RIYAL FOR INVESTMENT AND DEVELOPMENT COMPANY

(A SAUDI JOINT STOCK COMPANY)

FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2024
WITH
INDEPENDENT AUDITOR'S REPORT

RIYAL FOR INVESTMENT AND DEVELOPMENT COMPANY
(A SAUDI JOINT STOCK COMPANY)

FINANCIAL STATEMENTS WITH INDEPENDENT AUDITOR'S REPORT
FOR THE YEAR ENDED 31 DECEMBER 2024
(EXPRESSED IN SAUDI RIYALS)

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Kingdom of Saudi Arabia
Commercial Registration No 2051062328

Headquarters in Riyadh

شركة كي بي إم جي للاستشارات المهنية مساهمة مهنية
الطابق ١٦، برج البرغش
٦١٨٩ طريق الأمير تركي، الكورنيش
ص.ب ٤٨٠٣
الخبر ٣٤٤١٢ - ٣١٤٦
المملكة العربية السعودية
سجل تجاري رقم ٢٠٥١٠٦٢٣٢٨

المركز الرئيسي في الرياض

Independent Auditor's Report

To the Shareholders of Riyal for Investment and Development Company

Opinion

We have audited the financial statements of **Riyal for Investment and Development Company** ("the Company"), which comprise the statement of financial position as at 31 December 2024, 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 material 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 2024, 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.

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.

Independent Auditor's Report

To the Shareholders of Riyal for Investment and Development Company (continued)

Key Audit Matter (continued)	
See Note 7 and 8 to the financial statements.	
The key audit matter	**How the matter was addressed in our audit**
Residual value of vehicles Vehicles included under property and equipment as at 31 December 2024 amounted to SR 96.41 million, representing 99% of property and equipment. In addition, vehicles included under right of use assets amounted to SR 179.40 million, representing 94% of right of use assets. Vehicles are carried at cost, net of accumulated depreciation and impairment losses, if any after considering their residual values. The Company's management assesses the residual value at least at each financial year-end.The Company assessed the residual values of its vehicle fleet during the year ended 31 December 2024, considering both external and internal factors, such as actual sales of used vehicles throughout the year and previous years, expected usage of the vehicles, expected physical wear and tear, expected future value at the time of disposal, and the correlation of such values at the year-end with the factors mentioned above. The determination of residual values of vehicles requires a significant degree of management estimation and judgement, and as such, this has been identified as a key audit matter. Refer to note 3 (d) and 3 (f) to the financial statements for the significant accounting policy, note 2.4 for the critical accounting estimates and assumptions and note 7 and 8.	Our audit procedures performed included, among others, the following: • We obtained an understanding of the process to develop the estimate of residual value. • We assessed management's analysis of the residual values which considered estimated useful life of vehicles, expected usage of the vehicles, expected physical wear and tear and expected future value at the time of disposal to estimate the residual value. • We tested the accuracy of management estimate using historical vehicle sales data on a sample basis by agreeing disposal details with the underlying supporting documents. • We assessed the adequacy of disclosures in the financial statements as required under relevant accounting standards and assessed whether the adjustments due to the revision of residual value have been appropriately reflected in the financial statements.

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Independent Auditor's Report

To the Shareholders of Riyal for Investment and Development Company (continued)

Other Information

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

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

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

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

Responsibilities of Management and Those Charged with Governance for the 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 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.

Independent Auditor's Report

To the Shareholders of Riyal for Investment and Development Company (continued)

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

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the 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.

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 Riyal for Investment and Development 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

كي . بي . إم . جي للاستشارات المهنية
Lic No. 46
C.R. 2051062328
K : 1
KPMG
ترخيص رقم ٤٦
KPMG Professional Services

Abdullah Oudah Althagafi
License no. 455

Al Khobar,
Date: 26 Ramadan 1446H
Corresponding to: 26 March 2025G

RIYAL FOR INVESTMENT AND DEVELOPMENT COMPANY
(A SAUDI JOINT STOCK COMPANY)

STATEMENT OF FINACIAL POSITION
AS AT 31 DECEMBER 2024
(EXPRESSED IN SAUDI RIYALS)

	Note	31 December 2024	31 December 2023
Assets			
Non-current assets			
Property and equipment	7	**97,562,912**	103,328,312
Right-of-use assets	8	**190,106,988**	190,305,365
Total non-current assets		**287,669,900**	293,633,677
Current assets			
Inventories	9	**7,344,285**	8,161,643
Prepayments and other current assets	10	**5,766,358**	11,053,553
Trade receivables	11	**28,224,915**	26,337,199
Trade and other receivables - related parties	18	**8,037,796**	12,460,885
Cash and cash equivalents	12	**5,562,576**	5,561,993
Total current assets		**54,935,930**	63,575,273
Total assets		**342,605,830**	357,208,950
Equity and liabilities			
Equity			
Share capital	13	**80,000,000**	80,000,000
Statutory reserve	14	**7,625,538**	5,984,310
Retained earnings		**80,001,702**	65,693,909
Total equity		**167,627,240**	151,678,219
Liabilities			
Non-current liabilities			
Non-current portion of borrowings	15	**12,316,005**	14,580,974
Non-current portion of lease liabilities	8	**69,448,869**	84,236,319
Employee benefits	16	**4,133,166**	3,204,718
Total non-current liabilities		**85,898,040**	102,022,011
Current liabilities			
Trade payables		**3,499,255**	3,802,228
Accruals and other current liabilities	17	**3,452,897**	4,681,702
Current portion of borrowings	15	**16,648,219**	24,097,037
Current portion of lease liabilities	8	**63,789,836**	68,995,369
Accruals and other current liabilities - related parties	18	**85,232**	92,028
Zakat provision	25	**1,605,111**	1,840,356
Total current liabilities		**89,080,550**	103,508,720
Total liabilities		**174,978,590**	205,530,731
Total equity and liabilities		**342,605,830**	357,208,950

These financial statements presented on pages 1 to 35 were approved by the Board of Directors of the Company and signed on their behalf by:

Saeed Al Ghamdi
Chief Executive Officer

Haris Hafeez
Chief Financial Officer

The accompanying notes (1) through (31) form an integral part of these financial statements.

RIYAL FOR INVESTMENT AND DEVELOPMENT COMPANY
(A SAUDI JOINT STOCK COMPANY)

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2024
(EXPRESSED IN SAUDI RIYALS)

	Note	2024	2023
Revenue	19	**139,705,283**	121,661,824
Cost of revenue	20	**(90,747,858)**	(75,885,070)
Gross profit		**48,957,425**	45,776,754
Impairment loss on trade receivables	11	**(790,000)**	(1,880,457)
Selling and advertising expenses	21	**(3,172,430)**	(2,994,730)
General and administrative expenses	22	**(10,465,091)**	(9,300,331)
Other income	23	**6,132,042**	8,650,978
Finance cost	24	**(23,251,416)**	(21,121,041)
Profit before Zakat		**17,410,530**	19,131,173
Zakat expense for the year	25	**(998,250)**	(854,639)
Profit for the year		**16,412,280**	18,276,534
Other comprehensive loss for the year:			
Items that will not be reclassified to profit or loss:			
Re-measurement loss on employees end of service benefits	16	**(463,259)**	(218,049)
Total other comprehensive loss for the year		**(463,259)**	(218,049)
Total comprehensive income for the year		**15,949,021**	18,058,485
Earnings per share:			
Basic and diluted earnings per share	26	**2.05**	2.28

Saeed Al Ghamdi
Chief Executive Officer

Haris Hafeez
Chief Financial Officer

The accompanying notes (1) through (31) form an integral part of these financial statements.

RIYAL FOR INVESTMENT AND DEVELOPMENT COMPANY
(A SAUDI JOINT STOCK COMPANY)

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2024
(EXPRESSED IN SAUDI RIYALS)

	Share capital	**Statutory reserve**	**Retained earnings**	**Total**
Balance as at 1 January 2023	80,000,000	4,156,657	49,463,077	133,619,734
Total comprehensive income for the year				
Profit for the year	-	-	18,276,534	18,276,534
Other comprehensive loss for the year	-	-	(218,049)	(218,049)
Total comprehensive income for the year	-	-	18,058,485	18,058,485
Transfer to statutory reserve (note 14)	-	1,827,653	(1,827,653)	-
Balance at 31 December 2023	80,000,000	5,984,310	65,693,909	151,678,219
Total comprehensive income for the year				
Profit for the year	-	-	**16,412,280**	**16,412,280**
Other comprehensive loss for the year	-	-	**(463,259)**	**(463,259)**
Total comprehensive income for the year	-	-	**15,949,021**	**15,949,021**
Transfer to statutory reserve (note 14)	-	**1,641,228**	**(1,641,228)**	-
Balance at 31 December 2024	**80,000,000**	**7,625,538**	**80,001,702**	**167,627,240**

Saeed Al Ghamdi
Chief Executive Officer

Haris Hafeez
Chief Financial Officer

The accompanying notes (1) through (31) form an integral part of these financial statements.

