

# Prospectus of Riyal Investment and Development Company

Riyal Investment and Development Company (the "Company") is a Saudi closed joint stock company pursuant to Ministerial Resolution No. (1025) dated 08/11/1443H (corresponding to 07/06/2022G), and Commercial Registration No. (2050024818) issued from Dammam on 17/08/1413H (corresponding to 09/02/1993G).

Offering of (720,000) seven hundred and twenty thousand ordinary shares, representing 9% of the Company's total shares, in the Parallel Market "Nomu" to Qualified Investors at an Offering Price of (SAR 42) forty two Saudi riyals per share.

Offering Period starting from Sunday 16/03/1445H (corresponding to 01/10/2023G) and ending on Thursday 20/03/1445H (corresponding to 05/10/2023G)

Riyal Investment and Development Company (hereinafter referred to as the "Company", the "Issuer" or "Riyal") started its activity as a sole proprietorship Owned by Saeed Saleh Saeed Al-Ghamdi under the name of Riyal Investment and Development owned by Saeed Saleh Saeed Al-Ghamdi, and under the Commercial Registration No. (2050024818) issued from Dammam on 17/08/1413H (corresponding to 09/02/1993G), with a capital of (SAR 10,000) ten thousand Saudi riyals. According to the Articles of Association issued on 06/09/1431H (corresponding to 16/08/2010G), the owner of the Foundation Saeed Saleh Saeed Al-Ghamdi, assigned the entire Foundation and its branches, including its rights and liabilities, to Tariq Abdulhadi Al-Qahtani, Salah Abdulhadi Al-Qahtani, Haifa Saleh Hamad Al-Sugair, Shams Abdulhadi Al-Qahtani, Mai Abdulhadi Al-Qahtani, Duha Abdulhadi Al-Qahtani, and Abdulhadi Abdullah Al-Qahtani and Sons Company. The Foundation and its branches were also converted into a limited liability company, while keeping the commercial registration number as it is without change. The net assets of the Foundation and its branches were evaluated at (SAR 2,000,000) two million Saudi riyals. Based on the evaluation of the assets, the Company's capital was modified so that it became (SAR 2,000,000) two million Saudi riyals divided into (2,000) two thousand shares of equal value, the value of each share (1,000) one thousand Saudi riyals. On 19/07/1442H (corresponding to 03/03/2021G), the Articles of Association was amended based on the desire of Abdulhadi Abdullah Al-Qahtani and Sons Company to assign all its shares amounting to (1,100) one thousand and one hundred shares to Abdulhadi Al Judee & Partners International Commercial Enterprises Company, and the desire of each of Tariq Abdulhadi Al-Qahtani, Salah Abdulhadi Al-Qahtani, Abdullah Abdulhadi Al-Qahtani, Haifa Saleh Al Sugair, Shams Abdulhadi Al-Qahtani, Mai Abdulhadi Al-Qahtani, and Duha Abdulhadi Al-Qahtani, to assign all their shares in the Company, including their rights and duties, amounting to (900) nine hundred shares, to Tariq Abdulhadi Al-Qahtani & Brothers Company. On 03/04/1443H (corresponding to 08/11/2021G), the partners decided to increase the capital from (SAR 2,000,000) two million Saudi riyals to (SAR 80,000,000) eighty million Saudi riyals, by capitalizing the amount of (SAR 67,976,285) sixty-seven million nine hundred and seventy-six thousand and two hundred and eighty-five Saudi riyals from the balance of retained earnings. In addition to transferring cash shares in the amount of (SAR 9,023,715) nine million twenty-three thousand seven hundred and fifteen Saudi riyals from the balance of Shareholders contribution and transferring an amount of (SAR 1,000,000) one million Saudi riyals from the balance of the statutory reserve. On 08/05/1443H (corresponding to 12/12/2021G), the Articles of Association was amended, based on the desire of both Abdulhadi Al Judee & Partners International Commercial Enterprises Company, their International Company for Commercial Projects, to assign all its shares, including its rights and obligations, amounting to (4,400,000) four million four hundred thousand shares to each of Tariq Abdulhadi Al-Qahtani, Salah Abdulhadi Al-Qahtani and Abdullah Abdel Hadi Al-Qahtani, while Tariq Abdulhadi Al-Qahtani & Brothers Company assigned all its shares, including their rights and duties, amounting to (3,600,000) three million six hundred thousand shares to each of Abdulhadi Abdullah Al-Qahtani, Haifa Saleh Al-Sugair, Shams Abdulhadi Al-Qahtani, Mai Abdulhadi Al-Qahtani, and Duha Abdulhadi Al-Qahtani. On 17/09/1443H (corresponding to 18/04/2022G), the partners decided to assign part of their shares in the amount of (2,789,773) shares in favor of new partners, who numbered (80) eighty partners. Ownership of the assigned shares transferred to them with their rights and duties. The partners also desired to convert the company's legal status into a closed joint stock company. Pursuant to the decision of His Excellency the Minister of Commerce No. (1025) and dated 08/11/1443H (corresponding to 07/06/2022G), the Company was converted into a closed joint stock company with a capital of (SAR 80,000,000) eighty million Saudi riyals divided into (8,000,000) eight million ordinary shares, the value of which is paid in full at a nominal value of (SAR 10) ten Saudi riyals per share.

The current capital of the company is (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.

The Offering will be directed to the categories of Qualified Investors (the "Offering"), for (720,000) seven hundred and twenty thousand ordinary shares (collectively referred to as the "Offer Shares" and individually as an "Offer Share"), at a nominal value of (SAR 10) ten Saudi riyals per share. The offering price will be (SAR 42) forty two Saudi riyals. The offered shares represent 9% of the Company's capital. All shares of the Company are ordinary shares of one class, and the share does not give any shareholder any preferential rights, and each shareholder ("Shareholder"), regardless of the number of his shares, has the right to attend and vote in the meetings of the General Assembly of Shareholders ("General Assembly"). Each shareholder has the right to appoint another person other than members of the Board of Directors of the Company or the employees of the Company to act on his behalf in attending the meetings of the General Assembly. The Offering Shares are entitled to any dividends announced by the Company from the date of this Prospectus and the financial years that follow (for more information, please refer to Section No. (5) "Dividends Distribution Policy" of this Prospectus). Existing Substantial Shareholders who own 5% or more of the Company's shares are prohibited from disposing of their shares for a period of (12) twelve months (the "Lock-up Period") from the date the Company's shares listed in the Parallel Market, and they may dispose of their shares after the end of the Lock-up Period without obtaining prior approval from the Capital Market Authority.

Before the offering, the Company has (7) seven Substantial Shareholders (each of whom owns 5% or more of the Company's shares); they are: Tariq Abdulhadi Abdullah Al-Qahtani owns (13.03%) before the Offering, Salah Abdulhadi Abdullah Al-Qahtani owns (13.03%) before the Offering, Abdulhadi Abdullah Abdulhadi Al-Qahtani owns (13.03%) before the Offering, Haifa Saleh Hamad Al-Sugair owns (6.51%) before the Offering, Shams Abdulhadi Abdullah Al-Qahtani, who owns (6.51%) before the Offering, Mai Abdulhadi Abdullah Al-Qahtani, who owns (6.51%) before the Offering, and Duha Abdulhadi Abdullah Al-Qahtani, who owns (6.51%) before the Offering. (For more details about the percentage of ownership of Substantial Shareholders before and after the Offering, please refer to Section No. (xxviii) "Substantial Shareholders

#### Financial Advisor

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Aldukheil

This prospectus includes information provided in compliance with the Rules on the Offer and Continuing Obligations issued by Capital Market Authority of the Kingdom of Saudi Arabia (the «Authority»). The directors, whose names appear in this prospectus, collectively and individually accept full responsibility for the accuracy of the information contained in this prospectus and confirm, having made all reasonable enquiries, that to the best of their knowledge and belief, there are no other facts the omissions of which would make any statement in the prospectus misleading. The Authority and the Exchange do not take any responsibility for the contents of this prospectus, do not make any representation as to its accuracy or completeness, and expressly disclaim any liability whatsoever for any loss arising from, or incurred in reliance upon any part of this document. Those wishing to buy listed shares under this prospectus shall verify the information related to the shares being offered; and consult a licensed financial advisor when facing any difficulty understanding the contents of this prospectus.

This prospectus is dated on 16/11/1444H (corresponding to 05/06/2023G)

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

who own 5% or more of the Company's Shares" of this Prospectus). Subscription to the offer shares shall be limited to the following categories of Qualified Investors:

- Capital Market Institutions acting for their own account.
- Clients of a Capital Market Institution by the Authority to conduct managing activities provided that this Capital Market Institution has been appointed as an investment manager on terms which enable it to make decisions concerning the acceptance of an offer and investment in the Parallel Market on the client's behalf without obtaining prior approval from the client.
- The Government of the Kingdom, any government body, any supranational authority recognised by the Authority or the Exchange, and any other stock exchange recognised by the Authority or the Securities Depository Center.
- Government-owned companies, either directly or through a portfolio managed by a Capital Market Institution authorised to carry out managing activities.
- Companies and funds established in a member state of the Cooperation Council for the Arab States of the Gulf.
- Investment Funds.
- Any other legal persons allowed to open an investment account in the Kingdom and an account at the Depository Center.
- Natural persons allowed to open an investment account in the Kingdom and an account at the Depository Center, and fulfil any of the following criteria:
  - Has conducted transactions in security markets of not less than 40 million Saudi riyals in total, and not less than ten transactions in each quarter during the last twelve months.
  - His net assets is not less than 5 million Saudi Riyals.
  - Works or has worked for at least three years in the financial sector.
  - Holds the General Securities Qualification Certificate which is recognised by the Authority.
  - Holds a professional certificate that is related to securities business and accredited by an internationally recognised entity.
- Any other persons prescribed by the Authority.

The Offering Period begins on Sunday 16/03/1445H (corresponding to 01/10/2023G) and continues for a period of (5) days, including the last day of closing the subscription, which is the end of Thursday 20/03/1445H (corresponding to 05/10/2023G) (the "Offering Period"). The Qualified Investor can apply to subscribe to the Offering shares through the electronic system of the Lead Manager, and in case the Qualified Investor subscribed twice, the second subscription will be considered null and only the first subscription will be taken into account (for more information, please refer to section (9) "Information related to the terms and conditions of the offering" of this Prospectus). Each Qualified Investor will be able to study the investment opportunity and review any additional information available through a data room in which all documents referred to in Section No. (12) "Documents Available for Inspection" of this Prospectus will be displayed.

The Qualified Investors may subscribe to a maximum of (390,000) three hundred and ninety thousand shares. While the minimum limit for subscription in the Offering shares for each Qualified Investor is (10) ten shares.

The allocation process for the Offer Shares will be announced no later than Wednesday 26/03/1445H (corresponding to 11/10/2023G), and the surplus will be refunded no later than Thursday 27/03/1445H (corresponding to 12/10/2023G), without any commissions or deductions by the Receiving Entity of the Offering Proceeds, the Lead Manager, or the Company (refer to section No. (9) "Information related to the terms and conditions of the offering" of this Prospectus).

The Offering Shares will be sold by the Company's shareholders whose names appear on page (xii) (collectively referred to as "the Selling Shareholders") who own 100% of the Company's Shares prior to the Offering. The Selling Shareholders will own 91% of the shares after completion of the Offering of the Company, and therefore they will retain a controlling stake in the Company. The Offering Proceeds will go after deducting the Offering Expenses to the Selling Shareholders according to the ownership percentage of each of them in the offered shares. The Company will not receive any amount from the Offering Proceeds (refer to section No. (6) "Using the Offering Proceeds" of this Prospectus).

Prior to this Offering, the Company's shares have never been traded in any stock market, whether inside or outside the Kingdom of Saudi Arabia. The Company has filed an application to the Capital Market Authority of the Kingdom of Saudi Arabia "the Authority", in accordance with the Rules on the Offer of Securities and Continuing Obligations, to register and offer its shares in the Parallel Market. This Prospectus and all requested supporting documents were approved by the Authority, and all official approvals necessary for the process of offering shares have been obtained. It is expected that the trading of shares in the Parallel Market will start soon after completion of the process of allocating shares, refunding the surplus, and completing all relevant regulatory requirements (Please refer to page No. (xvii) "Key Dates and Subscription Procedures" in this Prospectus). After the shares are registered in the Parallel Market, Qualified Investors who meet the conditions, whether inside or outside the Kingdom, will be allowed to trade in the Company's Shares. The "Important Notice" and "Risk Factors" sections contained in this Prospectus should be carefully considered by potential investors before making any decision to subscribe to the Offer Shares.

#### Lead Manager

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## Important Notification

This Prospectus provides complete detailed information about Riyal Investment and Development Company and the shares offered for subscription in the Parallel Market. Investors who apply to subscribe to the offered shares will be treated on the basis that their applications are based on the information contained in this Prospectus, copies of which can be obtained from websites of the Company ([www.riyalmotors.com](http://www.riyalmotors.com)), Capital Market Authority ([www.cma.org.sa](http://www.cma.org.sa)), Aldukheil Financial Group ([www.aldukheil.com.sa](http://www.aldukheil.com.sa)), Saudi Tadawul "**Tadawul**" ([www.saudiexchange.sa](http://www.saudiexchange.sa)). The Financial Advisor, "**Aldukheil Financial Group Company**" will also announce on the Saudi Tadawul Group website "**Tadawul**" about publishing the Prospectus and making it available to Qualified Investors during the period specified in accordance with the Rules on the Offer of Securities and Continuing Obligations (within a period of no less than (14) days before the Offering) and any other developments.

The Prospectus contains information provided according to the requirements of the Rules on the Offer of Securities and Continuing Obligations issued by the Capital Market Authority in the Kingdom Saudi Arabia. The Directors whose names appear on page (vi) collectively and individually accept full responsibility for the accuracy of the information contained in this Prospectus, and confirm, having made all reasonable inquiries, that to the best of their knowledge and belief, that there are no other facts in the Prospectus that the omission of which would make any statement contained therein misleading. The Authority and Saudi Tadawul Company (Tadawul) take no responsibility for the contents of this Prospectus, and they do not give any assurances regarding the accuracy or completeness of this Prospectus, and expressly disclaim any responsibility whatsoever for any loss arising from or incurred in reliance on any part of this Prospectus.

The Company has appointed ("**Aldukheil Financial Group**") as a Financial Advisor ("**Financial Advisor**") and Alinma Investment Company as the Lead Manager ("**Lead Manager**") in relation to the Offering of shares indicated in this Prospectus.

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

This Prospectus is not to be regarded as a recommendation on the part of the Company, its directors, the Selling Shareholders, or any of its advisors to participate in the Offering. The information provided in this Prospectus is of a general nature and has been prepared without taking into account individual investment objectives, financial situation or particular investment needs. Prior to making an investment decision, each recipient of this Prospectus is responsible for obtaining independent professional advice from a financial advisor who is licensed by the CMA in relation to the Offering and for considering the appropriateness of the information herein, with regard to individual objectives, financial situations and needs, including the advantages and risks related to subscribing to the shares subject to the Offering.

Subscription to the Offer Shares shall be limited to the following categories of Qualified Investors according to the requirements of the Rules on the Offer of Securities and Continuing Obligations

1. Capital Market Institutions acting for their own account.
2. Clients of a Capital Market Institution by the Authority to conduct managing activities provided that this Capital

Market Institution has been appointed as an investment manager on terms which enable it to make decisions concerning the acceptance of an offer and investment in the Parallel Market on the client's behalf without obtaining prior approval from the client.

3. The Government of the Kingdom, any government body, any supranational authority recognised by the Authority or the Exchange, and any other stock exchange recognised by the Authority or the Securities Depository Center.
4. Government-owned companies, either directly or through a portfolio managed by a Capital Market Institution authorised to carry out managing activities.
5. Companies and funds established in a member state of the Cooperation Council for the Arab States of the Gulf.
6. Investment Funds.
7. Any other legal persons allowed to open an investment account in the Kingdom and an account at the Depository Center.
8. Natural persons allowed to open an investment account in the Kingdom and an account at the Depository Center, and fulfil any of the following criteria:
  - a. Has conducted transactions in security markets of not less than 40 million Saudi riyals in total, and not less than ten transactions in each quarter during the last twelve months.
  - b. His net assets is not less than 5 million Saudi Riyals.
  - c. Works or has worked for at least three years in the financial sector.
  - d. Holds the General Securities Qualification Certificate which is recognised by the Authority.
  - e. Holds a professional certificate that is related to securities business and accredited by an internationally recognised entity.
9. Any other persons prescribed by the Authority.

The Company and the Financial Advisor require the recipient of this Prospectus to review all legal restrictions related to the Offering or sale of the Offering shares and to observe compliance with them.

This Prospectus does not constitute an offer to sell, or a solicitation of an offer to buy any of the Offer Shares, by any person in any country in which the applicable law in that country does not permit such a person to make such an offer or solicitation. The distribution of this Prospectus or the sale of shares is expressly prohibited to any person in any country other than the Kingdom, with the exception of companies and funds established in the countries of the Cooperation Council for the Arab States of the Gulf, provided that the regulations and instructions regulating this Offering are observed.

## Financial Information

The audited financial statements of the Company have been prepared for the fiscal year ending on 31/12/2022G (that include the comparison financial statements for the financial year ending on 31/12/2021G), and were all prepared in accordance with the International Financial Reporting Standards (IFRS) endorsed in the Kingdom of Saudi Arabia and other standards and issuances approved by the Saudi Organization for Chartered and Professional Accountants (SOCPA). The financial statements were audited by KPMG Professional Services. The Company issues its financial statements in Saudi Riyal.

## Forecasts and Forward-looking Statements

Forecasts set forth in this Prospectus have been prepared on the basis of specific and announced assumptions. The Company's future conditions may differ from the assumptions used, and therefore no affirmation, representation, or warranty is made with respect to the accuracy or completeness of any of these forecasts.

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

Subject to the requirements of the Rules on the Offer of Securities and Continuing Obligations, the Company must submit a supplementary Prospectus to the CMA if, at any time after the publication of this Prospectus and before completion of the Offering, The Company becomes aware that:

1. there has been a significant change in material matters contained in the prospectus.
2. additional significant matters have become known which would have been required to be included in the prospectus.

Except in those circumstances mentioned above, the Company does not intend to update or otherwise revise any Information contained in this Prospectus, whether as a result of new information, future events or otherwise relating to the Company. As a result of the foregoing and other risks, assumptions and uncertainties, expectations of future events and conditions set out in this Prospectus may not occur as expected by the Company or may not occur at all. Accordingly, potential Qualified Investors should examine all forward-looking statements in the light of these interpretations and not rely primarily on these forward-looking statements.

# Company's Directory

## Board of Directors

Name	Position	Membership Status	Independence	Nationality	Age	Number of Shares		Ownership Percentage <sup>(1)</sup>		Membership Date <sup>(2)</sup>
						Before Offering	Post Offering	Before Offering	Post Offering	
Tariq Abdulhadi Abdullah Al-Qahtani	Chairman of the Board of Directors	Non-executive	Non-independent	Saudi	56	1,042,045	945,160	13.03%	11.81%	05/06/2022G
Salah Abdulhadi Abdullah Al-Qahtani	Vice Chairman of the Board	Non-executive	Non-independent	Saudi	51	1,042,045	945,160	13.03%	11.81%	05/06/2022G
Shams Abdulhadi Abdullah Al-Qahtani	Member of the Board of Directors	Non-executive	Non-independent	Saudi	49	521,023	472,580	6.51%	5.91%	05/06/2022G
Dhuha Abdulhadi Abdullah Al-Qahtani	Member of the Board of Directors	Non-executive	Non-independent	Saudi	44	521,023	472,580	6.51%	5.91%	05/06/2022G
Khaled Nasser Abdul Rahman Al-Muammar	Member of the Board of Directors and Chairman of the Audit Committee	Non-executive	Independent	Saudi	52	24,000	21,840	0.30%	0.27%	05/06/2022G
Salah Mohammed Ibrahim Al-Jabr	Member of the Board of Directors	Non-executive	Independent	Saudi	57	-	-	-	-	05/06/2022G
<b>Secretary of the Board of Directors</b>										
Abdul Rahman Suleiman Al-Kahlan	Board Secretary	Non-executive	-	Saudi	27	-	-	-	-	01/07/2022G

(1) The ownership percentages mentioned in the table are approximate.

(1) There is no indirect ownership of the members of the Board of Directors as of the date of this Prospectus.

(2) The dates mentioned in this table are the dates of appointment to the current positions mentioned in the same table. Biographies of the members of the Board indicate the date of the beginning of their appointment in the Company, whether in the Board or in any other position prior to these positions (for more information, please see Section No. (4-6) "**Biographies of the members of the Board of Directors and the Board Secretary**" in this Prospectus).

Independence of Directors is based on Corporate Governance Regulations issued by the Capital Market Authority. Following are issues affecting independence of the Company's the Directors:

- If he/she holds (5%) five percent or more of the shares of the Company or any other company within its group; or is a relative of who owns such percentage.
- If he/she is a relative of any member of the Board of the Company, or any other company within the Company's group;
- If he/she is a relative of any Senior Executive of the Company, or any other company within the Company's group.
- If he/she is a Board member of any company within the group of the Company for which he/she is nominated to be a Board member.
- If he/she is an employee or used to be an employee, during the preceding two years, of the Company or a company within its group, or if he/she held a controlling interest in the Company or any party dealing with the Company or any company within its group, such as external auditors or main suppliers during the preceding two years.
- If he/she has a direct or indirect interest in the businesses and contracts executed for the Company's account
- If the member of the Board receives financial consideration from the company in addition to the remuneration for his/her membership of the Board or any of its committees exceeding an amount of (SAR 200,000) or 50% of his/her remuneration of the last year for the membership of the board or any of its committees, whichever is less.
- If he/she engages in a business where he/she competes with the company or conducting businesses in any of the company's activities.
- If he/she served for more than nine years, consecutive or inconsecutive, as a Board member of the Company.

### Company Address

#### Riyal Investment and Development Company

Dammam, Jubail Highway  
 P.O. Box 9494 Dammam 31451  
 Kingdom of Saudi Arabia  
 Tel: +966 13 8370581  
 Fax: +966 13 38375602  
 Website: www.riyalmotors.com  
 E-mail: info@riyalinvestment.com



### Company Representatives

First Representative	Second Representative
<p><b>Salah Abdulhadi Abdullah Al-Qahtani</b>            Vice Chairman of the Board            Dammam, Jubail Highway            P.O. Box 9494 Dammam 31451            Kingdom of Saudi Arabia            Tel: +966-13-8370581 Ext: 222            Fax: +966 138375602            Website: www.riyalmotors.com            E-mail: salah@riyalinvestment.com</p>	<p><b>Saeed Saleh Saeed Al-Ghamdi</b>            Chief Executive Officer            Dammam, Jubail Highway            P.O. Box 9494 Dammam 31451            Kingdom of Saudi Arabia            Tel: +966-13-8370581 Ext: 222            Fax: +966 138375602            Website: www.riyalmotors.com            E-mail: Saeed @riyalinvestment.com</p>

### Stock Exchange

#### Saudi Tadawul Company (Tadawul)

King Fahd Road - Olaya 6897  
 Unit No: 15  
 Riyadh 12211 - 3388  
 Kingdom of Saudi Arabia  
 Tel: +966 920001919  
 Fax: +966 11 2189133  
 Website: www.saudiexchange.sa  
 E-mail: csc@saudiexchange.sa





## Advisors

### Financial Advisor

#### Aldukheil Financial Group

Naeem bin Hammad Street  
P.O. Box 2462 Riyadh 11451  
Kingdom of Saudi Arabia  
Tel: + 966 11 4309800  
Fax: + 966 11 4787795  
Website: [www.aldukheil.com.sa](http://www.aldukheil.com.sa)  
E-mail: [info@aldukheil.com.sa](mailto:info@aldukheil.com.sa)

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### Certified Public Accountant

#### KPMG Professional Services

KPMG Tower, Riyadh Front, Airport Road, Riyadh  
P.O. Box 92876 Riyadh 11663  
Kingdom of Saudi Arabia  
Tel: + 966 11 8748500  
Fax: + 966 11 8748600  
Website: [www.home.kpmg/sa](http://www.home.kpmg/sa)  
E-mail: [marketingsa@kpmg.com](mailto:marketingsa@kpmg.com)

KPMG

### Lead Manager

#### Alinma Investment Company

Riyadh, King Fahd Road - (Al Anoud Tower 2)  
P.O. Box 55560 Riyadh 11544  
Kingdom of Saudi Arabia  
Tel: + 8004413333  
Fax: + 966 11 2185970  
Website: [www.alinmainvestment.com](http://www.alinmainvestment.com)  
E-mail: [info@alinmainvest.com](mailto:info@alinmainvest.com)

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## Notice

All Advisors, auditors, and Lead Manager mentioned above have given their written consent to refer to their names, logos and statements in this Prospectus in accordance with the form and context appearing therein, and this consent has not been withdrawn as of the date of this Prospectus.

## Offering Summary

This summary intended to provide a general overview of the information contained in this Prospectus; however, this summary does not include all information that are significant to some potential investors; hence, this summary should be read as an introduction to this Prospectus and potential investors should read and review this Prospectus in full, before making a decision to invest in the Offer Shares, and in particular it is necessary to take into account what was mentioned in the “**Important Notice**” section on page (iii) and Section (2) “**Risk Factors**” before making any investment decision in the Offer Shares.

### Summary

#### Company’s name, Description, and Incorporation

Riyal Investment and Development Company (hereinafter referred to as the “**Company**”, the “**Issuer**” or “**Riyal**”) started its activity as a sole proprietorship Owned by Saeed Saleh Saeed Al-Ghamdi under the name of Riyal Investment and Development Owned by Saeed Saleh Saeed Al-Ghamdi for its owner, and under the Commercial Registration No. (2050024818) issued from Dammam on 17/08/1413H (corresponding to 09/02/1993G), with a capital of (SAR 10,000) ten thousand Saudi riyals. According to the Articles of Association issued on 06/09/1431H (corresponding to 16/08/2010G), the owner of the Foundation, Saeed Saleh Saeed Al-Ghamdi, assigned the entire Foundation and its branches, including its rights and liabilities, to Tariq Abdulhadi Al-Qahtani, Salah Abdulhadi Al-Qahtani, Haifa Saleh Hamad Al-Sugair, Shams Abdulhadi Al-Qahtani, Mai Abdulhadi Al-Qahtani, Duha Abdulhadi Al-Qahtani, and Abdulhadi Abdullah Al-Qahtani and Sons Company. The Foundation and its branches were also converted into a limited liability company, while keeping the commercial registration number as it is without change. The net assets of the Foundation and its branches were evaluated at (SAR 2,000,000) two million Saudi riyals. Based on the evaluation of the assets, the company’s capital was modified so that it became (SAR 2,000,000) two million Saudi riyals divided into (2,000) two thousand shares of equal value, the value of each share (1,000) one thousand Saudi riyals. On 19/07/1442H (corresponding to 03/03/2021G), the Articles of Association was amended based on the desire of Abdulhadi Abdullah Al-Qahtani and Sons Company to assign all its shares amounting to (1,100) one thousand and one hundred shares to Abdulhadi Al Judee & Partners International Commercial Enterprises Company, and the desire of each of Tariq Abdulhadi Al-Qahtani, Salah Abdulhadi Al-Qahtani, Abdullah Abdulhadi Al-Qahtani, Haifa Saleh Al Sugair, Shams Abdulhadi Al-Qahtani, Mai Abdulhadi Al-Qahtani, and Duha Abdulhadi Al-Qahtani, to assign all their shares in the company, including their rights and duties, amounting to a total of (900) nine hundred shares, to Tariq Abdulhadi Al-Qahtani & Brothers Company. On 03/04/1443H (corresponding to 08/11/2021G), the partners decided to increase the capital from (SAR 2,000,000) two million Saudi riyals to (SAR 80,000,000) eighty million Saudi riyals, by capitalizing the amount of (SAR 67,976,285) sixty-seven million nine hundred and seventy-six thousand and two hundred and eighty-five Saudi riyals from the balance of retained earnings. In addition to transferring cash shares in the amount of (SAR 9,023,715) nine million twenty-three thousand seven hundred and fifteen Saudi riyals from the balance of Shareholder’s contribution and transferring an amount of (SAR 1,000,000) one million Saudi riyals from the balance of the statutory reserve. On 08/05/1443H (corresponding to 12/12/2021G), the Articles of Association was amended, based on the desire of both Abdulhadi Al-Jadhei and his partners, the International Company for Commercial projects, to assign all its shares, including its rights and obligations, amounting to (4,400,000) four million four hundred thousand shares to each of Tariq Abdulhadi Al-Qahtani, Salah Abdulhadi Al-Qahtani and Abdullah Abdulhadi Al-Qahtani, while Tariq Abdulhadi Al-Qahtani & Brothers Company assigned all its shares, including its rights and duties, amounting to (3,600,000) three million six hundred thousand shares to each of Abdullah Abdulhadi Al-Qahtani, Haifa Saleh Al-Sugair, Shams Abdulhadi Al-Qahtani, Mai Abdulhadi Al-Qahtani, and Duha Abdulhadi Al-Qahtani.

Summary	
Company's name, Description, and Incorporation	<p>On 17/09/1443H (corresponding to 18/04/2022G), the partners decided to assign part of their shares in the amount of (2,789,773) shares in favor of new partners, who numbered (80) eighty partners. Ownership of the assigned shares transferred to them with their rights and duties. The partners also desired to convert the company's legal entity into a closed joint stock company. Pursuant to the decision of His Excellency the Minister of Commerce No. (1025) and dated 08/11/1443H (corresponding to 07/06/2022G), the Company was converted into a closed joint stock company with a capital of (SAR 80,000,000) eighty million Saudi riyals divided into (8,000,000) eight million ordinary shares, the value of which is paid in full at a nominal value of (SAR 10) ten Saudi riyals per shar).</p> <p>The current capital of the company is (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.</p>
Summary of the Company Activities	<p>The Company carries out its activities according to its commercial registration No. (2050024818) dated 17/08/1413H (corresponding to 09/02/1993G) issued from Dammam. The Company's activities, as stated in its commercial registration, are represented in the wholesale and retail sale of new private cars, including ambulances, minibuses, and four-wheel drives. Its activities, as stated in the Company's Articles of Association, are represented in practicing and implementing the following purposes:</p> <ul style="list-style-type: none"> <li>- Administrative and support services.</li> <li>- Rental of motor vehicles.</li> <li>- Transportation and storage.</li> <li>- Land transportation of passengers, cities and suburbs.</li> <li>- Wholesale and retail trade and repair of motor vehicles and motorcycles.</li> <li>- Sale of motor vehicles.</li> <li>- Maintenance and repair of motor vehicles.</li> <li>- Sale of spare parts for motor vehicles and accessories.</li> </ul> <p>The Company's main activity is car and vehicle rental services "<b>long-term and short-term</b>" for large institutions and companies, as it provides long- and short-term leasing services to companies and institutions through a variety of cars and vehicles that suit all categories and various business sectors. The Company also provides various options in car renting services, including renting vehicles without a driver and renting vehicles with a driver. In addition to the activity of renting cars and vehicles, the Company sells new cars as well as used cars after the end of their useful life.</p> <p>The Company conducts its activity according to the commercial registration in the wholesale and retail sale of new private cars, including ambulances, minibuses and four-wheel drives.</p> <p>The Company conducts its activities in accordance with the applicable regulations and after obtaining the necessary licenses from the competent authorities, if any. The Company has obtained all the statutory licenses necessary for the current activities (for more information about the licenses under which the Company carries out its activities, please refer to section (3-12) "<b>Government licenses and certificates</b>" in this Prospectus).</p>

Summary							
Substantial Shareholders (who own 5% or more of the Company's Shares)	Following are the Substantial Shareholders who each own (5%) five percent or more of the Company's shares (before the Offering)						
	Name	Before Offering			Post Offering		
		No. of Shares	Nominal Value	Ownership (%) <sup>(1)</sup>	No. of Shares	Nominal Value	Ownership (%) <sup>(1)</sup>
	Tariq Abdulhadi Abdullah Al-Qahtani	1,042,045	1,042,045	13.03%	945,160	9,451,600	11.81%
	Salah Abdulhadi Abdullah Al-Qahtani	1,042,045	1,042,045	13.03%	945,160	9,451,600	11.81%
	Abdullah Abdulhadi Abdullah Al-Qahtani	1,042,045	1,042,045	13.03%	945,160	9,451,600	11.81%
	Haifa Saleh Hamad Al-Sugair	521,023	5,210,230	6.51%	472,580	4,725,800	5.91%
	Shams Abdulhadi Abdullah Al-Qahtani	521,023	5,210,230	6.51%	472,580	4,725,800	5.91%
	Dhuha Abdulhadi Abdullah Al-Qahtani	521,023	5,210,230	6.51%	472,580	4,725,800	5.91%
	Mai Abdulhadi Abdullah Al-Qahtani	521,023	5,210,230	6.51%	472,580	4,725,800	5.91%
<b>Total</b>	<b>5,210,227</b>	<b>52,102,270</b>	<b>65.13%</b>	<b>4,725,800</b>	<b>47,258,000</b>	<b>59.07%</b>	
	(1) None of the Substantial Shareholders owns any shares in the company indirectly.						
Issuer's capital	(SAR 80,000,000) Eighty million Saudi Riyals paid in full.						
Total number the Issuer's shares	(8,000,000) Eight million fully paid-up ordinary shares.						
Nominal value of the share	Ten (10) Saudi Riyals.						
Total number of offered shares	(720,000) seven hundred and twenty thousand ordinary shares.						

