of Tadawul to list the issued Shares on 5 Ramadan 1444H (corresponding to 27 March 2023G).

In addition, the Offering process constituted a demerger transaction in accordance with the Rules on the Offer of Securities and Continuing Obligations. Demerger is defined as a transaction where a listed company wishes to effect the separation or divesture of a subsidiary, an asset or a business wholly or partly within its existing group through a separate listing of such subsidiary, asset or business on the Exchange or without listing. The demerger of Seera Group Holding was subject to approval by its shareholders at the Extraordinary General Assembly meeting held on 26 Jumada al-Ula 1444H (corresponding to 20 December 2022G). This approval was necessary because the profit test, which was calculated in connection with the demerger, exceeded 50 per cent. Accordingly, the approval of the Extraordinary General Assembly of the shareholders of Seera Group Holding of the demerger was mandatory under the Rules on the Offer of Securities and Continuing Obligations.

17.7 Lock-up Period

Seera Group Holding may not dispose of any of its Shares for a period of six (6) months from the date on which trading of the Shares commences on the Exchange. It may dispose of its shares after the expiry of this period without obtaining the prior approval of the CMA.

17.8 Acknowledgments and Declarations by Subscribers

By completing and delivering the Subscription Application Form, each Subscriber:

- agrees to subscribe to the number of Offer Shares specified in the Subscription Application Form;
- warrants that he/she has read this Prospectus and understood all its content;
- accepts the Bylaws and all Offering instructions and terms mentioned in this Prospectus and the Subscription Application Form, and subscribes to the Offer Shares accordingly;
- declares that neither himself/herself nor any of his/her family members included in the Subscription Application Form have previously subscribed for any Shares and that the Company has the right to reject any or all duplicate applications;
- accepts the number of Offer Shares allocated to him/her (to the maximum of the amount subscribed for) as per the Subscription Application Form;
- warrants not to cancel or amend the Subscription Application Form after submitting it to the Receiving Agent or any of the Bookrunners, as applicable; and
- retains his/her right to sue the Company for damages caused directly by incorrect or incomplete information contained in this Prospectus, or by omitting major information that should have been part of this Prospectus and could affect his/her decision to purchase the Shares.

For further details on the allocation process, see Section 17.4 (*Allocation and Refunds*).

17.9 Shares' Record and Trading Arrangements

Tadawul shall keep a Shareholders' Register containing their names, nationalities, addresses, professions, the Shares held by them and the amounts paid for these Shares.

17.10 Saudi Exchange (Tadawul)

In 1990G, full electronic trading in the Kingdom equities was introduced. Tadawul was founded in 2001G as the successor to the Electronic Securities Information System. Trading in shares occurs on the "Tadawul" system through a fully integrated trading system covering the entire trading process from the execution of the trade transaction through its settlement. Trading occurs on each Business Day of the week between 10:00 a.m. and 3:00 p.m. from Sunday to Thursday, during which orders are executed. However, during other than those times, orders can be entered, amended or cancelled from 9:30 a.m. to 10:00 a.m. Such times change during the month of Ramadan and are announced by the Tadawul Management. Transactions take place through the automatic matching of orders. Each valid order is accepted and generated according to the price level. In general, market orders (orders placed at best price) are executed first, followed by limit orders (orders placed at a price limit), provided that, if several orders are generated at the same price, they are executed according to the time of entry. Tadawul distributes a comprehensive range of information through various channels, including in particular the "Tadawul" website and "Tadawul" Information Link, which supplies trading data in real time to information providers such as Reuters. Exchange transactions are settled on a T+2 basis, meaning that share ownership transfers take two working days after the trade transaction is executed.

Listed companies are required to disclose all material decisions and information that are important for the investors via Tadawul. Surveillance and monitoring are the responsibility of Tadawul as the operator of the market to ensure fair trading and an orderly market.

17.11 Securities Depository Center (Edaa)

The Securities Depository Center Company (Edaa) was established in 2016G as a closed joint stock company in accordance with the previous Saudi Companies Law issued by Royal Decree No. M/3 dated 28 Muharram 1437H (corresponding to 10 November 2015G), with a capital of four hundred million (SAR 400,000,000) divided into forty million (40,000,000) shares, with a nominal value of SAR (10) per share, and is fully owned by the Exchange.

The establishment was based on the CMA's approval of Tadawul's Board of Directors request in relation to the conversion of the Securities Depository Center into a joint stock company in accordance with the Capital Market Law issued by Royal Decree No. M/30 dated 2 Jumada al-Akhirah 1424H (2 July 2003G).

The activities of Edaa are to conduct businesses related to depositing, registering, transferring, settling and clearing securities, and recording any ownership restrictions on the deposited securities. Further, it deposits and manages the records of the issuers of securities, and organises issuers' general assemblies, including remote voting services (e-Voting), reporting, notifications and information, as well as providing other related services that Edaa may provide in accordance with the CML and its implementing regulations.

17.12 Trading of Company's Shares

Trading of the Shares is expected to commence on the Exchange after the finalisation of the allocation process and the announcement of the start date of trading by Tadawul. Following the Admission, Saudi natural persons, non-Saudi natural persons holding valid residency permits in the Kingdom, GCC natural persons, companies, banks, and investment funds will be permitted to trade in the Offer Shares once they are traded on the Exchange. Moreover, Qualified Foreign Investors and Strategic Foreign Investors will be permitted to trade in the Shares in accordance with the Rules for Foreign Investment in Securities. Foreign Investors will also have the right to invest indirectly to acquire economic benefits in the Shares by entering into swap agreements with Capital Market Institutions to acquire, hold and trade in the Shares on the Exchange on behalf of such Foreign Investor. The Capital Market Institutions shall be deemed the legal owners of the Shares under the swap agreements. Moreover, other Foreign Investors which are clients of a Capital Market Institution authorised by the CMA to conduct managing activities will be permitted to trade in the Shares in accordance with the Rules for Foreign Investment in Securities, provided that the Capital Market Institution has been appointed on conditions that enable it to make all investment decisions on the client behalf without obtaining prior approval from the client.

Furthermore, Shares can only be traded after the allocated Offer Shares have been credited to Subscribers' accounts at Tadawul, the Company has been registered in the Main Market and its Shares are listed on the Exchange. Pre-trading in Shares is strictly prohibited and Subscribers entering into any pre-trading activities will be acting at their own risk. The Company and the Shareholders shall have no legal responsibility in connection with pre-trading activities.

17.13 Miscellaneous

The Subscription Application Form and all related terms, conditions, provisions, covenants and undertakings shall be binding upon and inure to the benefit of their parties and their respective successors, permitted assigns, executors, administrators and heirs, provided that neither the Subscription Application Form nor any of the rights, interests or obligations arising pursuant thereto are assigned and delegated by any of the parties to the subscription without the prior written consent of the other party.

These instructions, the conditions and the receipt of any Subscription Application Forms or related contracts shall be governed, construed and enforced in accordance with the laws of the Kingdom.

This Prospectus has been released in both Arabic and English languages and the Arabic version is the only one approved by the CMA. In the event of a discrepancy between the English and the Arabic versions, the Arabic version of this Prospectus shall prevail.

The distribution of this Prospectus and the sale of the Offer Shares in any country other than the Kingdom are expressly prohibited, except for certain GCC investors, Qualified Foreign Investor, foreign strategic investors and/or certain other Foreign Investors through swap agreements, taking into account the relevant rules and instructions. The Offering does not constitute an offer to sell or the solicitation of an offer to buy securities in any jurisdiction in which such offer or solicitation would be unlawful. All recipients of this Prospectus must inform themselves of any regulatory restrictions relevant to the Offering and the sale of Offer Shares and to observe all such restrictions.

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

18. Documents Available for Inspection

The following documents will be available for inspection at the Company's head office on Imam Saud bin Abdulaziz bin Muhammad Street, Al Taawun District, P.O. Box 6477, Riyadh 12476, Kingdom of Saudi Arabia, between 9:00 a.m. and 5:00 p.m. from Wednesday, 29/01/1445H (corresponding to 16/08/2023G) until Tuesday, 26/02/1445H (corresponding to 12/09/2023G) for a period of not less than 20 days prior to the end of the Offering Period:

- the CMA announcement of the approval of the Offering;
- the Company's Board of Directors' resolution to offer the shares for public subscription, dated 28 Thul-Qi'dah 1443H (corresponding to 27 June 2022G);
- the Company General Assembly's approval of the Offering, dated 3 Thul-Hijjah 1443H (corresponding to 2 July 2022G);
- the Company's Bylaws;
- the Company's articles of association, and the amendments made thereto;
- the Company's commercial registration certificate issued by the MoC;
- the audited financial statements of the Company for the financial years ended 31 December 2019G, 2020G, 2021G and 2022G, the unaudited interim financial statements for the nine-month period ended 30 September 2022G and the unaudited interim financial statements for the six-month period ended 30 June 2023G;
- the market study report prepared by the Market Consultant;
- all other reports, letters, documents, value and data assessments prepared by any expert, including any part thereof mentioned in this Prospectus;
- contracts and agreements disclosed in Section 12.8 (*Related Party Contracts and Transactions*); and
- letters of consent from each of:
  - the Financial Advisor, Lead Manager, Bookrunner and Underwriter, Saudi Fransi Capital for the inclusion of its name, logo, and statements in this Prospectus;
  - the Bookrunner EFG Hermes KSA for the inclusion of its name, logo, and statements in this Prospectus;
  - the Auditors, who are:
    1. Dr. Mohamed Al-Amri & Co. for the inclusion herein of its names and logos, along with the audit reports on the financial statements of the Company for the financial years ended 31 December 2019G and 2020G; and
    2. KPMG Professional Services for the inclusion herein of its names and logos, along with the audit reports on the financial statements of the Company for the financial years ended 31 December 2021G and 2022G, and the unaudited interim financial statements for the nine-month period ended 30 September 2022G and the unaudited interim financial statements for the six-month period ended 30 June 2023G;
  - the Financial Due Diligence Advisor (PricewaterhouseCoopers (Public Accountants)) for the inclusion of its name, logo and statements in this Prospectus;
  - the Market Consultant (Arthur D. Little Saudi Arabia) for the inclusion of its name, logo and statements, in this Prospectus; and
  - the Legal Advisor (Zeyad Yousef AlSalloum and Yazeed Abdulrahman AlToaimi Company for Legal Services and Consultation), for the inclusion of its name, logo and statements, in this Prospectus;
- the document containing the mechanism that was relied on to arrive at the price range used in the book-building process or the valuation report.

19. Financial Statements and Auditors' Report

This Section contains the Company's audited financial statements of the Company for the financial years ended 31 December 2019G, 2020G, 2021G and 2022G, and the unaudited interim financial statements for the nine-month period ended 30 September 2022G and the unaudited interim financial statements for the six-month period ended 30 June 2023G; and the accompanying notes thereto, which have been prepared by the Auditors in accordance with the IFRS and other standards and pronouncements endorsed by SOCPA.

LUMI RENTAL COMPANY
(Closed Joint Stock Company)
CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE THREE AND SIX-MONTH PERIODS ENDED 30 JUNE 2023
TOGETHER WITH THE
INDEPENDENT AUDITOR'S REVIEW REPORT

KPMG Professional Services
Riyadh Front, Airport Road
P. O. Box 92876
Riyadh 11663
Kingdom of Saudi Arabia
Commercial Registration No 1010425494

Headquarters in Riyadh

كي بي إم جي للاستشارات المهنية
واجهة الرياض، طريق المطار
صندوق بريد ٩٢٨٧٦
الرياض ١١٦٦٣
المملكة العربية السعودية
سجل تجاري رقم ١٠١٠٤٢٥٤٩٤

المركز الرئيسي في الرياض

Independent auditor's report on review of condensed interim financial statements

To the Shareholder of Lumi Rental Company (Closed Joint Stock Company)

Introduction

We have reviewed the accompanying 30 June 2023 condensed interim financial statements of Lumi Rental Company ("the Company"), which comprises:

- the condensed statement of financial position as at 30 June 2023;
- the condensed statement of profit or loss and other comprehensive income for the three and six-month periods ended 30 June 2023;
- the condensed statement of changes in equity for the six-month period ended 30 June 2023;
- the condensed statement of cash flows for the six-month period ended 30 June 2023; and
- the notes to the condensed interim financial statements.

Management is responsible for the preparation and presentation of these condensed interim financial statements in accordance with IAS 34, 'Interim Financial Reporting' that is endorsed in the Kingdom of Saudi Arabia. Our responsibility is to express a conclusion on these condensed interim financial statements based on our review.

Scope of Review

We conducted our review in accordance with the International Standard on Review Engagements 2410, 'Review of Interim Financial Information Performed by the Independent Auditor of the Entity' that is endorsed in the Kingdom of Saudi Arabia. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing that are endorsed in the Kingdom of Saudi Arabia, and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying 30 June 2023 condensed interim financial statements of Lumi Rental Company are not prepared, in all material respects, in accordance with IAS 34, 'Interim Financial Reporting' that is endorsed in the Kingdom of Saudi Arabia.

KPMG Professional Services

Dr. Abdullah Hamad Al Fozan
License No: 348

Riyadh: 07 August 2023
Corresponding to: 20 Muharram 1445H

LUMI RENTAL COMPANY
(Closed Joint Stock Company)
CONDENSED STATEMENT OF FINANCIAL POSITION
FOR THE SIX-MONTHS PERIOD ENDED 30 JUNE 2023
(Amount in Saudi Riyals)

	Notes	30 June 2023	31 December2022
		(Unaudited)	(Audited)
ASSETS			
Non-current assets			
Vehicles	5	**1,802,676,341**	1,472,019,728
Other property and equipment	6	**74,378,664**	79,454,467
Capital work in progress	7	**9,996,525**	9,530,886
		1,887,051,530	1,561,005,081
Current assets			
Inventories		**1,234,693**	1,453,536
Trade receivables, net	8	**218,677,744**	173,600,069
Prepayment and other receivables		**89,533,666**	58,801,334
Due from related parties	9	**-**	-
Cash and bank balances	10	**42,421,278**	49,466,261
		351,867,381	283,321,200
TOTAL ASSETS		**2,238,918,911**	**1,844,326,281**
EQUITY AND LIABIITIES			
Equity			
Share capital	11	**550,000,000**	550,000,000
Statutory reserve		**29,476,955**	29,476,955
Retained earnings		**364,092,204**	264,065,315
TOTAL EQUITY		**943,569,159**	**843,542,270**
LIABILITIES			
Non-current liabilities			
Employees' end of service benefits		**16,241,047**	13,173,682
Loans and borrowings	12	**581,005,813**	364,659,091
Lease liabilities		**34,384,381**	46,024,404
		631,631,241	423,857,177
Current liabilities			
Trade payables		**334,487,874**	392,122,179
Loans and borrowings	12	**268,050,848**	128,227,273
Lease liabilities		**31,252,175**	28,384,838
Accruals and other liabilities		**26,927,911**	23,513,491
Due to related parties	9	**-**	-
Zakat payable	14	**2,999,703**	4,679,053
		663,718,511	576,926,834
TOTAL LIABILITIES		**1,295,349,752**	**1,000,784,011**
TOTAL EQUITY AND LIABILITIES		**2,238,918,911**	**1,844,326,281**

The accompanying notes from 1 to 20 form an integral part of these condensed interim financial statements

Abdullah Nasser Al Dawood	Azfar Shakeel	Sulaiman Al Rasheed
Board Member	CEO	CFO

LUMI RENTAL COMPANY
(Closed Joint Stock Company)
CONDENSED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME (Unaudited)
FOR THE THREE AND SIX-MONTH PERIODS ENDED 30 JUNE 2023
(Amount in Saudi Riyals)

	Notes	Three - months period ended 30 June		Six - months period ended 30 June	
		30 June 2023	30 June 2022	30 June 2023	30 June 2022
Revenue	13	**232,970,608**	170,740,701	**500,033,333**	336,607,746
Cost of revenue		**(155,156,075)**	(116,049,669)	**(327,349,247)**	(222,427,615)
Gross profit		**77,814,533**	**54,691,032**	**172,684,086**	**114,180,131**
Operating expenses					
General and administrative expenses		**(18,047,566)**	(12,371,093)	**(41,829,640)**	(24,990,403)
Impairment loss on trade and other receivables		**(3,754,437)**	(2,974,322)	**(10,939,324)**	(7,263,178)
Other income		**10,351,391**	219,486	**10,351,391**	258,289
Operating Profit		**66,363,921**	39,565,103	**130,266,513**	82,184,839
Finance charges		**(15,357,266)**	(4,066,861)	**(27,239,921)**	(8,062,113)
Profit before zakat		**51,006,655**	35,498,242	**103,026,592**	74,122,726
Zakat charge for the year	14	**(1,360,749)**	(992,656)	**(2,999,703)**	(2,072,733)
Profit for the period		**49,645,906**	**34,505,586**	**100,026,889**	**72,049,993**
Other comprehensive income:					
Re-measurement of employees' end of service benefits		-	-	-	-
Total comprehensive income for the period		**49,645,906**	**34,505,586**	**100,026,889**	**72,049,993**
Earnings per share – Basic and Diluted, net profit for the period attributable to equity holders (in Saudi Riyals)	**15**	**0.90**	**0.63**	**1.82**	**1.31**

The accompanying notes from 1 to 20 form an integral part of these condensed interim financial statements.

Abdullah Nasser Al Dawood	Azfar Shakeel	Sulaiman Al Rasheed
Board Member	CEO	CFO

LUMI RENTAL COMPANY
(Closed Joint Stock Company)
CONDENSED STATEMENT OF CHANGES IN EQUITY (Unaudited)
FOR THE SIX-MONTHS PERIOD ENDED 30 JUNE 2023
(Amount in Saudi Riyals)

	Notes	Share Capital	Statutory Reserve	Retained Earning	Total
		SR	SR	SR	SR
Balance as at 1 January 2022		550,000,000	15,110,677	133,846,161	698,956,838
Profit for the period		-	-	72,049,993	72,049,993
Other comprehensive result for the period		-	-	-	-
Total comprehensive income for the period		-	-	72,049,993	72,049,993
Balance as at 30 June 2022 (Unaudited)		550,000,000	15,110,677	205,896,154	771,006,831
Balance as at 1 January 2023		**550,000,000**	**29,476,955**	**264,065,315**	**843,542,270**
Profit for the period		**-**	**-**	**100,026,889**	**100,026,889**
Other comprehensive result for the period		**-**	**-**	**-**	**-**
Total comprehensive income for the period		**-**	**-**	**100,026,889**	**100,026,889**
Balance as at 30 June 2023 (Unaudited)		**550,000,000**	**29,476,955**	**364,092,204**	**943,569,159**

The accompanying notes from 1 to 20 form an integral part of these condensed interim financial statements.

Abdullah Nasser Al Dawood	Azfar Shakeel	Sulaiman Al Rasheed
Board Member	CEO	CFO

LUMI RENTAL COMPANY
(Closed Joint Stock Company)
CONDENSED STATEMENT OF CASH FLOWS (Unaudited)
FOR THE SIX-MONTHS PERIOD ENDED 30 JUNE 2023
(Amount in Saudi Riyals)

	Notes	30 June 2023	30 June 2022
Cash flows from operating activities			
Profit After Zakat		**100,026,889**	72,049,993
Adjustments to reconcile profit after zakat:			
Depreciation of:			
- Vehicles	5	**126,744,278**	118,755,361
- Property plant and equipment	6	**14,674,729**	9,936,394
Employee end of service benefits provision		**3,068,900**	3,307,762
Impairment loss on Trade and other receivables		**10,939,324**	7,263,178
Net book value of vehicles disposed		**111,224,387**	48,180,498
Gain on sale of land		**-**	(181,840)
Zakat charge for the period		**2,999,703**	2,072,733
Financial charges		**26,012,395**	7,178,669
Finance charge on lease liability		**1,227,526**	883,443
Net changes in working capital:			
Trade receivables		**(55,879,438)**	(28,651,212)
Inventories		**218,843**	-
Prepayments and other receivables		**(30,732,332)**	(3,663,484)
Related parties, net		**-**	70,344,735
Trade payables		**(57,634,305)**	(3,430,653)
Accruals and other payables		**3,414,420**	(484,874)
Cash generated from operating activities		**256,305,319**	303,560,703
Interest paid		**(26,024,756)**	(6,539,765)
Zakat Paid		**(4,679,053)**	-
Employee benefits paid		**(1,535)**	(120,680)
Additions to the vehicles	5	**(568,625,278)**	(282,664,302)
Net cash used in operating activities		**(343,025,303)**	14,235,956
Cash flows from investing activities			
Sale proceeds from disposal of land		**-**	12,500,000
Acquisition of investment		**-**	(2,000,000)
Acquisition of property and equipment		**(5,895,941)**	(750,249)
Acquisition of CWIP		**(465,639)**	-
Net cash used in investing activities		**(6,361,580)**	9,749,751
Cash flow from financing activities			
Repayment of loans and borrowings	12	**(80,736,531)**	487,000,000
Proceeds from loans and borrowings	12	**436,906,829**	-
Related party, net		**-**	(448,931,862)
Lease interest paid		**(1,227,526)**	(883,443)
Principal repayment of lease liabilities		**(12,600,872)**	(9,761,908)
Net cash flows from financing activities		**342,341,900**	27,422,787
Net changes in cash and cash equivalents		**(7,044,983)**	51,408,494
Cash and cash equivalents at 1 January		**49,466,261**	17,341,631
Cash and cash equivalents at 30 June		**42,421,278**	68,750,125
Non cash Transaction:			
Proceeds from disposal of investment settled through related party balance		**-**	2,000,000

The accompanying notes from 1 to 20 form an integral part of these condensed interim financial statements.

Abdullah Nasser Al Dawood	Azfar Shakeel	Sulaiman Al Rasheed
Board Member	CEO	CFO

1. LEGAL STATUS AND NATURE OF OPERATIONS

Lumi Rental Company (the "Company") is a Closed Joint Stock Company registered in Riyadh, Kingdom of Saudi Arabia under commercial registration numbered 1010228226 issued on 23 Muharram 1428H (corresponding to 10 February 2007).

The Company is 100% owned subsidiary of Seera Group Holding (A Saudi Joint Stock Company) (the "Parent"), a company registered in Riyadh, the Kingdom of Saudi Arabia.

The objective of the Company is buying, leasing and renting vehicles, through its 51 Branches, Workshops, Showrooms and Parking yards across the Kingdom of Saudi Arabia.

The Capital Market Authority (CMA) provided approval on 29 March 2023 to Lumi Rental Company to register and offer 16.5 million shares, or 30% of its share capital, on the Saudi Exchange (Tadawul).

The new Companies Law issue through Royal Decree M/132 on 1/12/1443H (corresponding to 30 June 2022) (hereinafter referred as "the Law") came into force on 26/6/1444 H (corresponding to 19 January 2023). For certain provisions of the Law, full compliance is expected not later than two years from 26/6/1444H (corresponding to 19 January 2023). The management is in process of assessing the impact of the New Companies Law and will amend its Articles of Association/By-Laws for any changes to align the Articles to the provisions of the Law. Consequently, the Company shall present the amended Articles of Association/By-Laws to the shareholders/partners in their Extraordinary/Annual General Assembly meeting for their ratification.

2. BASIS OF PREPARATION

2.1 Statement of compliance

These condensed interim financial statements have been prepared in accordance with requirements of IAS 34 "Interim Financial Reporting" that is endorsed in Kingdom of Saudi Arabia and other standards and pronouncements that are issued by Saudi Organization for Chartered and Professional Accountants ("SOCPA") and should be read in conjunction with annual financial statements as at 31 December 2022.

The condensed interim financial statements do not include all the information required for the full financial statements in accordance with the International Financial Reporting Standards (IFRSs) as endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements issued by SOCPA. However, the condensed interim financial statements include some disclosures to explain some material events and transactions in order to understand the changes in the Company's financial position and performance since the last annual financial statements. The condensed interim financial statements have been prepared for information purpose only in relation to initial public offering of the Company's shares in Tadawul in KSA. In addition, results for the interim period ended 30 June 2023 are not necessarily indicative of the results that may be expected for the financial year ending 31 December 2023.

2.2 Basis of measurement

The condensed interim financial statements have been prepared in accordance with the historical cost basis, except for the provision for employees' end-of-service benefits, which is measured at present value using the projected unit credit method. Further, the condensed interim financial statements are prepared using the accrual basis of accounting and the going concern concept.

2.3 Functional and presentation currency

The condensed interim financial statements of the Company are presented in Saudi Riyals (SR) which is the Company's functional currency.

2. BASIS OF PREPARATION (CONTINUED)

2.4 Use of judgments and estimates

The preparation of the Company's condensed interim financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts of assets and liabilities, income and expenses and the accompanying disclosures. Uncertainty about the assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in future periods. The significant judgments made by management in applying the Company's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the Company's annual financial statements in accordance with IFRS that are endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements issued by SOCPA for the year ended 31 December 2022. For the assumptions used in estimating liability of employees defined benefit liabilities, it has been assumed that there is no change in the assumptions which were used for determining the liability for Company's annual financial statements as at 31 December 2022.

3. STANDARDS, INTERPRETATIONS, AND AMENDMENTS TO EXISTING STANDARDS

(a) Standards, interpretations and amendments issued

This table lists the recent changes to the standards that are required to be applied for an annual period beginning after 1 January 2023

Standards	Title	Effective date
IAS 1 and IFRS practice statement 2	Amendments to IAS 1: Disclosure of Accounting policies	1 January 2023
IFRS 17	Insurance contracts	1 January 2023
IAS 12	Deferred Tax related to Assets and Liabilities arising from a single transaction	1 January 2023
IAS 8	Definition of Accounting Estimate	1 January 2023
IFRS 10 and IAS 28	Sale or contribution of assets between investor and its associate or joint venture (amendments to IFRS 10 and IAS 28)	Available for optional adoption / effective date deferred indefinitely

(b) Standards, interpretations and amendments issued but not yet effective

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

Standards	Title	Effective date
IAS 1	Amendments to IAS 1: Classification of Liabilities as Current or Non-Current	1 January 2024
IAS 1	Amendments to IAS 1: Noncurrent liabilities with Covenants	1 January 2024
IFRS 16	Amendment to IFRS 16: Lease liability in sale and leaseback	1 January 2024
IFRS 10 and IAS 28	Sale or contribution of assets between investor and its associate or joint venture (amendments to IFRS 10 and IAS 28)	Available for optional adoption / effective date deferred indefinitely

The standards, interpretations and amendments with effective date of 1 January 2024 do not have any material impact on the Company's condensed interim financial statements, whereas for other above-mentioned standards, interpretations and amendments, the company is currently assessing the implications on the company's interim financial statements on adoption.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies applied on these condensed interim financial statements have been prepared in accordance with in the International Financial Reporting Standards endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements that are issued by the Saudi Organization of Chartered and Professional Accountants (SOCPA). These accounting policies are the same accounting policies applied on the financial statements for the Company which were prepared in accordance with IFRS as endorsed in the Kingdom of Saudi Arabia as at the financial year ended 31 December 2022.

5. VEHICLES

Vehicles	30 June 2023 (Unaudited)	31 December 2022 (Audited)
Cost:		
Balance at the beginning	**1,929,533,693**	1,401,676,489
Additions during the period/year	**568,625,278**	807,716,871
Transferred to inventory during the year*	**(211,131,608)**	(279,859,667)
Balance at the end	**2,287,027,363**	1,929,533,693
Accumulated depreciation:		
Balance at the beginning	**457,513,965**	350,323,455
Charge for the period/year	**126,744,278**	241,648,997
Elimination on Transfer	**(99,907,221)**	(134,458,487)
Balance at the end	**484,351,022**	457,513,965
Net book value	**1,802,676,341**	1,472,019,728

Depreciation costs for the period were expensed against the cost of revenue.

*Inventory with the net book value of SR 1,055,192 remained unsold at the period ended 30 June 2023 (31 December 2022: SR 1,030,680)

6. OTHER PROPERTY AND EQUIPMENT

Cost:	Right of use asset	Other fixed assets	Total as at 30 June 2023	Total as at 31 December 2022
	(Unaudited)			(Audited)
Balance at the beginning	**100,693,784**	**17,335,246**	**118,029,030**	57,265,954
Additions during the period/year	**4,732,674**	**5,895,941**	**10,628,615**	76,947,749
Transfer	**-**	**-**	**-**	256,592
Disposal during the period/year	**(2,454,878)**	**-**	**(2,454,878)**	(16,652,114)
Balance as at the end	**102,971,580**	**23,231,187**	**126,202,767**	117,818,181
Accumulated depreciation:				
Balance at the beginning	**27,976,296**	**10,598,267**	**38,574,563**	19,198,811
Charge for the period / year	**13,604,210**	**1,070,519**	**14,674,729**	23,127,382
Elimination or disposal during the period / year	**(1,425,189)**	**-**	**(1,425,189)**	(3,962,479)
Balance as at the end	**40,155,317**	**11,668,786**	**51,824,103**	38,363,714
Net book value	**62,816,263**	**11,562,401**	**74,378,664**	79,454,467

7. CAPITAL WORK IN PROGRESS

	30 June 2023	31 December 2022
	(Unaudited)	(Audited)
Advance provided for capital expenditure	**467,188**	-
Advance provided for Purchase of vehicles	**9,529,337**	9,530,886
	9,996,525	9,530,886

8. TRADE RECEIVABLES, NET

	30 June 2023	31 December 2022
	(Unaudited)	(Audited)
Trade receivables	**277,782,073**	221,902,635
Impairment loss on trade receivables	**(59,104,329)**	(48,302,566)
	218,677,744	173,600,069

Movement of impairment loss on trade receivables is as follows:

	30 June 2023	31 December 2022
	(Unaudited)	(Audited)
Opening balance	**48,302,566**	32,021,584
Charge for the period / year [*]	**10,801,763**	16,280,982
Closing balance	**59,104,329**	48,302,566

[*] The company has also charged SR 0.137 million as provision for impairment loss against other receivable

9. RELATED PARTY TRANSACTIONS AND BALANCES

The Company, in the normal course of business, enters into transactions with other entities that fall within the definition of a related party contained in International Accounting Standard 24. Related parties represent major shareholders, fellow subsidiaries and key management personnel of the company. The transactions with related parties are made at approved contractual terms.

Outstanding balances at the period-end are unsecured, interest-free, payable on demand and settled in cash. There have been no guarantees provided or received for any related party receivables or payables.

Significant transactions and balances with related parties in the ordinary course of business which are included in the financial statements are summarized as follows:

Related Party	Relationship	Six months ended 30 June 2023		
		Sales	Purchases	(Receipts) / Payments[*]
Seera Group Holding	Parent company	**196,474**		**(196,474)**
Seera Holiday for Travel and Tourism Company Limited (SHT)	Fellow subsidiary	**985,273**		**(985,273)**
Elaa Travel, Tourism and Cargo Company Limited (ECC)	Fellow subsidiary	**1,648,968**		**(1,648,968)**
Almosafer Company for Travel and Tourism (MCT)[**]	Fellow subsidiary	**514,961**	**(1,859)**	**(513,102)**
Mawasim Tourism and Umrah Services	Fellow subsidiary	**30,355**		**(30,355)**
Discover Saudi for Travel and Tourism (DSTT)	Fellow subsidiary	**3,467,810**		**(3,467,810)**
Movenpick City Star jeddah	Fellow subsidiary	**56,250**		**(56,250)**

[*] These cashflow movements represent operational support or settlement of related party balances

[**] As at 30 June 2023 the company has accrued a cross charge from Seera Holding group for facility management services amounting to SR 0.78 million and from Al Mosafer Travel and Tourism for IT-related services and Travel booking services equivalent to SR 3.7 million and SR 0.21 million, respectively

LUMI RENTAL COMPANY
(Closed Joint Stock Company)
NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE SIX-MONTHS PERIOD ENDED 30 JUNE 2023
(Amount in Saudi Riyals)

9. RELATED PARTY TRANSACTIONS AND BALANCES (CONTINUED)

Transactions	Relationship	Six months ended 30 June 2022		
Related Party		**Sales**	**Purchases**	**(Receipts) / Payments***
Seera Group Holding	Owner	**184,435**	**(4,310)**	**362,973,156**
Elaa Air Transportation	Fellow Subsidiary	-	**(2)**	**(3,608,797)**
Seera Holiday for Travel and Tourism Company Limited (SHT)	Fellow Subsidiary	**1,329,808**	**(121,011)**	**8,259,497**
Elaa Travel, Tourism and Cargo Company Limited (ECC)	Fellow Subsidiary	**1,687,311**	**(22,982)**	**2,080,506**
Almosafer Company for Travel and Tourism (MCT)	Fellow Subsidiary	**793,211**	**(16,517)**	**4,036,876**
Hanay Trading Company Limited (HTCL)	Fellow Subsidiary	-	**(7,607)**	**477,846**
Mawasim tourism and Umrah services	Fellow Subsidiary	**89,700**	-	**366,797**
Discover Saudi for Travel and Tourism (DSTT)	Fellow Subsidiary	**3,055,489**	**(600)**	**(3,819,663)**
Seera LLC	Fellow Subsidiary	-	-	**364,179**
Movenpick City Star Jeddah	Fellow Subsidiary	**51,810**	-	**(116,733)**
National Travel and Tourism Bureau Limited (NTTB)	Fellow Subsidiary	-	-	**18,425**
Fayfa Travel & Tourism Agency Company (FTT)	Fellow Subsidiary	-	-	**4,496**
Tajawal General Trading, LLC (TGT)	Fellow Subsidiary	-	-	**(116,826)**
Al Mousim Travel & Tours (AMTT)	Fellow Subsidiary	-	-	**(129,605)**
Seera Hospitality Company (SHC)	Fellow Subsidiary	-	-	**(62,500)**
Taqniatech Company for Communication Technology Limited (TAQ)	Fellow Subsidiary	-	-	**(144,083)**
Jawalah Travels	Fellow Subsidiary	-	-	**(276,875)**
Tajawal Trading company limited	Fellow Subsidiary	-	-	**(18,409)**
Al Tayyar Holidays Travel Group Company (ATE)	Fellow Subsidiary	-	-	**(4,400)**
Al Tayyar Rent A Car Company (ARC)	Fellow Subsidiary	-	-	**(1,625)**

*these cashflow movements represent operational support or settlement of related party balances.

9. RELATED PARTY TRANSACTIONS AND BALANCES (CONTINUED)

Due balances from related parties

Related Party	Relationship	30 June 2023	31 December 2022
Elaa Air Transportation Company	Fellow subsidiary	-	-
Seera Hospitality Company (SHC)	Fellow subsidiary	-	-
National Travel and Tourism Bureau Limited (NTTB)	Fellow subsidiary	-	-
Fayfa Travel & Tourism	Fellow subsidiary	-	-
Almosafer Company for Travel and Tourism (MCT)	Fellow subsidiary	-	-
Seera Holiday for Travel and Tourism Company Limited (SHT)	Fellow subsidiary	-	-
Taqniatech Company For Communication Technology Limited (TAQ)	Fellow subsidiary	-	-
Hanay Trading Company Limited (HTCL)	Fellow subsidiary	-	-
Mawasim Tourism and Umrah Services	Fellow subsidiary	-	-
Tajawal General Trading, LLC (TGT)	Fellow subsidiary	-	-
Total		-	-

Due balances to related parties

Related Party	Relationship	30 June 2023	31 December 2022
Seera Group Holding	Parent company	-	-
Al Mousim Traavel & Tours (AMTT)	Fellow subsidiary	-	-
Elaa Travel, Tourism and Cargo Company Limited (ECC)	Fellow subsidiary	-	-
Seera Travel and Tourism	Fellow subsidiary	-	-
Tajawal General Trading, LLC (TGT)	Fellow subsidiary	-	-
Seera Holiday for Travel and Tourism Company Limited (SHT)	Fellow subsidiary	-	-
Fayfa Travel & Tourism	Fellow subsidiary	-	-
Almosafer Company for Travel and Tourism (MCT)	Fellow subsidiary	-	-
Hanay Trading Company Limited (HTCL)	Fellow subsidiary	-	-
Mawasim Tourism and Umrah Services	Fellow subsidiary	-	-
Total		-	-

10. CASH AND CASH EQUIVALENTS

	30 June 2023	31 December 2022
	(Unaudited)	(Audited)
Cash in hand	**103,102**	-
Bank balances*	**42,318,176**	49,466,261
	42,421,278	49,466,261

*Cash at bank included restricted amount of SR 6,870,325 (December 2022: SR 7,480,557)

11. SHARE CAPITAL

The share capital of the Company consists of 55,000,000 fully paid ordinary shares of SR 10 each. The total share capital is SR 550,000,000 as at 30 June 2023 (31 December 2022: SR 550,000,000).

	Percentage	Number of shares	Value per share	Total
Seera Holding Group	**100%**	**55,000,000**	**10**	**550,000,000**

12. LOANS AND BORROWINGS

	30 June 2023	31 December 2022
Opening balance	**492,886,364**	-
Loans obtained during the period/year	**436,906,828**	547,000,000
Interest expense for the period/year	**23,048,394**	13,114,690
Loans repaid during the period/year	**(103,784,925)**	(67,228,326)
Closing balance	**849,056,661**	492,886,364

	30 June 2023	31 December 2022
Secured loans	**720,981,923**	492,886,364
Classified as:		
Non-current portion	**489,655,293**	364,659,091
Current portion	**231,326,630**	128,227,273
Unsecured loans	128,074,738	-
Classified as:		
Non-current portion	**91,350,520**	-
Current portion	**36,724,218**	-

12. LOANS AND BORROWINGS (CONTINUED)

These represent loans obtained by the Company with local banks at the rate of prevailing market interest rate with last payment to be made between September 2024 and June 2026. This financing is being repaid on a quarterly basis for three years at the prevailing market rate. The purpose of the loans was to settle the balances with the parent company and to finance the operations of the company. The secured loans are secured against assignment of revenue related cashflows.

13. REVENUE

Revenue from contracts with customer	For the three months period ended 30 June		For the six months period ended 30 June	
	30 June 2023	30 June 2022	30 June 2023	30 June 2022
Vehicle lease and rental agreements	**170,552,346**	133,461,024	**345,426,986**	263,210,643
Revenue from sale of vehicles	**62,418,262**	37,279,677	**154,606,347**	73,397,103
Total Revenue	**232,970,608**	170,740,701	**500,033,333**	336,607,746
Timing of revenue recognition				
Services transferred overtime	**170,552,346**	133,461,024	**345,426,986**	263,210,643
Services transferred at point in time	**62,418,262**	37,279,677	**154,606,347**	73,397,103
Total Revenue	**232,970,608**	170,740,701	**500,033,333**	336,607,746

14. ZAKAT PROVISION

	30 June 2023	31 December 2022
At the beginning	**4,679,053**	3,052,478
Provided during the period	**2,999,703**	4,679,053
Payments made during the period	**(4,679,053)**	(3,052,478)
At the end	**2,999,703**	4,679,053

The Zakat returns of the Company are filed on a consolidated basis with its Parent company.

15. EARNINGS PER SHARE (EPS)

Basic and diluted EPS

The calculation of basic and diluted EPS has been based on the following profit attributable to ordinary shareholders and weighted-average number of ordinary shares outstanding.

	For the three-months period ended 30 June		For the six-months period ended 30 June	
	30 June 2023	30 June 2022	30 June 2023	30 June 2022
Profit attributable to ordinary shareholders	**49,645,906**	34,505,586	**100,026,889**	72,049,993
Weighted-average number of ordinary shares at the end of the period	**55,000,000**	55,000,000	**55,000,000**	55,000,000
Basic and diluted	**0.90**	0.63	**1.82**	1.31

16. FINANCIAL INSTRUMENTS – RISK MANAGEMENT

The Company measures financial instruments at fair value at each statement of financial position date.

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

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

The principal or the most advantageous market must be accessible by the Company. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their best economic interest.

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

Financial instrument category

Financial assets at amortized cost	Note	30 June 2023	31 December 2022
Trade receivables, net	8	**218,677,744**	173,600,069
Other receivables		**6,177,853**	3,100,274
Cash and cash equivalents	10	**42,421,278**	49,466,261
		267,276,875	226,166,604
Financial liabilities at amortized cost			
Trade payables		**334,487,874**	392,122,179
Loans and borrowings	12	**849,056,661**	492,886,364
Lease liabilities		**65,636,556**	74,409,242
Accruals and other liabilities		**21,314,833**	18,683,936
Total		**1,270,495,924**	978,101,721

Financial instruments not measured at fair value

Financial instruments not measured at fair value include cash and cash equivalents, trade receivables, due from related parties, due to related parties, trade payables, lease liabilities, loans and borrowings and accruals and other liabilities.

Due to their short-term nature, the carrying value of cash and cash equivalents, trade receivables, due from related parties, due to related parties, trade payables, loans and borrowings and accruals and other liabilities approximates their fair value.

There were no transfers between levels during the period.

16. FINANCIAL INSTRUMENTS – RISK MANAGEMENT (CONTINUED)

General objectives, policies and processes

The Management has overall responsibility for the determination of the Company's risk management objectives and policies and, whilst retaining ultimate responsibility for them, it has delegated the authority for designing and operating processes that ensure the effective implementation of the objectives and policies to the Company's finance function. The Management receives periodic reports from the Company Financial Controller through which it reviews the effectiveness of the processes put in place and the appropriateness of the objectives and policies it sets.

The overall objective of the Management is to set policies that seek to reduce risk as far as possible without unduly affecting the Company's competitiveness and flexibility.

Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations. The Company is mainly exposed to credit risk from credit sales. It is Company policy, implemented locally, to assess the credit risk of new customers before entering contracts. Such credit ratings are taken into account by local business practices.

Market risk

Market risk arises from the Company's use of interest bearing, tradable and foreign currency financial instruments, if any. It is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in commission rates (interest rate risk).

Interest rate risk

Fair value and cash flow interest rate risks are the exposures to various risks associated with the effect of fluctuations in the prevailing interest rates on the Company's financial position and cash flows. The Company is not exposed to fair value as it does not have any financial instrument that is categorised as fair value through profit or loss.

Management of the Company does not enter into future agreements to hedge its interest rate risk. However, these are monitored on a regular basis and corrective measures initiated wherever required.

For borrowings at floating rate, a reasonable possible change of 100 basis points in interest rates at the reporting date would have increase (decreased) separate statement of profit or loss by the amounts below. This analysis assumes that all other variables remain constant.

	100 bps increase	100 bps decrease
30 June 2023	(8,490,567)	8,490,567

Liquidity risk

Liquidity risk arises from the Company's management of working capital and the finance charges and principal repayments on its debt instruments. It is the risk that the Company will encounter difficulty in meeting its financial obligations as they fall due. The Company's policy is to ensure that it will always have sufficient cash to allow it to meet its liabilities when they become due. To achieve this, it seeks to maintain cash balances (or agreed facilities) to meet expected requirements for a period of 45 days.

17. OPERATING SEGMENTS

Basis for segmentation

The Company has the following two strategic divisions, which are its reportable segments. These divisions offer different services and are managed separately because they have different economic characteristics – such as trends in sales growth, rates of return and level of capital investment – and have different marketing strategies.

The following summary describes the operations of each reportable segment:

Reportable segments	Operations
Leasing	Providing vehicles on long term leases to corporate and government customers .
Rental	Providing vehicles on daily, weekly, monthly rentals to walking and corporate customers.

Other operations include disposal of vehicles after the completion of lease term along with sale of rental vehicles. This segment did not meet the thresholds for reportable segments in 2023 or 2022.

The Company's Executive Committee reviews the internal management reports of each segment on a monthly basis.

The Company's reportable segments are strategic business units that offer different products and services. They are managed separately because each business requires different technology and marketing strategies.

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision maker has been identified as the management team including the Chief Executive Officer, Leasing Director, Rental Director and the Finance Business Partner.

Measurement of operating segment profit or loss, assets and liabilities. The Company evaluates segmental performance on the basis of profit or loss from operations calculated in accordance with IFRS but excluding non-recurring losses. Segment assets exclude tax assets and assets used primarily for corporate purposes. Segment liabilities exclude tax liabilities and defined benefit liabilities.

17. OPERATING SEGMENTS (CONTINUED)

Information about reportable segment is set out below:

	For the three months period ended 30 June 2023							
	Leasing		Rental		Others		Total	
	30 June 2023	30 June 2022	30 June 2023	30 June 2022	30 June 2023	30 June 2022	30 June 2023	30 June 2022
Revenue	**89,150,341**	73,584,438	**81,402,005**	59,876,586	**62,418,262**	37,279,677	**232,970,608**	170,740,701
Depreciation of Vehicles	**(33,513,436)**	(37,739,570)	**(32,874,410)**	(24,846,971)	**-**	-	**(66,387,846)**	(62,586,541)
Segmental Profit	**55,636,905**	35,844,868	**48,527,595**	35,029,615	**62,418,262**	37,279,677	**166,582,762**	108,154,160
Unallocated Income / Expenses								
Segmental profit							**166,582,762**	108,154,160
Cost of Revenue							**(88,768,229)**	(53,463,128)
General & Admin Expense							**(18,047,566)**	(12,371,093)
Provision for expected credit loss							**(3,754,437)**	(2,974,322)
Other Income/ Expenses							**10,351,391**	219,486
Finance Cost							**(15,357,266)**	(4,066,861)
Profit before Zakat							**51,006,655**	35,498,242

17. OPERATING SEGMENTS (CONTINUED)

	For the six months period ended 30 June 2023							
	Leasing		Rental		Others		Total	
	30 June 2023	30 June 2022	30 June 2023	30 June 2022	30 June 2023	30 June 2022	30 June 2023	30 June 2022
Revenue	172,094,725	141,834,620	173,332,261	121,376,023	154,606,347	73,397,103	500,033,333	336,607,746
Depreciation of Vehicles	(63,233,017)	(64,149,061)	(63,511,261)	(54,606,300)	-	-	(126,744,278)	(118,755,361)
Segmental Profit	108,861,708	77,685,559	109,821,000	66,769,723	154,606,347	73,397,103	373,289,055	217,852,385
Unallocated Income / Expenses								
Segmental profit							373,289,055	217,852,385
Cost of Revenue							(200,604,969)	(103,672,254)
General & Admin Expense							(41,829,640)	(24,990,403)
Provision for expected credit loss							(10,939,324)	(7,263,178)
Other Income/Expenses							10,351,391	258,289
Finance Cost							(27,239,921)	(8,062,113)
Profit before Zakat							103,026,592	74,122,726

	Leasing		Rental		Others		Total	
	30 June 2023	31 December 2022	30 June 2023	31 December 2022	30 June 2023	31 December 2022	30 June 2023	31 December 2022
Segment Assets	1,002,864,871	816,538,485	799,811,470	655,632,048	436,242,570	372,155,748	2,238,918,911	1,844,326,281
Segment Liabilities	(325,035,076)	(434,860,432)	(295,300,609)	(425,058,834)	(675,014,067)	(140,864,745)	(1,295,349,752)	(1,000,784,011)

18. CONTINGENCIES AND COMMITMENTS

Contingent liabilities

As at 30 June 2023, the Company has letters of guarantees amounting to SR 460 million (31 December 2022: SR 387 million)

Capital commitments

The Company has outstanding capital commitments as at 30 June 2023 amounting to SR 12.2 million (31 December 2022: SR nil).

19. SUBSEQUENT EVENTS

There are no subsequent events to disclose in the financial statements.

20. APPROVAL OF THE FINANCIAL STATEMENTS

These interim condensed financial statements have been approved by the management on 20 Muharram 1445H (corresponding to 07 August 2023).