RIYAL FOR INVESTMENT AND DEVELOPMENT COMPANY
(A SAUDI JOINT STOCK COMPANY)

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2024
(EXPRESSED IN SAUDI RIYALS)

	Note	2024	2023
Cash flows from operating activities			
Profit before zakat		**17,410,530**	19,131,173
Adjustments for:			
Depreciation on property and equipment	7	**14,905,028**	13,318,049
Depreciation on right-of-use assets	8	**23,377,860**	20,561,941
Impairment loss on trade receivables	11	**790,000**	1,880,457
Inventories written-off	20	**200,000**	1,140,330
Provision for employees' end of service benefits	16	**640,228**	483,289
Financial cost	24	**23,251,416**	21,121,041
		80,575,062	77,636,280
Movement in working capital:			
Inventories		**31,874,409**	21,221,879
Additions to vehicles held for lease		**(20,579,091)**	(19,910,808)
Prepayments and other current assets		**5,287,195**	2,590,124
Trade and other receivables - related parties		**4,423,089**	3,836,887
Trade receivables		**(2,677,716)**	2,007,331
Trade payables		**(302,973)**	474,987
Accruals and other current liabilities - related parties		**(6,796)**	(12,135)
Accruals and other current liabilities		**(1,228,805)**	2,702,801
Cash generated from operations		**97,364,374**	90,547,346
Interest paid		**(20,770,530)**	(21,121,041)
Employees' end of service benefits paid	16	**(175,039)**	(115,556)
Zakat paid	25	**(1,233,495)**	(516,923)
Net cash generated from operating activities		**75,185,310**	68,793,826
Cash flows from investing activities			
Purchase of property and equipment (excluding vehicles)	7	**(771,243)**	(359,834)
Net cash used in investing activities		**(771,243)**	(359,834)
Cash flows from financing activities			
Proceeds from borrowings		**17,628,062**	23,103,470
Repayment of borrowings		**(27,341,849)**	(25,405,554)
Payment of principal portion of lease liabilities		**(64,699,697)**	(62,103,609)
Net cash used in financing activities		**(74,413,484)**	(64,405,693)
Net change in cash and cash equivalents		**583**	4,028,299
Cash and cash equivalents at the beginning of the year		**5,561,993**	1,533,694
Cash and cash equivalents at the end of the year	12	**5,562,576**	5,561,993
Non-cash transactions:			
Transfer from property and equipment to inventories (net)	7	**29,553,841**	30,384,298
Transfers from right of use asset to property and equipment (net)	7	**17,343,135**	27,254,239
Transfers from right of use asset to inventory	8	**1,703,210**	2,310,461

Saeed Al Ghamdi
Chief Executive Officer

Haris Hafeez
Chief Financial Officer

The accompanying notes (1) through (31) form an integral part of these financial statements.

1. ORGANIZATION AND PRINCIPAL ACTIVITIES

Riyal for Investment and Development Company (the "Company") is a Saudi Joint Stock Company registered on 17 Shaban 1413H, corresponding to 9 February 1993G under commercial registration number 2050024818. The share capital of the Company is SR 80 million divided into 8 million shares of SR 10 each. The registered office of the Company is located in Dammam, Kingdom of Saudi Arabia.

The principal activities of the Company are leasing of vehicles and buses, trading activities (export, import, brokerage, and marketing for others) in non-money exchange business, establish and operate workshops for vehicles, equipment, wholesale and retail sales and export and import in vehicles spare parts and wheels.

The shareholders of the Company passed a resolution on 18 March 2022 to convert legal status of the Company from a limited liability Company to a closed joint stock Company. The Ministry of Commerce issued a letter dated 8 Dhul Al-Qadah 1443H (corresponding to 07 June 2022) providing approval for conversion of legal status of the Company to a closed joint stock Company and the change is reflected on Company's commercial registration number 2050024818. The management obtained approval for the listing of the Company's shares in Nomu Parellel Market on 16 Dhul Al-Qadah 1444H corresponding to 5 June 2023.

The Company operates under the following commercial registrations ("CR"):

Name	Location	CR number	Date
Riyal for Investment and Development Branch	Dammam	2050050531	7 Safar 1427H
Riyal for Investment and Development Branch	Dammam	2050067684	27 Dhul Qida 1430H
Riyal for Investment and Development Branch	Dammam	2050056938	18 Shawal 1428H

The results of the above branches are included in these financial statements.

Going concern
The Company's management has made an assessment of its ability to continue as a going concern and is satisfied that it has the resources to continue in business for the foreseeable future. As on 31 December 2024, current liabilities of the Company exceed the current assets by SR 34.14 million (2023: SR 39.93 million). The Company is making profits and also have history of profits. Management of the Company has prepared the forecasted cash flows for the next year where it has enough funds to settle its liabilities as and when they fall due. Accordingly, the financial statements have been prepared on going concern basis.

2. BASIS OF PREPARATION

2.1. Statement of compliance
These financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) that are endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements issued by the Saudi Organization for Chartered and Professional Accountants (SOCPA). Details of the Company's material accounting policies are included in note 3.

2.2. Basis of measurement
These financial statements have been prepared under the historical cost convention, using the accruals basis of accounting and the going concern concept except as otherwise stated elsewhere in the financial statements.

2.3. Functional and presentation currency
These financial statements are presented in Saudi Riyals (SR), which is the functional and presentation currency of the Company. All the amounts have been rounded to the nearest Saudi Riyals unless otherwise stated.

2. BASIS OF PREPARATION (CONTINUED)

2.4. Use of estimates and judgements

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

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

Impairment of non-financial assets

Impairment exists when the carrying value of an asset or Cash Generating Unit (CGU) exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value in use. The fair value less costs of disposal calculation is based on available data from binding sales transactions, conducted at arm's length for similar assets or observable market prices less incremental costs for disposing of the asset.

The value in use calculation is based on a Discounting Cash Flow (DCF) model. The cash flows are derived from the budget and marketing terms forecast for the next five years and do not include restructuring activities that the Company is not yet committed to or significant future investments that will enhance the asset's performance of the CGU being tested. The recoverable amount is most sensitive to the discount rate used for the DCF model as well as the expected future cash-inflows and the growth rate used for extrapolation purposes.

Provision for expected credit losses (ECL)

The Company uses a provision matrix to calculate ECL for trade receivables. The provision rates are based on days past due for groupings of various customer segments that have similar loss patterns (i.e., by geography, product type, customer type and rating, and coverage by letters of credit and other forms of credit insurance). The provision matrix is initially based on the Company's historical observed default rates. The Company will calibrate the matrix to adjust the historical credit loss experience with forward-looking information. For instance, if forecast economic conditions (i.e., gross domestic product) are expected to deteriorate over the next year which can lead to an increased number of defaults in the manufacturing sector, the historical default rates are adjusted. At every reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analysed.

2. BASIS OF PREPARATION (CONTINUED)

2.4. Use of estimates and judgements (continued)

Provisions and contingencies
A provision is recognized if, as a result of a past event, the Company has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Where it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation or the amount of the obligation cannot be measured with sufficient reliability, it is disclosed as contingent liability.

Employee benefits
The cost of the defined benefit plans is determined using actuarial valuations. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These include the determination of the discount rate, withdrawal before normal retirement age, future salary increases etc. Due to the complexities involved in the valuation and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. Any changes in these assumptions will impact the carrying amount of the obligation. All assumptions are reviewed at each reporting date. The sensitivity of the assumptions is detailed in the relevant note in these financial statements.

Useful lives and residual values of property and equipment
Management determines the estimated useful lives of property, and equipment for calculating depreciation. This estimate is determined after considering expected usage of the assets and physical wear and tear. Management reviews the residual value and useful lives annually and change in depreciation charges, if any, are adjusted in current and future periods.

The residual value and the useful life of an asset shall be reviewed at least at each financial year-end and, if expectations differ from previous estimates, the change shall be accounted for as a change in an accounting estimate in accordance with IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors.

Determining the lease term of contracts with renewal and terminations options
The Company determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised.

The Company has several lease contracts that include extension and termination clauses. The Company applies judgement in evaluating whether it is reasonably certain whether or not to exercise the option to renew or terminate the lease. That is, it considers all relevant factors that create an economic incentive for it to exercise either the renewal or termination. After the commencement date, the Company reassesses the lease term if there is a significant event or change. In the circumstances that is within its control and affects its ability to exercise or not to exercise the option to renew or to terminate the contract.

Zakat
The Company is subject to Zakat in accordance with the Zakat, Tax and Custom authority ("ZATCA") regulations. Uncertainties exist with respect to the interpretation of Zakat regulations and the amount and timing of future Zakat base. Given the wide range of business relationships and nature of the existing contractual agreements, differences arising between the actual results and the assumptions made, or future changes to such assumptions, could necessitate future adjustments to Zakat base and expense already recorded. The Company establishes provisions, based on reasonable estimates, for possible consequences of finalization of Zakat assessments. The amount of such provisions is based on various factors, such as experience of previous Zakat assessments and differing interpretations of Zakat regulations by the Company and ZATCA. Where the final Zakat outcome of these matters is different from the amounts that were initially recognized, such differences will impact the Zakat expense and liability in the period in which such determination is made.