Summary	
Percentage of Offer Shares to The Company's Capital	9% of the Company's Capital.
Offering price	(42) forty two SAR.
Total offering amount	(SAR 30,240,000) thirty million two hundred forty thousand Saudi Riyals.
Use of the offering proceeds	The net Offering Proceeds amounting to (SAR 27,140,000) twenty seven million one hundred forty thousand Saudi riyals will be distributed, after deducting the Offering Expenses estimated at (SAR 3,100,000) three millions and one hundred thousand Saudi riyals, to the Selling Shareholders according to the number of shares owned by each selling shareholder of the offered shares. The Company will not receive any part of the Offering Proceeds (see Section (6) " <b>Use of the offering proceeds</b> " of this Prospectus).
Categories of targeted investors	<p>Subscription to the Offer Shares shall be limited to the following categories of Qualified Investors according to the requirements of the Rules on the Offer of Securities and Continuing Obligations:</p> <ol style="list-style-type: none"> <li>1. Capital Market Institutions acting for their own account.</li> <li>2. Clients of a Capital Market Institution by the Authority to conduct managing activities provided that this Capital Market Institution has been appointed as an investment manager on terms which enable it to make decisions concerning the acceptance of an offer and investment in the Parallel Market on the client's behalf without obtaining prior approval from the client.</li> <li>3. The Government of the Kingdom, any government body, any supranational authority recognised by the Authority or the Exchange, and any other stock exchange recognised by the Authority or the Securities Depository Center.</li> <li>4. Government-owned companies, either directly or through a portfolio managed by a Capital Market Institution authorised to carry out managing activities.</li> <li>5. Companies and funds established in a member state of the Cooperation Council for the Arab States of the Gulf.</li> <li>6. Investment Funds.</li> <li>7. Any other legal persons allowed to open an investment account in the Kingdom and an account at the Depository Center.</li> <li>8. Natural persons allowed to open an investment account in the Kingdom and an account at the Depository Center, and fulfil any of the following criteria: <ol style="list-style-type: none"> <li>a. Has conducted transactions in security markets of not less than 40 million Saudi riyals in total, and not less than ten transactions in each quarter during the last twelve months.</li> <li>b. His net assets is not less than 5 million Saudi Riyals.</li> <li>c. Works or has worked for at least three years in the financial sector.</li> <li>d. Holds the General Securities Qualification Certificate which is recognised by the Authority.</li> <li>e. Holds a professional certificate that is related to securities business and accredited by an internationally recognised entity.</li> </ol> </li> <li>9. Any other persons prescribed by the Authority.</li> </ol>

Summary	
Method of subscribing to the Offer Shares	A Qualified Investor may apply to subscribe to the Offering Shares through the electronic system of the Lead Manager during the Offering Period (for more information, please refer to Section No. (9) “ <b>Information related to the terms and conditions of the offering</b> ” of this Prospectus).
Minimum number of shares that can be subscribed to	(10) Ten Shares.
Value of the minimum number of shares that can be subscribed to	(SAR 420) four hundred twenty Saudi riyals.
Maximum number of shares that can be subscribed to	(390,000) Three hundred and ninety thousand ordinary shares.
Value of the maximum number of shares that can be subscribed to	(SAR 16,380,000) sixteen million three hundred eighty thousand Saudi riyals.
Method of Allocation and Refund of the Surplus	The Lead Manager will open an Escrow Account to receive the subscription amounts, and upon submitting the subscription application, the subscription amount must be deposited in the Escrow Account. Following the end of the Offering Period, the allocation will be announced by notifying the investors no later than Wednesday 26/03/1445H (corresponding to 11/10/2023G). The shares offered for subscription will be allocated as proposed by the Financial Advisor in consultation with the Issuer, and the surplus amounts will be refunded no later than Thursday 27/03/1445H (corresponding to 12/10/2023G), without any commissions or deductions by the Receiving Entity of the Offering Proceeds (see Section (9) “ <b>Information related to the terms and conditions of the offering</b> ” of this Prospectus).
Offering Period	The Offering Period will begin on Sunday 16/03/1445H (corresponding to 01/10/2023G) and continues until the end of Thursday 20/03/1445H (corresponding to 05/10/2023G).
Entitlement to dividends	The Offer Shares will be entitled to receive dividends declared by the Company for the period following the end of the Offering Period and for subsequent fiscal years. (Refer to Section (5) “ <b>Dividends Distribution Policy</b> ” in this Prospectus).
Voting rights	All The Company’s shares has only one class, and and no shareholder has any preferential rights. Every share of the offered shares has the right to vote, and all shareholders have the right to attend and vote at the General Assembly. A shareholder may delegate any other shareholder, who is not a member of the Company’s Board of Directors or its employees; to represent him in attending the meetings of the General Assembly and voting on its decisions.

Summary	
Restrictions relating to the Shares	The Existing Substantial Shareholders who own 5% or more of the Company's shares (whose names are mentioned on page No (xxviii)) may not dispose of any Shares during a period of twelve (12) months from the date on which trading of the Offer Shares commences on the Parallel Market (" <b>Lock-up Period</b> "). The Securities Depository Center will lift the restrictions on those shares directly after expiry of the imposed Lock-up Period ends.
Company's previously issued shares	Prior to the Offering, there has been no public market for the Company's Shares in Saudi Arabia or elsewhere. The Company has filed an application to the Authority to register and offer its shares in the Parallel Market according to the Rules on the Offer of Securities and Continuing Obligations. The Company also applied to the Exchange (Tadawul) for listing in accordance with the Listing Rules. All relevant approvals necessary to complete the Offering process have been obtained. All supporting documents requested by the Authority have been completed.

## Key Dates and Subscription Procedures

### Expected Timeline of the Offering

Event	Date
Offering Period	Starting from Sunday 16/03/1445H (corresponding to 01/10/2023G) and continues until the end of Thursday 20/03/1445H (corresponding to 05/10/2023G).
Announcing the Allocation of the Offer Shares	No later than Wednesday 26/03/1445H (corresponding to 11/10/2023G)
Announcing the refund of the surplus (if any)	No later than Thursday 27/03/1445H (corresponding to 12/10/2023G)
Expected starting date of trading of the Shares	It is expected that The Company's shares will start trading in the Parallel Market after all the requirements are met and all related regulatory procedures are completed. The start of trading in the shares will be announced on Tadawul's website ( <a href="http://www.saudiexchange.sa">www.saudiexchange.sa</a> ).

**Note:** All the dates mentioned in the above table are approximate, and the actual dates will be announced on the Tadawul's website ([www.saudiexchange.sa](http://www.saudiexchange.sa)) and the website of Riyal Investment and Development Company ([www.riyalmotors.com](http://www.riyalmotors.com)).



## How to apply for subscription

The Offering shall be limited to the following categories of Qualified Investors according to the requirements of the Rules on the Offer of Securities and Continuing Obligations:

1. Capital Market Institutions acting for their own account.
2. Clients of a Capital Market Institution by the Authority to conduct managing activities provided that this Capital Market Institution has been appointed as an investment manager on terms which enable it to make decisions concerning the acceptance of an offer and investment in the Parallel Market on the client's behalf without obtaining prior approval from the client.
3. The Government of the Kingdom, any government body, any supranational authority recognised by the Authority or the Exchange, and any other stock exchange recognised by the Authority or the Securities Depository Center.
4. Government-owned companies, either directly or through a portfolio managed by a Capital Market Institution authorised to carry out managing activities.
5. Companies and funds established in a member state of the Cooperation Council for the Arab States of the Gulf.
6. Investment Funds.
7. Any other legal persons allowed to open an investment account in the Kingdom and an account at the Depository Center.
8. Natural persons allowed to open an investment account in the Kingdom and an account at the Depository Center, and fulfil any of the following criteria:
  - a. Has conducted transactions in security markets of not less than 40 million Saudi riyals in total, and not less than ten transactions in each quarter during the last twelve months.
  - b. His net assets is not less than 5 million Saudi Riyals.
  - c. Works or has worked for at least three years in the financial sector.
  - d. Holds the General Securities Qualification Certificate which is recognised by the Authority.
  - e. Holds a professional certificate that is related to securities business and accredited by an internationally recognised entity.
9. Any other persons prescribed by the Authority.

Qualified Investors must submit the Subscription Application through its electronic system of the Lead Manager. Each investor, by completing the Subscription Application, acknowledges that he has received and read this Prospectus, and accordingly wishes to subscribe to the offered shares as indicated in the Subscription Application. Subscription will be available to subscribers during the Offering Period. The subscriber must fulfill the subscription requirements and submit subscription applications in accordance with the instructions contained in Section No. (9) "**Information related to the terms and conditions of the offering**" of this Prospectus. Each investor must agree to all the paragraphs contained in the subscription application. The Company reserves the right to reject any subscription application in whole or in part if any of the subscription conditions are not met. It is not allowed to amend or withdraw the subscription application after submitting it to the Lead Manager. The Subscription Application, upon its submission, shall be considered a binding legal agreement between the subscriber and the Company (refer to Section No. (9) "**Information related to the terms and conditions of the offering**" of this Prospectus).

# Summary of Key Information

## Note to Investors

This summary intended to provide an overview of the information contained in this Prospectus, but it does not include all the information that may be important to Qualified Investors. Therefore, this summary is considered a summary of the basic information included in this Prospectus. Recipients of this Prospectus must read it in full before deciding whether to invest in the offered shares. In particular, the **“Important Notice”** and **“Risk Factors”** sections of this Prospectus must be reviewed by Qualified Investors before making a decision to invest in the Company. Some of the terms and abbreviated terms contained herein have been defined in Section (1) **“Terms and Definitions”** of this Prospectus.

## Description of the Issuer

### Company Overview

Riyal Investment and Development Company (hereinafter referred to as the **“Company”**, the **“Issuer”** or the **“Riyal”**) started its activity as a sole proprietorship Owned by Saeed Saleh Saeed Al-Ghamdi under the name of Riyal Investment and Development owned by, Saeed Saleh Saeed Al-Ghamdi, and under the Commercial Registration No. (2050024818) issued from Dammam on 17/08/1413H (corresponding to 09/02/1993G), with a capital of (SAR 10,000) ten thousand Saudi riyals. And according to the Articles of Association issued on 06/09/1431H (corresponding to 16/08/2010G), the owner of the Foundation, Saeed Saleh Saeed Al-Ghamdi, assigned the entire Foundation and its branches, including its rights and liabilities, to Tariq Abdulhadi Al-Qahtani, Salah Abdulhadi Al-Qahtani, Haifa Saleh Hamad Al-Sugair, Shams Abdulhadi Al-Qahtani, Mai Abdulhadi Al-Qahtani, Duha Abdulhadi Al-Qahtani, and Abdulhadi Abdullah Al-Qahtani and Sons Company. The Foundation and its branches were also converted into a limited liability company, while keeping the commercial registration number as it is without change. The net assets of the Foundation and its branches were evaluated at (SAR 2,000,000) two million Saudi riyals. Based on the evaluation of the assets, the company’s capital was modified so that it became (SAR 2,000,000) two million Saudi riyals divided into (2,000) two thousand shares of equal value, the value of each share (1,000) one thousand Saudi riyals.

On 19/07/1442H (corresponding to 03/03/2021G), the Articles of Association was amended based on the desire of Abdulhadi Abdullah Al-Qahtani and Sons Company to assign all its shares amounting to (1,100) one thousand and one hundred shares to Abdulhadi Al Judee & Partners International Commercial Enterprises Company, and the desire of each of Tariq Abdulhadi Al-Qahtani, Salah Abdulhadi Al-Qahtani, Abdullah Abdulhadi Al-Qahtani, Haifa Saleh Al Sugair, Shams Abdulhadi Al-Qahtani, Mai Abdulhadi Al-Qahtani, and Duha Abdulhadi Al-Qahtani, to assign all their shares in the company, including their rights and duties, amounting to a total of (900) nine hundred shares, to Tariq Abdulhadi Al-Qahtani & Brothers Company.

On 03/04/1443H (corresponding to 08/11/2021G), the partners decided to increase the capital from (SAR 2,000,000) two million Saudi riyals to (SAR 80,000,000) eighty million Saudi riyals, by capitalizing the amount of (SAR 67,976,285) sixty-seven million nine hundred and seventy-six thousand and two hundred and eighty-five Saudi riyals from the balance of retained earnings. In addition to transferring cash shares in the amount of (SAR 9,023,715) nine million twenty-three thousand seven hundred and fifteen Saudi riyals from the balance of Shareholder’s contribution and transferring an amount of (SAR 1,000,000) one million Saudi riyals from the balance of the statutory reserve.

On 08/05/1443H (corresponding to 12/12/2021G), the Articles of Association was amended, based on the desire of both Abdulhadi Al-Jadhei and his partners, the International Company for Commercial projects, to assign all its shares, including its rights and obligations, amounting to (4,400,000) four million four hundred thousand shares to each of Tariq Abdulhadi Al-Qahtani, Salah Abdulhadi Al-Qahtani and Abdullah Abdulhadi Al-Qahtani, while Tariq Abdulhadi Al-Qahtani & Brothers Company assigned all its shares, including its rights and duties, amounting to (3,600,000) three million six hundred thousand shares to each of Abdullah Abdulhadi Al-Qahtani, Haifa Saleh Al-Sugair, Shams Abdulhadi Al-Qahtani, Mai Abdulhadi Al-Qahtani, and Duha Abdulhadi Al-Qahtani. On 17/09/1443H (corresponding to 18/04/2022G), the partners decided to assign part of their shares in the amount of (2,789,773) shares in favor of new partners, who numbered (80) eighty partners. Ownership of the assigned shares transferred to them with their rights and duties. The partners also desired to convert the company's legal entity into a closed joint stock company.

Pursuant to the decision of His Excellency the Minister of Commerce No. (1025) and dated 08/11/1443H (corresponding to 07/06/2022G), the Company was converted into a closed joint stock company with a capital of (SAR 80,000,000) eighty million Saudi riyals divided into (8,000,000) eight million ordinary shares, the value of which is paid in full at a nominal value of (SAR 10) ten Saudi riyals per share.).

The current capital of the company is (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.

The Company's headquarter is located in Dammam, with its address as follows:

**Riyal Investment and Development Company**

Dammam, Jubail Highway

P.O. Box 9494 Dammam 31451

Kingdom of Saudi Arabia

Tel: +966 13 8370581

Fax: +966 13 38375602

Website: [www.riyalmotors.com](http://www.riyalmotors.com)

E-mail: [info@riyalinvestment.com](mailto:info@riyalinvestment.com)

## Company's Main Activities

The Company's main activity is car and vehicle rental services "long-term and short-term" for large institutions and companies, as it provides long- and short-term leasing services to companies and institutions through a variety of cars and vehicles that suit all categories and various business sectors. The Company also provides various options in car rental services, including renting vehicles without a driver and renting vehicles with a driver.

In addition to the activity of renting cars and vehicles, the Company sells new cars as well as used cars after the end of their service life.

The Company's activity according to the commercial registration is in the wholesale and retail sale of new private cars, including ambulances, minibuses and four-wheel vehicles.

According to its Articles of Association, following are the Company's activities:

The Company's Ownership Structure before and after the Offering

- Administrative and support services.
- Rental of motor vehicles.
- Transportation and storage.
- Land transportation of passengers, cities and suburbs.
- Wholesale and retail trade and repair of motor vehicles and motorcycles.
- Sale of motor vehicles.
- Maintenance and repair of motor vehicles.
- Sale of spare parts for motor vehicles and accessories.

## The Company's Ownership Structure before and after the Offering

The following table shows the ownership structure of The Company's Shares before and after the Offering

Shareholder	Before the Offering			After the Offering			
	Direct Ownership		Indirect Ownership	Direct Ownership		Indirect Ownership	
	No. of Shares	Ownership (%) <sup>(1)</sup>	Ownership (%) <sup>(1)</sup>	No. of Shares	Ownership (%) <sup>(1)</sup>	Ownership (%) <sup>(1)</sup>	
1	Tariq Abdulhadi Abdullah Al-Qahtani	1,042,045	13.03%	-	945,160	11.81%	-
2	Salah Abdulhadi Abdullah Al-Qahtani	1,042,045	13.03%	-	945,160	11.81%	-
3	Abdullah Abdulhadi Abdullah Al-Qahtani	1,042,045	13.03%	-	945,160	11.81%	-
4	Haifa Saleh Hamad Al-Sugair	521,023	6.51%	-	472,580	5.91%	-
5	Shams Abdulhadi Abdullah Al-Qahtani	521,023	6.51%	-	472,580	5.91%	-
6	Mai Abdulhadi Abdullah Al-Qahtani	521,023	6.51%	-	472,580	5.91%	-
7	Duha Abdulhadi Abdullah Al-Qahtani	521,023	6.51%	-	472,580	5.91%	-
8	Gian Al-Andalus Co., Ltd	396,000	4.95%	-	360,360	4.50%	-
9	Al-Nahdi Holding Company Limited	366,000	4.58%	-	333,060	4.16%	-
10	Abdullah Abdulaziz Al-Rajhi and Sons Holding Company	258,000	3.23%	-	234,780	2.93%	-
11	Al-Rajhi Company for Supporting Commercial Services	168,000	2.10%	-	152,880	1.91%	-
12	Alkhayar Alwaed Investment Company	162,000	2.03%	-	147,420	1.84%	-

Shareholder	Before the Offering			After the Offering			
	Direct Ownership		Indirect Ownership	Direct Ownership		Indirect Ownership	
	No. of Shares	Ownership (%) <sup>(1)</sup>	Ownership (%) <sup>(1)</sup>	No. of Shares	Ownership (%) <sup>(1)</sup>	Ownership (%) <sup>(1)</sup>	
13	Yasser Hamad Al-Suhaim	159,000	1.99%	-	144,690	1.81%	-
14	Abdulaziz Hamad Al-Mishaal	97,515	1.22%	-	88,739	1.11%	-
15	Hamid Atiyatullah Al-Qariqri	75,000	0.94%	-	68,250	0.85%	-
16	Al-Riyadah Holding Company	66,000	0.83%	-	60,060	0.75%	-
17	Turki Musleh Al-Enezi	63,000	0.79%	-	57,330	0.72%	-
18	Ahmed Saud Ghouth	63,000	0.79%	-	57,330	0.72%	-
19	Abdullah Mohammed Al-Muhanna	63,000	0.79%	-	57,330	0.72%	-
20	Faleh Zaal Al-Enezi	60,000	0.75%	-	54,600	0.68%	-
21	Abdullatif Khaled Al Melhem	48,000	0.60%	-	43,680	0.55%	-
22	Suleiman Hamad Al-Bazai	39,000	0.49%	-	35,490	0.44%	-
23	Monther Mohammed Al-Sarei	36,000	0.45%	-	32,760	0.41%	-
24	Abdulaziz Abdul Karim El Khereiji	33,000	0.41%	-	30,030	0.38%	-
25	Lina Khaled Al Melhem	33,000	0.41%	-	30,030	0.38%	-
26	Hassan Ali Al-Sairafi	33,000	0.41%	-	30,030	0.38%	-
27	Mouafaq Zaal Al-Enezi	33,000	0.41%	-	30,030	0.38%	-

Shareholder	Before the Offering			After the Offering			
	Direct Ownership		Indirect Ownership	Direct Ownership		Indirect Ownership	
	No. of Shares	Ownership (%) <sup>(1)</sup>	Ownership (%) <sup>(1)</sup>	No. of Shares	Ownership (%) <sup>(1)</sup>	Ownership (%) <sup>(1)</sup>	
28	Mohammed Abdulaziz Aldukheil <sup>(2)</sup>	32,258	0.40%	-	29,354	0.37%	0.2%
29	Fama Holding Group Company	30,000	0.38%	-	27,300	0.34%	-
30	Abdul Rahman Abdullah Al-Nahdi <sup>(3)</sup>	26,000	0.33%	0.092%	23,060	0.30%	0.083%
31	Khaled Nasser Abdul Rahman Al-Muammar	24,000	0.30%	-	21,840	0.27%	-
32	Mohammed Ibrahim Al-Tuwaijri	24,000	0.30%	-	21,840	0.27%	-
33	Abdulaziz Abdullah Al-Olayan	24,000	0.30%	-	21,840	0.27%	-
34	Abdullatif Abdulaziz Al-Hamidi	18,000	0.23%	-	16,380	0.20%	-
35	Omar Mohammed Al-Amoudi	18,000	0.23%	-	16,380	0.20%	-
36	Muaz Mohammed Tuman	18,000	0.23%	-	16,380	0.20%	-
37	Saeed Saleh Al-Ghamdi	15,000	0.19%	-	13,650	0.17%	-
38	Abdullah Ibrahim Al-Yahya	15,000	0.19%	-	13,650	0.17%	-
39	Majed Suleiman Al-Nafi <sup>(4)</sup>	15,000	0.19%	0.034%	13,650	0.17%	0.031%
40	Nawaf Saeed Al-Qahtani	15,000	0.19%	-	13,650	0.17%	-
41	Nayef Saleh Al-Hanaki	15,000	0.19%	-	13,650	0.17%	-
42	Ali Hassan Bahmid	12,000	0.15%	-	10,920	0.14%	-

Shareholder	Before the Offering			After the Offering			
	Direct Ownership		Indirect Ownership	Direct Ownership		Indirect Ownership	
	No. of Shares	Ownership (%) <sup>(1)</sup>	Ownership (%) <sup>(1)</sup>	No. of Shares	Ownership (%) <sup>(1)</sup>	Ownership (%) <sup>(1)</sup>	
43	Wael Saad Al-Rashed	12,000	0.15%	-	10,920	0.14%	-
44	Mohammed Ziyad Al-Kharboush	12,000	0.15%	-	10,920	0.14%	-
45	Moaz Abdulaziz Al-Hazimi	12,000	0.15%	-	10,920	0.14%	-
46	Faisal Abdullah Al-Shalali	12,000	0.15%	-	10,920	0.14%	-
47	Abdullah Nasser bin Ghaith	9,000	0.11%	-	8,190	0.10%	-
48	Hesah Saleh Al-Mahmoud	9,000	0.11%	-	8,190	0.10%	-
49	Hassan Abdulhadi Al-Mulla	9,000	0.11%	-	8,190	0.10%	-
50	Jumaah Hussein Al-Enezi	9,000	0.11%	-	8,190	0.10%	-
51	Ahmed Saud Al-Sahli	6,000	0.08%	-	5,460	0.07%	-
52	Hassan Talal Baeshen	6,000	0.08%	-	5,460	0.07%	-
53	Noura Abdul Rahman Al-Qasim	6,000	0.08%	-	5,460	0.07%	-
54	Abdul Rahman Wael Al-Rashed	6,000	0.08%	-	5,460	0.07%	-
55	Abdulaziz Wael Al-Rashed	6,000	0.08%	-	5,460	0.07%	-
56	Youssef Wael Al-Rashed	6,000	0.08%	-	5,460	0.07%	-
57	Mohammed Saeed Al-Aali	6,000	0.08%	-	5,460	0.07%	-



Shareholder	Before the Offering			After the Offering			
	Direct Ownership		Indirect Ownership	Direct Ownership		Indirect Ownership	
	No. of Shares	Ownership (%) <sup>(1)</sup>	Ownership (%) <sup>(1)</sup>	No. of Shares	Ownership (%) <sup>(1)</sup>	Ownership (%) <sup>(1)</sup>	
58	Sarah Nasser Al-Rashed	6,000	0.08%	-	5,460	0.07%	-
59	Shaalán Othman Al Shaalan	6,000	0.08%	-	5,460	0.07%	-
60	Sarah Abdullah Al-Obaid	6,000	0.08%	-	5,460	0.07%	-
61	Mohammed Ibrahim Al-Anqari	6,000	0.08%	-	5,460	0.07%	-
62	Nasser Hamad Al-Majid	6,000	0.08%	-	5,460	0.07%	-
63	Abdullah Suleiman Al-Luhaidan	6,000	0.08%	-	5,460	0.07%	-
64	Majid Abdullah Al-Taliyan	6,000	0.08%	-	5,460	0.07%	-
65	Baqer Abdul Karim Al-Kazem	3,000	0.04%	-	2,730	0.03%	-
66	Sultana Sami Al-Subhi	3,000	0.04%	-	2,730	0.03%	-
67	Saad Wael Al-Rashed	3,000	0.04%	-	2,730	0.03%	-
68	Ali Fawzi Al Saleh	3,000	0.04%	-	2,730	0.03%	-
69	Razan Wael Al-Rashed	3,000	0.04%	-	2,730	0.03%	-
70	Abdullah Abdulaziz Al-Suwailem	3,000	0.04%	-	2,730	0.03%	-
71	Siraj Saeed Al-Aali	3,000	0.04%	-	2,730	0.03%	-
72	Ashraf Wadei Kabli	3,000	0.04%	-	2,730	0.03%	-
73	Omar Wael Al-Rashed	3,000	0.04%	-	2,730	0.03%	-

Shareholder	Before the Offering			After the Offering			
	Direct Ownership		Indirect Ownership	Direct Ownership		Indirect Ownership	
	No. of Shares	Ownership (%) <sup>(1)</sup>	Ownership (%) <sup>(1)</sup>	No. of Shares	Ownership (%) <sup>(1)</sup>	Ownership (%) <sup>(1)</sup>	
74	Maher Hamad Al-Shniber	3,000	0.04%	-	2,730	0.03%	-
75	Omar Mohammed Al-Manea	3,000	0.04%	-	2,730	0.03%	-
76	Salman Abdulaziz Aldukheil	3,000	0.04%	-	2,730	0.03%	-
77	Adel Mohammed Al Ahmed	3,000	0.04%	-	2,730	0.03%	-
78	Sami Mohammed Al Shaiban	3,000	0.04%	-	2,730	0.03%	-
79	Faisal Turki Al-Quraini	3,000	0.04%	-	2,730	0.03%	-
80	Wafaa Mohammed Al-Essa	3,000	0.04%	-	2,730	0.03%	-
81	Saad Ibrahim Al-Sakran	3,000	0.04%	-	2,730	0.03%	-
82	Eman Abdullah Al-Obaid	3,000	0.04%	-	2,730	0.03%	-
83	Salman Abdulaziz Al-Suwaid	3,000	0.04%	-	2,730	0.03%	-
84	Abdul Hameed Abdullah Al-Durahim	3,000	0.04%	-	2,730	0.03%	-
85	Yazid Saleh Ad-Dawish	3,000	0.04%	-	2,730	0.03%	-
86	Nora Mohammed Al-Nuwaiser	3,000	0.04%	-	2,730	0.03%	-
87	Nayef Adel Bouaisha	3,000	0.04%	-	2,730	0.03%	-

Shareholder	Before the Offering			After the Offering			
	Direct Ownership		Indirect Ownership	Direct Ownership		Indirect Ownership	
	No. of Shares	Ownership (%) <sup>(1)</sup>	Ownership (%) <sup>(1)</sup>	No. of Shares	Ownership (%) <sup>(1)</sup>	Ownership (%) <sup>(1)</sup>	
88	Aldukheil Financial Group	-	-	-	15,507	0.19%	-
89	qualified investors	-	-	-	720,000	9.00%	-
<b>Total</b>		<b>8,000,000</b>	<b>100%</b>	<b>0.126%</b>	<b>8,000,000</b>	<b>100%</b>	<b>0.134%</b>

(1) Ownership percentages are approximate.

(2) After the Offering, Mohammed Abdulaziz Aldukheil will indirectly own 0.2% of the shares of Riyal Investment and Development Company, as a result of his ownership of 100% of Aldukheil Financial Group Company “**The Financial Advisor**”, which (15,507) shares will be allocated of Substantial shareholders for its benefit as part of the fees and charges of the Financial Advisor. Noting that the shareholder Mohammed Abdulaziz Aldukheil owns 0.40% of the Company’s shares directly before the Offering, and will own 0.37% of the Company’s shares directly after the Offering.

(3) Abdul Rahman Al-Nahdi owns 0.33% of the Company’s shares directly before the Offering, and after the Offering, he will own 0.30% of the Company’s shares directly, and in addition to his direct ownership, Abdul Rahman Al-Nahdi owns 0.092% of the Company’s shares before the Offering indirectly, as a result of his full ownership of Areeb Al-Oula Trading Company, which owns 2% of Al-Nahdi Holding Company Limited, which owns 4.58% of the shares of Riyal Investment and Development Company before the Offering, after the Offering, he will indirectly own 0.083% of the shares of Riyal Investment Company.

(4) Majed Al-Nafie directly owns 0.19% of the Company’s shares before the Offering, and after the Offering, he will own 0.17% of the Company’s shares directly, and in addition to his direct ownership, Majed Al-Nafi owns 0.034% of the Company’s shares before the Offering indirectly, as a result of his ownership of 4.18% of the shares of Al-Riyada Holding Company, which owns 0.83% of the shares of Riyal Investment and Development Company before the Offering. After the Offering, he will indirectly own 0.031% of the shares of Riyal Investment Company.

## Substantial Shareholders who own 5% or more of the Company Shares

The following table shows the names and ownership percentages of Substantial Shareholders before and after the Offering:

No	Name	Before the Offering			After the Offering		
		No. of Shares	Nominal Value (SAR)	Ownership (%) <sup>(1)</sup>	No. of Shares	Nominal Value (SAR)	Ownership (%) <sup>(1)</sup>
1	Tariq Abdulhadi Abdullah Al-Qahtani	1,042,045	10,420,450	13.03%	945,160	9,451,600	11.81%
2	Salah Abdulhadi Abdullah Al-Qahtani	1,042,045	10,420,450	13.03%	945,160	9,451,600	11.81%
3	Abdullah Abdulhadi Abdullah Al-Qahtani	1,042,045	10,420,450	13.03%	945,160	9,451,600	11.81%
4	Haifa Saleh Hamad Al-Sugair	521,023	5,210,230	6.51%	472,580	4,725,800	5.91%
5	Shams Abdulhadi Abdullah Al-Qahtani	521,023	5,210,230	6.51%	472,580	4,725,800	5.91%
6	Mai Abdulhadi Abdullah Al-Qahtani	521,023	5,210,230	6.51%	472,580	4,725,800	5.91%
7	Dhuha Abdulhadi Abdullah Al-Qahtani	521,023	5,210,230	6.51%	472,580	4,725,800	5.91%
<b>Total</b>		<b>5,210,227</b>	<b>52,102,270</b>	<b>65.13%</b>	<b>4,725,800</b>	<b>47,258,000</b>	<b>59.07%</b>

(1) Ownership percentages are approximate.

(1) None of the Substantial Shareholders owns any shares in the Company indirectly.

A number of (15,507) shares will be allocated from the shares of the Substantial Shareholders in favour of the Financial Advisor "Aldukheil Financial Group". These shares will be due to the financial Advisor "Aldukheil Financial Group" when the Company's shares are listed, so that they will be allocated to the Financial Advisor by the Substantial Shareholders, each according to his/her percentage ownership in the Company's capital. Those shares represent part of the fees and charges of the Financial Advisor, and therefore the number of shares of Substantial Shareholders after the Offering appears in its final form, that is, after deducting the shares that will be allocated to the Financial Advisor.