LUMI RENTAL COMPANY
(Closed Joint Stock Company)
CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE THREE AND NINE MONTH PERIODS ENDED 30 SEPTEMBER 2022
TOGETHER WITH THE
INDEPENDENT AUDITOR’S REVIEW REPORT

KPMG Professional Services
Riyadh Front, Airport Road
P. O. Box 92876
Riyadh 11663
Kingdom of Saudi Arabia
Commercial Registration No 1010425494

Headquarters in Riyadh

كي بي إم جي للاستشارات المهنية
واجهة الرياض، طريق المطار
صندوق بريد ٩٢٨٧٦
الرياض ١١٦٦٣
المملكة العربية السعودية
سجل تجاري رقم ١٠١٠٤٢٥٤٩٤

المركز الرئيسي في الرياض

Independent auditor's report on review of condensed interim financial statements

To the Shareholders of Lumi Rental Company (Closed Joint Stock Company)

Introduction

We have reviewed the accompanying 30 September 2022 condensed interim financial statements of Lumi Rental Company ("the Company"), which comprises:

- the condensed statement of financial position as at 30 September 2022;
- the condensed statement of profit or loss and other comprehensive income for the three month and nine month periods ended 30 September 2022.
- the condensed statement of changes in equity for the nine months period ended 30 September 2022.
- the condensed statement of cash flows for the nine months period ended 30 September 2022; and
- the notes to the condensed interim financial statements.

Management is responsible for the preparation and presentation of these condensed interim financial statements in accordance with IAS 34, 'Interim Financial Reporting' that is endorsed in the Kingdom of Saudi Arabia. Our responsibility is to express a conclusion on these condensed interim financial statements based on our review.

Scope of review

We conducted our review in accordance with the International Standard on Review Engagements 2410, 'Review of Interim Financial Information Performed by the Independent Auditor of the Entity' that is endorsed in the Kingdom of Saudi Arabia. A review of financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing that are endorsed in the Kingdom of Saudi Arabia, and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Independent auditor's report on review of condensed interim financial statements

To the Shareholders of Lumi Rental Company (Closed Joint Stock Company)

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying 30 September 2022 condensed interim financial statements of Lumi Rental Company are not prepared, in all material respects, in accordance with IAS 34, 'Interim Financial Reporting' that is endorsed in the Kingdom of Saudi Arabia.

KPMG Professional Services

Lic No. 46
C.R. 2051062328
K : 1

Abdulaziz Abdullah Alnaim
License No: 394

Riyadh: 21 Rabi II 1444H
Corresponding to 15 November 2022

LUMI RENTAL COMPANY (Closed Joint Stock Company)
CONDENSED STATEMENT OF FINANCIAL POSITION
AS AT 30 SEPTEMBER 2022

	Notes	30 September 2022	31 December 2021
		(Unaudited)	(Audited)
ASSETS			
Non-current assets			
Vehicles	5	**1,198,998,576**	1,051,353,034
Property and equipment	6	**76,621,817**	38,067,143
		1,275,620,393	1,089,420,177
Current assets			
Inventories		**1,057,518**	390,965
Trade receivables	7	**178,392,386**	191,596,294
Prepayment and other receivables		**55,236,536**	59,264,884
Due from related parties	8	**-**	5,075,993
Cash and bank balances	9	**21,052,977**	17,341,631
		255,739,417	273,669,767
TOTAL ASSETS		**1,531,359,810**	1,363,089,944
EQUITY AND LIABIITIES			
Equity			
Share capital	10	**550,000,000**	550,000,000
Statutory reserve		**15,110,677**	15,110,677
Retained earnings		**236,368,076**	133,846,161
TOTAL EQUITY		**801,478,753**	698,956,838
LIABILITIES			
Non-current liabilities			
Employees' end of service benefits		**12,997,216**	9,184,056
Loans and borrowings	11	**355,590,909**	-
Lease liabilities		**41,429,865**	8,806,784
		410,017,990	17,990,840
Current liabilities			
Trade payables		**159,785,422**	231,746,778
Loans and borrowings	11	**108,227,273**	-
Lease liabilities		**34,004,670**	13,046,800
Accruals and other liabilities		**14,896,353**	15,685,567
Due to related parties	8	**-**	382,610,643
Zakat payable	13	**2,949,349**	3,052,478
		319,863,067	646,142,266
TOTAL LIABILITIES		**729,881,057**	664,133,106
TOTAL EQUITY AND LIABILITIES		**1,531,359,810**	1,363,089,944

Majed Aydeh Al Nifaie	Azfar Shakeel	Sulaiman Al Rasheed
Chairman	Head of Business	Head of Finance

The accompanying notes from 1 to 19 form an integral part of these condensed interim financial statements

LUMI RENTAL COMPANY (Closed Joint Stock Company)
CONDENSED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME (Unaudited)
FOR THE THREE MONTH AND NINE MONTH PERIODS ENDED 30 SEPTEMBER 2022

	Notes	Three - months period ended		Nine - months period ended	
		30 September 2022	30 September 2021	30 September 2022	30 September 2021
Revenue	12	**188,156,595**	138,707,043	**524,764,341**	375,816,032
Cost of revenue		**(132,999,910)**	(94,469,747)	**(355,427,525)**	(260,259,687)
Gross profit		**55,156,685**	44,237,296	**169,336,816**	115,556,345
Operating expenses					
General and administrative expenses		**(13,616,017)**	(10,830,760)	**(38,606,420)**	(31,801,561)
Impairment loss on trade and other receivables		**(6,448,868)**	(1,720,527)	**(13,712,046)**	(14,917,117)
Operating Profit		**35,091,800**	31,686,009	**117,018,350**	68,837,667
Other Income		**2,935,730**	4,334,992	**3,194,019**	7,345,031
Finance charges		**(6,678,992)**	(544,976)	**(14,741,105)**	(1,913,989)
Profit before zakat		**31,348,538**	35,476,025	**105,471,264**	74,268,709
Zakat charge for the year	13	**(876,616)**	(992,035)	**(2,949,349)**	(2,076,815)
Profit for the period		**30,471,922**	34,483,990	**102,521,915**	72,191,894
Other comprehensive income:					
Re-measurement of employees' end of service benefits		**-**	-	**-**	-
Total comprehensive income for the period		**30,471,922**	34,483,990	**102,521,915**	72,191,894
Earnings per share – Basic and Diluted, net profit for the period attributable to equity holders (in Saudi Riyals)	14	**0.55**	0.63	**1.86**	1.60

Majed Aydeh Al Nifaie	Azfar Shakeel	Sulaiman Al Rasheed
Chairman	Head of Business	Head of Finance

The accompanying notes from 1 to 19 form an integral part of these condensed interim financial statements.

LUMI RENTAL COMPANY (Closed Joint Stock Company)
CONDENSED STATEMENT OF CHANGES IN EQUITY (Un audited)
FOR THE NINE MONTHS PERIOD ENDED 30 SEPTEMBER 2022

	Notes	Share Capital	Additional Capital	Statutory Reserve	Retained Earning	Total
		SR	SR	SR	SR	SR
Balance as at 1 January 2021		15,000,000	535,000,000	4,500,000	38,775,207	593,275,207
Profit for the period		-	-	-	72,191,894	72,191,894
Other comprehensive result for the period		-	-	-	-	-
Total comprehensive income for the period		-	-	-	72,191,894	72,191,894
Transferred to additional capital (Note 14)		535,000,000	(535,000,000)	-	-	-
Balance as at 30 September 2021 (Unaudited)		550,000,000	-	4,500,000	110,967,101	665,467,101
Balance as at 1 January 2022		**550,000,000**	**-**	**15,110,677**	**133,846,161**	**698,956,838**
Profit for the period		-	-	-	102,521,915	102,521,915
Other comprehensive result for the period		-	-	-		
Total comprehensive income for the period		-	-	-	102,521,915	102,521,915
Balance as at 30 September 2022 (Unaudited)		**550,000,000**	**-**	**15,110,677**	**236,368,076**	**801,478,753**

Majed Aydeh Al Nifaie	Azfar Shakeel	Sulaiman Al Rasheed
Chairman	Head of Business	Head of Finance

The accompanying notes from 1 to 19 form an integral part of these condensed interim financial statements

LUMI RENTAL COMPANY (Closed Joint Stock Company)
CONDENSED STATEMENT OF CASH FLOWS (Unaudited)
FOR THE NINE-MONTHS PERIOD ENDED 30 SEPTEMBER 2022

	Notes	30 September 2022	30 September 2021
		Unaudited	Unaudited
Cash flows from operating activities			
Profit After Zakat		**102,521,915**	72,191,894
Adjustments to reconcile profit before zakat:			
Depreciation of:			
- Vehicles	5	**186,904,257**	138,059,010
- Property plant and equipment	6	**16,585,444**	7,461,936
Employee end of service benefits provision		**3,933,840**	275,289
Impairment loss on Trade and other receivables		**13,712,046**	14,917,117
Net book value of vehicles disposed		**77,470,153**	46,108,648
Gain on disposal of land		**(181,840)**	-
Financial charges		**13,305,980**	1,324,815
Finance charge on lease liability		**1,435,125**	589,174
Provision for zakat	13	**2,949,349**	2,076,815
Net changes in working capital:			
Trade receivables		**3,146,776**	(71,986,563)
Inventories		**(666,553)**	(400,728)
Prepayments and other receivables		**373,433**	(9,921,106)
Related parties, net		**68,171,136**	6,790,590
Trade payables		**(71,961,356)**	56,346,797
Accruals and other payables		**(789,214)**	7,173,390
Cash generated from operating activities		**416,910,491**	271,007,078
Interest paid		**(13,305,980)**	(1,324,815)
Employee benefits paid		**(166,572)**	(337,054)
Additions to the vehicles	5	**(412,019,952)**	(355,050,749)
Net cash used in operating activities		**(8,582,013)**	(85,705,540)
Cash flows from investing activities			
Sale proceeds from disposal of land		**12,500,000**	-
Acquisition of investment		**(2,000,000)**	-
Acquisition of property and equipment		**(1,935,707)**	(1,478,372)
Net cash from / (used) in investing activities		**8,564,293**	(1,478,372)
Cash flow from financing activities			
Repayment of loans and borrowings		**(23,181,818)**	(17,417,871)
Proceeds from loans and borrowings		**487,000,000**	-
Related party, net		**(446,758,264)**	103,998,848
Lease interest paid		**(1,435,125)**	(589,174)
Principal repayment of lease liabilities		**(11,895,727)**	(4,292,488)
Net cash flows from financing activities		**3,729,066**	81,699,315
Net increase/(decrease) in cash and cash equivalents		**3,711,346**	(5,484,597)
Cash and cash equivalents at 1 January		**17,341,631**	16,275,551
Cash and cash equivalents at 30 September		**21,052,977**	10,790,954

Majed Aydeh Al Nifaie	Azfar Shakeel	Sulaiman Al Rasheed
Chairman	Head of Business	Head of Finance

The accompanying notes from 1 to 19 form an integral part of these condensed interim financial statements

1. LEGAL STATUS AND NATURE OF OPERATIONS

Lumi Rental Company (the “Company”) was a Limited Liability Company registered in Riyadh, Kingdom of Saudi Arabia under commercial registration numbered 1010228226 issued on 23 Muharram 1428H (corresponding to 10 February 2007). The Company on 21 February 2021 changed its status to Closed Joint Stock Company (Refer Note 14).

The Company is 100% owned subsidiary of Seera Group Holding (A Saudi Joint Stock Company) (the “Parent”), a company registered in Riyadh, the Kingdom of Saudi Arabia.

The objective of the Company is buying, leasing and renting vehicles, through its 44 Branches across the Kingdom of Saudi Arabia.

1.1 Interest in subsidiaries

Name of subsidiary	Activities	Country ofincor-poration	30 September 2022	31 December 2021
Hanay Trading Company Limited (HTCL)	Rent a car business	KSA	-	80%

During the period, on 21 March 2022, the Company purchased the remaining 20% of the Shareholding in the subsidiary from the minority shareholder for a consideration of SR 2 million. The Company then on 27 March 2022 entered into an agreement through which it disposed its entire shareholding in the subsidiary to a fellow subsidiary for a consideration of SR 2 million.

1.2 Impact of COVID-19

The pandemic of COVID-19 that has rapidly spread across the world has not only endangered human lives but has also adversely impacted the global economy. The company evaluated the nature and scope of the impact of COVID-19 on its operations and financial results. The extent to which the pandemic impacts Company’s business and operations is ascertainable but the financial impact over the next 12 months cannot be measured reliably as it depends on various factors and future developments, that the Company may currently not be able to estimate reliably. These factors include virus transmission rate, duration of the outbreak or vaccination of significant percentage of population, advent of subsequent waves of the virus, etc. and the resulting precautionary actions that may be taken by the authorities to control spread of the virus and impact of such measures on economic activities and Company’s customers. During 2022 the KSA government has eased restrictions .

Following a detailed assessment by the Company’s management, it was concluded that COVID-19 did not significantly impact the Company’s operations in the nine-months financial period ended on 30 September 2022. The company will continue to assess the nature and extent of COVID-19 and its impact on commercial and financial performance.

2. BASIS OF PREPARATION

2.1 Statement of compliance

These condensed interim financial statements have been prepared in accordance with requirements of IAS 34 "Interim Financial Reporting" that is endorsed in Kingdom of Saudi Arabia and other standards and pronouncements that are issued by Saudi Organization for Chartered and Professional Accountants ("SOCPA") and should be read in conjunction with annual financial statements as at 31 December 2021.

The condensed interim financial statements do not include all the information required for the full financial statements in accordance with the International Financial Reporting Standards (IFRSs) as endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements issued by SOCPA. However, the condensed interim financial statements include some disclosures to explain some material events and transactions in order to understand the changes in the Company's financial position and performance since the last annual financial statements. The condensed interim financial statements have been prepared for information purpose only in relation to initial public offering of the Company's shares in Tadawul in KSA. In addition, results for the interim period ended 30 September 2022 are not necessarily indicative of the results that may be expected for the financial year ending 31 December 2022.

2.2 Basis of measurement

The condensed interim financial statements have been prepared in accordance with the historical cost basis, except for the provision for employees' end-of-service benefits, which is measured at present value using the projected unit credit method. Further, the condensed interim financial statements are prepared using the accrual basis of accounting and the going concern concept.

2.3 Functional and presentation currency

The condensed interim financial statements of the Company are presented in Saudi Riyals (SR) which is the Company's functional currency.

2.4 Use of judgments and estimates

The preparation of the Company's condensed interim financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts of assets and liabilities, income and expenses and the accompanying disclosures. Uncertainty about the assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in future periods. The significant judgments made by management in applying the Company's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the Company's annual financial statements in accordance with IFRS that are endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements issued by SOCPA for the year ended 31 December 2021. For the assumptions used in estimating liability of employees defined benefit liabilities, it has been assumed that there is no change in the assumptions which were used for determining the liability for Company's annual financial statements as at 31 December 2021.

3. STANDARDS, INTERPRETATIONS, AND AMENDMENTS TO EXISTING STANDARDS

(a) Standards, interpretations and amendments issued

This table lists the recent changes to the standards that are required to be applied for an annual period beginning after 1 January 2022

Standards	Title	Effective date
IAS 37	Onerous Contracts – Cost of Fulfilling a Contract (Amendments to IAS 37	1 January 2022
Annual Improvements	Annual Improvements to IFRS Standards 2018–2020	1 January 2022
IAS 16	Property, Plant and Equipment: Proceeds before Intended Use (Amendments to IAS 16)	1 January 2022
IFRS 3	Business Combinations-Amendments updating a reference to the Conceptual Framework	1 January 2022

(b) Standards, interpretations and amendments issued but not yet effective

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

Standards	Title	Effective date
IAS 1	Amendments to IAS 1: Classification of Liabilities as Current or Non-Current	1 January 2023
IAS 1 and IFRS practice statement 2	Amendments to IAS 1: Disclosure of Accounting policies	1 January 2023
IAS 17	Insurance contracts	1 January 2023
IAS 12	Deferred Tax related to Assets and Liabilities arising from a single transaction	1 January 2023
IAS 8	Definition of Accounting Estimate	1 January 2023
IFRS 10 and IAS 28	Sale or contribution of assets between investor and its associate or joint venture (amendments to IFRS 10 and IAS 28)	Available for optional adoption / effective date deferred indefinitely

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

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies applied on these condensed interim financial statements have been prepared in accordance with in the International Financial Reporting Standards endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements that are issued by the Saudi Organization of Chartered and Professional Accountants (SOCPA). These accounting policies are the same accounting policies applied on the financial statements for the Company which were prepared in accordance with IFRS as endorsed in the Kingdom of Saudi Arabia as at the financial year ended 31 December 2021.

5. VEHICLES

Vehicles	30 September 2022	31 December 2021
Cost:		
Balance at the beginning	**1,401,676,489**	929,021,760
Additions during the period/year	**412,019,952**	600,028,435
Transferred to inventory during the year*	**(154,826,334)**	(127,373,706)
Balance at the end	**1,658,870,107**	1,401,676,489
Accumulated depreciation:		
Balance at the beginning	**350,323,455**	222,694,749
Charge for the period/year	**186,904,257**	195,222,682
Elimination on Transfer	**(77,356,181)**	(67,593,976)
Balance at the end	**459,871,531**	350,323,455
Net book value	**1,198,998,576**	1,051,353,034

Depreciation costs for the period were expensed against the cost of revenues.

*Inventory with the net book value of SR 0.7 million remained unsold at the period ended 30 September 2022 (31 December 2021: nil)

** During the period ended 30 September 2022, the management have reassessed their residual values of leased and rental vehicles to capture current market factors which have increased the resale value of used vehicles.

6. PROPERTY AND EQUIPMENT

Cost:	Right of use asset	Other fixed assets	Total as at 30 September 2022	Total as at 31 December 2021
	SR (Unaudited)			SR (Audited)
Balance at the beginning	**30,139,975**	**27,125,979**	**57,265,954**	44,009,253
Additions during the period/year[*]	**65,554,729**	**1,935,707**	**67,490,436**	20,148,443
Disposal during the period/year	**(1,546,732)**	**(12,350,318)**	**(13,897,050)**	(6,891,742)
Balance as at the end	**94,147,972**	**16,711,368**	**110,859,340**	57,265,954
Accumulated depreciation:				
Balance at the beginning	**10,473,624**	**8,725,187**	**19,198,811**	15,683,473
Charge for the period / year	**15,151,098**	**1,434,346**	**16,585,444**	10,407,080
Elimination of disposal during the period / year	**(1,546,732)**	**-**	**(1,546,732)**	(6,891,742)
Balance as at the end	**24,077,990**	**10,159,533**	**34,237,523**	19,198,811
Net book value	**70,069,982**	**6,551,835**	**76,621,817**	38,067,143

[*] The additions during the period to the right of use asset primarily includes the Dammam airport and Jeddah airport parking yard leases.

7. TRADE RECEIVABLES, NET

	30 September 2022	31 December 2021
	(Unaudited)	(Audited)
Trade receivables	**220,471,102**	223,617,878
Impairment loss on trade receivables	**(42,078,716)**	(32,021,584)
	178,392,386	191,596,294

Movement of impairment loss on trade receivables is as follows:

	30 September 2022	31 December 2021
	(Unaudited)	(Audited)
Opening balance	**32,021,584**	17,879,368
Charge for the period / year [*]	**10,057,132**	14,142,216
Closing balance	**42,078,716**	32,021,584

[*] the company has also charged SR 3.7 million as provision for impairment loss against other receivables

8. RELATED PARTY TRANSACTIONS AND BALANCES

The Company, in the normal course of business, enters into transactions with other entities that fall within the definition of a related party contained in International Accounting Standard 24. Related parties represent major shareholders, fellow subsidiaries and key management personnel of the company. The transactions with related parties are made at approved contractual terms.

Outstanding balances at the period-end are unsecured, interest-free, payable on demand and settled in cash. There have been no guarantees provided or received for any related party receivables or payables.

Significant transactions and balances with related parties in the ordinary course of business which are included in the financial statements are summarized as follows:

Related Party	Relationship	Nine-months ended 30 September 2022		
		Sales	Purchases	(Receipts)/ Payments*
Seera Group Holding	Parent company	**285,225**	**(8,081)**	**362,876,137**
Elaa Air Transportation	Fellow subsidiary		**(2)**	**(3,608,797)**
Seera Holiday for Travel and Tourism Company Limited (SHT)	Fellow subsidiary	**1,640,585**	**(123,936)**	**7,951,645**
Elaa Travel, Tourism and Cargo Company Limited (ECC)	Fellow subsidiary	**2,524,594**	**(22,982)**	**1,243,223**
National Travel and Tourism Bureau Limited (NTTB)	Fellow subsidiary			**18,425**
Al Mousin Traavel & Tours (AMTT)	Fellow subsidiary			**(129,605)**
Fayfa Travel & Tourism	Fellow Subsidiary			**4,497**
Almosafer Company for Travel and Tourism (MCT)	Fellow subsidiary	**1,057,352**	**(21,965)**	**3,778,182**
Seera Hospitality Company (SHC)	Fellow subsidiary			**(62,500)**
Taqniatech Company For Communication Technology Limited (TAQ)	Fellow subsidiary			**(144,083)**
Hanay Trading Company Limited (HTCL)	Fellow subsidiary		**(7,607)**	**477,846**
Mawasim Tourism and Umrah Services	Fellow subsidiary	**105,095**		**351,402**
Discover Saudi for Travel and Tourism (DSTT)	Fellow subsidiary	**3,231,883**	**(600)**	**(3,996,058)**
Jawalah Travels	Fellow subsidiary			**(276,875)**
Seera LLC	Fellow subsidiary			**364,179**
Tajawal General Trading, LLC (TGT)	Fellow subsidiary			**116,826**
Tajawal General Trading, LLC (TGT)	Fellow subsidiary			**(18,409)**
Al Tayyar Holidays Travel Group Company (ATE)	Fellow subsidiary			**(4,400)**
Al Tayyar Rent A Car Company (ARC)	Fellow subsidiary			**(1,625)**
Movenpick City Star jeddah	Fellow subsidiary	**79,935**		**(144,858)**

*These cashflow movements represent operational support or settlement of related party balances

8. RELATED PARTY TRANSACTIONS AND BALANCES (CONTINUED)

Related Party	Relationship	Nine -months ended 30 September 2021			
		Sales	Purchases	(Receipts)/ Payments*	(Other costs)/ income
Seera Group Holding	Parent company	421,495	2,169,783	(103,998,848)	-
Elaa Air Transportation	Fellow subsidiary	-	-	-	(190,917)
Seera Holiday for Travel and Tourism Company Limited (SHT)	Fellow subsidiary	5,748,276	(226,578)	(6,380,471)	(5,094,092)
Elaa Travel, Tourism and Cargo Company Limited (ECC)	Fellow subsidiary	2,537,879	-	(2,251,528)	(3,407,936)
Almosafer Company for Travel and Tourism (MCT)	Fellow subsidiary	932,256	(310)	(575,170)	-
Hanay Trading Company Limited (HTCL)	Fellow subsidiary			(13,912)	71,414
Mawasim Tourism and Umrah Services	Fellow subsidiary	6,103	-	-	-
Discover Saudi for Travel and Tourism (DSTT)	Fellow subsidiary	263,925	-	(559,795)	10,505
Seera LLC	Fellow subsidiary		-	(271,607)	-
Movenpick City Star Jeddah	Fellow subsidiary	77,630	-	-	(57,540)

*these cashflow movements represent operational support or settlement of related party balances.

Due balances from related parties

Related Party	Relationship	30 September 2022	31 December 2021
Al Mousin Traavel & Tours (AMTT)	Fellow subsidiary	-	129,605
Elaa Air Transportation Company	Fellow subsidiary	-	3,608,799
Seera Hospitality Company (SHC)	Fellow subsidiary	-	62,500
Taqniatech Company For Communication Technology Limited (TAQ)	Fellow subsidiary	-	144,083
Discover Saudi for Travel and Tourism (DSTT)	Fellow subsidiary	-	764,775
Tajawal General Trading, LLC (TGT)	Fellow subsidiary	-	18,409
Jawalah Travels	Fellow subsidiary	-	276,875
Al Tayyar Holidays Travel Group Company (ATE)	Fellow subsidiary	-	4,400
Al Tayyar Rent A Car Company (ARC)	Fellow subsidiary	-	1,625
Movenpick City Star - Jeddah	Fellow subsidiary	-	64,922
Total		-	5,075,993

8. RELATED PARTY TRANSACTIONS AND BALANCES (CONTINUED)

Due balances to related parties

Related Party	Relationship	30 September 2022	31 December 2021
Seera Group Holding	Parent company	-	363,153,281
Seera Holiday for Travel and Tourism Company Limited (SHT)	Fellow subsidiary	-	9,468,294
Fayfa Travel & Tourism	Fellow subsidiary	-	4,497
Elaa Travel, Tourism and Cargo Company Limited (ECC)	Fellow subsidiary	-	3,744,835
Almosafer Company for Travel and Tourism (MCT)	Fellow subsidiary	-	4,813,570
Hanay Trading Company Limited (HTCL)	Fellow subsidiary	-	470,239
Mawasim Tourism and Umrah Services	Fellow subsidiary	-	456,497
Seera Travel and Tourism	Fellow subsidiary	-	364,179
Tajawal General Trading, LLC (TGT)	Fellow subsidiary	-	116,826
National Travel and Tourism Bureau Limited (NTTB)	Fellow subsidiary	-	18,425
Total		-	382,610,643

9. CASH AND CASH EQUIVALENTS

	30 September 2022	31 December 2021
	(Unaudited)	(Audited)
Cash in hand	**11,453**	-
Bank balances	**21,041,524**	17,341,631
	21,052,977	17,341,631

10. SHARE CAPITAL

The share capital of the Company consists of 55,000,000 fully paid ordinary shares of SR 10 each. The total share capital is SR 550,000,000 as at 30 September 2022 (31 December 2021: SR 15,000,000) (Refer Note 14).

	Percentage	Number of shares	Value per share	Total
Seera Holding Group	100%	55,000,000	10	550,000,000

During the current period, the shareholding comprising of 5% of Seera Holidays for Travel and Tourism Company Limited (SHT) (a group company) in the company was transferred to Seera Holding Group resulting in the Company becoming a wholly owned subsidiary of Seera Holding Group.

11. LOANS AND BORROWINGS

	30 September 2022	31 December 2021
Unsecured bank loans	**463,818,182**	-
Classified as:		
Non-current portion	**355,590,909**	-
Current portion	**108,227,273**	-

On 15 Dhu Al-Qidah 1443H and 24 Ramadan 1443H (corresponding to 14 June 2022 and 25 April 2022, respectively) the Company entered into financing contracts with local banks. The Company utilized SR 487 million of the total loan facilities. This financing is being repaid on a quarterly basis for three years at the prevailing market rate. The purpose of the loans was to settle the balances with the parent company and to finance the operations of the company. The loan is secured against assignment of revenue related cashflows.

12. REVENUE

	For the three months period ended		For the nine months period ended	
	30 September 2022	30 September 2021	30 September 2022	30 September 2021
Revenue from contracts with customer				
Vehicle lease and rental agreement	**148,121,036**	115,239,501	**411,331,679**	311,742,455
Revenue from sale of vehicles	**40,035,559**	23,467,542	**113,432,662**	64,073,577
Total Revenue	**188,156,595**	138,707,043	**524,764,341**	375,816,032
Timing of revenue recognition				
Services transferred overtime	**148,121,036**	115,239,501	**411,331,679**	311,742,455
Services transferred at point in time	**40,035,559**	23,467,542	**113,432,662**	64,073,577
Total Revenue	**188,156,595**	138,707,043	**524,764,341**	375,816,032

13. ZAKAT PROVISION

	30 September 2022	31 December 2021
At the beginning	**3,052,478**	1,691,756
Provided during the period	**2,949,349**	3,052,478
Payments made during the period	**(3,052,478)**	(1,691,756)
At the end	**2,949,349**	3,052,478

The Zakat returns of the Company are filed on a consolidated basis with its Parent company.

14. EARNINGS PER SHARE (EPS)

Basic and diluted EPS

The calculation of basic and diluted EPS has been based on the following profit attributable to ordinary shareholders and weighted-average number of ordinary shares outstanding.

The Company changed its legal status from Limited Liability Company to closed joint stock company and as part of this process the additional capital of SR 535 million was transferred to share capital on 21 February 2021 as per the terms agreed with the Ministry of Commerce on changing the legal status of the Company as described above.

	For the three-months period ended		For the nine-months period ended	
	(unaudited)	(unaudited)	(unaudited)	(unaudited)
	30 September 2022	30 September 2021	30 September 2022	30 September 2021
Profit attributable to ordinary shareholders	**30,471,922**	34,483,990	**102,521,915**	72,191,894
Weighted-average number of ordinary shares at the end of the period	**55,000,000**	55,000,000	**55,000,000**	45,005,495
Basic and diluted	**0.55**	0.63	**1.86**	1.60

15. FINANCIAL INSTRUMENTS – RISK MANAGEMENT

The Company measures financial instruments at fair value at each statement of financial position date.

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

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

The principal or the most advantageous market must be accessible by the Company. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their best economic interest.

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

15. FINANCIAL INSTRUMENTS – RISK MANAGEMENT (CONTINUED)

Financial instrument category

Financial assets at amortized cost	Note	30 September 2022	31 December 2021
Trade receivables, net	7	**178,392,386**	191,596,294
Other receivables		**5,113,204**	19,088,043
Due from related parties	8		5,075,993
Cash and cash equivalents	9	**21,052,977**	17,341,631
		204,558,567	233,101,961
Financial liabilities at amortized cost			
Trade payables		**159,785,422**	231,746,778
Loans and borrowings	11	**463,818,182**	-
Lease liabilities		**75,434,535**	21,853,584
Due to related party	8	**-**	382,610,643
Accruals and other liabilities		**14,896,353**	15,685,567
Total		**713,934,492**	651,896,572

Financial instruments not measured at fair value

Financial instruments not measured at fair value include cash and cash equivalents, trade receivables, due from related parties, due to related parties, trade payables, lease liabilities, loans and borrowings and accruals and other liabilities.

Due to their short-term nature, the carrying value of cash and cash equivalents, trade receivables, due from related parties, due to related parties, trade payables, loans and borrowings and accruals and other liabilities approximates their fair value.

There were no transfers between levels during the period.

General objectives, policies and processes

The Management has overall responsibility for the determination of the Company's risk management objectives and policies and, whilst retaining ultimate responsibility for them, it has delegated the authority for designing and operating processes that ensure the effective implementation of the objectives and policies to the Company's finance function. The Management receives periodic reports from the Company Financial Controller through which it reviews the effectiveness of the processes put in place and the appropriateness of the objectives and policies it sets.

The overall objective of the Management is to set policies that seek to reduce risk as far as possible without unduly affecting the Company's competitiveness and flexibility.

Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations. The Company is mainly exposed to credit risk from credit sales. It is Company policy, implemented locally, to assess the credit risk of new customers before entering contracts. Such credit ratings are taken into account by local business practices.

15. FINANCIAL INSTRUMENTS – RISK MANAGEMENT (CONTINUED)

Market risk

Market risk arises from the Company's use of interest bearing, tradable and foreign currency financial instruments, if any. It is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in commission rates (interest rate risk).

Interest rate risk

Fair value and cash flow interest rate risks are the exposures to various risks associated with the effect of fluctuations in the prevailing interest rates on the Company's financial position and cash flows. The Company is not exposed to fair value as it does not have any fmancial instrument that is categorised as fair value through profit or loss.

Management of the Company does not enter into future agreements to hedge its interest rate risk. However, these are monitored on a regular basis and corrective measures initiated wherever required.

For borrowings at floating rate, a reasonable possible change of 100 basis points in interest rates at the reporting date would have increase (decreased) separate statement of profit or loss by the amounts below. This analysis assumes that all other variables remain constant.

	100 bps increase	100 bps decrease
30 September 2022	(4,638,182)	4,638,182

Liquidity risk

Liquidity risk arises from the Company's management of working capital and the finance charges and principal repayments on its debt instruments. It is the risk that the Company will encounter difficulty in meeting its financial obligations as they fall due. The Company's policy is to ensure that it will always have sufficient cash to allow it to meet its liabilities when they become due. To achieve this, it seeks to maintain cash balances (or agreed facilities) to meet expected requirements for a period of at least 45 days.

16. OPERATING SEGMENTS

Basis for segmentation

The Company has the following two strategic divisions, which are its reportable segments. These divisions offer different services and are managed separately because they have different economic characteristics – such as trends in sales growth, rates of return and level of capital investment – and have different marketing strategies.

The following summary describes the operations of each reportable segment:

Reportable segments	Operations
Leasing	Providing vehicles on long term leases to corporate and government customers .
Rental	Providing vehicles on daily, weekly, monthly rentals to walking and corporate customers.

Other operations include disposal of vehicles after the completion of lease term along with sale of rental vehicles. This segment did not meet the quantitative and qualitative thresholds for reportable segments in 2022 or 2021.

The Company’s Executive Committee reviews the internal management reports of each segment on a monthly basis.

The Company’s reportable segments are strategic business units that offer different products and services. They are managed separately because each business requires different technology and marketing strategies.

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision maker has been identified as the management team including the Chief Executive Officer, Leasing Director, Rental Director and the Finance Business Partner.

Measurement of operating segment profit or loss, assets and liabilities

The Company evaluates segmental performance on the basis of profit or loss from operations calculated in accordance with IFRS but excluding non-recurring losses.

Segment assets exclude tax assets and assets used primarily for corporate purposes. Segment liabilities exclude tax liabilities and defined benefit liabilities.

16. OPERATING SEGMENTS (CONTINUED)

Information about reportable segment is set out below:

	For the three months period ended 30 September 2022							
	Leasing		Rental		Others		Total	
	30 Sep 2022	30 Sep 2021	30 Sep 2022	30 Sep 2021	30 Sep 2022	30 Sep 2021	30 Sep 2022	30 Sep 2021
Revenue	**77,810,321**	65,602,287	**70,310,715**	49,637,214	**40,035,559**	23,467,542	**188,156,595**	138,707,043
Depreciation of Vehicles	**(35,022,816)**	(32,662,115)	**(33,126,082)**	(17,605,800)	**-**	-	**(68,148,898)**	(50,267,915)
Segmental Profit	**42,787,505**	32,940,172	**37,184,633**	32,031,414	**40,035,559**	23,467,542	**120,007,697**	88,439,128
Unallocated Income / Expenses								
Segmental profit							**120,007,697**	88,439,128
Cost of Revenue							**(64,851,012)**	(44,201,832)
General & Admin Expense							**(13,616,017)**	(10,830,760)
Provision for expected credit loss							**(6,448,868)**	(1,720,527)
Other Income/Expenses							**2,935,730**	4,334,992
Finance Cost							**(6,678,992)**	(544,976)
Profit before Zakat							**31,348,538**	35,476,025

16. OPERATING SEGMENTS (CONTINUED)

	For the nine months period ended 30 September 2022							
	Leasing		Rental		Others		Total	
	30 Sep 2022	30 Sep 2021	30 Sep 2022	30 Sep 2021	30 Sep 2022	30 Sep 2021	30 Sep 2022	30 Sep 2021
Revenue	**219,644,941**	187,134,543	**191,686,738**	124,607,912	**113,432,662**	64,073,577	**524,764,341**	375,816,032
Depreciation of Vehicles	**(99,171,875)**	(93,203,227)	**(87,732,382)**	(44,855,783)	**-**	--	**(186,904,257)**	(138,059,010)
Segmental Profit	**120,473,066**	93,931,316	**103,954,356**	79,752,129	**113,432,662**	64,073,577	**337,860,084**	237,757,022
Unallocated Income / Expenses								
Segmental profit							**337,860,084**	237,757,022
Cost of Revenue							**(168,523,268)**	(122,200,677)
General & Admin Expense							**(38,606,420)**	(31,801,561)
Provision for expected credit loss							**(13,712,046)**	(14,917,117)
Other Income/Expenses							**3,194,019**	7,345,031
Finance Cost							**(14,741,105)**	(1,913,989)
Profit before Zakat							**105,471,264**	74,268,709

	Leasing		Rental		Others		Total	
	30 Sep 2022	31 December 2021	30 September 2022	31 December 2021	30 September 2022	31 December 2021	30 September 2022	31 December 2021
Segment Assets	**691,432,287**	621,240,260	**507,566,289**	430,112,774	**332,361,234**	311,736,910	**1,531,359,810**	1,363,089,944)
Segment Liabilities	**(205,219,018)**	(81,830,984)	**(228,979,083)**	(145,139,571)	**(295,682,956)**	(436,388,556)	**(729,881,057)**	(664,133,106)

17. CONTINGENCIES AND COMMITMENTS

Contingent liabilities

As at 30 September 2022, the Company has letters of guarantees amounting to SR 274.3 million (31 December 2021: SR 0.3 million)

Capital commitments

The Company has no outstanding capital commitments as at 30 September 2022 (31 December 2021: SR nil).

18. SUBSEQUENT EVENTS

There are no subsequent events to disclose in the financial statements.

19. APPROVAL OF THE FINANCIAL STATEMENTS

These interim condensed financial statements have been approved by the management on 20 Rabi II 1444H (corresponding to 14 November 2022)

LUMI RENTAL COMPANY
(Closed Joint Stock Company)
FINANCIAL STATEMENTS
For the year ended 31 December 2022
together with
INDEPENDENT AUDITOR’S REPORT

KPMG Professional Services
Riyadh Front, Airport Road
P. O. Box 92876
Riyadh 11663
Kingdom of Saudi Arabia
Commercial Registration No 1010425494

Headquarters in Riyadh

كي بي إم جي للاستشارات المهنية
واجهة الرياض، طريق المطار
صندوق بريد ٩٢٨٧٦
الرياض ١١٦٦٣
المملكة العربية السعودية
سجل تجاري رقم ١٠١٠٤٢٥٤٩٤

المركز الرئيسي في الرياض

Independent Auditor's Report

To the Shareholder of Lumi Rental Company

Opinion

We have audited the financial statements of Lumi rental company ("the Company"), which comprise the statement of financial position as at 31 December 2022, the statements of profit or loss and other comprehensive income, changes in equity and cash flows for the year then ended, and notes to the financial statements, comprising significant accounting policies and other explanatory information.

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

Basis for Opinion

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

Independent Auditor's Report

To the Shareholder of Lumi Rental Company (continued)

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 our opinion thereon, and we do not provide a separate opinion on these matters.

See Note 5 and 7 to the financial statements.	
The key audit matter	**How the matter was addressed in our audit**
Vehicles owned by the Company as at 31 December 2022 amounted to SR 1,472 million (2021: SR 1,051 million) representing 95% (2021: 97%) of total non-current assets which are measured at cost less accumulated depreciation and any impairment. The management is required to assess the residual value at least at each financial year-end and evaluate if there are any revision required. Depending on the results of such analysis, changes may be accounted as a change in accounting estimate through changes in prospective depreciation. The future residual values are mostly influenced by the estimated useful life of the vehicle, potential usage, customer base, manufacturer, overall state of the vehicle, as well as the evolution of the used-vehicles markets given the on-going supply chain issues. The residual values for the vehicles operated by the Company varies at the actual time of disposal depending on the aforementioned factors, thus, the future value estimation as performed by the management is based on a number of estimations and judgmental assumptions. The Company revised the residual values of its vehicle fleet during the year ended 31 December 2022, considering both external and internal factors to the Company such as: actual sales of used vehicles throughout the year and previous years, correlation of such values at the year end with the factors mentioned above. Due to the significance of the value of vehicles, the significance of the estimation uncertainty involved in determining the residual values of the vehicles, we consider this to be a key audit matter.	• We obtained an understanding of the residual value policy framework as designed and implemented at Company level. • We have discussed and reviewed management's analysis of the impact on the residual value considering the estimated useful life of the vehicle, potential usage, customer base, manufacturer, overall state of the vehicles, as well as the evolution of the used-vehicles markets. • We have evaluated the car sales information and data used for the estimation of the residual value. • Tested the mathematical accuracy of the entity's calculation of the depreciation in light of the revision of residual value estimate. • Assess the disclosures in the financial statements as required by IAS 16 and IAS 8 and assessed whether the adjustments due to the revision of residual value has been appropriately reflected in the financial statements and underlying accounting records.

Independent Auditor's Report

To the Shareholder of Lumi Rental Company (continued)

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

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRS that are endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements issued by SOCPA, the applicable requirements of the Regulations for Companies and Company's By-laws and for such internal control as management determines is necessary to enable the preparation of 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, the Board of Directors, 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 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 judgement and maintain professional scepticism 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 significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, then we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Independent Auditor's Report

To the Shareholder of Lumi Rental Company (continued)

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

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

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

KPMG Professional Services

Lic. No. 46

Abdulaziz Abdullah Alnaim
License No: 394

Riyadh on 28 March 2023
Corresponding to: 06 Ramadan 1444H

LUMI RENTAL COMPANY
(Closed Joint Stock Company)
STATEMENT OF FINANCIAL POSITION
FOR THE YEAR ENDED 31 DECEMBER 2022

	Note	31 December 2022	31 December 2021
		SR	SR
ASSETS			
Non-current assets			
Vehicles	7	**1,472,019,728**	1,051,353,034
Other property and equipment	8	**79,454,467**	38,067,143
Investment in subsidiaries		**-**	-
		1,551,474,195	1,089,420,177
Current assets			
Inventories		**1,453,536**	390,965
Trade receivables	9	**173,600,069**	191,596,294
Prepayments and other receivables	10	**68,332,220**	59,264,884
Due from related parties	11	**-**	5,075,993
Cash and cash equivalents	12	**49,466,261**	17,341,631
		292,852,086	273,669,767
TOTAL ASSETS		**1,844,326,281**	1,363,089,944
EQUITY AND LIABILITIES			
EQUITY			
Share capital	13	**550,000,000**	550,000,000
Additional capital		**-**	-
Statutory reserve		**29,476,955**	15,110,677
Retained earnings		**264,065,315**	133,846,161
TOTAL EQUITY		**843,542,270**	698,956,838
LIABILITIES			
Non-current liabilities			
Employees' end of service benefits	14	**13,173,682**	9,184,056
Loans and borrowings	15	**364,659,091**	-
Lease liabilities	16	**46,024,404**	8,806,784
		423,857,177	17,990,840
Current liabilities			
Trade payables		**392,122,179**	231,746,778
Loans and borrowings	15	**128,227,273**	-
Lease liabilities	16	**28,384,838**	13,046,800
Accruals and other liabilities	17	**23,513,491**	15,685,567
Due to related parties	11	**-**	382,610,643
Zakat payable	18	**4,679,053**	3,052,478
		576,926,834	646,142,266
TOTAL LIABILITIES		**1,000,784,011**	664,133,106
TOTAL EQUITY AND LIABILITIES		**1,844,326,281**	1,363,089,944

The accompanying notes from 1 to 28 form an integral part of these financial statements

LUMI RENTAL COMPANY
(Closed Joint Stock Company)
STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2022

	Note	31 December 2022	31 December 2021
		SR	SR
Revenue	19	**782,630,550**	521,474,074
Cost of revenue	20	**(522,579,837)**	(356,645,295)
Gross profit		**260,050,713**	164,828,779
Operating expenses			
General and administrative expenses	21	**(59,093,237)**	(44,905,341)
Provision for expected credit loss on trade receivables	9	**(16,280,982)**	(14,142,216)
Provision for expected credit loss on other receivables	10	**(19,249,908)**	(1,446,015)
Profit from operations		**165,426,586**	104,335,207
Other expenses		**-**	(316)
Other income		**7,080,086**	7,528,332
Finance charges	22	**(24,164,840)**	(2,703,977)
Profit before zakat		**148,341,832**	109,159,246
Zakat charge for the year	18	**(4,679,053)**	(3,052,478)
Profit for the year		**143,662,779**	106,106,768
Other comprehensive income:			
Item that will not be reclassified subsequently to profit or loss:			
Re-measurement of employees' end of service benefits	14	**922,653**	(425,137)
Other comprehensive income / (loss) for the year		**922,653**	(425,137)
Total comprehensive income for the year		**144,585,432**	105,681,631
Earnings per share – Basic and Diluted	23	**2.61**	2.23

The accompanying notes from 1 to 28 form an integral part of these financial statements

LUMI RENTAL COMPANY

(Closed Joint Stock Company)

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2022

	Note	Share capital	Additional capital	Statutory reserve	Retained earnings	Total
		SR	SR	SR	SR	SR
Balance at 1 January 2021		15,000,000	535,000,000	4,500,000	38,775,207	593,275,207
Profit for the year		-	-	-	106,106,768	106,106,768
Other comprehensive loss		-	-	-	(425,137)	(425,137)
Total comprehensive income		-	-	-	105,681,631	105,681,631
Transferred to statutory reserve				10,610,677	(10,610,677)	-
Transferred to additional capital	13	535,000,000	(535,000,000)	-	-	-
Balance as at 31 December 2021		**550,000,000**	**-**	**15,110,677**	**133,846,161**	**698,956,838**
Profit for the year		**-**	**-**	**-**	**143,662,779**	**143,662,779**
Other comprehensive income		**-**	**-**	**-**	**922,653**	**922,653**
Total comprehensive income		**-**	**-**	**-**	**144,585,432**	**144,585,432**
Transferred to statutory reserve		**-**	**-**	**14,366,278**	**(14,366,278)**	**-**
Balance as at 31 December 2022		**550,000,000**	**-**	**29,476,955**	**264,065,315**	**843,542,270**

The accompanying notes from 1 to 28 form an integral part of these financial statements

LUMI RENTAL COMPANY
(Closed Joint Stock Company)

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2022

	Notes	31 December 2022	31 December 2021
Cash flows from operating activities			
Profit After Zakat		**143,662,779**	106,106,768
Adjustments for:			
Depreciation of:			
- Vehicles	7	**241,648,997**	195,222,682
- other property plant and equipment	8	**23,127,382**	10,407,080
Employee end of service benefits provision	14	**3,354,408**	2,351,509
Impairment loss on trade receivables	9	**16,280,982**	14,142,216
Impairment loss on other receivable	10	**19,249,908**	1,446,015
Net book value of vehicles movement*	7	**145,401,180**	59,779,730
Gain on sale of land		**(181,840)**	-
Financial charges		**22,171,033**	1,884,464
Finance charge on lease liability	16	**1,993,807**	819,513
Provision for zakat	18	**4,679,053**	3,052,478
Net changes in working capital:			
Trade receivables		**1,715,243**	(79,230,759)
Inventories		**(1,062,571)**	(390,965)
Prepayments and other receivables		**(28,317,244)**	(18,505,289)
Related parties, net		**(14,771,400)**	-
Trade payables		**160,375,401**	154,503,937
Accruals and other payables		**7,827,924**	4,712,205
Cash generated from operating activities		**747,155,042**	456,301,584
Interest paid		**(22,209,203)**	(1,586,066)
Employee benefits paid	14	**(581,753)**	(823,311)
Additions to the vehicles	7	**(807,716,871)**	(600,028,435)
Zakat paid	18	**(3,052,478)**	(1,691,756)
Net cash used in operating activities		**(86,405,263)**	(147,827,984)
Cash flows from investing activities			
Sale proceeds from disposal of land		**12,500,000**	-
Acquisition of investment		**(2,000,000)**	-
Acquisition of property and equipment	8	**(2,351,186)**	(2,476,697)
Net cash from/ (used in) investing activities		**8,148,814**	(2,476,697)
Cash flow from financing activities			
Repayment of loans and borrowings	15	**(54,113,636)**	(75,477,443)
Proceeds from loans and borrowings	15	**547,000,000**	-
Related party, net		**(358,623,626)**	232,949,867
Lease interest paid		**(1,993,807)**	(819,513)
Principal repayment of lease liabilities	16	**(21,887,852)**	(5,282,150)
Net cash flows from financing activities		**110,381,079**	151,370,761
Net increase in cash and cash equivalents		**32,124,630**	1,066,080
Cash and cash equivalents at 1 January		**17,341,631**	16,275,551
Cash and cash equivalents at 31 December	12	**49,466,261**	17,341,631

*Inventory with the net book value of SR 1,030,680 million remained unsold at the year ended 31 December 2022 (31 December 2021: nil)

The accompanying notes from 1 to 28 form an integral part of these financial statements

1. LEGAL STATUS AND NATURE OF OPERATIONS

Lumi Rental Company (the "Company") is a Closed Joint Stock Company registered in Riyadh, Kingdom of Saudi Arabia under commercial registration numbered 1010228226 issued on 23 Muharram 1428H (corresponding to 10 February 2007).

The Company is 100% owned subsidiary of Seera Group Holding (A Saudi Joint Stock Company) (the "Parent"), a company registered in Riyadh, the Kingdom of Saudi Arabia.