3. MATERIAL ACCOUNTING POLICIES

The Company has consistently applied the following accounting policies to all periods presented in these financial statements, except if mentioned otherwise.

a) 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.

An liability is current when:

- it expects to settle the liability in its normal operating cycle
- it holds the liability primarily for the purpose of trading
- the liability is due to be settled within twelve months after the reporting period, or
- it does not have right at the end of the period to defer settlement of the liability for at lease twelve months after the reporting date.

The Company classifies all other liabilities as non-current.

b) Inventories

Inventories represent vehicles for sale, spare parts, and other supplies. The cost of spare parts and supplies is based on weighted average principle and the cost of spare parts and supplies only to the extent they are incurred in bringing them to their present location and condition.

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 and 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.

Inventories are measured at the lower of cost and net realizable value. Net realizable value is the estimated selling price in the ordinary course of business, less the estimated completion and selling expenses.

3. MATERIAL ACCOUNTING POLICIES (CONTINUED)

c) Revenue recognition

The Company recognizes two types of revenue: (i) Rental income; and (ii) revenue from contracts with customers.

Rental income recognition - 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 profit or loss and other comprehensive income due to its operating nature. (refer note 3(f), 8 and 19)

Revenue from contracts with customers - Sale of vehicles

Revenue from the 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.

d) Property and equipment

Property and equipment are stated at historical cost less accumulated depreciation and impairment losses, if any, except capital work in progress and land which are stated at cost. Historical cost includes expenditure that is directly attributable to the acquisition of the assets including borrowing costs. The cost of self-constructed assets includes the cost of materials and direct labour, any other costs directly attributable to bringing the asset to a working condition for its intended use, and the costs of dismantling and removing the assets and restoring the site on which they are located. Purchased software that is integral to the functionality of the related equipment is capitalized as part of that equipment. Where major components of an asset of property and equipment have different useful lives, they are accounted for as separate items of property and equipment.

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognized. All other repairs and maintenance are charged to the statement of profit or loss and other comprehensive income during the period in which they are incurred.

An item of property and equipment is derecognized upon disposal (i.e., at the date the recipient obtains control) or when no future economic benefits are expected from its use or disposal. Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognized within other income in the statement of profit or loss and other comprehensive income other than vehicles transferred to inventories as "vehicles held for sale".

Depreciation represents the systematic allocation of the depreciable amount of an asset over its estimated useful life. Depreciable amount represents cost of an asset, or other amount substituted for cost, less its residual value. Depreciation is recognised in the statement of profit or loss on a straight-line basis over the estimated useful lives of each part of an item of property and equipment. Depreciation methods, useful lives and residual values are reviewed annually and adjusted, if appropriate.

2. MATERIAL ACCOUNTING POLICIES (CONTINUED)

d) Property, and equipment (continued)

Depreciation is calculated on a straight-line basis over the estimated useful lives of the assets as follows:

Category	Useful Life
Leasehold improvements	5 years or lease term whichever is shorter
Furniture and fixtures	5 years
Tools and equipment	5 years
Vehicles held for lease	5 years

e) Impairment of non-financial assets

At the end of each reporting period, the Company reviews the carrying amounts of its non-current assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). When it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs. When a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Recoverable amount is the higher of fair value less costs of disposal and value in use. 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 for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognized immediately in the statement of profit or loss and other comprehensive income. When an impairment loss subsequently reverses, the carrying amount of the asset (or a cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset (or cash generating unit) in prior years.

When an impairment loss subsequently reverses, the carrying amount of the asset (or a cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset (or cash generating unit) in prior years. A reversal of an impairment loss is recognized immediately in statement of profit or loss and other comprehensive income.

f) Leases

As a lessee

Right-of-use assets

The Company recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of initial measurement of lease liabilities, initial direct costs incurred, lease payments made at or before the commencement date less any lease incentives received and restoration cost, if significant.

3. MATERIAL ACCOUNTING POLICIES (CONTINUED)

f) Leases (continued)

Depreciation is calculated on a straight-line basis over the lower of estimated useful lives of the assets or lease period as follows:

Category	Useful life
Vehicles	5 years
Property	19 years

If ownership of the leased asset transfers to the Company at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset. The right-of-use assets are also subject to impairment. Right-of-use assets were recognised and presented separately in the statement of financial position.

Lease liabilities

At the commencement date of the lease, the Company recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Company and payments of penalties for terminating the lease, if the lease term reflects the Company exercising the option to terminate.

Variable lease payments that do not depend on an index or a rate are recognised as expenses (unless they are incurred to produce inventories) in the period in which the event or condition that triggers the payment occurs.

As a lessor

When the Company acts as a lessor, it determines at lease inception whether each lease is a finance lease or an operating lease. To classify each lease, the Company makes an overall assessment of whether the lease transfers substantially all of the risks and rewards incidental to ownership of the underlying asset. If this is the case, then the lease is a finance lease; if not, then it is an operating lease. As part of this assessment, the Company considers certain indicators such as whether the lease is for the major part of the economic life of the asset.

When the Company is an intermediate lessor, it accounts for its interests in the head lease and the sub-lease separately. It assesses the lease classification of a sub-lease with reference to the right-of-use asset arising from the head lease, not with reference to the underlying asset. If a head lease is a short-term lease to which the Company applies the exemption described above, then it classifies the sub-lease as an operating lease. The Company recognizes lease payments received under operating leases as income on a straight-line basis over the lease term as part of "revenue".

g) Cash and cash equivalents

Cash and cash equivalents comprise cash on hand, cash with banks and other short-term highly liquid investment, if any, with original maturities of three months or less, which are available to the Company without any restrictions.

Cash and cash equivalents not readily available for use by the Company on account of any restrictions are excluded from cash and cash equivalents for the purpose of the statement of cash flows.

3. MATERIAL ACCOUNTING POLICIES (CONTINUED)

h) Employee benefits

Defined benefit plans: The Company's obligation in respect of defined benefit plans is calculated by estimating the amount of future benefit that employees have earned in the current and prior periods; that benefit is discounted to determine its present value. The calculation of defined benefit obligations is performed annually by an independent qualified actuary using the projected unit credit method. Remeasurements of the net defined benefit liability, which comprise actuarial gains and losses are recognised immediately in other comprehensive income. The Company determines the net interest 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 benefit payments. Net interest expense and other expenses related to defined benefit plans are recognised in the statement of profit or loss and other comprehensive income.

When the benefits of a plan are changed or when a plan is curtailed, the resulting change in benefit that relates to past service or the gain or loss on curtailment is recognised immediately in the statement of profit or loss and other comprehensive income. The Company recognises gains and losses on the settlement of a defined benefit plan when the settlement occurs.

Termination benefits: Termination benefits are recognized as an expense when the Company is committed demonstrably, without realistic possibility of withdrawal, to a formal detailed plan to either terminate employment before the normal retirement date, or to provide termination benefits as a result of an offer made to encourage voluntary redundancy. Termination benefits for voluntary redundancies are recognized as an expense if the Company has made an offer of voluntary redundancy, it is probable that the offer will be accepted, and the number of acceptances can be estimated reliably. If benefits are payable more than 12 months after the reporting period, then they are discounted to their present value.

Short-term employee benefits: Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided.

A liability is recognized for the amount expected to be paid under short-term cash bonus or profit sharing plans 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.

i) Provisions and contingencies

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

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

Contingencies: Contingent liabilities are not recognized in the financial statements. They are disclosed unless the possibility of an outflow of resources embodying economic benefits is remote. Liabilities which are probable are recorded in the financial statement under accounts payable and accruals. A contingent asset is not recognized in the financial statements but disclosed when an inflow of economic benefits is probable.

3. MATERIAL ACCOUNTING POLICIES (CONTINUED)

j) Zakat
The Company is subject to Zakat in accordance with the regulations of the Zakat, Tax and Customs Authority ("ZATCA"). Zakat when applicable is accrued and charged to statement of profit or loss and other comprehensive income. Additional Zakat liability, if any, arising from assessments related to prior years are accounted for in the period in which the final assessments are issued.

k) Value Added Tax (VAT)
Assets and expenses are recognized net of amount of VAT, except that when VAT incurred on a purchase of assets or services is not recoverable from the tax authority, in which case, VAT is recognized as part of the cost of acquisition of the asset or as part of the expense item, as applicable. The net amount of VAT recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the statement of financial position.

l) Finance cost
Finance cost comprise interest expense on short term borrowings, bank and other charges that are recognized in the statement of profit or loss and other comprehensive income. Borrowing costs that are not directly attributable to the acquisition, construction or production of a qualifying asset are recognized in the statement of profit or loss and other comprehensive income using the effective interest method.

m) Expenses
All expenses, excluding direct costs and finance cost are classified as general and administrative expenses. Allocations of common expenses between direct costs and general and administrative expenses, when required, are made on a consistent basis.

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

Recognition and initial measurement
Trade receivables and debt securities issued are initially recognized when they are originated. All other financial assets and financial liabilities are initially recognized 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 ("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.

Financial assets: On initial recognition, a financial asset is classified as measured at: amortized cost; fair value through OCI ("FVOCI"); or 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.