# Company's Mission and General Strategy

## Company's Mission

Sustainability in the success of the Company's business, its development, the training of our employees and the interest in raising the efficiency of employees and relying on Saudi competencies supported by foreign expertise according to the Vision 2030, creation of new services for the operational leasing sector to constitute a new addition to the Company and provide the best services to the customers who we consider our partners in success, and invest in employees by developing comprehensive training programs to help them develop their skills to obtain the proficiency required to succeed in an increasingly digital landscape.

## Company's Strategy

Continuing to grow the customer base in the current three regions (Central, Western and Eastern), expanding its activities to the northern and southern regions efficiently to meet the demand for rental vehicles and continuing to improve the fleet mix and vehicle categories to provide popular and marketable types of cars to meet the needs of customers.

Drive growth in commercial vehicle leasing (i.e., vehicles primarily used to transport goods). The Company intends to leverage its experience in offering commercial vehicles and winning more customers in various sectors, such as logistics, e-commerce, employees and school transportation, fast moving consumer goods (FMCG) and outsourcing transportation.

The Company focuses on continuous improvement in all key aspects of its business as it strives to improve operational processes to improve overall customer service, reduce costs, and increase efficiency. To this end, the Company aims to:

- Manage its fleet and maintain balance between vehicle availability and used ones. Therefore, the Company selects its fleet focusing on the most desirable car models, with economical maintenance costs.
- Continue to improve the organizational efficiency and corporate governance through better control policies and procedures that enhance its performance and the professional development of employees to benefit from its human resources, and to develop and continuously enhance the performance-oriented culture and inculcate its corporate values.
- Further improve the operations of selling used vehicles and using them to generate income. The Company also plans to expand its online sales channels with additional auction platforms.

## Company's Strengths and competitive advantages

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

- **A well-known local brand:** The Company has established itself as a well-known brand in the Kingdom. The Company has excelled significantly and has a proven track record of success with a fleet of 3,221 vehicles distributed throughout the Kingdom of Saudi Arabia, along with the provision of after-sales services and a team of 122 talented and experienced employees. The Company also offers distinguished cars and services with a focus on its customers, as its provides vehicles anywhere in the Kingdom of Saudi Arabia within a period ranging from one to ten days provides a variety of models and specialized equipment, and provides roadside assistance 24 hours a day, seven days a week.
- **Intrinsic advantages on a large scale:** The Company's 15 years of experience has led to the foundation of one of the best car rental companies in the Eastern Province in terms of speed of delivery and quality of services. The Company's scope of work also allows it to leverage its purchasing power to purchase new vehicles, invest in new operations and infrastructure, respond effectively to automotive trends and regulatory requirements, and serve customers efficiently.
- **Solid and diversified income base:** The Company has a high quality, recurring and predictable streams of income based on (multi-year) contracts, high levels of customer satisfaction and low customer default rates. In addition, the Company's profitability is supported by diversified fleet management. This enables the generation of multiple revenue streams from vehicles, which leads to a higher effective return on assets.
- **High levels of diversification in the leasing plan:** The Company's leasing plan is diversified in many respects depending on the geographic region, customer base and vehicle brands, which limits the Company's exposure to adverse market trends. This enables the Company to offer a wide range of vehicles and ensures that the Company's exposure to adverse developments affecting any one brand is reduced.
- **Strong relationships with car Agents in the Kingdom:** These relationships support the continuous renewal of the Company's fleet and the introduction of new vehicle models on a priority basis compared to the Company's competitors.
- **Long-term supplier relationships and service network:** Drawing on nearly two decades of experience, the Company has a deep understanding of supplier services (such as insurance providers and spare parts suppliers) and has built strong relationships with its suppliers that help optimize the Company's operating cost.
- **Highly experienced management team:** The Company's senior management team consists of experienced executives with a proven track record of operational success and in-depth knowledge across industry and functional areas. The members of the senior management team have been working with the Company for more than five years.

## Summary of Financial Information

The summary of financial information presented below is based on the Company's audited financial statements for the fiscal year ending on December 31, 2022G, which includes comparative figures for the financial year ending on December 31, 2021G. The financial information and KPIs shown below should be read in conjunction with the Company's audited financial statements for the fiscal year ending on December 31, 2022G, including related notes, which are included in section (13) "Financial Statements and the Auditor's Report".

Income Statement (SRA)	Fiscal year ended on 31 December	
	2021G (Audited)	2022G (Audited)
Revenues	103,401,223	189,578,534
Cost of revenue	(66,445,834)	(146,236,918)
Gross profit	36,955,389	43,341,616
Selling and distribution expenses	(1,126,957)	(2,475,493)
General and administrative expenses	(8,533,794)	(11,322,225)
Operating profit	27,294,638	29,543,898
Other Income	4,078,841	5,316,510
Financing expenses (Charges)	(6,335,833)	(14,623,667)
Profit before Zakat	25,037,646	20,236,741
Net profit for the year	22,422,949	19,143,621
<b>Total comprehensive income for the year</b>	<b>22,306,358</b>	<b>19,190,516</b>

Source: The Company's audited financial statements for the fiscal years ending on December 31, 2021, and 2022.

Statement of Financial Position (SAR)	Fiscal year ended on 31 December	
	2021G (Audited)	2022G (Audited)
Total Non-current assets	167,950,161	245,293,412
Total current assets	59,815,540	61,839,684
Total assets	227,765,701	307,133,096
Total Non-current liabilities	50,552,052	74,680,130
Total Current liabilities	62,784,431	98,833,232
Total Liabilities	113,336,483	173,513,362
Total Equity	114,429,218	133,619,734
Total shareholders' equity and liabilities	227,765,701	307,133,096

Source: The Company's audited financial statements for the fiscal years ending on December 31, 2021, and 2022.

Cash Flow Statement (SAR)	Fiscal year ended on 31 December	
	2021G (Audited)	2022G (Audited)
Net cash generated from operating activities	(16,284,874)	33,958,315
Net cash used in investing activities	(374,308)	(381,745)
Net cash generated from (used in) financing activities	10,533,334	(35,714,986)
Cash and cash equivalents at the beginning of the year	9,797,958	3,672,110
Cash and cash equivalents at the end of the year	3,672,110	1,533,694

Source: The Company's audited financial statements for the fiscal years ending on December 31, 2021, and 2022.



## Key Performance Indicators

Key Performance Indicators	Fiscal year ended on 31 December 2021G (Audited)	Fiscal year ended on 31 December 2022G (Audited)
Revenue growth rate	(5.72%)	83.34%
Growth rate in income for the year/period	11.26%	(14.62%)
Gross profit margin	35.74%	22.86%
Net profit margin	21.69%	10.09%
Current Ratio (times)	0.95	0.62
Return on assets	9.84%	6.29%
Return on equity	19.60%	14.32%

Extracted from the financial statements.

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# Terms and Definitions

Prospectus of Riyal Investment and Development Company



# 1- Terms and Definitions

The following table provides a list of definitions and abbreviations for terms used in this Prospectus:

Term or Abbreviation	Definition
The Company or the Issuer	Riyal Investment and Development Company.
Management, Senior Management or Executive Management	Management of Riyal Investment and Development Company.
Board or Board of Directors	The Company's Board of Directors whose names appear on page No. (vi) of this Prospectus.
Bylaws	Bylaws of The Company.
Ministry of Commerce	Ministry of Commerce in the Kingdom of Saudi Arabia.
Offering	The initial Offering of (720,000) seven hundred and twenty thousand ordinary shares of the Company's shares, representing 9% of the Company's capital, for the purpose of listing and Offering in the Parallel Market.
Offering Shares	(720,000) Seven hundred and twenty thousand ordinary shares of the Company.
Offering Price	(42) forty two Saudi Riyals per share.
Share	An ordinary share at a nominal value of ten (10) Saudi riyals of the shares of Riyal Investment and Development Company.
Nominal Value	The nominal value of the Company's share, which is (10) ten Saudi Riyals per share.
Shareholder or Shareholders	Holder of shares or shareholders of the Company at any time.
Shares of existing shareholders before the Offering	100% of the total shares of the Company's capital, amounting to (8,000,000) eight million ordinary shares of equal value.
Shareholders' shares after the Offering	91% of the total shares of the Company's capital, amounting to (7,280,000) seven million two hundred and eighty thousand ordinary shares of equal value.
Selling Shareholders	The Company's Shareholders whose names appear on page No. (xxi) of this Prospectus.
Substantial Shareholders	They are the shareholders who own 5.0% or more of The Company's Shares, and whose names appear on page No. (xxviii) of this Prospectus.

Term or Abbreviation	Definition
Voting Rights	Voting rights in the general assemblies of the Company. The Company has only one class of shares, and no shareholder has any preferential voting rights. Each of the offered shares has the right to vote, and all shareholders have the right to attend and vote in the General Assembly. The shareholder may delegate any other shareholder, other than members of the Company's Board of Directors or employees; to act on his behalf in attending the meetings of the General Assembly and voting on its decisions.
Person	A natural or legal person.
Investor	Each person invests in the Offer Shares.
Subscriber	Each eligible investor applies for subscription in accordance with the Subscription terms and conditions.
Subscription Application	Subscription Application form that Qualified Investors must fill out and submit to the Lead Manager through its electronic system when they intend to subscribe.
Prospectus	This Prospectus prepared by the Company, which is the document required to offer the Company's shares for subscription and to register them with the Authority for the purpose of listing them in the Parallel Market in accordance with the Rules on the Offer of Securities and Continuing Obligations.
Offering Proceeds	The total value of the subscribed shares is amounting to (30,240,000) thirty million two hundred forty thousand Saudi Riyals.
Net Offering Proceeds	The net Offering Proceeds after deducting the Offering expenses.
Offering Period	The period starting from Sunday 16/03/1445H (corresponding to 01/10/2023G) and continuing until the end of Thursday 20/03/1445H (corresponding to 05/10/2023G).
Closing Date	It is the end date of the Offering Period, which ends on Thursday 20/03/1445H (corresponding to 05/10/2023G).
Parallel Market "Nomu"	The market in which the Company's shares are traded and which has been registered and accepted for listing under the " <b>Rules on the Offer of Securities and Continuing Obligations</b> " and " <b>Listing Rules</b> " in the Kingdom of Saudi Arabia.
Advisors or Company Advisors	They are the Company's Advisors regarding the Offering of the Company's shares in the Parallel Market, whose names appear on pages No. (ix) of this Prospectus.
Financial Advisor	Aldukheil Financial Group Company.
Lead Manager	Alinma Investment Company.
Kingdom or Saudi Arabia	Kingdom of Saudi Arabia.
Government	Government of the Kingdom of Saudi Arabia.

Term or Abbreviation	Definition
Capital Market Authority or the Authority or CMA	The Capital Market Authority of the Kingdom of Saudi Arabia.
Saudi Tadawul Group, stock market, the Exchange, or the market	The Saudi Stock Exchange (Tadawul).
Tadawul	The automated system for trading shares in the Saudi Stock Exchange.
SOCPA	Saudi Organization for Chartered and Professional Accountants
Zakat, Tax and Customs Authority	Zakat, Tax and Customs Authority in the Kingdom of Saudi Arabia is one of the government entities that are organizationally linked to the Minister of Finance, and it is the entity entrusted with the work of Zakat and Tax collection.
Escrow Account	An account with a Receiving Entity licensed to operate in the Kingdom in which to deposit the proceeds of the Offering. After the Offering process is completed, it is transferred to the accounts of the Selling Shareholders after deducting the Offering Expenses.
Fiscal year/fiscal years	It is the period of time for presenting the results of the entity's activity and whose beginning and end are specified in the Articles of Association or Articles of Association of the concerned company. Noting that The Company's financial year ends on December 31 of each Gregorian year.
Financial Statements	The audited financial statements of the Company for the fiscal year ending on 31/12/2022G, which were prepared in accordance with the International Financial Reporting Standards (IFRS) approved by the Saudi Organization for Chartered and Professional Accountants (SOCPA).
Listing	Listing the Company's shares in the parallel market and approving the trading of its shares.

Term or Abbreviation	Definition
Qualified Investor or Qualified Investors	<p>Following are the targeted categories of Investors:</p> <ol style="list-style-type: none"> <li>1. Capital Market Institutions acting for their own account.</li> <li>2. Clients of a Capital Market Institution by the Authority to conduct managing activities provided that this Capital Market Institution has been appointed as an investment manager on terms which enable it to make decisions concerning the acceptance of an offer and investment in the Parallel Market on the client's behalf without obtaining prior approval from the client.</li> <li>3. The Government of the Kingdom, any government body, any supranational authority recognised by the Authority or the Exchange, and any other stock exchange recognised by the Authority or the Securities Depository Center.</li> <li>4. Government-owned companies, either directly or through a portfolio managed by a Capital Market Institution authorised to carry out managing activities.</li> <li>5. Companies and funds established in a member state of the Cooperation Council for the Arab States of the Gulf.</li> <li>6. Investment Funds.</li> <li>7. Any other legal persons allowed to open an investment account in the Kingdom and an account at the Depository Center.</li> <li>8. Natural persons allowed to open an investment account in the Kingdom and an account at the Depository Center, and fulfil any of the following criteria: <ol style="list-style-type: none"> <li>a. Has conducted transactions in security markets of not less than 40 million Saudi riyals in total, and not less than ten transactions in each quarter during the last twelve months.</li> <li>b. His net assets is not less than 5 million Saudi Riyals.</li> <li>c. Works or has worked for at least three years in the financial sector.</li> <li>d. Holds the General Securities Qualification Certificate which is recognised by the Authority.</li> <li>e. Holds a professional certificate that is related to securities business and accredited by an internationally recognised entity.</li> </ol> </li> <li>9. Any other persons prescribed by the Authority.</li> </ol>
Rules on the Offer of Securities and Continuing Obligations	<p>The Rules on the Offer of Securities and Continuing Obligations issued by the board of the Capital Market Authority under resolution no. (3-123-2017), dated 09/04/1439H (corresponding to 27/12/2017G), based on the Capital Market Law issued under Royal Decree no. (m/30), dated 02/06/1424H, and amended under the Capital Market Authority Board resolution no. (8-5-2023), dated 25/06/1444H (corresponding to 18/01/2023G).</p>

Term or Abbreviation	Definition
Listing Rules	Listing Rules approved by a decision of the Board of the Capital Market Authority No. (3-123-2017) dated 09/04/1439H (corresponding to 27/12/2017G), and amended by a decision of the Board of the Capital Market Authority No. (1-104-2019) dated 01/02/1441H (corresponding to 30/09/2019G), and amended by the Authority's Board Resolution No. (1-22-2021) dated 12/07/1442H (corresponding to 24/02/2021G), and amended by its Resolution No. (1-19-2022) dated 12/07/1443H (corresponding to 13/02/2022G), and amended by Resolution No. (1-52-2022) dated 12/09/1443H (corresponding to 13/04/2022G), and amended by Resolution No. (3-96-2022) dated 10/02/1444H (corresponding to 06/09/2022G), and amended by Resolution No. (1-108-2022) dated 23/03/1444H (corresponding to 19/10/2022G).
Companies Law	Companies Law issued by Royal Decree No. (M/132) dated 01/12/1443H (corresponding to 30/06/2022G) and its amendments.
Corporate Governance Regulations	Corporate Governance Regulations in the Kingdom of Saudi Arabia, issued by the board of the Capital Market Authority under resolution no. (8-16-2017), dated 16/05/1438H (corresponding to 13/02/2017G), based on the Companies Law issued under Royal Decree No. (m/3), dated 28/01/1437H (corresponding to 10/11/2015G) and amended by the Capital Market Authority resolution No. (8-5-2023), dated 25/06/1444H (corresponding to 18/01/2023G).
Labor Law	The Saudi Labor Law issued under Royal Decree no. m/51, dated 23/08/1426H (corresponding to 27/09/2005G), and its amendments.
Nitaqat / Saudization Program	<p>Labor regulations in the Kingdom of Saudi Arabia require companies operating in the Kingdom to employ a certain percentage of Saudis.</p> <p>The Saudization program (Nitaqat) has been approved under the Ministry of Human Resources and Social Development's resolution no. (4040) dated 12/10/1422H (corresponding to 10/09/2011G) based on Cabinet Resolution No. (50) dated 12/05/1415H (corresponding to 27/10/1994G). The Ministry of Labor in the Kingdom launched the (Nitaqat) program to provide incentives to enterprises in order to hire Saudi nationals. This program evaluates the performance of any organization on the basis of specific bands of platinum, green, yellow and red.</p>
International Financial Reporting Standards (IFRS)	International Financial Reporting Standards and their interpretations issued by the Board of International Accounting Standards.
Lock-up Period	The Substantial Shareholders who own shares in the Company (and whose names appear on page No. (xxviii) of this Prospectus) must not dispose in any of their shares for a period of (12) twelve months from the starting date of trading the shares in the Parallel Market. Such persons may dispose of such shares after the expiry of the twelve-month period without the need to obtain prior approval from the Authority.

Term or Abbreviation	Definition
Value Added Tax (VAT)	On 02/05/1438H (corresponding to 30/01/2017G), the Council of Ministers decided to approve the Unified Agreement on Value Added Tax for the GCC states, which is an indirect tax imposed on all purchased and sold goods and services with some exceptions. The Kingdom of Saudi Arabia has committed to implementing the value-added tax at a rate of 5%, starting from the date of 14/04/1439H (corresponding to 01/01/2018G). VAT has been imposed at every stage of the supply chain, starting from production, through distribution, and up to the final sale of the commodity, or service. The Government of the Kingdom of Saudi Arabia has decided, starting from July 2020, to increase the value-added tax rate from 5% to 15%, and a number of products have been excluded, including (basic foods and services related to health care and education). The consumer pays the cost of value-added tax on goods and services that he/she buys. As for businesses, they pay to the Government the value-added tax collected from consumers' purchases.
General Assembly	The general assembly (ordinary or extraordinary, depending on the context) of the Company's shareholders.
Related Parties	They are: <ol style="list-style-type: none"> <li>1. Affiliates of the Company.</li> <li>2. Substantial Shareholders of the Company.</li> <li>3. Directors and senior executives of the Company.</li> <li>4. Directors and senior executives of the affiliates of the Company.</li> <li>5. Directors and senior executives of Substantial Shareholders of the Company.</li> <li>6. Any relatives of the persons in (1, 2, 3, 4, or 5) above.</li> <li>7. Any company controlled by any person in (1, 2, 3, 4, 5, or 6) above.</li> </ol>
Control	According to the list of Authority's terms and regulations and rules as issued by the Authority, control is the ability to influence the actions or decisions of another person, directly or indirectly, individually or collectively closely or remotely, through any of the following: <ol style="list-style-type: none"> <li>1. Owning 30% or more of the voting rights in a company.</li> <li>2. The right to appoint 30% or more of the members of the management body.</li> </ol>
Risk Factors	They are the set of potential influences that must be known and hedged before deciding to subscribe to the offered shares.
Riyal or SR or SAR	Saudi Arabian Riyal, the official currency of Saudi Arabia.
Working Day	Any business day except Friday and Saturday, any day that is an official holiday in the Kingdom of Saudi Arabia, and any day on which banking institutions close their doors from business in the Kingdom in accordance with the applicable regulations and other government procedures.
Saudization or Nationalization	Labor regulations in the Kingdom of Saudi Arabia that require companies operating in the Kingdom to employ a certain percentage of Saudis.

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Term or Abbreviation	Definition
H	Hijri calendar.
G	Gregorian calendar.
Pandemic or Coronavirus (Covid 19)	A viral infectious disease known as (Corona Virus) and referred to in brief as " <b>Covid19</b> " that has started to spread in most of the countries worldwide, including the Kingdom of Saudi Arabia in the beginning of the 2020G. It has been classified as pandemic by the World Health Organization.



# Risk Factors

Prospectus of Riyal Investment and Development Company



## 2- Risk Factors

Investment in the shares offered under this Prospectus involves high risks, and may only suit investors capable of assessing the benefits and risks of this investment, and bear any losses may result thereof.

Anyone wishing to invest in the shares that will be offered and traded in the Parallel Market must carefully study all information contained in this Prospectus, including the risk factors shown below, before making any investment decision in the shares subject to the Offering. The risks described below may not include all risks that the Company may face, and it is even possible that there are additional factors that are not known to the Company at the present time and that would affect its operations.

The Company's activity, financial conditions, future prospects, results of operations, and cash flows may be materially negatively affected if any of the risks included in this section occur or materialize, which the Company's management currently considers to be material, in addition to any other risks that the Board of Directors has not identified or currently classifies as immaterial but may actually occur and become material.

Investing in the Company's shares is only suitable for investors who are able to assess the risks and benefits of this investment and who have sufficient financial resources to bear any loss that may result from this investment. An investor who has the right to subscribe to the offered shares and desires to do so, and who has any doubts about the action to be taken regarding the suitability of the investment for him or not, should refer to a financial advisor licensed by the Authority to obtain advice on investing in the offered shares.

In the event of the occurrence or realization of a risk factor that the Company's management believes at the present time to be material, or the occurrence of any other risks that the Company's management has not been able to identify, or which it considers at the present time to be immaterial, may lead to a decrease in the Company's share price in the market, and weakening its ability to distribute dividends to shareholders, and the investor may lose all or part of his investment in the Company's shares.

The members of the Board of Directors of the Company declare that, to the best of their knowledge and belief, there are no other material risks as of the date of this Prospectus other than those mentioned in this section, that could affect investors' decisions to invest in the shares that will be offered in the Parallel Market. Risks set out below are presented in an order that does not reflect their significance. Additional risks, including those not currently known or considered immaterial, may have the effects described above.

### 2-1 Risks related to the Company's Activity and Operations

#### 2-1-1 Risks related to the purchasing vehicles

The Company's fleet consists of vehicles purchased from car agencies in the Kingdom. As of 31/12/2022G, the Company has purchased a total of 89.9% of its fleet from car agencies in the Kingdom. Any of the vehicle agents that the Company transacts with, may decide to significantly reduce the proportion of its sales to car rental companies as a result of several factors, including a decrease in profitability or the incompatibility of car sales to leasing companies with the marketing strategy of car agencies. Accordingly, the Company may encounter difficulty in purchasing fleet vehicles or may increase costs related to them, as car agencies have applied directions intended to reduce sales to car rental companies or improve the profitability of these sales (by reducing the

discounts offered, for example) and there is no guarantee that the Company will be able to charge such extra costs to lessees. Therefore, in the event that the Company is unable to obtain suitable prices and conditions when purchasing vehicles and is not able to charge customers the extra costs, this will negatively affect the Company's business, financial condition, results of operations and future prospects.

### **2-1-2 Risks related to the Company's ability to sell vehicles after expiry of their service life**

The Company's vehicle fleet is not subject to any commitment to repurchase on the part of car manufacturers or agents, and therefore the sale of the Company's vehicles at the end of their operational cycle of (5) five years is subject to the conditions of the used vehicle market and the lack of clarity in terms of prices. The selling price of the vehicles may also be less than the pre-estimated residual value. The Company's ability to sell its vehicles in the used vehicle market may become severely limited due to several factors including the economic environment, vehicle model changes, regulatory requirements (e.g., changing laws and regulations governing the sale of vehicles or vehicle taxes), new vehicle prices, fuel costs and customs charges.

Sales of used vehicles (after the end of their operational cycle) as on December 31, 2021G amounted to (SAR 14,114,189) fourteen million one hundred and fourteen thousand one hundred and eighty-nine Saudi riyals, and sales of used vehicles as on December 31, 2022G amounted to (SAR 15,611,357) fifteen million six hundred and eleven one thousand three hundred and fifty-seven Saudi riyals.

The decrease in used vehicle prices or a lack of liquidity in the used vehicle market may limit the Company's ability to resell its car without incurring financial losses, which will affect the Company's business, financial conditions, results of operations and prospects.

### **2-1-3 Risks related to a failure to estimate the costs and pricing for long- and short-term leasing services**

The Company prices short-term and long-term rental offers based on, among other things, estimating some future costs such as vehicle maintenance costs. In the event that these evaluations and estimates are inaccurate, and the actual costs are higher than those estimates and expected evaluations, this may result in a decrease in the Company's profits, which will have a negative and material impact on the Company's business, financial condition, results of its operations and prospects. Especially in the long-term leasing sector; where the rental period ranges between (1-4) years approximately, in which the Company cannot increase the rental amount in the event that the costs are higher than the estimated valuations.

### **2-1-4 Risks related to the inaccurate estimates of market demand for short-term leasing**

The purchase of cars represents the Company's largest capital expenditure, and accordingly, the accurate estimate by the Company's management of future levels of demand for short-term renting activity, the Company may lose its revenues or market share in favor of competitors in the event that the Company is unable to purchase a sufficient number of cars or types preferred by customers. On the other hand, if the Company purchases a number of vehicles which exceeds its rental needs, as a result of inaccurate estimates, the vehicle rental rate may be adversely affected, and the Company may not be able to dispose of unused vehicles in a timely and cost-effective manner. Inaccurate estimation of future levels of demand and determining the appropriate number and

type of used cars may lead to the aging of the fleet, not updating it, inability to sell it at reasonable prices and an increase in its costs, which will lead to a decrease in customer satisfaction and other negative results that will have a negative and material impact on the Company's business, and its financial condition, results of operations and prospects.

## 2-1-5 Risks of the Company's reliance on financial leasing to purchase vehicles

The Company's fleet consists of 3,221 vehicles (as on 31/12/2022G), of which 1,704 vehicles were purchased through leasing or Murabaha financing agreements with several local companies, where the Company purchases a large amount of the vehicles through financial leasing to reduce capital expenses and cash outflows, which helps to meet potential cash requirements. However, in the event that the Company fails to pay the rental payments and obligations arising from the financing contract, or if it breaches any of the terms of the contract, the lessor shall have the right to terminate the contract and recover the vehicles subject to financing without notice or warning, which will affect the Company's fleet and thus will negatively affect the Company's business, financial condition, results of its operations, and prospects. The following table shows details of the financial leasing agreements:

Table (1): Financial leasing agreements

The Company	Maximum limit of the agreement	User balance	Total value paid by the company
Abdul Latif Jameel	N/A	SAR 123 million	SAR 54 million
Al Jabr Finance	SAR 25 million	SAR 17.7 million	SAR 11.6 million
Ajil Financial Services Company (1)	SAR 5 million	SAR 3.5 million	SAR 1.5 million
Ajil Financial Services Company (2)	SAR 5 million	SAR 4.1 million	SAR 0.9 million
Al Tayseer Arabia Company	SAR 1.06 million	SAR 0.9 million	SAR 0.16 million

Source: The Company

## 2-1-6 Risks related to Lack of Experience in managing a publicly listed Company

The success of the Company's business depends mainly on the ability of its management to take appropriate and correct decisions in relation to its business and activities. Since the senior management staff do not have experience in managing Listed Companies and how to comply with the bylaws and regulations of joint stock companies listed on the Saudi stock market, such as adhering to the requirements of continuous disclosure and preparing various reports according to what is required under these bylaws and regulations, the Company's senior management must make additional efforts to ensure they are compliance with the rules and regulations imposed on listed companies. In the event that the Company does not comply with these rules, it may be exposed to legal penalties and fines, which in turn will negatively and materially affect its business, prospects and financial condition.

## **2-1-7 Risks related to Non-compliance with the Capital Market Law and its Implementing Regulations**

After being listed on the Parallel Market, the Company will be subject to the Capital Market Law and the regulations, bylaws and circulars issued by the Capital Market Authority. In the event that the Company is unable to comply with any of the applicable regulations and bylaws, it will be subject to fines and penalties such as temporary suspension of shares trading or cancellation of the listing of shares in the event of non-compliance, which will adversely and materially affect the Company's business, results of operations, financial performance, profitability and future prospects.

## **2-1-8 Risks of Management Decisions**

The Company's business results depend mainly on the ability of its management to make the right and appropriate decisions in relation to its business and activities in a timely manner. In the event that the Company's management makes wrong decisions regarding its business in general, such as hiring unqualified employees, developing ineffective business plans, setting inappropriate operational policies, or others, this will negatively reflect on the Company's performance, results of operations and financial condition.

## **2-1-9 Risks related to Employee Errors or Misconduct**

The employee's behavior or error can cause the Company's breach of laws and regulations under which it operates, which may lead to the imposition of penalties on the Company from the competent authorities. The severity of these vary according to the misconduct or error, which may lead to fines. The imposition of penalties or fines on the Company because of the misconduct of its employees will materially and negatively affect the Company's reputation and ability to compete, and then on its financial condition and the results of its operations.

## **2-1-10 Risks of non-compliance with the terms and pledges of the existing credit facilities**

On 16/08/2022G, the Company concluded a credit facility agreement with the Arab National Bank (Shariah-compliant), to finance the purchase of cars related with the corporate leasing department. Under this agreement, the Company was granted credit facilities up to a total amount of (15,000,000) fifteen million Saudi riyals, and as of 31/12/2022G, the Company had used an amount of 14.6 million Saudi riyals. The Company issued a promissory note in favor of the bank in the amount of 15 million Saudi riyals, and the value of the promissory note was secured by fine and performance guarantees by the shareholder Tariq Abdulhadi Abdullah Al-Jadhei Al-Qahtani and the shareholder Salah Abdulhadi Abdullah Al-Jadhei Al-Qahtani. The vehicle insurance policy financed by the bank was also endorsed, covering 100% of the facilities granted in favor of the bank, as the first beneficiary of the total loss.

Accordingly, in the event that the Company is unable to stick to the obligation of the above facilities agreement, including the obligation to repay the loan on the due date, it will become subject to penalties, including the lender canceling or terminating the loans and requiring the Company to pay all the debt immediately, which will have a significant and negative impact on the Company's business, financial performance, cash flows and ability to implement its future plans. Otherwise, the Company confirms that it does not have any credit facilities or other loans as of the date of this Prospectus.

### 2-1-11 Risks related to the personal guarantees provided by shareholders

The Company relied on the financing provided by a commercial bank on personal guarantees by the shareholder Tariq Abdulhadi Abdullah Al-Jadhei Al-Qahtani, and the shareholder Salah Abdulhadi Abdullah Al-Jadhei Al-Qahtani, to obtain credit facilities represented in fine and performance guarantees.

Thus, in the event that the Company is unable to obtain guarantees from the above-mentioned shareholders, it will be difficult for the Company to obtain the required bank facilities, or in return for obtaining bank facilities it will be forced to provide other guarantees - which, for example, include but are not limited to - mortgaging some of the Company's properties or its trading balances, which will adversely and materially affect the Company's business, financial performance and prospects.

As of the date of this Prospectus, the Arab National Bank has not waived the personal guarantees provided by Tariq Abdulhadi Al-Qahtani and Salah Abdulhadi Al-Qahtani.

### 2-1-12 Risks related to working capital management

Working capital management risk is the Company's ability to meet its obligations related to financial liabilities as they fall due, and to cover working capital needs and manage them properly. The Company's financial liabilities consist of loans, payables, accrued expenses and lease contract obligations. Although the current ratio (total current assets to total current liabilities) of the Company was about 0.95 times as of 31/12/2021, and about 0.62 times as on 31/12/2022G, but, any emergency or sudden events may occur that require immediate liquidity or the sale of financial assets quickly enough and at their fair value to cover the required liquidity. In the event that the Company is unable to fulfill its current or future obligations on their maturity dates, especially the short-term ones, it will be subject to financial default, which will negatively affect the Company's business, financial performance and prospects.

### 2-1-13 Risks related to the availability of financing in the future

The Company may resort to obtaining bank loans and facilities to finance its expansion plans in the future, and it is worth mentioning that obtaining financing may depend on the Company's capital, financial situation, cash flows, credit record and guarantees provided. The Company does not give any confirmation or representation regarding its ability to obtain appropriate financing, if needed. The Company's inability to obtain the funding it may need from funding entities, or its inability to obtain financing on preferential terms acceptable to the Company, will have a negative impact on the Company's performance, operations, cash flows and plans.

### 2-1-14 Risks related to credit

Credit risks arise when one party is unable to fulfill a specific financial obligation to the other party, and the Company may face credit risks in several temporary or permanent cases, for example, the existence of unpaid debit balances from customers, failure of other debtors to fulfill their obligations to the Company, etc.