The objective of the Company is buying, leasing and renting vehicles, through its 51 Branches, Workshops, Showrooms and Parking yards across the Kingdom of Saudi Arabia.

1.1 Interest in subsidiaries

Name of subsidiary	Activities	Country of incorporation	31 December 2022	31 December 2021
Hanay Trading Company Limited (HTCL)	Rent a car business	KSA	-	80%

During the period, on 21 March 2022, the Company purchased the remaining 20% of the Shareholding in the subsidiary from the minority shareholder for a consideration of SR 2 million. The Company then on 27 March 2022 entered into an agreement through which it disposed its entire shareholding in the subsidiary to a fellow subsidiary for a consideration of SR 2 million.

1.2 Branches, Workshops, Showrooms and Parking yards

Commercial Registration No.	Registration date	Gregorian Date	Location
1010079694	1411/04/06	24/10/1990	Riyadh
1010324433	1433/02/13	07/01/2012	Riyadh
1010567276	1440/07/18	25/03/2019	Riyadh
1010569335	1440/07/27	03/04/2019	Riyadh
1010599904	1441/02/18	17/10/2019	Riyadh
1010599908	1441/02/18	17/10/2019	Riyadh
1010616188	1441/04/11	08/12/2019	Riyadh
1010627470	1441/06/23	17/02/2020	Riyadh
1010638731	1441/10/22	14/06/2020	Riyadh
1010678326	1442/05/19	03/01/2021	Riyadh
1010695162	1442/08/08	21/03/2021	Riyadh
1010788058	1443/08/04	07/03/2022	Riyadh
1131298375	1440/07/21	28/03/2019	Qassim
2050085522	1433/10/11	29/08/2012	Dammam
2050125982	1440/09/16	21/05/2019	Dammam
2050125983	1440/09/16	21/05/2019	Dammam
2050125984	1440/09/16	21/05/2019	Dammam

Commercial Registration	Registration date	Gregorian Date	Location
2051226156	1440/09/16	21/05/2019	Khobar
2051228260	1441/03/08	05/11/2019	Khobar
2055026257	1439/02/11	31/10/2017	Jubail
2055126812	1441/03/08	05/11/2019	Jubail
2251495553	1441/02/09	08/10/2019	AlHafof
3350161126	1443/12/21	20/07/2022	Hail
3350162620	1444/04/08	02/11/2022	Hail
3400120071	1442/02/10	27/09/2020	Sakaka
3550129516	1440/10/27	30/06/2019	Tabuk
3550134190	1442/02/05	22/09/2020	Tabuk
3550146188	1444/01/05	03/08/2022	Tabuk
3550146264	1444/01/06	04/08/2022	Tabuk
3552101601	1442/02/05	22/09/2020	Al Wajh
4030279663	1436/03/08	30/12/2014	Jeddah
4030293122	1438/05/05	02/02/2017	Jeddah
4030367715	1441/02/18	17/10/2019	Jeddah
4030367717	1441/02/18	17/10/2019	Jeddah
4030368604	1441/03/02	30/10/2019	Jeddah
4030369035	1441/03/08	05/11/2019	Jeddah
4031234013	1441/04/11	08/12/2019	Makkah
4031268637	1444/01/03	01/08/2022	Makkah
4032251684	1443/01/10	18/08/2021	Al Taif
4650077802	1436/05/10	01/03/2015	Al Madinah
4650215319	1441/03/08	05/11/2019	Al Madinah
4650245988	1443/11/27	26/06/2022	Al Madinah
4651102370	1441/04/20	17/12/2019	Al Ula
4651102639	1442/02/05	22/09/2020	Al Ula
4700020105	1438/02/20	20/11/2016	Yanbu
4700020204	1438/06/10	09/03/2017	Yanbu
4700112044	1442/02/05	22/09/2020	Yanbu
5800106763	1442/11/13	23/06/2021	Al Baha
5855070552	1438/05/05	02/02/2017	Khamis Mushait
5900120565	1441/03/08	05/11/2019	Jizan
5900137507	1444/04/09	03/11/2022	Jizan

2. STATEMENT OF COMPLIANCE WITH IFRS

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

3. STANDARDS, INTERPRETATIONS, AND AMENDMENTS TO EXISTING STANDARDS

(a) Standards, interpretations and amendments issued

This table lists the recent changes to the standards that are required to be applied for an annual period beginning after 1 January 2022

Standards	Title	Effective date
IAS 37	Onerous Contracts – Cost of Fulfilling a Contract (Amendments to IAS 37	1 January 2022
Annual Improvements	Annual Improvements to IFRS Standards 2018–2020	1 January 2022
IAS 16	Property, Plant and Equipment: Proceeds before Intended Use (Amendments to IAS 16)	1 January 2022
IFRS 3	Business Combinations-Amendments updating a reference to the Conceptual Framework	1 January 2022

(b) Standards, interpretations and amendments issued but not yet effective

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

Standards	Title	Effective date
IAS 1	Amendments to IAS 1: Classification of Liabilities as Current or Non-Current	1 January 2023
IAS 1 and IFRS practice statement 2	Amendments to IAS 1: Disclosure of Accounting policies	1 January 2023
IAS 17	Insurance contracts	1 January 2023
IAS 12	Deferred Tax related to Assets and Liabilities arising from a single transaction	1 January 2023
IAS 8	Definition of Accounting Estimate	1 January 2023
IFRS 10 and IAS 28	Sale or contribution of assets between investor and its associate or joint venture (amendments to IFRS 10 and IAS 28)	Available for optional adoption / effective date deferred indefinitely

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

4. BASIS OF PREPARATION

4.1 Overall consideration

These financial statements have been prepared using the measurement bases specified by IFRSs for each type of asset, liability, income, and expense. The measurement bases are more fully described in the accounting policies.

The principal accounting policies adopted in the preparation of these financial statements are set out in note 6. The accounting policies have been consistently applied to all the years presented unless otherwise stated. Certain comparatives have been reclassified to conform with the current year presentation. This includes amongst others certain captions in the Statement of cashflows moving from investing to operating activities, including Additions of and Proceeds for vehicles as well as related party balances moving from operating to financing activities.

The preparation of these financial statements in compliance with IFRS requires the use of certain critical accounting estimates. It also requires the Company's management to exercise judgment in applying the Company's accounting policies. The areas where significant judgments and estimates have been made in preparing these financial statements and their effect are disclosed in note 5.

4.2 Basis of Measurement

These financial statements have been prepared on the historical cost basis, except for the following:

Defined benefits plan measured at the present value of future obligations using the Projected Unit Credit Method; and

Furthermore, these financial statements are prepared on a going concern basis.

4.3 Financial year end

The Company's financial year starts from 1 January and ends on 31 December in each Gregorian calendar year.

4.4 Functional and presentation currency

The financial statements are presented in Saudi Riyal ("SR"), which is also the Company's functional currency.

5. USE OF JUDGEMENT AND ESTIMATES

The Company makes certain estimates and assumptions regarding the future. Estimates and judgments are continually evaluated based on historical experience and other factors, including expectations of future events that are considered reasonable in the circumstances. In the future, experience may differ from these estimates and assumptions. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

Useful lives and residual value of Vehicles

An estimate of the useful lives and residual values of vehicles is made for the purposes of calculating depreciation respectively. These estimates are made based on expected usage for useful lives. Residual value is determined based on experience and observable data where available.

The useful lives and residual values of the Company's assets are determined by management based on technical evaluation at the time the asset is acquired and reviewed annually for appropriateness. The lives are based on historical experience with similar assets as well as an anticipation of future events which may impact their life such as changes in technology.

Impairment of trade receivables

The Company measures the loss allowance for trade receivables in an amount equal to lifetime ECL. The expected credit losses on trade receivables are estimated using a provision matrix by reference to past default experience of the receivable and an analysis of the receivable's current financial position, adjusted for factors that are specific to the receivables, general economic conditions of the industry in which the receivables operate and an assessment of both the current as well as the forecast direction of conditions at the reporting date. Trade receivable is normally assessed collectively, unless there is a need to assess a particular receivable on an individual basis.

Employees' end of service benefits

The cost of employee benefits obligations and other after-service benefits are determined by actuarial valuation exercises. The actuarial estimates involve making many assumptions that may differ from actual developments in the future. These assumptions include the determination of the discount rate and future salary increases. Given the complexity of the estimates and the underlying assumptions

and their long-term nature, the commitment of employee benefits is greatly influenced by changes in these assumptions. All inputs are reviewed at the end of each financial year.

5. OF JUDGEMENT AND ESTIMATES (CONTINUED)

5.1 Measurement of fair values

A number of the Company's accounting policies and disclosures require the measurement of fair values, for both financial and non-financial assets and liabilities.

When measuring the fair value of an asset or liability, the Company uses observable market data as far as possible. Fair values are categorized into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets and liabilities.
- Level 2: inputs other than quoted priced included in Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., price derivations).
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

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

The Company recognises transfers between the levels of the fair value hierarchy at the end of the reporting year during which the change has occurred.

Further details on the assumptions used to assess fair values can be found in Note 24 to these financial statements.

6. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Following are the significant accounting policies applied by the Company in preparing its financial statements:

6.1 Foreign currency translation

Foreign currency transactions and balances

Foreign currency transactions are translated into the functional currency, using the exchange rates prevailing at the dates of the transactions (spot exchange rate). Foreign exchange gains and losses resulting from the settlement of such transactions and from the re-measurement of monetary items at year-end exchange rates are recognised in profit or loss.

Non-monetary items are not retranslated at year-end and are measured at historical cost (translated using the exchange rates at the transaction date), except for non-monetary items measured at fair value which are translated using the exchange rates at the date when the fair value was determined.

6.2 Vehicles

Vehicles are presented at cost, net of accumulated depreciation and accumulated impairment losses, as appropriate. The original cost of the vehicles is recognised net of manufacturers' incentives and allowances.

Depreciation is based on their estimated residual values at the expected date of disposal, after taking into account the expected market conditions for used cars. Any adjustments to residual value and resultant depreciation are made prospectively.

The estimation of residual values required the Company to make assumptions regarding the age and mileage of the car at the time of disposal, as well as expected used vehicle auction market conditions. The Company regularly assesses the estimated residual values and adjusts depreciation rates, if any. Differences between actual and estimated residual values result in a gain or loss on disposal and are recognised as part of the vehicle's disposal at the time of sale.

Depreciation is calculated in a straight line over the estimated lifetime primarily of 2 to 5 years.

6. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

6.3 Other property and equipment

Recognition and measurement

Items of property and equipment are measured at cost, less accumulated depreciation and any accumulated impairment losses. If significant parts of an item of property and equipment have different useful lives, then they are accounted for as separate items (major components) of property and equipment. All other repair and maintenance costs are recognized in the income statement as incurred.

An item of property and equipment is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss on disposal of an item of property and equipment is recognized in profit or loss as other income.

Subsequent expenditure

Subsequent expenditure is capitalized only if it is probable that the future economic benefits associated with the expenditure will flow to the Company.

Derecognition

An item of property and equipment is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss on disposal of an item of property and equipment is recognized in the statement of profit or loss and other comprehensive income.

Depreciation

Depreciation is calculated to write off the cost of items of property and equipment less their estimated residual values using the straight-line method over their estimated useful lives and is generally recognized in profit or loss. Land is not depreciated.

The estimated depreciation rates of property and equipment for current and comparative periods are as follows:

Right-of-use assets	Over the lease term
Furniture and fixtures	6.67
Office equipment	6.67
Decors and enhancements	6.67
Air conditioners	6.67
Computers	5
Tools and hardware	6.67
Telecom and security systems	5

The residual values, useful life and depreciation methods of property and equipment are reviewed at each year-end and adjusted prospectively, as appropriate.

6. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

6.4 Impairment testing 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 applied.

These calculations are corroborated by valuation multiples, quoted share prices for publicly traded companies or other available fair value indicators.

For assets excluding goodwill, an assessment is made at each reporting date to determine whether there is an indication that previously recognized 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 recognized 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 recognized. 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 recognized for the asset in prior years. Such reversal is recognized in the statement of profit or loss.

6.5 Inventory

Inventories represent vehicles for sale, vehicle oil 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 recognized as cost of revenue when the inventories are sold. The Company recognizes an allowance for inventory losses due to factors such as obsolescence, technical faults, physical damage etc.

Vehicle for sale

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

Vehicle oil and other supplies

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

6. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

6.6 Financial Instruments

The Company's financial assets primary comprise of cash and cash equivalent, trade receivables, other receivables and unbilled revenue. The Company financial liabilities primary comprises of loans and borrowings, trade and other payables (excluding unearned rental income) and contract liabilities.

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.

6.6.1 Initial recognition and measurement

Trade receivables and debt securities issues are initially recognised when they are originated. All other financial assets and financial liabilities are initially recognised when the Company becomes a party to the contractual provisions of the instrument.

A financial asset (unless it is a trade receivable without a significant financing component) or financial liability is initially measured at fair value plus, for an item not at FVTPL, transaction costs that are directly attributable to its acquisition or issue. A trade receivable without a significant financing component is initially measured at the transaction price.

6.6.2 Financial assets - Classification and measurement

On initial recognition, a financial asset is classified as measured at:

(a) Amortised cost

(b) Fair value through other comprehensive income (FVOCI)

- Equity Investment
- Debt Investment

(c) Fair value through profit or loss (FVTPL)

Financial assets are not reclassified subsequent to their initial recognition unless the Company changes its business model for managing financial assets in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

(a) Amortized Cost.

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

(b) Fair value through other comprehensive income (FVOCI)

A debt investment is measured at FVOCI if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

An equity investment that is not held for trading, on initial recognition the Company may irrevocably elect to present subsequent changes in the investment's fair value in OCI. This election is made on an investment-by-investment basis.

6. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(c) Fair value through profit or loss (FVTPL)

All financial assets not classified as measured at amortised cost or FVOCI as described above are measured at FVTPL. On initial recognition, the Company may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at FVOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

6.6.3 Financial assets: Business model assessment

The Company makes an assessment of the objective of the business model in which a financial asset is held at a portfolio level because this best reflects the way the business is managed, and information is provided to management. The information considered includes:

- the stated policies and objectives for the portfolio and the operation of those policies in practice.
- how the performance of the portfolio is evaluated and reported to the Company's management.
- the risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed.
- how managers of the business are compensated – e.g., whether compensation is based on the fair value of the assets managed or the contractual cash flows collected; and
- the frequency, volume and timing of sales of financial assets in prior periods, the reasons for such sales and expectations about future sales activity.

Transfers of financial assets to third parties in transactions that do not qualify for derecognition are not considered sales for this purpose, consistent with the Company's continuing recognition of the assets.

Financial assets that are held for trading or are managed and whose performance is evaluated on a fair value basis are measured at FVTPL.

6.6.4 Financial assets: Assessment whether contractual cash flows are solely payments of principal and interest.

In assessing whether the contractual cash flows are solely payments of principal and interest, the Company considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making this assessment, the Company considers:

- contingent events that would change the amount or timing of cash flows.
- terms that may adjust the contractual coupon rate, including variable rate features.
- prepayment and extension features; and
- terms that limit the Company's claim to cash flows from specified assets (e.g., non-recourse features).

6. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

6.6.5 Financial assets: Subsequent measurement and gains and losses

(a) Financial assets at amortised cost

These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in statement of profit or loss. Any gain or loss on de-recognition is recognised in statement of profit or loss.

(b) Financial assets at fair value through other comprehensive income (FVOCI)

Debt investment: These assets are subsequently measured at fair value. Interest income calculated using the effective interest method, foreign exchange gains and losses and impairment are recognised in statement of profit or loss. Other net gains and losses are recognised in OCI. On de-recognition, gains and losses accumulated in OCI are reclassified to statement of profit or loss.

Equity Investment: These assets are subsequently measured at fair value. Dividends are recognised as income in statement of profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognised in OCI and are never reclassified to statement of profit or loss.

(c) Financial assets at fair value through profit or loss (FVTPL)

These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognised in statement of profit or loss.

6.6.6 Financial liabilities - Classification, subsequent measurement and gains and losses

Financial liabilities are classified as measured at:

(1) Fair value through profit or loss (FVTPL)
(2) Amortised cost

A financial liability is classified as at FVTPL if it is classified as held-for-trading, it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognised in statement of profit or loss. Other financial liabilities are subsequently measured at amortised cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognised in statement of profit or loss. Any gain or loss on de-recognition is also recognised in statement of profit or loss.

6.6.7 De-recognition

Financial Assets:

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

(a) The contractual rights to the cash flows from the financial asset expire, or

(b) 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.

6. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Financial Liabilities:

A financial liability is derecognized 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 a de-recognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognized in the statement of profit or loss.

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 recognized amounts and there is an intention to settle on a net basis, to realize the assets and settle the liabilities simultaneously.

6.6.8 Impairment of financial assets

The Company recognises loss allowances for ECLs on:

- Financial assets measured at amortised cost.
- Contract assets

The Company measures loss allowances at an amount equal to lifetime ECL, except for the following, which are measured as 12-month ECL:

- debt securities that are determined to have low credit risk at the reporting date; and
- other debt securities and bank balances for which credit risk (i.e., the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition.

Loss allowances for trade receivables and contract assets are always measured at an amount equal to lifetime ECL. Lifetime ECLs are the ECLs that result from all possible default events over the expected life of a financial instrument and 12-month ECLs are the portion of ECLs that result from

default events that are possible within the 12 months after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months).

Measurement of ECLs

At each reporting date, the Company assesses whether financial assets carried at amortised cost and debt securities at FVOCI are credit impaired. A financial asset is ‘credit-impaired’ when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Evidence that a financial asset is credit-impaired includes the following observable data:

- the borrower is unlikely to pay its credit obligations to the Company in full, without recourse by the Company to actions such as realising security (if any is held).
- the restructuring of a loan or advance by the Company on terms that the Company would not consider otherwise.
- it is probable that the borrower will enter bankruptcy or other financial reorganization
- the disappearance of an active market for a security because of financial difficulties.

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e., the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Company expects to receive).

6. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Presentation of allowance for ECL in the statement of financial position

Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of the assets.

Write-off

The gross carrying amount of a financial asset is written off (either partially or in full) to the extent that there is no realistic prospect of recovery. This is generally the case when the Company determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off.

6.7 Cash and cash equivalents

Cash and cash equivalents in the statement of financial position comprise of cash at banks and cash in hand.

6.8 Equity and reserves

Share capital represents the nominal value of shares that have been issued.

The additional capital is the amount paid by the parent to the company to meet its working capital needs. The additional capital is converted to shares at the time the Company increases its share capital.

Retained earnings include all current and prior period profits.

6.9 Statutory Reserve

In accordance with the Regulations for Companies in the Kingdom of Saudi Arabia and the Company's articles of association, the Company is required to transfer 10% of net income for the year to the statutory reserve until such reserve equals 30% of its share capital. This reserve is not available for distribution to the shareholder. The transfer to statutory reserve is made by the Company only at the year end.

6.10 Employees' end of service benefits

Short-term employee benefits

A liability is recognized for the benefits accruing to employees' in respect of wages and salaries, annual leave, air tickets and sick leave that are expected to be settled wholly within twelve months after the end of the period in which the employees render the related service. The liability is recorded as the undiscounted benefit amount to be paid in return for this service.

6. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Defined benefit plans

The end-of-service allowance is determined using the projected unit credit method and actuarial valuations are made at the end of each reporting period. Re-measurements, comprising actuarial gains and losses, are reflected immediately in the statement of financial position with a charge or credit recognized in other comprehensive income in the period in which they occur. Remeasurements recognised in other comprehensive income will not be reclassified as profit or loss in subsequent periods. Interest is determined by applying the discount rate at the beginning of the period to the defined benefit liability or net asset. Defined benefit costs are classified as follows:

- service cost (including current service cost and past service cost).
- interest expense; and
- Re-measurements

The Company presents the first two components of defined benefit costs in profit or loss and the third component in other comprehensive income, in relevant line items.

6.11 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 capitalized as part of the cost of the respective asset. All other borrowing costs are charged to expenses in the period in which they arise. Borrowing charges include interest and other charges that an entity incurs in relation to the borrowing of funds.

6.12 Leases

All leases are accounted for by recognizing a right-of-use asset and a lease liability except for:

- Leases of low value assets; and
- Leases with a term of 12 months or less.

Lease liabilities are measured at the present value of the contractual payments due to the lessor over the lease term, with the discount rate determined by reference to the rate inherent in the lease unless (as is typically the case) this is not readily determinable, in which case the Company's incremental borrowing rate on commencement of the lease is used. Variable lease payments are only included in the measurement of the lease liability if they depend on an index or rate. In such cases, the initial measurement of the lease liability assumes the variable element will remain unchanged throughout the lease term. Other variable lease payments are expensed in the period to which they relate.

On initial recognition, the carrying value of the lease liability also includes:

- amounts expected to be payable under any residual value guarantee.
- the exercise price of any purchase option granted in favour of the Company if it is reasonably certain to assess that option.
- any penalties payable for terminating the lease, if the term of the lease has been estimated on the basis of termination option being exercised.

6. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Right-of-use assets are initially measured at the amount of the lease liability, reduced for any lease incentives received, and increased for:

- lease payments made at or before the commencement of the lease.
- initial direct costs incurred; and
- the amount of any provision recognized where the Company is contractually required to dismantle, remove or restore the leased asset.

Subsequent to initial measurement lease liabilities increase as a result of interest charged at a constant rate on the balance outstanding and are reduced for lease payments made. Right-of-use assets are amortized on a straight-line basis over the remaining term of the lease or over the remaining economic life of the asset if, rarely, this is judged to be shorter than the lease term.

When the Company revises its estimate of the term of any lease (because, for example, it re-assesses the probability of a lessee extension or termination option being exercised), it adjusts the carrying amount of the lease liability to reflect the payments to make over the revised term, which are discounted at the same discount rate that applied on lease commencement. The carrying value of lease liabilities is similarly revised when the variable element of future lease payments dependent on a rate or index is revised, except the discount rate remains unchanged.

In both cases an equivalent adjustment is made to the carrying value of the right-of-use asset, with the revised carrying amount being amortized over the remaining lease term. If the carrying amount of the right-of-use asset is adjusted to zero, any further reduction is recognized in profit or loss.

When the Company renegotiates the contractual terms of a lease with the lessor, the accounting depends on the nature of the modification:

- if the renegotiation results in one or more additional assets being leased for an amount commensurate with the standalone price for the additional rights-of-use obtained, the modification is accounted for as a separate lease in accordance with the above policy
- in all other cases where the renegotiated increases the scope of the lease (whether that is an extension to the lease term, or one or more additional assets being leased), the lease liability is remeasured using the discount rate applicable on the modification date, with the right-of-use asset being adjusted by the same amount
- if the renegotiation results in a decrease in the scope of the lease, both the carrying amount of the lease liability and right-of-use asset are reduced by the same proportion to reflect the partial of full termination of the lease with any difference recognized in profit or loss. The lease liability is then further adjusted to ensure its carrying amount reflects the amount of the renegotiated payments over the renegotiated term, with the modified lease payments discounted at the rate applicable on the modification date. The right-of-use asset is adjusted by the same amount.

For contracts that both convey a right to the Company to use an identified asset and require services to be provided to the Company by the lessor, the Company has elected to account for the entire contract as a lease, i.e., it does not allocate any amount of the contractual payments to, and account separately for, any services provided by the supplier as part of the contract.

Short term-leases

The Company elected not to recognize right of use assets and lease liabilities for the short-term leases for which their terms are 12 months or less. The Company recognizes lease payments associated with those leases as expenses on a straight- line basis over the lease term.

6. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

6.13 Trade payables

These amounts represent liabilities for goods and services provided to the Company prior to the end of a financial period, which are unpaid. The amounts are not secured. Trade and other payables are presented as current liabilities unless payment is not due within 12 months after the reporting period. They are originally recorded at fair value and then measured at amortised cost using the effective interest method.

6.14 Provisions

Provisions are recognised when present obligations as a result of a past event will probably lead to an outflow of economic resources from the Company and amounts can be estimated reliably. Timing or amount of the outflow may still be uncertain. A present obligation arises from the presence of a legal or constructive commitment that has resulted from past events, for example, legal disputes or onerous contracts.

Provisions are measured at the estimated expenditure required to settle the present obligation, based on the most reliable evidence available at the reporting date, including the risks and uncertainties associated with the present obligation. Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. Provisions are discounted to their present values, where the time value of money is material.

Any reimbursement that the Company can be virtually certain to collect from a third party with respect to the obligation is recognised as a separate asset. However, this asset may not exceed the amount of the related provisions.

All provisions are reviewed at each reporting date and adjusted to reflect the current best estimate. In those cases, where the possible outflow of economic resources as a result of present obligations is considered improbable or remote, no liability is recognised, unless it was assumed in the course of a business combination.

6.15 Accruals and other liabilities

Liabilities are recognised for amounts payable in the future for goods or services received, invoiced or not invoiced by the supplier.

6. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

6.16 Revenue

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

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

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

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

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

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

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

Rental income – the Company as a lessor

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

Revenue from sale of 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.

6.17 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 to depreciation of vehicles, cost of vehicles disposed of and other related expenditures.

6.18 General and administrative expenses

General and administrative expenses comprise direct and indirect costs that are not specifically part of the cost of sales and other related expenditure.

6. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

6.19 Finance cost

Financial costs are expensed in the period in which they occur. Financing costs consist primarily of profit margins on loans and borrowings and financial costs associated with lease liabilities.

6.20 Zakat

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

Value added tax

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

6.21 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 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.

7. VEHICLES

Cost:	31 December 2022	31 December 2022
	SR	SR
Balance at the beginning of the year	**1,401,676,489**	929,021,760
Additions during the year	**807,716,871**	600,028,435
Transferred to inventory*	**(279,859,667)**	(127,373,706)
Balance at the end of the year	**1,929,533,693**	1,401,676,489
Accumulated depreciation:		
Balance at the beginning of the year	**350,323,455**	222,694,749
Charge for the year	**241,648,997**	195,222,682
Transferred to inventory*	**(134,458,487)**	(67,593,976)
Balance at the end of the year	**457,513,965**	350,323,455
Net book value	**1,472,019,728**	1,051,353,034

Depreciation costs for the year were expensed against the cost of revenue.

* Inventory with the net book value of SR 1,030,680 million remained unsold at the year ended 31 December 2022 (31 December 2021: nil)

Change in estimate

During the year, the management conducted a review of residual value of its revenue earning vehicles, which resulted in changes in the residual value of certain revenue earning vehicles. As a result, its estimated residual value increased. The effect of these changes on actual and expected depreciation expense, included in cost of sales, was as follows.

Description	2022	2023	2024	2025	Later
Depreciation with change in estimate	241,648,997	191,784,769	106,591,951	40,246,713	21,881,001
Depreciation without change in estimate	272,440,255	263,953,464	148,343,814	59,129,686	29,123,838
Increase/(decrease) in depreciation charge	(30,791,258)	(72,168,695)	(41,751,864)	(18,882,973)	(7,242,837)

8. OTHER PROPERTY AND EQUIPMENT

	Right-of-use assets	Lands	Furniture and fixtures	Office equipment	Decors and enhancements	Air conditioners	Computers	Tools and hardware	Telecom and security systems	Total
Cost:										
Balance at 1 January 2021	19,359,971	12,318,160	1,569,370	142,505	5,235,277	433,571	3,386,583	1,487,958	75,858	44,009,253
Additions during the year	17,671,746	-	445,075	125	965,065	137,753	212,087	412,821	303,771	20,148,443
Disposals	(6,891,742)	-	-	-	-	-	-	-	-	(6,891,742)
Balance at 31 December 2021	30,139,975	12,318,160	2,014,445	142,630	6,200,342	571,324	3,598,670	1,900,779	379,629	57,265,954
Additions during the year	**74,596,563**	**-**	**875,868**	**-**	**1,039,433**	**32,363**	**83,085**	**167,799**	**152,638**	**76,947,749**
Transfer	-	-	18,996	-	72,500	15,096	-	150,000	-	256,592
Disposals	***(4,042,754)**	**(12,318,160)**	**(2,636)**	**(2,076)**	**(72,500)**	**(16,654)**	**-**	**(197,334)**	**-**	**(16,652,114)**
Balance at 31 December 2022	**100,693,784**	**-**	**2,906,673**	**140,554**	**7,239,775**	**602,129**	**3,681,755**	**2,021,244**	**532,267**	**117,818,181**
Accumulated Depreciation:										
Balance at 1 January 2021	8,943,903	-	691,116	120,386	2,508,337	162,480	2,688,628	527,283	41,340	15,683,473
Charge for the year	8,421,463	-	208,586	3,961	788,320	67,181	598,765	271,470	47,334	10,407,080
Elimination on disposal	(6,891,742)	-	-	-	-	-	-	-	-	(6,891,742)
Balance at 31 December 2021	10,473,624	-	899,702	124,347	3,296,657	229,661	3,287,393	798,753	88,674	19,198,811
Charge for the year	**21,397,848**		**285,434**	**3,971**	**886,623**	**78,024**	**131,382**	**265,094**	**79,006**	**23,127,382**
Elimination on disposal	***(3,895,176)**	**-**	**(2,623)**	**(2,076)**	**-**	**(15,270)**	**-**	**(47,334)**	**-**	**(3,962,479)**
Balance at 31 December 2022	**27,976,296**	**-**	**1,182,513**	**126,242**	**4,183,280**	**292,415**	**3,418,775**	**1,016,513**	**167,680**	**38,363,714**
Net book value:										
At 31 December 2022	**72,717,488**	**-**	**1,724,160**	**14,312**	**3,056,495**	**309,714**	**262,980**	**1,004,731**	**364,587**	**79,454,467**
At 31 December 2021	19,666,351	12,318,160	1,114,743	18,283	2,903,685	341,663	311,277	1,102,026	290,955	38,067,143

8. OTHER PROPERTY AND EQUIPMENT (CONTINUED)

Depreciation costs for the year were allocated between general and administrative expenses and the cost of revenues as follows:	2022	2021
Cost of revenue (note 20)	**21,397,848**	8,421,463
General and administrative expenses (note 21)	**1,729,534**	1,985,617
Total	**23,127,382**	10,407,080

[*] The balance primarily represents fully amortised or expired right of use assets during the year.

9. TRADE RECEIVABLES, NET

	31 December 2022	31 December 2021
	SR	SR
Trade receivables	**221,902,635**	223,617,878
Provision for impairment loss	**(48,302,566)**	(32,021,584)
	173,600,069	191,596,294

Information on the Company's exposure to credit and market risks and impairment losses related to trade receivables can be found in Note 24.

The Company uses the simplified IFRS 9 approach to measure expected credit losses using a provision for expected credit losses over the life of the accounts receivable. To measure expected credit losses on a collective basis, trade receivables are grouped based on similar credit risk and aging.

The expected loss rates are based on the Company's historical credit losses experience over the two-year period prior to the year end. Historical loss rates are then adjusted based on current and prospective information on macroeconomic factors affecting the Company's customers. The Company has identified the gross domestic product (GDP) as the key macroeconomic factor for ECL calculations.

The lifetime expected loss provision for trade receivables is as follows:

31 December 2022	Current	More than 30 days	More than 180 days	More than 365 days	Total
		past due	past due	past due	
Expected loss rate	**2.89%**	**8.56%**	**22.70%**	**67.11%**	
Gross carrying amount	**69,691,192**	**79,508,694**	**20,949,778**	**51,752,971**	**221,902,635**
Loss provision	**2,012,167**	**6,803,648**	**4,755,992**	**34,730,759**	**48,302,566**

9. TRADE RECEIVABLES, NET (CONTINUED)

31 December 2021	Current	More than 30 days	More than 180 days	More than 365 days	Total
		past due	past due	past due	
Expected loss rate	4.6%	6.0%	15.4%	38.0%	
Gross carrying amount	31,779,168	108,783,532	33,030,246	50,024,932	223,617,878
Loss provision	1,446,673	6,494,160	5,073,430	19,007,321	32,021,584

All receivables are due within 30 to 90 days as of 31 December 2022. None of these receivables has experienced a significant increase in credit risk since initial recognition, resulting in the recognition of 12-month expected credit losses.

Movement of impairment loss is as follows:

	31 December 2022	31 December 2021
	SR	SR
At the beginning of the year	**32,021,584**	17,879,368
Charge for the year	**16,280,982**	14,142,216
At the end of the year	**48,302,566**	32,021,584

10. PREPAYMENTS AND OTHER RECEIVABLES

	31 December 2022	31 December 2021
	SR	SR
Prepaid expenses	**15,244,041**	8,723,134
Advances to suppliers	**38,180,049**	20,563,811
VAT receivable	**28,185,973**	27,766,754
Insurance receivables	**2,293,633**	2,012,366
Advances to employees	**94,702**	86,676
Unbilled revenue	**2,848,372**	1,296,542
Advances for letters of guarantee margins	**251,902**	329,151
Others	**4,909,941**	2,912,935
	92,008,613	63,691,369
Impairment against other receivables	**(23,676,393)**	(4,426,485)
	68,332,220	59,264,884

10. PREPAYMENTS AND OTHER RECEIVABLES (CONTINUED)

Movement of impairment loss is as follows:

	31 December 2022	31 December 2021
	SR	SR
At the beginning of the year	**4,426,485**	2,980,470
Impairment for the year	**19,249,908**	1,446,015
At the end of the year	**23,676,393**	4,426,485

11. RELATED PARTY TRANSACTIONS AND BALANCES

The Company, in the normal course of business, enters into transactions with other entities that fall within the definition of a related party contained in International Accounting Standard 24. Related parties represent the shareholder, fellow subsidiaries and key management personnel of the company. The transactions with related parties are made at approved contractual terms.

Outstanding balances at the year-end are unsecured, interest-free, payable on demand and settled in cash. There have been no guarantees provided or received for any related party receivables or payables.

The following are the details of major related party transactions and balances during the year:

Related parties’ transactions

Senior management remuneration

The aggregate amount charged in these financial statements for remuneration, including all benefits to CEO, CFO, and Senior Director positions of the Company is as follows:

Key management personnel	31 December 2022	31 December 2021
Remuneration	**2,104,704**	894,815
Housing & Travel allowance	**736,646**	349,029
Bonus	**846,920**	314,977
End of Service Benefits*	**98,967**	113,913
Total	**3,787,237**	1,672,734

*This includes the long-term benefit for key management personnel.

Significant transactions and balances with related parties in the ordinary course of business which are included in the financial statements are summarized as follows:

11. RELATED PARTY TRANSACTIONS AND BALANCES (CONTINUED)

Transactions

Related party	Relationship	31 December 2022		
		Sales	Purchases	(Receipts)/ Payments*
Seera Group Holding	Owner	**390,031**	**-**	**362,763,250**
Elaa Air Transportation	Fellow subsidiary	**-**	**-**	**(3,608,799)**
Seera Holiday for Travel and Tourism Company Limited (SHT)	Fellow subsidiary	**2,447,124**	**(128,197)**	**7,149,367**
National Travel (NTTB)	Fellow subsidiary	**-**	**-**	**18,425**
Fayfa Travel & Tours (FTT)	Fellow subsidiary	**-**	**-**	**4,497**
Elaa Travel, Tourism and Cargo Company Limited (ECC)	Fellow subsidiary	**3,344,893**	**(135,808)**	**535,750**
Almosafer Company for Travel and Tourism (MCT)	Fellow subsidiary	**1,223,213**	**(21,994)**	**3,612,351**
Seera Hospitality Co. Ltd	Fellow subsidiary	**-**	**-**	**(62,500)**
Taqniatech (TAQ)	Fellow subsidiary	**-**	**-**	**(144,083)**
Hanay Trading Company Limited (HTCL)	Fellow subsidiary	**-**	**(7,607)**	**477,846**
Tajawal General Trading, LLC (TGT)	Fellow subsidiary	**-**	**-**	**(18,409)**
Al Mousim Travel & Tours	Fellow subsidiary	**-**	**-**	**(129,605)**
Mawasim Tourism and Umrah Services	Fellow subsidiary	**120,588**	**-**	**335,909**
Discover Saudi for Travel and Tourism (DSTT)	Fellow subsidiary	**3,407,019**	**(600)**	**(4,171,194)**
Jawlah Tours Establishment for Tourism *(JTET)	Fellow subsidiary	**-**	**-**	**(276,875)**
Seera LLC	Fellow subsidiary	**-**	**-**	**364,179**
Almosafer Holidays Travel and Tourism	Fellow subsidiary	**-**	**-**	**116,826**
Al TayyarHolidays Travel Group Comp	Fellow subsidiary	**-**	**-**	**(4,400)**
Al TayyarRent A Car Company (ARC)	Fellow subsidiary	**-**	**-**	**(1,625)**
Movenpick City Star jeddah	Fellow subsidiary	**108,060**	**-**	**(172,982)**

*These cashflow movements represent operational support or settlement of related party balances.

11. RELATED PARTY TRANSACTIONS AND BALANCES (CONTINUED)

Related party	Relationship	31 December 2021			
		Sales	Purchases	(Receipts)/ Payments*	(Other costs) / Income
Seera Group Holding	Owner	494,371	(41,759)	(230,623,739)	2,028,773
Elaa Air Transportation	Fellow subsidiary	-	(667,639)	4,846,071	(191,773)
Seera Holiday for Travel and Tourism Company Limited (SHT)	Fellow subsidiary	7,696,408	(408,176)	(8,117,027)	(6,839,339)
Elaa Travel, Tourism and Cargo Company Limited (ECC)	Fellow subsidiary	3,364,702	(15,345)	(2,532,969)	(4,021,954)
Almosafer Company for Travel and Tourism (MCT)	Fellow subsidiary	1,409,041	(310)	(856,773)	-
Saudi Company for Transportation United (SCT)	Fellow subsidiary	-	-	-	-
Hanay Trading Company Limited (HTCL)	Fellow subsidiary	-	-	(19,795)	43,514
Tajawal General Trading, LLC (TGT)	Fellow subsidiary	-	-	-	18,409
Al Mousim Travel & Tours	Fellow subsidiary	-	(15,154)	-	(25)
Mawasim Tourism and Umrah Services	Fellow subsidiary	18,681	-	(498,703)	
Discover Saudi for Travel and Tourism (DSTT)	Fellow subsidiary	1,332,236	-	(588,274)	14,098
Jawlah Tours Establishment for Tourism *(JTET)	Fellow subsidiary	-	-	276,875	-
Movenpick City Star Jeddah	Fellow subsidiary	106,870	-	(57,540)	-

11. RELATED PARTY TRANSACTIONS AND BALANCES (CONTINUED)

Balances

Due from related parties

	Relationship	31 December 2022	31 December 2021
		SR	SR
Al Mousim Travel & Tours (AMTT)	Fellow subsidiary	-	129,605
Taqniatech Company for Communication Technology Limited (TAQ)	Fellow subsidiary	-	144,083
Seera Hospitality Company (SHC)	Fellow subsidiary	-	62,500
Al Tayyar Holidays Travel Group Company (ATE)	Fellow subsidiary	-	4,400
Al Tayyar Rent A Car Company (ARC)	Fellow subsidiary	-	1,625
Discover Saudi for Travel and Tourism (DSTT)	Fellow subsidiary	-	764,775
Movenpick Hotel City Star – Jeddah	Fellow subsidiary	-	64,922
Tajawal Trading Company Limited (HTCL)	Fellow subsidiary	-	18,409
Jawalah Travels	Fellow subsidiary	-	276,875
Elaa Air Transportation Company	Fellow subsidiary	-	3,608,799
Total		**-**	**5,075,993**

Due to related parties

	Relationship	31 December 2022	31 December 2021
		SR	SR
Seera Group Holding	Owner	-	363,153,281
Seera Holiday for Travel and Tourism Company Limited (SHT)	Fellow subsidiary	-	9,468,294
Almosafer Company for Travel and Tourism (MCT)	Fellow subsidiary	-	4,813,570
Elaa Travel, Tourism and Cargo Company Limited (ECC)	Fellow subsidiary	-	3,744,835
National Travel and Tourism Bureau Limited (NTTB)	Fellow subsidiary	-	18,425
Fayfa Travel & Tourism Agency Company (FTT)	Fellow subsidiary	-	4,497
Hanay Trading Company Limited (HTCL)	Fellow subsidiary	-	470,239
Seera Travel and Tourism (STD)	Fellow subsidiary	-	364,179
Mawasim Company	Fellow subsidiary	-	456,497
Tajawal General Trading, LLC (TGT)	Fellow subsidiary	-	116,826
Total		**-**	**382,610,643**

12. CASH AND CASH EQUIVALENTS

	31 December 2022	31 December 2021
	SR	SR
Cash at banks*	**49,466,261**	17,341,631
	49,466,261	17,341,631

*Cash and Bank included restricted cash of SR 7,480,557

13. SHARE CAPITAL

The share capital of the Company consists of 55,000,000 fully paid ordinary shares of SR 10 each. The total share capital is SR 550,000,000 as at 31 December 2022 (31 December 2021: SR 15,000,000).

2022	Percentage	Number of shares	Value per share	Total
Seera Holding Group	**100%**	**55,000,000**	**10**	**550,000,000**

2021	Percentage	Number of shares	Value per share	Total
Seera Holding Group	95%	52,250,000	10	522,500,000
Seera Holiday for Travel and Tourism Company Limited (SHT)	5%	2,750,000	10	27,500,000
	100%	55,000,000	10	550,000,000

During the year, the shareholding comprising of 5% of Seera Holidays for Travel and Tourism Company Limited (SHT) (a group company) in the company was transferred to Seera Holding Group resulting in the Company becoming a wholly owned subsidiary of Seera Holding Group.

The Company was in the process of changing its legal status from Limited Liability Company to closed joint stock company and an additional capital of SR 535 million was transferred to share capital during the previous year on 21 February 2021 as per the terms agreed with the Ministry of Commerce on changing the legal status of the Company as described above.

14. EMPLOYEES' END OF SERVICE BENEFITS

	31 December 2022	31 December 2021
	SR	SR
Net defined benefit liability	**13,173,682**	**9,184,056**

The Company calculates employees' end of service benefits according to laws and regulations applicable in the Kingdom of Saudi Arabia. Additionally, the Company re-measures the employees' end of service benefits using the projected credit unit method by a qualified actuary.

The most recent actuarial valuation of the present value of the end of service benefit obligation was carried out on 31 December 2022. During the financial year, no material fluctuations or events affected the actuarial assumptions used to calculate the liability.

Movement in net defined benefit liability

The following table shows the reconciliation from the opening balances to the closing balances for net defined benefit liability and its components.

	31 December 2022	31 December 2021
	SR	SR
Balance at beginning of the period	**9,184,056**	8,100,309
Liability transfer in / (out)	**2,139,624**	(1,167,984)
Included in profit or loss		
Current service cost	**3,354,408**	2,351,509
Finance expense	**-**	298,396
	14,678,088	9,582,230
Included in OCI		
Actuarial (gain) / loss	**(922,653)**	425,137
Benefits paid	**(581,753)**	(823,311)
Balance at the end of the year	**13,173,682**	9,184,056

Actuarial assumptions on defined benefit liability

The following were the principal actuarial assumptions at the reporting date (expressed as weighted averages).

	31 December 2022	31 December 2021
Discount rate	**4.20%**	2.45%
Future salary growth	**5.00%**	5.00%

14. EMPLOYEES' END OF SERVICE BENEFITS (CONTINUED)

Sensitivity analysis

Changes reasonably possible at the reporting date to any of the relevant actuarial assumptions, keeping the remaining assumptions constant, would have affected the defined benefit obligation by the amounts set out below.

	31 December 2022		31 December 2021	
	Increase	Decrease	Increase	Decrease
Discount rate (1% movement)	**12,165,824**	**14,265,350**	8,566,240	9,846,648
Future salary growth (1% movement)	**14,265,035**	**12,165,674**	9,846,430	8,566,135

The sensitivity analysis above has been determined based on a method that extrapolates the impact on the defined benefit obligation as a result of reasonable changes in key assumptions occurring at the end of the reporting period. The sensitivity analysis is based on a change in a significant assumption, keeping all other assumptions constant. The sensitivity analyses may not be representative of an actual change in the defined benefit obligation as it is unlikely that changes in assumptions would occur in isolation from one another.

The weighted average duration of the defined benefit obligation is 7 years

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

Years	31 December 2022	31 December 2021
	SR	SR
1	**1,001,258**	827,346
2	**1,589,127**	1,249,632
3	**1,902,173**	1,517,285
4	**2,334,901**	1,708,431
5	**2,788,963**	1,953,287
6-10	**11,258,746**	10,611,809
Total expected payment	**20,875,168**	17,867,790

15. LOANS AND BORROWINGS

	31 December 2022	31 December 2021
	SR	SR
Opening balance	-	75,477,443
Loan obtained during the year	**547,000,000**	-
Interest expense for the year	**13,114,690**	-
Loan repaid during the year	**(67,228,326)**	(75,477,443)
Closing balance	**492,886,364**	-

	31 December 2022	31 December 2021
	SR	SR
Unsecured loan	**492,886,364**	-
Classified as:		
Non-current portion	**364,659,091**	-
Current portion	**128,227,273**	-

On 15 Dhu Al-Qidah 1443H ,24 Ramadan 1443H and 1 Jumada II (corresponding to 14 June 2022, 25 April 2022 and 25 December 2022, respectively) the Company entered into financing contracts with local banks at the prevailing market rates, with last payment to be made between June 2025 and June 2026. The Company utilized SR 547 million of the total loan facilities. This financing is being repaid on a quarterly basis for three years at the prevailing market rate. The purpose of the loans was to settle the balances with the parent company and to finance the operations of the company. The loan is secured against assignment of revenue related cashflows.

16. LEASE LIABILITIES

	31 December 2022	31 December 2021
	SR	SR
Opening balance	**21,853,584**	9,463,988
Additions	**74,596,563**	17,671,746
Finance charges	**1,993,807**	819,513
Lease contract cancellation	**(153,053)**	-
Paid during the year	**(23,881,659)**	(6,101,663)
	74,409,242	21,853,584
Classified as:		
Non-current portion	**46,024,404**	8,806,784
Current portion	**28,384,838**	13,046,800

The maturity analysis of lease liabilities is disclosed in note 24.

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

	31 December 2022	31 December 2021
	SR	SR
Depreciation expense of right-of-use assets (note 20)	**21,397,848**	8,421,463
Interest expense on lease liabilities	**1,993,807**	819,513
Expense relating to short-term leases (cost of revenue) (note 20)	**7,486,394**	8,187,539
Total amount recognised in statement of profit or loss	**30,878,049**	17,428,515

17. ACCRUALS AND OTHER LIABILITIES

	31 December 2022	31 December 2021
	SR	SR
Accrued maintenance	**4,600,000**	5,366,776
Annual leave and ticket accrual	**5,510,882**	3,359,386
Contract liabilities	**4,829,555**	3,828,841
Accrued commission	**1,533,000**	928,000
Accrued expenses	**4,642,487**	896,376
Accrued rent expense	**711,983**	252,018
Others	**1,685,584**	1,054,170
	23,513,491	15,685,567

18. ZAKAT PAYABLE

Components of the zakat base

	31 December 2022	31 December 2021
	SR	SR
Zakat base:		
Profit before zakat	**148,341,832**	109,159,246
Impairment of trade receivables	**35,530,890**	14,142,216
End of service provided during the year	**3,354,408**	2,649,905
Others	**-**	1,446,015
Adjusted profit	**187,227,130**	127,397,382
Share capital	**550,000,000**	550,000,000
Additional capital	**-**	-
Statutory reserve	**14,366,278**	4,500,000
Retained earnings	**133,846,161**	38,775,207
Provisions	**45,050,372**	26,968,852
Due to related parties	**-**	143,820,022
Trade payable	**138,000**	231,746,778
Loans and borrowings	**492,886,364**	-
Lease liabilities	**74,409,242**	21,853,584
	1,497,923,547	1,145,061,825
Non-current assets	**(1,551,474,195)**	(1,089,420,177)
	(53,550,648)	55,641,648
Zakat base	**187,227,130**	127,397,382
Zakat @ 2.5%	**4,679,053**	3,052,478

Zakat provision

	31 December 2022	31 December 2021
	SR	SR
At the beginning of the year	**3,052,478**	1,691,756
Provided during the year	**4,679,053**	3,052,478
Payments made during the year	**(3,052,478)**	(1,691,756)
At the end of the year	**4,679,053**	3,052,478

The Zakat returns of the Company are filed on consolidated basis with its Parent company. The Zakat returns have been filed till 31 December 2021, however, some of the assessments of previous years are still awaiting a conclusion but none of the objections raised by ZATCA relate to Lumi Rental Company.