The Company classifies its financial assets as those to be measured subsequently at amortized cost if they meet the following criteria:
- The financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

3. MATERIAL ACCOUNTING POLICIES (CONTINUED)

n) Financial instruments (continued)
Recognition and initial measurement (continued)
Financial assets (continued)
An equity instrument is measured at FVTOCI 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.

On initial recognition of an equity investment that is not held for trading, 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.

All financial assets not classified as measured at amortized cost or FVOCI as described above are measured at FVTPL. This includes all derivative financial assets. On initial recognition, the Company may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortized cost or at FVOCI at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

Financial assets - Business model and 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. These include whether management's strategy focuses on earning contractual interest income, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of any related liabilities or expected cash outflows or realizing cash flows through the sale of the assets;
- 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.

Financial assets - Assessment whether contractual cash flows are solely payments of principal and interest
For the purposes of this assessment, 'principal' is defined as the fair value of the financial asset on initial recognition. 'Interest' is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs (e.g. liquidity risk and administrative costs), as well as a profit margin.

3. MATERIAL ACCOUNTING POLICIES (CONTINUED)

n) Financial instruments (continued)
Recognition and initial measurement (continued)
Financial assets - Assessment whether contractual cash flows are solely payments of principal and interest (continued)

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).

A prepayment feature is consistent with the solely payments of principal and interest criterion if the prepayment amount substantially represents unpaid amounts of principal and interest on the principal amount outstanding, which may include reasonable additional compensation for early termination of the contract. Additionally, for a financial asset acquired at a discount or premium to its contractual par amount, a feature that permits or requires prepayment at an amount that substantially represents the contractual par amount plus accrued (but unpaid) contractual interest (which may also include reasonable additional compensation for early termination) is treated as consistent with this criterion if the fair value of the prepayment feature is insignificant at initial recognition.

Financial assets - Subsequent measurement and gains and losses
Financial assets at FVTPL: These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognized in statement of profit or loss and other comprehensive income.

Financial assets at amortized cost: These assets are subsequently measured at amortized cost using the effective interest method. The amortized cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognized in statement of profit or loss and other comprehensive income. Any gain or loss on derecognition is recognized in the statement of profit or loss and other comprehensive income.

Equity investments at FVOCI: These assets are subsequently measured at fair value. Dividends are recognized as income in the statement of profit or loss and other comprehensive income unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognized in OCI and are never reclassified to profit or loss.

Financial liabilities - Classification, subsequent measurement and gains and losses
Financial liabilities are classified as measured at amortized cost or FVTPL. 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 recognized in the statement of profit or loss and other comprehensive income. Other financial liabilities are subsequently measured at amortized cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognized in the statement of profit or loss and other comprehensive income.

3. MATERIAL ACCOUNTING POLICIES (CONTINUED)

n) Financial instruments (continued)

Derecognition

Financial assets: The Company derecognizes a financial asset when the contractual rights to the cash flows from the financial asset expires, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Company neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

The Company enters into transactions whereby it transfers assets recognized in its statement of financial position, but retains either all or substantially all of the risks and rewards of the transferred assets. In these cases, the transferred assets are not derecognized.

Financial liabilities: The Company derecognizes a financial liability when its contractual obligations are discharged or cancelled or expire. The Company also derecognizes a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognized at fair value.

On derecognition of a financial liability, the difference between the carrying amount extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognized in the statement of profit or loss and other comprehensive income.

Offsetting

Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Company currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realize the asset and settle the liability simultaneously.

Impairment of financial assets

The Company recognizes a loss allowance for expected credit losses ("ECL") for financial assets measured at amortized cost. The ECL is recognized either for lifetime or for 12 months. Lifetime ECL represents the expected credit losses that will result from all possible default events over the expected life of a financial instrument. In contrast, 12-month ECL represents the portion of lifetime ECL that is expected to result from default events on a financial instrument that are possible within 12 months after the reporting date. The assessment of whether lifetime ECL should be recognized is based on significant increases in the likelihood or risk of a default occurring since initial recognition instead of based on evidence of a financial asset being credit-impaired at the reporting date or an actual default occurring.

The Company considers the probability of default upon initial recognition of asset and whether there has been a significant increase in credit risk on an ongoing basis throughout each reporting period. To assess whether there is a significant increase in credit risk the Company compares the risk of a default occurring on the asset as at the reporting date with the risk of default as at the date of initial recognition. It considers available reasonable and supportive forward-looking information. Especially the following indicators are incorporated:

- Actual or expected significant adverse changes in business, financial or economic conditions that are expected to cause a significant change to the customer's ability to meet its obligations;
- Actual or expected significant changes in the operating results of the customer;
- Significant increases in credit risk on other financial instruments of the same customer;
- Significant changes in the expected performance and behaviour of the borrower, including changes in the payment status of customers and changes in the operating results of the customer;
- Macroeconomic information (such as market interest rates or growth rates);
- Past due information adjusted for future information.

3. MATERIAL ACCOUNTING POLICIES (CONTINUED)

n) Financial instruments (continued)

Impairment of financial assets (continued)

The Company has adopted the simplified approach as allowed by IFRS 9 and measures the loss allowance at an amount equal to lifetime expected credit losses for all trade receivables that result from contracts with the customers.

The Company determines the expected credit losses on trade receivables and contract assets by using a provision matrix, estimated based on historical credit loss experience based on the past due status of the debtors, adjusted as appropriate to reflect current conditions and estimates of future economic conditions. Financial assets are assessed as credit impaired when one or more events that have a detrimental impact on the estimated future cash flows of that asset have occurred.

Objective evidence that financial assets are impaired can include significant financial difficulty, default or delinquency of the counterparty, restructuring of amounts due on terms that the Company would not otherwise consider, indications that a customer will enter bankruptcy, or other observable data relating to customers such as adverse changes in the economic conditions that correlate with defaults by the customers.

The Company considers evidence of impairment at both a specific asset and collective level. All individually significant financial instruments found not to be specifically impaired are then collectively (with similar risk characteristics) assessed for any impairment that has been incurred but not yet identified.

Impairment losses for a financial instrument are recognized in the statement of profit or loss and other comprehensive income and reflected in impairment for credit losses. When a subsequent event causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through profit or loss.

When an asset is uncollectible, it is written-off against the related provision. Such assets are written-off after all the necessary procedures have been completed and the amount of the loss has been determined. Subsequent recoveries of amounts previously written off reduce the amount of the expense in the statement of profit or loss and other comprehensive income. If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized, the previously recognized impairment loss is reversed by adjusting the provision. The amount of the reversal is recognized in the statement of profit or loss and other comprehensive income.

o) Earnings per share

Basic and diluted earnings per share is calculated by dividing the profit for the year attributable to shareholders of the Company, excluding any costs of servicing equity other than ordinary shares, by the weighted average number of ordinary shares outstanding during the year.

p) Share capital

Ordinary shares are classified as share capital. Incremental costs, if any, directly attributable to the issue of new shares are shown in equity as a deduction, net of tax and zakat, from the proceeds.

3. MATERIAL ACCOUNTING POLICIES (CONTINUED)

q) Segment reporting

An operating segment is a component of the Company that engages in business activities from which it may earn revenue and incur expenses, including revenue and expenses that relate to transactions with any of the Company's other components. All operating segments' operating results are reviewed regularly by the Company's Chief Operating Decision Maker ("CODM") to make decisions about resources to be allocated to the segment and to assess its performance, and for which discrete financial information is available.

The Company's Board of Directors are considered to be the chief operating decision maker. Segment results that are reported to the Company's Chief Operating Decision Maker include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. As the operations of the Company are conducted in the Kingdom of Saudi Arabia, accordingly, for management purposes, the Company is organized into business units based on its products and services.

4. NEW AND REVISED STANDARDS WITH NO MATERIAL EFFECT ON THE FINANCIAL STATEMENTS

The following revised IFRSs have been adopted. The application of these revised IFRSs did not have any material impact on the amounts reported for current and prior periods.

- Lease Liability in a Sale and Leaseback – Amendments to IFRS 16 Leases
- Classification of liabilities as Current or Non-Current and Non-current Liabilities with Covenants – Amendments to IAS 1 Presentation of Financial Statements
- Amendments to IAS 7 Statement of Cash Flows and IFRS 7 Financial Instruments: Disclosures – Supplier Finance Arrangements

5. ACCOUNTING STANDARDS ISSUED BUT NOT YET EFFECTIVE

The Company has not early adopted the following new and revised standards that have been issued but are not yet effective.

- Amendments to the Classification and Measurement of Financial Instruments – Amendments to IFRS 9 Financial Instruments and IFRS 7 Financial Instruments: Disclosures
- Annual Improvements to IFRS Accounting Standards – Amendments to:
  - IFRS 1 First-time Adoption of International Financial Reporting Standards;
  - IFRS 7 Financial Instruments: Disclosures and its accompanying Guidance on implementing IFRS 7;
  - IFRS 9 Financial Instruments;
  - IFRS 10 Consolidated Financial Statements; and
  - IAS 7 Statement of Cash flows
- Contracts Referencing Nature-dependent Electricity – Amendments to IFRS 9 and IFRS 7
- IFRS 18 Presentation and Disclosure in Financial Statements
- IFRS 19 Subsidiaries without Public Accountability: Disclosures
- Sale or Contribution of Assets between an Investor and its Associate or Joint Venture – Amendments to IFRS 10 Consolidated Financial Statements and IAS 28 Investments in Associates and Joint Ventures
- Lack of Exchangeability – Amendments to IAS 21 The Effects of Changes in Foreign Exchange Rates

The above-mentioned IFRSs are not expected to have a significant impact on the financial statements of the Company.