On 31/12/2021G, the balance of account receivables amounted to (24,044,864) twenty-four million and forty-four thousand eight hundred and sixty-four Saudi riyals, representing 40.19% of the total current assets, and representing 10.55% of the total assets of the Company. Receivables, the maturity period of which exceeded 90 days represent 6.45% of the total account receivables.

As of 31/12/2022G, the balance of account receivables amounted to (30,224,987) thirty million two hundred and twenty-four thousand nine hundred and eighty-seven Saudi riyals, representing 48.87% of the total current assets, and 9.84% of the total assets of the Company. Receivables, the maturity period of which exceeded 90 days represent 4.51% of the total account receivables. Following are details of the ages of receivables as of December 31, 2021G and December 31, 2022G:

Table (2): Details of the ages of receivables

	Due from 1-90 days	Due from 91-180 days	More than 180 days
As on December 31, 2021G	22,493,018	1,459,498	92,348
As on December 31, 2022G	28,861,636	1,363,268	-

Source: The Company's audited financial statements for the fiscal years ending on December 31, 2021, and 2022

The Company has not set aside a provision for expected credit losses, and accordingly, if the Company's debtors encounter difficulties in their operations and financial conditions, this will lead to their failure to pay their debts due to the Company, and accordingly, any failure to pay those debts or delay in their collection will affect in a negative and material way on the Company's business, financial condition, results of its operations and prospects.

## 2-1-15 Risks related to the Company's payables

The total balance of commercial payables of the Company amounted to (2,674,076) two million six hundred and seventy-four thousand and seventy-six Saudi riyals as of 31/12/2021G, which constituted 2.35% of the total liabilities. The total balance of the Company's commercial payables amounted to (3,327,241) three million, three hundred and twenty-seven thousand, two hundred and forty-one Saudi riyals, as on 31/12/2022, which constituted 1.91% of the total liabilities. In the event that the Company is unable to pay the full value of the trade payables within the specified time period, this will negatively affect its reputation and the willingness of the creditors to continue dealing with the Company, and it may be difficult for it to continue obtaining appropriate terms for deferred payment in the future, which will negatively affect its operations and financial performance.

## 2-1-16 Risks related to contingent liabilities

Any potential liabilities on the Company, such as costs related to Zakat, taxes, lawsuits, and other obligations or other costs related to the Company's activity, if realized, will negatively and significantly affect its financial condition, results of operations and prospects.

## 2-1-17 Risks related to the vacancy of the position of the internal audit department

The Company does not have an internal audit department until the date of this Prospectus. One of the most important tasks of this department is to assess the internal control systems, including the accounting system, to check the integrity and suitability and identify any deficiencies, in addition to proposing the necessary means and procedures to address them, and ensures the Company's compliance with laws, regulations, and instructions, and verifies their suitability. In addition this group issues periodic reports to the audit committee summarizing the results of audit tasks, risk assessment and the Company's control system.

The Company seeks to establish an internal audit department and appoint a manager for it, to carry out the work and tasks of internal review and audit, and issue reports to the audit committee. It is expected that this department will be established or outsourced to an external company to carry out internal audit work during the fourth quarter of the year 2023G. The non-existence of an internal audit department in the Company will expose the Company to operational, administrative, financial and control risks, especially after listing the Company's shares in the Parallel Market, which will have a negative and material impact on the Company's business results, operations and financial expectations.

## 2-1-18 Risks related to transactions and contracts with related parties

The Company, in the course of its normal business, transacts with related parties such as members of the Board of Directors, major shareholders, or companies owned or represented by members of the Company's Board of Directors, or who own influential shares in its capital, and this includes mutual services. The Company has continuous and close commercial relations with a group of related parties, as the Company has concluded several car rental agreements with several companies related to shareholders and members of the Board of Directors.

The total amount of transactions with related parties as of December 31, 2022G amounted to (19,304,298) Saudi riyals, representing 10.18% of the Company's total revenues as of December 31, 2022.

As of December 31, 2021, the total amount of transactions from related parties amounted to (16,302,965) Saudi riyals, representing 15.76% of the Company's total revenues as of December 31, 2021.

As of December 31, 2022G, the balance due from a related party amounted to (16,297,772) Saudi riyals, representing 5.31% of the Company's total assets, while the balance due to a related party amounted to (104,163) Saudi riyals, representing 0.06% of the Company's total liabilities.

As of December 31, 2021G, the balance due from a related party amounted to (27,834,882) Saudi riyals, representing 12.22% of the Company's total assets, while the balance due to a related party amounted to (87,783) Saudi riyals, representing 0.08% of the Company's total liabilities.

The following tables show details of transactions with related parties.

Table (3) Details of transactions with related parties during the year 2021G

Related Parties	Nature of Relationship	Nature of Transaction	Value of transactions with the related party in 2021G	Percentage from revenue	Balance as of December 31, 2021G	Percentage from the Total liabilities	Percentage from the total assets																																																																	
Al-Qahtani Pipe Coating industries Company	Sister Company	Rental revenue	5,014,852	4.85%	17,143,723	N/A	7.53%																																																																	
		Vehicle sales	4,119,233	3.98%				Al Jazeera Water Treatment Chemical Company	Sister Company	Rental revenue	31,380	0.03%	40,605	N/A	0.01%	Eradat Transport Company	Sister Company	Rental revenue	206,000	0.20%	757,063	N/A	0.33%	Vehicle sales	72,000	0.07%	Abdulhadi Abdullah Al- Qahtani & Sons Company - Construction Division	Sister Company	Rental revenue	312,854	0.30%	517,837	N/A	0.23%	Al Qahtani Vehicle and Machinery Company	Sister Company	Rental revenue	1,482,370	1.43%	6,926,122	N/A	3.04%	Vehicle sales	1,741,539	1.68%	Al-Hijaz Water Company, Ltd.	Sister Company	Expenses paid on behalf	45,025	N/A	11,307	0.01%	N/A	Abdulhadi Al-Qahtani Travel Bureau	Sister Company	Travel expenses	18,890	N/A	18,890	N/A	0.01%	Al-Qahtani Aviation Company	Sister Company	Rental revenue	29,820	0.03%	67,095	N/A	0.03%	Pipe & Well Operation and Maintenance Services	Sister Company	Rental revenue
Al Jazeera Water Treatment Chemical Company	Sister Company	Rental revenue	31,380	0.03%	40,605	N/A	0.01%																																																																	
Eradat Transport Company	Sister Company	Rental revenue	206,000	0.20%	757,063	N/A	0.33%																																																																	
		Vehicle sales	72,000	0.07%				Abdulhadi Abdullah Al- Qahtani & Sons Company - Construction Division	Sister Company	Rental revenue	312,854	0.30%	517,837	N/A	0.23%	Al Qahtani Vehicle and Machinery Company	Sister Company	Rental revenue	1,482,370	1.43%	6,926,122	N/A	3.04%	Vehicle sales	1,741,539	1.68%	Al-Hijaz Water Company, Ltd.	Sister Company	Expenses paid on behalf	45,025	N/A	11,307	0.01%	N/A	Abdulhadi Al-Qahtani Travel Bureau	Sister Company	Travel expenses	18,890	N/A	18,890	N/A	0.01%	Al-Qahtani Aviation Company	Sister Company	Rental revenue	29,820	0.03%	67,095	N/A	0.03%	Pipe & Well Operation and Maintenance Services	Sister Company	Rental revenue	143,220	0.14%	414,829	N/A	0.18%														
Abdulhadi Abdullah Al- Qahtani & Sons Company - Construction Division	Sister Company	Rental revenue	312,854	0.30%	517,837	N/A	0.23%																																																																	
Al Qahtani Vehicle and Machinery Company	Sister Company	Rental revenue	1,482,370	1.43%	6,926,122	N/A	3.04%																																																																	
		Vehicle sales	1,741,539	1.68%				Al-Hijaz Water Company, Ltd.	Sister Company	Expenses paid on behalf	45,025	N/A	11,307	0.01%	N/A	Abdulhadi Al-Qahtani Travel Bureau	Sister Company	Travel expenses	18,890	N/A	18,890	N/A	0.01%	Al-Qahtani Aviation Company	Sister Company	Rental revenue	29,820	0.03%	67,095	N/A	0.03%	Pipe & Well Operation and Maintenance Services	Sister Company	Rental revenue	143,220	0.14%	414,829	N/A	0.18%																																	
Al-Hijaz Water Company, Ltd.	Sister Company	Expenses paid on behalf	45,025	N/A	11,307	0.01%	N/A																																																																	
Abdulhadi Al-Qahtani Travel Bureau	Sister Company	Travel expenses	18,890	N/A	18,890	N/A	0.01%																																																																	
Al-Qahtani Aviation Company	Sister Company	Rental revenue	29,820	0.03%	67,095	N/A	0.03%																																																																	
Pipe & Well Operation and Maintenance Services	Sister Company	Rental revenue	143,220	0.14%	414,829	N/A	0.18%																																																																	



Related Parties	Nature of Relationship	Nature of Transaction	Value of transactions with the related party in 2021G	Percentage from revenue	Balance as of December 31, 2021G	Percentage from the Total liabilities	Percentage from the total assets
Group Five Pipe Saudi Company	Sister Company	Rental revenue	432,501	0.42%	418,131	N/A	0.18%
Pipeline Flow Chemical Company	Sister Company	Rental revenue	95,460	0.09%	169,995	N/A	0.07%
Abdulhadi Abdullah Al-Qahtani Company - IT Department	Sister Company	-	-	-	-	-	-
Arab Valves Manufacturing Company	Sister Company	Expenses paid on behalf	Zero	N/A	1,000	N/A	0.0004%
Abdulhadi Abdullah Al-Qahtani & Sons Company	Sister Company	Rental revenue	2,424,038	2.34%	1,348,285	N/A	0.59%
		Vehicle sales	46,000	0.04%			
Arabian Commercial Services Company - Arco	Sister Company	Insurance expenses	41,700	N/A	41,700	0.04%	N/A
Izar for Insurance Brokerage Company	Sister Company	Insurance expenses	46,083	N/A	46,083	0.04%	N/A
<b>Total</b>	<b>-</b>	<b>-</b>	<b>16,302,965</b>	<b>15.62%</b>	<b>27,922,665</b>	<b>0.09%</b>	<b>12.22%</b>

Source: The Company

Table (4): Transactions with related parties during the year 2022G

Related Parties	Nature of Relationship	Nature of Transaction	Value of transactions with the related party in 2022G	Percentage from revenue	Balance as of December 31, 2022G	Percentage from the Total liabilities	Percentage from the total assets
Al-Qahtani Pipe Coating industries Company	Sister Company	Rental revenue	1,570,910				
		Received from a related party	9,000,000	5.64%	9,827,331	N/A	3.20%
		Expenses paid	112,849				
Al Jazeera Water Treatment Chemical Company	Sister Company	Rental revenue	36,087	0.02%	76,692	N/A	0.02%
Eradat Transport Company	Sister Company	Rental revenue and Vehicle sales revenue	15,474	0.01%	772,537	N/A	0.25%
Abdulhadi Abdullah Al- Qahtani & Sons Company - Construction Division	Sister Company	Rental revenue	336,636	0.18%	854,473	N/A	0.28%
Al Qahtani Vehicle and Machinery Company	Sister Company	Rental revenue	20,687				
		Received from a related party	6,000,000	3.21%	1,004,102	N/A	0.33%
		Expenses paid	57,293				
Al-Hijaz Water Company, Ltd.	Sister Company	Expenses paid on behalf	N/A	N/A	11,307	N/A	0.004%

Related Parties	Nature of Relationship	Nature of Transaction	Value of transactions with the related party in 2022G	Percentage from revenue	Balance as of December 31, 2022G	Percentage from the Total liabilities	Percentage from the total assets
Abdulhadi Al-Qahtani Travel Bureau	Sister Company	Travel expenses	147,920	0.15%	9,568	0.01%	N/A
		Paid to a related party	131,002				
Al-Qahtani Aviation Company	Sister Company	Rental revenue	17,147	0.01%	84,242	N/A	0.03%
Pipe & Well Operation and Maintenance Services	Sister Company	Rental revenue	110,404	0.06%	525,233	N/A	0.17%
Group Five Pipe Saudi Company	Sister Company	Rental revenue	517,829	0.40%	690,272	N/A	0.22%
		Received from a related party	245,688				
Pipeline Flow Chemical Company	Sister Company	Rental revenue	111,029	0.06%	281,024	N/A	0.09%
Arab Valves Manufacturing Company	Sister Company	Expenses paid on behalf	N/A	N/A	1,000	N/A	0.0003%
Abdulhadi Abdullah Al-Qahtani & Sons Company	Sister Company	Rental revenue	N/A	N/A	2,169,559	N/A	0.71%
		Expenses paid during the year	821,273	N/A			
Arab Company for Commercial Services Ltd. - Arco	Sister Company	Insurance Expenses	N/A	N/A	41,700	0.01%	N/A
Izar for Insurance Brokerage Company	Sister Company	Expenses	29,440	0.03%	52,895	0.02%	N/A
		Paid to a related party	22,630				
<b>Total</b>	-	-	<b>19,304,298</b>	<b>10.18%</b>	<b>16,401,935</b>	<b>0.04%</b>	<b>5.30%</b>

Source: The Company

On 02/02/1444H (corresponding to 29/08/2022G), the Company obtained approval of the General Assembly on the transactions with related parties that took place in the year 2021G. The Company also obtained approval of the General Assembly on the transactions with related parties that took place in the year 2022G, on 15/09/1444H (corresponding to 06/04/2023G). However, upon the expiry of the terms of those contracts and the desire to renew them, this will require obtaining a license from the General Assembly on them, and in the event that the General Assembly does not approve the license for any of these contracts or fails to approve the license for all contracts with related parties, this will negatively and materially affect the Company's business, results of operations, financial condition and prospects.

## 2-1-19 Risks related to Saudization Requirements

The Kingdom granted a great importance on Saudization within the framework of "**Vision 2030**". Therefore, adherence to the requirements of Saudization is a legal requirement under which all firms (Companies and Institutions) are obligated to employ Saudis and maintain a certain percentage of Saudi employees out of the total number of their employees. As on 31/12/2022G, the Company was classified under the medium entities class, as the total number of its employees reached (122), including (90) non-Saudis and (32) Saudis, and as such the Saudization rate reached 26.22%, and the Company categorized under the "**Medium Green Range (Nitaq)**" (refer to Section (3-14) "**Employees and Saudization**" of this Prospectus). In the event that the Company is unable to maintain the required Saudization rate, or if the Ministry of Human Resources and Social Development decides in the future to impose stricter localization policies that are difficult for the Company to adhere to, this may lead to imposition of penalties such as suspending work visa applications and sponsorship transfers for non-Saudi workers, which will have a negative impact on the Company's business, results of operations and prospects.

## 2-1-20 Risks related to Natural Disasters

The Company may be exposed to any of the natural disasters such as floods, fires, earthquakes, and other natural events that cause significant damage to the Company's facilities or cars and vehicles. In the event that adequate insurance coverage is not available, this may result in high and large costs for the Company, which will greatly affect the Company's ability to perform and carry out its activities, and thus adversely affect its operations. Also, the occurrence of any of these natural disasters will have a negative and material impact on the Company's financial performance, financial condition and prospects.

## 2-1-21 Risks related to the structural changes in the transport sector

The transportation sector in general witnesses continuous development and is subject to structural and fundamental changes, as public transportation projects and companies that provide new transportation service models, including vehicle routing services through electronic applications, may affect the demand for short-term rental cars and may lead to a change in preferences and customer uses. Some of these companies may have the ability to provide large capital, innovative technologies, or launch new services at a relatively low cost. Consequently, the Company faces the risks of increasing competition and losing its customers in the event that transportation service providers are able to improve the efficiency of transportation services, change customer driving patterns, provide their services at a more competitive price, make more effective use of mobile platforms, or carry out intensive marketing campaigns. Accordingly, the Company's ability to continuously improve its current operations and offerings in response to structural changes in the transportation sector in general, as well as technological changes are essential for maintaining its competitive position and customer confidence and satisfaction. On the other hand, the absence of a clear and comprehensive methodology for dealing with such changes may lead to a loss of competitive advantage and thus negatively affect the Company's profitability, market share and ability to grow, which would negatively and materially affect the Company's business, financial condition, results of operations and prospects.

## **2-1-22 Risks related to the spread of infectious diseases and epidemics**

An outbreak of any communicable disease - such as Middle East Respiratory Syndrome (MERS), Influenza A virus (H1N1), severe acute respiratory syndrome (SARS) and Novel Coronavirus (COVID-19) - in the Middle East will have a material negative impact on the Kingdom's economy and the Company's operations.

After the outbreak of the Coronavirus (COVID-19) at the beginning of the year 2020G, the Saudi Government implemented a set of precautionary procedures to limit the spread of the virus, including restrictions on travel or the application of mandatory quarantine for international travelers, in addition to imposing restrictions on residents of some regions, or provinces of some countries. It also imposed a temporary suspension of tourist visas for the purpose of performing Hajj and Umrah, and imposed temporary restrictions on pilgrims and Umrah performers and prevented them from visiting the Holy Land. Also, the temporary suspension of all flights (domestic and international) and ground transportation between cities, including buses, taxis and trains.

In the event of another wave of the spread of the Corona virus or the spread of any other infectious diseases - God forbid - it is difficult to estimate the potential impact that these diseases may have on the Kingdom's economy and the Company's commercial operations, and it is also possible that the Company will be exposed to the risks of business interruption. Moreover, it cannot be predicted that the precautionary procedures applied to confront the outbreak of the emerging coronavirus (COVID-19) may succeed when applied in the event of another outbreak of Corona or the emergence of a new epidemic or infectious disease in the future, or limit its spread. It is likely that these precautionary procedures (referred to above) will have negative and significant effects on the Saudi economy and business to a degree that is difficult to predict, and this will negatively and significantly affect the Company's business, results of operations, financial condition and prospects.

## **2-1-23 Risks related to non-issuance or non-renewal of necessary licenses, permits and certificates**

The Company currently operates under a number of licenses, certificates and permits related to its activity, which it obtained from the competent regulatory authorities in the Kingdom, including but not limited to: commercial registration certificates for the Company and its branches issued by the Ministry of Commerce, licenses and permits issued by the Civil Defense, membership certificate from Chamber of Commerce, municipal licenses, Saudization, Zakat and social insurance certificates, and others. Details of the main licenses and permits and commercial registrations of Riyal Investment and Development Company are shown in Section No. (3-12) of this Prospectus. These licenses and permits shall be valid in effect continuously through the Company's compliance with the relevant laws and regulations. In the event that the Company fails to do so, it may not be able to renew the existing licenses and permits or obtain new ones that it may need for other purposes such as expansion, which will lead to the cessation or faltering of the Company's business, and therefore this will have a negative and significant impact on the results of the Company's business, its financial condition and prospects.

## **2-1-24 Risks related to non-compliance with the quality standards and specifications required by clients**

The Company always strives to maintain satisfaction of its customers by providing its products and services within the highest quality standards. In the event that the Company is unable to continue providing its services at the same level required for any reason, this will negatively affect its reputation with its customers and their continuity in dealing with the company, and thus will negatively affect the Company's revenues, the results of its operations and financial performance.

## 2-1-25 Risks related to potential Zakat entitlements and additional claims

Since its incorporation, the Company submits its Zakat and tax returns to the Zakat, Tax and Customs Authority within the specified time and pays the amounts due on an annual basis. The Company submitted its Zakat returns until 31/12/2022G, and has obtained a final certificate from the Zakat, Tax and Customs Authority with the number (1020220000) valid until 21/10/1445H (corresponding to 30/04/2024). On 28/09/1442H (Corresponding to 10/04/2021G) the Authority issued an assessment for the year 2019G with an additional Zakat obligation in the amount of SAR 957,344, and the Company paid this amount. On 25/11/1442H (corresponding to 05/07/2021G), the Authority issued an assessment for the year 2020G with an additional obligation in the amount of 529,106 Saudi riyals, and the Company paid this amount. These Zakat assessments represent final assessments. At the present time, there is no assessments or existing Zakat claims with the Zakat, Tax and Customs Authority, and the Company cannot predict that the Zakat, Tax and Customs Authority will accept its Zakat and tax estimates for each future fiscal year, as the Zakat, Tax and Customs Authority may impose substantial Zakat differences on the Company that exceed the amounts paid by the Company, as well as fines for late payment of those amounts, which will be borne by the Company, which will have a negative impact on the Company's business results, financial performance and prospects.

The Company has made a provision for Zakat amounting to 1,406,243 Saudi riyals for the year 2021G and 1,502,640 Saudi riyals for the year 2022G.

## 2-1-26 Risks of concentration of revenues

The Company enters into lease agreements and contracts during course of its business with customers. Revenues generated from long-term leasing activity accounted for (63,488,882) Saudi riyals, representing (61.4%), and (81,160,698) Saudi riyals, representing (42.8%), of the Company's total revenues for the years 2021 and 2022, respectively. The revenue generated by the Company's top five customers represented (42,915,985) Saudi riyals, which representing (41.50%), and (44,850,700) Saudi riyals, which representing (23.66%) of the Company's total revenues for the years 2021 and 2022 respectively (for more information on the top five clients, please see section (3-8) of this Prospectus). Accordingly, in the event that the Company loses its transactions with any of these customers, or in the event of a decline in the volume of business generated from them, the Company will lose a large part of its revenues without compensation from other customers, which will negatively and significantly affect the Company's business and the results of operations.

## 2-1-27 Risks related to the geographical concentration of the Company's business

The Company relies heavily on its customer base located in the Eastern Province, where the revenues from these customers represent 84% of its revenues in the year 2022G, while they represent 89% of the Company's revenues in the year 2021G, and due to the concentration of the Company's business and its customers in the Eastern Region of the Kingdom Saudi Arabia, and in the event that the Company is unable to expand by reaching a larger number of customers outside the Eastern Region across all regions Kingdom, this will negatively and significantly affect the Company's business, business results and prospects.

## 2-1-28 Risks related to the rental of real estate

As of December 31, 2022G, the Company has four branches, all of which are built on lands and leased properties owned by Abdulhadi Tariq Al-Qahtani, who is the son of the Chairman of the Board (Tariq Abdulhadi Al-Qahtani). The both parties agreed that the lease term would be twenty years, starting on 26/04/1443H (corresponding to 01/12/2021G) and ending on 06/12/1463H (corresponding to 30/11/2041G) with the option of renewal for a similar period based on the agreement of the both parties on the terms of renewal, including the rental value. The Company may not succeed in negotiating the renewal of any of the lease contracts, which leads to their renewal on unsatisfactory terms from a commercial point of view, which will negatively affect the Company's business, results of operations and financial condition.

Also, according to Article (71) of the Companies Law, a member of the Board of Directors must immediately inform the Board of any interest he has, whether direct or indirect, in the business and contracts that are for the account of the Company. The Board informs the General Assembly when it held. Since the owner and lessor of the property (Abdulhadi Tariq Al-Qahtani) is the son of the Chairman of the Board of Directors (Tariq Abdulhadi Al-Qahtani), the lease contract is considered a contract for the Chairman of the Board of Directors in which he has an indirect interest, and accordingly, a permission must be obtained from the General Assembly on this contract, and in the event that the permission is not obtained, the Company will have to look for other alternatives, which may lead to the Company incurring additional costs related to the rental cost and thus negatively and significantly affecting the Company's business, results of operations and financial condition.

On 06/04/2023G, the Company obtained approval of the General Assembly on this contract, which is considered as a license from the General Assembly to the Chairman of the Board of Directors in which he has an indirect interest.

## 2-1-29 Risks of relying on key employees and executive management

The Company relies on the efforts and supervision of a number of its leading employees and other key staff members to implement its strategy and daily operations. Key employees constitute an important element for the success of the Company's business. Therefore the Company's inability to retain them or to attract people with the same efficiency will have a negative and significant impact on the company's business, results of operations and financial condition.

## 2-1-30 Risks of relying on non-Saudi employees

The total number of employees in the Company stood at (122) employees as of 31/12/2022G, of whom (32) are Saudis and (90) are non-Saudis. Therefore, the Saudization rate was (26.22%). And since non-Saudi employees constitute the largest part of the total number of employees in the Company, the Company's business results, financial condition and operational results will be negatively affected if it is unable to maintain qualified non-Saudi employees or find replacements for them with the same required skills and experience, especially in the event of a sudden changes in the policies, regulations and laws of the Ministry of Human Resources and Social Development that will have an impact on the status of non-Saudi workers with the Company.

On 18/03/1442H (corresponding to 14/11/2020G), the Ministry of Human Resources and Social Development launched an initiative to improve the contractual relationship for all expatriate workers in the private sector, which entered into force on 01/08/1442H (corresponding to 14/03/2021G). This initiative allows the expatriate worker to move to another job at the end of his work contract without the need for the employer's approval, and therefore the Company will face difficulty in maintaining qualified non-Saudi cadres, which will negatively affect the Company's performance, results of operations and financial condition.

### 2-1-31 Risks of unavailability of insurance coverage

The Company has entered into several insurance contracts to cover its assets, such as compulsory motor insurance for vehicles and cars, and medical insurance for its employees. The insurance covers damages arising of physical damage resulting from accidents or accidental damage to any vehicle and its accessories as a result of collision, overturning, spontaneous ignition, or theft. It is worth mentioning that the Company has not insured its branches in which it carries out its activities, for example but not limited to offices and showrooms. The Company may not have all the important insurance contracts necessary for its business and assets, or it may not have sufficient insurance coverage in all cases. The occurrence of any potential uninsured event resulting from the occurrence of sudden accidents or natural disasters, for example, will have a negative and material impact on the business and assets of the Company, its financial condition, and its future performance.

### 2-1-32 Risks related to operating systems and information technology

The Company relies on information technology systems to manage its business, as it uses an enterprise resource planning system (ERP System), which manages billing, fleet management, data and information processing. The Company also uses this system to centrally control major business operations such as accounting, logistics, fleet sales, and dealing with its accounts. Therefore, the Company's failure to maintain and develop information technology systems, or the existence of any malfunctions in its functions, will negatively affect the Company's business and financial results. The Company's information technology systems may be damaged due to viruses, security breaches, loss or corruption of data, human error, and other similar events. Thus, in the event that the Company's information systems fail to work as expected, or in the event of loss of information, or misuse of the Company or its customers' information, will lead to disruption of the Company's business, which will negatively and materially affect the Company's reputation and financial condition, or the results of its operations and prospects.

### 2-1-33 Risks related to the protection of trademarks and intellectual property rights

In marketing its services and managing its operations, the Company relies on the reputation of its brand, which gives it a privileged position with its customers in the market. Riyal Investment and Development Company registered the Company's trademark with the Saudi Authority for Intellectual Property in the Kingdom of Saudi Arabia on 27/03/1444H (corresponding to 23/10/2022G). (For more information, please refer to Section No. (3-13) "**Trademarks and Intellectual Property**" of this Prospectus). Any illegal use of the trademark will affect the Company's reputation and may lead to lawsuits being filed against the Company or claims before the competent courts to protect these rights. In the event that the Company fails to effectively protect its brand, this will negatively affect the value of that brand, which will negatively affect the Company's business, financial results and performance in the future.

### 2-1-34 Risks related to the inability to implement the Company's strategic plan

The Company's future performance depends on its ability and success in implementing its business plan and targeted growth strategy. Therefore, if the Company is unable to successfully implement its future plans for any reason, such as lack of funding, lack of employment, lack of necessary licenses, etc., this will have a material and negative impact on its future performance and hence its results of operations and financial condition. Likewise, if the Company is unable to implement expansion plans according to the specified schedule and estimated costs, or if the desired profitability from expansion operations is not achieved, as a result of various reasons, including change in the market situation at the time of implementing the expansion, then this will negatively affect the competitive position of the Company, and therefore the results of its business, profitability and prospects.



## 2-1-35 Risks related to lawsuits and fines

The Company is exposed to lawsuits and complaints during the course of its business, and it cannot accurately predict the size of the cost of lawsuits or judicial procedures that may be instituted by or against it, or the final results of those lawsuits or judgments that may be issued against it and their consequences with regard to compensation and penalties. The Company has not made any provision to meet potential claims. Therefore, any negative results of such cases may negatively affect the Company and the results of its operations. Claims may include, but are not limited to, Zakat and tax matters, Labor Law, social insurance, contracts with customers and suppliers, and other damages that result from negligence or fraud by persons or entities in a way that is beyond the scope of the Company's control. Consequently, any negative results of such cases will negatively affect the Company's business, results of operations, financial condition and prospects.

As of the date of this Prospectus, the Company and its Board of Directors are not subject to any lawsuits or legal procedures that may materially affect the Company's business or its financial condition.

## **2-2 Risks related to the Market and the Sector in which The Company Operates**

### **2-2-1 Risks related to the Economic Performance of the Kingdom**

The expected future performance of the Company depends on a number of factors related to the economic conditions in the Kingdom in general, including, but not limited to, the inflation factors, GDP growth, and the average income. The Kingdom's macro and micro economy mainly depend on the oil and petroleum industries, which still control a large share of the GDP. Accordingly, any unfavorable fluctuations in oil prices will have a direct and material impact on the growth plans of the Kingdom's economy in general and on government spending rates, which in turn will adversely affect the Company's financial performance and prospects.

Also, the continued growth of the Kingdom's economy depends on several other factors, including the continued population growth, and investments of the public and private sectors in the infrastructure. Therefore, any adverse change in any of these factors will have a significant impact on the economy and accordingly will have a negative and substantial impact on the Company's business, financial results and future aspirations.

### **2-2-2 Risks related to the instability of Political and Economic in the Middle East**

Many countries in the Middle East suffer from political and/or economic instability at present. There are no guarantees that the economic and political conditions in those countries or any other countries will not have a negative impact on the company's business, results of its operations, financial condition and prospects.

### **2-2-3 Risks related to violating the Companies Law**

The Companies Law issued by Royal Decree No. (M/132) dated 01/12/1443H (corresponding to 30/06/2022G) imposes some regulatory requirements that the Company must comply with, and this may require the Company to take some procedures to comply with these requirements, which may be may affect the Company's business plan, and accordingly, in the event that the Company does not comply with these requirements, or in the event that the Company's conditions are not modified (within two years from the date of entry into force of the Law), the Company will be subject to the penalties and fines stipulated in Article (262) of the Companies Law, and thus the impact adversely affect the Company's business and financial results.

### **2-2-4 Risks related to the competition environment**

The Company competes with companies operating in the field of car rental in the Kingdom of Saudi Arabia, where competitive factors include, for example, price, vehicle quality, customer service and maintenance services, and therefore in the event that current or potential competitors offer competitive prices or conditions or better solutions than those offered by the Company, it will not be able to compete with those competitors, which will lead to a reduction of its share in the market and thus negatively and significantly affect its profits, results of operations and financial condition.

### **2-2-5 Risks related to VAT**

The Saudi Council of Ministers decided on the second of Jumada Al-Awal 1438H, to approve the unified agreement for value-added tax for the GCC countries, which came into force on 01/01/2018G. This method imposed an added value of 5% on several products and services, according to what is stated in the system. The government decided to increase VAT from 5% to 15% effective 01/07/2020G, exclusive a number of products and services (basic food, health care services and education).

Therefore, the relevant entities must know the nature of the value tax, the method of its application, and how it is calculated. It will also have to submit special reports to the relevant Government agencies. Accordingly, the Company must adapt to the changes resulting from the application of value-added tax, which may increase costs and expenses. In addition, any increase in value-added tax may reduce the level of demand for the Company's services and products or affect its profitability in the event that the Company is unable to collect this tax from its customers, which will have a significant negative impact on its business, financial condition, operations results, and future prospects.

### **2-2-6 Risks related to changes in fuel prices**

After the adoption of the Financial Balance Program to improve the prices of energy products, and the resulting increase in the prices of gasoline and diesel, and since the prices of energy products are reviewed on a monthly basis, and therefore any further increases in the prices of gasoline and diesel will increase the costs related to mobile maintenance, this will have a negative and significant impact on the Company's profits and business results.

### **2-2-7 Risks related to the Mandatory Application of the Corporate Governance Regulations**

The Board of the Capital Market Authority issued a new Corporate Governance Regulation in accordance with Resolution No. (8-16-2017) dated 16/05/1438H (corresponding to 13/02/2017G), based on the Companies Law issued by Royal Decree No. (M/3) dated 28/01/1437H as amended by CMA Board Resolution No. (8-5-2023) dated 25/06/1444H (corresponding to 18/01/2023G).