19. REVENUE

	31 December 2022	31 December 2021
	SR	SR
Revenue from contracts with customers		
Vehicle lease and rental arrangements	**577,220,418**	437,358,623
Revenue from sale of vehicles	**205,410,132**	84,115,451
	782,630,550	521,474,074
Timing of revenue recognition		
Services transferred over time	**577,220,418**	437,358,623
Products transferred in time	**205,410,132**	84,115,451
	782,630,550	521,474,074

Contract balances

The following table provides information about contract liabilities from contracts with customers:

	31 December 2022	31 December 2021
	SR	SR
Contract liabilities	**4,829,555**	3,828,841

Significant changes in the contract liability balances during the year are as follows:

	31 December 2022	31 December 2021
	SR	SR
Contract liabilities		
Contract liability at the beginning of the year	**3,828,841**	1,939,492
Contract liabilities that were recognized as revenue during the year	**(3,828,841)**	(1,939,492)
Cash received in advance of the performance and not recognized as revenue during the year	**4,829,555**	3,828,841
Contract liabilities at the end of the year (Note 17)	**4,829,555**	3,828,841

20. COST OF REVENUE

	31 December 2022	31 December 2021
	SR	SR
Depreciation on vehicles (note 7)	**241,648,997**	195,222,682
Cost of vehicles sold	**144,370,492**	59,779,730
Vehicles' repairs and maintenance	**30,718,042**	19,958,709
Salaries and other benefits	**32,362,032**	23,045,782
Depreciation on right of use assets (note 8)	**21,397,848**	8,421,463
Rent (note 16)	**7,486,394**	8,187,539
Outsource vehicle	**2,374,721**	13,683,674
Insurance	**26,366,802**	17,716,755
Vehicle delivery and transport	**6,550,481**	3,586,585
Traffic fines	**5,454,268**	3,467,609
Fuel cost	**2,764,369**	2,635,511
Others	**1,085,391**	939,256
	522,579,837	356,645,295

21. GENERAL AND ADMINISTRATIVE EXPENSES

	31 December 2022	31 December 2021
	SR	SR
Salaries and other benefits	**41,080,060**	28,678,276
Fees and subscriptions	**7,451,610**	7,556,482
Depreciation (note 8)	**1,729,534**	1,985,617
Advertising	**752,408**	1,870,591
Subcontractor cost	**3,671,551**	1,390,562
Travel and transportation	**1,261,941**	710,281
Professional fee	**687,998**	605,720
Utilities	**572,853**	493,434
Software expenses	**153,826**	386,225
Communication	**652,931**	384,127
General Maintenance	**146,619**	285,853
Hospitality and cleanliness	**171,382**	264,455
Stationery	**283,392**	217,213
Others	**477,132**	76,505
	59,093,237	44,905,341

21.1 The salaries and other benefits include SR 3,354,408 (2021: SR 2,351,509) in the current year of current service cost.

22. FINANCE CHARGES

	31 December 2022	31 December 2021
	SR	SR
Long term loan (note 15)	**13,114,690**	-
Short term Loan	**-**	1,163,333
Interest charge on related party loan	**6,432,067**	-
Finance charge on lease liability (note 16)	**1,993,807**	819,513
Other bank charges	**2,624,276**	721,131
	24,164,840	2,703,977

23. EARNINGS PER SHARE (EPS)

Basic and diluted EPS

The calculation of basic and diluted EPS has been based on the following profit attributable to ordinary shareholders and weighted-average number of ordinary shares outstanding.

Profit attributable to ordinary shareholders (basic)

	31 December 2022	31 December 2021
Profit attributable to ordinary shareholders	**143,662,779**	106,106,768
Weighted-average number of ordinary shares at the end of the year	**55,000,000**	47,524,658
Basic and diluted	**2.61**	2.23

The Company changed its legal status from Limited Liability Company to closed joint stock company and as part of this process the additional capital of SR 535 million was transferred to share capital on 21 February 2021 as per the terms agreed with the Ministry of Commerce on changing the legal status of the Company as described above.

24. FINANCIAL INSTRUMENTS – RISK MANAGEMENT

The Company is exposed through its operations to the following financial risks:

- Credit risk
- Interest rate risk
- Liquidity risk
- Other market price risk and

In common with all other businesses, the Company is exposed to risks that arise from its use of financial instruments. This note describes the Company's objectives, policies and processes for managing those risks and the methods used to measure them. Further quantitative information in respect of these risks is presented throughout these financial statements. There have been no substantive changes in the Company's exposure to financial instrument risks, its objectives, policies and processes for managing those risks or the methods used to measure them from previous periods unless otherwise stated in this note.

Principal financial instruments

The principal financial instruments used by the Company, from which financial instrument risk arises, are as follows:

- Trade receivables
- Cash and cash equivalents
- Related party balances
- Other receivables
- Lease Liabilities
- Loans and borrowings
- Trade payables
- Accruals and other liabilities

Fair value and fair value hierarchy

The Company measures financial instruments at fair value at each statement of financial position date.

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

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

The principal or the most advantageous market must be accessible by the Company. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their best economic interest.

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

24. FINANCIAL INSTRUMENTS – RISK MANAGEMENT (CONTINUED)

Financial instrument category

Financial assets at amortized cost	Note	31 December 2022	31 December 2021
		SR	SR
Trade receivables, net	9	**173,600,069**	191,596,294
Other receivables	10	**3,100,274**	19,088,043
Due from related parties	11	**-**	5,075,993
Cash and cash equivalents	12	**49,466,261**	17,341,631
		226,166,604	233,101,961
Financial liabilities at amortized cost			
Trade payables		**392,122,179**	231,746,778
Loans and borrowings	15	**492,886,364**	-
Lease liabilities	16	**74,409,242**	21,853,584
Due to related party	11	**-**	382,610,643
Accruals and other liabilities	17	**18,683,936**	11,856,726
		978,101,721	648,067,731

Financial instruments not measured at fair value

Financial instruments not measured at fair value include cash and cash equivalents, trade receivables, due from related parties, due to related parties, trade payables, lease liabilities, loans and borrowings and accruals and other liabilities.

Due to their short-term nature, the carrying value of cash and cash equivalents, trade receivables, due from related parties, due to related parties, trade payables, loans and borrowings and accruals and other liabilities approximates their fair value.

There were no transfers between levels during the year.

General objectives, policies and processes

The Management has overall responsibility for the determination of the Company's risk management objectives and policies and, whilst retaining ultimate responsibility for them, it has delegated the authority for designing and operating processes that ensure the effective implementation of the objectives and policies to the Company's finance function. The Management receives periodic reports from the Company Financial Controller through which it reviews the effectiveness of the processes put in place and the appropriateness of the objectives and policies it sets.

The overall objective of the Management is to set policies that seek to reduce risk as far as possible without unduly affecting the Company's competitiveness and flexibility.

24. FINANCIAL INSTRUMENTS – RISK MANAGEMENT (CONTINUED)

Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations. The Company is mainly exposed to credit risk from credit sales. It is Company policy, implemented locally, to assess the credit risk of new customers before entering contracts. Such credit ratings are taken into account by local business practices.

The management has established a credit policy under which each new customer is analysed individually for creditworthiness before the Company's standard payment and delivery terms and conditions are offered. The Company's review includes external ratings, when available, and in some cases bank references. Credit limits are set for each client, which is the maximum amount opened without management approval.

The management determines concentrations of credit risk by quarterly monitoring the creditworthiness rating of existing customers and through a monthly review of the trade receivables' ageing analysis. When monitoring the credit risk of customers, customers are grouped by their credit characteristics. Customers that are graded as "high risk" are placed on a restricted customer list, and future credit sales are made only with approval of the management, otherwise payment in advance is required.

Credit risk also arises as a result of cash and cash equivalents held by banks and financial institutions. In the case of banks and financial institutions, only independently scored parties are acceptable. The Company's maximum exposure to credit risk is limited to the carrying amount of financial assets recognised at the reporting date, as summarized below:

Classes of financial assets – carrying amounts:	**31 December 2022**	**31 December 2021**
	SR	**SR**
Trade receivables, net	**173,600,069**	191,596,294
Other receivables	**3,100,274**	19,088,043
Due from related party	**-**	5,075,993
Cash and cash equivalents	**49,466,261**	17,341,631
Total carrying amount	**226,166,604**	233,101,961

The carrying amount of financial assets represents the maximum credit exposure.

Credit risk on receivable and bank balances is limited as:

- Cash balances are held by banks with sound credit ratings.
- Trade receivables are shown net of allowance for impairment of trade receivables.
- The financial position of related party is stable.

The Company manages credit risk with respect to receivables from customers by monitoring in accordance with defined policies and procedures. The Company seeks to limit its credit risk with respect to customers by setting credit limits for individual customers and by monitoring outstanding receivables on an ongoing basis.

24. FINANCIAL INSTRUMENTS – RISK MANAGEMENT (CONTINUED)

Market risk

Market risk arises from the Company's use of interest bearing, tradable and foreign currency financial instruments, if any. It is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in commission rates (interest rate risk).

- Interest rate risk

Fair value and cash flow interest rate risks are the exposures to various risks associated with the effect of fluctuations in the prevailing interest rates on the Company's financial position and cash flows. The Company is not exposed to fair value as it does not have any financial instrument that is categorised as fair value through profit or loss.

Management of the Company does not enter into future agreements to hedge its interest rate risk. However, these are monitored on a regular basis and corrective measures initiated wherever required.

For borrowings at floating rate, a reasonable possible change of 100 basis points in interest rates at the reporting date would have increase (decreased) separate statement of profit or loss by the amounts below. This analysis assumes that all other variables remain constant.

	100 bps increase	100 bps decrease
31 December 2022	(4,923,863)	4,928,863

Liquidity risk

Liquidity risk arises from the Company's management of working capital and the finance charges and principal repayments on its debt instruments. It is the risk that the Company will encounter difficulty in meeting its financial obligations as they fall due.

The Company's policy is to ensure that it will always have sufficient cash to allow it to meet its liabilities when they become due. To achieve this, it seeks to maintain cash balances (or agreed facilities) to meet expected requirements for a period of at least 45 days.

The Company's liquidity management involves projecting cash flows and considering the level of liquid assets necessary to meet the monitoring of liquidity ratios and maintaining debt financing plans.

The table below analyses the Company's financial liabilities into relevant maturity groupings based on the remaining period at the balance sheet date on the contractual maturity date.

Following are the contractual maturities at the end of the reporting period of financial liabilities. The amounts are grossed and undiscounted and include estimated interest payments.

24. FINANCIAL INSTRUMENTS – RISK MANAGEMENT (CONTINUED)

31 December 2022	Carrying amount	Total	Up to three months	More than three months and up to a year	More than one year and up to five year
Financial liabilities					
Trade payables	392,122,179	392,122,179	383,452,034	8,670,145	-
Loans and borrowings	492,886,364	507,167,359	40,737,444	98,165,458	368,264,457
Lease liabilities	74,409,242	76,750,539	11,341,261	17,074,525	48,334,753
Accruals and other liabilities	18,683,936	18,683,936	11,508,743	7,175,193	-
	978,101,721	**994,724,013**	**447,039,482**	**131,085,321**	**416,599,210**
31 December 2021					
Financial liabilities					
Trade payables	231,746,778	231,746,778	177,246,643	54,500,135	-
Loans and borrowings				-	-
Lease liabilities	21,853,584	22,784,591	7,689,830	5,356,969	9,737,792
Accruals and other liabilities	11,856,726	11,856,726	9,337,186	2,519,540	-
	265,457,088	266,388,095	194,273,659	62,376,644	9,737,792

25. OPERATING SEGMENTS

Basis for segmentation

The Company has the following two strategic divisions, which are its reportable segments. These divisions offer different services and are managed separately because they have different economic characteristics – such as trends in sales growth, rates of return and level of capital investment – and have different marketing strategies.

The following summary describes the operations of each reportable segment:

Reportable segments	Operations
Leasing	Providing vehicles on long term leases to corporate and government customers.
Rental	Providing vehicles on daily, weekly, monthly rentals to walk-in and corporate customers.

Other operations include disposal of vehicles after the completion of lease term along with sale of rental vehicles. This segment did not meet the quantitative and qualitative thresholds for reportable segments in 2022 or 2021.

The Company's Executive Committee reviews the internal management reports of each segment on a monthly basis.

The Company's reportable segments are strategic business units that offer different services. They are managed separately because each business requires different technology and marketing strategies.

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The Chief Operating Decision Maker has been identified as the management team including the Chief Executive Officer, Chief Finance Officer, Leasing Director and Rental Director.

Measurement of operating segment profit or loss, assets and liabilities

The Company evaluates segmental performance on the basis of profit or loss from operations calculated in accordance with IFRS but excluding non-recurring losses.

Inter-segment sales are priced along the same lines as sales to external customers, with an appropriate discount being applied to encourage use of group resources at a rate acceptable to local tax authorities. This policy was applied consistently throughout the current and prior period.

Segment assets exclude tax assets and assets used primarily for corporate purposes. Segment liabilities exclude tax liabilities and defined benefit liabilities.

25. OPERATING SEGMENTS (CONTINUED)

Information about reportable segment is set out below:

	Leasing		Rental		Others		Total	
	31 December 2022	**31 December 2021**	**31 December 2022**	**31 December 2021**	**31 December 2022**	**31 December 2021**	**31 December 2022**	**31 December 2021**
Revenue	**298,506,822**	253,632,212	**278,713,596**	183,726,411	**205,410,132**	84,115,451	**782,630,550**	521,474,074
Depreciation of Vehicles	**(124,876,183)**	(126,955,531)	**(116,772,814)**	(68,267,151)	**-**	-	**(241,648,997)**	(195,222,682)
Segmental Profit	**173,630,639**	126,676,681	**161,940,782**	115,459,260	**205,410,132**	84,115,451	**540,981,553**	326,251,392
Unallocated Income / Expenses								
Cost of Revenue							(280,930,840)	(161,422,613)
General & Admin Expense							(59,093,237)	(44,905,341)
Provision for expected credit loss on trade receivables							(16,280,982)	(14,142,216)
Provision for expected credit loss on other receivables							(19,249,908)	(1,446,015)
Other Income/Expenses							7,080,086	7,528,016
Finance Cost							(24,164,840)	(2,703,977)
Profit before Zakat							148,341,832	109,159,246
Segment Assets	**816,538,485**	621,240,260	**655,632,048**	430,112,774	**372,155,748**	311,736,910	**1,844,326,281**	1,363,089,944
Segment Liabilities	**(434,860,432)**	(81,830,984)	**(425,058,834)**	(145,913,566)	**(140,864,745)**	(436,388,556)	**(1,000,784,011)**	(664,133,106)
Capital Expenditure*	**390,066,865**	250,597,796	**492,246,569**	367,102,385	**2,351,186**	2,476,697	**884,664,620**	620,176,878

*Capital expenditures comprise of additions to the vehicles, property and equipment.

26. CONTINGENCIES AND COMMITMENTS

Contingent liabilities

As at 31 December 2022, the Company has letters of guarantees amounting to SR 387,041,879 million (31 December 2021: SR 0.3 million)

Capital commitments

The Company has no outstanding capital commitments as at 31 December 2022 (31 December 2021: SR nil).

27. SUBSEQUENT EVENTS

Seera Group, parent company of Lumi Rental company has announced its intention of taking the Company on IPO subsequent to the year end and currently conducting detailed feasibility studies to cover all organizational, financial, technical and legal aspects to determine the IPO prospects.

The new Companies Law issued through Royal Decree M/132 on 1/12/1443H (corresponding to 30 June 2022) (hereinafter referred as “the Law”) came into force on 26/6/1444 H (corresponding to 19 January 2023). For certain provisions of the Law, full compliance is expected not later than two years from 26/6/1444H (corresponding to 19 January 2023). The management is in process of assessing the impact of the New Companies Law and will amend its Articles of Association/By-Laws for any changes to align the Articles to the provisions of the Law. Consequently, the Company shall present the amended Articles of Association/By-Laws to the shareholders/partners in their Extraordinary/Annual General Assembly meeting for their ratification.

28. APPROVAL OF THE FINANCIAL STATEMENTS

These financial statements have been approved by the board of directors on 27 March 2023 corresponding 05 Ramadan 1444H.

LUMI RENTAL COMPANY
(Closed Joint Stock Company)
UNCONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021
TOGETHER WITH THE
INDEPENDENT AUDITOR’S REPORT

KPMG Professional Services
Riyadh Front, Airport Road
P. O. Box 92876
Riyadh 11663
Kingdom of Saudi Arabia
Commercial Registration No 1010425494

Headquarters in Riyadh

كي بي إم جي للاستشارات المهنية
واجهة الرياض، طريق المطار
صندوق بريد ٩٢٨٧٦
الرياض ١١٦٦٣
المملكة العربية السعودية
سجل تجاري رقم ١٠١٠٤٢٥٤٩٤

المركز الرئيسي في الرياض

Independent Auditor's Report

To the Shareholders of Lumi Rental Company (Closed Joint Stock Company)

Opinion

We have audited the unconsolidated financial statements of **Lumi Rental Company** ("the Company"), which comprise the unconsolidated statement of financial position as at 31 December 2021, the unconsolidated statements of profit or loss and other comprehensive income, changes in equity and cash flows for the year then ended, and notes to the unconsolidated financial statements, comprising significant accounting policies and other explanatory information.

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

Basis for Opinion

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

Emphasis of matter

We draw attention to note 1 and note 24 of the unconsolidated financial statements, which describes that these financial statements have been revised and reissued as a result of change in the calculation of Earnings per share (EPS). This report on audit of the unconsolidated financial statements for the year ended 31 December 2021 supersedes our previously issued audit report dated 17 April 2022 on previously issued financial statements for the year ended 31 December 2021. Our opinion is not modified in respect of this matter.

Other matter

The financial statements of Lumi Rental Company as at and for the year ended 31 December 2020, were audited by another auditor who expressed an unmodified opinion on these financial statements on 20 June 2021.

Independent Auditor's Report

To the Shareholders of Lumi Rental Company (Closed Joint Stock Company)

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

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

In preparing the unconsolidated 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, the Board of Directors is responsible for overseeing the Company's financial reporting process.

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

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

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

- Identify and assess the risks of material misstatement of the unconsolidated 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 significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, then we are required to draw attention in our auditor's report to the related disclosures in the 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 unconsolidated financial statements, including the disclosures, and whether the unconsolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Independent Auditor's Report

To the Shareholders of Lumi Rental Company (Closed Joint Stock Company)

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

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

KPMG Professional Services

Abdulaziz Abdullah Alnaim
License No: 394

Riyadh on 28 Dhul Qadah 1443H
Corresponding to 27 June 2022

Lic No. 46
KPMG

LUMI RENTAL COMPANY
(Closed Joint Stock Company)
UNCONSOLIDATED STATEMENT OF FINANCIAL POSITION
FOR THE YEAR ENDED 31 DECEMBER 2021

	Note	31 December 2021	31 December 2020
		SR	SR
ASSETS			
Non-current assets			
Vehicles	7	**1,051,353,034**	706,327,012
Property and equipment	8	**38,067,143**	28,325,780
Investment in subsidiaries	9	**-**	-
		1,089,420,177	734,652,792
Current assets			
Inventories		**390,965**	-
Trade receivables	10	**191,596,294**	126,507,751
Prepayments and other receivables	11	**59,264,884**	42,205,610
Due from related parties	12	**5,075,993**	403,224
Cash and cash equivalents	13	**17,341,631**	16,275,551
		273,669,767	185,392,136
TOTAL ASSETS		**1,363,089,944**	920,044,928
EQUITY AND LIABILITIES			
EQUITY			
Share capital	14	**550,000,000**	15,000,000
Additional capital	15	**-**	535,000,000
Statutory reserve		**15,110,677**	4,500,000
Retained earnings		**133,846,161**	38,775,207
TOTAL EQUITY		**698,956,838**	593,275,207
LIABILITIES			
Non-current liabilities			
Employees' end of service benefits	16	**9,184,056**	8,100,309
Loans and borrowings	17	**-**	52,253,614
Lease liabilities	18	**8,806,784**	5,056,302
		17,990,840	65,410,225
Current liabilities			
Trade payables		**231,746,778**	77,242,841
Loans and borrowings	17	**-**	23,223,829
Lease liabilities	18	**13,046,800**	4,407,686
Accruals and other liabilities	19	**15,685,567**	10,973,362
Due to related parties	12	**382,610,643**	143,820,022
Zakat payable	20	**3,052,478**	1,691,756
		646,142,266	261,359,496
TOTAL LIABILITIES		**664,133,106**	326,769,721
TOTAL EQUITY AND LIABILITIES		**1,363,089,944**	920,044,928

The accompanying notes from 1 to 29 form an integral part of these unconsolidated financial statements

LUMI RENTAL COMPANY
(Closed Joint Stock Company)
UNCONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2021

	Note	31 December 2021	31 December 2020
		SR	SR
Revenue	21	**521,474,074**	430,497,821
Cost of revenue	22	**(356,645,295)**	(335,504,926)
Gross profit		**164,828,779**	94,992,895
Operating expenses			
General and administrative expenses	23	**(46,351,356)**	(31,159,986)
Provision for expected credit loss	10	**(14,142,216)**	(9,049,584)
Profit from operations		**104,335,207**	54,783,325
Other expenses		**(316)**	(148,967)
Other income		**7,528,332**	5,307,832
Finance charges		**(2,703,977)**	(2,698,472)
Impairment in subsidiary	9	**-**	(5,227,585)
Profit before zakat		**109,159,246**	52,016,133
Zakat charge for the year	20	**(3,052,478)**	(1,691,756)
Profit for the year		**106,106,768**	50,324,377
Other comprehensive income:			
Item that will not be reclassified subsequently to profit or loss:			
Re-measurement of employees' end of service benefits	16	**(425,137)**	268,831
Other comprehensive (loss) / income for the year		**(425,137)**	268,831
Total comprehensive income for the year		**105,681,631**	50,593,208
Earnings per share – Basic and Diluted	24	**2.23**	33.55

The accompanying notes from 1 to 29 form an integral part of these unconsolidated financial statements

LUMI RENTAL COMPANY
(Closed Joint Stock Company)
UNCONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2021

	Note	Share capital	Additional capital	Statutory reserve	Retained earnings	Total
		SR	SR	SR	SR	SR
Balance at 1 January 2020		15,000,000	455,715,685	4,500,000	67,466,314	542,681,999
Profit for the year		-	-	-	50,324,377	50,324,377
Other comprehensive loss		-	-	-	268,831	268,831
Total comprehensive income		-	-	-	50,593,208	50,593,208
Transferred to additional capital	15	-	79,284,315	-	(79,284,315)	-
Balance as at 31 December 2020		15,000,000	535,000,000	4,500,000	38,775,207	593,275,207
Profit for the year		-	-	-	**106,106,768**	**106,106,768**
Other comprehensive income		-	-	-	**(425,137)**	**(425,137)**
Total comprehensive income		-	-	-	**105,681,631**	**105,681,631**
Transferred to statutory reserve				**10,610,677**	**(10,610,677)**	-
Transferred to share capital	15	**535,000,000**	**(535,000,000)**	-	-	-
Balance as at 31 December 2021		**550,000,000**	-	**15,110,677**	**133,846,161**	**698,956,838**

The accompanying notes from 1 to 29 form an integral part of these unconsolidated financial statements

LUMI RENTAL COMPANY
(Closed Joint Stock Company)
UNCONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2021

	Note	31 December 2021	31 December 2020
		SR	SR
Cash flows from operating activities			
Profit after zakat		**106,106,768**	50,324,377
Adjustment to reconcile profit before zakat			
Depreciation of:			
Vehicles	7	**195,222,682**	156,255,883
Property and equipment	8	**10,407,080**	6,862,629
Employees' end of service benefits provision	16	**2,351,509**	2,220,738
Impairment loss on trade receivables	10	**14,142,216**	9,049,584
Impairment loss on other receivables	11	**1,446,015**	968,104
Gain on sale of vehicles		**(24,335,721)**	(16,442,404)
Financial charges		**1,884,464**	2,431,685
Finance cost of lease liabilities	18	**819,513**	266,787
Provision for Zakat		**3,052,478**	1,691,756
Impairment in subsidiary	9	**-**	5,227,585
Net changes in working capital:			
Inventories		**(390,965)**	-
Trade receivables		**(79,230,759)**	(33,680,116)
Prepayments and other receivables		**(18,505,289)**	(671,809)
Trade payables		**154,503,937**	(43,137,384)
Accruals and other liabilities		**4,712,205**	3,838,764
Net cash generated from operations		**372,186,133**	145,206,179
Employees' end of service benefits paid	16	**(823,311)**	(512,020)
Additions to vehicles	7	**(600,028,435)**	(330,044,212)
Proceeds from sale of vehicles		**84,115,451**	109,096,299
Finance charges paid		**(1,586,066)**	-
Zakat paid	20	**(1,691,756)**	(1,045,395)
Net cash used in operating activities		**(147,827,984)**	(77,299,149)
Cash flows from investing activities			
Additions to property and equipment	8	**(2,476,697)**	(2,411,437)
Net cash used in investing activities		**(2,476,697)**	(2,411,437)
Cash flows from financing activities			
Repayment of loans and borrowings		**(75,477,443)**	(23,223,829)
Related parties, net		**232,949,867**	118,520,595
Principal payment of Lease liabilities	18	**(5,282,150)**	(4,376,958)
Interest paid on lease liability		**(819,513)**	(266,787)
Net cash generated from financing activities		**151,370,761**	90,653,021
Net changes in cash and cash equivalents		**1,066,080**	10,942,435
Cash and cash equivalents at beginning of the year	13	**16,275,551**	5,333,116
Cash and cash equivalents at the end of the year	13	**17,341,631**	16,275,551

For non-cash transactions please refer note 9.

The accompanying notes from 1 to 29 form an integral part of these unconsolidated financial statements

LUMI RENTAL COMPANY
(Closed Joint Stock Company)
NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021

1. LEGAL STATUS AND NATURE OF OPERATIONS

Lumi Rental Company (the "Company") is a Closed Joint Stock Company registered in Riyadh, Kingdom of Saudi Arabia under commercial registration numbered 1010228226 issued on 23 Muharram 1428H (corresponding to 10 February 2007).

The Company is 95% owned subsidiary of Seera Group Holding (A Saudi Joint Stock Company) (the "Parent"), a company registered in Riyadh, the Kingdom of Saudi Arabia and 5% owned by Seera Holiday for Travel and Tourism Company Limited.

These financial statements represent revised and reissued financial statements of the Company because of the updated EPS disclosure (See Note 24).

The objective of the Company is buying, leasing and renting vehicles, through its 44 Branches across the Kingdom of Saudi Arabia. Branch information is as follows:

1.1 Interest in subsidiaries

Name of subsidiary	Activities	Country of incorporation	31 December 2021	31 December 2020
Hanay Trading Company Limited (HTCL)	Rent a car business	KSA	80%	80%

1.2 Branches

Commercial Registration No.	Registration date	Gregorian Date	Location
1010079694	15/03/1443	22-Oct-21	Riyadh
1010324433	13/02/1444	10-Sep-22	Riyadh
1010567276	18/07/1444	9-Feb-23	Riyadh
1010569335	27/07/1443	1-Mar-22	Riyadh
1010599904	18/02/1443	26-Sep-21	Riyadh
1010599908	18/02/1443	26-Sep-21	Riyadh
1010616188	11/04/1443	17-Nov-21	Riyadh
1010627470	23/06/1446	25-Dec-24	Riyadh
1010638731	22/10/1443	24-May-22	Riyadh
1131298375	21/07/1445	1-Feb-24	Qassim
2050085522	13/12/1442	23-Jul-21	Dammam
2050125982	16/09/1443	18-Apr-22	Dammam
2050125983	16/09/1446	16-Mar-25	Dammam
2050125984	16/09/1443	18-Apr-22	Dammam
2051226156	16/09/1441	9-May-20	Al Khobar
2051228260	08/03/1443	15-Oct-21	Al Khobar
2055026257	10/02/1444	7-Sep-22	Jubail

1. LEGAL STATUS AND NATURE OF OPERATIONS

1.2 Branches (continued)

Commercial Registration	Registration date	Gregorian Date	Location
2055126812	08/03/1443	15-Oct-21	Jubail
2251495553	09/02/1446	15-Aug-24	Al Ahsa
3400120071	10/02/1443	18-Sep-21	Al Jouf
3550129516	27/10/1443	29-May-22	Tabuk
3550134190	05/02/1443	13-Sep-21	Tabuk
3552101601	05/02/1443	13-Sep-21	Al Wajh
4030279663	13/12/1443	13-Jul-22	Jeddah
4030293122	05/05/1444	29-Nov-22	Jeddah
4030367715	18/02/1443	26-Sep-21	Jeddah
4030367716	18/02/1443	26-Sep-21	Jeddah
4030367717	18/02/1443	26-Sep-21	Jeddah
4030368604	02/03/1443	9-Oct-21	Jeddah
4030369035	08/03/1443	15-Oct-21	Jeddah
4031324013	11/04/1441	9-Dec-19	Makkah
4650077802	10/05/1443	15-Dec-21	Medina
4650215319	08/03/1443	15-Oct-21	Medina
4651102370	20/04/1444	15-Nov-22	Al Ula
4651102639	05/02/1443	13-Sep-21	Al Ula
4700020105	20/02/1443	28-Sep-21	Yunbu
4700020204	10/06/1444	3-Jan-23	Yunbu
4700112044	05/02/1443	13-Sep-21	Yunbu
5855070552	09/11/1443	9-Jun-22	Khamis
5900120565	08/03/1443	15-Oct-21	Jazan
1010678326	05/19/1442	17-Apr-21	Riyadh
1010695162	08/08/1442	22-Mar-21	Riyadh
4032251684	01/10/1443	3-May-22	Taif
5800106763	11/13/1442	23-Jun-21	Al - Baha

1. LEGAL STATUS AND NATURE OF OPERATIONS

1.3 Impact of COVID-19

The pandemic of COVID-19 that has rapidly spread across the world has not only endangered human lives but has also adversely impacted the global economy. The company evaluated the nature and scope of the impact of COVID-19 on its operations and financial results. The extent to which the pandemic impacts Company's business and operations is ascertainable but the financial impact over the next 12 months cannot be measured reliably as it depends on various factors and future developments, that the Company may currently not be able to estimate reliably. These factors include virus transmission rate, duration of the outbreak or vaccination of significant percentage of population, advent of subsequent waves of the virus, etc. and the resulting precautionary actions that may be taken by the authorities to control spread of the virus and impact of such measures on economic activities and Company's customers. During 2021 the KSA government gradually eased certain restrictions which have continued into 2022.

Following a detailed assessment by the Company's management, it was concluded that COVID-19 did not significantly impact the Company's operations in the financial year ending on 31 December 2021.

The company will continue to assess the nature and extent of COVID-19 and its impact on commercial and financial performance.

2. STATEMENT OF COMPLIANCE WITH IFRS

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

3. STANDARDS, INTERPRETATIONS, AND AMENDMENTS TO EXISTING STANDARDS

3.1 New standards, interpretations and amendments effective in current year

The Company applied for the first-time certain standards and amendments, which are effective for annual periods beginning on or after 1 January 2021 but they had no material impact on these financial statements. The Company has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

Interest Rate Benchmark Reform – IBOR 'phase 2' (Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16)

The amendments provide temporary reliefs which address the financial reporting effects when an interbank offered rate (IBOR) is replaced with an alternative nearly risk-free interest rate (RFR). The amendments include the following practical expedients:

- A practical expedient to require contractual changes, or changes to cash flows that are directly required by the reform, to be treated as changes to a floating interest rate, equivalent to a movement in a market rate of interest
- Permit changes required by IBOR reform to be made to hedge designations and hedge documentation without the hedging relationship being discontinued
- Provide temporary relief to entities from having to meet the separately identifiable requirement when an RFR instrument is designated as a hedge of a risk component

These amendments had no impact on the unconsolidated financial statements of the Company. The Company intends to use the practical expedients in future periods if they become applicable.

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

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

The amendment was intended to apply until 30 June 2021, but as the impact of the Covid-19 pandemic is continuing, on 31 March 2021, the IASB extended the period of application of the practical expedient to 30 June 2022. The amendment applies to annual reporting periods beginning on or after 1 April 2021.

3 STANDARDS, INTERPRETATIONS, AND AMENDMENTS TO EXISTING STANDARDS

3.2 New standards, interpretations and amendments not yet effective

Standards	Title	Effective date
IFRS 3	Business Combinations-Amendments updating a reference to the Conceptual Framework	1 January 2022
IAS 1	Amendments to IAS 1: Classification of Liabilities as Current or Non-Current	1 January 2023
IAS 1	Amendments to IAS 1: Disclosure of Accounting policies	1 January 2023
IAS 37	Provisions, Contingent Liabilities and Contingent Assets- Amendments regarding the costs to include when assessing whether a contract is onerous	1 January 2022
	Property, Plant and Equipment - Amendments prohibiting a company from deducting from the cost of property, plant and equipment amounts received from selling items produced while the company is preparing the asset for its intended use	1 January 2022
IFRS 1	Annual improvements to IFRS standards 2018-2020	1 January 2022
IAS 8	Definition of Accounting Estimate	1 January 2023
IFRS 9	Fees in the ’10 per cent’ test for derecognition of financial liabilities	1 January 2022

The Company does not expect any other standards issued by the IASB, but not yet effective, to have a material impact on the Company.

4. BASIS OF PREPARATION

4.1 Unconsolidated financial statements

These unconsolidated financial statements are separate financial statements of the Company. The Company elects for an exemption in accordance with paragraph 4(a) of IFRS 10 to prepare separate financial statements. The Company need not present the consolidated financial statements due to the following:

- The Company is a subsidiary of Seera Holding Group (A Saudi joint Stock Company) and it produces financial statements that are available for public use on website of Saudi stock exchange and comply with IFRSs.

Accordingly, the Company’s investments in its subsidiaries are accounted for under the cost method and are not consolidated as required by IAS 27 paragraph 16 (a), and are the only financial statements prepared by the Company.

4. BASIS OF PREPARATION

4.2 Overall considerations

These unconsolidated financial statements have been prepared using the measurement bases specified by IFRSs for each type of asset, liability, income, and expense. The measurement bases are more fully described in the accounting policies.

The principal accounting policies adopted in the preparation of these financial statements are set out in note 6. The accounting policies have been consistently applied to all the years presented unless otherwise stated. Certain comparatives have been reclassified to conform with the current year presentation. This includes amongst others certain captions in the Statement of cashflows moving from investing to operating activities, including Additions of and Proceeds for vehicles as well as related party balances moving from operating to financing activities.

The preparation of these unconsolidated financial statements in compliance with IFRS requires the use of certain critical accounting estimates. It also requires the Company's management to exercise judgment in applying the Company's accounting policies. The areas where significant judgments and estimates have been made in preparing these unconsolidated financial statements and their effect are disclosed in note 5.

These unconsolidated financial statements have been prepared on the historical cost basis, except for the following:

- Defined benefits plan measured at the present value of future obligations using the Projected Unit Credit Method; and
- Investment in subsidiaries at cost method.

Furthermore, these unconsolidated financial statements are prepared on a going concern basis.

4.3 Financial year end

The Company's financial year starts from 1 January and ends on 31 December in each Gregorian calendar year.

4.4 Functional and presentation currency

The unconsolidated financial statements are presented in Saudi Riyal ("SR"), which is also the Company's functional currency.

5. USE OF JUDGEMENT AND ESTIMATES

The Company makes certain estimates and assumptions regarding the future. Estimates and judgments are continually evaluated based on historical experience and other factors, including expectations of future events that are considered reasonable in the circumstances. In the future, experience may differ from these estimates and assumptions. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below:

The Company concluded that the COVID-19 did not impact the sources of estimates and judgements and that they remain similar to those disclosed in the last annual unconsolidated financial statements.

The estimates and assumptions 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:

Useful lives and residual value of depreciable assets

An estimate of the useful lives and residual values of property and equipment is made for the purposes of calculating depreciation respectively. These estimates are made based on expected usage for useful lives. Residual value is determined based on experience and observable data where available.

The useful lives and residual values of the Company's assets are determined by management based on technical evaluation at the time the asset is acquired and reviewed annually for appropriateness. The lives are based on historical experience with similar assets as well as an anticipation of future events which may impact their life such as changes in technology.

Impairment of trade receivables

The Company measures the loss allowance for trade receivables in an amount equal to lifetime ECL. The expected credit losses on trade receivables are estimated using a provision matrix by reference to past default experience of the receivable and an analysis of the receivable's current financial position, adjusted for factors that are specific to the receivables, general economic conditions of the industry in which the receivables operate and an assessment of both the current as well as the forecast direction of conditions at the reporting date. Trade receivable is normally assessed collectively, unless there is a need to assess a particular receivable on an individual basis.

Leases

The determination of the lease term for some lease contracts in which the Company is a lessee, including whether the Company is reasonably certain to exercise lessee's options and the determination of the incremental borrowing rate used to measure the lease liabilities.

Employees' end of service benefits

The cost of employee benefits obligations and other after-service benefits are determined by actuarial valuation exercises. The actuarial estimates involve making many assumptions that may differ from actual developments in the future. These assumptions include the determination of the discount rate and future salary increases. Given the complexity of the estimates and the underlying assumptions

and their long-term nature, the commitment of employee benefits is greatly influenced by changes in these assumptions. All inputs are reviewed at the end of each financial year.

Estimate of Zakat

The Company's zakat on ordinary activities is the sum of the total zakat. The calculation of the Company's zakat charge necessarily involves a degree of estimation and judgment in respect of certain items whose treatment cannot be finally determined until resolution has been reached with the relevant tax authority or, as appropriate, through a formal legal process.

5. USE OF JUDGEMENT AND ESTIMATES (continued)

5.1 Measurement of fair values

Recognition and measurement of provisions

By their nature, the measurement of provisions depends upon estimates and assessments, whether the criteria for recognition have been met, including estimates of the probability of cash outflows. The Company's estimates related to provisions for environmental matters are based on the nature and seriousness of the contamination, as well as on the technology required for remediation. Provisions for litigation are based on cost estimates, considering legal advice and other available information.

A number of the Company's accounting policies and disclosures require the measurement of fair values, for both financial and non-financial assets and liabilities.

When measuring the fair value of an asset or liability, the Company uses observable market data as far as possible. Fair values are categorized into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets and liabilities.
- Level 2: inputs other than quoted priced included in Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., price derivations).
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

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

The Company recognises transfers between the levels of the fair value hierarchy at the end of the reporting year during which the change has occurred.

Further details on the assumptions used to assess fair values can be found in Note 25 to these unconsolidated financial statements.

6. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Following are the significant accounting policies applied by the Company in preparing its unconsolidated financial statements:

6.1 Foreign currency translation

Foreign currency transactions and balances

Foreign currency transactions are translated into the functional currency, using the exchange rates prevailing at the dates of the transactions (spot exchange rate). Foreign exchange gains and losses resulting from the settlement of such transactions and from the re-measurement of monetary items at year-end exchange rates are recognised in profit or loss.

Non-monetary items are not retranslated at year-end and are measured at historical cost (translated using the exchange rates at the transaction date), except for non-monetary items measured at fair value which are translated using the exchange rates at the date when the fair value was determined.

6. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

6.2 Vehicles

Vehicles are presented at cost, net of accumulated depreciation and accumulated impairment losses, as appropriate. The original cost of the vehicles is recognised net of manufacturers' incentives and allowances.

Amortization is based on their estimated residual values at the expected date of disposal, after taking into account the expected market conditions for used cars. Any adjustments to depreciation are made prospectively.

The estimation of residual values required the Company to make assumptions regarding the age and mileage of the car at the time of disposal, as well as expected used vehicle auction market conditions. The Company regularly assesses the estimated residual values and adjusts depreciation rates, if any. Differences between actual and estimated residual values result in a gain or loss on disposal and are recognised as part of the vehicle's disposal at the time of sale.

Depreciation is calculated in a straight line over the estimated lifetime of 2 to 7 years.

6.3 Property and equipment

Recognition and measurement

Items of property and equipment are measured at cost, which includes capitalized borrowing costs, less accumulated depreciation and any accumulated impairment losses. If significant parts of an item of property and equipment have different useful lives, then they are accounted for as separate items (major components) of property and equipment. All other repair and maintenance costs are recognized in the income statement as incurred.

An item of property and equipment is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss on disposal of an item of property and equipment is recognized in profit or loss as other income.

Subsequent expenditure

Subsequent expenditure is capitalized only if it is probable that the future economic benefits associated with the expenditure will flow to the Company.

Derecognition

An item of property and equipment is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss on disposal of an item of property

and equipment is recognized in the unconsolidated statement of profit or loss and other comprehensive income.

6. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Depreciation

Depreciation is calculated to write off the cost of items of property and equipment less their estimated residual values using the straight-line method over their estimated useful lives, and is generally recognized in profit or loss. Land is not depreciated.

The estimated depreciation rate of property and equipment for current and comparative periods are as follows:

Right-of-use assets	Over the lease term
Furniture and fixtures	6.67
Office equipment	6.67

6.4 Property and equipment

Decors and enhancements	6.67
Air conditioners	6.67
Computers	5
Tools and hardware	6.67
Telecom and security systems	5

The residual values, useful life and depreciation methods of property and equipment are reviewed at each year-end and adjusted prospectively, as appropriate.

6.4 Impairment testing 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 applied.

These calculations are corroborated by valuation multiples, quoted share prices for publicly traded companies or other available fair value indicators.

For assets excluding goodwill, an assessment is made at each reporting date to determine whether there is an indication that previously recognized 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 recognized 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 recognized. 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 recognized for the asset in prior years. Such reversal is recognized in the unconsolidated statement of profit or loss.

6. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

6.5 Inventory

Inventories represent vehicles for sale, vehicle oil 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 recognized as cost of revenue when the inventories are sold. The Company recognizes an allowance for inventory losses due to factors such as obsolescence, technical faults, physical damage etc.

Vehicle for sale

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

Vehicle oil and other supplies

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

6.6 Financial Instruments

The Company's financial assets primary comprise of cash and cash equivalent, trade receivables, other receivables and unbilled revenue. The Company financial liabilities primary comprises of loans and borrowings, trade and other payables (excluding unearned rental income) and contract liabilities.

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.

6.6.1 Initial recognition and measurement

Trade receivables and debt securities issues are initially recognised when they are originated. All other financial assets and financial liabilities are initially recognised when the Company becomes a party to the contractual provisions of the instrument.

A financial asset (unless it is a trade receivable without a significant financing component) or financial liability is initially measured at fair value plus, for an item not at FVTPL, transaction costs that are directly attributable to its acquisition or issue. A trade receivable without a significant financing component is initially measured at the transaction price.

6.6.2 Financial assets - Classification and measurement

On initial recognition, a financial asset is classified as measured at:

(a) Amortised cost

(b) Fair value through other comprehensive income (FVOCI)

- Equity Investment
- Debt Investment

(c) Fair value through profit or loss (FVTPL)

6. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

6.6.3 Financial assets - Classification and measurement

Financial assets are not reclassified subsequent to their initial recognition unless the Company changes its business model for managing financial assets in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

(a) Amortized Cost.

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

(b) Fair value through other comprehensive income (FVOCI)

A debt investment is measured at FVOCI if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

An equity investment that is not held for trading, on initial recognition the Company may irrevocably elect to present subsequent changes in the investment's fair value in OCI. This election is made on an investment-by-investment basis.

(c) Fair value through profit or loss (FVTPL)

All financial assets not classified as measured at amortised cost or FVOCI as described above are measured at FVTPL. On initial recognition, the Company may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at FVOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

6.6.4 Financial assets: Business model assessment

The Company makes an assessment of the objective of the business model in which a financial asset is held at a portfolio level because this best reflects the way the business is managed, and information is provided to management. The information considered includes:

- the stated policies and objectives for the portfolio and the operation of those policies in practice.
- how the performance of the portfolio is evaluated and reported to the Company's management;
- the risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed;
- how managers of the business are compensated – e.g. whether compensation is based on the fair value of the assets managed or the contractual cash flows collected; and
- the frequency, volume and timing of sales of financial assets in prior periods, the reasons for such sales and expectations about future sales activity.

Transfers of financial assets to third parties in transactions that do not qualify for derecognition are not considered sales for this purpose, consistent with the Company's continuing recognition of the assets.

Financial assets that are held for trading or are managed and whose performance is evaluated on a fair value basis are measured at FVTPL.

6. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

6.6.5 Financial assets: Assessment whether contractual cash flows are solely payments of principal and interest.

In assessing whether the contractual cash flows are solely payments of principal and interest, the Company considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making this assessment, the Company considers:

- contingent events that would change the amount or timing of cash flows.
- terms that may adjust the contractual coupon rate, including variable rate features;
- prepayment and extension features; and
- terms that limit the Company's claim to cash flows from specified assets (e.g. non-recourse features).

6.6.6 Financial assets: Subsequent measurement and gains and losses

(a) Financial assets at amortised cost

These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in statement of profit or loss. Any gain or loss on de-recognition is recognised in statement of profit or loss.

(b) Financial assets at fair value through other comprehensive income (FVOCI)

Debt investment: These assets are subsequently measured at fair value. Interest income calculated using the effective interest method, foreign exchange gains and losses and impairment are recognised in statement of profit or loss. Other net gains and losses are recognised in OCI. On de-recognition, gains and losses accumulated in OCI are reclassified to statement of profit or loss.

Equity Investment: These assets are subsequently measured at fair value. Dividends are recognised as income in statement of profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognised in OCI and are never reclassified to statement of profit or loss.

(c) Financial assets at fair value through profit or loss (FVTPL)

These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognised in statement of profit or loss.

6.6.7 Financial liabilities - Classification, subsequent measurement and gains and losses

Financial liabilities are classified as measured at:

1. Fair value through profit or loss (FVTPL)
2. Amortised cost

A financial liability is classified as at FVTPL if it is classified as held-for-trading, it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognised in statement of profit or loss. Other financial liabilities are subsequently measured at amortised cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognised in statement of profit or loss. Any gain or loss on de-recognition is also recognised in statement of profit or loss.

6. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

6.6.8 De-recognition

Financial Assets:

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

(a) The contractual rights to the cash flows from the financial asset expire, or

(b) 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.

Financial Liabilities:

A financial liability is derecognized 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 a de-recognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognized in the statement of profit or loss.

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 recognized amounts and there is an intention to settle on a net basis, to realize the assets and settle the liabilities simultaneously.

6. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

6.6.9 Impairment of financial assets

The Company recognises loss allowances for ECLs on:

- Financial assets measured at amortised cost;
- Contract assets

The Company measures loss allowances at an amount equal to lifetime ECL, except for the following, which are measured as 12-month ECL:

- debt securities that are determined to have low credit risk at the reporting date; and
- other debt securities and bank balances for which credit risk (i.e. the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition.

Loss allowances for trade receivables and contract assets are always measured at an amount equal to lifetime ECL. Lifetime ECLs are the ECLs that result from all possible default events over the expected life of a financial instrument and 12-month ECLs are the portion of ECLs that result from default events that are possible within the 12 months after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months).

Measurement of ECLs

At each reporting date, the Company assesses whether financial assets carried at amortised cost and debt securities at FVOCI are credit impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

- Evidence that a financial asset is credit-impaired includes the following observable data:
- the borrower is unlikely to pay its credit obligations to the Company in full, without recourse by the Company to actions such as realising security (if any is held);
- the restructuring of a loan or advance by the Company on terms that the Company would not consider otherwise;
- it is probable that the borrower will enter bankruptcy or other financial reorganization
- the disappearance of an active market for a security because of financial difficulties.

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Company expects to receive).

Presentation of allowance for ECL in the statement of financial position

Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of the assets.

Write-off

The gross carrying amount of a financial asset is written off (either partially or in full) to the extent that there is no realistic prospect of recovery. This is generally the case when the Company determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off.

6. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

6.7 Cash and cash equivalents

Cash and cash equivalents in the unconsolidated statement of financial position comprise of cash at banks and cash in hand.

6.8 Equity and reserves

Share capital represents the nominal value of shares that have been issued.

The additional capital is the amount paid by the parent to the company to meet its working capital needs. The additional capital will be converted to shares at the time the Company increases its share capital.

Retained earnings include all current and prior period profits.

6.9 Statutory Reserve

In accordance with the Regulations for Companies in the Kingdom of Saudi Arabia and the Company's articles of association, the Company is required to transfer 10% of net income for the year to the statutory reserve until such reserve equals 30% of its share capital. This reserve is not available for distribution to the shareholders. The transfer to statutory reserve is made by the Company only at the year end.

6.10 Employees' end of service benefits

Short-term employee benefits

A liability is recognized for the benefits accruing to employees' in respect of wages and salaries, annual leave, air tickets and sick leave that are expected to be settled wholly within twelve months after the end of the period in which the employees render the related service. The liability is recorded as the undiscounted benefit amount to be paid in return for this service.

Defined benefit plans

The end-of-service allowance is determined using the projected unit credit method and actuarial valuations are made at the end of each reporting period. Re-measurements, comprising actuarial gains and losses, are reflected immediately in the statement of financial position with a charge or credit recognized in other comprehensive income in the period in which they occur. Remeasurements recognised in other comprehensive income will not be reclassified as profit or loss in subsequent periods. Interest is determined by applying the discount rate at the beginning of the period to the defined benefit liability or net asset. Defined benefit costs are classified as follows:

- service cost (including current service cost and past service cost);
- interest expense; and
- Re-measurements

The Company presents the first two components of defined benefit costs in profit or loss and the third component in other comprehensive income, in relevant line items.

6. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continue)

6.11 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 capitalized as part of the cost of the respective asset. All other borrowing costs are charged to expenses in the period in which they arise. Borrowing charges include interest and other charges that an entity incurs in relation to the borrowing of funds.

6.12 Leases

All leases are accounted for by recognizing a right-of-use asset and a lease liability except for:

- Leases of low value assets; and
- Leases with a term of 12 months or less.

Lease liabilities are measured at the present value of the contractual payments due to the lessor over the lease term, with the discount rate determined by reference to the rate inherent in the lease unless (as is typically the case) this is not readily determinable, in which case the Company's incremental borrowing rate on commencement of the lease is used. Variable lease payments are only included in the measurement of the lease liability if they depend on an index or rate. In such cases, the initial measurement of the lease liability assumes the variable element will remain unchanged throughout the lease term. Other variable lease payments are expensed in the period to which they relate.

On initial recognition, the carrying value of the lease liability also includes:

- amounts expected to be payable under any residual value guarantee;
- the exercise price of any purchase option granted in favour of the Company if it is reasonably certain to assess that option;
- any penalties payable for terminating the lease, if the term of the lease has been estimated on the basis of termination option being exercised.

Right-of-use assets are initially measured at the amount of the lease liability, reduced for any lease incentives received, and increased for:

- lease payments made at or before the commencement of the lease;
- initial direct costs incurred; and
- the amount of any provision recognized where the Company is contractually required to dismantle, remove or restore the leased asset.

Subsequent to initial measurement lease liabilities increase as a result of interest charged at a constant rate on the balance outstanding and are reduced for lease payments made. Right-of-use assets are amortized on a straight-line basis over the remaining term of the lease or over the remaining economic life of the asset if, rarely, this is judged to be shorter than the lease term.

When the Company revises its estimate of the term of any lease (because, for example, it re-assesses the probability of a lessee extension or termination option being exercised), it adjusts the carrying amount of the lease liability to reflect the payments to make over the revised term, which are discounted at the same discount rate that applied on lease commencement. The carrying value of lease liabilities is similarly revised when the variable element of future lease payments dependent on a rate or index is revised, except the discount rate remains unchanged. In both cases an equivalent adjustment is made to the carrying value of the right-of-use asset, with the revised carrying amount being amortized over the remaining lease term. If the carrying amount of the right-of-use asset is adjusted to zero, any further reduction is recognized in profit or loss.

6. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

6.12 Leases (continued)

When the Company renegotiates the contractual terms of a lease with the lessor, the accounting depends on the nature of the modification:

- if the renegotiation results in one or more additional assets being leased for an amount commensurate with the standalone price for the additional rights-of-use obtained, the modification is accounted for as a separate lease in accordance with the above policy
- in all other cases where the renegotiated increases the scope of the lease (whether that is an extension to the lease term, or one or more additional assets being leased), the lease liability is remeasured using the discount rate applicable on the modification date, with the right-of-use asset being adjusted by the same amount
- if the renegotiation results in a decrease in the scope of the lease, both the carrying amount of the lease liability and right-of-use asset are reduced by the same proportion to reflect the partial of full termination of the lease with any difference recognized in profit or loss. The lease liability is then further adjusted to ensure its carrying amount reflects the amount of the renegotiated payments over the renegotiated term, with the modified lease payments discounted at the rate applicable on the modification date. The right-of-use asset is adjusted by the same amount.

For contracts that both convey a right to the Company to use an identified asset and require services to be provided to the Company by the lessor, the Company has elected to account for the entire contract as a lease, i.e. it does not allocate any amount of the contractual payments to, and account separately for, any services provided by the supplier as part of the contract.

Short term-leases

The Company elected not to recognize right of use assets and lease liabilities for the short-term leases for which their terms are 12 months or less. The Company recognizes lease payments associated with those leases as expenses on a straight- line basis over the lease term.

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

6.13 Trade payables

These amounts represent liabilities for goods and services provided to the Company prior to the end of a financial period, which are unpaid. The amounts are not secured. Trade and other payables are presented as current liabilities unless payment is not due within 12 months after the reporting period. They are originally recorded at fair value and then measured at amortised cost using the effective interest method.

6. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

6.14 Provisions

Provisions are recognised when present obligations as a result of a past event will probably lead to an outflow of economic resources from the Company and amounts can be estimated reliably. Timing or amount of the outflow may still be uncertain. A present obligation arises from the presence of a legal or constructive commitment that has resulted from past events, for example, legal disputes or onerous contracts.

Provisions are measured at the estimated expenditure required to settle the present obligation, based on the most reliable evidence available at the reporting date, including the risks and uncertainties associated with the present obligation. Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. Provisions are discounted to their present values, where the time value of money is material.

Any reimbursement that the Company can be virtually certain to collect from a third party with respect to the obligation is recognised as a separate asset. However, this asset may not exceed the amount of the related provisions.

All provisions are reviewed at each reporting date and adjusted to reflect the current best estimate. In those cases, where the possible outflow of economic resources as a result of present obligations is considered improbable or remote, no liability is recognised, unless it was assumed in the course of a business combination.

6.15 Accruals and other liabilities

Liabilities are recognised for amounts payable in the future for goods or services received, invoiced or not invoiced by the supplier.

6.16 Revenue

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

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

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

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

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

6. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

6.12 Revenue (continued)

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

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

Rental income – the Company as a lessor

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

Revenue from sale of 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 include only one performance obligation and there is no variable consideration and financing component involved.

6.17 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 to: depreciation of vehicles, cost of vehicles disposed of, etc.

6.18 General and administrative expenses

General and administrative expenses comprise direct and indirect costs that are not specifically part of the cost of sales.

6.19 Finance cost

Financial costs are expensed in the period in which they occur. Financing costs consist primarily of profit margins on loans and borrowings and financial costs associated with lease liabilities.

6. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

6.20 Zakat

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

Value added tax

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

7. VEHICLES

Cost:	31 December 2021	31 December 2020
	SR	SR
Balance at the beginning of the year	**929,021,760**	758,150,678
Additions during the year	**600,028,435**	330,044,212
Transferred to inventory*	**(127,373,706)**	(159,173,130)
Balance at the end of the year	**1,401,676,489**	929,021,760
Accumulated depreciation:		
Balance at the beginning of the year	**222,694,749**	133,084,565
Charge for the year	**195,222,682**	156,255,883
Transferred to inventory*	**(67,593,976)**	(66,645,700)
Balance at the end of the year	**350,323,455**	222,694,748
Net book value	**1,051,353,034**	706,327,012

Depreciation costs for the year were expensed against the cost of revenue.

*All the vehicles that were transferred to the inventory were sold before the year end.

8. PROPERTY AND EQUIPMENT

	Right-of-use assets	Lands	Furniture and fixtures	Office equipment	Decors and enhancements	Air conditioners	Computers	Tools and hardware	Telecom and security systems	Total
Cost:										
Balance at 1 January 2020	9,799,258	12,318,160	1,079,015	118,205	4,899,590	281,125	3,385,810	1,139,935	59,123	33,080,221
Additions during the year	8,345,678	-	532,735	24,300	425,787	142,796	773	348,023	16,735	9,836,827
Transfer on disposal of subsidiary	1,215,035	-	10,180	-	500	9,650	-	-	-	1,235,365
Disposals	-	-	(52,560)	-	(90,600)	-	-	-	-	(143,160)
Balance at 31 December 2020	19,359,971	12,318,160	1,569,370	142,505	5,235,277	433,571	3,386,583	1,487,958	75,858	44,009,253
Additions during the year	**17,671,746**	**-**	**445,075**	**125**	**965,065**	**137,753**	**212,087**	**412,821**	**303,771**	**20,148,443**
Disposals*	**(6,891,742)**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**(6,891,742)**
Balance at 31 December 2021	**30,139,975**	**12,318,160**	**2,014,445**	**142,630**	**6,200,342**	**571,324**	**3,598,670**	**1,900,779**	**379,629**	**57,265,954**
Accumulated Depreciation:										
Balance at 1 January 2020	3,762,697	-	544,592	117,200	1,860,749	120,066	2,072,993	322,264	36,978	8,837,539
Charge for the year	4,270,507	-	148,520	3,186	657,464	37,648	615,635	205,019	4,362	5,942,341
Transfer on disposal of subsidiary	910,699	-	4,528	-	295	4,766	-	-	-	920,288
Disposals	-	-	(6,524)	-	(10,171)	-	-	-	-	(16,695)
Balance at 31 December 2020	8,943,903	-	691,116	120,386	2,508,337	162,480	2,688,628	527,283	41,340	15,683,473
Charge for the year	**8,421,463**	**-**	**208,586**	**3,961**	**788,320**	**67,181**	**598,765**	**271,470**	**47,334**	**10,407,080**
Elimination on disposal	**(6,891,742)**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**(6,891,742)**
Balance at 31 December 2021	**10,473,624**	**-**	**899,702**	**124,347**	**3,296,657**	**229,661**	**3,287,393**	**798,753**	**88,674**	**19,198,811**
Net book value:										
At 31 December 2021	**19,666,351**	**12,318,160**	**1,114,743**	**18,283**	**2,903,685**	**341,663**	**311,277**	**1,102,026**	**290,955**	**38,067,143**
At 31 December 2020	10,416,068	12,318,160	878,254	22,119	2,726,940	271,091	697,955	960,675	34,518	28,325,780

8. PROPERTY AND EQUIPMENT (continued)

Depreciation costs for the year were allocated between general and administrative expenses and the cost of revenues as follows:	2021	2020
Cost of revenue (note 22)	**8,421,463**	4,270,507
General and administrative expenses (note 23)	**1,985,617**	1,671,834
Total	**10,407,080**	5,942,341

*The balance represents fully amortised and expired right of use assets during the year.

9. INVESTMENT IN SUBSIDIARIES

	%	31 December 2021	31 December 2020
		SR	SR
Hanay Trading Company Limited (HTCL)	80%	-	-
		-	-

On October 8, 2020, the Company's subsidiary, Saudi Company for Transportation United (SCT), was converted into a branch of the Company. A net impairment of SR 5.2 million was recognised in these unconsolidated financial statements during the year ended 31 December 2020.

The below relates to the non-cash transactions which have been adjusted in the cashflow for the year ended 31 December 2020: -

	SCT
	SR
Property and equipment	**315,077**
Trade receivables	**762,542**
Prepayments and other receivables	**212,514**
Related parties, net	**1,389,662**
Lease liabilities	**(129,603)**
	2,550,192

10. TRADE RECEIVABLES, NET

	31 December 2021	31 December 2020
	SR	SR
Trade receivables	**223,617,878**	144,387,119
Provision for impairment loss	**(32,021,584)**	(17,879,368)
	191,596,294	126,507,751

Information on the Company's exposure to credit and market risks and impairment losses related to trade receivables can be found in Note 25.

The Company uses the simplified IFRS 9 approach to measure expected credit losses using a provision for expected credit losses over the life of the accounts receivable. To measure expected credit losses on a collective basis, trade receivables are grouped based on similar credit risk and aging.

The expected loss rates are based on the Company's historical credit losses experience over the two-year period prior to the year end. Historical loss rates are then adjusted based on current and prospective information on macroeconomic factors affecting the Company's customers. The Company has identified the gross domestic product (GDP) as the key macroeconomic factor for ECL calculations.

The lifetime expected loss provision for trade receivables is as follows:

		More than 30 days	More than 180 days	More than 365 days	
31 December 2021	Current	past due	past due	past due	Total
Expected loss rate	**4.6%**	**6.0%**	**15.4%**	**38.0%**	
Gross carrying amount	**31,779,168**	**108,783,532**	**33,030,246**	**50,024,932**	**223,617,878**
Loss provision	**1,446,673**	**6,494,160**	**5,073,430**	**19,007,321**	**32,021,584**

		More than 30 days	More than 180 days	More than 365 days	
31 December 2020	Current	past due	past due	past due	Total
Expected loss rate	7.8%	11.7%	15.9%	24.8%	
Gross carrying amount	17,337,261	82,007,988	18,815,163	26,226,707	144,387,119
Loss provision	1,352,306	8,792,982	2,803,459	4,930,621	17,879,368

All receivables are due within 15 to 30 days as of 31 December 2021. None of these receivables has experienced a significant increase in credit risk since initial recognition, resulting in the recognition of 12-month expected credit losses.

10. TRADE RECEIVABLES, NET (continued)

Movement of impairment loss is as follows:

	31 December 2021	31 December 2020
	SR	SR
At the beginning of the year	**17,879,368**	8,829,784
Charge for the year	**14,142,216**	9,049,584
At the end of the year	**32,021,584**	17,879,368

11. PREPAYMENTS AND OTHER RECEIVABLES

	31 December 2021	31 December 2020
	SR	SR
Prepaid expenses	**8,723,134**	13,268,259
Advances to suppliers	**20,563,811**	19,489,897
VAT receivable	**27,766,754**	7,679,400
Insurance receivables	**2,012,366**	2,012,366
Advances to employees	**86,676**	789,200
Unbilled revenue	**1,296,542**	616,224
Advances for letters of guarantee margins	**329,151**	329,151
Others	**2,912,935**	1,001,583
	63,691,369	45,186,080
Impairment against other receivables	**(4,426,485)**	(2,980,470)
	59,264,884	42,205,610

11. PREPAYMENTS AND OTHER RECEIVABLES (continued)

Movement of impairment loss is as follows:

	31 December 2021	31 December 2020
	SR	SR
At the beginning of the year	**2,980,470**	2,012,366
Impairment for the year	**1,446,015**	968,104
At the end of the year	**4,426,485**	2,980,470

12. RELATED PARTY TRANSACTIONS AND BALANCES

The Company, in the normal course of business, enters into transactions with other entities that fall within the definition of a related party contained in International Accounting Standard 24. Related parties represent major shareholders, fellow subsidiaries and key management personnel of the company. The transactions with related parties are made at approved contractual terms.

Outstanding balances at the year-end are unsecured, interest-free, payable on demand and settled in cash. There have been no guarantees provided or received for any related party receivables or payables.

The following are the details of major related party transactions and balances during the year:

Related parties' transactions

Senior management remuneration

The aggregate amount charged in these unconsolidated financial statements for remuneration, including all benefits to Head of Business and Head of Finance of the Company is as follows:

Key management personnel	31 December 2021	31 December 2020
Managerial remuneration	**894,815**	979,318
Housing & Travel allowance	**349,029**	366,647
Bonus	**314,977**	136,000
End of Service Benefits*	**113,913**	26,408
Total	**1,672,734**	1,508,373

*This includes the long-term benefit for key management personnel.

Significant transactions and balances with related parties in the ordinary course of business which are included in the unconsolidated financial statements are summarized as follows:

12. RELATED PARTY TRANSACTIONS AND BALANCES (continued)

Transactions

Related party	Relationship	31 December 2021			
		Sales	Purchases	(Receipts)/ Payments*	(Other costs) / income
Seera Group Holding	Owner	494,371	(41,759)	(230,623,739)	2,028,773
Elaa Air Transportation	Fellow subsidiary	-	(667,639)	4,846,071	(191,773)
Seera Holiday for Travel and Tourism Company Limited (SHT)	Fellow subsidiary	7,696,408	(408,176)	(8,117,027)	(6,839,339)
Elaa Travel, Tourism and Cargo Company Limited (ECC)	Fellow subsidiary	3,364,702	(15,345)	(2,532,969)	(4,021,954)
Almosafer Company for Travel and Tourism (MCT)	Fellow subsidiary	1,409,041	(310)	(856,773)	-
Saudi Company for Transportation United (SCT)	Fellow subsidiary	-	-	-	-
Hanay Trading Company Limited (HTCL)	Fellow subsidiary	-	-	(19,795)	43,514
Tajawal General Trading, LLC (TGT)	Fellow subsidiary	-	-	-	18,409
Al Mousim Travel & Tours	Fellow subsidiary	-	(15,154)	-	(25)
Mawasim Tourism and Umrah Services	Fellow subsidiary	18,681	-	(498,703)	
Discover Saudi for Travel and Tourism (DSTT)	Fellow subsidiary	1,332,236	-	(588,274)	14,098
Jawlah Tours Establishment for Tourism *(JTET)	Fellow subsidiary	-	-	276,875	-
Movenpick City Star jeddah	Fellow subsidiary	106,870	-	(57,540)	-

*These cashflow movements represent operational support or settlement of related party balances.

Related party	Relationship	31 December 2020			
		Sales	Purchases	Receipts	Other costs / (income)
Seera Group Holding	Owner	1,509,526	-	(103,902,460)	(32,617,992)
Elaa Air Transportation	Fellow subsidiary	-	-	-	33,973
Seera Holiday for Travel and Tourism Company Limited (SHT)	Fellow subsidiary	15,952,847	(831,546)	(16,302,227)	274,281
Elaa Travel, Tourism and Cargo Company Limited (ECC)	Fellow subsidiary	731,604	-	-	(1,270,873)
Almosafer Company for Travel and Tourism (MCT)	Fellow subsidiary	74,608	-	(5,432,014)	(8,123)
Saudi Company for Transportation United (SCT)	Fellow subsidiary	70,000	(2,910,414)	-	(1,214,292)
Hanay Trading Company Limited (HTCL)	Fellow subsidiary	-	-	(304,948)	(189,009)
Tajawal General Trading, LLC (TGT)	Fellow subsidiary	-	-	-	(116,826)

12. RELATED PARTY TRANSACTIONS AND BALANCES (continued)

Balances

Due from related parties

	Relationship	31 December 2021	31 December 2020
		SR	SR
Al Mousim Travel & Tours (AMTT)	Fellow subsidiary	**129,605**	144,784
Taqniatech Company for Communication Technology Limited (TAQ)	Fellow subsidiary	**144,083**	144,083
Seera Hospitality Company (SHC)	Fellow subsidiary	**62,500**	62,500
Mawasim Tourism and Umrah Services (MWT)	Fellow subsidiary	**-**	23,525
Al Tayyar Holidays Travel Group Company (ATE)	Fellow subsidiary	**4,400**	4,400
Al Tayyar Rent A Car Company (ARC)	Fellow subsidiary	**1,625**	1,625
Discover Saudi for Travel and Tourism (DSTT)	Fellow subsidiary	**764,775**	6,715
Movenpick Hotel City Star – Jeddah	Fellow subsidiary	**64,922**	15,592
Tajawal Trading Company Limited (HTCL)	Fellow subsidiary	**18,409**	-
Jawalah Travels	Fellow subsidiary	**276,875**	-
Elaa Air Transportation Company	Fellow subsidiary	**3,608,799**	-
Total		**5,075,993**	403,224

Due to related parties

	Relationship	31 December 2021	31 December 2020
		SR	SR
Seera Group Holding	Owner	**363,153,281**	135,010,926
Seera Holiday for Travel and Tourism Company Limited (SHT)	Fellow subsidiary	**9,468,294**	1,800,160
Almosafer Company for Travel and Tourism (MCT)	Fellow subsidiary	**4,813,570**	5,365,529
Elaa Air Transportation	Fellow subsidiary	**-**	377,860
Elaa Travel, Tourism and Cargo Company Limited (ECC)	Fellow subsidiary	**3,744,835**	539,269
National Travel and Tourism Bureau Limited (NTTB)	Fellow subsidiary	**18,425**	18,425
Fayfa Travel & Tourism Agency Company (FTT)	Fellow subsidiary	**4,497**	4,497
Hanay Trading Company Limited (HTCL)	Subsidiary	**470,239**	493,958
Seera Travel and Tourism (STD)	Fellow subsidiary	**364,179**	92,572
Mawasim Company	Fellow subsidiary	**456,497**	-
Tajawal General Trading, LLC (TGT)	Fellow subsidiary	**116,826**	116,826
Total		**382,610,643**	143,820,022

13. CASH AND CASH EQUIVALENTS

	31 December 2021	31 December 2020
	SR	SR
Cash at banks	**17,341,631**	16,275,551
	17,341,631	16,275,551

14. SHARE CAPITAL

The share capital of the Company consists of 55,000,000 fully paid ordinary shares of SR 10 each. The total share capital is SR 550,000,000 as at 31 December 2021 (31 December 2020: SR 15,000,000).

2021	Percentage	Number of shares	Value per share	Total
Seera Holding Group	**95%**	**52,250,000**	**10**	**522,500,000**
Seera Holiday for Travel and Tourism Company Limited (SHT)	**5%**	**2,750,000**	**10**	**27,500,000**
	100%	**55,000,000**	**10**	**550,000,000**

2020	Percentage	Number of shares	Value per share	Total
Seera Holding Group	95%	14,250	1000	14,250,000
Seera Holiday for Travel and Tourism Company Limited (SHT)	5%	750	1000	750,000
	100%	15,000	1000	15,000,000

15. ADDITIONAL CAPITAL

The Company was in the process of changing its legal status from Limited Liability Company to closed joint stock company and as part of this process an amount SR 79.2 million has been transferred from retained earnings to additional capital during the previous year. The additional capital of SR 535 million was transferred to shares during the current year on 21 February 2021 as per the terms agreed with the Ministry of Commerce on changing the legal status of the Company as described above.

16. EMPLOYEES' END OF SERVICE BENEFITS

	31 December 2021	31 December 2020
	SR	SR
Net defined benefit liability	9,184,056	8,100,309

The Company calculates employees' end of service benefits according to laws and regulations applicable in the Kingdom of Saudi Arabia. Additionally, the Company re-measures the employees' end of service benefits using the projected credit unit method by a qualified actuary.

The most recent actuarial valuation of the present value of the end of service benefit obligation was carried out on 31 December 2021. During the financial year, no material fluctuations or events affected the actuarial assumptions used to calculate the liability.

16. EMPLOYEES' END OF SERVICE BENEFITS (continued)

Movement in net defined benefit liability

The following table shows the reconciliation from the opening balances to the closing balances for net defined benefit liability and its components.

	31 December 2021	**31 December 2020**
	SR	**SR**
Balance at beginning of the period	**8,100,309**	6,077,644
Liability transfer (out) / in	**(1,167,984)**	582,778
Included in profit or loss		
Current service cost	**2,351,509**	2,011,159
Finance expense	**298,396**	209,579
	9,582,230	8,881,160
Included in OCI		
Actuarial (gain) / loss	**425,137**	(268,831)
Benefits paid	**(823,311)**	(512,020)
Balance at the end of the year	**9,184,056**	8,100,309

Actuarial assumptions on defined benefit liability

The following were the principal actuarial assumptions at the reporting date (expressed as weighted averages).

	31 December 2021	**31 December 2020**
Discount rate	**2.45%**	4.20%
Future salary growth	**5.00%**	5.00%

Sensitivity analysis

Changes reasonably possible at the reporting date to any of the relevant actuarial assumptions, keeping the remaining assumptions constant, would have affected the defined benefit obligation by the amounts set out below.

	31 December 2021		**31 December 2020**	
	Increase	**Decrease**	**Increase**	**Decrease**
Discount rate (1% movement)	**8,566,240**	**9,846,648**	7,206,049	9,185,770
Future salary growth (1% movement)	**9,846,430**	**8,566,135**	9,165,482	7,204,487

The sensitivity analysis above has been determined based on a method that extrapolates the impact on the defined benefit obligation as a result of reasonable changes in key assumptions occurring at the end of the reporting period. The sensitivity analysis is based on a change in a significant assumption, keeping all other assumptions constant. The sensitivity analyses may not be representative of an actual change in the defined benefit obligation as it is unlikely that changes in assumptions would occur in isolation from one another.

The weighted average duration of the defined benefit obligation is 7 years

16. EMPLOYEES' END OF SERVICE BENEFITS (continued)

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

Years	31 December 2021	31 December 2020
	SR	SR
1	**827,346**	670,861
2	**1,249,632**	849,191
3	**1,517,285**	1,060,164
4	**1,708,431**	1,331,865
5	**1,953,287**	1,520,273
6-10	**10,611,809**	8,203,084
Total expected payment	**17,867,790**	13,635,438

17. LOANS AND BORROWINGS

	31 December 2021	31 December2020
	SR	SR
Unsecured loan	-	75,477,443
Classified as:		
Non-current portion	-	52,253,614
Current portion	-	23,223,829

On 17 Rajab 1440H (corresponding to 24 March 2019) the Company signed an Islamic financing contract with a local bank amounting to SR 146 million. The Company utilized SR 116 million of the total loan facility. This financing was supposed to be repaid on a quarterly basis for three years at the prevailing market rate and was not guaranteed. The Company aimed to finance the expansion of its operations from this financing, however, during 2021, the Company repaid its entire loan as an early settlement.

18. LEASE LIABILITIES

	31 December 2021	31 December 2020
	SR	SR
Opening balance	**9,463,988**	5,236,062
Additions	**17,671,746**	8,345,678
Transfer	**-**	129,603
Finance charges	**819,513**	266,787
Paid during the year	**(6,101,663)**	(4,514,142)
	21,853,584	9,463,988
Classified as:		
Non-current portion	**8,806,784**	5,056,302
Current portion	**13,046,800**	4,407,686

The maturity analysis of lease liabilities is disclosed in note 25.

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

	31 December 2021	31 December 2020
	SR	SR
Depreciation expense of right-of-use assets	**8,421,463**	4,270,507
Interest expense on lease liabilities	**819,513**	266,787
Expense relating to short-term leases (cost of revenue) (note 22)	**8,187,539**	11,158,199
Total amount recognised in consolidated statement of profit or loss	**17,428,515**	15,695,493

19. ACCRUALS AND OTHER LIABILITIES

	31 December 2021	31 December 2020
	SR	SR
Accrued maintenance	**5,366,776**	3,874,219
Annual leave and ticket accrual	**3,359,386**	3,525,959
Contract liability	**3,828,841**	1,939,492
Accrued commission	**928,000**	747,416
Accrued expenses	**896,376**	193,799
Accrued rent expense	**252,018**	113,000
Others	**1,054,170**	579,477
	15,685,567	10,973,362

20. ZAKAT PAYABLE

Components of the zakat base

	31 December 2021	31 December 2020
	SR	SR
Zakat base:		
Profit before zakat	**109,159,246**	52,016,133
Impairment of trade receivables	**14,142,216**	9,049,584
End of service provided during the year	**2,649,905**	2,220,738
Others	**1,446,015**	4,383,793
Adjusted profit	**127,397,382**	67,670,248
Share capital	**550,000,000**	15,000,000
Additional capital	**-**	455,715,685
Statutory reserve	**4,500,000**	4,500,000
Retained earnings	**38,775,207**	67,466,314
Provisions	**26,968,852**	16,407,774
Due to related parties	**143,820,022**	18,779,248
Trade payable	**231,746,778**	-
Loans and borrowings	**-**	75,477,443
Lease liabilities	**21,853,584**	721,920
	1,145,061,825	721,738,632
Non-current assets	**(1,089,420,177)**	(734,652,792)
Zakat base	**55,641,648**	(12,914,160)
Zakat @ 2.5%	**3,052,478**	1,691,756

Zakat provision

	31 December 2021	31 December 2020
	SR	SR
At the beginning of the year	**1,691,756**	1,045,395
Provided during the year	**3,052,478**	1,691,756
Payments made during the year	**(1,691,756)**	(1,045,395)
At the end of the year	**3,052,478**	1,691,756

21. REVENUE

	31 December 2021	31 December 2020
	SR	SR
Revenue from contracts with customers		
Vehicle lease and rental arrangements	**437,358,623**	321,406,346
Revenue from sale of vehicles	**84,115,451**	109,091,475
	521,474,074	430,497,821
Timing of revenue recognition		
Services transferred over time	**437,358,623**	321,406,346
Products transferred in time	**84,115,451**	109,091,475
	521,474,074	430,497,821

Contract balances

The following table provides information about contract liabilities from contracts with customers:

	31 December 2021	31 December 2020
	SR	SR
Contract liabilities	**3,828,841**	1,939,492

Significant changes in the contract liability balances during the year are as follows:

	31 December 2021	31 December 2020
	SR	SR
Contract liabilities		
Contract liability at the beginning of the year	**1,939,492**	591,583
Contract liabilities that was recognized as revenue during the year	**(1,939,492)**	(591,583)
Cash received in advance of the performance and not recognized as revenue during the year	**3,828,841**	1,939,492
Contract liability at the end of the year	**3,828,841**	1,939,492

22. COST OF REVENUE

	31 December 2021	31 December 2020
	SR	SR
Depreciation on vehicles (note 7)	**195,222,682**	156,255,883
Cost of vehicles sold	**59,779,730**	92,527,430
Vehicles' repairs and maintenance	**19,958,709**	17,313,959
Salaries and other benefits	**23,045,782**	22,807,073
Insurance	**17,716,755**	14,411,366
Outsourced rental vehicles	**13,683,674**	8,274,301
Depreciation on right of use assets (note 8)	**8,421,463**	4,270,507
Rent (note 18)	**8,187,539**	11,158,199
Vehicle delivery and transport	**3,586,585**	2,845,723
Traffic fines	**3,467,609**	2,688,833
Fuel cost	**2,635,511**	2,338,416
Others	**939,256**	613,236
	356,645,295	335,504,926

23. GENERAL AND ADMINISTRATIVE EXPENSES

	31 December 2021	31 December 2020
	SR	SR
Salaries and other benefits	**30,068,838**	21,529,945
Fees and subscriptions	**7,556,482**	3,231,503
Depreciation (note 8)	**1,985,617**	1,671,834
Advertising	**1,870,591**	231,451
Impairment of other receivables (note 11)	**1,446,015**	968,104
Travel and transportation	**710,281**	1,331,672
Professional fee	**605,720**	246,500
Utilities	**493,434**	370,190
Software expenses	**386,225**	140,451
Communication	**384,127**	240,644
General Maintenance	**285,853**	493,150
Hospitality and cleanliness	**264,455**	503,392
Stationery	**217,213**	107,172
Others	**76,505**	93,978
	46,351,356	31,159,986

23.1 The salaries and other benefits include SR 2,351,509 (2020: SR 2,011,159) in the current year of current service cost.

24. EARNINGS PER SHARE (EPS)

Basic and diluted EPS

The calculation of basic and diluted EPS has been based on the following profit attributable to ordinary shareholders and weighted-average number of ordinary shares outstanding.

Profit attributable to ordinary shareholders (basic)

	31 December 2021	31 December 2020
Profit attributable to ordinary shareholders	**106,106,768**	50,324,377
Weighted-average number of ordinary shares at the end of the year	**47,524,658**	1,500,000
Basic and diluted	**2.23**	33.55

The above EPS disclosure has been revised from our previously issued financial statements as on 17 April 2022, to present the updated Basic and Diluted EPS on the weighted average calculated on the basis of increase in number of shares from 21 February 2021 instead of the previously used date of 25 May 2021. As a result of this, the EPS mentioned within the unconsolidated statement of profit or loss and other comprehensive income and the date of issuance of share capital mentioned in note 15 to these unconsolidated financial statements has also been updated.

25. FINANCIAL INSTRUMENTS – RISK MANAGEMENT

The Company is exposed through its operations to the following financial risks:

- Credit risk
- Interest rate risk
- Liquidity risk
- Other market price risk and

In common with all other businesses, the Company is exposed to risks that arise from its use of financial instruments. This note describes the Company’s objectives, policies and processes for managing those risks and the methods used to measure them. Further quantitative information in respect of these risks is presented throughout these unconsolidated financial statements. There have been no substantive changes in the Company’s exposure to financial instrument risks, its objectives, policies and processes for managing those risks or the methods used to measure them from previous periods unless otherwise stated in this note.

25. FINANCIAL INSTRUMENTS – RISK MANAGEMENT (continued)

Principal financial instruments

The principal financial instruments used by the Company, from which financial instrument risk arises, are as follows:

- Trade receivables
- Cash and cash equivalents
- Related party balances
- Other receivables
- Lease Liabilities
- Loans and borrowings
- Trade payables
- Accruals and other liabilities

Fair value and fair value hierarchy

The Company measures financial instruments at fair value at each unconsolidated statement of financial position date.

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

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

The principal or the most advantageous market must be accessible by the Company. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their best economic interest.

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

25. FINANCIAL INSTRUMENTS – RISK MANAGEMENT (continued)

Financial instrument category

Financial assets at amortized cost	Note	31 December 2021	31 December 2020
		SR	SR
Trade receivables, net	10	**191,596,294**	126,507,751
Other receivables	11	**19,088,043**	945,375
Due from related parties	12	**5,075,993**	403,224
Cash and cash equivalents	13	**17,341,631**	16,275,551
		233,101,961	144,131,901
Financial liabilities at amortized cost			
Trade payables		**231,746,778**	77,242,841
Loans and borrowings	17	**-**	75,477,443
Lease liabilities	18	**21,853,584**	9,463,988
Due to related party	12	**382,610,643**	143,820,022
Accruals and other liabilities	19	**15,685,567**	10,973,362
		651,896,572	316,977,656

Financial instruments not measured at fair value

Financial instruments not measured at fair value include cash and cash equivalents, trade receivables, due from related parties, due to related parties, trade payables, lease liabilities, loans and borrowings and accruals and other liabilities.

Due to their short-term nature, the carrying value of cash and cash equivalents, trade receivables, due from related parties, due to related parties, trade payables, loans and borrowings and accruals and other liabilities approximates their fair value.

There were no transfers between levels during the year.

General objectives, policies and processes

The Management has overall responsibility for the determination of the Company's risk management objectives and policies and, whilst retaining ultimate responsibility for them, it has delegated the authority for designing and operating processes that ensure the effective implementation of the objectives and policies to the Company's finance function. The Management receives periodic reports from the Company Financial Controller through which it reviews the effectiveness of the processes put in place and the appropriateness of the objectives and policies it sets.

The overall objective of the Management is to set policies that seek to reduce risk as far as possible without unduly affecting the Company's competitiveness and flexibility.

25. FINANCIAL INSTRUMENTS – RISK MANAGEMENT (continued)

Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations. The Company is mainly exposed to credit risk from credit sales. It is Company policy, implemented locally, to assess the credit risk of new customers before entering contracts. Such credit ratings are taken into account by local business practices.

The management has established a credit policy under which each new customer is analysed individually for creditworthiness before the Company's standard payment and delivery terms and conditions are offered. The Company's review includes external ratings, when available, and in some cases bank references. Credit limits are set for each client, which is the maximum amount opened without management approval.

The management determines concentrations of credit risk by quarterly monitoring the creditworthiness rating of existing customers and through a monthly review of the trade receivables' ageing analysis. When monitoring the credit risk of customers, customers are grouped by their credit characteristics. Customers that are graded as "high risk" are placed on a restricted customer list, and future credit sales are made only with approval of the management, otherwise payment in advance is required.

Credit risk also arises as a result of cash and cash equivalents held by banks and financial institutions. In the case of banks and financial institutions, only independently scored parties are acceptable.

The Company's maximum exposure to credit risk is limited to the carrying amount of financial assets recognised at the reporting date, as summarized below:

	31 December 2021	31 December 2020
	SR	SR
Classes of financial assets – carrying amounts:		
Trade receivables, net	**191,596,294**	126,507,751
Other receivables	**19,088,043**	945,375
Due from related party	**5,075,993**	403,224
Cash and cash equivalents	**17,341,631**	16,275,551
Total carrying amount	**233,201,961**	144,131,901

The carrying amount of financial assets represents the maximum credit exposure.

Credit risk on receivable and bank balances is limited as:

- Cash balances are held by banks with sound credit ratings.
- Trade receivables are shown net of allowance for impairment of trade receivables.
- The financial position of related party is stable

The Company manages credit risk with respect to receivables from customers by monitoring in accordance with defined policies and procedures. The Company seeks to limit its credit risk with respect to customers by setting credit limits for individual customers and by monitoring outstanding receivables on an ongoing basis.

25. FINANCIAL INSTRUMENTS – RISK MANAGEMENT (continued)

Market risk

Market risk arises from the Company's use of interest bearing, tradable and foreign currency financial instruments, if any. It is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in commission rates (interest rate risk).

Interest rate risk

Fair value and cash flow interest rate risks are the exposures to various risks associated with the effect of fluctuations in the prevailing interest rates on the Company's financial position and cash flows. The Company is not exposed to fair value and cash flow commission rate risks as long-term murabaha loan has been paid off in full during the year ended 31 December 2021.

Management of the Company does not enter into future agreements to hedge its interest rate risk. However, these are monitored on a regular basis and corrective measures initiated wherever required. All of the borrowings are on fixed interest rates; therefore, interest rate sensitivity analysis has not been disclosed.

Liquidity risk

Liquidity risk arises from the Company's management of working capital and the finance charges and principal repayments on its debt instruments. It is the risk that the Company will encounter difficulty in meeting its financial obligations as they fall due.

The Company's policy is to ensure that it will always have sufficient cash to allow it to meet its liabilities when they become due. To achieve this, it seeks to maintain cash balances (or agreed facilities) to meet expected requirements for a period of at least 45 days.

25. FINANCIAL INSTRUMENTS – RISK MANAGEMENT (continue)

Liquidity risk (continued)

The Company's liquidity management involves projecting cash flows and considering the level of liquid assets necessary to meet the monitoring of liquidity ratios and maintaining debt financing plans.

The table below analyses the Company's financial liabilities into relevant maturity groupings based on the remaining period at the balance sheet date on the contractual maturity date.

Following are the contractual maturities at the end of the reporting period of financial liabilities. The amounts are grossed and undiscounted and include estimated interest payments.

31 December 2021	Carrying amount	Total	Up to three months	More than three months and up to a year	More than one year and up to five year
Financial liabilities					
Trade payables	**231,746,778**	**231,746,778**	**177,246,643**	**54,500,135**	**-**
Loans and borrowings	-	-	-	-	-
Lease liabilities	**21,853,584**	**22,784,591**	**7,689,830**	**5,356,969**	**9,737,792**
Accruals and other liabilities	**15,685,567**	**15,685,567**	**13,166,027**	**2,519,540**	**-**
	269,285,929	**270,216,936**	**198,102,500**	**62,376,644**	**9,737,792**
31 December 2020					
Financial liabilities					
Trade payables	77,242,841	77,242,841	74,622,056	2,620,785	-
Loans and borrowings	75,477,443	77,801,935	6,154,626	18,438,760	53,208,549
Lease liabilities	9,463,988	9,937,186	3,200,274	1,427,796	5,309,116
Accruals and other liabilities	10,973,362	10,973,362	5,171,713	5,801,649	-
	173,157,634	**175,955,324**	**89,148,669**	**28,288,990**	**58,517,665**

25. FINANCIAL INSTRUMENTS – RISK MANAGEMENT (continue)

Current versus non-current classification

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

An asset is current when it is:

- Expected to be realised or intended to 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.

26. OPERATING SEGMENTS

Basis for segmentation

The Company has the following two strategic divisions, which are its reportable segments. These divisions offer different services and are managed separately because they have different economic characteristics – such as trends in sales growth, rates of return and level of capital investment – and have different marketing strategies.

The following summary describes the operations of each reportable segment:

Reportable segments	Operations
Leasing	Providing vehicles on long term leases to corporate and government customers .
Rental	Providing vehicles on daily, weekly, monthly rentals to walk-in and corporate customers.

Other operations include disposal of vehicles after the completion of lease term along with sale of rental vehicles. This segment did not met the quantitative and qualitative thresholds for reportable segments in 2021 or 2020.

The Company's Executive Committee reviews the internal management reports of each segment on a monthly basis.

The Company's reportable segments are strategic business units that offer different products and services. They are managed separately because each business requires different technology and marketing strategies.

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision maker has been identified as the management team including the Chief Executive Officer, Leasing Director, Rental Director and the Finance Business Partner.

Measurement of operating segment profit or loss, assets and liabilities

The Company evaluates segmental performance on the basis of profit or loss from operations calculated in accordance with IFRS but excluding non-recurring losses.

Inter-segment sales are priced along the same lines as sales to external customers, with an appropriate discount being applied to encourage use of group resources at a rate acceptable to local tax authorities. This policy was applied consistently throughout the current and prior period.

Segment assets exclude tax assets and assets used primarily for corporate purposes. Segment liabilities exclude tax liabilities and defined benefit liabilities.

31 December 2021	Leasing	Rentals	Others	Total
External revenues	**253,632,212**	**183,726,411**	**84,115,451**	**521,474,074**
Depreciation – Vehicles	**(126,955,531)**	**(68,267,151)**	**-**	**(195,222,682)**
Segment profit	**126,676,681**	**115,459,260**	**84,115,451**	**326,251,392**

31 December 2020	Leasing	Rentals	Others	Total
External revenues	198,378,371	123,027,975	109,091,475	430,497,821
Depreciation	(103,837,929)	(52,417,954)	-	(156,255,883)
Segment profit	94,540,442	70,610,021	109,091,475	274,241,938

26. OPERATING SEGMENTS (continue)

Unallocated Income / Expenses:

	2021 SR	2020 SR
Segmental Profit	**326,251,392**	274,241,938
Cost of Revenue	**(161,422,613)**	(179,249,043)
General & Admin Expense	**(46,351,356)**	(31,159,986)
Provision for expected credit loss	**(14,142,216)**	(9,049,584)
Other Income	**7,528,332**	5,307,832
Finance Cost	**(2,703,977)**	(2,698,472)
Other Expenses	**(316)**	(148,967)
Loss on disposal of investment in subsidiary	**-**	(5,227,585)
Profit before Zakat	**109,159,246**	52,016,133

31 December 2021	Leasing	Rentals	Others	Total
Segment Assets	**621,240,260**	**430,112,774**	**311,736,910**	**1,363,089,944**
Segment Liabilities	**81,830,984**	**145,913,566**	**436,388,556**	**664,133,106**
31 December 2020	**Leasing**	**Rentals**	**Others**	**Total**
Segment Assets	527,112,984	179,214,028	213,717,916	920,044,928
Segment Liabilities	47,161,047	21,333,629	258,275,045	326,769,721
31 December 2021	**Leasing**	**Rentals**	**Others**	**Total**
Capital Expenditure*	**250,597,796**	**367,102,385**	**2,476,697**	**620,176,878**
31 December 2020	**Leasing**	**Rentals**	**Others**	**Total**
Capital Expenditure*	278,616,808	59,773,082	1,491,149	339,881,039

*Capital expenditures comprise additions to the vehicles and property and equipment.

27. CONTINGENCIES AND COMMITMENTS

Contingent liabilities

As at 31 December 2021, the Company has letters of guarantees amounting to SR 0.3 million (31 December 2020: SR 0.3 million)

Capital commitments

The Company has no outstanding capital commitments as at 31 December 2021 (31 December 2020: SR nil).

SUBSEQUENT EVENTS

Lumi has entered into an agreement to acquire remaining 20% ownership of Hanay trading company as at 21 March 22 for SR 2 million, the legal formalities regarding the change of ownership has been completed. Further, the company then on 27th March 2022 entered into an agreement through which it transferred its entire shareholding in the aforementioned subsidiary to a group company for a consideration of SR 2 million.

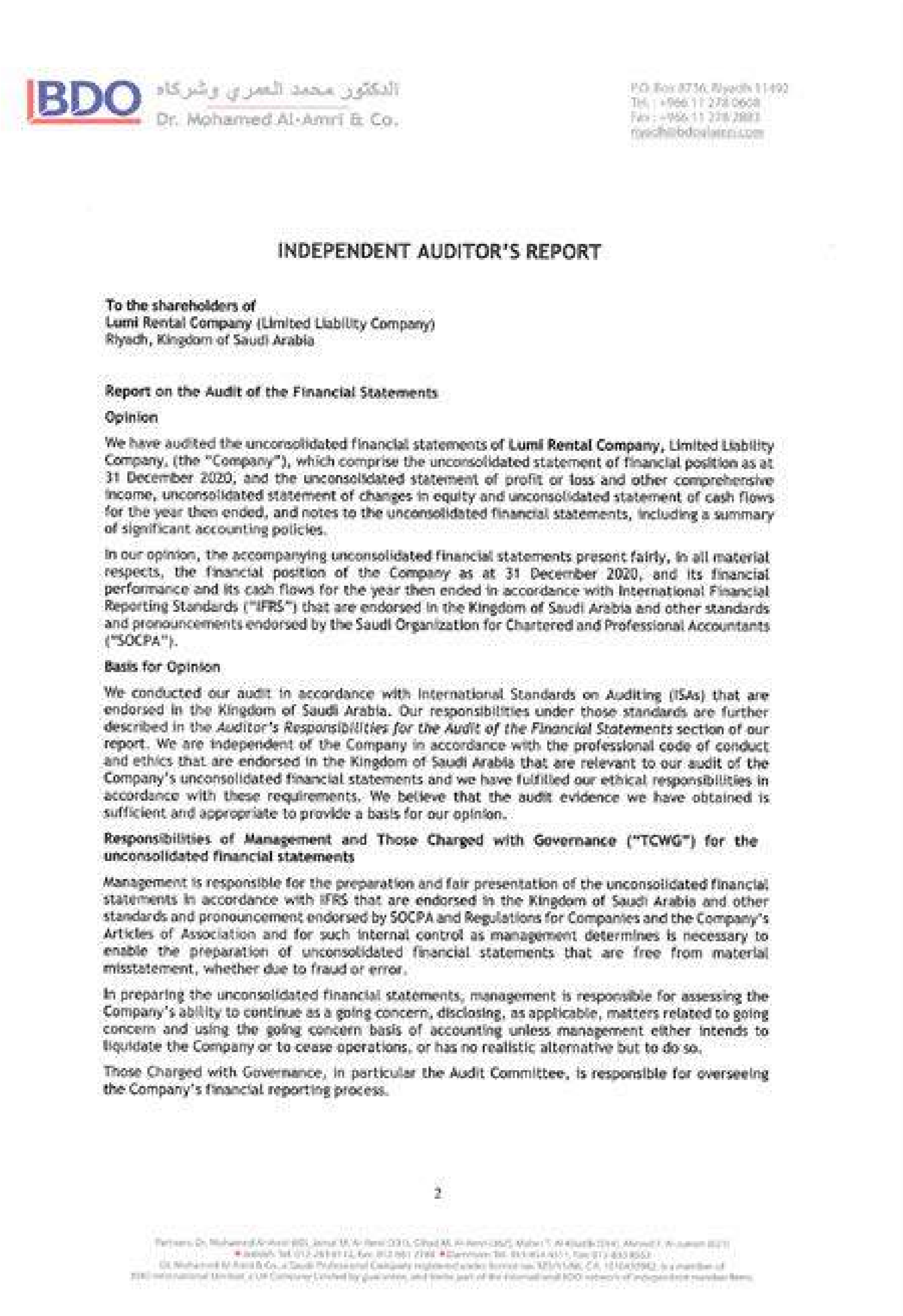
Seera Group, parent company of Lumi Rental company has announced its intention of taking the Company on IPO subsequent to the year end and currently conducting detailed feasibility studies to cover all organizational, financial, technical and legal aspects to determine the IPO prospects.