(EXPRESSED IN SAUDI RIYALS)

6. OPERATING SEGMENTS

The Management monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on profit and is measured consistently in the financial statements. For segment reporting purposes, the Company is organized into business units based on its products and services and has two reportable segments, i) Lease of vehicles and ii) Sale of vehicles.

	Lease of vehicles	Sale of vehicles	Total
For the year ended 31 December 2024			
Revenues	**108,752,871**	**30,952,412**	**139,705,283**
Cost of revenues	**(60,782,154)**	**(29,965,704)**	**(90,747,858)**
Gross profit	**47,970,717**	**986,708**	**48,957,425**
Unallocated income / (expenses)			
Impairment loss on trade receivables			**(790,000)**
Selling and advertising expenses			**(3,172,430)**
General and administrative expenses			**(10,465,091)**
Other income			**6,132,042**
Finance cost			**(23,251,416)**
Profit before zakat			**17,410,530**
Zakat expense for the year			**(998,250)**
Net profit for the year			**16,412,280**
For the year ended 31 December 2023			
Revenues	101,996,723	19,665,101	121,661,824
Cost of revenues	(56,664,894)	(19,220,176)	(75,885,070)
Gross profit	45,331,829	444,925	45,776,754
Unallocated income / (expenses)			
Impairment loss on trade receivables			(1,880,457)
Selling and advertising expenses			(2,994,730)
General and administration expenses			(9,300,331)
Other income			8,650,978
Finance cost			(21,121,041)
Profit before zakat			19,131,173
Zakat expense for the year			(854,639)
Net profit for the year			18,276,534
As at 31 December 2024			
Total assets			**342,605,830**
Total liabilities			**174,978,590**
Capital expenditures			**21,350,334**
As at 31 December 2023			
Total assets			357,208,950
Total liabilities			205,530,731
Capital expenditures			20,270,642

Geographical segments:

All of the Company's operating assets and principal markets of activity are located in the Kingdom of Saudi Arabia. Segment profit represents the profit earned by each segment without allocation of central administration costs including directors' salaries, non-operating gains and losses in respect of finance costs. This is the measure reported to the Company's executives for the purpose of resource allocation and assessment of segment performance.

(EXPRESSED IN SAUDI RIYALS)

7. PROPERTY AND EQUIPMENT

	Leasehold improvements	Furniture and fixture	Tools and equipment	Vehicles held for lease	Total
Cost					
As at 1 January 2023	357,500	1,421,371	800,347	133,446,571	136,025,789
Additions	-	315,636	44,198	19,910,808	20,270,642
Transfers from right of use assets	-	-	-	48,400,887	48,400,887
Transfer to inventories	-	-	-	(52,679,859)	(52,679,859)
As at 31 December 2023	357,500	1,737,007	844,545	149,078,407	152,017,459
Additions	**373,606**	**283,007**	**114,630**	**20,579,091**	**21,350,334**
Transfers from right of use assets	-	-	-	**27,066,328**	**27,066,328**
Transfer to inventories	-	-	-	**(55,085,572)**	**(55,085,572)**
As at 31 December 2024	**731,106**	**2,020,014**	**959,175**	**141,638,254**	**145,348,549**
Accumulated depreciation					
Balance at 1 January 2023	357,500	1,093,585	502,013	36,877,374	38,830,472
Charge for the year	-	157,539	87,391	13,073,119	13,318,049
Transfers from right of use assets	-	-	-	18,836,187	18,836,187
Transfer to inventories	-	-	-	(22,295,561)	(22,295,561)
As at 31 December 2023	357,500	1,251,124	589,404	46,491,119	48,689,147
Charge for the year	-	**236,034**	**123,558**	**14,545,436**	**14,905,028**
Transfers from right of use assets	-	-	-	**9,723,193**	**9,723,193**
Transfer to inventories	-	-	-	**(25,531,731)**	**(25,531,731)**
As at 31 December 2024	**357,500**	**1,487,158**	**712,962**	**45,228,017**	**47,785,637**
Net book value as at					
31 December 2024	**373,606**	**532,856**	**246,213**	**96,410,237**	**97,562,912**
31 December 2023	-	485,883	255,141	102,587,288	103,328,312

Allocation of depreciation charge is as follows:

	2024	2023
Cost of revenue (note 20)	**14,545,437**	13,073,119
General and administrative expenses (note 22)	**359,591**	244,930
	14,905,028	13,318,049

(EXPRESSED IN SAUDI RIYALS)

8. LEASES

a) Leases as lessee

The Company leases vehicles and buses, with lease terms ranging from 2 to 4 years and an option to own the vehicles at the end of the lease period. Additionally, the Company holds leasehold lands and buildings with lease terms varying between 5 and 19 years.

The Company also leases parking plots with terms of 12 months or less and applies the 'short-term lease' recognition exemptions to these leases.

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

	Vehicles	**Property**	**Total**
Balance as at 1 January 2023	148,098,095	-	148,098,095
Additions	78,733,758	13,600,153	92,333,911
Transfer to property and equipment	(27,254,239)	-	(27,254,239)
Transfer to inventories	(2,310,461)	-	(2,310,461)
Depreciation expenses (note 20)	(19,842,978)	(718,963)	(20,561,941)
Balance as at 1 January 2024	177,424,175	12,881,190	190,305,365
Additions	**42,156,528**	**378,692**	**42,535,220**
Transfer to inventories	**(2,012,602)**	-	**(2,012,602)**
Transfer to property and equipment	**(17,343,135)**	-	**(17,343,135)**
Depreciation expenses (note 20)	**(22,579,185)**	**(798,675)**	**(23,377,860)**
Balance as at 31 December 2024	**177,645,781**	**12,461,207**	**190,106,988**

Set out below are the carrying amounts of lease liabilities

	Lease vehicles	**Property**	**Total**
Balance as at 1 January 2023	123,001,386	-	123,001,386
Additions	78,733,758	13,600,153	92,333,911
Payments made	(77,556,836)	(1,500,000)	(79,056,836)
Finance cost (note 24)	15,630,341	1,322,886	16,953,227
Balance as at 1 January 2024	**139,808,649**	**13,423,039**	**153,231,688**
Additions	**41,847,136**	**378,692**	**42,225,828**
Payments made	**(79,661,780)**	**(1,600,000)**	**(81,261,780)**
Finance cost (note 24)	**17,704,060**	**1,338,909**	**19,042,969**
Balance as at 31 December 2024	**119,698,065**	**13,540,640**	**133,238,705**

Presented in the statement of financial position as:

	2024	2023
Current	**63,789,836**	68,995,369
Non – current	**69,448,869**	84,236,319
	133,238,705	153,231,688

(EXPRESSED IN SAUDI RIYALS)

8. LEASES (CONTINUED)

The maturity analysis of lease liabilities is disclosed in Note 28.

Following are the amounts recognised in the statement of profit or loss and other comprehensive income:

	2024	2023
Depreciation expense of right-of-use assets	**23,377,860**	20,561,941
Interest expense on lease liabilities (note 24)	**19,042,969**	16,953,227
Expense relating to short term rent contracts (note 22)	**351,000**	342,500
	42,771,829	37,857,668

During the year, the Company had total cash outflows for leases of **SR 81,612,780** (2023: SR 79,399,336).

b) Leases as lessor

The Company leases out its vehicles consisting of its owned vehicles as well as leased vehicles. All leases are classified as operating leases from a lessor perspective.

Operating lease

The Company has entered into leases on its fleet of vehicles. The commercial and non-commercial vehicle leases typically have lease terms of between 1 and 4 years. Leases contain options to break before the end of the lease term in exchange of additional penalty payments. Future minimum rentals receivable under non-cancellable operating leases as at the reporting date are, as follows:

	2024	2023
Within one year	**81,472,268**	79,818,396
One to two years	**51,987,893**	55,862,483
Two to three years	**29,812,695**	28,804,109
Three to four years	**8,565,850**	10,036,507
Four to five years	-	-
More than five years	-	-
Total undiscounted lease receivable	**171,838,706**	174,521,495

Rental revenue recognized by the Company during the year was **SR 108,752,871** (2023: SR 101,996,723).