Although the corporate governance regulation is a guideline for companies listed on the Parallel Market as of the date of this Prospectus, but if applied mandatory, the Company's success to properly comply with it depends on how the Board of Directors and its committees, management and employees of the Company accommodate and understand these rules and procedures. Therefore, in case the application of the corporate governance regulation becomes mandatory for companies listed in the Parallel Market, the Company will be obliged to apply all the mandatory articles therein. Lack of commitment to do so, will expose the Company to violation penalties by the Capital Market Authority, which will have a significant adverse impact on the Company's business and results of operations.

### **2-2-8 Risks of changes in relevant laws and regulations**

Like other companies operating in the Kingdom of Saudi Arabia, the Company is subject to several laws and regulations such as the Companies Law, Labor Law, municipalities and civil defense regulations, rules and regulations issued by the Capital Market Authority, rules and regulations of the Ministry of Transport and Logistics Services, etc., which may change or be updated by the competent authorities. Also, new laws and regulations may be enacted by the relevant official authorities from time to time. Accordingly, the Company's business may be negatively affected in the event of any significant change to any of the relevant laws or the introduction of additional laws that have a direct impact on the performance and profitability of the Company.

### **2-2-9 Risks related to currency exchange rate fluctuations**

The Company purchases cars and vehicles from Saudi companies. These companies purchase these cars and vehicles in other currencies, including the US dollar, and as part of the Kingdom's policy, the Saudi riyal (up to the date of this Prospectus) is pegged to the US dollar, at an exchange rate of 3.75 Saudi riyals for 1 US dollar. However, there are no guarantees on the stability of the exchange rate of the Saudi riyal against the US dollar, and as the Company continues to expand its fleet of cars, it may increase its exposure to fluctuations in exchange rates, and accordingly the Company may be exposed to a significant increase in the costs of its operations, and this increase may have a negative impact on the Company's operations, financial condition, results of operations and prospects.

### **2-2-10 Risks related to interest rate volatility**

Interest rates due to the Company's funders may change according to economic, political or regulatory variables, locally or globally, whether fixed or variable. Consequently, this will lead to an increase in the financing costs that the Company needs, which will have a negative impact on the Company's business, results of operations, financial performance and profitability.

### **2-2-11 Risks of growth opportunities**

The Company's ability to develop its business depends on the level of competition in the market, the availability of material and human resources, the ability of its management team, legal systems, and others. There is no guarantee that a level of continuous growth will be maintained, as the Company may face difficulties in expanding its activity, developing its market share and increasing its sales. Therefore, if the Company is unable to manage its growth positively, its ability to develop its business, increase its market share or maintain and increase it, increase its profits and enhance returns to its shareholders may be affected. This will have a negative and significant impact on the Company's financial performance, financial condition and future prospects.

## 2-2-12 Risks related to changing the mechanism for calculating Zakat and Income Tax

The Zakat, Tax and Customs Authority issued Circular No. 6768/16/1438 dated 05/03/1438H (corresponding to 04/12/2016G), which obliges Saudi companies listed in the exchange to calculate income and zakat on the basis of the nationality of the shareholders and the actual ownership between Saudi and Gulf citizens and others, as stated in “**Tadawulati System**” at the end of the year. Prior to the issuance of this circular, companies listed in the exchange were generally subject to the payment of zakat or tax on the basis of the ownership of their founders in accordance with their Bylaws, and the impact of listed shares in determining the zakat base was not taken into account. It was scheduled to apply this circular in the year ending on 31/12/2016G and subsequent years. However, the Zakat, Tax and Customs Authority issued its letter No. 12097/16/1438 on 19/04/1438H (corresponding to 17/01/2017G), which stipulates the postponement of the implementation of the circular for the fiscal year ending on 31/12/2017G and the following years. Until the Zakat, Tax and Customs Authority issues its directives regarding the mechanisms and procedures for implementing this circular, the implementation of this circular including the final requirements that must be met are still under consideration, as well as the rules imposing income tax on non-Gulf residents who are shareholders in listed Saudi companies, which apply withholding tax to dividends of non-resident shareholders, regardless of their nationalities. The Company has not assessed the financial impact of this circular and taken sufficient steps to ensure compliance with it, as it is a closed joint stock company wholly owned by Saudi shareholders. If the financial impact of this circular upon its application is significant, or if the Company incurs additional costs to take the necessary steps to ensure compliance with it, this will adversely affect its business, results of operations, financial condition and future prospects.

## 2-2-13 Risks related to imposition of new Duties or taxes

Although the Company is not currently subject to any kind of taxes other than Zakat and VAT of 15% of the fees for services provided by the Company, it is possible that other fees or corporate taxes will be imposed by the government in the future. Accordingly, in the event that new corporate taxes or fees are imposed other than those currently applied, this will have a negative and significant impact on the Company's financial performance, financial condition and future prospects.

## **2-3 Risks related to the Shares**

### **2-3-1 Risks related to potential fluctuation in the Share Price**

The Offering price was determined based on several factors, including the Company's performance in the previous periods, prospects of its business, the general conditions of the economy and the transport sector. However, it cannot be confirmed that the company's shares will be traded at the offering price or at a higher price than that. Post Offering, the market value of the Company's shares is affected by several factors including, but not limited to, the difference in the actual operating results from the expected performance of the Company, changes in the legislation regulating the Company's activity that have an impact on the Company, its customers or competitors, changes in economic, legal and regulatory factors (locally and internationally) that are not related to the Company's performance, such as economic recession, the imposition of sanctions, stock market conditions and other factors that may negatively affect the share price, which will negatively affect subscribers and their investment expectations.

### **2-3-2 Risks related to the Liquidity of the Offer Shares**

Before the Offering, the Company's shares were not listed in any stock market, whether inside or outside the Kingdom, and there are no assurances regarding the existence of an active and liquid market after the Offering. If an active market does not develop for trading the Company's shares, this will negatively and significantly affect the liquidity and trading price of the Company's shares, or may lead to a loss of all or part of the subscribers' investments in the Company, which will negatively and significantly affect the expected returns of the subscribers.

### **2-3-3 Risks related to the actually Control by Substantial Shareholders**

After completing the Offering and listing of the Company's shares, the Substantial Shareholders (whose names and ownership percentages are shown on page No. (xxviii)) will own 59.07% of the Company's shares, therefore the Substantial Shareholders will have the ability to influence all matters and decisions that require approval of shareholders, including the Company's important operations and transactions, including but not limited to mergers, acquisitions, sale of assets, election of the Board Members, increasing or decreasing capital, issuing additional shares, or distribution of dividends. As a result, Substantial Shareholders can exercise their rights in a manner that may not be in the interest of other shareholders, or that may have a significant negative impact on the Company's business, financial condition and results of operations.

### **2-3-4 Risks related to Selling a Large Number of Shares in the Parallel Market after the Offering**

The sale of a large number of shares in the Exchange after completion of the Offering and listing the Company's shares, or the conception of this happening, will negatively affect the market price of the shares, and after completion of the Offering process, the Substantial Shareholders will be subject to a Lock-up period of twelve (12) months as of the date of the start of trading the shares in the Exchange. Sale of a large number of shares by any of the Substantial Shareholders after the end of the Lock-up period may negatively affect the Company's share market, and thus may result in a decrease in the market price of the shares.

### **2-3-5 Risks related to lack of previous market of the Company's Shares**

The Company's shares have not previously been offered, traded, or listed in a public market for shares, whether inside or outside the Kingdom, and there is no guarantee that there will be or will continue to exist an active and liquid market after the Offering. In the lack or continuation of an active market and has a sufficient liquidity, this will have a negative impact on the trading price of the Company's shares, which may lead to a loss of all or part of the subscribers' investments in the Company, and thus negatively affect the expected returns of the subscribers.

### **2-3-6 Risks related to non-distribution of dividends to the Shareholders**

The future distribution of dividends depends on several factors, including but not limited to future profits, financial condition, capital requirements, Company reserves, terms of financing agreements, general economic conditions, analysis of investment opportunities and needs, and other relevant factors that the Board of Directors may consider important from time to time, on the basis of which the Board of Directors will decide whether or not to recommend to the General Assembly of Shareholders to distribute dividends in the future. The Company does not provide any guarantee at all that the Board of Directors will recommend the distribution of dividends or that the Board of Directors' recommendation to distribute any dividends will be approved by the shareholders in the General Assembly meetings, nor does the Company provide any guarantee regarding the amounts that will be paid as dividends in any year.

### **2-3-7 Risks related to the issuance of new Shares in Future**

In the event that the Company decides to increase its capital by issuing new shares, this will negatively affect the market price of the shares. It will also lead to a decrease in the percentage of shareholders' ownership in the Company if they do not subscribe to the new shares issued at that time.

### **2-3-8 Risks related to the inability of The Company to fulfil the Requirements for transition to the Main Market or any Future Regulatory Requirements**

The Company can submit an application for listing in the Main Market after the statutory period (two years according to the Listing Rules) has passed since its listing in the Parallel Market, after fulfilling all the statutory requirements issued by the Capital Market Authority and the Saudi Tadawul Company based on the Rules on the Offer of Securities and Continuing Obligations and Listing Rules regarding the transition of listed companies in the Parallel Market to the Main Market. In the event that the Company is unable to fulfill these requirements or any additional future regulatory requirements that the Authority may impose on the Company or the market, the Company will not be able to transition to the Main Market. Since trading in the Parallel Market at the date of this Prospectus is restricted to The Qualified Investors only, the daily trading volume and liquidity are less than the Main Market, which will negatively affect the liquidity of the Company's shares and its market value.



# The Company

Prospectus of Riyal Investment and Development Company



## 3- The Company

### 3-1 Company Overview

Riyal Investment and Development Company (hereinafter referred to as the “**Company**”, “**Issuer**” or “**Riyal Company**”) is a Saudi closed joint stock company under Commercial Registration No. (2050024818) issued from the city of Dammam on 17/08/1413H (corresponding to 09/02/1993G). The Company’s capital currently amounts to (80,000,000) eighty million Saudi riyals divided into (8,000,000) eight million ordinary shares paid in full at a nominal value of (10) ten Saudi riyals per share.

According to its Bylaws, the Company’s activities are:

- Administrative and support services.
- Rental of motor vehicles.
- Transportation and storage.
- Land transportation of passengers, cities and suburbs.
- Wholesale and retail trade and repair of motor vehicles and motorcycles.
- Sale of motor vehicles.
- Maintenance and repair of motor vehicles.
- Sale of spare parts for motor vehicles and accessories.

The Company’s headquarters is located in the city of Dammam, as per the following address:

#### **Riyal Investment and Development Company**

Dammam, Jubail Highway

P.O. Box 9494 Dammam 31451

Kingdom of Saudi Arabia

Tel: +966 13 8370581

Fax: +966 13 38375602

Website: [www.riyalmotors.com](http://www.riyalmotors.com)

E-mail: [info@riyalinvestment.com](mailto:info@riyalinvestment.com)

### 3-2 Company’s Mission

Sustainability in the success of the Company’s business, its development, the training of our employees and the interest in raising the efficiency of employees and relying on Saudi competencies supported by foreign expertise according to the Vision 2030, creation of new services for the operational leasing sector to constitute a new addition to the Company and provide the best services to the customers who we consider our partners in success, and invest in employees by developing comprehensive training programs to help them develop their skills to obtain the proficiency required to succeed in an increasingly digital landscape.

### 3-3 Company's Strategy

Continuing to grow the customer base in the current three regions (Central, Western and Eastern), expanding its activities to the northern and southern regions efficiently to meet the demand for rental vehicles and continuing to improve the fleet mix and vehicle categories to provide popular and marketable types of cars to meet the needs of customers.

Drive growth in commercial vehicle leasing (i.e., vehicles primarily used to transport goods). The Company intends to leverage its experience in offering commercial vehicles and winning more customers in various sectors, such as logistics, e-commerce, employees and school transportation, fast moving consumer goods (FMCG) and outsourcing transportation.

The Company focuses on continuous improvement in all key aspects of its business as it strives to improve operational processes to improve overall customer service, reduce costs, and increase efficiency. To this end, the Company aims to:

- Manage its fleet and maintain balance between vehicle availability and used ones. Therefore, the Company selects its fleet focusing on the most desirable car models, with economical maintenance costs.
- Continue to improve the organizational efficiency and corporate governance through better control policies and procedures that enhance its performance and the professional development of employees to benefit from its human resources, and to develop and continuously enhance the performance-oriented culture and inculcate its corporate values.
- Further improve the operations of selling used vehicles and using them to generate income. The Company also plans to expand its online sales channels with additional auction platforms.

### 3-4 Strength and Competitive Advantage

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

- **A well-known local brand:** The Company has established itself as a well-known brand in the Kingdom. The Company has excelled significantly and has a proven track record of success with a fleet of 3,221 vehicles distributed throughout the Kingdom of Saudi Arabia, along with the provision of after-sales services and a team of 122 talented and experienced employees. The Company also offers distinguished cars and services with a focus on its customers, as it provides vehicles anywhere in the Kingdom of Saudi Arabia within a period ranging from one to ten days provides a variety of models and specialized equipment, and provides roadside assistance 24 hours a day, seven days a week.
- **Intrinsic advantages on a large scale:** The Company's 15 years of experience has led to the foundation of one of the best car rental companies in the Eastern Province in terms of speed of delivery and quality of services. The Company's scope of work also allows it to leverage its purchasing power to purchase new vehicles, invest in new operations and infrastructure, respond effectively to automotive trends and regulatory requirements, and serve customers efficiently.
- **Solid and diversified income base:** The Company has high quality, recurring and predictable streams of income based on (multi-year) contracts, high levels of customer satisfaction and low customer default rates. In

addition, the Company's profitability is supported by diversified fleet management. This enables the generation of multiple revenue streams from vehicles, which leads to a higher effective return on assets.

- **High levels of diversification in the leasing plan:** The Company's leasing plan is diversified in many respects depending on the geographic region, customer base and vehicle brands, which limits the Company's exposure to adverse market trends. This enables the Company to offer a wide range of vehicles and ensures that the Company's exposure to adverse developments affecting any one brand is reduced.
- **Strong relationships with car dealerships in the Kingdom:** These relationships support the continuous renewal of the Company's fleet and the introduction of new vehicle models on a priority basis compared to the Company's competitors.
- **Long-term supplier relationships and service network:** Drawing on nearly two decades of experience, the Company has a deep understanding of supplier services (such as insurance providers and spare parts suppliers) and has built strong relationships with its suppliers that help optimize the Company's operating cost.
- **Highly experienced management team:** The Company's senior management team consists of experienced executives with a proven track record of operational success and in-depth knowledge across industry and functional areas. The members of the senior management team have been working with the Company for more than five years.

### 3-5 Company's Incorporation and most Important Developments in the Capital Structure

Riyal Investment and Development Company started its activity as a sole proprietorship under the name of Riyal Investment and Development Foundation for its owner, Saeed Saleh Saeed Al-Ghamdi, and under the Commercial Registration No. (2050024818) issued from 17/08/1413H (corresponding to 09/02/1993G), with a capital of (SAR 10,000) ten thousand Saudi riyals

Pursuant to the Articles of Association issued on 06/09/1431H (corresponding to 16/08/2010G), the owner of the Foundation, Saeed Saleh Saeed Al-Ghamdi, assigned the entire Foundation and its branches, including their rights and liabilities, to Tariq Abdulhadi Al-Qahtani, Salah Abdulhadi Al-Qahtani, Haifa Saleh Hamad Al-Sugair, Shams Abdulhadi Al-Qahtani, Mai Abdulhadi Al-Qahtani, Duha Abdulhadi Al-Qahtani, and Abdulhadi Abdullah Al-Qahtani and Sons Company. The Foundation and its branches were also converted into a limited liability company, while keeping the commercial registration number as it is without change. The net assets of the Foundation and its branches were evaluated at (SAR 2,000,000) two million Saudi riyals. Based on the evaluation of the assets, the company's capital was modified so that it became (SAR 2,000,000) two million Saudi riyals divided into (2,000) two thousand shares of equal value, with value of each share (1,000) one thousand Saudi riyals. The shares were distributed among the new partners as follows:

Table (5): Ownership structure as of 06/09/1431H

Partners	Number of shares	Share value (SR)	Total value of shares (SR)	Ownership percentage
Tariq Abdulhadi Abdullah Al-Qahtani	180	1,000	180,000	9%
Salah Abdulhadi Abdullah Al-Qahtani	180	1,000	180,000	9%
Abdullah Abdulhadi Abdullah Al-Qahtani	180	1 000	180,000	9%
Haifa Saleh Hamad Al-Sugair	90	1,000	90,000	4.50%
Shams Abdulhadi Abdullah Al-Qahtani	90	1,000	90,000	4.50%
Mai Abdulhadi Abdullah Al-Qahtani	90	1,000	90,000	4.50%
Duha Abdulhadi Abdullah Al-Qahtani	90	1,000	90,000	4.50%
Abdulhadi Abdullah Al-Qahtani & Sons Company	1,100	1,000	1,100,000	55%
<b>Total</b>	<b>2,000</b>	<b>-</b>	<b>2,000,000</b>	<b>100%</b>

Source: Articles of Association documented on 06/09/1431H (corresponding to 16/08/2010G)

On 19/07/1442H (corresponding to 03/03/2021G), the partners wished to amend the Articles of Association by admitting new partners through assignment of the current shareholders to new ones. The partner Abdulhadi Abdullah Al-Qahtani and Sons Company wished to assign all its shares amounting to (1,100) one thousand and one hundred shares with a total value of (1,100,000) one million and one hundred thousand Saudi riyals to Abdulhadi Al Judee & Partners International Commercial Enterprises Company, as a new shareholder in the Company.

Each of Tariq Abdulhadi Al-Qahtani, Salah Abdulhadi Al-Qahtani, Abdullah Abdulhadi Al-Qahtani, Haifa Saleh Al Sugair, Shams Abdulhadi Al-Qahtani, Mai Abdulhadi Al-Qahtani, and Duha Abdulhadi Al-Qahtani, assigned all their shares in the company, including their rights and duties, amounting to a total of (900) nine hundred shares with a total value of (900,000) nine hundred thousand Saudi riyals, to Tariq Abdulhadi Al-Qahtani & Brothers Company, as a new shareholder in the Company. The shares were distributed among the new partners as follows:

Table (6): Ownership structure as of 19/07/1442H

Partners	Number of shares	Share value (SR)	Total value of shares (SR)	Ownership percentage
Tariq Abdulhadi Al-Qahtani & Brothers Company	900	1,000	900,000	45%
Abdulhadi Al Judee & Partners International Commercial Enterprises Company	1,100	1,000	1,100,000	55%
<b>Total</b>	<b>2,000</b>	<b>-</b>	<b>2,000,000</b>	<b>100%</b>

Source: Articles of Association documented on 19/07/1442H (corresponding to 03/03/2021G)

On 03/04/1443H (corresponding to 08/11/2021G), the partners decided to increase the capital from (SAR 2,000,000) two million Saudi riyals to (SAR 80,000,000) eighty million Saudi riyals, by capitalizing the amount of (SAR 67,976,285) sixty-seven million nine hundred and seventy-six thousand and two hundred and eighty-five Saudi riyals from the balance of retained earnings. In addition to transferring cash shares in the amount of (SAR 9,023,715) nine million twenty-three thousand seven hundred and fifteen Saudi riyals from the balance of Shareholder's contribution and transferring an amount of (SAR 1,000,000) one million Saudi riyals from the balance of the statutory reserve. Thus, the ownership structure after the capital increase becomes as follows:

Table (7): Ownership structure as of 03/04/1443H

Partners	Number of shares	Share value (SR)	Total value of shares (SR)	Ownership percentage
Tariq Abdulhadi Al-Qahtani & Brothers Company	3,600,000	10	36,000,000	45%
Abdulhadi Al Judee & Partners International Commercial Enterprises Company	4,400,000	10	44,000,000	55%
<b>Total</b>	<b>8,000,000</b>	<b>-</b>	<b>80,000,000</b>	<b>100%</b>

Source: Articles of Association documented on 03/04/1443H (corresponding to 08/11/2021G)

On 08/05/1443H (corresponding to 12/12/2021G), the partners wished to amend the Articles of Association by admitting new partners through assignment of both Abdulhadi Al Judee & Partners International Commercial Enterprises Company, all its shares, including its rights and obligations, amounting to (4,400,000) four million four hundred thousand shares to each of Tariq Abdulhadi Al-Qahtani, Salah Abdulhadi Al-Qahtani and Abdullah Abdulhadi Al-Qahtani. In addition, Tariq Abdulhadi Al-Qahtani & Brothers Company assigned all its shares, including its rights and duties, amounting to (3,600,000) three million six hundred thousand shares with a total value of (36,000,000) thirty-six million Saudi riyals, to each of Abdullah Abdulhadi Al-Qahtani, Haifa Saleh Al-Sugair, Shams Abdulhadi Al-Qahtani, Mai Abdulhadi Al-Qahtani, and Duha Abdulhadi Al-Qahtani. Thus, the ownership structure becomes as follows:

Table (8): Ownership structure as of 08/05/1443H

Partners	Number of shares	Share value (SR)	Total value of shares (SR)	Ownership percentage
Tariq Abdulhadi Abdullah Al-Qahtani	1,600,000	10	16,000,000	20%
Salah Abdulhadi Abdullah Al-Qahtani	1,600,000	10	16,000,000	20%
Abdullah Abdulhadi Abdullah Al-Qahtani	1,600,000	10	16,000,000	20%
Haifa Saleh Hamad Al-Sugair	800,000	10	8,000,000	10%
Shams Abdulhadi Abdullah Al-Qahtani	800,000	10	8,000,000	10%
Mai Abdulhadi Abdullah Al-Qahtani	800,000	10	8,000,000	10%
Duha Abdulhadi Abdullah Al-Qahtani	800,000	10	8,000,000	10%
<b>Total</b>	<b>8,000,000</b>	<b>-</b>	<b>80,000,000</b>	<b>100%</b>

Source: Articles of Association documented on 08/05/1443H (corresponding to 12/12/2021G)

On 17/09/1443H (corresponding to 18/04/2022G), the partners decided to assign part of their shares in the amount of (2,789,773) two million seven hundred eighty-nine thousand seven hundred and seventy-three shares, with a total value of (27,897,730) twenty-seven million eight hundred and ninety-seven thousand seven hundred and thirty Saudi riyals in favor of the new partners, who numbered (80) eighty new partners. All of the current and new partners have agreed to the assignment, and the ownership of the assigned shares has devolved on them with their rights and obligations, and all parties have fulfilled their rights before each other. In accordance with the provisions of the Companies Law issued by Royal Decree No. M/3 dated 28/01/1437H and its implementing regulations, the partners wished to convert the Company and its branches from a limited liability company to a closed joint stock company with its rights and obligations, with a capital of (80,000,000) eighty million Saudi riyals, while keeping the number, name and date of the commercial registration of the Company's head office and its branches.

Pursuant to the decision of His Excellency the Minister of Commerce No. (1025), dated 08/11/1443H (corresponding to 07/06/2022G), the Company was converted into a closed joint stock company with a capital of (SAR 80,000,000) eighty million Saudi riyals divided into (8,000,000) eight million ordinary shares, the value of which is paid in full at a nominal value of (SAR 10) ten Saudi riyals per share). The following table shows the ownership structure of the current shareholders of the Company before and after the Offering:

Table (9): The Current Shareholders Structure of the Company

Shareholder	Before the Offering			After the Offering		
	Direct Ownership		Indirect Ownership	Direct Ownership		Indirect Ownership
	No. of Shares	Ownership (%) <sup>(1)</sup>	Ownership (%) <sup>(1)</sup>	No. of Shares	Ownership (%) <sup>(1)</sup>	Ownership (%) <sup>(1)</sup>
1 Tariq Abdulhadi Abdullah Al-Qahtani	1,042,045	13.03%	-	945,160	11.81%	-
2 Salah Abdulhadi Abdullah Al-Qahtani	1,042,045	13.03%	-	945,160	11.81%	-
3 Abdullah Abdulhadi Abdullah Al-Qahtani	1,042,045	13.03%	-	945,160	11.81%	-
4 Haifa Saleh Hamad Al-Sugair	521,023	6.51%	-	472,580	5.91%	-
5 Shams Abdulhadi Abdullah Al-Qahtani	521,023	6.51%	-	472,580	5.91%	-
6 Mai Abdulhadi Abdullah Al-Qahtani	521,023	6.51%	-	472,580	5.91%	-
7 Duha Abdulhadi Abdullah Al-Qahtani	521,023	6.51%	-	472,580	5.91%	-
8 Gian Al-Andalus Co., Ltd	396,000	4.95%	-	360,360	4.50%	-
9 Al-Nahdi Holding Company Limited	366,000	4.58%	-	333,060	4.16%	-
10 Abdullah Abdulaziz Al-Rajhi and Sons Holding Company	258,000	3.23%	-	234,780	2.93%	-
11 Al-Rajhi Company for Supporting Commercial Services	168,000	2.10%	-	152,880	1.91%	-
12 Alkhayar Alwaed Investment Company	162,000	2.03%	-	147,420	1.84%	-
13 Yasser Hamad Al- Suhaim	159,000	1.99%	-	144,690	1.81%	-
14 Abdulaziz Hamad Al-Mishaal	97,515	1.22%	-	88,739	1.11%	-
15 Hamid Atiyatullah Al-Qariqri	75,000	0.94%	-	68,250	0.85%	-

Shareholder	Before the Offering			After the Offering			
	Direct Ownership		Indirect Ownership	Direct Ownership		Indirect Ownership	
	No. of Shares	Ownership (%) <sup>(1)</sup>	Ownership (%) <sup>(1)</sup>	No. of Shares	Ownership (%) <sup>(1)</sup>	Ownership (%) <sup>(1)</sup>	
16	Al-Riyadah Holding Company	66,000	0.83%	-	60,060	0.75%	-
17	Turki Musleh Al-Enezi	63,000	0.79%	-	57,330	0.72%	-
18	Ahmed Saud Ghouth	63,000	0.79%	-	57,330	0.72%	-
19	Abdullah Mohammed Al-Muhanna	63,000	0.79%	-	57,330	0.72%	-
20	Faleh Zaal Al-Enezi	60,000	0.75%	-	54,600	0.68%	-
21	Abdullatif Khaled Al Melhem	48,000	0.60%	-	43,680	0.55%	-
22	Suleiman Hamad Al-Bazai	39,000	0.49%	-	35,490	0.44%	-
23	Monther Mohammed Al-Sarei	36,000	0.45%	-	32,760	0.41%	-
24	Abdulaziz Abdul Karim El Khereiiji	33,000	0.41%	-	30,030	0.38%	-
25	Lina Khaled Al Melhem	33,000	0.41%	-	30,030	0.38%	-
26	Hassan Ali Al-Sairafi	33,000	0.41%	-	30,030	0.38%	-
27	Mouafaq Zaal Al-Enezi	33,000	0.41%	-	30,030	0.38%	-
28	Mohammed Abdulaziz Aldukheil <sup>(2)</sup>	32,258	0.40%	-	29,354	0.37%	0.2%
29	Fama Holding Group Company	30,000	0.38%	-	27,300	0.34%	-
30	Abdul Rahman Abdullah Al-Nahdi <sup>(3)</sup>	26,000	0.33%	0.092%	23,060	0.30%	0.083%
31	Khaled Nasser Abdul Rahman Al-Muammar	24,000	0.30%	-	21,840	0.27%	-



Shareholder	Before the Offering			After the Offering			
	Direct Ownership		Indirect Ownership	Direct Ownership		Indirect Ownership	
	No. of Shares	Ownership (%) <sup>(1)</sup>	Ownership (%) <sup>(1)</sup>	No. of Shares	Ownership (%) <sup>(1)</sup>	Ownership (%) <sup>(1)</sup>	
32	Mohammed Ibrahim Al-Tuwaijri	24,000	0.30%	-	21,840	0.27%	-
33	Abdulaziz Abdullah Al-Olayan	24,000	0.30%	-	21,840	0.27%	-
34	Abdullatif Abdulaziz Al-Hamidi	18,000	0.23%	-	16,380	0.20%	-
35	Omar Mohammed Al-Amoudi	18,000	0.23%	-	16,380	0.20%	-
36	Muaz Mohammed Tuman	18,000	0.23%	-	16,380	0.20%	-
37	Saeed Saleh Al-Ghamdi	15,000	0.19%	-	13,650	0.17%	-
38	Abdullah Ibrahim Al-Yahya	15,000	0.19%	-	13,650	0.17%	-
39	Majed Suleiman Al-Nafi <sup>(4)</sup>	15,000	0.19%	0.034%	13,650	0.17%	0.031%
40	Nawaf Saeed Al-Qahtani	15,000	0.19%	-	13,650	0.17%	-
41	Nayef Saleh Al-Hanaki	15,000	0.19%	-	13,650	0.17%	-
42	Ali Hassan Bahmid	12,000	0.15%	-	10,920	0.14%	-
43	Wael Saad Al-Rashed	12,000	0.15%	-	10,920	0.14%	-
44	Mohammed Ziyad Al-Kharboush	12,000	0.15%	-	10,920	0.14%	-
45	Moaz Abdulaziz Al-Hazimi	12,000	0.15%	-	10,920	0.14%	-
46	Faisal Abdullah Al-Shalali	12,000	0.15%	-	10,920	0.14%	-
47	Abdullah Nasser bin Ghaith	9,000	0.11%	-	8,190	0.10%	-

Shareholder	Before the Offering			After the Offering		
	Direct Ownership		Indirect Ownership	Direct Ownership		Indirect Ownership
	No. of Shares	Ownership (%) <sup>(1)</sup>	Ownership (%) <sup>(1)</sup>	No. of Shares	Ownership (%) <sup>(1)</sup>	Ownership (%) <sup>(1)</sup>
48 Hesah Saleh Al-Mahmoud	9,000	0.11%	-	8,190	0.10%	-
49 Hassan Abdulhadi Al-Mulla	9,000	0.11%	-	8,190	0.10%	-
50 Jumaah Hussein Al-Enezi	9,000	0.11%	-	8,190	0.10%	-
51 Ahmed Saud Al-Sahli	6,000	0.08%	-	5,460	0.07%	-
52 Hassan Talal Baeshen	6,000	0.08%	-	5,460	0.07%	-
53 Noura Abdul Rahman Al-Qasim	6,000	0.08%	-	5,460	0.07%	-
54 Abdul Rahman Wael Al-Rashed	6,000	0.08%	-	5,460	0.07%	-
55 Abdulaziz Wael Al-Rashed	6,000	0.08%	-	5,460	0.07%	-
56 Youssef Wael Al-Rashed	6,000	0.08%	-	5,460	0.07%	-
57 Mohammed Saeed Al-Aali	6,000	0.08%	-	5,460	0.07%	-
58 Sarah Nasser Al-Rashed	6,000	0.08%	-	5,460	0.07%	-
59 Shaalan Othman Al Shaalan	6,000	0.08%	-	5,460	0.07%	-
60 Sarah Abdullah Al-Obaid	6,000	0.08%	-	5,460	0.07%	-
61 Mohammed Ibrahim Al-Anqari	6,000	0.08%	-	5,460	0.07%	-
62 Nasser Hamad Al-Majid	6,000	0.08%	-	5,460	0.07%	-
63 Abdullah Suleiman Al-Luhaidan	6,000	0.08%	-	5,460	0.07%	-

Shareholder	Before the Offering			After the Offering			
	Direct Ownership		Indirect Ownership	Direct Ownership		Indirect Ownership	
	No. of Shares	Ownership (%) <sup>(1)</sup>	Ownership (%) <sup>(1)</sup>	No. of Shares	Ownership (%) <sup>(1)</sup>	Ownership (%) <sup>(1)</sup>	
64	Majid Abdullah Al-Taliyan	6,000	0.08%	-	5,460	0.07%	-
65	Baqer Abdul Karim Al-Kazem	3,000	0.04%	-	2,730	0.03%	-
66	Sultana Sami Al-Subhi	3,000	0.04%	-	2,730	0.03%	-
67	Saad Wael Al-Rashed	3,000	0.04%	-	2,730	0.03%	-
68	Ali Fawzi Al Saleh	3,000	0.04%	-	2,730	0.03%	-
69	Razan Wael Al-Rashed	3,000	0.04%	-	2,730	0.03%	-
70	Abdullah Abdulaziz Al-Suwailem	3,000	0.04%	-	2,730	0.03%	-
71	Siraj Saeed Al-Aali	3,000	0.04%	-	2,730	0.03%	-
72	Ashraf Wadei Kabli	3,000	0.04%	-	2,730	0.03%	-
73	Omar Wael Al-Rashed	3,000	0.04%	-	2,730	0.03%	-
74	Maher Hamad Al-Shniber	3,000	0.04%	-	2,730	0.03%	-
75	Omar Mohammed Al-Manea	3,000	0.04%	-	2,730	0.03%	-
76	Salman Abdulaziz Aldukheil	3,000	0.04%	-	2,730	0.03%	-
77	Adel Mohammed Al Ahmed	3,000	0.04%	-	2,730	0.03%	-
78	Sami Mohammed Al Shaiban	3,000	0.04%	-	2,730	0.03%	-
79	Faisal Turki Al-Quraini	3,000	0.04%	-	2,730	0.03%	-
80	Wafaa Mohammed Al-Essa	3,000	0.04%	-	2,730	0.03%	-

Shareholder	Before the Offering			After the Offering		
	Direct Ownership		Indirect Ownership	Direct Ownership		Indirect Ownership
	No. of Shares	Ownership (%) <sup>(1)</sup>	Ownership (%) <sup>(1)</sup>	No. of Shares	Ownership (%) <sup>(1)</sup>	Ownership (%) <sup>(1)</sup>
81 Saad Ibrahim Al-Sakran	3,000	0.04%	-	2,730	0.03%	-
82 Eman Abdullah Al-Obaid	3,000	0.04%	-	2,730	0.03%	-
83 Salman Abdulaziz Al-Suwaid	3,000	0.04%	-	2,730	0.03%	-
84 Abdul Hameed Abdullah Al-Durahim	3,000	0.04%	-	2,730	0.03%	-
85 Yazid Saleh Ad-Dawish	3,000	0.04%	-	2,730	0.03%	-
86 Nora Mohammed Al-Nuwaiser	3,000	0.04%	-	2,730	0.03%	-
87 Nayef Adel Bouaisha	3,000	0.04%	-	2,730	0.03%	-
88 Aldukheil Financial Group	-	-	-	15,507	0.19%	-
89 qualified investors	-	-	-	720,000	9.00%	-
<b>Total</b>	<b>8,000,000</b>	<b>100%</b>	<b>0.126%</b>	<b>8,000,000</b>	<b>100%</b>	<b>0.134%</b>

(1) Ownership percentages are approximate.