Subsequent to the period end, the Company entered into an agreement dated 02 June 2022 with a third party to dispose land held under its ownership for an agreed amount of SR 12.5 million.

28. APPROVAL OF THE UNCONSOLIDATED FINANCIAL STATEMENTS

These unconsolidated financial statements have been approved by the board of directors on 27 June 2022 corresponding 28 Dhul Qadah 1443H.

LUMI RENTAL COMPANY
(Limited Liability Company)
UNCONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020
AND INDEPENDENT AUDITOR'S REPORT



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INDEPENDENT AUDITOR'S REPORT

To the shareholders of
Lumi Rental Company (Limited Liability Company)
Riyadh, Kingdom of Saudi Arabia

Report on the Audit of the Financial Statements

Opinion

We have audited the unconsolidated financial statements of **Lumi Rental Company**, Limited Liability Company, (the "Company"), which comprise the unconsolidated statement of financial position as at 31 December 2020, and the unconsolidated statement of profit or loss and other comprehensive income, unconsolidated statement of changes in equity and unconsolidated statement of cash flows for the year then ended, and notes to the unconsolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying unconsolidated financial statements present fairly, in all material respects, the financial position of the Company as at 31 December 2020, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards ("IFRS") that are endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements endorsed by the Saudi Organization for Chartered and Professional Accountants ("SOCPA").

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) 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 professional code of conduct and ethics that are endorsed in the Kingdom of Saudi Arabia that are relevant to our audit of the Company's unconsolidated financial statements and we have fulfilled our ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and Those Charged with Governance ("TCWG") for the unconsolidated financial statements

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

In preparing the unconsolidated 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, in particular the Audit Committee, is responsible for overseeing the Company's financial reporting process.

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

Our objectives are to obtain reasonable assurance about whether the unconsolidated 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 ISAs endorsed in 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 unconsolidated financial statements.

As part of an audit in accordance with ISAs 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 unconsolidated 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 Company's management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the 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 unconsolidated 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 unconsolidated financial statements, including the disclosures, and whether the unconsolidated 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.

For BDO - Dr. Mohamed Al-Amri & Co.

Ahmed Al Jumah
Certified Public Accountant
Registration No. 621

Riyadh, on: 10 Dhul Qa'adah 1442H
Corresponding to: 20 June 2021(G)

LUMI RENTAL COMPANY (Limited Liability Company)
UNCONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2020

	Note	31 December 2020	31 December 2019	1 January 2019
		SR	SR	SR
			(Restated)	(Restated)
ASSETS				
Non-current assets				
Vehicles	7	**706,327,012**	625,066,113	312,285,791
Property and equipment	8	**28,325,780**	24,242,682	27,604,611
Investment in subsidiaries	9	**-**	7,777,777	7,777,777
		734,652,792	657,086,572	347,668,179
Current assets				
Trade receivables	10	**126,507,751**	101,114,677	47,274,321
Prepayments and other receivables	11	**42,205,610**	42,289,391	25,701,782
Due from related parties	12	**403,224**	1,990,464	65,723,581
Cash and cash equivalents	13	**16,275,551**	5,333,116	325,252
		185,392,136	150,727,648	139,024,936
TOTAL ASSETS		**920,044,928**	807,814,220	486,693,115
EQUITY AND LIABILITIES				
EQUITY				
Share capital	14	**15,000,000**	15,000,000	15,000,000
Additional capital	15	**535,000,000**	455,715,685	-
Statutory reserve		**4,500,000**	4,500,000	4,500,000
Retained earnings		**38,775,207**	67,466,314	37,928,833
TOTAL EQUITY		**593,275,207**	542,681,999	57,428,833
LIABILITIES				
Non-current liabilities				
Employees' end of service benefits	16	**8,100,309**	6,077,644	3,794,156
Loans and borrowings	17	**52,253,614**	75,477,443	-
Lease liabilities	18	**5,056,302**	927,402	4,017,890
		65,410,225	82,482,489	7,812,046
Current liabilities				
Bank overdraft	13		-	1,462,252
Trade payables		**77,242,841**	120,380,225	62,846,778
Loans and borrowings	17	**23,223,829**	23,223,829	-
Lease liabilities	18	**4,407,686**	4,308,660	4,172,540
Accruals and other liabilities	19	**10,973,362**	7,134,598	3,553,614
Due to related parties	12	**143,820,022**	26,557,025	348,643,199
Zakat payable	20	**1,691,756**	1,045,395	773,853
		261,359,496	182,649,732	421,452,236
TOTAL LIABILITIES		**326,769,721**	265,132,221	429,264,282
TOTAL EQUITY AND LIABILITIES		**920,044,928**	807,814,220	486,693,115

The accompanying notes from 1 to 28 form an integral part of these unconsolidated financial statements

LUMI RENTAL COMPANY (Limited Liability Company)
UNCONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2020

	Note	31 December 2020 SR	31 December 2019 SR
Revenue	21	**430,497,821**	317,264,122
Cost of revenue	22	**(335,504,926)**	(242,701,842)
Gross profit		**94,992,895**	74,562,280
Operating expenses			
General and administrative expenses	23	**(40,209,570)**	(39,404,828)
Profit from operations		**54,783,325**	35,157,452
Other expenses		**(148,967)**	(1,650)
Other income		**5,307,832**	-
Finance charges		**(2,698,472)**	(4,496,649)
Loss on disposal of investment in subsidiary	9	**(5,227,585)**	-
Profit before zakat		**52,016,133**	30,659,153
Zakat charge for the year	20	**(1,691,756)**	(1,045,395)
Profit for the year		**50,324,377**	29,613,758
Other comprehensive income:			
Item that will not be reclassified subsequently to profit or loss:			
Re-measurement of employees' end of service benefits	16	**268,831**	(76,277)
Other comprehensive income / (loss) for the year		**268,831**	(76,277)
Total comprehensive income for the year		**50,593,208**	29,537,481

The accompanying notes from 1 to 28 form an integral part of these unconsolidated financial statements

LUMI RENTAL COMPANY (Limited Liability Company)
UNCONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2020

	Note	Share capital	Additional capital	Statutory reserve	Retained earnings	Total
		SR	SR	SR	SR	SR
Balance at 1 January 2019 (Restated)		15,000,000	-	4,500,000	37,928,833	57,428,833
Profit for the year		-	-	-	29,613,758	29,613,758
Other comprehensive loss		-	-	-	(76,277)	(76,277)
Total comprehensive income		-	-	-	29,537,481	29,537,481
Additional capital introduced	15	-	455,715,685	-	-	455,715,685
Balance as at 31 December 2019 (Restated)		15,000,000	455,715,685	4,500,000	67,466,314	542,681,999
Profit for the year		**-**	**-**	**-**	**50,324,377**	**50,324,377**
Other comprehensive income		**-**	**-**	**-**	**268,831**	**268,831**
Total comprehensive income		**-**	**-**	**-**	**50,593,208**	**50,593,208**
Transferred to additional capital	15	**-**	**79,284,315**	**-**	**(79,284,315)**	**-**
Balance as at 31 December 2020		**15,000,000**	**535,000,000**	**4,500,000**	**38,775,207**	**593,275,207**

The accompanying notes from 1 to 28 form an integral part of these unconsolidated financial statements

RENTAL COMPANY (Limited Liability Company)
UNCONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2020

	Note	31 December 2020	31 December 2019
		SR	SR
Cash flows from operating activities			
Profit before zakat		**52,016,133**	30,659,153
Adjustment to reconcile profit before zakat			
Depreciation of:			
- Vehicles	7	**156,255,883**	103,640,005
- Property and equipment	8	**6,862,629**	5,207,843
Employees' end of service benefits provision	16	**2,803,516**	2,548,196
Impairment loss on trade receivables	10	**9,049,584**	8,608,437
Impairment loss on other receivables	11	**968,104**	(2,012,366)
Gain on sale of vehicles		**(16,442,404)**	(5,895,655)
Financial charges		**2,431,685**	4,018,479
Finance cost of lease liabilities	18	**266,787**	478,170
Net changes in working capital:			
Trade receivables	10	**(34,442,658)**	(62,448,793)
Prepayments and other receivables	11	**(884,323)**	(13,835,241)
Related parties, net	12	**116,548,155**	191,988,299
Trade payables		**(43,137,384)**	57,533,447
Accruals and other liabilities	19	**3,838,764**	3,580,984
Net cash generated from operations		**256,134,471**	324,070,958
Employees' end of service benefits paid	16	**(512,020)**	(340,985)
Zakat paid	20	**(1,045,395)**	(773,853)
Net cash generated from operating activities		**254,577,056**	322,956,120
Cash flows from investing activities			
Additions to vehicles	7	**(330,044,212)**	(476,137,700)
Additions to property and equipment	8	**(2,726,514)**	(1,845,914)
Proceeds from sale of vehicles		**109,096,299**	66,968,878
Loss on disposal of investment in subsidiary	9	**5,227,585**	-
Net assets transferred from the subsidiary	9	**2,550,192**	-
Net cash used in investing activities		**(215,896,650)**	(411,014,736)
Cash flows from financing activities			
Additions from loans and borrowings		**-**	116,119,143
Repayment of loans and borrowings		**(23,223,829)**	(17,417,871)
Lease liabilities paid	18	**(4,514,142)**	(4,172,540)
Net cash (used in) / generated from financing activities		**(27,737,971)**	94,528,732
Net changes in cash and cash equivalents		**10,942,435**	6,470,116
Cash and cash equivalents at beginning of the year	13	**5,333,116**	(1,137,000)
Cash and cash equivalents at the end of the year	13	**16,275,551**	5,333,116

The accompanying notes from 1 to 28 form an integral part of these unconsolidated financial statements

1. LEGAL STATUS AND NATURE OF OPERATIONS

Lumi Rental Company (the "Company") is a Limited Liability Company registered in Riyadh, Kingdom of Saudi Arabia under commercial registration numbered 1010228226 issued on 23 Muharram 1428H (corresponding to 10 February 2007).

The Company is 95% owned subsidiary of Seera Group Holding (A Saudi Joint Stock Company) (the "Parent"), a company registered in Riyadh, the Kingdom of Saudi Arabia and 5% owned by Seera Holiday for Travel and Tourism Company Limited.

The objective of the Company is buying, acquiring, leasing and renting vehicles, through its 40 Branches across the Kingdom of Saudi Arabia. Branch information is as follows:

1.1 Interest in subsidiaries

Name of subsidiary	Activities	Country of incorporation	31 December 2020	31 December 2019	1 January 2019
Saudi Company for Transportation United (SCT)	Rent a car business	KSA	-	100%	100%
Hanay Trading Company Limited (HTCL)	Rent a car business	KSA	80%	80%	80%

1.2 Branches

Commercial Registration No.	Registration date	Location
1010079694	15/03/1443	Riyadh
1010324433	13/02/1444	Riyadh
1010567276	18/07/1444	Riyadh
1010569335	27/07/1443	Riyadh
1010599904	18/02/1443	Riyadh
1010599908	18/02/1443	Riyadh
1010616188	11/04/1443	Riyadh
1010627470	23/06/1446	Riyadh
1010638731	22/10/1443	Riyadh
1131298375	21/07/1445	Qassim
2050085522	13/12/1442	Dammam
2050125982	16/09/1443	Dammam
2050125983	16/09/1446	Dammam
2050125984	16/09/1443	Dammam
2051226156	16/09/1441	Al Khobar
2051228260	08/03/1443	Al Khobar
2055026257	10/02/1444	Jubail
2055126812	08/03/1443	Jubail
2251495553	09/02/1446	Al Ahsa
3400120071	10/02/1443	Al Jouf
3550129516	27/10/1443	Tabuk
3550134190	05/02/1443	Tabuk
3552101601	05/02/1443	Al Wajh

1. LEGAL STATUS AND NATURE OF OPERATIONS

Commercial Registration No.	Registration date	Location
4030279663	13/12/1443	Jeddah
4030293122	05/05/1444	Jeddah
4030367715	18/02/1443	Jeddah
4030367716	18/02/1443	Jeddah
4030367717	18/02/1443	Jeddah
4030368604	02/03/1443	Jeddah
4030369035	08/03/1443	Jeddah
4031324013	11/04/1441	Makkah
4650077802	10/05/1443	Medina
4650215319	08/03/1443	Medina
4651102370	20/04/1444	Al Ula
4651102639	05/02/1443	Al Ula
4700020105	20/02/1443	Yunbu
4700020204	10/06/1444	Yunbu
4700112044	05/02/1443	Yunbu
5855070552	09/11/1443	Khamis
5900120565	08/03/1443	Jazan

1.3 Impact of COVID-19

The pandemic of COVID-19 that has rapidly spread all across the world has not only endangered human lives, but has also adversely impacted the global economy. On 20 March 2020, the government in the Kingdom of Saudi Arabia announced a temporary lockdown as a measure to reduce the spread of the COVID–19. The lockdown was subsequently relaxed by the end of May 2020.

The company evaluated the nature and scope of the impact of COVID-19 on its unconsolidated operations and financial results. The Company's management assessed the accounting implications of this impact and considered the following areas of unconsolidated financial statements for this purpose:

Loan modification under IFRS 9, 'Financial Instruments';

- Impairment of tangible assets under IAS 36, 'Impairment of non-financial assets;
- Recognition of the right-of-use assets and liabilities regarding lease modification under IFRS 16;
- Provisions and contingent liabilities under IAS 37, including onerous contracts; and
- Going concern assumption used for the preparation of these unconsolidated financial statements.

Following a detailed assessment by the Company's management, it was concluded that COVID-19 did not significantly impact the Company's operations.

The company will continue to assess the nature and extent of COVID-19 and its impact on commercial and financial performance.

2. STATEMENT OF COMPLIANCE WITH IFRS

These unconsolidated financial statements of the Company have been prepared in accordance with International Financial Reporting Standards, International Accounting Standards and Interpretations (collectively IFRSs), issued by the International Accounting Standards Board (IASB) that are endorsed by Saudi Organization for Chartered and Professional Accountants ("SOCPA").

3. STANDARDS, INTERPRETATIONS, AND AMENDMENTS TO EXISTING STANDARDS

3.1 New standards, interpretations and amendments effective in current year

The following are the new standards, interpretations and amendments to standards that are effective in the current year.

Standards	Title	Effective date
IAS 1	Presentation of financial statements- Amendments regarding the definition of materiality	1 January 2020
IAS 8	Accounting Policies, Changes in Accounting Estimates and Errors	1 January 2020
IFRS 9, IAS 39 and IFRS 7	Interest Rate Benchmark Reforms	1 January 2020
IFRS 16	Amendment-to provide lessees with an exemption from assessing whether a COVID-19 related rent concession is a lease modification	1 June 2020
	Revised Conceptual Framework for Financial Reporting	January 2020

IAS 1 - Presentation of financial statements

Amendments to its definition of material to make it easier for companies to make materiality judgements. The materiality depends on the nature or magnitude of information, or both. An entity assesses whether information, either individually or in combination with other information, is material in the context of its financial statements taken as a whole.

IAS 8 - Accounting Policies, Changes in Accounting Estimates and Errors

The amendments are intended to make the definition of material easier to understand and are not intended to alter the underlying concept of materiality in IFRS. In addition, the IASB has also issued guidance on how to make materiality judgements when preparing general purpose financial statements in accordance with IFRS.

Amendments to IFRS 7, IFRS 9 and IAS 39 Interest Rate Benchmark Reform

The amendments to IFRS 9 and IAS 39 Financial Instruments: Recognition and Measurement provide a number of reliefs, which apply to all hedging relationships that are directly affected by interest rate benchmark reform. A hedging relationship is affected if the reform gives rise to uncertainty about the timing and/or amount of benchmark-based cash flows of the hedged item or the hedging instrument.

3 STANDARDS, INTERPRETATIONS, AND AMENDMENTS TO EXISTING STANDARDS

Amendments to IFRS 16 COVID-19 Related Rent Concessions

On 28 May 2020, the IASB issued COVID-19-Related Rent Concessions - amendment to IFRS 16 Leases. The amendments provide relief to lessees from applying IFRS 16 guidance on lease modification accounting for rent concessions arising as a direct consequence of the COVID-19 pandemic. As a practical expedient, a lessee may not elect to assess whether a COVID-19 related rent concession from a lessor is a lease modification. A lessee that makes this election accounts for any change in lease payments resulting from the COVID-19 related rent concession the same way it would account for the change under IFRS 16, if the change were not a lease modification. The amendment applies to annual reporting periods beginning on or after 1 June 2020. Earlier application is permitted.

Conceptual Framework for Financial Reporting issued on 29 March 2018

The Conceptual Framework is not a standard, and none of the concepts contained therein override the concepts or requirements in any standard. The purpose of the Conceptual Framework is to assist the IASB in developing standards, to help preparers develop consistent accounting policies where there is no applicable standard in place and to assist all parties to understand and interpret the standard.

This will affect those entities which developed their accounting policies based on the Conceptual Framework. The revised Conceptual Framework includes some new concepts, updated definitions and recognition criteria for assets and liabilities and clarifies some important concepts.

The Company does not have a material impact on its unconsolidated financial statements from the above.

3.2 New standards, interpretations and amendments not yet effective

Standards	Title	Effective date
IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16	Interest Rate Benchmark Reforms – Phase 2	1 January 2021
IAS 16	Property, Plant and Equipment - Amendments prohibiting a company from deducting from the cost of property, plant and equipment amounts received from selling items produced while the company is preparing the asset for its intended use	1 January 2022
IAS 37	Provisions, Contingent Liabilities and Contingent Assets- Amendments regarding the costs to include when assessing whether a contract is onerous	1 January 2022
	Annual improvements to IFRS standards 2018-2020	1 January 2022
IAS 1	Presentation of financial statements - Amendments regarding the classification of liabilities	1 January 2023

3.3 Others

The Company does not expect any other standards issued by the IASB, but not yet effective, to have a material impact on the Company.

The Company yet to assess the impact of the above amendments in its unconsolidated financial statements.

4. BASIS OF PREPARATION

4.1 Unconsolidated financial statements

These unconsolidated financial statements are separate financial statements of the Company. The Company elects for an exemption in accordance with paragraph 4(a) of IFRS 10 to prepare separate financial statements. The Company need not present the consolidated financial statements due to the following:

- The Company is a subsidiary of Seera Holding Group (A Saudi joint Stock Company) and it produces financial statements that are available for public use and comply with IFRSs.

Accordingly, the Company's investments in its subsidiaries are accounted for under the cost method and are not consolidated as required by IAS 27 paragraph 16 A, and are the only financial statements prepared by the Company.

4.2 Overall considerations

These unconsolidated financial statements have been prepared using the measurement bases specified by IFRSs for each type of asset, liability, income, and expense. The measurement bases are more fully described in the accounting policies.

The principal accounting policies adopted in the preparation of these financial statements are set out in note 6**.** The accounting policies have been consistently applied to all the years presented unless otherwise stated.

The preparation of these unconsolidated financial statements in compliance with IFRS requires the use of certain critical accounting estimates. It also requires the Company's management to exercise judgment in applying the Company's accounting policies. The areas where significant judgments and estimates have been made in preparing these unconsolidated financial statements and their effect are disclosed in note 5.

These unconsolidated financial statements have been prepared on the historical cost basis, except for the following:

- Defined benefits plan measured at the present value of future obligations using the Projected Unit Credit Method; and
- Investment in subsidiaries at cost method.

Furthermore, these unconsolidated financial statements are prepared on a going concern basis.

4.3 Financial year end

The Company's financial year starts from 1 January and ends on 31 December in each Gregorian calendar year.

4.4 Functional and presentation currency

The unconsolidated financial statements are presented in Saudi Riyal ("SR"), which is also the Company's functional currency.

5. USE OF JUDGEMENT AND ESTIMATES

The Company makes certain estimates and assumptions regarding the future. Estimates and judgments are continually evaluated based on historical experience and other factors, including expectations of future events that are considered reasonable in the circumstances. In the future, experience may differ from these estimates and assumptions. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below:

The Company concluded that the COVID-19 did not impact the sources of estimates and judgements and that they remain similar to those disclosed in the last annual unconsolidated financial statements.

The estimates and assumptions 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:

Useful lives of depreciable assets

An estimate of the useful lives and residual values of property and equipment is made for the purposes of calculating depreciation respectively. These estimates are made based on expected usage for useful lives. Residual value is determined based on experience and observable data where available.

The useful lives and residual values of the Company’s assets are determined by management based on technical evaluation at the time the asset is acquired and reviewed annually for appropriateness. The lives are based on historical experience with similar assets as well as an anticipation of future events which may impact their life such as changes in technology.

Impairment of non-financial assets

An impairment loss is recognised for the amount by which the asset’s or cash-generating unit’s carrying amount exceeds its recoverable amount. To determine the recoverable amount, management estimates expected future cash flows from each cash-generating unit and determines a suitable commission rate in order to calculate the present value of those cash flows. In the process of measuring expected future cash flow management makes assumptions about future operating results. Such assumptions are relevant to future events and circumstances. The actual results may vary, and may cause significant adjustments to the Company’s assets within the next financial year.

Impairment of trade receivables

The Company measures the loss allowance for trade receivables in an amount equal to lifetime ECL. The expected credit losses on trade receivables are estimated using a provision matrix by reference to past default experience of the receivable and an analysis of the receivable’s current financial position, adjusted for factors that are specific to the receivables, general economic conditions of the industry in which the receivables operate and an assessment of both the current as well as the forecast direction of conditions at the reporting date. Trade receivable is normally assessed collectively, unless there is a need to assess a particular receivable on an individual basis.

Leases

The determination of the lease term for some lease contracts in which the Company is a lessee, including whether the Company is reasonably certain to exercise lessee’s options and the determination of the incremental borrowing rate used to measure the lease liabilities.

Employees' end of service benefits

The cost of employee benefits obligations and other after-service benefits are determined by actuarial valuation exercises. The actuarial estimates involve making many assumptions that may differ from actual developments in the future. These assumptions include the determination of the discount rate and future salary increases. Given the complexity of the estimates and the underlying assumptions and their long-term nature, the commitment of employee benefits is greatly influenced by changes in these assumptions. All inputs are reviewed at the end of each financial year.

Estimate of Zakat

The Company's zakat on ordinary activities is the sum of the total zakat. The calculation of the Company's zakat charge necessarily involves a degree of estimation and judgment in respect of certain items whose treatment cannot be finally determined until resolution has been reached with the relevant tax authority or, as appropriate, through a formal legal process.

Recognition and measurement of provisions

By their nature, the measurement of provisions depends upon estimates and assessments, whether the criteria for recognition have been met, including estimates of the probability of cash outflows. The Company's estimates related to provisions for environmental matters are based on the nature and seriousness of the contamination, as well as on the technology required for remediation. Provisions for litigation are based on cost estimates, considering legal advice and other available information.

5.1 Measurement of fair values

A number of the Company's accounting policies and disclosures require the measurement of fair values, for both financial and non-financial assets and liabilities.

When measuring the fair value of an asset or liability, the Company uses observable market data as far as possible. Fair values are categorized into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets and liabilities.
- Level 2: inputs other than quoted priced included in Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., price derivations).
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

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

The Company recognises transfers between the levels of the fair value hierarchy at the end of the reporting year during which the change has occurred.

Further details on the assumptions used to assess fair values can be found in Note 25 to these unconsolidated financial statements.

6. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Following are the significant accounting policies applied by the Company in preparing its unconsolidated financial statements:

6.1 Changes in accounting policies

Amendments to IFRS 16: COVID-19-Related Rent Concessions

Effective from 1 June 2020, IFRS 16 was amended to provide a practical expedient for lessees accounting for rent concessions that arise as a direct consequence of the COVID-19 pandemic and satisfy the following criteria:

(a) The change in lease payments results in revised consideration for the lease that is substantially the same as, or less than, the consideration for the lease immediately preceding the change;

(b) The reduction is lease payments affects only payments originally due on or before 30 June 2021; and

(c) There are is no substantive change to other terms and conditions of the lease.

Rent concessions that satisfy these criteria may be accounted for in accordance with the practical expedient, which means the lessee does not need to assess whether the rent concession meets the definition of a lease modification. Lessees apply other requirements in IFRS 16 in accounting for the concession. The Company, being a lessee, has not received any rent concessions during the period and accordingly is not affected by this amendment.

6.2 Foreign currency translation

Foreign currency transactions and balances

Foreign currency transactions are translated into the functional currency, using the exchange rates prevailing at the dates of the transactions (spot exchange rate). Foreign exchange gains and losses resulting from the settlement of such transactions and from the re-measurement of monetary items at year-end exchange rates are recognised in profit or loss.

Non-monetary items are not retranslated at year-end and are measured at historical cost (translated using the exchange rates at the transaction date), except for non-monetary items measured at fair value which are translated using the exchange rates at the date when the fair value was determined.

6.3 Vehicles

Vehicles are presented at cost, net of accumulated depreciation and accumulated impairment losses, as appropriate. The original cost of the vehicles is recognised net of manufacturers' incentives and allowances.

Amortization is based on their estimated residual values at the expected date of disposal, after taking into account the expected market conditions for used cars. Any adjustments to depreciation are made prospectively.

The estimation of residual values required the Company to make assumptions regarding the age and mileage of the car at the time of disposal, as well as expected used vehicle auction market conditions. The Company regularly assesses the estimated residual values and adjusts depreciation rates, if any. Differences between actual and estimated residual values result in a gain or loss on disposal and are recognised as part of the vehicle's depreciation at the time of sale.

Depreciation is calculated in a straight line over the estimated lifetime of 2 to 7 years.

6.4 Property and equipment

Recognition and measurement

Items of property and equipment are measured at cost, which includes capitalized borrowing costs, less accumulated depreciation and any accumulated impairment losses. If significant parts of an item of property and equipment have different useful lives, then they are accounted for as separate items (major components) of property and equipment. All other repair and maintenance costs are recognized in the income statement as incurred.

An item of property and equipment is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss on disposal of an item of property and equipment is recognized in profit or loss as other income.

Subsequent expenditure

Subsequent expenditure is capitalized only if it is probable that the future economic benefits associated with the expenditure will flow to the Company.

Derecognition

An item of property and equipment is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss on disposal of an item of property and equipment is recognized in the unconsolidated statement of profit or loss and other comprehensive income.

Depreciation

Depreciation is calculated to write off the cost of items of property and equipment less their estimated residual values using the straight-line method over their estimated useful lives, and is generally recognized in profit or loss. Land is not depreciated.

The estimated depreciation rate of property and equipment for current and comparative periods are as follows:

Right-of-use assets	Over the lease term
Furniture and fixtures	6.67
Office equipment	6.67
Decors and enhancements	6.67
Air conditioners	6.67
Computers	5
Tools and hardware	6.67
Telecom and security systems	5

The residual values, useful life and depreciation methods of property and equipment are reviewed at each year-end and adjusted prospectively, as appropriate.

6.5 Impairment testing 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 applied.

These calculations are corroborated by valuation multiples, quoted share prices for publicly traded companies or other available fair value indicators.

For assets excluding goodwill, an assessment is made at each reporting date to determine whether there is an indication that previously recognized 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 recognized 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 recognized. 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 recognized for the asset in prior years. Such reversal is recognized in the unconsolidated statement of profit or loss.

6.6 Financial Instruments

i Financial assets

The Company classifies its financial assets into one of the categories discussed below, depending on the purpose for which the asset was acquired. The Company's accounting policy for each category is as follows:

Fair value through profit or loss

Financial assets are carried in the statement of unconsolidated financial position at fair value with changes in fair value recognized in the unconsolidated statement of profit or loss in the finance income or expense line. The Company does not have any assets held for trading nor does it voluntarily classify any financial assets as being at fair value through profit or loss.

Amortised cost

These assets arise principally from the provision of goods and services to customers (e.g. Trade receivables), but also incorporate other types of financial assets where the objective is to hold these assets in order to collect contractual cash flows and the contractual cash flows are solely payments of principal and interest. They are initially recognised at fair value plus transaction costs that are directly attributable to their acquisition or issue, and are subsequently carried at amortised cost using the effective interest rate method, less provision for impairment.

Impairment provisions for Trade receivables are recognized based on the simplified approach within IFRS 9 using a provision matrix in the determination of the lifetime expected credit losses. During this process the probability of the non-payment of the trade receivables is assessed. This probability is then multiplied by the amount of the expected loss arising from default to determine the lifetime expected credit loss for trade receivables. For trade receivables, which are reported net, such provisions are recorded in a separate provision account with the loss being recognised within operating expenses in the unconsolidated statement of profit or loss and comprehensive income. On confirmation that the trade receivables will not be collectable, the gross carrying value of the asset is written off against the associated provision.

Impairment provisions for other receivables including related parties are recognized based on a forward-looking expected credit loss model. The methodology used to determine the amount of the provision is based on whether there has been a significant increase in credit risk since initial recognition of the financial asset. For those where the credit risk has not increased significantly since initial recognition of the financial asset, twelve month expected credit losses along with gross interest income are recognized. For those for which credit risk has increased significantly, lifetime expected credit losses along with the gross interest income are recognized. For those that are determined to be credit impaired, lifetime expected credit losses along with interest income on a net basis are recognized.

The Company's financial assets measured at amortized cost comprise trade receivables, due from related parties and cash and cash equivalents in the statement of unconsolidated financial position.

Fair value through other comprehensive income

Financial assets fair valued through other comprehensive income are carried at fair value with changes in fair value recognised in other comprehensive income and accumulated in the fair value through other comprehensive income reserve. Upon disposal any balance within fair value through other comprehensive income reserve is reclassified directly to retained earnings and is not reclassified to profit or loss.

Purchases and sales of financial assets measured at fair value through other comprehensive income are recognised on settlement date with any change in fair value between trade date and settlement date being recognised in the fair value through other comprehensive income reserve.

Presentation of impairment

Loss allowances for financial assets measured at amortized cost are deducted from the gross carrying amount of the assets. Impairment losses related to trade receivables and other assets are presented separately in the unconsolidated statement of profit or loss account.

De-recognition of financial assets

The Company derecognizes a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Company neither transfers nor retains all the risks and rewards of ownership substantially and continues to control the transferred asset, the Company recognizes its retained interest in the asset and an associated liability for amounts it may have to pay.

ii Financial liabilities

The Company classifies its financial liabilities into one of two categories, depending on the purpose for which the liability was acquired. The Company's accounting policy for each category is as follows:

Fair value through profit or loss

Financial liabilities fair valued through profit or loss are carried in the unconsolidatedstatement of financial position at fair value with changes in fair value recognised in the unconsolidated statement of profit or loss and comprehensive income. The Company does not have any liabilities held for trading nor has it designated any financial liabilities as being at fair value through profit or loss.

Other financial liabilities

Commission bearing liabilities are initially recognized at fair value net of any transaction costs directly attributable to the issue of the instrument. Such commission bearing liabilities are subsequently measured at amortized cost using the effective commission rate method, which ensures that any commission expense over the period to repayment is at a constant rate on the balance of the liability carried in the unconsolidated statement of financial position. For the purposes of each financial liability, commission expense includes initial transaction costs and any premium payable on redemption, as well as any interest or coupon payable while the liability is outstanding.

Other short-term monetary liabilities, which are initially recognized at fair value and subsequently carried at amortised cost using the effective commission method.

De-recognition

When an existing financial liability is replaced by another from the same lender with substantially different terms or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the de-recognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognized in the unconsolidated statement of profit or loss.

Offsetting of financial instruments

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

6.7 Cash and cash equivalents

Cash and cash equivalents in the unconsolidated statement of financial position comprise of cash at banks and cash in hand.

6.8 Equity and reserves

Share capital represents the nominal value of shares that have been issued.

The additional capital is the amount paid by the parent to the company to meet its working capital needs. The additional capital will be converted to shares at the time the Company increases its share capital.

Retained earnings include all current and prior period profits.

6.9 Statutory Reserve

In accordance with the Regulations for Companies in the Kingdom of Saudi Arabia and the Company's articles of association, the Company is required to transfer 10% of net income for the year to the statutory reserve until such reserve equals 30% of its share capital. This reserve is not available for distribution to the shareholders. The transfer to statutory reserve is made by the Company only at the year end.

6.10 Employees' end of service benefits

Short-term employee benefits

A liability is recognized for the benefits accruing to employees' in respect of wages and salaries, annual leave, air tickets and sick leave that are expected to be settled wholly within twelve months after the end of the period in which the employees render the related service. The liability is recorded as the undiscounted benefit amount to be paid in return for this service.

Defined benefit plans

The end-of-service allowance is determined using the projected unit credit method and actuarial valuations are made at the end of each reporting period. Re-measurements, comprising actuarial gains and losses, are reflected immediately in the statement of financial position with a charge or credit recognized in other comprehensive income in the period in which they occur. Remeasurements recognised in other comprehensive income will not be reclassified as profit or loss in subsequent periods. Interest is determined by applying the discount rate at the beginning of the period to the defined benefit liability or net asset. Defined benefit costs are classified as follows:

- service cost (including current service cost and past service cost);
- interest expense; and
- Re-measurements

The Company presents the first two components of defined benefit costs in profit or loss and the third component in other comprehensive income, in relevant line items.

6.11 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 capitalized as part of the cost of the respective asset. All other borrowing costs are charged to expenses in the period in which they arise. Borrowing charges include interest and other charges that an entity incurs in relation to the borrowing of funds.

6.12 Leases

All leases are accounted for by recognizing a right-of-use asset and a lease liability except for:

- Leases of low value assets; and
- Leases with a term of 12 months or less.

Lease liabilities are measured at the present value of the contractual payments due to the lessor over the lease term, with the discount rate determined by reference to the rate inherent in the lease unless (as is typically the case) this is not readily determinable, in which case the Company's incremental borrowing rate on commencement of the lease is used. Variable lease payments are only included in the measurement of the lease liability if they depend on an index or rate. In such cases, the initial measurement of the lease liability assumes the variable element will remain unchanged throughout the lease term. Other variable lease payments are expensed in the period to which they relate.

On initial recognition, the carrying value of the lease liability also includes:

- amounts expected to be payable under any residual value guarantee;
- the exercise price of any purchase option granted in favour of the Company if it is reasonably certain to assess that option;
- any penalties payable for terminating the lease, if the term of the lease has been estimated on the basis of termination option being exercised.

6.13 Leases (continued)

Right-of-use assets are initially measured at the amount of the lease liability, reduced for any lease incentives received, and increased for:

- lease payments made at or before the commencement of the lease;
- initial direct costs incurred; and
- the amount of any provision recognized where the Company is contractually required to dismantle, remove or restore the leased asset.

Subsequent to initial measurement lease liabilities increase as a result of interest charged at a constant rate on the balance outstanding and are reduced for lease payments made. Right-of-use assets are amortized on a straight-line basis over the remaining term of the lease or over the remaining economic life of the asset if, rarely, this is judged to be shorter than the lease term.

When the Company revises its estimate of the term of any lease (because, for example, it re-assesses the probability of a lessee extension or termination option being exercised), it adjusts the carrying amount of the lease liability to reflect the payments to make over the revised term, which are discounted at the same discount rate that applied on lease commencement. The carrying value of lease liabilities is similarly revised when the variable element of future lease payments dependent on a rate or index is revised, except the discount rate remains unchanged. In both cases an equivalent adjustment is made to the carrying value of the right-of-use asset, with the revised carrying amount being amortized over the remaining lease term. If the carrying amount of the right-of-use asset is adjusted to zero, any further reduction is recognized in profit or loss.

When the Company renegotiates the contractual terms of a lease with the lessor, the accounting depends on the nature of the modification:

- if the renegotiation results in one or more additional assets being leased for an amount commensurate with the standalone price for the additional rights-of-use obtained, the modification is accounted for as a separate lease in accordance with the above policy
- in all other cases where the renegotiated increases the scope of the lease (whether that is an extension to the lease term, or one or more additional assets being leased), the lease liability is remeasured using the discount rate applicable on the modification date, with the right-of-use asset being adjusted by the same amount
- if the renegotiation results in a decrease in the scope of the lease, both the carrying amount of the lease liability and right-of-use asset are reduced by the same proportion to reflect the partial of full termination of the lease with any difference recognized in profit or loss. The lease liability is then further adjusted to ensure its carrying amount reflects the amount of the renegotiated payments over the renegotiated term, with the modified lease payments discounted at the rate applicable on the modification date. The right-of-use asset is adjusted by the same amount.

For contracts that both convey a right to the Company to use an identified asset and require services to be provided to the Company by the lessor, the Company has elected to account for the entire contract as a lease, i.e. it does not allocate any amount of the contractual payments to, and account separately for, any services provided by the supplier as part of the contract.

6.13 Trade payables

These amounts represent liabilities for goods and services provided to the Company prior to the end of a financial period, which are unpaid. The amounts are not secured. Trade and other payables are presented as current liabilities unless payment is not due within 12 months after the reporting period. They are originally recorded at fair value and then measured at amortised cost using the effective interest method.

6.14 Provisions

Provisions are recognised when present obligations as a result of a past event will probably lead to an outflow of economic resources from the Company and amounts can be estimated reliably. Timing or amount of the outflow may still be uncertain. A present obligation arises from the presence of a legal or constructive commitment that has resulted from past events, for example, legal disputes or onerous contracts.

Provisions are measured at the estimated expenditure required to settle the present obligation, based on the most reliable evidence available at the reporting date, including the risks and uncertainties associated with the present obligation. Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. Provisions are discounted to their present values, where the time value of money is material.

Any reimbursement that the Company can be virtually certain to collect from a third party with respect to the obligation is recognised as a separate asset. However, this asset may not exceed the amount of the related provisions.

All provisions are reviewed at each reporting date and adjusted to reflect the current best estimate. In those cases, where the possible outflow of economic resources as a result of present obligations is considered improbable or remote, no liability is recognised, unless it was assumed in the course of a business combination.

6.15 Accruals and other liabilities

Liabilities are recognised for amounts payable in the future for goods or services received, invoiced or not invoiced by the supplier.

6.16 Revenue

Revenues are derived primarily from the provision of vehicle rental services to commercial and recreational customers.

The Company recognized revenue when obligations under the terms of a contract with the customer were satisfied; generally, this occurred evenly over the contract term (over time); when control of the promised products or services was transferred to the customer. Revenues were measured by the amount of consideration that the Company should be entitled to receive in return for the transfer of goods or services. Vehicle rental revenues were recognized consistently over the lease period.

Revenue from sale of vehicles

Revenues from the sale of vehicles are recorded, when the control of the vehicles is transferred to the customers (point in time), usually when the vehicles are delivered. Normal credit terms are 30 days after the vehicle is delivered.

6.17 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 to: depreciation of vehicles, cost of vehicles disposed of, etc.

6.18 General and administrative expenses

General and administrative expenses comprise direct and indirect costs that are not specifically part of the cost of sales.

6.19 Finance cost

Financial costs are expensed in the period in which they occur. Financing costs consist primarily of profit margins on loans and borrowings and financial costs associated with lease liabilities.

6.20 Zakat

The Company is subject to zakat according to the Rules of the General Authority of Zakat and Taxation ("GAZT") in the Kingdom of Saudi Arabia. However, zakat returns are filed on a consolidated basis with its Parent company. Zakat is recognized on an accrual basis. The zakat charge is calculated based on the higher of the zakat base or adjusted net income. Any difference in the estimate is recorded when the final assessment is approved, at which time the accrual is cleared. The allocation of zakat to unconsolidated financial statements represents the share of zakat of the Company allocated by the Parent Company.

7. VEHICLES

	31 December 2020 SR	31 December 2019 SR	1 January 2019 SR
Cost:			
Balance at the beginning of the year	**758,150,678**	384,518,025	233,328,342
Additions during the year	**330,044,212**	476,137,700	209,060,012
Transfer on disposal of a subsidiary	**-**	2,073,181	-
Disposal during the year	**(159,173,130)**	(104,578,228)	(57,870,329)
Balance at the end of the year	**929,021,760**	758,150,678	384,518,025
Accumulated depreciation:			
Balance at the beginning of the year	**133,084,565**	72,232,234	40,991,334
Charge for the year	**156,255,883**	103,640,005	58,850,757
Elimination on transfer on disposal of a subsidiary	**-**	717,331	-
Elimination on disposal	**(66,645,700)**	(43,505,005)	(27,609,857)
Balance at the end of the year	**222,694,748**	133,084,565	72,232,234
Net book value	**706,327,012**	625,066,113	312,285,791

Depreciation costs for the year were expensed against the cost of revenues.

LUMI RENTAL COMPANY (Limited Liability Company)
NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020

8. PROPERTY AND EQUIPMENT

	Right-of-use assets	Lands	Furniture and fixtures	Office equipment	Decors and enhance-ments	Air conditioners	Computers	Tools and hardware	Telecom and security systems	Total
Cost:										
Balance at 1 January 2019	9,059,256	12,318,160	827,997	117,005	4,355,588	255,168	3,272,508	969,502	**59,123**	31,234,307
Additions during the year	740,002	-	**251,018**	1,200	544,002	25,957	113,302	170,433	-	1,845,914
Balance at 31 December 2019	**9,799,258**	12,318,160	1,079,015	118,205	4,899,590	281,125	3,385,810	1,139,935	59,123	**33,080,221**
Additions during the year	8,345,678	-	532,735	24,300	425,787	142,796	773	348,023	16,735	9,836,827
Transfer on disposal of subsidiary	1,215,035	-	10,180	-	500	9,650	-	-	-	1,235,365
Disposals	-	-	(52,560)	-	(90,600)	-	-	-	-	(143,160)
Balance at 31 December 2020	19,359,971	12,318,160	1,569,370	142,505	5,235,277	433,571	3,386,583	1,487,958	75,858	44,009,253
Accumulated Depreciation:										
Balance at 31 December 2018	-	-	456,667	115,981	1,297,569	87,857	1,456,437	182,605	32,580	3,629,696
Charge for the year	3,762,697	-	87,925	1,219	563,180	32,209	616,556	139,659	4,398	5,207,843
Balance at 31 December 2019	3,762,697	-	544,592	117,200	1,860,749	120,066	2,072,993	322,264	36,978	8,837,539
Charge for the year	**4,270,507**	**-**	**148,520**	**3,186**	**657,464**	**37,648**	**615,635**	**205,019**	**4,362**	**5,942,341**
Elimination on transfers on disposal of subsidiary	910,699	-	4,528	-	295	4,766	-	-	-	**920,288**
Disposals	-	-	(6,524)	-	(10,171)	-	-	-	-	**(16,695)**
Balance at 31 December 2020	**8,943,903**	**-**	**691,116**	**120,386**	**2,508,337**	**162,480**	**2,688,628**	**527,283**	**41,340**	**15,683,473**
Net book value:										
At 31 December 2020	**10,416,068**	**12,318,160**	**878,254**	**22,119**	**2,726,940**	**271,091**	**697,955**	**960,675**	**34,518**	**28,325,780**
At 31 December 2019	6,036,561	12,318,160	534,423	1,005	3,038,841	161,059	1,312,817	817,671	22,145	24,242,682
At 1 January 2019 (restated)	9,059,256	12,318,160	371,330	1,024	3,058,019	167,311	1,816,071	786,897	26,543	27,604,611

Depreciation costs for the year were allocated between general and administrative expenses and the cost of revenues as follows:	2020	2019
Cost of revenue (note 22)	**4,270,507**	3,762,697
General and administrative expenses (note 23)	**1,671,834**	1,445,146
Total	**5,942,341**	5,207,843

9. INVESTMENT IN SUBSIDIARIES

	%	31 December 2020	31 December 2019	1 January 2019
		SR	SR	SR
			(Restated)	(Restated)
Saudi Company for Transportation United (SCT)	**100%**	-	7,777,777	7,777,777
Hanay Trading Company Limited (HTCL)	**80%**	-	-	-
		-	7,777,777	7,777,777

The following represents the change in investments in subsidiaries during the year.

	31 December 2020	31 December 2019	1 January 2019
	SR	SR	SR
		(Restated)	(Restated)
Balance at the beginning of the year	**7,777,777**	7,777,777	7,777,777
Loss at the disposition of a subsidiary	**(5,227,585)**	-	-
Net assets transferred	**(2,550,192)**	-	-
Balance at the end of the year	**-**	7,777,777	7,777,777

Breakup of net asset transferred

	SCT
	SR
Property and equipment	**315,077**
Trade receivables	**762,542**
Prepayments and other receivables	**212,514**
Related parties,net	**1,389,662**
Lease liabilities	**(129,603)**
	2,550,192

On October 8, 2020, the Company's subsidiary, Saudi Company for Transportation United (SCT), was converted to a branch of the Company. As a result, a net loss of SR 5,2 million is recognised on de-recognition in these unconsolidated financial statements.

10. TRADE RECEIVABLES, NET

	31 December 2020	31 December 2019	1 January 2019
	SR	SR	SR
Trade receivables	**144,387,119**	109,944,461	47,495,668
Impairment loss	**(17,879,368)**	(8,829,784)	(221,347)
	126,507,751	101,114,677	47,274,321

Information on the Company's exposure to credit and market risks and impairment losses related to trade receivables can be found in Note 24.

The Company uses the simplified IFRS 9 approach to measure expected credit losses using a provision for expected credit losses over the life of the accounts receivable. To measure expected credit losses on a collective basis, trade receivables are grouped based on similar credit risk and aging.

The expected loss rates are based on the Company's historical credit losses experience over the two-year period prior to the year end. Historical loss rates are then adjusted based on current and prospective information on macroeconomic factors affecting the Company's customers. The Company has identified the gross domestic product (GDP), unemployment rate and inflation rate as the key macroeconomic factors for ECL calculations.

10. TRADE RECEIVABLES, NET (continued)

The lifetime expected loss provision for trade receivables is as follows:

31 December 2020	Current	More than 30 days	More than 180 days	More than 365 days	Total
		past due	past due	past due	
Expected loss rate	**7.8%**	**11.7%**	**15.9%**	**24.8%**	
Gross carrying amount	**17,337,261**	**82,007,988**	**18,815,163**	**26,226,707**	**144,387,119**
Loss provision	**1,352,306**	**8,792,982**	**2,803,459**	**4,930,621**	**17,879,368**

31 December 2019	Current	More than 30 days	More than 180 days	More than 365 days	Total
		past due	past due	past due	
Expected loss rate	3.5%	4.4%	8.3%	15.3%	
Gross carrying amount	17,977,404	11,452,144	66,166,905	14,348,008	109,944,461
Loss provision	629,209	503,894	5,501,435	2,195,245	8,829,784

1 January 2019	Current	More than 30 days	More than 180 days	More than 365 days	Total
		past due	past due	past due	
Expected loss rate	0.2%	0.3%	0.4%	1%	
Gross carrying amount	13,005,564	8,065,460	16,268,996	10,155,648	47,495,668
Loss provision	26,011	28,229	65,550	101,556	221,347

All receivables are due within 15 to 30 days as of 31 December 2020. None of these receivables has experienced a significant increase in credit risk since initial recognition, resulting in the recognition of 12-month expected credit losses.