9. INVENTORIES

	2024	2023
Used vehicles held for sale	**7,163,203**	8,001,668
Spare parts and supplies	**181,082**	159,975
	7,344,285	8,161,643

(EXPRESSED IN SAUDI RIYALS)

10. PREPAYMENTS AND OTHER CURRENT ASSETS

	2024	2023
Prepaid expenses	**2,962,385**	1,175,067
Insurance claims	**2,221,389**	3,680,223
Advances to suppliers	**528,420**	473,404
Employees' advances	**54,164**	44,892
VAT receivable	-	5,679,967
	5,766,358	11,053,553

11. TRADE RECEIVABLES

	2024	2023
Trade receivables	**30,895,372**	28,217,656
Impairment loss on trade receivables	**(2,670,457)**	(1,880,457)
	28,224,915	26,337,199

Movement in impairment loss on trade receivables is as follows:

	2024	2023
Balance as at 1 January	**1,880,457**	-
Provision for the year	**790,000**	1,880,457
Balance as at 1 December	**2,670,457**	1,880,457

The Company measures the loss allowance for trade and other receivables at an amount equal to lifetime expected credit losses ("ECL") using simplified approach. The accounting policies relating to expected credit losses are disclosed in note 3. Also refer note 28 on credit risk of trade receivables, which discusses how the Company manages and measures credit quality of trade receivables that are neither past due nor impaired.

12. CASH AND CASH EQUIVALENTS

	2024	2023
Cash at banks	**5,439,903**	5,392,936
Cash in hand	**122,673**	169,057
	5,562,576	5,561,993

13. SHARE CAPITAL

The Company has total share capital of (SAR 80,000,000) eighty million Saudi riyals divided into (8,000,000) eight million ordinary shares, at a nominal value of (SAR 10) ten Saudi riyals per share, all of which are ordinary shares, identical in all respects and fully paid up.

Shareholding structure as at 31 December 2024 are as follows:

	Ownership percentage	**Number of shares**	**Value**
Tariq Abdul Hadi Al-Qahtani	**11.80%**	**945,160**	**9,451,600**
Salah Abdul Hadi Al-Qahtani	**11.80%**	**945,160**	**9,451,600**
Abdullah Abdul Hadi Al-Qahtani	**11.80%**	**945,160**	**9,451,600**
Haifa Saleh Al-Sugair	**5.90%**	**472,580**	**4,725,800**
Shams Abdul Hadi Abdullah Al-Qahtani	**5.90%**	**472,580**	**4,725,800**
Mai Abdul Hadi Abdullah Al-Qahtani	**5.90%**	**472,580**	**4,725,800**
Doha Abdul Hadi Abdullah Al-Qahtani	**5.90%**	**472,580**	**4,725,800**
Others	**41.00%**	**3,274,200**	**32,742,000**
	100%	**8,000,000**	**80,000,000**

(EXPRESSED IN SAUDI RIYALS)

13. SHARE CAPITAL (CONTINUED)

Shareholding structure as at 31 December 2023 are as follows:

	Ownership percentage	Number of shares	Value
Tariq Abdul Hadi Abdullah Al Qahtani	11.80%	945,160	9,451,600
Salah Abdul Hadi Abdullah Al Qahtani	11.80%	945,160	9,451,600
Abdullah Abdul Hadi Abdullah AI Qahtani	11.80%	945,160	9,451,600
Haifa Saleh Ahmed Al Sugair	5.90%	472,580	4,725,800
Shams Abdul Hadi Abdullah Al Qahtani	5.90%	472,580	4,725,800
Mai Abdel Hadi Abdullah Al Qahtani	5.90%	472,580	4,725,800
Doha Abdel Hadi Abdullah Al Qahtani	5.90%	472,580	4,725,800
Others	41.00%	3,274,200	32,742,000
	100%	8,000,000	80,000,000

14. STATUTORY RESERVE

In accordance with Company's By-laws, the Company is required to transfer 10% of its net profit each year to the statutory reserve until such reserve reaches 30% of its share capital. Accordingly, the Company has transferred 10% of the net profit for the year to the statutory reserve.

15. BORROWINGS

Term loans as of 31 December is as follows:

	2024	2023
As at 1 January	**38,678,011**	40,980,095
Proceeds	**17,628,062**	23,103,470
Finance cost	**3,433,524**	3,941,714
Repayments	**(30,775,373)**	(29,347,268)
As at 31 December	**28,964,224**	38,678,011
Current	**16,648,219**	24,097,037
Non-current	**12,316,005**	14,580,974
	28,964,224	38,678,011

The Company has a Sharia term loan facility agreement with Commercial Bank amounting to SR 20 million. As at 31 December 2024, SR 17 million (2023: SR 14 million) was utilized by the Company from the facility. The loan is repayable over 36 monthly installments commencing from the loan disbursement date. The loan is secured by promissory notes signed by the shareholders of the Company.

In 2021, the Company continued multiple financing agreements all repayable over 36 equal monthly installments with a Financing Company. The Company used the funds for purchase of vehicles for the purpose of leasing them to different customers. The loan is secured by promissory notes signed by shareholders of the Company. As at 31 December 2024, the outstanding balance of funds obtained is SR 1.2 million (2023: SR 9.6 million).

(EXPRESSED IN SAUDI RIYALS)

15. BORROWINGS (CONTINUED)

In 2022, the Company entered a financing agreement repayable over 36 equal monthly installments with a financing Company with the grace period of three months. The Company used the funds for purchase of vehicles for the purpose of leasing them to different customers. The loan is secured by vehicles value endorsement signed by chief executive officer. As at 31 December 2024, the outstanding balance of funds obtained is SR 0.2 million. (2023: SR 0.6 million).

In 2023, the Company entered a financing Company agreement amounting to SR 10 million, repayable over 36 equal monthly installments with Commercial Bank. The Company used the funds for purchase of vehicles for the purpose of leasing them to different customers. The loan is secured by promissory notes signed by shareholders of the Company. As at 31 December 2024, the outstanding balance of funds obtained is SR 6.5 million (2023: SR 9.4 million).

In 2023, the Company entered a financing agreement amounting SR 5 million, repayable over 24 equal monthly installments with a financing Company with the grace period of three months. In addition, during the year Company entered another financing agreement of SR 5 million with 24 equal monthly installments. The Company used the funds for purchase of vehicles for the purpose of leasing them to different customers. The loan is secured by vehicles value endorsement signed by chief executive officer. As at 31 December 2024, the outstanding balance of funds obtained is SR 4 million. (2023: SR 4.8 million).

The loans carry interest ranging from 6.17% to 18.38%. The maturity analysis of borrowings is disclosed in Note 28.

16. EMPLOYEES' END OF SERVICE BENEFITS

In accordance with the provisions of IAS 19, management has carried out an exercise to assess the present value of its employee benefits at 31 December 2024 and 31 December 2023 in respect of employees' defined benefit liabilities under relevant local regulations and contractual arrangements.

The principal actuarial assumptions used at the reporting date were as follows:

	2024	2023
Discount rate	**5.20%**	4.88%
Expected rate of salary increase	**4.50%**	3.00%
Mortality rates	**A 1949-52**	A 1949-52
Retirement age	**60 - 65 years**	60 years

Amounts recognised in profit or loss is as follows:

	2024	2023
Current service cost	**488,109**	380,587
Interest cost	**152,119**	102,702
	640,228	483,289

Net benefit expense recognised in other comprehensive income:

	2024	2023
Gain due to change in demographic assumptions	**-**	(5,950)
Loss/ (gain) from changes in financial assumptions	**249,121**	(73,258)
Loss due to change in experience adjustments	**214,138**	297,257
	463,259	218,049

(EXPRESSED IN SAUDI RIYALS)

16. EMPLOYEES' END OF SERVICE BENEFITS (CONTINUED)

Movement in the employee benefits obligation is as follows:

	2024	2023
As at 1 January	**3,204,718**	2,618,936
Service cost	**488,109**	380,587
Interest cost on defined benefit obligation	**152,119**	102,702
Payments during the year	**(175,039)**	(115,556)
Re-measurements: actuarial loss on obligation	**463,259**	218,049
As at 31 December	**4,133,166**	3,204,718

A quantitative sensitivity analysis for discount rate and salaries assumption on the defined benefit obligation is shown below:

Assumptions	**Discount rate**	
Sensitivity analysis	**100 bps Increase**	**100 bps Decrease**
Defined benefit obligation as at 2024	**3,863,627**	**4,439,192**
Defined benefit obligation as at 2023	3,018,603	3,415,057
	Future salary increases	
	100 bps Increase	**100 bps Decrease**
Defined benefit obligation as at 2024	**4,439,254**	**3,858,689**
Defined benefit obligation as at 2023	3,416,952	3,013,661

The weighted average duration of the defined benefit obligation is 5 years. The following payments are expected for the defined benefit plan in future years:

	2024	2023
Within the next 12 months	**449,864**	361,883
Between 1 and 5 years	**1,551,127**	2,206,990
Between 5 and 10 years	**3,813,446**	1,994,480
Beyond 10 years	**11,506,011**	6,319,070
Total expected payments	**17,320,448**	10,882,423

The employee benefits plan exposes the Company to the following risks:

Mortality risk: The risk that the actual mortality rate is different. The effect depends on the beneficiaries' service / age distribution and the benefit.

Final salary risk: The risk that the final salary at the time of cessation of service is greater than what is assumed. Since the benefit is calculated on the final salary, the benefit amount increases similarly.

Discount risk: A decrease in the discount rate will increase the plan liability.

Withdrawal risk: Benefits are paid when an employee leaves employment either through resignation or retirement. The rate of withdrawal therefore affects the timing of the payment.