(2) After the Offering, Mohammed Abdulaziz Aldukheil will indirectly own 0.2% of the shares of Riyal Investment and Development Company, as a result of his ownership of 100% of Aldukheil Financial Group Company "The Financial Advisor", of which (15,507) shares will be allocated of Substantial shareholders for its benefit as part of the fees and charges of the Financial Advisor. Noting that shareholder Mohammed Abdulaziz Aldukheil owns 0.40% of the Company's shares directly before the Offering, and will own 0.37% of the Company's shares directly after the Offering.

(3) Abdul Rahman Al-Nahdi owns 0.33% of the Company's shares directly before the Offering, and after the Offering, he will own 0.30% of the Company's shares directly, and in addition to his direct ownership, Abdul Rahman Al-Nahdi owns 0.092% of the Company's shares before the Offering indirectly, as a result of his full ownership of Areeb Al-Oula Trading Company, which owns 2% of Al-Nahdi Holding Company Limited, which owns 4.58% of the shares of Riyal Investment and Development Company before the Offering, after the Offering, he will indirectly own 0.083% of the shares of Riyal Investment Company.

(4) Majed Al-Nafie directly owns 0.19% of the Company's shares before the Offering, and after the Offering, he will own 0.17% of the Company's shares directly, and in addition to his direct ownership, Majed Al-Nafi owns 0.034% of the Company's shares before the Offering indirectly, as a result of his ownership of 4.18% of the shares of Al-Riyada Holding Company, which owns 0.83% of the shares of Riyal Investment and Development Company before the Offering. After the Offering, he will indirectly own 0.031% of the shares of Riyal Investment Company.

### 3-6 Overview of the Company's Activities

Riyal Investment and Development Company is a leading company in the field of car and vehicle rental. It provides vehicle and car rental services to a wide variety of companies and institutions across the Kingdom of Saudi Arabia, through long- and short-term rental contracts. The Company provides multiple options in leasing services, including renting vehicles without a driver and renting vehicles with a driver. In addition to the activity of renting cars and vehicles, the Company sells new cars as well as used cars after the end of their service life.

"**Short-term**" lease periods spanning from one month to one year, while "**long-term**" lease periods spanning from one to four (4) years. The Company provides cars and vehicles based on the request and requirements of the customer. Cars and vehicles are purchased by a wide range of car agents (for more details please see the "**Major Suppliers**" section). The Company's purchases are financed through financial leasing, Murabaha, bank financing and operating cash. All purchased vehicles are inspected by a specialized team from the Company, where the safety and readiness of cars and vehicles for use are verified in accordance with the requirements of quality, health, safety and environment before they are presented to the customer. After this, the vehicle is then delivered to the customer within a period ranging from one day to a maximum of ten days.

Car rental services include additional services provided by the Company to customers such as high-quality maintenance services for rented cars through workshops, and through its contracts with distinguished companies in the field of car maintenance services. Collision damage and major repairs are generally dealt with in the Company's workshop in Dammam. At the present time, the Company is expanding the coverage of its network of maintenance centers through the use of contracts for maintenance and vehicle repair services through authorized external service centers, workshops and car agents. It is worth mentioning that all the Company's cars are insured (Total insurance).

In addition, the Company provides mobile maintenance services, which Company launched in 2012G a unique service of its kind, which provides preventive maintenance services and minor repairs to a vehicle. A mobile maintenance van can be sent anytime to a vehicle at its current location, and can perform repairs that include, for example, tire repair and replacement of batteries. The Company started this activity in 2012G with only two mobile vans, and based on the increasing demand from customers for this service, the total number of vans in 2021G increased to (8) eight mobile maintenance vans. The Company focuses heavily on the quality of vehicle maintenance for the sake of customer safety and satisfaction. The preventive maintenance service also contributes to maximizing the residual value of the vehicle when it is eventually sold.

### 3-6-1-1 Cars and Vehicles Fleet

The Company has a diverse fleet of cars and vehicles equipped with GPS. The Company's fleet consists of (3,221) cars and vehicles as of 12/31/2022G. The following tables show the details of the fleet according to the categories of cars and vehicles, manufacturer, and percentage of each category of the Company's total fleet. The Company maintains no less than (40) forty cars (at any time) ready for distribution throughout the Kingdom of Saudi Arabia.

Table (10): Details of the Company's fleet of cars and vehicles

Category	Number of cars and vehicles	Percentage of the total Vehicle fleet	Vehicle Models		
Trucks	162	5.03%	<ul style="list-style-type: none"> <li>• Ford: F150 Crew Cab</li> <li>• Chevrolet: Silverado</li> </ul>	<ul style="list-style-type: none"> <li>• GMC: Sierra, pickup truck</li> <li>• Isuzu: truck, pickup truck</li> </ul>	<ul style="list-style-type: none"> <li>• Toyota: Hilux, Land Cruiser and Dyna pickup</li> <li>• Mitsubishi: truck, pickup truck</li> </ul>
Sedans "small cars"	953	29.59%	<ul style="list-style-type: none"> <li>• Chevrolet: Aveo, Impala</li> <li>• BMW: 370</li> </ul>	<ul style="list-style-type: none"> <li>• Ford: Taurus</li> <li>• Nissan: Sentra, Sunny</li> </ul>	<ul style="list-style-type: none"> <li>• Toyota: Avalon, Camry, Corolla, Yaris</li> <li>• Hyundai: Accent, Elantra, Sonata</li> </ul>
Sports Utility Vehicle "SUV"	898	27.88%	<ul style="list-style-type: none"> <li>• Ford: Explorer, Edge Ambient</li> <li>• Chevrolet: Tahoe, Blazer</li> <li>• Cadillac: Escalade</li> <li>• Mercedes: GLE43</li> </ul>	<ul style="list-style-type: none"> <li>• Hyundai: Tucson, Santa Fe</li> <li>• GMC: Acadia, Yukon</li> <li>• Mazda: CX9</li> <li>• Kia: Sportage, Seltos</li> </ul>	<ul style="list-style-type: none"> <li>• Toyota: Land Cruiser, Prado, FJ2 Cruiser, Rav4, Innova, Fortuner</li> <li>• Nissan: Patrol Platinum, Pathfinder, X-Trail</li> <li>• Mitsubishi Pajero</li> </ul>
Payload trucks	1,105	34.31%	<ul style="list-style-type: none"> <li>• Toyota: Hiace, Hiace Cargo Van</li> </ul>		
Buses	103	3.20%	<ul style="list-style-type: none"> <li>• Toyota: Coaster</li> <li>• Ashok Leyland: Bass</li> </ul>		
<b>Total</b>	<b>3,221</b>	<b>100%</b>			

Source: The Company

Table (11): Details of the company's fleet of cars and vehicles according to the manufacturer

Manufacturer / brand	Number of cars and vehicles	Percentage of the total vehicle fleet
Toyota	2,560	79.48%
Hyundai	97	3.01%
Chevrolet / GMC	64	1.99%
Ford	39	1.21%
Isuzu	307	9.53%
Mitsubishi	57	1.77%
Nissan	15	0.47%
Other	82	2.55%
<b>Total</b>	<b>3,221</b>	<b>100%</b>

Source: The Company

### 3-7 Company Revenues

The following table shows the Company's revenues according to its main activities for the fiscal years ending on 31/12/2021G and 2022G.

Table (12): Company revenue details

(Figures are in SAR)	Financial year ended on 31/12/2021G	Percentage of the total revenue	Financial year ended on 31/12/2022G	Percentage of the total revenue
Rental revenue	63,582,706	61.49%	81,372,360	42.92%
Car sales revenue	39,818,517	38.51%	108,206,174	57.08%
<b>Total</b>	<b>103,401,223</b>	<b>100%</b>	<b>189,578,534</b>	<b>100%</b>

Source: The Company's audited financial statements for the fiscal years ending on 31/12/2022G.

The following table shows the Company's revenues according to its "short-term" and "long-term" rental periods for the fiscal years ending on 31/12/2021 and 2022.

(Figures are in SAR)	Financial year ended on 31/12/2021G	Percentage of the total revenue	Financial year ended on 31/12/2022G	Percentage of the total revenue
Long term rental	63,488,882	61.4%	81,160,698	42.8%
Short term rental	93,824	0.09%	211,662	0.11%

Source: The Company

### 3-8 Revenue from Major Customers

Riyal Investment and Development Company deals with a number of clients inside the Kingdom. The Company's major customers are Saudi companies operating in the field of gas, oil and pipelines, in addition to real estate. The following table shows the Company's total revenues from the top five customers for the years ending on December 31 of 2021G and 2022G:

Table (13): Revenue details of major customers

Financial year ended on 31/12/2021G					Financial year ended on 31/12/2022G				
Client	Revenues (SAR)	Percentage of the total revenue	Location	Type of Relationship	Client	Revenue (SAR)	Percentage of the total revenue	Location	Relationship
Client (a)	22,653,932	21.90%	Kingdom of Saudi Arabia	Contractual / Purchase Orders	Client (a)	21,520,322	11.35%	Kingdom of Saudi Arabia	Contractual / Purchase Orders
Client (b)	8,508,969	8.22%	Kingdom of Saudi Arabia	Contractual / Purchase Orders	Client (c)	11,062,494	5.84%	Kingdom of Saudi Arabia	Contractual / Purchase Orders
Client (c)	5,207,903	5.03%	Kingdom of Saudi Arabia	Contractual / Purchase Orders	Client (b)	6,606,263	3.84%	Kingdom of Saudi Arabia	Contractual / Purchase Orders
Client (d)	5,014,852	4.84%	Kingdom of Saudi Arabia	Contractual / Purchase Orders	Client (e)	3,362,441	1.77%	Kingdom of Saudi Arabia	Contractual / Purchase Orders
Client (e)	1,530,329	1.48%	Kingdom of Saudi Arabia	Contractual / Purchase Orders	Client (f)	2,229,180	1.21%	Kingdom of Saudi Arabia	Contractual / Purchase Orders
-	<b>42,915,985</b>	<b>41.50%</b>			-	<b>44,850,700</b>	<b>23.66%</b>		

Source: The Company



### 3-9 Major Suppliers

The Company deals with a number of suppliers during its activity spanning more than sixteen years. The following table shows details of the top five (5) suppliers and the value of dealing with them as of December 31, 2021G and 2022G.

Table (14): Transactions with major suppliers

Supplier's Name	Transaction amount and its percentage of the total cost of revenue								
	Transaction value is as of 31/12/2021G	Percentage	Location	Relationship	Supplier's Name	Transaction value is as of 31/12/2022G	Percentage	Location	Relationship
Supplier (1)	27,782,500	42%	Kingdom of Saudi Arabia	Contractual	Supplier (1)	100,782,299	68.9%	Kingdom of Saudi Arabia	Contractual
Supplier (2)	2,763,399	4%	Kingdom of Saudi Arabia	Contractual	Supplier (2)	2,374,419	1.6%	Kingdom of Saudi Arabia	Contractual
Supplier (3)	2,325,915	4%	Kingdom of Saudi Arabia	Purchase Orders	Supplier (3)	2,005,934	1.4%	Kingdom of Saudi Arabia	Contractual
Supplier (4)	1,278,744	2%	Kingdom of Saudi Arabia	Contractual	Supplier (4)	1,464,211	1.0%	Kingdom of Saudi Arabia	Contractual
Supplier (5)	5,070,317	8%	Kingdom of Saudi Arabia	Purchase Orders	Supplier (5)	1,035,978	0.7%	Kingdom of Saudi Arabia	Purchase Orders
<b>Total</b>	<b>39,220,875</b>	<b>60%</b>			<b>Total</b>	<b>107,662,841</b>	<b>73.6%</b>		

Source: The Company

### 3-10 Properties leased by the Company

Table (15): Real estate leased by the Company

M	Property	Location	Contract start date	Contract end date	Contract Value	Automatic renewal (yes/no)
1	Land (on which the Riyal Car Showroom is located) <sup>(1)</sup>	Dammam			The annual rental allowance is (1,500,00) one million five hundred thousand riyals, and the rental allowance is increased every five years by no less than 5%.	Not automatically renewed
2	Land (belonging to Riyal Cars Showroom) <sup>(1)</sup>	Dammam	26/04/1443H (corresponding to 01/12/2021G)	06/12/1463H (corresponding to 30/11/2041G)		
4	Land (service and maintenance center) <sup>(1)</sup>	Dammam				
4	Land (service and maintenance center) <sup>(1)</sup>	Dammam				
5	land (car parking)	Riyadh	05/08/1444H (corresponding to 25/02/2023G)	14/08/1445H (corresponding to 24/02/2024G)	SAR 42,000	Automatically renewable
6	Land (car parking and customer service office)	Jeddah	05/03/1444H (corresponding to 01/10/2022G)	15/03/1445H (corresponding to 30/09/2023G)	SAR 80,000	Automatically renewable

Source: The Company

(1) These properties are owned by Abdulhadi Tariq Al-Qahtani, who is the son of the Chairman of the Board of Directors (Tariq Abdulhadi Al-Qahtani).

### 3-11 Company Branches

Riyal Investment and Development Company has (3) three branches, all of which are in Dammam. The following table shows the details of the commercial registrations for the Company and its branches:

Table (16): details of the commercial registrations for the Company and its branches

Name	Address	Activity	C/R No.	C/R Date	C/R Expiry
Riyal Investment and Development Company - the main CR	Dammam Jubail Highway, Dammam	Wholesale and retail sale of new private cars, including ambulances, minibuses and four-wheel drive vehicles	2050024818	17/08/1413H	19/10/1446H
Riyal Investment and Development Company - Branch	Dammam Jubail Highway, Dammam	Renting passenger cars without a driver - renting buses without a driver - renting trucks with the driver	2050050531	07/02/1427H	19/10/1446H
Riyal Investment and Development Company - Branch	Dammam Jubail Highway, Dammam	Car service and maintenance centers activities	2050056938	18/10/1428H	19/10/1446H
Riyal Car Showroom - Branch of Riyal Investment and Development Company	Dammam Jubail Highway, Dammam	Wholesale and retail sale of new and used private cars, including ambulances, minibuses and four-wheel drives	2050067684	27/11/1430H	19/10/1446H

Source: The Company.

### 3-12 Government Licenses and Certificates

Riyal Investment and Development Company has obtained the necessary licenses, certificates, and Government approvals from the competent authorities to conduct its business as shown in the following tables:

Table (17): Licenses obtained by the head office

<b>Licenses and certificates obtained by the Head Office registered in the Commercial Register No. (2050024818)</b>				
<b>License</b>	<b>Registration No.</b>	<b>Date of Issuance</b>	<b>Expiry date</b>	<b>Issuing Entity</b>
Zakat and Income Certificate	3004033755	24/10/1444H	21/10/1445H	Zakat, Tax and Customs Authority
Contribution Certificate to the Eastern Region Chamber	25981	04/01/1442H	21/01/1447H	Eastern Region Chamber
Municipal License	3909207141	-	16/07/1447H	Municipality of the Eastern Region

Source: The Company

Table (18): Licenses and certificates obtained by the branch registered in the Commercial Register No. (2050050531)

<b>Licenses and certificates obtained by the branch registered in the Commercial Register No. (2050050531)</b>				
<b>License</b>	<b>Registration No.</b>	<b>Date of Issuance</b>	<b>Expiry date</b>	<b>Issuing Entity</b>
Municipal License	43058092848	-	29/05/1445H	Municipality of the Eastern Region
Contribution Certificate to the Eastern Region Chamber	76446	28/01/1442H	19/10/1446H	Eastern Region Chamber
Civil Defense license	2-000630785-44	10/02/1444H	10/02/1445H	Civil Defense
Car rental license	050102001300	14/01/1439H	05/07/1446H	Transport General Authority
Saudization certificate	261165-14281106	21/10/1444H	22/01/1445H	Ministry of Human Resource and Social Development
Social insurance certificate	54137979	11/10/1444H	10/11/1444H	General Organization for Social Insurance

Source: The Company

Table (19): Licenses and certificates obtained by the branch registered in the Commercial Register No. (2050056938)

Licenses and certificates obtained by the branch registered in the Commercial Register No. (2050056938)				
License	Registration No.	Date of Issuance	Expiry date	Issuing Entity
Contribution Certificate to the Eastern Region Chamber	295967	12/03/1442H	21/01/1447H	Eastern Region Chamber
Social insurance certificate	54137993	11/10/1444H	10/11/1444H	General Organization for Social Insurance
Civil Defense license	3-000600827-44	21/04/1444H	21/04/1445H	Civil Defense
Saudization certificate	416714-64646843	21/10/1444H	22/01/1445H	Ministry of Human Resource and Social Development

Source: The Company

### 3-13 Trademarks and Intellectual Property

Table (20): Trademark registration details

Owning Company	Registration No.	Category	Country of Registration	Beginning of Protection	End of Protection	Trademark
Riyal Investment and Development Company	1444002085	39	Kingdom of Saudi Arabia	11/01/1444H	10/01/1454H	

Source: Trademark Registration Certificate.

The Company obtained a trademark registration certificate from the Saudi Authority for Intellectual Property, stating that the trademark registration has been accepted and that Riyal Investment and Development Company is the owner of the above-mentioned trademark. The Company does not own any trademark other than the one mentioned above. The Company has not entered into any licensing agreement to use its trademark above for any other party, whether inside or outside the Kingdom. In addition to that, it does not have any license to use the trademarks of foreign companies on the Company's publications or marketing brochures inside the Kingdom.

## 3-14 Employees and Saudization

### 3-14-1 Employees

The number of the Company's employees as of December 31, 2022G was (122) employees, including (32) Saudi employees and (90) non-Saudi employees. The table below shows the number of the Company employees distributed according to departments:

Table (21): Company employees in the according to the main departments

Department	2021			2022		
	Saudis	Non-Saudis	Total	Saudis	Non-Saudis	Total
Financial Department	9	10	19	7	10	17
Quality System Department	-	2	2	1	2	3
Maintenance and Services Department	7	64	71	7	66	73
Marketing and Sales Department	2	6	8	4	6	10
Human Resources and Administrative Affairs Department	15	4	19	13	6	19
Other	-	-	-	-	-	-
<b>Total</b>	<b>33</b>	<b>86</b>	<b>119</b>	<b>32</b>	<b>90</b>	<b>122</b>

Source: The Company

### 3-14-2 Saudization

The Saudization program "**Nitaqat**" was approved pursuant to the Minister of Labor Resolution No. (4040) dated 12/10/1432H (corresponding to 10/09/2011G), based on Cabinet Resolution No. (50) dated 21/05/1415H (corresponding to 27/10/1994G), The Nitaqat program was implemented on 12/10/1432H (corresponding to 10/09/2011G). The Ministry of Human Resources and Social Development has started implementing the Nitaqat program to encourage institutions to hire Saudi nationals. Through the program, the performance of any company is evaluated based on specific classes "**Nitaqat**", which include: the platinum range, the green range (divided into sub-categories, ie: low, medium, and high), yellow and red ranges. Companies that are within the platinum or green band are considered to have fulfilled the requirements of Saudization, and therefore are entitled to a number of benefits, such as enabling non-Saudi workers to obtain and renew work visas or change their professions (except for professions reserved exclusively for Saudi citizens). With regard to companies that are in a position below the yellow range or in the red range (depending on the extent to which they do not comply with the specified

requirements), they are considered to have violated the requirements of Saudization, and may be subject to some penal measures, for example limiting their ability to renew work visas for foreign employees or obtain new work visas.

It is worth noting that there are no workers, whether Saudis or non-Saudis, who are not registered under the Company's name, and the Company's domains (Nitaqat) were classified according to its affiliated branches as follows:

- The Company's branch registered in Commercial Register No. (2050050531) is committed to achieving the required Saudization rate and is classified in the low green range.
- The Company's branch registered in Commercial Register No. (2050056938) is committed to achieving the required Saudization rate and is classified in the medium green range.

The Board of Directors of the company declares that there is no intention to make any fundamental change to the nature of the Company's activity.

The Board also declares that the Company does not have any commercial activity or any assets outside the Kingdom as of the date of this Prospectus. The Company also does not have any specific or written policy regarding research and development of new products.

### **3-15 Business Interruption**

The Company's Board of Directors declares that there has been no interruption in the Company's business that could affect or have had a noticeable impact on the Company's financial position during the last twelve (12) months.



# Ownership Structure and Organization Structure

Prospectus of Riyal Investment and Development Company



## 4- Ownership Structure and Organization Structure

### 4-1 Ownership Structure Before and After the offering

The Company's current capital is (80,000,000) Eighty million Saudi Riyals, divided into (8,000,000) Eight million ordinary shares full paid, at a nominal value of (10) ten Saudi Riyals per share. The following table lists The Company's ownership structure before and after the Offering:

Table (22): The Company's ownership structure before and after the Offering

Shareholder	Before the Offering			After the Offering		
	Direct Ownership		Indirect Ownership	Direct Ownership		Indirect Ownership
	No. of Shares	Ownership <sup>(1)</sup>	Ownership <sup>(1)</sup>	No. of Shares	Ownership <sup>(1)</sup>	Ownership <sup>(1)</sup>
1 Tariq Abdulhadi Abdullah Al-Qahtani	1,042,045	13.03%	-	945,160	11.81%	-
2 Salah Abdulhadi Abdullah Al-Qahtani	1,042,045	13.03%	-	945,160	11.81%	-
3 Abdullah Abdulhadi Abdullah Al-Qahtani	1,042,045	13.03%	-	945,160	11.81%	-
4 Haifa Saleh Hamad Al-Sugair	521,023	6.51%	-	472,580	5.91%	-
5 Shams Abdulhadi Abdullah Al-Qahtani	521,023	6.51%	-	472,580	5.91%	-
6 Mai Abdulhadi Abdullah Al-Qahtani	521,023	6.51%	-	472,580	5.91%	-
7 Duha Abdulhadi Abdullah Al-Qahtani	521,023	6.51%	-	472,580	5.91%	-
8 Gian Al-Andalus Co., Ltd	396,000	4.95%	-	360,360	4.50%	-
9 Al-Nahdi Holding Company Limited	366,000	4.58%	-	333,060	4.16%	-
10 Abdullah Abdulaziz Al-Rajhi and Sons Holding Company	258,000	3.23%	-	234,780	2.93%	-

Shareholder	Before the Offering			After the Offering			
	Direct Ownership		Indirect Ownership	Direct Ownership		Indirect Ownership	
	No. of Shares	Ownership <sup>(1)</sup>	Ownership <sup>(1)</sup>	No. of Shares	Ownership <sup>(1)</sup>	Ownership <sup>(1)</sup>	
11	Al-Rajhi Company for Supporting Commercial Services	168,000	2.10%	-	152,880	1.91%	-
12	Alkhayar Alwaed Investment Company	162,000	2.03%	-	147,420	1.84%	-
13	Yasser Hamad Al-Suhaim	159,000	1.99%	-	144,690	1.81%	-
14	Abdulaziz Hamad Al-Mishaal	97,515	1.22%	-	88,739	1.11%	-
15	Hamid Atiyatullah Al-Qariqri	75,000	0.94%	-	68,250	0.85%	-
16	Al-Riyadah Holding Company	66,000	0.83%	-	60,060	0.75%	-
17	Turki Musleh Al-Enezi	63,000	0.79%	-	57,330	0.72%	-
18	Ahmed Saud Ghouth	63,000	0.79%	-	57,330	0.72%	-
19	Abdullah Mohammed Al-Muhanna	63,000	0.79%	-	57,330	0.72%	-
20	Faleh Zaal Al-Enezi	60,000	0.75%	-	54,600	0.68%	-
21	Abdullatif Khaled Al Melhem	48,000	0.60%	-	43,680	0.55%	-
22	Suleiman Hamad Al-Bazai	39,000	0.49%	-	35,490	0.44%	-
23	Monther Mohammed Al-Sarei	36,000	0.45%	-	32,760	0.41%	-
24	Abdulaziz Abdul Karim El Kherejji	33,000	0.41%	-	30,030	0.38%	-
25	Lina Khaled Al Melhem	33,000	0.41%	-	30,030	0.38%	-
26	Hassan Ali Al-Sairafi	33,000	0.41%	-	30,030	0.38%	-
27	Mouafaq Zaal Al-Enezi	33,000	0.41%	-	30,030	0.38%	-

Shareholder	Before the Offering			After the Offering			
	Direct Ownership		Indirect Ownership	Direct Ownership		Indirect Ownership	
	No. of Shares	Ownership <sup>(1)</sup>	Ownership <sup>(1)</sup>	No. of Shares	Ownership <sup>(1)</sup>	Ownership <sup>(1)</sup>	
28	Mohammed Abdulaziz Aldukheil (2)	32,258	0.40%	-	29,354	0.37%	0.2%
29	Fama Holding Group Company	30,000	0.38%	-	27,300	0.34%	-
30	Abdul Rahman Abdullah Al-Nahdi <sup>(3)</sup>	26,000	0.33%	0.092%	23,060	0.30%	0.083%
31	Khaled Nasser Abdul Rahman Al-Muammar	24,000	0.30%	-	21,840	0.27%	-
32	Mohammed Ibrahim Al-Tuwaijri	24,000	0.30%	-	21,840	0.27%	-
33	Abdulaziz Abdullah Al-Olayan	24,000	0.30%	-	21,840	0.27%	-
34	Abdullatif Abdulaziz Al-Hamidi	18,000	0.23%	-	16,380	0.20%	-
35	Omar Mohammed Al-Amoudi	18,000	0.23%	-	16,380	0.20%	-
36	Muaz Mohammed Tuman	18,000	0.23%	-	16,380	0.20%	-
37	Saeed Saleh Al-Ghamdi	15,000	0.19%	-	13,650	0.17%	-
38	Abdullah Ibrahim Al-Yahya	15,000	0.19%	-	13,650	0.17%	-
39	Majed Suleiman Al-Nafi <sup>(4)</sup>	15,000	0.19%	0.034%	13,650	0.17%	0.031%
40	Nawaf Saeed Al-Qahtani	15,000	0.19%	-	13,650	0.17%	-
41	Nayef Saleh Al-Hanaki	15,000	0.19%	-	13,650	0.17%	-
42	Ali Hassan Bahmid	12,000	0.15%	-	10,920	0.14%	-
43	Wael Saad Al-Rashed	12,000	0.15%	-	10,920	0.14%	-
44	Mohammed Ziyad Al-Kharboush	12,000	0.15%	-	10,920	0.14%	-

Shareholder	Before the Offering			After the Offering			
	Direct Ownership		Indirect Ownership	Direct Ownership		Indirect Ownership	
	No. of Shares	Ownership <sup>(1)</sup>	Ownership <sup>(1)</sup>	No. of Shares	Ownership <sup>(1)</sup>	Ownership <sup>(1)</sup>	
45	Moaz Abdulaziz Al-Hazimi	12,000	0.15%	-	10,920	0.14%	-
46	Faisal Abdullah Al-Shalali	12,000	0.15%	-	10,920	0.14%	-
47	Abdullah Nasser bin Ghaith	9,000	0.11%	-	8,190	0.10%	-
48	Hesah Saleh Al-Mahmoud	9,000	0.11%	-	8,190	0.10%	-
49	Hassan Abdulhadi Al-Mulla	9,000	0.11%	-	8,190	0.10%	-
50	Jumaah Hussein Al-Enezi	9,000	0.11%	-	8,190	0.10%	-
51	Ahmed Saud Al-Sahli	6,000	0.08%	-	5,460	0.07%	-
52	Hassan Talal Baeshen	6,000	0.08%	-	5,460	0.07%	-
53	Noura Abdul Rahman Al-Qasim	6,000	0.08%	-	5,460	0.07%	-
54	Abdul Rahman Wael Al-Rashed	6,000	0.08%	-	5,460	0.07%	-
55	Abdulaziz Wael Al-Rashed	6,000	0.08%	-	5,460	0.07%	-
56	Youssef Wael Al-Rashed	6,000	0.08%	-	5,460	0.07%	-
57	Mohammed Saeed Al-Aali	6,000	0.08%	-	5,460	0.07%	-
58	Sarah Nasser Al-Rashed	6,000	0.08%	-	5,460	0.07%	-
59	Shaaan Othman Al Shaalan	6,000	0.08%	-	5,460	0.07%	-
60	Sarah Abdullah Al-Obaid	6,000	0.08%	-	5,460	0.07%	-

Shareholder	Before the Offering			After the Offering			
	Direct Ownership		Indirect Ownership	Direct Ownership		Indirect Ownership	
	No. of Shares	Ownership <sup>(1)</sup>	Ownership <sup>(1)</sup>	No. of Shares	Ownership <sup>(1)</sup>	Ownership <sup>(1)</sup>	
61	Mohammed Ibrahim Al-Anqari	6,000	0.08%	-	5,460	0.07%	-
62	Nasser Hamad Al-Majid	6,000	0.08%	-	5,460	0.07%	-
63	Abdullah Suleiman Al-Luhaidan	6,000	0.08%	-	5,460	0.07%	-
64	Majid Abdullah Al-Taliyan	6,000	0.08%	-	5,460	0.07%	-
65	Baqer Abdul Karim Al-Kazem	3,000	0.04%	-	2,730	0.03%	-
66	Sultana Sami Al-Subhi	3,000	0.04%	-	2,730	0.03%	-
67	Saad Wael Al-Rashed	3,000	0.04%	-	2,730	0.03%	-
68	Ali Fawzi Al Saleh	3,000	0.04%	-	2,730	0.03%	-
69	Razan Wael Al-Rashed	3,000	0.04%	-	2,730	0.03%	-
70	Abdullah Abdulaziz Al-Suwailem	3,000	0.04%	-	2,730	0.03%	-
71	Siraj Saeed Al-Aali	3,000	0.04%	-	2,730	0.03%	-
72	Ashraf Wadei Kabli	3,000	0.04%	-	2,730	0.03%	-
73	Omar Wael Al-Rashed	3,000	0.04%	-	2,730	0.03%	-
74	Maher Hamad Al-Shniber	3,000	0.04%	-	2,730	0.03%	-
75	Omar Mohammed Al-Manea	3,000	0.04%	-	2,730	0.03%	-
76	Salman Abdulaziz Aldukheil	3,000	0.04%	-	2,730	0.03%	-
77	Adel Mohammed Al Ahmed	3,000	0.04%	-	2,730	0.03%	-
78	Sami Mohammed Al Shaiban	3,000	0.04%	-	2,730	0.03%	-

Shareholder	Before the Offering			After the Offering			
	Direct Ownership		Indirect Ownership	Direct Ownership		Indirect Ownership	
	No. of Shares	Ownership <sup>(1)</sup>	Ownership <sup>(1)</sup>	No. of Shares	Ownership <sup>(1)</sup>	Ownership <sup>(1)</sup>	
79	Faisal Turki Al-Quraini	3,000	0.04%	-	2,730	0.03%	-
80	Wafaa Mohammed Al-Essa	3,000	0.04%	-	2,730	0.03%	-
81	Saad Ibrahim Al-Sakran	3,000	0.04%	-	2,730	0.03%	-
82	Eman Abdullah Al-Obaid	3,000	0.04%	-	2,730	0.03%	-
83	Salman Abdulaziz Al-Suwaid	3,000	0.04%	-	2,730	0.03%	-
84	Abdul Hameed Abdullah Al-Durahim	3,000	0.04%	-	2,730	0.03%	-
85	Yazid Saleh Ad-Dawish	3,000	0.04%	-	2,730	0.03%	-
86	Nora Mohammed Al-Nuwaiser	3,000	0.04%	-	2,730	0.03%	-
87	Nayef Adel Bouaisha	3,000	0.04%	-	2,730	0.03%	-
88	Aldukheil Financial Group	-	-	-	15,507	0.19%	-
89	qualified investors	-	-	-	720,000	9.00%	-
<b>Total</b>		<b>8,000,000</b>	<b>100%</b>	<b>0.126%</b>	<b>8,000,000</b>	<b>100%</b>	<b>0.134%</b>

(1) Ownership percentages are approximate.