The ageing of such accounts receivable is as follows:

	31 December 2020	31 December 2019	1 January 2019
	SR	SR	SR
Neither past due nor impaired	**15,953,399**	72,440,849	14,173,835
Not more than six months	**75,096,228**	28,673,828	33,100,486
More than six months	**35,458,124**	-	-
	126,507,751	101,114,677	47,274,321

Movement of impairment loss is as follows:

	31 December 2020	31 December 2019	1 January 2019
	SR	SR	SR
At the beginning of the year	**8,829,784**	221,347	-
Charge for the year	**9,049,584**	8,608,437	221,347
At the end of the year	**17,879,368**	8,829,784	221,347

11. PREPAYMENTS AND OTHER RECEIVABLES

	31 December 2020	31 December 2019	1 January 2019
	SR	SR	SR
Prepaid expenses	**13,268,259**	3,592,910	8,223,129
Advances to suppliers	**19,489,897**	27,386,684	7,439,027
VAT receivable	**7,679,400**	6,874,706	-
Insurance receivables	**2,012,366**	2,012,366	2,012,366
Advances to employees	**789,200**	2,015,364	179,948
Contract assets	**616,224**	754,552	-
Advances for letters of guarantee margins	**329,151**	855,066	1,149,587
Others	**1,001,583**	810,109	6,697,725
	45,186,080	44,301,757	25,701,782
Impairment against other receivables	**(2,980,470)**	(2,012,366)	-
	42,205,610	42,289,391	25,701,782

Movement of impairment loss is as follows:

	31 December 2020	31 December 2019	1 January 2019
	SR	SR	SR
At the beginning of the year	**2,012,366**	-	-
Impairment for the year	**968,104**	2,012,366	-
At the end of the year	**2,980,470**	2,012,366	-

12. RELATED PARTY TRANSACTIONS AND BALANCES

The Company in the normal course of business carries out transactions with various related parties. Related parties' transactions are carried out on an arm's length basis and conditions approved by the Company and its Board. The terms and conditions of these transactions were no more favorable than those available, or which might reasonably be expected to be available, in similar transactions with non-key management personnel and related companies on an arm's length basis.

Outstanding balances at the year-end are unsecured, interest-free and settled in cash. There have been no guarantees provided or received for any related party receivables or payables.

The following are the details of major related party transactions and balances during the year:

Related parties' transactions

Senior management remuneration

The aggregate amount charged in these unconsolidated financial statements for remuneration, including all benefits to Chief Executive Officer (CEO), Directors and Executives of the Company is as follows:

Key management personnel	31 December 2020	31 December 2019
Managerial remuneration	**979,318**	1,396,000
Housing & Travel allowance	**342,747**	488,600
Business Trips	**23,900**	65,825
Bonus	**136,000**	332,100
End of Service Benefits	**26,408**	-
Total	**1,508,373**	2,282,525

Significant transactions and balances with related parties in the ordinary course of business which are included in the unconsolidated financial statements are summarized as follows:

Transactions

Related party	Relationship	31 December 2020			
		Sales	Purchases	Receipts	Other costs / (income)
Seera Group Holding	Owner	**1,509,526**	**-**	**(103,902,460)**	**(32,617,992)**
Elaa Air Transportation	Affiliate	**-**	**-**	**-**	**33,973**
Seera Holiday for Travel and Tourism Company Limited (SHT)	Affiliate	**15,952,847**	**(831,546)**	**(16,302,227)**	**274,281**
Elaa Travel, Tourism and Cargo Company Limited (ECC)	Affiliate	**731,604**	**-**	**-**	**(1,270,873)**
Almosafer Company for Travel and Tourism (MCT)	Affiliate	**74,608**	**-**	**(5,432,014)**	**(8,123)**
Saudi Company for Transportation United (SCT)	Affiliate	**70,000**	**(2,910,414)**	**-**	**(1,214,292)**
Hanay Trading Company Limited (HTCL)	Affiliate	**-**	**-**	**(304,948)**	**(189,009)**
Tajawal General Trading, LLC (TGT)	Affiliate	**-**	**-**	**-**	**(116,826)**

Transactions

Related party	Relationship	31 December 2019			
		Sales	Purchases	Receipts	Other costs / (income)
Seera Group Holding	Owner	6,337,459	-	(172,899,523)	(25,304,072)
Elaa Air Transportation	Affiliate	334,800	-	(163,784)	-
Seera Holiday for Travel and Tourism Company Limited (SHT)	Affiliate	252,343	(270,873)	(358,526)	-
Elaa Travel, Tourism and Cargo Company Limited (ECC)	Affiliate	2,555,672	-	(6,119,774)	5,312,464
Almosafer Company for Travel and Tourism (MCT)	Affiliate	140	-	(19,998,848)	19,991,608
Saudi Company for Transportation United (SCT)	Affiliate	-	-	(6,277,988)	-
Hanay Trading Company Limited (HTCL)	Affiliate	-	(1,021,166)	(485,428)	552,367

Balances

Due from related parties

	Relationship	31 December 2020	31 December 2019	1 January 2019
		SR	SR	SR
Saudi Company for Transportation United (SCT)	Subsidiary	**-**	1,626,122	7,904,109
Al Mousim Travel & Tours (AMTT)	Affiliate	**144,784**	144,784	144,784
Taqniatech Company for Communication Technology Limited (TAQ)	Affiliate	**144,083**	144,083	15,583
Seera Hospitality Company (SHC)	Affiliate	**62,500**	62,500	-
Mawasim Tourism and Umrah Services (MWT)	Affiliate	**23,525**	6,950	-
Al Tayyar Holidays Travel Group Company (ATE)	Affiliate	**4,400**	4,400	4,400
Al Tayyar Rent A Car Company (ARC)	Affiliate	**1,625**	1,625	1,625
Discover Saudi for Travel and Tourism (DSTT)	Affiliate	**6,715**	-	-
Movenpick Hotel City Star - Jeddah	Affiliate	**15,592**	-	-
Hanay Trading Company Limited (HTCL)	Subsidiary	**-**	-	57,613,876
Almosafer Company for Travel and Tourism (MCT)	Affiliate	**-**	-	7,100
Seera Holiday for Travel and Tourism Company Limited (SHT)	Affiliate	**-**	-	32,104
Total		**403,224**	1,990,464	65,723,581

Due to related parties

	Relationship	31 December 2020	31 December 2019	1 January 2019
		SR	SR	SR
			(Restated)	(Restated)
Seera Group Holding	Partner	**135,010,926**	25,777,777	346,286,975
Seera Holiday for Travel and Tourism Company Limited (SHT)	Affiliate	**1,800,160**	344,953	-
Almosafer Company for Travel and Tourism (MCT)	Affiliate	**5,365,529**	-	
Elaa Air Transportation	Affiliate	**377,860**	411,833	582,849
Elaa Travel, Tourism and Cargo Company Limited (ECC)	Affiliate	**539,269**	-	1,748,362
National Travel and Tourism Bureau Limited (NTTB)	Affiliate	**18,425**	17,965	17,965
Fayfa Travel & Tourism Agency Company (FTT)	Affiliate	**4,497**	4,497	7,048
Hanay Trading Company Limited (HTCL)	Subsidiary	**493,958**	-	-
Seera Travel and Tourism (STD)	Affiliate	**92,572**	-	-
Tajawal General Trading, LLC (TGT)	Affiliate	**116,826**	-	-
Total		**143,820,022**	26,557,025	348,643,199

13. CASH AND CASH EQUIVALENTS

	31 December 2020	31 December 2019	1 January 2019
	SR	SR	SR
Cash at banks	**16,275,551**	5,333,116	323,245
Cash in hand	**-**	-	2,007
	16,275,551	5,333,116	325,252
Bank overdrafts used for cash management purposes	**-**	-	(1,462,252)
Cash and cash equivalents in the unconsolidated statement of cash flows	**16,275,551**	5,333,116	(1,137,000)

14. SHARE CAPITAL

The share capital of the Company consists of 15,000 fully paid ordinary shares of SR 1000 each. The total share capital is SR 15,000,000 as at 31 December 2020 (31 December 2019: SR 15,000,000, 31 December 2018: SR 15,000,000).

	Percentage	Number of shares	Value per share	Total
Seera Holding Group	**95%**	**14,250**	**1,000**	**14,250,000**
Seera Holiday for Travel and Tourism Company Limited (SHT)	**5%**	**750**	**1,000**	**750,000**
	100%	**15,000**	**1,000**	**15,000,000**

15. ADDITIONAL CAPITAL

The Company is in the process of changing its legal status from Limited Liability Company to closed joint stock company and as part of this process an amount SR 79.2 million has been transferred from retained earnings to additional capital during the year (31 December 2019: an amount of SR 455.7 million was transferred from due to the Parent to additional capital). The additional capital will be transferred to shares as per the terms agreed with the Ministry of Commerce on changing the legal status of the Company as described above.

16. EMPLOYEES' END OF SERVICE BENEFITS

	31 December 2020	31 December 2019	1 January 2019
	SR	SR	SR
Net defined benefit liability	8,100,309	6,077,644	3,794,156

The Company calculates employees' end of service benefits according to laws and regulations applicable in the Kingdom of Saudi Arabia. Additionally, the Company re-measures the employees' end of service benefits using the projected credit unit method by a qualified actuary.

The most recent actuarial valuation of the present value of the end of service benefit obligation was carried out on 31 December 2020. During the financial year, no material fluctuations or events affected the actuarial assumptions used to calculate the liability.

16. EMPLOYEES' END OF SERVICE BENEFITS (continued)

Movement in net defined benefit liability

The following table shows the reconciliation from the opening balances to the closing balances for net defined benefit liability and its components.

	31 December 2020	31 December 2019	1 January 2019
	SR	SR	SR
Balance at beginning of the period	**6,077,644**	3,794,156	1,907,757
Liability transfer in	**582,778**	533,387	-
Past service cost	**-**	-	88,052
Included in profit or loss			
Current service cost	**2,011,159**	1,860,998	954,890
Finance expense	**209,579**	153,811	79,097
	8,881,160	6,342,352	3,029,796
Included in OCI			
Actuarial (gain) / loss	**(268,831)**	76,277	857,642
Benefits paid	**(512,020)**	(340,985)	(93,282)
Balance at the end of the year	**8,100,309**	6,077,644	3,794,156

Actuarial assumptions on defined benefit liability

The following were the principal actuarial assumptions at the reporting date (expressed as weighted averages).

	31 December 2020	31 December 2019	1 January 2019
	KSA	KSA	KSA
Discount rate	**4.20%**	3.60%	3.70%
Future salary growth	**5.00%**	5.00%	5.00%

Sensitivity analysis

Changes reasonably possible at the reporting date to any of the relevant actuarial assumptions, keeping the remaining assumptions constant, would have affected the defined benefit obligation by the amounts set out below.

	31 December 2020		31 December 2019		1 January 2019	
	Increase	Decrease	Increase	Decrease	Increase	Decrease
Discount rate (1% movement)	**7,206,049**	**9,185,770**	5,561,229	6,687,561	3,471,510	4,174,999
Future salary growth (1% movement)	**9,165,482**	**7,204,487**	6,693,917	5,544,417	4,179,380	3,460,704

Although the analysis does not consider the full distribution of cash flows expected as part of the plan, it does provide an approximation of the sensitivity of the assumptions presented.

17. LOANS AND BORROWINGS

	31 December 2020	31 December 2019	1 January 2019
	SR	SR	SR
Unsecured loan	**75,477,443**	98,701,272	-
Classified as:			
Non-current portion	**52,253,614**	75,477,443	-
Current portion	**23,223,829**	23,223,829	-

On 17 Rajab 1440H (corresponding to 24 March 2019) the Company signed an Islamic financing contract with a local bank amounting to SR 146 million. The Company utilized SR 116 million of the total loan facility. This financing will be repaid on a quarterly basis for three years at the prevailing market rate and is not guaranteed. The Company aims to finance the expansion of its operations from this financing.

18. LEASE LIABILITIES

	31 December 2020	31 December 2019	1 January 2019
	SR	SR	SR
Lease Liabilities			-
Opening balance	**5,236,062**	8,190,430	-
Additions	**8,345,678**	740,002	8,190,430
Transfer	**129,603**	-	-
Finance charges	**266,787**	478,170	-
Paid during the year	**(4,514,142)**	(4,172,540)	-
	9,463,988	5,236,062	8,190,430
Classified as:			
Non-current portion	**5,056,302**	927,402	4,017,890
Current portion	**4,407,686**	4,308,660	4,172,540

19. ACCRUALS AND OTHER LIABILITIES

	31 December 2020	31 December 2019	1 January 2019
	SR	SR	SR
Accrued maintenance	**3,874,219**	800,000	-
Annual leave and ticket accrual	**3,525,959**	3,273,329	892,849
Contract liability	**1,939,492**	591,583	-
Accrued commission	**747,416**	-	-
Accrued expenses	**193,799**	1,545,531	1,030,000
Accrued rent expense	**113,000**	524,678	-
VAT payable	**-**	-	744,988
Others	**579,477**	399,477	885,777
	10,973,362	7,134,598	3,553,614

20. ZAKAT PAYABLE

Components of the zakat base

	31 December 2020	31 December 2019	1 January 2019
	SR	SR	SR
Zakat base:			
Profit before zakat	**52,016,133**	30,659,153	18,049,650
Impairment of trade receivables	**9,049,584**	8,608,437	-
End of service provided during the year	**2,220,738**	2,548,196	1,122,039
Others	**4,383,793**	-	903,671
Adjusted profit	**67,670,248**	41,815,786	20,075,360
Share capital	**15,000,000**	15,000,000	15,000,000
Additional capital	**455,715,685**	455,715,685	-
Statutory reserve	**4,500,000**	4,500,000	3,747,767
Retained earnings	**67,466,314**	55,928,833	39,220,086
Provisions	**16,407,774**	3,453,171	1,814,475
Due to related parties	**18,779,248**	221,347	-
Loans and borrowings	**75,477,443**	98,701,272	-
Lease liabilities	**721,920**	5,236,062	-
	721,738,632	680,572,156	79,857,688
Non-current assets	**(734,652,792)**	(649,308,795)	(330,831,146)
Zakat base	**(12,914,160)**	31,263,361	(250,973,458)
Zakat @ 2.5%	**1,691,756**	1,045,395	501,884

Zakat provision

	31 December 2020	31 December 2019	1 January 2019
	SR	SR	SR
At the beginning of the year	**1,045,395**	773,853	271,961
Provided during the year	**1,691,756**	1,045,395	501,884
Payments made during the year	**(1,045,395)**	(773,853)	-
At the end of the year	**1,691,756**	1,045,395	773,853

21. REVENUE

	31 December 2020	31 December 2019
	SR	SR
Revenue from contracts with customers		
Vehicle lease and rental arrangements	**321,406,346**	250,295,250
Other revenue		
Revenue from sale of vehicles	**109,091,475**	66,968,872
	430,497,821	317,264,122
Timing of revenue recognition		
Services transferred over time	**321,406,346**	250,295,250
Products transferred in time	**109,091,475**	66,968,872
	430,497,821	317,264,122

Contract balances

The following table provides information about contract liabilities from contracts with customers:

	31 December 2020	31 December 2019	1 January 2019
	SR	SR	SR
Contract liabilities	1,939,492	591,583	-

Significant changes in the contract liability balances during the year are as follows:

	31 December 2020	31 December 2019	1 January 2019
	SR	SR	SR
Contract liabilities			
Contract liability at the beginning of the year	**591,583**	-	-
Contract liabilities that was recognized as revenue during the year	**(591,583)**	-	-
Cash received in advance of the performance and not recognized as revenue during the year	**1,939,492**	591,583	-
Contract liability at the end of the year	**1,939,492**	591,583	-

22. COST OF REVENUE

	31 December 2020	31 December 2019
	SR	SR
Depreciation on vehicles	**156,255,883**	103,640,005
Cost of vehicles sold	**92,527,430**	61,073,223
Salaries and other benefits	**22,807,073**	29,044,715
Vehicles' repairs and maintenance	**17,313,959**	6,423,200
Insurance	**14,411,366**	11,738,791
Rent	**11,158,199**	10,815,580
Outsourced rental vehicles	**8,274,301**	8,483,324
Depreciation on right of use assets	**4,270,507**	3,762,697
Vehicle delivery and transport	**2,845,723**	2,183,427
Traffic fines	**2,688,833**	2,482,763
Fuel cost	**2,338,416**	2,135,259
Others	**613,236**	918,858
	335,504,926	242,701,842

23. GENERAL AND ADMINISTRATIVE EXPENSES

	31 December 2020	31 December 2019
	SR	SR
Salaries and other benefits	**21,529,945**	16,668,131
Provision for expected credit loss	**9,049,584**	8,608,437
Fees and subscriptions	**3,231,503**	4,849,338
Depreciation	**1,671,834**	1,445,146
Travel and transportation	**1,331,672**	1,805,148
Impairment of other receivables	**968,104**	2,012,366
Hospitality and cleanliness	**503,392**	433,148
General Maintenance	**493,150**	344,530
Utilities	**370,190**	349,239
Professional fee	**246,500**	355,717
Communication	**240,644**	569,457
Advertising	**231,451**	856,805
Software expenses	**140,451**	732,206
Stationery	**107,172**	243,055
Impairment of related party balance	**-**	72,482
Others	**93,978**	59,623
	40,209,570	39,404,828

24. FINANCIAL INSTRUMENTS – RISK MANAGEMENT

The Company is exposed through its operations to the following financial risks:

- Credit risk
- Interest rate risk
- Liquidity risk
- Other market price risk and

In common with all other businesses, the Company is exposed to risks that arise from its use of financial instruments. This note describes the Company's objectives, policies and processes for managing those risks and the methods used to measure them. Further quantitative information in respect of these risks is presented throughout these unconsolidated financial statements.

There have been no substantive changes in the Company's exposure to financial instrument risks, its objectives, policies and processes for managing those risks or the methods used to measure them from previous periods unless otherwise stated in this note.

Principal financial instruments

The principal financial instruments used by the Company, from which financial instrument risk arises, are as follows:

- Trade receivables
- Cash and cash equivalents
- Related party balances
- Loans and borrowings
- Trade payables
- Accruals and other liabilities

Fair value and fair value hierarchy

The Company measures financial instruments at fair value at each unconsolidated statement of financial position date.

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

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

The principal or the most advantageous market must be accessible by the Company. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their best economic interest.

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

Financial instrument category

Financial assets at amortized cost	Note	31 December 2020	31 December 2019	1 January 2019
		SR	SR	SR
Trade receivables, net	10	**126,507,751**	101,114,677	47,274,321
Other receivables	11	**945,375**	1,609,618	1,149,587
Due from related parties	12	**403,224**	1,990,464	65,723,581
Cash and cash equivalents	13	**16,275,551**	5,333,116	325,252
		144,131,901	110,047,875	114,472,741
Financial liabilities at amortized cost				
Trade payables		**77,242,841**	120,380,225	62,846,778
Loans and borrowings	17	**75,477,443**	98,701,272	-
Lease liabilities	18	**9,463,988**	5,236,062	-
Due to related party	12	**143,820,022**	26,557,025	348,643,199
Accruals and other liabilities	19	**10,973,362**	7,134,598	3,553,614
		316,977,656	258,009,182	415,043,591

Financial instruments not measured at fair value

Financial instruments not measured at fair value include cash and cash equivalents, trade receivables, due from related parties, due to related parties, trade payables, lease liabilities, loans and borrowings and accruals and other liabilities.

Due to their short-term nature, the carrying value of cash and cash equivalents, trade receivables, due from related parties, due to related parties, trade payables, loans and borrowings and accruals and other liabilities approximates their fair value.

There were no transfers between levels during the year.

General objectives, policies and processes

The Management has overall responsibility for the determination of the Company's risk management objectives and policies and, whilst retaining ultimate responsibility for them, it has delegated the authority for designing and operating processes that ensure the effective implementation of the objectives and policies to the Company's finance function. The Management receives periodic reports from the Company Financial Controller through which it reviews the effectiveness of the processes put in place and the appropriateness of the objectives and policies it sets.

The overall objective of the Management is to set policies that seek to reduce risk as far as possible without unduly affecting the Company's competitiveness and flexibility.

Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations. The Company is mainly exposed to credit risk from credit sales. It is Company policy, implemented locally, to assess the credit risk of new customers before entering contracts. Such credit ratings are taken into account by local business practices.

The management has established a credit policy under which each new customer is analysed individually for creditworthiness before the Company's standard payment and delivery terms and conditions are offered. The Company's review includes external ratings, when available, and in some cases bank references. Credit limits are set for each client, which is the maximum amount opened without management approval.

The management determines concentrations of credit risk by quarterly monitoring the creditworthiness rating of existing customers and through a monthly review of the trade receivables' ageing analysis. When monitoring the credit risk of customers, customers are grouped by their credit characteristics. Customers that are graded as "high risk" are placed on a restricted customer list, and future credit sales are made only with approval of the management, otherwise payment in advance is required.

Credit risk also arises as a result of cash and cash equivalents held by banks and financial institutions. In the case of banks and financial institutions, only independently scored parties are acceptable.

The Company's maximum exposure to credit risk is limited to the carrying amount of financial assets recognised at the reporting date, as summarized below:

	31 December 2020	31 December 2019	31 December 2018
	SR	SR	SR
Classes of financial assets - carrying amounts:			
Trade receivables, net	**126,507,751**	101,114,677	47,274,321
Due from related party	**403,224**	1,990,464	65,723,581
Cash and cash equivalents	**16,275,551**	5,333,116	325,252
Total carrying amount	**143,186,526**	108,438,257	113,323,154

The carrying amount of financial assets represents the maximum credit exposure.

Credit risk on receivable and bank balances is limited as:

- Cash balances are held by banks with sound credit ratings.
- Trade receivables are shown net of allowance for impairment of trade receivables.
- The financial position of related party is stable

The Company manages credit risk with respect to receivables from customers by monitoring in accordance with defined policies and procedures. The Company seeks to limit its credit risk with respect to customers by setting credit limits for individual customers and by monitoring outstanding receivables on an ongoing basis.

Market risk

Market risk arises from the Company's use of interest bearing, tradable and foreign currency financial instruments, if any. It is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in commission rates (interest rate risk).

Interest rate risk

Fair value and cash flow interest rate risks are the exposures to various risks associated with the effect of fluctuations in the prevailing interest rates on the Company's financial position and cash flows. The Company is not exposed to fair value and cash flow commission rate risks as long term murabaha loan has fixed profit margin.

Management of the Company does not enter into future agreements to hedge its interest rate risk. However, these are monitored on a regular basis and corrective measures initiated wherever required. All of the borrowings are on fixed interest rates; therefore, interest rate sensitivity analysis has not been disclosed.

Liquidity risk

Liquidity risk arises from the Company's management of working capital and the finance charges and principal repayments on its debt instruments. It is the risk that the Company will encounter difficulty in meeting its financial obligations as they fall due.

The Company's policy is to ensure that it will always have sufficient cash to allow it to meet its liabilities when they become due. To achieve this, it seeks to maintain cash balances (or agreed facilities) to meet expected requirements for a period of at least 45 days.

The Company's liquidity management involves projecting cash flows and considering the level of liquid assets necessary to meet the monitoring of liquidity ratios and maintaining debt financing plans.

The table below analyses the Company's financial liabilities into relevant maturity groupings based on the remaining period at the balance sheet date on the contractual maturity date.

Following are the contractual maturities at the end of the reporting period of financial liabilities. The amounts are grossed and undiscounted, and include estimated interest payments.

31 December 2020	Carrying amount	Total	Up to three months	More than three months and up to a year	More than one year and up to five year
Financial liabilities					
Trade payables	**77,242,841**	**77,242,841**	**74,622,056**	**2,620,785**	**-**
Loans and borrowings	**75,477,443**	**77,801,935**	**6,154,626**	**18,438,760**	**53,208,549**
Lease liabilities	**9,463,988**	**9,937,186**	**3,200,274**	**1,427,796**	**5,309,116**
Accruals and other liabilities	**10,973,362**	**10,973,362**	**5,171,713**	**5,801,649**	**-**
	173,157,634	**175,955,324**	**89,148,669**	**28,288,990**	**58,517,665**
31 December 2019					
Financial liabilities					
Trade payables	120,380,225	120,380,225	116,953,325	3,426,900	-
Loans and borrowings	98,701,272	102,945,033	6,490,259	18,652,839	77,801,935
Lease liabilities	5,236,062	5,479,154	2,381,057	973,772	2,124,325
Accruals and other liabilities	7,134,598	7,134,598	4,679,601	2,454,997	-
	231,452,157	**235,939,010**	**130,504,242**	**25,508,508**	**79,926,260**
1 January 2019					
Financial liabilities					
Trade payables	62,846,778	62,846,778	62,846,778	-	-
Accruals and other liabilities	3,553,614	3,553,614	3,330,402	223,212	-
	66,400,392	**66,400,392**	**66,177,180**	**223,212**	**-**

Current versus non-current classification

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

An asset is current when it is:

- Expected to be realised or intended to 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.

25. CORRECTION OF ACCOUNTING ERRORS

The Company has restated its financial information and the impact on retained earnings stated is as follows:

25.1 Reconciliation of unconsolidated statement of financial position as at 31 December 2019

	Note	31 December 2019	Correction of error	31 December 2019
		SR	SR	SR
ASSETS				
Non-current assets				
Vehicles		**625,066,113**	-	625,066,113
Property and equipment		**24,242,682**	-	24,242,682
Investment in subsidiaries	A	**-**	7,777,777	7,777,777
		649,308,795	7,777,777	657,086,572
Current assets				
Trade receivables		**101,114,677**	-	101,114,677
Prepayments and other receivables		**42,289,391**	-	42,289,391
Due from related parties		**1,990,464**	-	1,990,464
Cash and cash equivalents		**5,333,116**	-	5,333,116
		150,727,648	-	150,727,648
TOTAL ASSETS		**800,036,443**	7,777,777	807,814,220
EQUITY AND LIABILITIES				
EQUITY				
Share capital		**15,000,000**	-	15,000,000
Additional capital		**455,715,685**	-	455,715,685
Statutory reserve		**4,500,000**	-	4,500,000
Retained earnings	A	**85,466,314**	(18,000,000)	67,466,314
TOTAL EQUITY		**560,681,999**	(18,000,000)	542,681,999
LIABILITIES				
Non-current liabilities				
Employees' end of service benefits		**6,077,644**	-	6,077,644
Loans and borrowings		**75,477,443**	-	75,477,443
Lease liabilities		**927,402**	-	927,402
		82,482,489	-	82,482,489
Current liabilities				
Bank overdraft		**-**	-	-
Trade payables		**120,380,225**	-	120,380,225
Loans and borrowings		**23,223,829**	-	23,223,829
Lease liabilities		**4,308,660**	-	4,308,660
Accruals and other liabilities		**7,134,598**	-	7,134,598
Due to related parties	A	**779,248**	25,777,777	26,557,025
Zakat payable		**1,045,395**	-	1,045,395
		156,871,955	25,777,777	182,649,732
TOTAL LIABILITIES		**239,354,444**	25,777,777	265,132,221
TOTAL EQUITY AND LIABILITIES		**800,036,443**	7,777,777	807,814,220

25.2 Reconciliation of unconsolidated statement of financial position as at 1 January 2019

	Note	1 January 2019	Correction of error	1 January 2019
		SR	SR	SR
ASSETS				
Non-current assets				
Vehicles		**312,285,791**	-	312,285,791
Property and equipment		**27,604,611**	-	27,604,611
Investment in subsidiaries	A	**-**	7,777,777	7,777,777
		339,890,402	7,777,777	347,668,179
Current assets				
Trade receivables		**47,274,321**	-	47,274,321
Prepayments and other receivables		**25,701,782**	-	25,701,782
Due from related parties		**65,723,581**	-	65,723,581
Cash and cash equivalents		**325,252**	-	325,252
		139,024,936	-	139,024,936
TOTAL ASSETS		**478,915,338**	7,777,777	486,693,115
EQUITY AND LIABILITIES				
EQUITY				
Share capital		**15,000,000**	-	15,000,000
Additional capital		**-**	-	-
Statutory reserve		**4,500,000**	-	4,500,000
Retained earnings	A	**55,928,833**	(18,000,000)	37,928,833
TOTAL EQUITY		**75,428,833**	(18,000,000)	57,428,833
LIABILITIES				
Non-current liabilities				
Employees' end of service benefits		**3,794,156**	-	3,794,156
Loans and borrowings		**-**	-	-
Lease liabilities		**4,017,890**	-	4,017,890
		7,812,046	-	7,812,046
Current liabilities				
Bank overdraft		**1,462,252**	-	1,462,252
Trade payables		**62,846,778**	-	62,846,778
Loans and borrowings		**-**	-	-
Lease liabilities		**4,172,540**	-	4,172,540
Accruals and other liabilities		**3,553,614**	-	3,553,614
Due to related parties	A	**322,865,422**	25,777,777	348,643,199
Zakat payable		**773,853**	-	773,853
		391,501,919	25,777,777	421,452,236
TOTAL LIABILITIES		**395,296,075**	25,777,777	429,264,282
TOTAL EQUITY AND LIABILITIES		**470,706,285**	7,777,777	478,484,062

25.3 Reconciliation of unconsolidated statement of profit or loss and other comprehensive income for the period ended 31 December 2019

	Note	31 December 2019	Re-classification	31 December 2019
		SR	SR	SR
Revenue		**317,264,122**	-	317,264,122
Cost of revenue		**(228,123,565)**	(14,578,277)	(242,701,842)
Gross profit		**89,140,557**	-	85,377,860
Operating expenses				
General and administrative expenses		**(53,983,105)**	14,578,277	(39,404,828)
Profit from operations		**35,157,452**	-	35,157,452
Other expenses		**(1,650)**	-	(1,650)
Other income		**-**	-	-
Finance charges		**(4,496,649)**	-	(4,496,649)
Profit before zakat		**30,659,153**	-	30,659,153
Zakat charge for the year		**(1,045,395)**	-	(1,045,395)
Profit for the year		**29,613,758**	-	29,613,758
Other comprehensive income:				
Item that will not be reclassified subsequently to profit or loss:				
Re-measurement of employees' end of service benefits		**(76,277)**	-	(76,277)
Other comprehensive income for the year		**(76,277)**	-	(76,277)
Total comprehensive income for the year		**29,537,481**	-	29,537,481

Notes to the reconciliation of the unconsolidated statement of financial position as at 31 December 2019, 1 January 2019 and profit and loss and other comprehensive income for the year ended 31 December 2019

(a) Investment in subsidiaries

The management identified that investments in subsidiaries amounting to SR 25.8 million [(SR 7.8 million related to Saudi Company for Transportation United (SCT) and SR 18 million related to Hanay Trading Company Limited (HTCL)]. The Company corrected this error by recording those investments in the Unconsolidated Statement of Financial Position for 2018 with a corresponding amount due to related parties.

(b) Reclassifications

Certain comparative figures have been reclassified to conform with the classification used for the year ended 31 December 2020. Short term lease, rent amounting to SR 10.8 million and depreciation of the right-of-use assets amounting to SR 3.7 million reclassified from general and administrative to cost of revenue

26. CONTINGENCIES AND COMMITMENTS

Contingent liabilities

As at 31 December 2020, the Company has letters of guarantees amounting to SR 0.3 million (31 December 2019: SR 0.8 million, 31 December 2018: SR 1.2 million)

Capital commitments

The Company has no outstanding capital commitments as at 31 December 2020 (31 December 2019: SR nil, 31 December 2018: SR nil).

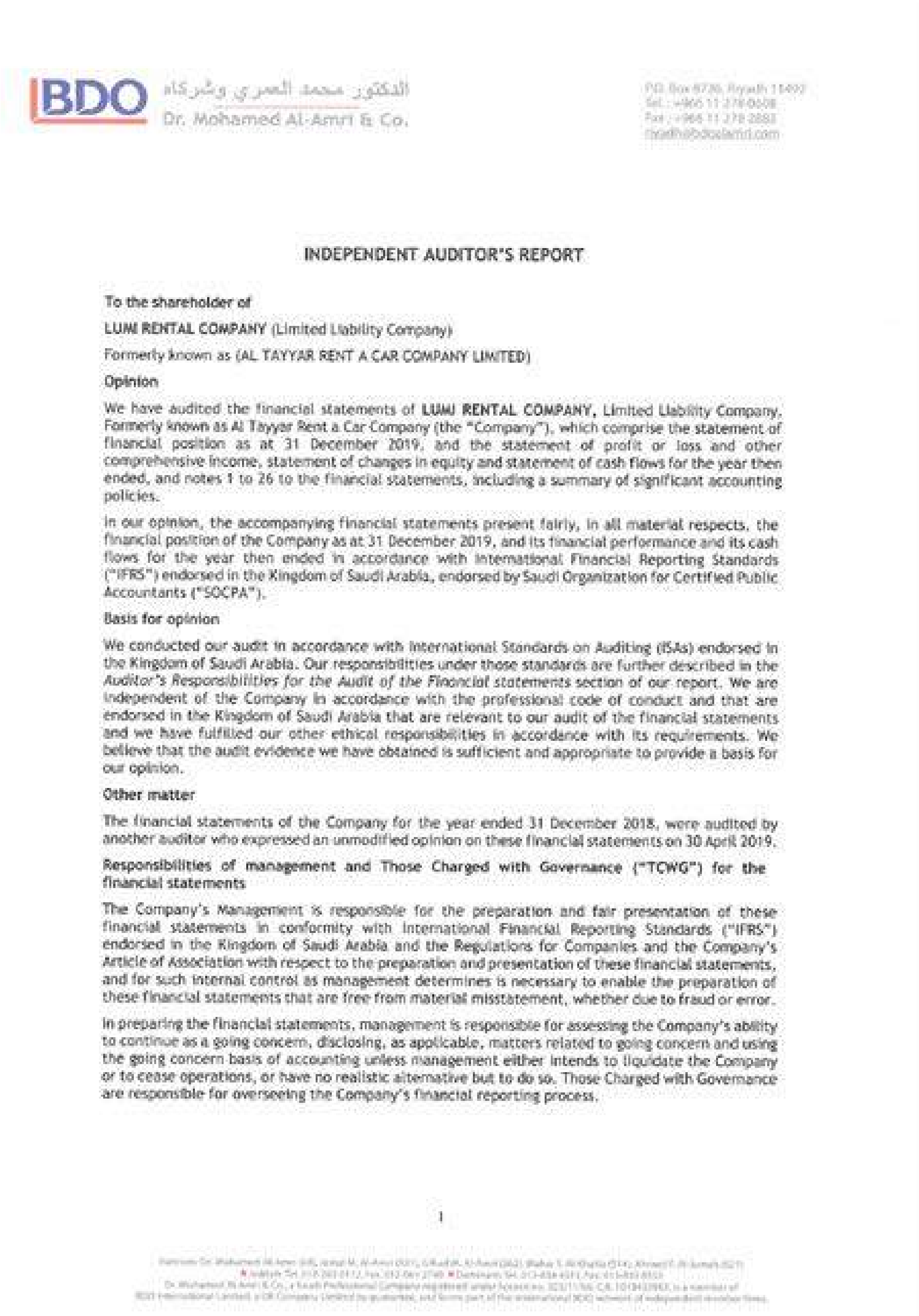
27. SUBSEQUENT EVENTS

Subsequent to the year end, the Company completed the process of changing the legal status from a Limited Liability Company in the Closed Joint Stock Company. Additionally, the Company's share capital has increased from SR 15 million to SR 550 million as a result of a change in the legal status.

28. APPROVAL OF THE UNCONSOLIDATED FINANCIAL STATEMENTS

These unconsolidated financial statements have been approved by the management on 10 Dhul Qa'adah 1442 (H) corresponding 20 June 2021 (G).

LUMI RENTAL COMPANY
(Limited Liability Company)
Formerly known as
(AL TAYYAR RENT A CAR COMPANY LIMITED)
FINANCIAL STATEMENTS
AND INDEPENDENT AUDITOR'S REPORT
FOR THE YEAR ENDED 31 DECEMBER 2019



BDO الدكتور محمد العمري وشركاه
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INDEPENDENT AUDITOR'S REPORT

To the shareholder of
LUMI RENTAL COMPANY (Limited Liability Company)
Formerly known as (**AL TAYYAR RENT A CAR COMPANY LIMITED**)

Opinion

We have audited the financial statements of **LUMI RENTAL COMPANY**, Limited Liability Company, Formerly known as Al Tayyar Rent a Car Company (the "Company"), which comprise the statement of financial position as at 31 December 2019, and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes 1 to 26 to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at 31 December 2019, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards ("IFRS") endorsed in the Kingdom of Saudi Arabia, endorsed by Saudi Organization for Certified Public Accountants ("SOCPA").

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) 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 professional code of conduct and that are endorsed in the Kingdom of Saudi Arabia that are relevant to our audit of the financial statements and we have fulfilled our other ethical responsibilities in accordance with its requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other matter

The financial statements of the Company for the year ended 31 December 2018, were audited by another auditor who expressed an unmodified opinion on these financial statements on 30 April 2019.

Responsibilities of management and Those Charged with Governance ("TCWG") for the financial statements

The Company's Management is responsible for the preparation and fair presentation of these financial statements in conformity with International Financial Reporting Standards ("IFRS") endorsed in the Kingdom of Saudi Arabia and the Regulations for Companies and the Company's Article of Association with respect to the preparation and presentation of these financial statements, and for such internal control as management determines is necessary to enable the preparation of these 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 have no realistic alternative but to do so. Those Charged with Governance are responsible for overseeing the Company's financial reporting process.

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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 ISAs 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 ISAs, we exercise professional judgment and maintain professional scepticism 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 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 the management and TCWG 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.

For BDO - Dr. Mohamed Al-Amri & Co.

Gihad Al-Amri
Certified Public Accountant
Registration No. 362

Riyadh, on: 15 Dhul Qa'ada 1441H
Corresponding to: 06 July 2020(G)

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LUMI RENTAL COMPANY (Limited Liability Company)
STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2019

	Note	31 December 2019	31 December 2018
		SR	SR
ASSETS			
Non-current assets			
Rental vehicles	7	**625,066,113**	312,285,791
Property and equipment	8	**24,242,682**	18,545,355
		649,308,795	330,831,146
Current assets			
Trade receivables, net	9	**101,114,677**	47,274,321
Prepayments and other receivables	10	**42,289,391**	26,551,985
Due from related parties	11	**1,990,464**	65,723,581
Cash and cash equivalents	12	**5,333,116**	325,252
		150,727,648	139,875,139
TOTAL ASSETS		**800,036,443**	470,706,285
EQUITY AND LIABILITIES			
EQUITY			
Share capital	13	**15,000,000**	15,000,000
Additional capital	14	**455,715,685**	-
Statutory reserve		**4,500,000**	4,500,000
Retained earnings		**85,466,314**	55,910,210
TOTAL EQUITY		**560,681,999**	75,410,210
LIABILITIES			
Non-current liabilities			
Employees' end of service benefits	15	**6,077,644**	3,794,156
Loans and borrowings	16	**75,477,443**	-
Lease liabilities	17	**927,402**	-
		82,482,489	3,794,156
Current liabilities			
Bank overdraft	12	**-**	1,462,252
Trade payables		**120,380,225**	62,846,778
Loans and borrowings	16	**23,223,829**	-
Lease liabilities	17	**4,308,660**	-
Accruals and other liabilities	18	**7,134,598**	3,553,614
Due to related party	11	**779,248**	322,865,422
Zakat payable	19	**1,045,395**	773,853
		156,871,955	391,501,919
TOTAL LIABILITIES		**239,354,444**	395,296,075
TOTAL EQUITY AND LIABILITIES		**800,036,443**	470,706,285

The accompanying notes from 1 to 26 form an integral part of these financial statements.

LUMI RENTAL COMPANY (Limited Liability Company)
STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2019

	Note	31 December 2019 SR	31 December 2018 SR
Revenue	20	**317,264,122**	177,855,449
Cost of revenue	21	**(228,123,565)**	(137,944,565)
Gross profit		**89,140,557**	39,910,884
Operating Expense			
General and administrative expenses	22	**(53,983,105)**	(24,996,511)
Profit from operations		**35,157,452**	14,914,373
Other expenses		**(1,650)**	-
Other income		**-**	3,536,145
Finance charges		**(4,496,649)**	(400,868)
Profit before zakat		**30,659,153**	18,049,650
Zakat charge for the year	19	**(1,045,395)**	(501,884)
Profit for the year		**29,613,758**	17,547,766
Other comprehensive income:			
Item that will not be reclassified subsequently to profit or loss:			
Re-measurement on employees’ end of service benefits	15	**(76,277)**	(857,642)
Other comprehensive income for the year		**(76,277)**	(857,642)
Total comprehensive income for the year		**29,537,481**	16,690,124

The accompanying notes from 1 to 26 form an integral part of these financial statements.

LUMI RENTAL COMPANY (Limited Liability Company)
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2019

	Note	Share capital	Additional capital	Statutory reserve	Retained earnings	Total
		SR	SR	SR	SR	SR
Balance as at 31 December 2017		15,000,000	-	4,500,000	39,220,086	58,720,086
Profit for the year		-	-	-	17,547,766	17,547,766
Other comprehensive income		-	-	-	(857,642)	(857,642)
Total comprehensive income		-	-	-	16,690,124	16,690,124
Balance as at 31 December 2018		15,000,000	-	4,500,000	55,910,210	75,410,210
Effect of transition to IFRS 16		-	-	-	18,623	18,623
Balance at 1 January 2019		**15,000,000**	**-**	**4,500,000**	**55,928,833**	**75,428,833**
Profit for the year		**-**	**-**	**-**	**29,613,758**	**29,613,758**
Other comprehensive income		**-**	**-**	**-**	**(76,277)**	**(76,277)**
Total comprehensive income		**-**	**-**	**-**	**29,537,481**	**29,537,481**
Additional capital introduced	14	**-**	**455,715,685**	**-**	**-**	**455,715,685**
Balance as at 31 December 2019		**15,000,000**	**455,715,685**	**4,500,000**	**85,466,314**	**560,681,999**

The accompanying notes from 1 to 26 form an integral part of these financial statements.

LUMI RENTAL COMPANY (Limited Liability Company)
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2019

	Note	31 December 2019	31 December 2018
		SR	SR
CASHFLOW FROM OPERATING ACTIVITIES			
Profit before zakat		**30,659,153**	18,049,650
Adjustment to reconcile profit before zakat			
Depreciation	7,8	**109,565,179**	60,491,368
Employees' defined benefits provision	15	**2,548,196**	1,122,039
Impairment loss on trade receivables	9	**8,608,437**	-
Gain on sale of vehicles		**(5,895,655)**	(2,022,247)
Financial charges		**4,018,479**	-
Finance cost on lease liabilities	17	**478,170**	-
Net changes in working capital:			
Trade receivables	9	**(62,448,793)**	(21,524,169)
Prepayments and other receivables	10	**(15,847,607)**	(21,008,567)
Related parties, net	11	**193,344,149**	82,503,489
Trade payables		**57,533,447**	51,156,805
Accruals and other liabilities	18	**3,580,984**	5,298,740
Net cash generated from operations		**326,144,139**	174,067,108
Employees' defined benefits paid	15	**(340,985)**	(93,282)
Zakat paid	19	**(773,853)**	-
Net cash generated from operating activities		**325,029,301**	173,973,826
CASHFLOW FROM INVESTING ACTIVITIES			
Additions to vehicles under operating leases	7	**(478,210,881)**	(209,060,012)
Additions to property and equipment	8	**(1,845,914)**	(2,662,165)
Proceeds from sale of vehicles		**66,968,878**	32,270,100
Net cash used in investing activities		**(413,087,917)**	(179,452,077)
CASHFLOW FROM FINANCING ACTIVITIES			
Proceeds from loans and borrowings		**116,119,143**	-
Repayment of loans and borrowings		**(17,417,871)**	-
Lease liabilities paid	17	**(4,172,540)**	-
Net cash generated from financing activities		**94,528,732**	-
Net changes in cash and cash equivalents		**6,470,116**	(5,478,251)
Cash and cash equivalents at beginning of the year	12	**(1,137,000)**	4,341,251
Cash and cash equivalents at the end of the year	12	**5,333,116**	(1,137,000)
Non cash transaction			
Actuarial losses on defined benefits	15	**(76,277)**	(857,642)
Right of use of assets	8	**9,059,256**	-
Lease liability	17	**8,190,430**	-
Rental vehicles transferred from related party	7	**1,355,850**	-

The accompanying notes from 1 to 26 form an integral part of these financial statements.

LUMI RENTAL COMPANY (Limited Liability Company)
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019

1. LEGAL STATUS AND NATURE OF OPERATIONS

Lumi Rental Company, formerly known as Al Tayyar Rent A Car Company (the "Company") is a Limited Liability Company registered in Riyadh, Kingdom of Saudi Arabia under commercial registration numbered 1010228226 issued on 23 Muharram 1428H (corresponding to 10 February 2007).

The Company changed its name from Al-Tayyar Rent A Car Company Limited to Lumi Rental Company as a result of a resolution passed during the Parent's Annual General Meeting held on 9 Shaban 1440 (corresponding to14 April 2019).

The Company is a 100% owned subsidiary of Seera Group Holding formerly known as Al Tayyar Travel Group Holding Company (A Saudi Joint Stock Company) (the "Parent"), a company registered in Riyadh, kingdom of Saudi Arabia.

The objective of the Company is buying, acquiring, leasing and renting vehicles, through its 32 Branches across the Kingdom of Saudi Arabia. The details of branches are as follows:

Branch Commercial Registration No.	Date	Location
1010324433	13/02/1433	Riyadh
1010567276	18/7/1440	Riyadh
1010569335	27/7/1440	Riyadh
1010599904	18/2/1441	Riyadh
1010599908	18/2/1441	Riyadh
1010616188	11/4/1441	Riyadh
1131298375	21/7/1440	Buraidah
2050085522	11/1/1433	Dammam
2050125982	16/9/1440	Dammam
2050125983	16/9/1440	Dammam
2050125984	16/9/1440	Dammam
2051226156	16/9/1440	Alkhobar
2051228260	8/3/1441	Alkhobar
2055026257	11/2/1439	Jubail
2055126812	8/3/1441	Jubail
2251495553	9/2/1441	Alhofuf
3550129516	27/1/1440	Tabuk
4030279663	8/3/1436	Jeddah
4030293122	5/5/1438	Jeddah
4030367715	18/2/1441	Jeddah
4030367716	18/2/1441	Jeddah
4030367717	18/2/1441	Jeddah
4030368604	2/3/1441	Jeddah
4030369035	8/3/1441	Jeddah
4031234013	11/4/1441	Mecca
4650077802	10/5/1436	Madina
4650215319	8/3/1441	Madina
4651102370	20/4/1441	Al-Ula
4700020105	20/2/1438	Yanbu
4700020204	10/6/1438	Yanbu
5855070552	5/5/1438	Khamis Mushait

2. STATEMENT OF COMPLIANCE WITH IFRS

These financial statements of the Company have been prepared in accordance with International Financial Reporting Standards, International Accounting Standards and Interpretations (collectively IFRSs), issued by the International Accounting Standards Board (IASB) as endorsed by Saudi Organization for Certified Public Accountants ("SOCPA").

3. STANDARDS, INTERPRETATIONS, AND AMENDMENTS TO EXISTING STANDARDS

3.1 New standards, interpretations and amendments effective in the current year

The new standard impacting the Company that adopted in the annual financial statements for the year ended 31 December 2019, and which have given rise to changes in the Company's accounting policies is:

Standards	Title	Effective date
IFRS 16	Leases	1 January 2019

Standards, interpretations and amendments effective in the current year

Standards	Title	Effective date
IFRS 9	Financial Instruments	1 January 2019
IAS 19	Employee Benefits	1 January 2019

IFRS 9 - Financial Instruments

The amendment was issued to address the concerns about how IFRS 9 classifies a particular prepayment feature of financial assets. It amends the existing requirements in IFRS 9 regarding termination rights to allow measurement at amortized cost (or, depending on the business model, at fair value through other comprehensive income) even in the case of negative compensation payments. However, the calculation of this compensation payment must be the same both for an early repayment penalty and the case of an early repayment gain.

IAS 19 - Employee Benefits

The amendment was to clarify that it is now mandatory that the current service cost and the net interest for the period after the remeasurement are determined using the assumptions used for the re-measurement for a plan amendment, curtailment or settlement. In addition, amendments have been included to clarify the effect of a plan amendment, curtailment or settlement on the requirements regarding the asset ceiling.

The Company does not have a material impact on its financial statements from the above.

3.2 New standards, interpretations, and amendments not yet effective

There are a number of standards, amendments to standards, and interpretations that have been issued by the IASB that are effective in future accounting periods that the Company has decided not to adopt early. The most significant of these are as follows, which are all effective for the period beginning 1 January 2020:

Standards	Title	Effective date
IAS 1	Presentation of Financial Statements	1 January 2020
IAS 8	Accounting Policies, Changes in Accounting Estimates and Errors	1 January 2020
	Revised Conceptual Framework for Financial Reporting	1 January 2020

IAS 1 - Presentation of Financial Statements

Amendments to its definition of material to make it easier for companies to make materiality judgments. The materiality depends on the nature or magnitude of information or both. An entity assesses whether information, either individually or in combination with other information, is material in the context of its financial statements taken as a whole.