(EXPRESSED IN SAUDI RIYALS)

17. ACCRUED EXPENSES AND OTHER LIABILITIES

	2024	2023
Accrued expenses	**1,588,292**	1,078,977
Contract liabilities	**1,056,487**	3,602,725
VAT payable	**808,118**	-
	3,452,897	4,681,702

Contract liabilities include the advance received from customers for sale of vehicles. The movement of contract liabilities is as follows:

	2024	2023
As at 1 January	**3,602,725**	682,819
Amount received from customers	**31,120,645**	22,585,007
Performance obligations satisfied	**(33,666,883)**	(19,665,101)
As at 31 December	**1,056,487**	3,602,725

The amount of SR 3,602,725 included in contract liabilities at 31 December 2023 has been recognized as revenue in 2024 (2023: SR 682,819). Contract liabilities as at 31 December 2024, will be satisfied during the year ended 31 December 2025. The Company has recognized the full amount of the opening contract liability as revenue during the current year.

18. RELATED PARTY TRANSACTIONS AND BALANCES

Related parties include shareholders, parent company, other related parties, directors, and key management personnel of the Company. Other related party are the companies that are members of the same group i.e Abdel Hadi Abdullah Al-Qahtani and Sons Co, i.e. under common control. The terms and conditions of such transactions are approved by the management:

Name	**Relationship**
Al-Qahtani Pipe Coating Industries	Other related party
Al Jazeera Water Treatment Chemicals Company	Other related party
Eradat Transport Company	Other related party
Abdel Hadi Abdullah Al-Qahtani & Sons- Construction	Other related party
Al Qahtani Vehicle and Machinery Company	Other related party
Abdel Hadi Al-Qahtani Travel Bureau	Other related party
Pipe & Well Operation and Maintenance Services	Other related party
Group Five pipe Saudi Company	Other related party
Pipeline Flow Chemical Company	Other related party
Abdel Hadi Abdullah Al Qahtani & Sons Company	Other related party
Al Hijaz Carton Factory	Other related party
Izar for Insurance Brokerage Company	Other related party
Arabian Commercial Services Company – Arco	Other related party

a) The significant transactions with related parties are as follows:

Related party	**Nature of transaction**	**2024**	2023
Al-Qahtani Pipe Coating Industries	Rental revenue	**1,554,735**	1,571,487
	Expenses paid on behalf of related party	-	145,691
Abdel Hadi Abdullah Al Qahtani & Sons Company	IPO proceeds	-	(1,075,131)
	Expenses	-	296,369
Group Five Pipe Saudi Company	Rental revenue	**414,982**	465,500
Abdel Hadi Abdullah Al-Qahtani & Sons-Construction	Rental revenue	**329,450**	326,861

(EXPRESSED IN SAUDI RIYALS)

18. RELATED PARTY TRANSACTIONS AND BALANCES (CONTINUED)

b) Trade and other receivables – related parties comprise of the following:

Trade receivables

	31 December 2024	31 December 2023
Al-Qahtani Pipe Coating Industries	**5,844,077**	7,029,105
Al Qahtani Vehicle and Machinery Company	**1,082,192**	1,080,091
Eradat Transport Company	**472,537**	772,537
Pipeline Flow Chemical Company	**461,115**	391,253
Group Five pipe Saudi Company	**92,186**	229,203
Abdel Hadi Abdullah Al-Qahtani & Sons- Construction	**46,462**	1,181,334
Al Jazeera Water Treatment Chemicals Company	**24,392**	27,516
Al- Hijaz Carton Factory	**14,835**	-
Pipe & Well Operation and Maintenance Services	-	262,500
Al-Qahtani Aviation Company	-	84,242
Al- Hijaz Water Company Limited	-	11,307
Arab Valves Manufacturing Company	-	1,000
	8,037,796	11,070,088

Other receivables

	31 December 2024	31 December 2023
Abdel Hadi Abdullah Al Qahtani & Sons Company	-	1,390,797
	-	1,390,797

The amounts due from related parties are secured by collateral by shares on a listed Company owed by common shareholders except for Pipeline Flow Chemical Company, Al-Qahtani Aviation Company, Al-Qahtani Aviation Company, Al- Hijaz Water Company Limited, Arab Valves Manufacturing Company. The management expects to collect the amounts within twelve months from the end of the reporting date.

c) Accruals and other current liabilities - related parties comprise of the following:

	31 December 2024	31 December 2023
Izar for Insurance Brokerage Company	**38,548**	48,328
Arabian Commercial Services Company – Arco	**41,708**	41,700
Abdel Hadi Al-Qahtani Travel Bureau	**4,976**	2,000
	85,232	92,028

The above balances do not bear interest and due to be settled in cash within 12 months from the end of the reporting date.

d) Key management personnel compensation

The remuneration of directors and other members of key management personnel during the period was as follows:

	31 December 2024	31 December 2023
Short-term benefits	**2,338,090**	972,000
Termination benefits	**1,173,159**	725,116
	3,511,249	1,697,116

(EXPRESSED IN SAUDI RIYALS)

19. REVENUE

	2024	2023
Rental income	**108,752,871**	101,996,723
Revenue from contract with customers		
Sale of vehicles (refer below for the breakup)	**30,952,412**	19,665,101
	139,705,283	121,661,824

Sale of used vehicles	**2024**	2023
Revenue	**30,952,412**	18,201,021
Cost of revenue	**(29,965,704)**	(17,836,696)
	986,708	364,325

Sale of new vehicles	**2024**	2023
Revenue	-	1,464,080
Cost of revenue	-	(1,383,480)
	-	80,600

Disaggregation of revenue from contracts with customers
In the following table, revenue from contracts with customers is disaggregated by primary geographical market and timing of revenue recognition.

	2024	2023
Primary geographical markets		
Saudi Arabia	**30,952,412**	19,665,101

	2024	2023
Timing of revenue recognition		
Transferred at a point in time	**30,952,412**	19,665,101

20. COST OF REVENUE

	2024	2023
Cost of vehicles sold	**29,965,704**	19,220,176
Depreciation of right of use asset (note 8)	**23,377,860**	20,561,941
Depreciation of property and equipment (note 7)	**14,545,437**	13,073,119
Vehicle repair and maintenance	**9,581,697**	8,927,544
Vehicle insurance expense	**5,310,900**	5,250,889
Salaries and wages	**3,599,241**	3,160,619
Fees and traffic fines	**1,683,746**	1,683,190
Oil & lubrication	**1,379,655**	1,666,199
Travel and transportation	**674,006**	777,754
Inventories written-off	**200,000**	1,140,330
Others	**429,612**	423,309
	90,747,858	75,885,070

(EXPRESSED IN SAUDI RIYALS)

21. SELLING ADVERTISING EXPENSES

	2024	2023
Salaries and wages	**1,661,188**	1,458,747
Advertisement and promotions	**736,629**	771,092
Others	**774,613**	764,891
	3,172,430	2,994,730

22. GENERAL AND ADMINSTRATIVE EXPENSES

	2024	2023
Salaries and wages	**8,119,546**	7,312,816
Fee and subscriptions	**723,617**	421,069
Rent	**351,000**	342,500
Depreciation of property and equipment (note 7)	**359,591**	244,930
Utilities	**259,362**	203,997
Others	**651,975**	775,019
	10,465,091	9,300,331

The auditor fees for the audit and quarterly reviews of the financial statements for the year ended 31 December 2024 amounted to SR 285,000 (2023: SR 240,000).

23. OTHER INCOME

	2024	2023
Claims against damages of vehicles	**1,290,467**	1,191,418
Vehicle insurance claims	**4,360,285**	5,572,049
Others	**481,290**	1,887,511
	6,132,042	8,650,978

24. FINANCE COST

	2024	2023
Finance cost on lease liabilities (note 8)	**19,042,969**	16,953,227
Finance cost on borrowings (note 15)	**3,433,524**	3,941,714
Bank and other charges	**774,923**	226,100
	23,251,416	21,121,041

25. ZAKAT

Status of Assessment

The Company has submitted its Zakat returns up to the year ended 31 December 2023 and obtained required certificates which valid till 30 April 2025. Zakat assessments for years up to 2020 and 2023 was received and Company has settled all the Zakat liability. Assessment for the year 2021 and 2022 is still not received from ZATCA.

The principal elements of the zakat base are as follows:

	2024	2023
Non-current assets	**287,669,900**	293,633,677
Non-current liabilities	**85,898,040**	102,022,011
Opening equity	**151,678,219**	133,619,734
Profit before Zakat	**17,410,530**	19,131,173

Some of these amounts have been adjusted in arriving at the zakat charge for the year.

(EXPRESSED IN SAUDI RIYALS)

25. ZAKAT (CONTINUED)

The movement in zakat is as follows:

	2024	2023
At 1 January	**1,840,356**	1,502,640
Charge for the year	**998,250**	854,639
Payment during the year	**(1,233,495)**	(516,923)
At 31 December	**1,605,111**	1,840,356

26. EARNINGS PER SHARE

Basic earnings per share for profit attributable to ordinary shares holders for the period are computed based on the weighted average number of shares outstanding during such periods. The diluted earnings per share are the same as the basic earnings per share because the Company does not have any dilutive instruments in issue.