(2) After the Offering, Mohammed Abdulaziz Aldukheil will indirectly own 0.2% of the shares of Riyal Investment and Development Company, as a result of his ownership of 100% of Aldukheil Financial Group Company "The Financial Advisor", of which (15,507) shares will be allocated of Substantial shareholders for its benefit as part of the fees and charges of the Financial Advisor. Noting that shareholder Mohammed Abdulaziz Aldukheil owns 0.40% of the Company's shares directly before the Offering, and will own 0.37% of the Company's shares directly after the Offering.

(3) Abdul Rahman Al-Nahdi owns 0.33% of the Company's shares directly before the Offering, and after the Offering,

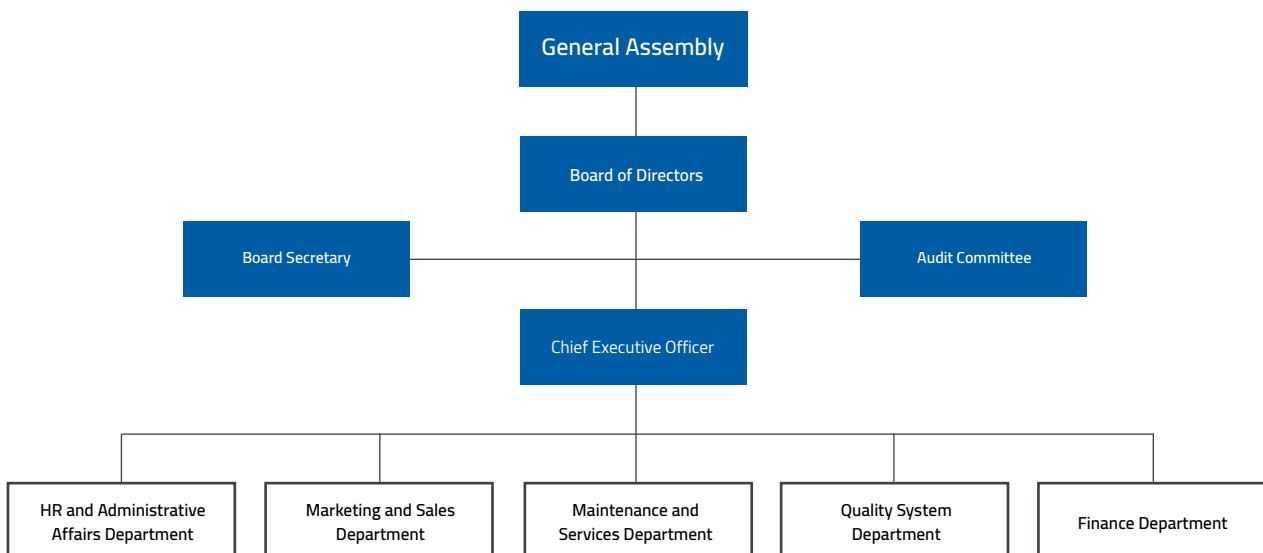
he will own 0.30% of the Company's shares directly, and in addition to his direct ownership, Abdul Rahman Al-Nahdi owns 0.092% of the Company's shares before the Offering indirectly, as a result of his full ownership of Areeb Al-Oula Trading Company, which owns 2% of Al-Nahdi Holding Company Limited, which owns 4.58% of the shares of Riyal Investment and Development Company before the Offering, after the Offering, he will indirectly own 0.083% of the shares of Riyal Investment Company.

(4) Majed Al-Nafie directly owns 0.19% of the Company’s shares before the Offering, and after the Offering, he will own 0.17% of the Company’s shares directly, and in addition to his direct ownership, Majed Al-Nafi owns 0.034% of the Company’s shares before the Offering indirectly, as a result of his ownership of 4.18% of the shares of Al-Riyada Holding Company, which owns 0.83% of the shares of Riyal Investment and Development Company before the Offering. After the Offering, he will indirectly own 0.031% of the shares of Riyal Investment Company.

## 4-2 Organization Structure

The following figure shows the organizational structure of Riyal Investment and Development Company:

Figure 1: the organizational structure of Riyal Investment and Development Company



### 4-3 Board Members and Secretary

The Company is managed by a Board of Directors consisting of (6) six members elected by the General Assembly of Shareholders for a period not exceeding of (3) three years. The Board Members were appointed by the transformational assembly that was held on 06/11/1443H (corresponding to 05/06/2022G), for a period of five years. The following table shows the Board Members and the Secretary of the Board:

Table (23) Members of the Board of Directors and Secretary of the Board

Name	Position	Membership Status	Independence	Nationality	Age	Number of Shares		Ownership Percentage <sup>(1)</sup>		Membership Date <sup>(2)</sup>
						Before Offering	Post Offering	Before Offering	Post Offering	
Tariq Abdulhadi Abdullah Al-Qahtani	Chairman of the Board of Directors	Non-executive	Non-independent	Saudi	56	1,042,045	945,160	13.03%	11.81%	05/06/2022G
Salah Abdulhadi Abdullah Al-Qahtani	Vice Chairman of the Board	Non-executive	Non-independent	Saudi	51	1,042,045	945,160	13.03%	11.81%	05/06/2022G
Shams Abdulhadi Abdullah Al-Qahtani	Member of the Board of Directors	Non-executive	Non-independent	Saudi	49	521,023	472,580	6.51%	5.91%	05/06/2022G
Dhuha Abdulhadi Abdullah Al-Qahtani	Member of the Board of Directors	Non-executive	Non-independent	Saudi	44	521,023	472,580	6.51%	5.91%	05/06/2022G
Khaled Nasser Abdul Rahman Al-Muammar	Member of the Board of Directors and Chairman of the Audit Committee	Non-executive	Independent	Saudi	52	24,000	21,840	0.30%	0.27%	05/06/2022G
Salah Mohammed Ibrahim Al-Jabr	Member of the Board of Directors	Non-executive	Independent	Saudi	57	-	-	-	-	05/06/2022G
Secretary of the Board of Directors										
Abdul Rahman Suleiman Al-Kahlan	Board Secretary	Non-executive	-	Saudi	27	-	-	-	-	01/07/2022G



(1) The ownership percentages mentioned in the table are approximate.

(1) There is no indirect ownership of the members of the Board of Directors as of the date of this Prospectus.

(2) The dates mentioned in this table are the dates of appointment to the current positions mentioned in the same table. Biographies of the members of the Board indicate the date of the beginning of their appointment in the Company, whether in the Board or in any other position prior to these positions (for more information, please see Section No. (4-6) “**Biographies of the members of the Board of Directors and the Board Secretary**” in this Prospectus).

## 4-4 Board of Directors

Riyal Investment and Development Company is managed by a Board of Directors consisting of (6) members elected by the ordinary general assembly of shareholders for a period not to exceed (3) three years, and members of the Board of Directors may be re-elected. The term of membership of the first Board of Directors starts from the date of issuing the ministerial resolution announcing the transformation of the Company into a closed joint stock company. With the exception of that, the transformational general assembly appoints the first Board of Directors for a period of (5) five years. The Board Members were appointed by the Company’s transformational general assembly, which was held on 06/11/1443H (corresponding to 05/06/2022G) for a period of five (5) years.

### 4-4-1 Responsibilities of the Chairman and Vice Chairman

- The Chairman of the Board of Directors shall have the power to invite the Board to a meeting and to preside over meetings of the Board and general assemblies of shareholders.
- The Chairman of the Board of Directors (or the Vice Chairman in the absence of the Chairman of the Board of Directors) shall have the power to:
  - Appoint the members of the Board of Directors and grant them powers in relation to all the Company’s business.
  - Manage the daily business of the Company within the limits of the powers granted to them, implement the instructions issued by the Board of Directors, and submit periodic reports thereon to the board.
  - Represent the Company inside and outside the Kingdom in its relations with others and before all courts, bodies, judicial committees and all government agencies.
  - Sign the Article of Association of companies in which the Company participates and sign all kinds of agreements, contracts, documents, and amendments appendices.

## 4-5 Responsibilities of the Board of Directors

Taking into account the powers prescribed for the General Assembly, the Board Members shall have the widest powers and authorities in managing the Company and supervising the management, the implementation of its business and the conducting of its affairs. Briefly, the role of the Company's Board of Directors is to set general strategies, policies, main plans, and financial objectives for the Company's business, to appoint the Company's executive managers, and to endorse all financial reserves and budgets. In addition, the Board Members protect the interests of shareholders by ensuring full compliance with all laws and regulations in effect in the Kingdom in accordance with the Articles of Association and the corporate governance system.

## 4-6 Biographies of the Board Members and the Secretary

Following is a summary of the biographies of the Board Members and the Secretary of the Board:

Table (24): Biography of Tariq Abdulhadi Abdullah Al-Qahtani

Tariq Abdulhadi Abdullah Al-Qahtani	
Nationality	Saudi
Age	58 years
Position	Chairman of the Board of Directors
Qualifications	<ul style="list-style-type: none"> <li>• He holds a bachelor's degree in global economics from Helwan University in Egypt in 2012G.</li> <li>• Holds several specialized training certificates in marketing policies, investment feasibility studies and corporate restructuring from Eckerd College in Florida, USA between 1984G and 1986G</li> </ul>

### Tariq Abdulhadi Abdullah Al-Qahtani

#### Practical experiences

- Chairman of the Board of Directors of Group Five Pipes Company, Dammam, from 2021G until the date of this Prospectus.
- Authorized Director of Al-Qahtani Education and Training Company, Dammam, from 2016G until the date of this Prospectus.
- Authorized Director of the Wells and Pipelines Operation and Maintenance Services Company, Dammam, from 2015G until the date of this Prospectus.
- Chairman of the Board of Directors of the Saudi side in the Saudi Japanese Business Council, Riyadh, Kingdom of Saudi Arabia, from 2014G until the date of this Prospectus.
- Chairman of the Board of Directors of the Saudi Arabian Valoric Company, Dammam, from 2014G until the date of this Prospectus.
- Partner and Authorized Director in Hadab Real Estate Company, Dammam, from 2014G until the date of this Prospectus.
- Member of the Board of Directors of the Arab Company for Metals and Chemicals in Dammam since 2014G
- General Manager at Eradat Transportation Company, Dammam, from 1993G until 2021G.
- Chairman of the Board of Directors of Izar Brokerage Company in the insurance business in the city of Dammam since 2012 until the date of this Prospectus.
- Chairman of the Board of Directors of VALLOUREC Al-Qahtani Company in Dammam, since 2010G until the date of this Prospectus.
- Partner and Executive Director in the South Gas Factory Company, Dammam, from 2010G until the date of this Prospectus.
- Partner and Executive Director of the Hijaz Water Company in Dammam since 2010G until the date of this Prospectus.
- Chairman of the Board of Directors of Al-Qahtani Pipe Coating Industry Company in Dammam since 2009G until the date of this Prospectus.
- Member of the Board of Directors of the Educational Services Company in Dammam, from 2009G until the date of this Prospectus.
- Chairman of the Board of Directors of the Arab Company for Projects and Maintenance in the city of Dammam since 2004G until the date of this Prospectus.
- Partner and Executive Director of Abdulhadi Abdullah Al-Qahtani & Sons Company in Dammam since 1995G until the date of this Prospectus.
- Partner and Executive Director of Al-Qahtani Factory for Galvanized Nails and Wires in Dammam, since 1995G until the date of this Prospectus
- Partner and Executive Director of the Arab Company for Commercial Services Ltd. in Dammam since 1995G until the date of this Prospectus.
- Executive Director of Al-Qahtani Machinery and Equipment Company in Dammam, from 1995G until the date of this Prospectus.
- Partner and Executive Director of Al-Qahtani Chemicals Company in Dammam since 1995G until the date of this Prospectus.
- Partner in Al-Qahtani Construction and Development Company, from 2015G until the date of this prospectus.
- Partner in the Commercial Revenue Corporation, from 1997G until the date of this prospectus.
- Chairman of the Board of Directors at Al-Qahtani PCK Pipes Company, Dammam, from 2013G until 2022G.
- Chairman of the Saudi side of the Saudi-Swiss Business Council, Riyadh, Kingdom of Saudi Arabia, from 2012G until 2016G.
- Chairman of the Saudi Side Council in the Saudi-Russian Business Council, Riyadh, Kingdom of Saudi Arabia, from 2005G until 2012G.
- Chairman of the Board of Directors of the Saudi side in the Saudi-Spanish Business Council, Riyadh, Kingdom of Saudi Arabia, from 2005G until 2012G.
- Chairman of the Saudi side of the Saudi-British Business Council, Riyadh, Kingdom of Saudi Arabia, from 2005G until 2012G.

Table (25): Biography of Salah Abdulhadi Abdullah Al-Qahtani

<b>Salah Abdulhadi Abdullah Al-Qahtani</b>	
Nationality	Saudi
Age	54 years
Position	Vice Chairman of the Board
Qualifications	<ul style="list-style-type: none"> <li>• He holds a bachelor's degree in business administration from the University of Houston, Texas, USA, in 1995G.</li> </ul>
Practical experiences	<ul style="list-style-type: none"> <li>• Chairman of the Saudi side of the Saudi-Swiss Business Council in Riyadh, from 2018G until the date of this Prospectus.</li> <li>• Vice Chairman and Managing Director of Group Five Saudi Pipes Company in Dammam, from 2021G until the date of this Prospectus.</li> <li>• Member of the Board of Directors of KCA Duotag Gulf Drilling Company in Dammam, from 2018G until the date of this Prospectus.</li> <li>• Member of the Board of Directors of Izar Brokerage Company in the insurance business in Dammam from 2012G until the date of this Prospectus.</li> <li>• Member of the Board of Directors of Al-Qahtani PCK Pipes Company in Dammam, from 2012G until the date of this Prospectus.</li> <li>• Vice Chairman of the Board of Directors of Al-Qahtani Company for Pipe Packaging Industry in Dammam, from 2009G until the date of this Prospectus.</li> <li>• Managing Director of Al-Hijaz Cartons Factory in Riyadh, from 1995G until the date of this Prospectus.</li> <li>• Partner in the Lines and Pipelines Liquids Chemicals Company, from 2015G until the date of this Prospectus.</li> <li>• Partner in Al-Qahtani Construction and Development Company, from 2015G until the date of this Prospectus.</li> <li>• Partner in the Arab Commercial Services Company since 1995G until the date of this Prospectus.</li> <li>• CEO of Group Five Company in Dammam, from 2015G until 2021G.</li> <li>• Member of the Board of Directors of the Eastern Region's Chamber in Dammam, from 2018G until 2021G.</li> <li>• Member of the Board of Directors of Dana Gas Company in the United Arab Emirates, from 2016G to 2019G.</li> <li>• Member of the Board of Directors of Delma Energy Company, from 2007G to 2018G.</li> <li>• Executive Director of Delma Gulf Drilling Company in Dammam, from 2009G until 2018G.</li> <li>• Member of the Board of Directors of Merchant Bridge Financial Company (bank) in the United Kingdom, from 2006G to 2016G</li> <li>• Chairman of the Saudi side of the Saudi-Swiss Business Council in Riyadh, from 2007G to 2012G</li> <li>• Vice-Chairman of the Saudi side of the Saudi-Italian Business Council in Riyadh, from 2005G to 2012G.</li> </ul>

Table (26): Biography of Shams Abdulhadi Abdullah Al-Qahtani

Shams Abdulhadi Abdullah Al-Qahtani	
Nationality	Saudi
Age	51 years
Position	Board Member
Qualifications	<ul style="list-style-type: none"> <li>• She holds a bachelor's degree in chemistry from the University of Dammam in Dammam, 1994.</li> </ul>
Practical experiences	<ul style="list-style-type: none"> <li>• Member of the Board of Directors of Riyal Investment and Development Company in Dammam, from 2022G until the date of this Prospectus.</li> <li>• Partner in Abdulhadi Abdullah Al-Qahtani &amp; Sons Company, from 1994G until the date of this Prospectus.</li> <li>• Partner in Al-Qahtani Pipe Packaging Company, from 1994G until the date of this Prospectus.</li> <li>• Partner in Abdulhadi Abdullah Al-Jadhei and Partners Company, from 1994G until the date of this Prospectus.</li> <li>• Partner in Al-Qahtani Machinery and Equipment Company, from 2009G until the date of this Prospectus.</li> <li>• Partner in Tariq Abdulhadi Al-Qahtani &amp; Brothers Company, from 2009G until the date of this Prospectus.</li> <li>• Partner in the Saudi Group Five Pipes Company, from 2021G until the date of this Prospectus.</li> <li>• Partner in Al-Qahtani Galvanized Nails and Wire Factory, from 1994G until the date of this Prospectus.</li> <li>• Partner in the South Gases Factory Company, from 2009 until the date of this Prospectus.</li> <li>• Partner in Al Jazeera Water Company, from 2010G until the date of this Prospectus.</li> <li>• Partner in the Hijaz Water Company, from 2007G until the date of this Prospectus.</li> <li>• Partner in the Arab Commercial Services Company, from 1994G until the date of this Prospectus.</li> <li>• Partner in the Pipeline Liquids Chemicals Company, from 2010G until the date of this Prospectus.</li> <li>• Partner in Hadab Real Estate Company, from 2010G until the date of this Prospectus.</li> <li>• Partner in Izar Brokerage Company in the insurance business in Dammam, from 2012G until the date of this Prospectus.</li> <li>• Partner in Al-Qahtani Construction and Development Company, from 2011G until the date of this Prospectus.</li> <li>• Partner in Al-Qahtani Education and Training Company, from 2014G until the date of this Prospectus.</li> <li>• Partner in the Arab Metals and Chemicals Company, from 1994G until the date of this Prospectus.</li> </ul>

Table (27): Biography of Dhuha Abdulhadi Abdullah AlQahtani

Dhuha Abdulhadi Abdullah AlQahtani	
Nationality	Saudi
Age	46 years
Position	Board Member
Qualifications	<ul style="list-style-type: none"> <li>• Holds a bachelor's degree in business administration from King Faisal University in Hofuf, 2017G.</li> <li>• Obtained a diploma in jewelry design from the American Institute of Gemological Sciences, California, in 2008G.</li> </ul>
Practical experiences	<ul style="list-style-type: none"> <li>• Member of the Board of Directors of Riyal Investment and Development Company in Dammam, from 2022G until the date of this Prospectus.</li> <li>• General Manager of the Kingdom of Gems Foundation in the city of Dammam, from 2000G until the date of this Prospectus.</li> <li>• Partner in Abdulhadi Abdullah Al-Qahtani &amp; Sons Company, from 1994G until the date of this Prospectus.</li> <li>• Partner in Al-Qahtani Pipe Packaging Company, from 1994G until the date of this Prospectus.</li> <li>• Partner in Abdulhadi Abdullah Al-Jadhei and Partners Company, from 1994G until the date of this Prospectus.</li> <li>• Partner in Al-Qahtani Machinery and Equipment Company, from 2009G until the date of this Prospectus.</li> <li>• Partner in Tariq Abdulhadi Al-Qahtani &amp; Brothers Company, from 2009G until the date of this Prospectus.</li> <li>• Partner in the Saudi Group Five Pipes Company, from 2021G until the date of this Prospectus.</li> <li>• Partner in Al-Qahtani Galvanized Nails and Wire Factory, from 1994G until the date of this Prospectus.</li> <li>• Partner in the South Gases Factory Company, from 2009G until the date of this Prospectus.</li> <li>• Partner in Al Jazeera Water Company, from 2010G until the date of this Prospectus.</li> <li>• Partner in the Hijaz Water Company, from 2007G until the date of this Prospectus.</li> <li>• Partner in the Arab Commercial Services Company, from 1994G until the date of this Prospectus.</li> <li>• Partner in the Pipeline Liquids Chemicals Company, from 2010G until the date of this Prospectus.</li> <li>• Partner in Hadab Real Estate Company, from 2010G until the date of this Prospectus.</li> <li>• Partner in Izar Brokerage Company in the insurance business in Dammam, from 2012G until the date of this Prospectus.</li> <li>• Partner in Al-Qahtani Construction and Development Company, from 2011G until the date of this Prospectus.</li> <li>• Partner in Al-Qahtani Education and Training Company, from 2014G until the date of this Prospectus.</li> <li>• Partner in the Arab Metals and Chemicals Company, from 1994G until the date of this Prospectus.</li> </ul>

Table (28): Biography of Khaled Nasser Abdul Rahman Al-Muammar

Khaled Nasser Abdul Rahman Al-Muammar	
Nationality	Saudi
Age	54 years
Position	Board Member
Qualifications	<ul style="list-style-type: none"> <li>• Holds a bachelor's degree in accounting sciences from King Fahd University of Petroleum and Minerals in Dammam in 1994G.</li> </ul>
Practical experiences	<ul style="list-style-type: none"> <li>• Member of the Board of Directors of Riyal Investment and Development Company in Dammam, from 2022G until the date of this Prospectus.</li> <li>• Member of the Board of Directors of Al Jazeera Agencies Company in Riyadh from 2021G until the date of this Prospectus.</li> <li>• Member of the Board of Directors and Chairman of the Remuneration and Nominations Committee at Takween Advanced Industries Company in Riyadh, from 2016G until the date of this Prospectus.</li> <li>• Member of the Audit Committee at the Gulf Union Insurance Company in Riyadh from 2012G until 2022G.</li> <li>• Member of the Board of Directors of the Advanced Petrochemical Company, Jubail, from 2010G until 2022G.</li> <li>• General Manager of Financing Medium Enterprises and Small and Medium Enterprises at SABB Bank in Riyadh from 2019G until 2021G.</li> <li>• Member of the Board of Directors of the National Company for Development and Agriculture (NADEC) in Riyadh from 2018G until 2019G.</li> <li>• Member of the Board of Directors and Chairman of the Remuneration and Nominations Committee at the Middle East Specialized Cables Company in Riyadh from 2018G until 2019G.</li> <li>• General Manager of Corporate Finance at Alawwal Bank in Riyadh, from 2018G until 2019G.</li> <li>• Managing Director and CEO of Alawwal Investment Company in Riyadh, from 2012G until 2018G.</li> <li>• General Manager of the Eastern Region at Alawwal Bank in Al-Khobar, from 2008G until 2012G.</li> <li>• Head of Corporate Banking Services at Alawwal Bank in Al-Khobar from 2007G to 2008G.</li> <li>• Director of the Corporate Banking Department at Alawwal Bank in Al-Khobar from 2000G to 2007G.</li> <li>• Senior Auditor at Arthur Anderson and Partners Company in Al-Khobar from 1997G to 2000G.</li> <li>• Relationship Manager at Banque Saudi Fransi in Al-Khobar from 1995G to 1997G.</li> </ul>

Table (29): Biography of Salah Muhammad Ibrahim Al-Jabr

Salah Muhammad Ibrahim Al-Jabr	
Nationality	Saudi
Age	59 years
Position	Board Member
Qualifications	<ul style="list-style-type: none"> <li>High school Certificate from the Kingdom of Saudi Arabia. He also attended several professional training courses in law, finance and management studies from Seattle, USA 1982G-1986G.</li> </ul>
Practical experiences	<ul style="list-style-type: none"> <li>Member of the Board of Directors of Riyal Investment and Development Company in Dammam, from 2022G until the date of this Prospectus.</li> <li>Advisor to the Chief Executive Officer at Walaa Insurance Company in Riyadh from 2021G to 2022G.</li> <li>Chief Operations Officer at Walaa Insurance Company in Riyadh from 2017G until 2021G.</li> <li>Head of the Finance Committee of the Eastern Region Chamber in Dammam from 2017G until 2019G.</li> <li>Member of the Sub-Committee for Insurance Companies at the Central Bank of Saudi Arabia in Riyadh from 2015G until 2019G.</li> <li>Head of the Insurance Committee at the Eastern Region Chamber in the city of Dammam from 2010G until 2017G.</li> <li>Deputy CEO of Sales and Marketing at Walaa Insurance Company in Riyadh from 2012G until 2017G.</li> <li>Director of the Southern Region at Sanad Insurance Company in Riyadh from 2008G until 2012G.</li> <li>Director of the Southern Region at Weqaya Insurance Company in Riyadh from 2008G until 2009G.</li> <li>Manager of the Marketing and Human Resources Department at Al-Tamimi Company in Riyadh from 2005G until 2007G.</li> <li>Manager of Business Development Department at Al-Tamimi Company in Riyadh from 2003G until 2005G.</li> <li>Member of the Tourism Committee of the Eastern Region Chamber in Dammam from 2000G until 2003G.</li> <li>Executive Director at Al-Tamimi and Al-Mazroua Company in Al-Khobar, from 1997G to 2003G.</li> <li>Marketing Manager at Al-Tamimi and Al-Mazroua Company in Al-Khobar, from 1994G until 1997G.</li> <li>Manager of the Dammam branch in Al-Tamimi and Al-Mazroua Company in Al-Khobar, from 1990G until 1994G.</li> <li>Data entry employee in the Saudi Electricity Company in Dammam from 1987G until 1990G.</li> </ul>



## 4-6-1 Secretary of the Board

On 02/12/1443H (corresponding to 01/07/2022G), the Board of Directors of the Company decided to appoint Mr. Abdul Rahman Suleiman Al-Kahlan as a secretary to the Board of Directors. He is responsible for recording the minutes of the Board of Directors meetings, writing down and keeping the decisions issued of these meetings, in addition to exercising other competencies entrusted to him by the Board of Directors. Following is a summary of the biography of the Board Secretary:

Table (30): Biography of Abdul Rahman Suleiman Al-Kahlan

Abdul Rahman Suleiman Al-Kahlan	
Nationality	Saudi.
Age	27 years
Position	Board Secretary
Qualifications	<ul style="list-style-type: none"> <li>• Holds a master's degree in business administration from Prince Mohammed bin Fahd University in Al-Khobar in 2020G.</li> <li>• Holds a bachelor's degree in law from Prince Mohammed bin Fahd University in Al-Khobar in 2018G.</li> </ul>
Previous Practical experiences	<ul style="list-style-type: none"> <li>• Administrative assistant at the Dammam Model Driving School in Dammam from 2010G until 2016G.</li> </ul>
Current Positions	<ul style="list-style-type: none"> <li>• Secretary of the Board of Directors of Riyal Investment and Development Company in Dammam, from 2022G until the date of this Prospectus.</li> <li>• A legal affairs specialist at the Saudi Group Five Pipes Company in Dammam, from 2018G until the date of this Prospectus.</li> </ul>

## 4-7 Board Committees

### 4-7-1 Audit Committee

The Audit Committee was formed in accordance with Article (54) of the Corporate Governance Regulations issued by the Capital Market Authority, and the Ordinary General Assembly, in its meeting held on 02/02/1444H (corresponding to 29/08/2022G), where they agreed to form an Audit Committee and define its tasks, work controls and remuneration of its members and the term of their membership.

#### 4-7-1-1 Competencies of the Audit Committee

The Audit Committee is responsible for monitoring the Company's business, reviewing its records and documents, examining the Company's financial statements, reports and notes provided by the auditor, if any, evaluating the effectiveness of the Company's risk assessment, evaluating internal control systems, the accuracy of financial and administrative reports, reviewing management reports and information requested by regulatory authorities,

monitoring the work of the external and internal auditors, and maintaining coordination among them, ensuring compliance with the rules of financial and administrative transactions and professional conduct, expressing an opinion about them, and preparing reports on their opinion regarding the adequacy of the Company's internal control system and the work it has undertaken.

The following table shows the members of the Audit Committee:

Table (31) Members of the Audit Committee

Name	Position	Membership Status	Independence	Nationality	Age	Number of Shares	Ownership Percentage <sup>(1)</sup>		Membership Date <sup>(2)</sup>
							Before Offering	Post Offering	
Khaled Nasser Abdul Rahman Al-Muammar	Member of the Board of Directors	Non-executive	Independent	Saudi	52	24,000	0.30%	0.27%	29/08/2022G
Salah Mohammed Ibrahim Al-Jabr	Member of the Board of Directors	Non-executive	Independent	Saudi	57	-	-	-	29/08/2022G
Abdulaziz Saif bin Abdul Rahman Al-Ardhi	Audit committee member	Non-executive	-	Saudi	38	-	-	-	29/08/2022G

(1) The ownership percentages mentioned in the table are approximate.

(1) There is no indirect ownership of the members of the Audit Committee as of the date of this Prospectus.

(2) The dates mentioned in this table are the dates of appointment to the current positions mentioned in the same table. Biographies of the members of the Board indicate the date of the beginning of their appointment in the Company, whether in the Board or in any other position prior to these positions (for more information, please see Section No. (4-6) "**Biographies of the members of the Board of Directors and the Board Secretary**" in this Prospectus).

Below is the biography of the member of the audit committee:

- The biography of the Chairman of the Audit Committee, Khaled Nasser Al-Muammar, is included among the biographies of the Board Members.
- The biography of Audit Committee member Salah Mohammed Al-Jabr is included among the biographies of the Board Members.

Table (32) Biography of Abdulaziz Saif bin Abdul Rahman Al-Ardhi

Abdulaziz Saif bin Abdul Rahman Al-Ardhi	
Nationality	Saudi
Age	38 years
Position	Audit committee member
Qualifications	<ul style="list-style-type: none"> <li>• Holds a bachelor's degree in accounting from King Faisal University in Al-Ahsa Governorate in 2010G.</li> </ul>
Previous Practical experiences	<ul style="list-style-type: none"> <li>• Manager of preparing administrative reports and consolidated budget at the National Industrialization Company in Riyadh from 2013G until 2020G.</li> <li>• Financial Analyst at Ibn Zahr Company in Jubail, from 2010 to 2013.</li> </ul>
Current Positions	<ul style="list-style-type: none"> <li>• Member of the Audit Committee of the National Company for Manufacturing and Casting Metals in Jubail, from 2017G until the date of this Prospectus.</li> <li>• Manager of Finance and Accounting at the Advanced Petrochemical Company in Jubail, from 2021G until the date of this Prospectus.</li> </ul>

## 4-8 Executive Management

Table (33): Company's Executive Management

Name	Position	Nationality	Age	Date of appointment	Number of Shares	ownership in the company <sup>(1)</sup>	
						Before Offering	Post Offering
Saeed Saleh Saeed Al-Ghamdi	Chief Executive Officer	Saudi	55	22/07/2012G	-	-	-
Haris Hafeez Zahid Hafeez	Financial Manager	Pakistani	34	29/03/2022G	-	-	-
Musaad Hamad Abdullah Al-Binali	HR and Administrative Affairs Manager	Saudi	38	01/01/2020G	-	-	-
Arif Eqbal Khan	Marketing and Sales Manager	Indian	33	04/10/2020G	-	-	-
Saifuddin Mohammed	Maintenance and Services Manager	Indian	28	28/11/2021G	-	-	-
Saber Hussein Saber Zeeshan	Quality System Manager	Pakistani	47	01/02/2011G	-	-	-
Vacant*	Internal Audit Manager	-	-	-	-	-	-

Source: The Company

(1) None of the members of the executive management own any shares in the company indirectly.