IAS 8 - Accounting Policies, Changes in Accounting Estimates and Errors

The amendments are intended to make the definition of material easier to understand and are not intended to alter the underlying concept of materiality in IFRS. In addition, the IASB has also issued guidance on how to make materiality judgments when preparing general purpose financial statements in accordance with IFRS.

3.3 Others

The Company does not expect any other standards issued by the IASB, but not yet effective, to have a material impact on the Company.

The Company is yet to assess the impact of the above amendments in its financial statements.

4. BASIS OF PREPARATION

4.1 Overall considerations

These financial statements have been prepared using the measurement bases specified by IFRSs for each type of asset, liability, income, and expense. The measurement bases are more fully described in the accounting policies.

The principal accounting policies adopted in the preparation of these financial statements are set out in note 6. The accounting policies have been consistently applied to all the years presented unless otherwise stated.

The preparation of financial statements in compliance with IFRS requires the use of certain critical accounting estimates. It also requires Company's management to exercise judgment in applying the Company's accounting policies. The areas where significant judgments and estimates have been made in preparing these financial statements and their effect are disclosed in note 5.

These financial statements have been prepared on the historical cost basis, except for the following:

- Defined benefits plan measured at the present value of future obligations using the Projected Unit Credit Method; and
- Loans and borrowings at amortised cost.

Furthermore, these financial statements are prepared using the accrual basis of accounting and the going concern basis.

4.2 Financial year end

The Company's financial year starts from 1 January and ends on 31 December in each Gregorian calendar year.

4.3 Functional and presentation currency

The financial statements are presented in Saudi Riyal, which is the Company's functional and presentation currency.

5. USE OF JUDGEMENT AND ESTIMATES

The Company makes certain estimates and assumptions regarding the future. Estimates and judgments are continually evaluated based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. In the future, experience may differ from these estimates and assumptions. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below:

5.1 Judgments

Information about judgments made in applying accounting policies that have the most significant effects on the amount recognized in the financial statements is included in the following notes:

Impairment of trade receivables

The Company measures the loss allowance for trade receivables at an amount equal to lifetime ECL. The expected credit losses on trade receivables are estimated using a provision matrix by reference to past default experience of the receivable and an analysis of the receivable's current financial position, adjusted for factors that are specific to the receivables, general economic conditions of the industry in which the receivables operate and an assessment of both the current as well as the forecast direction of conditions at the reporting date. Trade receivable are normally assessed collectively unless there is a need to assess a particular receivable on an individual basis.

Lease liabilities

Lease liabilities are determined by calculating the present value of the lease payments using an appropriate discount rate. The Company uses the effective commission rate to calculate the present value of lease payments, which represents the long term incremental borrowing rate. (refer to note 6.1)

5.2 Assumptions and estimation uncertainties

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment in the financial statements for the year ended 31 December 2019 are as follows:

Useful lives of depreciable assets

An estimate of the useful lives and residual values of property and equipment is made for the purposes of calculating depreciation respectively. These estimates are made based on expected usage for useful lives. Residual value is determined based on experience and observable data where available.

The useful lives and residual values of Company's assets are determined by management based on technical evaluation at the time the asset is acquired and reviewed annually for appropriateness. The lives are based on historical experience with similar assets as well as anticipation of future events which may impact their life such as changes in technology.

Incremental borrowing rate used to measure lease liabilities

The determination of the incremental borrowing rate used to measure lease liabilities.

Employees' end of service benefits

Employee defined benefit liabilities are determined using an actuarial valuation, which requires estimates to be made of the various inputs.

Impairment of non-financial assets

An impairment loss is recognised for the amount by which the asset's or cash-generating unit's carrying amount exceeds its recoverable amount. To determine the recoverable amount, management estimates expected future cash flows from each cash-generating unit and determines a suitable commission rate in order to calculate the present value of those cash flows. In the process of measuring expected future cash flow management makes assumptions about future operating results. These assumptions relate to future events and circumstances. The actual results may vary, and may cause significant adjustments to the Company's assets within the next financial year.

Estimate of Zakat

The Company's Zakat on ordinary activities is the sum of the total zakat. The calculation of the Company's zakat charge necessarily involves a degree of estimation and judgment in respect of certain items whose treatment cannot be finally determined until resolution has been reached with the relevant tax authority or, as appropriate, through a formal legal process.

Recognition and measurement of provisions

Key assumptions about the likelihood and magnitude of an outflow of resources

5.3 Measurement of fair values

A number of the Company's accounting policies and disclosures require the measurement of fair values, for both financial and non-financial assets and liabilities.

When measuring the fair value of an asset or liability, the Company uses observable market data as far as possible. Fair values are categorized into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets and liabilities.
- Level 2: inputs other than quoted priced included in Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices).
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

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

The Company recognises transfers between the levels of the fair value hierarchy at the end of the reporting year during which the change has occurred.

Further information about the assumptions made in measuring fair values is included in note 23 of these financial statements.

6. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Company has consistently applied the accounting policies to all periods presented in these financial statements, except for the changes in accounting policies described below. Following are the significant accounting policies applied by the Company in preparing its financial statements:

6.1 Changes in accounting policies

Impact on the adoption of IFRS 16

The Company adopted IFRS 16 Leases from 1 January 2019. A number of other new standards are effective from 1 January 2019 but they do not have a material effect on the Company's financial statements.

The effect of initially applying this standard is mainly attributed to a recognition of Right-of-use assets with a corresponding lease liability together with a reduction in retained earnings.

IFRS 16 - Leases

IFRS 16 "Leases" provides a comprehensive model for the identification of lease arrangements and their treatment in the financial statements for both lessors and lessees. IFRS 16 "Leases" supersedes IAS 17 "Leases" and the related Interpretations. It is effective for accounting periods beginning on or after January 1, 2019.

The Company used modified retrospective application of IFRS 16 and recorded the cumulative impact of initial application on the date of initial application in accordance with paragraph C5(b) and C7 of IFRS 16 "Leases" therefore, the comparative information is not restated and instead, the Company has recognized the cumulative effect of initial application as an adjustment to the opening balance of retained earnings.

IFRS 16 "Leases" substantially carries forward the lessor accounting requirements in IAS 17 "Leases", however, it provides different accounting treatments for the lessees.

The change in definition of a lease mainly relates to the concept of control. IFRS 16 distinguishes between leases and service contracts on the basis of whether the use of an identified asset is controlled. Control is considered to exist if the Company has:

IFRS 16 – Leases (continued)

- The right to obtain substantially all of the economic benefits from the use of an identified asset; and
- The right to direct the use of the identified asset.

The Company applied the definition of a lease and related guidance set out in IFRS 16 "Leases" to all lease contracts entered into.

The details of new significant accounting policy and the nature are set out below:

All leases are accounted for by recognizing a right-of-use asset and a lease liability except for:

- Leases of low value assets; and
- Leases with a term of 12 months or less.

Lease liabilities are measured at the present value of the contractual payments due to the lessor over the lease term, with the discount rate determined by reference to the rate inherent in the lease unless (as is typically the case) this is not readily determinable, in which case the Company's incremental commission rate on commencement of the lease is used. Variable lease payments are only included in the measurement of the lease liability if they depend on an index or rate. In such cases, the initial measurement of the lease liability assumes the variable element will remain unchanged throughout the lease term. Other variable lease payments are expensed in the period to which they relate.

On initial recognition, the carrying value of the lease liability also includes:

- amounts expected to be payable under any residual value guarantee;
- the exercise price of any purchase option granted in favour of the Company if it is reasonable certain to assess that option;
- any penalties payable for terminating the lease, if the term of the lease has been estimated on the basis of termination option being exercised.

Right of use assets are initially measured at the amount of the lease liability, reduced for any lease incentives received, and increased for:

- lease payments made at or before commencement of the lease;
- initial direct costs incurred; and
- the amount of any provision recognized where the Company is contractually required to dismantle, remove or restore the leased asset.

Subsequent to initial measurement lease liabilities increase as a result of interest charged at a constant rate on the balance outstanding and are reduced for lease payments made. Right-of-use assets are amortised on a straight-line basis over the remaining term of the lease or over the remaining economic life of the asset if, rarely, this is judged to be shorter than the lease term.

When the Company revises its estimate of the term of any lease (because, for example, it re-assesses the probability of a lessee extension or termination option being exercised), it adjusts the carrying amount of the lease liability to reflect the payments to make over the revised term, which are discounted at the same discount rate that applied on lease commencement. The carrying value of lease liabilities is similarly revised when the variable element of future lease payments dependent on a rate or index is revised. In both cases an equivalent adjustment is made to the carrying value of the right-of-use asset, with the revised carrying amount being amortized over the remaining lease term.

Financial impact on adoption of IFRS 16

Impact on statement of financial position	As at 1 January 2019	Impact	After application of IFRS 16
	Before application of IFRS 16		
Property and equipment	**22,175,051**	**9,059,256**	**31,234,307**
Prepayments and other assets	**26,551,985**	**(850,203)**	**25,701,782**
Lease liability	**-**	**8,190,430**	**8,190,430**
Retained earnings	**55,910,210**	**18,623**	**55,928,833**
Impact on statement of profit or loss and other comprehensive income	**For the year ended 31 December 2019**	**Impact**	**After application of IFRS 16**
	Before application of IFRS 16		
Administrative expenses	**54,578,937**	**(595,832)**	**53,983,105**
Finance charges	**4,018,479**	**478,170**	**4,496,649**

IFRS 16 – Leases (continued)

Impact on statement of cash flows	For the year ended 31 December 2019	Impact	After application of IFRS 16
	Before application of IFRS 16		
Net cash flow from operating activities	**321,452,648**	**3,576,653**	**325,029,301**
Net cash flow from investing activities	**(412,977,716)**	**(110,201)**	**(413,087,917)**
Net cash flow from financing activities	**98,701,272**	**(4,172,540)**	**94,528,732**

Below are the new accounting policies of the Company after the adoption of IFRS 16:

Lessee

The Company assesses whether a contract contains a lease, at the inception of the contract. For all such lease arrangements the Company recognize right of use assets and lease liabilities except for the short term leases and leases of low-value assets as described below:

Right of use assets

The Company recognizes 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 re-measurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognized, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Unless the Company is reasonably certain to obtain ownership of the leased asset at the end of the lease term, the recognized right-of-use assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term. Right-of-use assets are subject to impairment.

Lease liabilities

At the commencement date of the lease, the Company recognizes 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 a lease, if the lease term reflects the Company exercising the option to terminate. The variable lease payments that do not depend on an index or a rate are recognized as an expense in the period on which the event or condition that triggers the payment occurs.

Lease liabilities (continued)

In calculating the present value of lease payments, the Company uses the incremental borrowing rate at the lease commencement date if 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 re-measured if there is a modification, a change in the lease term, a change in the in-substance fixed lease payments or a change in the assessment to purchase the underlying asset.

Short-term leases

The Company applies the short-term lease recognition exemption to its short-term leases of land and buildings (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). Lease payments on short-term leases are recognized as expense on a straight-line basis over the lease term.

6.2 Foreign currency translation

Foreign currency transactions and balances

Foreign currency transactions are translated into the functional currency, using the exchange rates prevailing at the dates of the transactions (spot exchange rate). Foreign exchange gains and losses resulting from the settlement of such transactions and from the re-measurement of monetary items at year-end exchange rates are recognised in profit or loss.

Non-monetary items are not retranslated at year-end and are measured at historical cost (translated using the exchange rates at the transaction date), except for non-monetary items measured at fair value which are translated using the exchange rates at the date when the fair value was determined.

6.3 Rental Vehicles

Rental vehicles are stated at cost, net of accumulated depreciation and accumulated impairment losses, if any. The initial cost of the vehicles is recorded net of incentives and allowances from manufacturers.

Depreciation is based upon their estimated residual values at their expected dates of disposition, after giving effect to anticipated conditions in the used car market. Any adjustments to depreciation are made prospectively.

The estimation of residual values requires the Company to make assumptions regarding the age and mileage of the car at the time of disposal, as well as expected used vehicle auction market conditions. The Company regularly evaluates estimated residual values and adjusts depreciation rates as appropriate. Differences between actual residual values and those estimated result in a gain or loss on disposal and are recorded as part of vehicle depreciation at the time of sale.

Depreciation is calculated on a straight-line basis over estimated useful life of 2 – 7 of rental vehicles.

6.4 Property and equipment

Recognition and measurement

Items of property and equipment are measured at cost, which includes capitalized borrowing costs, less accumulated depreciation and any accumulated impairment losses. If significant parts of an item of property and equipment have different useful lives, then they are accounted for as separate items (major components) of property and equipment. All other repair and maintenance costs are recognized in the income statement as incurred. The present value of the expected cost for the decommissioning of the asset after its use is included in the cost of the respective asset if the recognition criteria for a provision are met.

An item of property and equipment is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss on disposal of an item of property and equipment is recognized in profit or loss as other income.

Subsequent expenditure

Subsequent expenditure is capitalized only if it is probable that the future economic benefits associated with the expenditure will flow to the Company.

Depreciation

Depreciation is calculated to write off the cost of items of property and equipment less their estimated residual values using the straight-line method over their estimated useful lives, and is generally recognized in profit or loss. Land is not depreciated.

The estimated depreciation rate of property and equipment for current and comparative periods are as follows:

Furniture and fixtures	6.67
Office equipment	6.67
Decors and enhancements	6.67
Air conditioners	6.67
Computers	5
Tools and hardware	6.67
Telecom and security systems	5

The residual values, useful lives and methods of depreciation of property and equipment are reviewed at each financial year end and adjusted prospectively, if appropriate.

6.5 Impairment testing 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 applied.

These calculations are corroborated by valuation multiples, quoted share prices for publicly traded companies or other available fair value indicators.

For assets excluding goodwill, an assessment is made at each reporting date to determine whether there is an indication that previously recognized 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 recognized 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 recognized. 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 recognized for the asset in prior years. Such reversal is recognized in the statement of profit or loss.

6.6 Financial Instruments

i. Financial assets

The Company classifies its financial assets into one of the categories discussed below, depending on the purpose for which the asset was acquired. The Company's accounting policy for each category is as follows:

Fair value through profit or loss

Financial assets are carried in the statement of financial position at fair value with changes in fair value recognised in the statement of profit or loss in the finance income or expense line. The Company does not have any assets held for trading nor does it voluntarily classify any financial assets as being at fair value through profit or loss.

Amortised cost

These assets arise principally from the provision of goods and services to customers (e.g. trade receivables), but also incorporate other types of financial assets where the objective is to hold these assets in order to collect contractual cash flows and the contractual cash flows are solely payments of principal and interest. They are initially recognised at fair value plus transaction costs that are directly attributable to their acquisition or issue, and are subsequently carried at amortised cost using the effective interest rate method, less provision for impairment.

Impairment provisions for Trade receivables are recognized based on the simplified approach within IFRS 9 using a provision matrix in the determination of the lifetime expected credit losses. During this process the probability of the non-payment of the trade receivables is assessed. This probability is then multiplied by the amount of the expected loss arising from default to determine the lifetime expected credit loss for trade receivables. For trade receivables, which are reported net, such provisions are recorded in a separate provision account with the loss being recognised within operating expenses in the statement of profit or loss and comprehensive income. On confirmation that the trade receivables will not be collectable, the gross carrying value of the asset is written off against the associated provision.

The Company's financial assets measured at amortized cost comprise trade receivables, due from related party and cash and cash equivalents in the statement of financial position.

Fair value through other comprehensive income

Financial assets fair valued through other comprehensive income are carried at fair value with changes in fair value recognised in other comprehensive income and accumulated in the fair value through other comprehensive income reserve. Upon disposal any balance within fair value through other comprehensive income reserve is reclassified directly to retained earnings and is not reclassified to profit or loss.

Purchases and sales of financial assets measured at fair value through other comprehensive income are recognised on settlement date with any change in fair value between trade date and settlement date being recognised in the fair value through other comprehensive income reserve.

Presentation of impairment

Loss allowances for financial assets measured at amortized cost are deducted from the gross carrying amount of the assets. Impairment losses related to trade receivables and other assets are presented separately in the statement of profit or loss account.

ii. Financial liabilities

The Company classifies its financial liabilities into one of two categories, depending on the purpose for which the liability was acquired. The Company's accounting policy for each category is as follows:

Fair value through profit or loss

Financial liabilities fair valued through profit or loss are carried in the statement of financial position at fair value with changes in fair value recognised in the statement of profit or loss and comprehensive income. The Company does not have any liabilities held for trading nor has it designated any financial liabilities as being at fair value through profit or loss.

Other financial liabilities

Commission bearing liabilities are initially recognized at fair value net of any transaction costs directly attributable to the issue of the instrument. Such commission bearing liabilities are subsequently measured at amortized cost using the effective commission rate method, which ensures that any commission expense over the period to repayment is at a constant rate on the balance of the liability carried in the statement of financial position. For the purposes of each financial liability, commission expense includes initial transaction costs and any premium payable on redemption, as well as any interest or coupon payable while the liability is outstanding.

Other short-term monetary liabilities, which are initially recognized at fair value and subsequently carried at amortised cost using the effective commission method.

De-recognition

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 de-recognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognized in the statement of profit or loss.

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 recognized amounts and there is an intention to settle on a net basis, to realize the assets and settle the liabilities simultaneously.

6.7 Cash and cash equivalents

Cash and cash equivalents in the statement of financial position comprises of cash at banks.

6.8 Employees' end of service benefits

Short-term employee benefits

Short-term employee benefits are expensed as the related service is provided. A liability is recognized for the amount expected to be paid if the Company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

Defined benefit plans

The Company's net obligation in respect of defined benefit plan is calculated by estimating the amount of future benefit that employees have earned in the current and prior periods and discounting that amount. The calculation of defined benefit obligations is performed annually by a qualified actuary using the projected unit credit method.

Re-measurements of the net defined benefit liability, which comprise actuarial gains and losses (excluding finance expense) is recognized immediately in other comprehensive income. The Company determines the net finance expense on the net defined benefit liability for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period to the then-net defined benefit liability, taking into account any changes in the net defined benefit liability during the period as a result of contributions and benefit payments. Net finance expenses and other expenses related to defined benefit plans are recognized in the statement of profit or loss.

When the benefits of a plan are changed or when a plan is curtailed, the resulting change in the benefit that relates to past service or the gain or loss on curtailment is recognized immediately in the statement of profit or loss. The Company recognizes gains and losses on the settlement of a defined benefit plan when the settlement occurs.

6.9 Trade payables

These amounts represent liabilities for goods and services provided to the Company prior to the end of financial period, which are unpaid. The amounts are unsecured. Trade and other payables are presented as current liabilities unless payment is not due within 12 months after the reporting period. They are recognised initially at their fair value and subsequently measured at amortized cost using the effective interest method.

6.10 Provisions and contingent liabilities

Provisions are recognised when present obligations as a result of a past event will probably lead to an outflow of economic resources from the Company and amounts can be estimated reliably. Timing or amount of the outflow may still be uncertain. A present obligation arises from the presence of a legal or constructive commitment that has resulted from past events, for example, legal disputes or onerous contracts.

6.10 Provisions and contingent liabilities (continued)

Provisions are measured at the estimated expenditure required to settle the present obligation, based on the most reliable evidence available at the reporting date, including the risks and uncertainties associated with the present obligation. Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. Provisions are discounted to their present values, where the time value of money is material.

Any reimbursement that the Company can be virtually certain to collect from a third party with respect to the obligation is recognised as a separate asset. However, this asset may not exceed the amount of the related provisions.

All provisions are reviewed at each reporting date and adjusted to reflect the current best estimate. In those cases, where the possible outflow of economic resources as a result of present obligations is considered improbable or remote, no liability is recognised, unless it was assumed in the course of a business combination.

6.11 Accruals and other liabilities

Liabilities are recognized for amounts to be paid in the future for goods or services received, whether billed by the supplier or not.

6.12 Equity and reserves

Share capital represents the nominal value of shares that have been issued.

Retained earnings include all current and prior period profits.

6.13 Statutory Reserve

In accordance with the Regulations for Companies in the Kingdom of Saudi Arabia and the Company's articles of association, the Company is required to transfer 10% of net income for the year to the statutory reserve until such reserve equals 30% of its share capital. This reserve is not available for distribution to the shareholders. The transfer to statutory reserve is made by the Company only at the year end.

6.14 Revenue

The Company derives revenues primarily by providing vehicle rentals services to commercial and leisure customers. Other related products and mobility services include sales of collision and loss damage waivers under which a customer is relieved from financial responsibility arising from vehicle damage incurred during the rental; products and services for driving convenience such as chauffeur drive services.

The Company recognized revenue when obligations under the terms of a contract with the customer were satisfied; generally, this occurred evenly over the contract term (over time); when control of the promised products or services was transferred to the customer. Revenue was measured as the amount of consideration the Company expected to be entitled to receive in exchange for transferring products or services. Certain customers may have received cash-based rebates, which were accounted for as variable consideration. Vehicle rental and rental-related revenues were recognized evenly over the period of rental.

Beginning 1 January 2019, the Company combines all lease and non-lease components of its vehicle rental contracts for which the timing and pattern of transfer are the same and the lease component meets the classification of an operating lease. Vehicle rentals and other services are recognized evenly over the period of rental, which is on average 10 days.

Revenue from sale of vehicles

Revenue from sale of vehicles is recognised, when control of the vehicles is transferred to the customers (point in time), generally on delivery of the vehicles. The normal credit terms are 30 days from the delivery of the vehicle.

6.15 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 to: depreciation of vehicles under operating leases, cost of vehicles disposed of, etc.

6.16 General and administrative expenses

General and administrative expenses include direct and indirect costs not specifically part of cost of sales.

6.17 Finance cost

Finance costs are expensed in the period in which they occur. Finance costs mainly consist of profit margin on loans and borrowings and finance costs related to lease liabilities.

6.18 Zakat

The Company is subject to zakat in accordance with the regulations of GAZT in the Kingdom of Saudi Arabia. Any differences between the provision and the final assessment are recorded at the approval of the final assessment, when the provision is closed.

6.19 Reclassifications

Certain reclassifications have been made in the comparative year financial statements to conform to current year presentation.

7. RENTAL VEHICLES

	31 December 2019	31 December 2018
	SR	SR
Cost:		
Balance at the beginning of the year	**384,518,025**	233,328,342
Additions during the year	**476,137,700**	209,060,012
Transfer from related party	**2,073,181**	-
Disposal during the year	**(104,578,228)**	(57,870,329)
Balance at the end of the year	**758,150,678**	384,518,025
Accumulated depreciation:		
Balance at the beginning of the year	**72,232,234**	40,991,334
Charge for the year	**103,640,005**	58,850,757
Transfer from related party	**717,331**	-
Elimination on disposal	**(43,505,005)**	(27,609,857)
Balance at the end of the year	**133,084,565**	72,232,234
Net book value	**625,066,113**	312,285,791

Depreciation charge for the year has been allocated to cost of revenue.

8. PROPERTY AND EQUIPMENT

	Right-of-use assets	Lands	Furniture and fixtures	Office equipment	Decors and enhancements	Air conditioners	Computers	Tools and hardware	Telecom and security systems	Total
Cost:										
Balance at 1 January 2018	-	12,318,160	699,914	114,929	2,794,904	122,944	3,064,490	367,327	30,218	19,512,886
Additions during the year	-	-	128,083	2,076	1,560,684	132,224	208,018	602,175	28,905	2,662,165
Balance at 31 December 2018	-	12,318,160	827,997	117,005	4,355,588	255,168	3,272,508	969,502	59,123	22,175,051
Effect of transition to IFRS 16	**9,059,256**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**9,059,256**
Balance at 1 January 2019	**9,059,256**	**12,318,160**	**827,997**	**117,005**	**4,355,588**	**255,168**	**3,272,508**	**969,502**	**59,123**	**31,234,307**
Additions during the year	**740,002**	**-**	**251,018**	**1,200**	**544,002**	**25,957**	**113,302**	**170,433**	**-**	**1,845,914**
Balance at 31 December 2019	**9,799,258**	**12,318,160**	**1,079,015**	**118,205**	**4,899,590**	**281,125**	**3,385,810**	**1,139,935**	**59,123**	**33,080,221**
Accumulated Depreciation:										
Balance at 1 January 2018	-	-	350,310	113,933	803,954	58,011	532,157	100,601	30,118	1,989,084
Charge for the year	-	-	106,357	2,048	493,615	29,846	924,280	82,004	2,462	1,640,612
Balance at 1 January 2019	-	-	456,667	115,981	1,297,569	87,857	1,456,437	182,605	32,580	3,629,696
Charge for the year	**3,762,697**	**-**	**87,925**	**1,219**	**563,180**	**32,209**	**616,556**	**139,659**	**4,398**	**5,207,843**
Balance at 31 December 2019	**3,762,697**	**-**	**544,592**	**117,200**	**1,860,749**	**120,066**	**2,072,993**	**322,264**	**36,978**	**8,837,539**
Net book value :										
At 31 December 2019	**6,036,561**	**12,318,160**	**534,423**	**1,005**	**3,038,841**	**161,059**	**1,312,817**	**817,671**	**22,145**	**24,242,682**
At 31 December 2018	-	12,318,160	371,330	1,024	3,058,019	167,311	1,816,071	786,897	26,543	18,545,355

Depreciation charge for the year has been allocated to general and administrative expenses.

9. TRADE RECEIVABLES' NET

	31 December 2019	31 December 2018
	SR	SR
Trade receivables	**109,944,461**	47,495,668
Impairment loss	**(8,829,784)**	(221,347)
	101,114,677	47,274,321

Movement of impairment loss is as follows:

	31 December 2019	31 December 2018
	SR	SR
At the beginning of the year	**221,347**	-
Charge for the year	**8,608,437**	221,347
At the end of the year	**8,829,784**	221,347

10. PREPAYMENTS AND OTHER RECEIVABLES

	31 December 2019	31 December 2018
	SR	SR
Advances to suppliers	**27,386,684**	7,439,027
VAT receivable	**6,874,706**	-
Prepaid expenses	**3,592,910**	9,073,332
Advances to employees	**2,015,364**	179,948
Insurance receivables	**2,012,366**	2,012,366
Advances for letters of guarantee margins	**855,066**	1,149,587
Others	**1,564,661**	6,697,725
	44,301,757	26,551,985
Write off against insurance receivables	**(2,012,366)**	-
	42,289,391	26,551,985

11. RELATED PARTY TRANSACTIONS AND BALANCES

The Company in the normal course of business carries out transactions with various related parties. Related parties' transactions are carried out on an arm's length basis and conditions approved by the Company and its Board. The terms and conditions of these transactions were no more favorable than those available, or which might reasonably be expected to be available, in similar transactions with non-key management personnel and related companies on an arm's length basis.

Outstanding balances at the year-end are unsecured, interest-free and settled in cash. There have been no guarantees provided or received for any related party receivables or payables.

The following are the details of major related party transactions and balances during the year:

Significant transactions and balances with related parties in the ordinary course of business which are included in the financial statements are summarized as follows:

Transactions

Related party	Relationship	31 December 19			
		Sales	Purchases	Receipts	Other costs / (revenues)
Seera Group Holding	Owner	**6,337,459**	**-**	**(172,899,523)**	**(25,304,072)**
Elaa Air Transportation	Associate	**334,800**	**-**	**(163,784)**	**-**
Seera Holiday for Travel and Tourism Company Limited (SHT)	Associate	**252,343**	**(270,873)**	**(358,526)**	**-**
National Travel and Tourism Bureau Limited (NTTB)	Associate	**-**	**-**	**-**	**-**
Al Mousim Travel & Tours (AMTT)	Associate	**-**	**-**	**-**	**-**
Fayfa Travel & Tourism Agency Company (FTT)	Associate	**-**	**-**	**2,552**	**-**
Elaa Travel, Tourism and Cargo Company Limited (ECC)	Associate	**2,555,672**	**-**	**(6,119,774)**	**5,312,464**
Almosafer Company for Travel and Tourism (MCT)	Associate	**140**	**-**	**(19,998,848)**	**19,991,608**
Seera Hospitality Company (SHC)	Associate	**62,500**	**-**	**-**	**-**
Saudi Company for Transportation United (SCT)	Associate	**-**	**-**	**(6,277,988)**	**-**
Taqniatech Company for Communication Technology Limited (TAQ)	Associate	**128,500**	**-**	**-**	**-**
Hanay Trading Company Limited (HTCL)	Associate	**-**	**(1,021,166)**	**(485,428)**	**552,367**
Mawasim Tourism and Umrah Services (MWT)	Associate	**6,950**	**-**	**-**	**-**
Al Tayyar Holidays Travel Group Company (ATE)	Associate	**-**	**-**	**-**	**-**
Al Tayyar Rent A Car Company (ARC)	Associate	**-**	**-**	**-**	**-**

LUMI RENTAL COMPANY (Limited Liability Company)
NOTES TO THE FINANCIAL STATEMENTS
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Transactions (continued)

Related party	Relationship	31 December 18			
		Sales	Purchases	Receipts	Other costs / (revenues)
Seera Group Holding	Owner	3,524,498	(190,671)	(90,038,933)	(140,442)
Elaa Air Transportation	Associate	25,000	-	(607,849)	-
Seera Holiday for Travel and Tourism Company Limited (SHT)	Associate	45,000	(8,740)	-	(4,156)
National Travel and Tourism Bureau Limited (NTTB)	Associate	-	-	-	(17,965)
Al Mousim Travel & Tours (AMTT)	Associate	-	-	(21,582)	
Fayfa Travel & Tourism Agency Company (FTT)	Associate	-	-	-	(7,048)
Elaa Travel, Tourism and Cargo Company Limited (ECC)	Associate	1,006,652	-	(2,755,014)	-
Almosafer Company for Travel and Tourism (MCT)	Associate	7,100	-	-	-
Seera Hospitality Company (SHC)	Associate	-	-	-	-
Saudi Company for Transportation United (SCT)	Associate	-	(384,182)	2,185,575	-
Taqniatech Company for Communication Technology Limited (TAQ)	Associate	15,583	-	-	-
Hanay Trading Company Limited (HTCL)	Associate	12,743,578	-	-	10,251,958
Mawasim Tourism and Umrah Services (MWT)	Associate	-	-	-	-
Al Tayyar Holidays Travel Group Company (ATE)	Associate	-	-	-	4,400
Al Tayyar Rent A Car Company (ARC)	Associate	-	-	-	1,625
Jawlah Tours Establishment for Tourism (JTET)	Associate	-	-	(137,875)	-

Balances

Due from related parties

	Relationship	31 December 2019	31 December 2018
		SR	SR
Saudi Company for Transportation United (SCT)	Associate	**1,626,122**	7,904,109
Al Mousim Travel & Tours (AMTT)	Associate	**144,784**	144,784
Taqniatech Company for Communication Technology Limited (TAQ)	Associate	**144,083**	15,583
Seera Hospitality Company (SHC)	Associate	**62,500**	-
Mawasim Tourism and Umrah Services (MWT)	Associate	**6,950**	-
Al Tayyar Holidays Travel Group Company (ATE)	Associate	**4,400**	4,400
Al Tayyar Rent A Car Company (ARC)	Associate	**1,625**	1,625
Hanay Trading Company Limited (HTCL)	Associate	**-**	57,613,876
Almosafer Company for Travel and Tourism (MCT)	Associate	**-**	7,100
Seera Holiday for Travel and Tourism Company Limited (SHT)	Associate	**-**	32,104
Total		**1,990,464**	65,723,581

Due to related parties

	Relationship	31 December 2019	31 December 2018
		SR	SR
Elaa Air Transportation	Associate	**411,833**	582,849
Seera Holiday for Travel and Tourism Company Limited (SHT)	Associate	**344,953**	-
National Travel and Tourism Bureau Limited (NTTB)	Associate	**17,965**	17,965
Fayfa Travel & Tourism Agency Company (FTT)	Associate	**4,497**	7048
Seera Group Holding	Partner	**-**	320,509,198
Elaa Travel, Tourism and Cargo Company Limited (ECC)	Associate	**-**	1,748,362
Total		**779,248**	322,865,422

12. CASH AND CASH EQUIVALENTS

	31 December 2019	31 December 2018
	SR	SR
Cash at banks	**5,333,116**	323,245
Cash in hand	**-**	2,007
	5,333,116	325,252
Bank overdrafts used for cash management purposes	**-**	(1,462,252)
Cash and cash equivalents in the statement of cash flows	**5,333,116**	(1,137,000)

13. SHARE CAPITAL

Share capital of the Company consists of 15,000 fully paid ordinary shares of SR 1000 each. The total share capital is SR 15,000,000 as at 31 December 2019 (31 December 2018: SR 15,000,000).

14. ADDITIONAL CAPITAL

The Company is in the process of changing its legal status from limited liability company to closed joint stock company and as part of this process an amount of SR 445.7 million has been transferred from due to the Parent to additional capital in the statement of changes in equity. The additional capital will be transferred to convertible shares as per the terms agreed with Ministry of Commerce on changing the legal status of the Company as described above.

15. EMPLOYEES' END OF SERVICE BENEFITS

	31 December 2019	31 December 2018
	SR	SR
Net defined benefit liability	**6,077,644**	3,794,156

The Company accounts for employees defined benefit obligation as per the regulations of Saudi labour law.

Movement in net defined benefit liability

The following table shows the reconciliation from the opening balances to the closing balances for net defined benefit liability and its components.

	31 December 2019	31 December 2018
	SR	SR
Balance at beginning of the period	**3,794,156**	1,907,757
Liability transfer in	**533,387**	-
Past service cost	-	88,052
Included in profit or loss		
Current service cost	**1,860,998**	954,890
Finance expense	**153,811**	79,097
	6,342,352	3,029,796
Included in OCI		
Actuarial loss	**76,277**	857,642
Benefits paid	**(340,985)**	(93,282)
Balance at the end of the year	**6,077,644**	3,794,156

Actuarial assumptions on defined benefit liability

The following were the principal actuarial assumptions at the reporting date (expressed as weighted averages).

	31 December 2019	31 December 2018
	KSA	KSA
Discount rate	3.60%	3.70%
Future salary growth	5.00%	5.00%

Sensitivity analysis

Reasonably possible changes at the reporting date to one of the relevant actuarial assumptions, holding other assumptions constant, would have affected the defined benefit obligation by the amounts shown below.

	31 December 2019		31 December 2018	
	Increase	Decrease	Increase	Decrease
Discount rate (1% movement)	**5,561,229**	**6,687,561**	3,471,510	4,174,999
Future salary growth (1% movement)	**6,693,917**	**5,544,417**	4,179,380	3,460,704

Although the analysis does not take account of the full distribution of cash flows expected under the plan, it does provide an approximation of the sensitivity of the assumptions shown.

16. LOANS AND BORROWINGS

Non-current liabilities	31 December 2019	31 December 2018
	SR	SR
Unsecured loan	**98,701,272**	-
Classified as:		
Non-current portion	**75,477,443**	
Current portion	**23,223,829**	-

On 17 Rajab 1440H (corresponding to 24 March 2019) the Company signed an Islamic financing contract with a local bank amounting to SR 146 million. The Company utilised SR 116 million of the total loan facility. This financing will be repaid in quarterly instalments for three years at prevailing market rate and is unsecured. The Company aims to finance the expansion of its operations from this financing.

17. LEASE LIABILITIES

	31 December 2019	31 December 2018
	SR	SR
Lease Liabilities		-
On transition to IFRS 16 at 1 January 2019 (note 6)	**8,190,430**	-
Additions	**740,002**	-
Finance charges	**478,170**	-
Paid during the year	**(4,172,540)**	-
	5,236,062	-
Classified as:		
Non-current portion	**927,402**	-
Current portion	**4,308,660**	-

18. ACCRUALS AND OTHER LIABILITIES

	31 December 2019	31 December 2018
	SR	SR
Annual leave and ticket accrual	**3,273,329**	892,849
Accrued expenses	**1,545,531**	1,030,000
Accrued maintenance	**800,000**	-
Accrued rent expense	**524,678**	-
VAT payable	**-**	744,988
Others	**991,060**	885,777
	7,134,598	3,553,614

19. ZAKAT

Components of the zakat base

	31 December 2019	31 December 2018
	SR	SR
Zakat base:		
Profit before zakat	**30,659,153**	18,049,650
Impairment of trade receivable	**8,608,437**	-
End of service provided during the year	**2,548,196**	1,122,039
Others	**-**	903,671
Adjusted profit	**41,815,786**	20,075,360
Share capital	**15,000,000**	15,000,000
Additional capital	**455,715,685**	-
Statutory reserve	**4,500,000**	3,747,767
Retained earnings	**55,928,833**	39,220,086
Employees' end of service benefits' obligation	**3,453,171**	1,814,475
Write off trade receivable	**221,347**	-
Loans and borrowings	**98,701,272**	-
Lease liabilities	**5,236,062**	-
	680,572,156	79,857,688
Non-current assets	**(649,308,795)**	(330,831,146)
Zakat base	**31,263,361**	(250,973,458)
Zakat @ 2.5%	**1,045,395**	501,884

Zakat provision

	31 December 2019	31 December 2018
	SR	SR
At the beginning of the year	**773,845**	271,961
Provided during the year	**1,045,395**	501,884
Payments made during the year	**(773,845)**	-
At the end of the year	**1,045,395**	773,845

20. REVENUE

	31 December 2019	31 December 2018
	SR	SR
Revenue from contracts with customers		
Car rental revenue	**250,295,250**	147,802,680
Other revenue		
Revenue from sale of vehicles	**66,968,872**	30,052,769
	317,264,122	177,855,449
Timing of revenue recognition		
Services transferred over time	**250,295,250**	147,802,680
Products transferred in time	**66,968,872**	30,052,769
	317,264,122	177,855,449

21. COST OF REVENUE

	31 December 2019	31 December 2018
	SR	SR
Depreciation on rental vehicles	**103,640,005**	58,850,757
Cost of vehicles sold	**61,073,223**	30,260,472
Salaries and other benefits	**29,044,715**	28,174,413
Insurance	**11,738,791**	9,896,173
Rent	**8,483,324**	4,052,888
Vehicles’ repairs and maintenance	**6,423,200**	3,271,991
Travel and transportation	**4,327,986**	2,134,051
Traffic fines	**2,482,763**	903,656
Others	**909,558**	400,164
	228,123,565	137,944,565

22. GENERAL AND ADMINISTRATIVE EXPENSES

	31 December 2019	31 December 2018
	SR	SR
Salaries and other benefits	**16,668,131**	595,092
Rent	**10,815,580**	14,058,970
Impairment of trade receivables	**8,608,437**	-
Depreciation	**5,207,843**	1,640,612
Fees and subscriptions	**4,849,338**	4,229,702
Insurance receivables write-off (note 10)	**2,012,366**	-
Travel and transportation	**1,805,148**	1,635,497
Advertising	**856,805**	369,524
Software expenses	**732,206**	11,340
Communication	**569,457**	279,804
Hospitality and cleanliness	**433,148**	267,026
Professional fee	**355,717**	902,063
Utilities	**349,239**	167,496
General Maintenance	**344,530**	94,349
Stationery	**243,055**	372,880
Impairment against related party balance	**72,482**	-
Others	**59,623**	372,156
	53,983,105	24,996,511

23. FINANCIAL INSTRUMENTS – RISK MANAGEMENT

The Company is exposed through its operations to the following financial risks:

- Credit risk
- Interest rate risk
- Liquidity risk
- Other market price risk and

In common with all other businesses, the Company is exposed to risks that arise from its use of financial instruments. This note describes the Company's objectives, policies and processes for managing those risks and the methods used to measure them. Further quantitative information in respect of these risks is presented throughout these financial statements.

23. FINANCIAL INSTRUMENTS – RISK MANAGEMENT (continued)

There have been no substantive changes in the Company's exposure to financial instrument risks, its objectives, policies and processes for managing those risks or the methods used to measure them from previous periods unless otherwise stated in this note.

Principal financial instruments

The principal financial instruments used by the Company, from which financial instrument risk arises, are as follows:

- Trade receivables
- Cash and cash equivalents
- Related party balances
- Lease liabilities
- Loans and borrowings
- Trade payables
- Accruals and other liabilities

Fair value and fair value hierarchy

The Company measures financial instruments at fair value at each statement of financial position date.

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

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

The principal or the most advantageous market must be accessible by the Company. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their best economic interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits from the asset's highest and best use or by selling it to another market participant that would utilize the asset in its highest and best use. The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorized within the fair value hierarchy.

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 categorization (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. External valuers are involved in the valuation of significant assets.

At each reporting date, the Company analyses the movements in the values of assets and liabilities, which are required to be re-measured 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 with the information in the valuation computation to contracts and other relevant documents. The Company also compares the change in the fair value of each asset and liability with relevant external sources to determine whether the change is reasonable.

Financial instrument by category

Financial assets	Note	31 December 2019	31 December 2018
		SR	SR
Trade receivables, net	9	**101,114,677**	47,274,321
Due from related parties	13	**1,990,464**	65,723,581
Cash and cash equivalents	12	**5,333,116**	325,252
		108,438,257	113,323,154
Financial liabilities			
Trade payables		**120,380,225**	62,846,778
Loans and borrowings	16	**98,701,272**	-
Lease liabilities	17	**5,236,062**	-
Due to related party	13	**779,248**	322,865,422
Accruals and other liabilities	18	**7,134,598**	3,553,614
		232,231,405	389,265,814

Financial instruments not measured at fair value

Financial instruments not measured at fair value include cash and cash equivalents, trade receivables, due from related parties, due to related parties, trade payables, lease liabilities, loans and borrowings and accruals and other liabilities.

Due to their short-term nature, the carrying value of cash and cash equivalents, trade receivables, due from related parties, due to related parties, trade payables, lease liabilities, loans and borrowings and accruals and other liabilities approximates their fair value.

There were no transfers between levels during the year.

General objectives, policies and processes

The Management has overall responsibility for the determination of the Company's risk management objectives and policies and, whilst retaining ultimate responsibility for them, it has delegated the authority for designing and operating processes that ensure the effective implementation of the objectives and policies to the Company's finance function. The Management receives periodic reports from the Company Financial Controller through which it reviews the effectiveness of the processes put in place and the appropriateness of the objectives and policies it sets.

The overall objective of the Management is to set policies that seek to reduce risk as far as possible without unduly affecting the Company's competitiveness and flexibility.

Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations. The Company is mainly exposed to credit risk from credit sales. It is Company policy, implemented locally, to assess the credit risk of new customers before entering contracts. Such credit ratings are taken into account by local business practices.

The management has established a credit policy under which each new customer is analysed individually for creditworthiness before the Company's standard payment and delivery terms and conditions are offered. The Company's review includes external ratings, when available, and in some cases bank references. Purchase limits are established for each customer, which represents the maximum open amount without requiring approval from the management.

The management determines concentrations of credit risk by quarterly monitoring the creditworthiness rating of existing customers and through a monthly review of the trade receivables' ageing analysis. In monitoring the customers' credit risk, customers are grouped according to their credit characteristics. Customers that are graded as "high risk" are placed on a restricted customer list, and future credit sales are made only with approval of the management, otherwise payment in advance is required.

Credit risk also arises from cash and cash equivalents held with banks and financial institutions. For banks and financial institutions, only independently rated parties are accepted.

Credit risk (continued)

The Company's maximum exposure to credit risk is limited to the carrying amount of financial assets recognised at the reporting date, as summarised below:

	31 December 2019	31 December 2018
	SR	SR
Classes of financial assets - carrying amounts:		
Trade receivables' net	**101,114,677**	47,274,321
Due from related party	**1,990,464**	65,723,581
Cash and cash equivalents	**5,333,116**	325,252
Total carrying amount	**108,438,257**	113,323,154

The carrying amount of financial assets represents the maximum credit exposure.

Credit risk on receivable and bank balances is limited as:

- Cash balances are held with banks with sound credit ratings.
- Trade receivables are shown net of allowance for impairment of trade receivables.
- Due from a related party

The Company manages credit risk with respect to receivables from customers by monitoring in accordance with defined policies and procedures. The Company seeks to limit its credit risk with respect to customers by setting credit limits for individual customers and by monitoring outstanding receivables on an ongoing basis.

The ageing of Trade receivables is as follows:

	31 December 2019	31 December 2018
	SR	SR
Neither past due nor impaired	**72,440,849**	14,173,835
Not more than six months	**28,673,828**	33,100,486
	101,114,677	47,274,321

Market risk

Market risk arises from the Company's use of interest bearing, tradable and foreign currency financial instruments, if any. It is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in commission rates (interest rate risk).

Commission rate risk

Fair value and cash flow interest rate risks are the exposures to various risk associated with the effect of fluctuations in the prevailing interest rates on the Company's financial position and cash flows. The Company is not exposed to fair value and cash flow commission rate risks as long term murabaha loan has fixed profit margin.

Management of the Company does not enter into future agreement to hedge its interest rate risk. However, these are monitored on a regular basis and corrective measures initiated wherever required. All of the borrowings are on fixed interest rates; therefore, interest rate sensitivity analysis has not been disclosed.

Liquidity risk

Liquidity risk arises from the Company's management of working capital and the finance charges and principal repayments on its debt instruments. It is the risk that the Company will encounter difficulty in meeting its financial obligations as they fall due.

Liquidity risk (continued)

The Company's policy is to ensure that it will always have sufficient cash to allow it to meet its liabilities when they become due. To achieve this, it seeks to maintain cash balances (or agreed facilities) to meet expected requirements for a period of at least 45 days.

The Company's liquidity management involves projecting cash flows and considering the level of liquid assets necessary to meet the monitoring of liquidity ratios and maintaining debt financing plans.

The table below analyses the Company's financial liabilities into relevant maturity groupings based on the remaining period at the balance sheet date to the contractual maturity date. The amounts in the table are the contractual undiscounted cash flows.

The following are the contractual maturities at the end of the reporting period of financial liabilities. The amounts are grossed and undiscounted, and include estimated interest payments.

31-Dec-19	Up to three months	More than three months and up to a year	More than one year and up to five year	Total
Financial liabilities				
Trade payables	**116,953,325**	**3,426,900**	**-**	**120,380,225**
Loans and borrowings	**5,805,957**	**17,417,872**	**75,477,443**	**98,701,272**
Lease liabilities	**-**	**4,308,660**	**927,402**	**5,236,062**
Accruals and other liabilities	**4,679,601**	**2,454,997**	**-**	**7,134,598**
	127,438,883	**27,608,429**	**76,404,845**	**231,452,157**
31-Dec-18				
Financial liabilities				
Trade payables	62,846,778	-	-	62,846,778
Accruals and other liabilities	3,330,402	223,212	-	3,553,614
	66,177,180	**223,212**	**-**	**66,400,392**

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 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.

Capital disclosures

The Company monitors "adjusted capital" which comprises all components of equity (i.e. share capital, statutory reserve, retained earnings and capital contribution).

The Company's objectives when maintaining capital are:

to safeguard the entity's ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits for other stakeholders; and

to provide an adequate return to shareholders by pricing products and services commensurately with the level of risk.

The Company sets the amount of capital it requires in proportion to risk. The Company manages its capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets.

24. CONTINGENCIES AND COMMITMENTS

Contingent liabilities

As at 31 December 2019, the Company has letters of guarantees amounting to SR 0.8 million (31 December 2018: SR 1.2 million)

Capital commitments

The Company has no outstanding capital commitments as at 31 December 2019 (31 December 2018: SR nil).

SUBSEQUENT EVENTS

The existence of novel coronavirus (COVID-19) was confirmed in early 2020 and has spread across the globe, causing disruptions to businesses and economic activities. The Company has been continuously assessing the potential exposure to its business. The Company considers this outbreak to be a post balance sheet non-adjusting event. As the situation is rapidly evolving, we do not consider it practicable to provide a quantitative estimate of the potential impact of this outbreak on the Company.

The Company is in the process of changing its legal status from limited liability company to closed joint stock company, however the legal formalities have not been completed yet.

APPROVAL OF THE FINANCIAL STATEMENTS

These financial statements have been approved by the management on 15 Dhul Qa’ada 1441H corresponding 06 July 2020G.

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