	2024	2023
Profit attributable to ordinary equity holders of the parent	**16,412,280**	18,276,534
Weighted average number of ordinary shares for basic and diluted EPS	**8,000,000**	8,000,000
Basic and dilutive earnings per share	**2.05**	2.28

27. CONTINGENCIES AND COMMITTMENT

As of 31 December 2024, there are no contingent liabilities or commitments (2023: Nil).

28. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

Fair values of financial instruments

The carrying values of all the financial assets and financial liabilities reported in the financial statements approximate their fair values. 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. There are no financial assets and financial liabilities that are measured using the fair value hierarchy.

	2024	2023
Financial assets measured at amortized cost:		
Trade receivables	**28,224,915**	26,337,199
Trade and other receivables - related parties	**8,037,796**	12,460,885
Other current assets	**2,275,553**	3,725,115
Cash and cash equivalents	**5,562,576**	5,561,993
	44,100,840	48,085,192

	2024	2023
Financial liabilities measured at amortized cost:		
Lease liabilities	**133,238,705**	153,231,688
Borrowings	**28,964,224**	38,678,011
Trade payables	**3,499,255**	3,802,228
Other current liabilities	**1,588,292**	1,078,977
Accruals and other current liabilities - related parties	**85,232**	92,028
	167,375,708	196,882,932

(EXPRESSED IN SAUDI RIYALS)

28. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (CONTINUED)

The Company's principal financial assets include cash and cash equivalents, trade receivables, trade and other receivables - related parties and certain other receivables, that arrive directly from its operations. The Company's principal financial liabilities, comprise borrowings, lease liabilities, trade payables, accruals and other current liabilities - related parties and certain other liabilities. The main purpose of these financial liabilities is to finance the Company's operations.

The Company is exposed to market risk, credit risk and liquidity risk. The Company's senior management oversees the management of these risks. The Company's financial risk activities are governed by appropriate policies and procedures. Financial risks are identified, measured and managed in accordance with Company's policies and risk appetite. The Board of Directors reviews and agrees policies for managing each of these risks, which are summarised below.

a) Market risk

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

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company exposure to the risk of changes in market interest rates relates primarily to the Company's long-term debt obligations with floating interest rates (SIBOR).

The Company manages its interest rate risk by having a balanced portfolio of fixed and variable rate loans and borrowings and regularly reviewing the impact of interest rate changes on the overall debt portfolio.

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

	Change in Interest rate	Effect on profit (SR)
31 December 2024		
Saudi Riyals	**+0.5%**	**(144,821)**
Saudi Riyals	**-0.5%**	**144,821**
31 December 2023		
Saudi Riyals	+0.5%	(193,390)
Saudi Riyals	-0.5%	193,390

b) Credit risk

Credit risk is the risk that a counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Company is exposed to credit risk from its operating activities (primarily for trade receivables) and other financial instruments.

The Company seeks to manage its credit risk with respect to trade by setting credit limits for individual trade, by monitoring outstanding trade receivables. The Company has established policies and procedures for timely recovery of trade receivables debts. The Company mitigates its exposure and credit risk by applying specific controls in accordance with the Company policies and procedures.

(EXPRESSED IN SAUDI RIYALS)

28. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (CONTINUED)

b) Credit risk (continued)

Trade receivables credit risk is managed subject to the Company's established policy, procedures and control relating to customer credit risk management. Credit quality of the trade receivables are assessed based on an extensive credit rating scorecard and individual credit limits are defined in accordance with this assessment.

The credit risk on cash and cash equivalent is limited because the counterparties are banks with high credit-ratings. The table below shows the Company's maximum exposure to credit risk for the components of the statement of financial position at reporting date:

	2024	2023
Trade receivables	**28,224,915**	26,337,199
Trade and other receivables – related parties	**8,037,796**	12,460,885
Other current assets	**2,275,553**	3,725,115
Cash and cash equivalents	**5,439,903**	5,392,936
	43,978,167	47,916,135

Trade receivables

The Company's exposure to credit risk is influenced mainly by the individual characteristics of each customer. The Company has no significant concentration of credit risks. The Company limits its exposure to credit risk from Trade receivables by establishing maximum payment periods for each customers and outstanding customer receivables are regularly monitored. The Company does not have Trade receivables for which no loss allowance is recognized because of collateral. The Company uses an allowance matrix to measure impairment loss on trade receivable for trade and unbilled receivables. Loss rates are calculated using a 'roll rate' method based on the probability of a receivable progressing through successive stages of delinquency to write-off.

The loss rates are based on days past due for groupings of various customer segments that have similar loss patterns.

The maximum exposure to credit risk at the reporting date is the carrying value of each class of financial assets disclosed in above.

Following is the ageing analysis of trade and unbilled receivables and exposure to credit risk at 31 December:

	Weighted average loss rate	**Gross carrying amount**	**Loss allowance**
		2024	
Up to 360 days	**0.15%**	**27,923,579**	**41,748**
Over 360 days	**40.61%**	**577,638**	**234,554**
Specific provision	**100.00%**	**2,394,155**	**2,394,155**
		30,895,372	**2,670,457**
		2023	
Up to 360 days	0.06%	25,646,071	15,533
Over 360 days	31.56%	286,118	90,312
Specific provision	77.65%	2,285,467	1,774,612
		28,217,656	1,880,457

(EXPRESSED IN SAUDI RIYALS)

28. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (CONTINUED)

c) Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company.

The Company ensures that it has sufficient cash on demand to meet expected operational expenses, including the servicing of financial obligations, this excludes the potential impact of extreme circumstances that cannot reasonably be predicted and force majeure events, such as natural disasters.

The table below summarizes the maturities of the Company's undiscounted financial liabilities based on contractual payment dates and current market interest rates. The Company does not hold financial assets for managing liquidity risk. Hence, these risks have not been considered for maturity analysis.

As at 31 December 2024	**Carrying Value**	**Within 1 year**	**Within 1 to 5 years**	**More than 5 years**	**Total**
Lease liabilities	**133,238,705**	**78,267,296**	**74,416,675**	**19,969,688**	**172,653,659**
Borrowings	**28,964,224**	**18,716,322**	**13,024,385**	**-**	**31,740,707**
Trade payables	**3,499,255**	**3,499,255**	**-**	**-**	**3,499,255**
Other current liabilities	**1,588,292**	**1,588,292**	**-**	**-**	**1,588,292**
Accruals and other current liabilities - related parties	**85,232**	**85,232**	**-**	**-**	**85,232**
	167,375,708	**102,156,397**	**87,441,060**	**19,969,688**	**209,567,145**

As at 31 December 2023	Carrying Value	Within 1 year	Within 1 to 5 years	More than 5 years	Total
Lease liabilities	153,231,688	81,983,507	64,071,007	21,544,688	167,599,202
Borrowings	38,678,011	26,180,769	15,649,788	-	41,830,557
Trade payables	3,802,228	3,802,228	-	-	3,802,228
Other current liabilities	1,078,977	1,078,977	-	-	1,078,977
Accruals and other current liabilities - related parties	92,028	92,028	-	-	92,028
	196,882,932	113,137,509	79,720,795	21,544,688	214,402,992

Capital management

The Company's objectives when managing capital are to safeguard its ability to continue as a going concern and to maximize the return to stakeholder through the optimization of the debt and equity balance.

The Company's management manage the Company's capital structure and make adjustments to it, in light of changes in economic conditions. The capital structure is reviewed on an ongoing basis. Based on recommendations of the management, the Company balances its overall capital structure through the payments of dividends and new share issues. The capital structure of the Company consists of equity comprising share capital, statutory reserve and retained earnings.

Fair value is the amount for which an asset could be exchanged, or a liability settled between knowledgeable willing parties in an arm's length transaction. As the Company's financial instruments are compiled under the historical cost convention, differences can arise between the book values and fair value estimates. Management believes that the fair values of the Company's financial assets and liabilities are not materially different from their carrying values.

(EXPRESSED IN SAUDI RIYALS)

29. COMPARATIVE FIGURES

The comparative figures for the year ended 31 December 2024 have been reclassified to conform with the current year's presentation. The reclassifications do not have any impact on the opening balance of comparative information, retained earnings, or total comprehensive income.

	Amount before reclassification	**Reclassification**	**Amounts after reclassification**
Cost of sale	**77,262,284**	**(1,377,214)**	**75,885,070**
Other income	**10,028,192**	**(1,377,214)**	**8,650,978**
Impairment loss on trade receivables	**-**	**1,880,457**	**1,880,457**
General and administrative expenses	**11,180,788**	**(1,880,457)**	**9,300,331**

30. EVENT AFTER THE REPORTING PERIOD

The Board of Directors of the Company in their meeting held on 25 March 2025 proposed to distribute cash dividends for the year ended 31 December 2024 amounting to SR 4 million (SR 0.5 per share).

31. APPROVAL OF FINANCIAL STATEMENTS

The financial statements have been approved and authorised for issue by the Board of Directors of the Company on 25 March 2025G corresponding to 25 Ramadan 1446H.