\* An internal audit department will be established for the Company and a manager will be appointed for it, or this function will be outsourced to an external company and will be used to carry out internal audit work during the fourth quarter of the year 2023G.

Following is a summary of the executive management biographies:

Table (34): Biography of Saeed Saleh Saeed Al-Ghamdi - Chief Executive Officer

<b>Saeed Saleh Saeed Al-Ghamdi</b>	
Nationality	Saudi
Age	55 years
Position	Chief Executive Officer
Qualifications	<ul style="list-style-type: none"> <li>• He holds a bachelor's degree from the Social Sciences Unit from King Abdulaziz University in Jeddah, in 1992G.</li> </ul>
Previous Practical experiences	<ul style="list-style-type: none"> <li>• Deputy Executive General Manager for Financial and Administrative Affairs at Eradat Transportation Company in Dammam, from 1993G to 2000G.</li> <li>• Director of State Properties and the Planning and Development Department at the Ministry of Health in the Eastern Region, from 1985G to 1991G.</li> </ul>
Current Positions	<ul style="list-style-type: none"> <li>• Chief Executive Officer of Riyal Investment and Development Company in Dammam, from 2012G until the date of this Prospectus.</li> </ul>

Table (35): Biography of Haris Hafeez Zahid Hafeez - Manager of the Financial Department

<b>Haris Hafeez Zahid Hafeez</b>	
Nationality	Pakistani
Age	34 years
Position	Financial Manager
Qualifications	<ul style="list-style-type: none"> <li>• He holds a master's degree in business administration in 2011G.</li> </ul>
Previous Practical experiences	<ul style="list-style-type: none"> <li>• Senior Financial Analyst at Samara Company (STXT), from 2019G until 2022G.</li> <li>• Financial Controller at Medad Oilfield Services Company, from 2015G until 2019G.</li> <li>• Financial auditor at Crowe Horth in Pakistan and the United Arab Emirates, from 2012G until 2015G.</li> </ul>
Current Positions	<ul style="list-style-type: none"> <li>• Manager of Financial and Accounting Affairs at Riyal Investment and Development Company, from March 2022G until the date of this Prospectus.</li> </ul>

Table (36): Biography of Musaad Hamad Abdullah Al-Binali -Manager of Human Resources and Administrative Affairs

Musaad Hamad Abdullah Al-Binali	
Nationality	Saudi
Age	38 years
Position	HR and Administrative Affairs Manager
Qualifications	<ul style="list-style-type: none"> <li>• He holds a diploma in Human Resources Management from the Institute of Industrial Management and Information Technology in Dhahran, 2013G.</li> </ul>
Previous Practical experiences	<ul style="list-style-type: none"> <li>• Collection Supervisor and Acting Credit Manager at Atlas Industrial Equipment Company "<b>Al-Olayan</b>" from 2011G until 2019G.</li> <li>• Reception Supervisor at the Olayan Saudi Holding Company, from 2005G until 2010G.</li> </ul>
Current Positions	<ul style="list-style-type: none"> <li>• Manager of the Human Resources and Administrative Affairs Department, from 2020G until the date of this Prospectus.</li> </ul>

Table (37): Biography of Arif Eqbal Khan - Manager of Marketing and Sales Department

Arif Eqbal Khan	
Nationality	Indian
Age	33 years
Position	Marketing and Sales Manager
Qualifications	<ul style="list-style-type: none"> <li>• Holds a master's degree in business administration from Sikkim Manipal University in Gangtok, India, in 2012G.</li> <li>• Holds a bachelor's degree in business administration from Sikkim Manipal University in Gangtok, India, in 2010G.</li> </ul>
Previous Practical experiences	<ul style="list-style-type: none"> <li>• Main Account Manager in the Corporate Sales Department of Saudi Avis Company in the Kingdom of Saudi Arabia from 2016G until 2017G.</li> <li>• Sales Manager at Hanco Holding Company in Al-Khobar, from 2012G to 2015G.</li> <li>• Sales Manager at Saifi enterprise in Delhi, from 2010G until 2012G.</li> </ul>
Current Positions	<ul style="list-style-type: none"> <li>• Manager of the Marketing and Sales Department at Riyal Investment and Development Company in Dammam from 2020G until the date of this Prospectus.</li> </ul>

Tabel (38): Biography of Saifuddin Mohammed - Manager of Maintenance and Services Department

<b>Saifuddin Mohammed</b>	
Nationality	Indian
Age	28 years
Position	Maintenance and Services Manager
Qualifications	<ul style="list-style-type: none"> <li>• He holds a bachelor's degree in mechanical engineering from Birla University of Technology and Science in Dubai, in 2015G</li> </ul>
Previous Practical experiences	<ul style="list-style-type: none"> <li>• Assistant Maintenance Manager at the United International Transport Company in Al-Khobar, from 2016G until 2021G</li> </ul>
Current Positions	<ul style="list-style-type: none"> <li>• Manager of the Maintenance Services Department at the Real Investment and Development Company in Dammam, from 2021G until the date of this Prospectus.</li> </ul>

Table (39): Biography of Saber Hussein Saber Zeeshan - Quality System Manager

<b>Saber Hussein Saber Zeeshan</b>	
Nationality	Pakistani
Age	47 years
Position	Quality System Manager
Qualifications	<ul style="list-style-type: none"> <li>• Holds a bachelor's degree in accounting from the University of Punjab in Pakistan, in 1995G.</li> <li>• Holds a diploma in information technology and databases from the University of Pakistan, in 2003G.</li> </ul>
Previous Practical experiences	<ul style="list-style-type: none"> <li>• Branch manager at Zarco Exchange Company in Pakistan from 2004G to 2010G.</li> <li>• An accountant in the Travel and Business Tours Company in Pakistan, from 1999G until 2002G.</li> <li>• Assistant accountant in the Utilities Stores Company in Pakistan, from 1996G until 1999G.</li> </ul>
Current Positions	<ul style="list-style-type: none"> <li>• Manager of the Quality System Department at the Riyal Investment and Development Company in Dammam, from 2011G until the date of this Prospectus.</li> </ul>



# Dividend Distribution Policy

Prospectus of Riyal Investment and Development Company



## 5- Dividend Distribution Policy

The Shares grant their holders the right to receive the dividends declared by the Company. According to the Company's Articles of Association, any decision to distribute cash dividends must be issued by the Ordinary General Assembly based on a recommendation from the Board of Directors, which takes into account upon issuing this recommendation the various factors prevailing at the time. This includes the Company's profits and financial conditions, the restrictions that govern the process of distributing profits in accordance with financing and debt agreements, results of the Company's activities, the Company's cash needs now and in future, and the expansion plans and investment requirements for the Company.

The Company does not provide any guarantees that it will distribute dividends for any year, nor does it guarantee the value of those dividends that can be distributed in any specific year. The process of dividends distribution is subject to certain restrictions according to the Company's Articles of Association, as stipulated in Article (45) of the articles. Distribution of the Company's annual net profits after deducting all general expenses and other costs shall be as follows:

1. Ten percent (10%) of the net profits shall be set aside to form a statutory reserve, and the Ordinary General Assembly may discontinue this provisioning when the said reserve reaches (30%) thirty percent of the Company's capital.
2. The Ordinary General Assembly may, based on a proposal by the Board of Directors, set aside the whole or a certain percentage of the net profits to form a consensual reserve and allocate it for a specific purpose or purposes.
3. After that, a first payment to shareholders representing (5%) five percent of the paid-up capital shall be distributed from the remaining amount.
4. After the foregoing, (10%) ten percent of the remainder shall be allocated as a remuneration to the Board of Directors so that it does not, in all cases, exceed the maximum permissible limits in accordance with the official decisions and instructions issued by the competent authorities in this regard.
5. The remainder shall then be distributed to the shareholders as an additional share in the profits.

The shareholder shall be entitled to receive their share of dividends in accordance with a General Assembly resolution issued in this regard. The decision indicates the due date and the date of eligibility for dividends shall be for the owners of shares registered in the shareholders' records at the end of the day specified for entitlement.

Table (40): Dividends declared and paid during the fiscal years 2021G and 2022G

Item	2021G	2022G
Net profit for the year	22,422,949	19,143,621
Total retained earnings	32,186,923	49,463,077
Dividends declared during the year	-	-
Dividends paid during the year	-	-
Ratio of declared dividends to net profit	-	-

Source: The audited financial statements for the fiscal years ending on 12/31/2021G and 12/31/2022G.



# Use of the Offering Proceeds

Prospectus of Riyal Investment and Development Company

## 6- Use of the Offering Proceeds

The total offering proceeds "**Offering Proceeds**" amounts to (30,240,000) thirty million two hundred forty thousand Saudi Riyal, of which approximately (3,100,000) three million and one hundred thousand Saudi riyals will be paid as Offering Expenses, which includes the fees of the Financial Advisor, Lead Manager, the expenses of opening an escrow account, and other expenses and costs related to the Offering.

The net proceeds of the Offering, estimated at about (27,140,000) twenty seven million one hundred forty thousand Saudi Riyals will be distributed to the Selling Shareholders, each according to the percentage that they own in the Company's capital. The Company will not receive any amount from the net Offering Proceeds.



# Offering Expenses

Prospectus of Riyal Investment and Development Company

## 7- Offering Expenses

The Offering expenses will be as follows:

Cash costs expected to amount to about (3,100,000) three million one hundred thousand Saudi riyals. All Selling Shareholders will bear these costs, as they will be fully deducted from the total Offering Proceeds amounting to (SAR 30,240,000) thirty million two hundred forty thousand Saudi riyals.

A total number of (15,507) ordinary shares will be allocated at the Offering Price in favor of the Financial Advisor "**Aldukheil Financial Group**". These shares will be allocated from the shares of the Substantial Shareholders in the Company. These shares will be entitled to the Financial Advisor when the Company is listed, so that they will be allocated to the Financial Advisor by Substantial Shareholders, each according to his percentage of ownership in the Company's capital. These shares granted to the Financial Advisor will be subject to a lock-up period of (12) twelve months from the date of listing.

The Offering expenses include the fees of the Financial Advisor, Lead Manager, the expenses of opening the Escrow Account, marketing and printing costs, and other expenses related to the Offering. It is worth noting that the Company will not bear any of the expenses related to the Offering, as they will be fully deducted from the total Offering Proceeds.



# Directors Declarations

Prospectus of Riyal Investment and Development Company

## 8- Directors Declarations

The members of the Company's Board of Directors declare that:

- There was no interruption in the Issuer's business that could affect or have had a noticeable impact on the financial situation during the last (12) months.
- Other than what is stated in Section (7) "**Offering Expenses**", no commissions, discounts, brokerage fees or any non-cash compensation were granted by the Company during the year immediately preceding the date of the application for registration and offering of shares in connection with the issuance or Offering of any shares.
- There has been no material adverse change in the financial and trading position of the Company in the year immediately preceding the application for registration and offer of shares.
- Other than what is stated in section (4-1) "**Ownership Structure Before and After the offering**" of this Prospectus, the members of the Board of Directors or any of their relatives do not have any shares or interest of any kind in the Issuer.
- As of the date of this Prospectus, the Company is not subject to any lawsuits or legal procedures that may materially affect its business or its financial position.
- As on the date of this Prospectus, members of the Board of Directors are not subject to any lawsuits or legal procedures that may materially affect the Company's business or its financial position.
- As of the date of this Prospectus, none of the members of the Board of Directors are involved in a business competing with the Company.
- Other than what was mentioned in Section No. (2-1-18) "**Risks related to transactions and contracts with related parties**" of this Prospectus, the Company acknowledges that it does not have any contracts or arrangements in effect when presenting this Prospectus that would be of interest to the Chairman of the Board, a member of the Board of Directors, the CEO, the Director of the Financial Department, or other related parties.
- There are no other facts that could affect the application for registration of securities that were not included in this Prospectus.
- The Company has obtained all the basic licenses and approvals required to carry out its activities.
- The Company has obtained all the necessary approvals to list its shares in the Parallel Market.
- Except for what is mentioned in Section No. (2) "**Risk Factors**" of this Prospectus, the members of the Board of Directors are not aware of any other fundamental risks that may affect the decision of potential investors to invest in the Company's shares.
- There is no authority that gives a member of the Board of Directors or the CEO the right to vote on remunerations granted to them.
- There is no authority that permits members of the Board of Directors or senior executives the right to borrow from the Company.
- No member of the Company's Board of Directors or any of the Company's executive management members or the secretary of the Board of Directors has been declared bankrupt, and they have not been subject to any bankruptcy procedures until the date of this Prospectus.
- Other than what was mentioned in Section No. (2-1-10) "**Risks of non-compliance with the terms and pledges of the existing credit facilities**" of this Prospectus, the Company confirms that it does not have any other credit facilities or loans as of the date of this Prospectus.
- Other than what was mentioned in Section No. (2-1-25) "**Risks related to potential Zakat entitlements and additional claims**" of this Prospectus, the Company does not have any differences or zakat claims on the zakat returns submitted by it, and the Company has paid the due zakat. There are no provisions related to zakat differences until the date of this Prospectus and there are no existing disputes by the General Authority for Zakat and Income. The final zakat assessments have been obtained for all years from the date of the Company's Foundation until 2018G.

- The Company is committed to all provisions contained in the Companies Law issued by Royal Decree No. (M/3) dated 28/01/1437H (corresponding to 10/11/2015G) and its amendments.
- The Company does not have an internal audit department as of the date of this Prospectus. The Company is also committed to establishing an internal audit department and appointing a manager for it, or seeking to outsource the internal audit work during the fourth quarter of the year 2023G.
- Other than what was mentioned in Section No. (3-13) "**Trademarks and Intellectual Property**" of this Prospectus, the Company does not have any intangible assets other than its trademark.
- The Company confirms that it is committed to paying all lease contracts on a regular basis, in accordance with the terms and conditions of the contracts.
- All data and information that may affect investors' decisions to invest in the shares subject to the Offering have been disclosed.
- The Company does not own any securities (contractual or otherwise) or any of the assets the value of which is subject to fluctuations, which negatively and materially affects the evaluation of its financial position.
- The Company did not distribute any profits to shareholders for the fiscal years ending on December 31, 2021G and 2022G.





# **Information related to the terms and conditions of the offering**

Prospectus of Riyal Investment and Development Company

## 9- Information related to the terms and conditions of the offering

### 9-1 Filing an application to the Authority to register shares in the Parallel Market

The Company applied to the Capital Market Authority to register and offer the Shares in the Parallel Market in accordance with the requirements of the Rules on the Offer of Securities and Continued Obligations issued by the Capital Market Authority. This Prospectus was approved, all the supporting documents requested by the Authority were submitted, and all the official approvals necessary for the process of offering shares in the Parallel Market were obtained. The Company also submitted a request to list its shares in the Parallel Market to the Saudi Tadawul Company "Tadawul", and the listing request was approved by Tadawul.

All Qualified Investors wishing to participate in this Offering must read the Offering terms and conditions carefully before submitting the subscription application, as submitting the subscription application to the Lead Manager is constitutes an acknowledgment of acceptance and approval of the mentioned terms and conditions of the Offering.

### 9-2 The Subscription

(720,000) Seven hundred and twenty thousand ordinary shares at a nominal value of ten (10) Saudi Riyal per share, representing 9% of the Company's capital, will be offered for subscription in the Parallel Market at a price of (SAR 42) forty two riyal per share, with a total value of (30,240,000) thirty million two hundred forty thousand Saudi riyal. Subscription to the Offer Shares shall be limited to the following categories of Qualified Investors:

1. Capital Market Institutions acting for their own account.
2. Clients of a Capital Market Institution by the Authority to conduct managing activities provided that this Capital Market Institution has been appointed as an investment manager on terms which enable it to make decisions concerning the acceptance of an offer and investment in the Parallel Market on the client's behalf without obtaining prior approval from the client.
3. The Government of the Kingdom, any government body, any supranational authority recognised by the Authority or the Exchange, and any other stock exchange recognised by the Authority or the Securities Depository Center.
4. Government-owned companies, either directly or through a portfolio managed by a Capital Market Institution authorised to carry out managing activities.
5. Companies and funds established in a member state of the Cooperation Council for the Arab States of the Gulf.
6. Investment Funds.
7. Any other legal persons allowed to open an investment account in the Kingdom and an account at the Depository Center.
8. Natural persons allowed to open an investment account in the Kingdom and an account at the Depository Center, and fulfil any of the following criteria:
  - a. Has conducted transactions in security markets of not less than 40 million Saudi riyals in total, and not less than ten transactions in each quarter during the last twelve months.

- b. His net assets is not less than 5 million Saudi Riyals.
- c. Works or has worked for at least three years in the financial sector.
- d. Holds the General Securities Qualification Certificate which is recognised by the Authority.
- e. Holds a professional certificate that is related to securities business and accredited by an internationally recognised entity.

9. Any other persons prescribed by the Authority.

### 9-3 How to Apply for Subscription to Shares

A Qualified Investor may submit an application to subscribe to the offer shares through the electronic system of the Lead Manager during the Offering Period. The subscriber must agree to all terms and conditions and complete all relevant sections of the Subscription Application form. The Company reserves the right to reject any Subscription Application, in part or in whole, in case any of the subscription terms and conditions are not met or the necessary instructions are not followed. It is not permissible to make any modifications to the Subscription Application form or withdraw it after its submission, as the Subscription Application form, once submitted, represents a legally binding agreement between the Company and the subscriber.

The Selling Shareholders currently own 100% of the Company's capital and will own 91% of the Company's capital after the Offering ends. Investors can obtain an electronic copy of this Prospectus from the Financial Advisor or Lead Manager through the contact information shown below:

Financial Advisor	Lead Manager
<p><b>Aldukheil Financial Group</b>            Naeem bin Hammad Street            P.O. Box 2462 Riyadh 11451            Kingdom of Saudi Arabia            Tel: + 966 (11) 4309800            Fax: + 966 (11) 4787795            Website: <a href="http://www.aldukheil.com.sa">www.aldukheil.com.sa</a>            E-mail: <a href="mailto:info@aldukheil.com.sa">info@aldukheil.com.sa</a></p>	<p><b>Alinma Investment Company</b>            Riyadh, King Fahd Road - (Al Anoud Tower 2)            P.O. Box 55560 Riyadh 11544            Kingdom of Saudi Arabia            Tel: + 8004413333            Fax: + 966 (11) 2185970            Website: <a href="http://www.alinmainvestment.com">www.alinmainvestment.com</a>            E-mail: <a href="mailto:info@alinmainvest.com">info@alinmainvest.com</a></p>

## 9-4 Offering Period and Conditions

Subscription will be open to Qualified Investors from Sunday 16/03/1445H (corresponding to 01/10/2023G) until Thursday 20/03/1445H (corresponding to 05/10/2023G).

The subscriber must specify the number of shares he wishes to subscribe to in the Subscription Application Form, so that the total subscription amount is the result of multiplying the number of shares required to be subscribed to, at the Offering Price of (SAR 42) forty two Saudi riyals per share. The minimum number of shares that can be subscribed to is (10) ten shares for each subscriber, while the maximum number of shares that can be subscribed to is (390,000) three hundred and ninety thousand shares for each subscriber.

Qualified Investors must submit an application to subscribe to the Offering shares through the electronic system of the Lead Manager during the Offering Period, and the application for subscription to the Offering shares must be accompanied by all the supporting and required documents according to the instructions. Each subscriber acknowledges by completing the Subscription Application that they have received and read this Prospectus. Accordingly, they wish to subscribe to the shares offered as indicated in the Subscription Application. In the event that the Qualified Investor subscribes twice, the second subscription will be considered null and only the first subscription will be taken into account.

## 9-5 Notification of Allocation and Refund

The shares offered for subscription will be allocated according to the proposal of the Financial Advisor in consultation with the Issuer. The final allocation of the shares will be announced on Wednesday 26/03/1445H (corresponding to 11/10/2023G), and the surplus will be refunded on Thursday 27/03/1445H (corresponding to 12/10/2023G), without any commissions or deductions from Lead Manager or the Company.

Each subscriber acknowledges that they have received and read this Prospectus, and accordingly acknowledges their desire to subscribe to the shares offered as indicated in the Subscription Application.

The subscribers will be notified of the final number of shares allocated to each of them and the surplus amounts that will be refunded to them, if any. For more information, subscribers should contact the Financial Advisor or the Lead Manager.

## 9-6 Supplementary Prospectus

The Company is obligated to submit a supplementary prospectus to the Capital Market Authority, according to the requirements of the Rules on the Offer of Securities and Continuing Obligations, if the company becomes aware of any of the following at any time after the date of publication of this Prospectus and before the completion of the Offering:

- There has been a significant change in material matters contained in the prospectus.
- Additional significant matters have become known which would have been required to be included in the prospectus.

The investor who subscribed to the shares before the publication of the supplementary prospectus has the right to cancel or amend their subscription to these shares before the end of the Offering.

## 9-7 Miscellaneous Terms

1. The Subscription Application and all related terms, conditions and declarations are binding and for the benefit of the subscription parties, their successors, assigns, will executors, estate managers and heirs. The Subscription Application or any rights, interests or obligations arising from it may not be assigned or delegated by the parties to the subscription without the prior written consent of the other party.
2. These instructions and clauses and any receipt of Subscription Application forms or contracts resulting therefrom shall be subject to the Kingdom's laws and shall be interpreted and implemented in accordance with them.
3. This Prospectus will be published in Arabic after approval by the Capital Market Authority.

## 9-8 Times and Circumstances where Offering May be Suspended

### Suspension of Trading or cancelation of Listing

A. The Authority may at any time suspend the trading of securities or cancel their listing as it deems fit, in any of the following circumstances:

1. The Authority considers it necessary for the protection of investors or the maintenance of an orderly market.
2. The issuer fails, in a manner which the Authority considers material, to comply with the Capital Market Law, its Implementing Regulations or the Exchange Rules.
3. If the issuer fails to pay on time any fees due to the Authority or the Exchange or any fines due to the Authority.
4. The Authority considers that the issuer or the issuer's (business, level of operations or assets) are no longer suitable to warrant the continued listing of its securities on the Exchange;
5. Upon the announcement of a reverse takeover containing insufficient information about the proposed transaction. If the issuer announces sufficient information regarding the Target, and the Authority is satisfied, following the issuer's announcement, that there will be sufficient information available for the public about the proposed transaction of the reverse takeover, the Authority may decide not to suspend at this stage; or
6. Upon the leakage of information of the proposed transaction of the reverse takeover, and the issuer is unable to assess accurately its financial position and unable to inform the Exchange accordingly.
7. If the liquidity requirements set out in Paragraph (B) of Article 41 are not satisfied after the lapse of the period determined in subparagraph (1) of paragraph (d) of Article 43 of the Listing Rules.
8. Upon the registration of the application for the commencement of a financial restructuring procedure of the issuer, whose accumulated losses reached 50% or more of its capital with the court in accordance with the Bankruptcy Law.
9. Upon the registration of the application for the commencement of the liquidation procedure or the administrative liquidation procedure of the issuer with the court in accordance with the Bankruptcy Law.
10. Upon the final decision issued by the court to terminate the financial restructuring procedure and the commencement of the liquidation procedure or the administrative liquidation procedure of the issuer in accordance with the Bankruptcy Law.
11. Upon the final decision issued by the court to commence the liquidation procedure or the administrative liquidation procedure of the issuer in accordance with the Bankruptcy Law.

B. The suspension of trading pursuant to paragraph (a) above may be lifted by considering:

1. Whether the events which led to the suspension have been sufficiently remedied, and whether the suspension is no longer necessary for the protection of investors;

2. Whether the lifting of the suspension is not likely to interrupt the normal operation of the Exchange
  3. The Issuer's complies with any other conditions imposed by the Authority.
  4. Upon the final decision issued by the court to commence the financial restructuring procedure of the issuer in accordance with the Bankruptcy Law, unless the issuer was suspended from exercising of its activities by the relevant competent authority, in case the suspension was in accordance with subparagraph (13) of paragraph (a) of the Listing Rules.
  5. Upon the final decision issued by the court rejecting the commencement of the liquidation or the administrative liquidation procedure in accordance with the Bankruptcy Law, unless if the issuer was suspended from exercising of its activities by the relevant competent authority, in case the suspension was in accordance with subparagraph (14) of paragraph (a) of the Listing Rules.
- C. The Exchange will suspend the trading of the issuer's securities in any of the following circumstances:
1. Upon the issuer's noncompliance with the disclosure of its periodic financial information within the specified period pursuant to the relevant Implementing Regulations.
  2. When the auditor's report on the financial statements of the issuer includes an adverse opinion or a disclaimer of opinion.
  3. If the liquidity requirements set out in Part 2 and Part 8 of Listing Rules are not satisfied after the lapse of the period determined by the Exchange to the issuer to rectify its position, unless the Authority agrees otherwise.
  4. Upon a resolution entered into force by the extraordinary general assembly of the issuer reducing the issuer's capital for the two trading days following the entry into force of the resolution.
- D. The Exchange will lift the suspension referred to in subparagraphs (1), (2), (3) of paragraph (c) above after one trading session following the end of the suspension circumstances. If the trading of the issuer's shares are made available for trading over the counter, the Exchange will lift the suspension within a period not exceeding five trading sessions following the end of the suspension circumstances.
- E. The Exchange may at any time propose to the Authority to suspend the trading of any listed security or cancel its listing where in its opinion it is likely that any of the above circumstances of paragraph (a) above are to occur.
- F. An issuer whose securities are subject to a listing suspension must continue to comply with the Capital Market Law, its Implementing Regulations and the Exchange Rules.
- G. Where the suspension of an issuer continues for six months without the issuer taking appropriate action to resolve the reasons that lead to the suspension, the Authority may cancel that issuer's listed securities.
- H. Upon completion of a reverse takeover by the issuer, the listing of the issuer's shares shall be cancelled. Should it wish to re-list its shares, the issuer must submit a new application Page 32 for listing in accordance with these Rules and comply with applicable requirements under the Rules on the Offer of Securities and Continuing Obligations.
- I. This paragraph shall not prejudice the suspension of trading and cancellation of listing resulting from the losses of the company pursuant to the relevant implementing regulations and the Exchange Rules.

## 9-8-1 Voluntary Cancellation of Listing

- A. An issuer whose securities have been listed may not cancel the listing of its securities on the Exchange without the prior approval of the Authority. In order to obtain the Authority's approval, the issuer must submit a request of the cancelation to the Authority with a simultaneous notification to the Exchange and include in its request the following information:
1. Specific reasons for the request for the cancellation.

2. Copy of the form of the disclosure described in paragraph (D) below.
  3. If the cancellation is to take place as a result of an acquisition or other corporate action by the issuer, a copy of the relevant documentation and a copy of each related communication to shareholders.
  4. The names and contact details of the Financial Advisor and Legal Advisor appointed pursuant to the relevant Implementing Regulations.
- B. The Authority may at its discretion accept or reject the request for cancellation.
- C. An issuer must only obtain the consent of its extraordinary general assembly to cancel a listing after the Authority has approved that cancellation.
- D. Where a cancellation is made at the issuer's request, the issuer must make a disclosure to the public as soon as possible. This disclosure must include at least the reason for cancellation and the nature of the event resulting in the cancellation and the extent to which it affects the issuer's activities.

### 9-8-2 Temporary Trading Suspension

- A. An issuer may request from the Exchange a temporary trading suspension halt upon the occurrence of an event that occurs during trading hours which requires immediate disclosure under the Capital Market Law, its implementing regulations or the Exchange Rules, and the issuer cannot maintain the confidentiality of this information until the end of the trading period. The trading halt of that issuer's securities will be made by the Exchange immediately upon receiving the request.
- B. Where a trading halt is made at the issuer's request, the issuer must disclose to the public as soon as possible the reason for the trading halt, the anticipated period of the trading halt and the event that has led to it and the extent to which it affects the issuer's activities.
- C. The Authority may impose a trading halt without a request from the issuer where the Authority becomes aware of information or circumstances affecting the issuer's activities which the Authority considers would be likely to interrupt the operation of the Exchange or the protection of investors. An issuer whose securities are subject to a trading halt must continue to comply with the Capital Market Law, its Implementing Regulations or the Exchange rules.
- D. The Exchange may propose that the Authority to exercise its powers in accordance with paragraph (C) above, if it becomes aware of information or circumstances affecting the issuer's activities which the Exchange considers would be likely to interrupt the operation of the Exchange or the protection of investors.
- E. A trading halt will be lifted at the end of the period referred to in the disclosure specified in paragraph (B) above in this Section, unless the Authority or the Exchange decided otherwise.

### 9-8-3 Re-Registering and Admission of Listing of Previously Cancelled Securities

If the issuer wishes to re-register its shares after their cancellation, the Issuer is required to submit a new application in accordance with the procedures set out in Rules on the Offer of Securities and Continuing Obligations.

## 9-9 Resolutions and approvals under which the Shares will be offered

Following are the resolutions and approvals under which the Offer Shares will be offered:

**1. The Company's Board of Directors' recommendation to offer the Company's shares on the Parallel Market.**

The Board of Directors of the company recommended to the General Assembly, in its meeting held on 06/01/1444H (corresponding to 04/08/2022G), to register and offer the company's shares in the parallel market.

**2. The General Assembly's approval on the registration and Offering of the Shares on the Parallel Market.**

The General Assembly of the Company, in its meeting held on 02/02/1444H (corresponding to 29/08/2022G), agreed to offer the Company's shares in the Parallel Market.

**3. Approval of the Saudi Tadawul Group to list the shares in the Parallel Market.**

Approval was obtained from the Saudi Tadawul Group for listing on 06/08/1444H (corresponding to 26/02/2023G).

**4. Approval of the Capital Market Authority**

The Authority's approval was obtained to offer the Company's shares in the Parallel Market, on the date of announcing it on its official website on 16/11/1444H (corresponding to 05/06/2023G).

## 9-10 Existing arrangements to prevent disposal of certain shares

The shareholders mentioned on page (xxviii) of this Prospectus are prohibited from disposing of their shares for a period of (12) twelve months from the date of trading of the Company's shares in the Parallel Market. Other than this Lock-up Period imposed by the Authority on Substantial Shareholders, there are no other existing arrangements that prevent disposing of certain shares.





# Covenants relating to the Subscription

Prospectus of Riyal Investment and Development Company

## 10- Covenants relating to the Subscription

### 10-1 Subscribers Declarations

By submitting the Subscription Application form, the Subscriber:

- Agrees to subscribe to the Company with the number of shares mentioned in the Subscription Application that they submitted.
- Declares that he/she has carefully reviewed, studied and understood this prospectus and all its contents.
- Accepts the Bylaws of the Company and the terms and conditions mentioned in the Prospectus and the Subscription Application form and subscribes to the shares accordingly.
- Accepts the number of the offer shares allocated thereto (within the maximum amount they subscribed to) in accordance with the Subscription Application, and he/she also accepts all the subscription terms and instructions contained in the Subscription Application and in this Prospectus.
- Warrants not to cancel or amend the Subscription Application Form after submission to the Lead Manager.

### 10-2 Share Register and Dealing Arrangements

Tadawul maintains a register of shareholders containing their names, nationalities, residence addresses, occupations, shares they own, and the amounts paid from these shares.

### 10-3 Saudi Stock Exchange Group (Tadawul)

Tadawul system was established in 2001G as an alternative system to the Electronic Securities Information System. The electronic stock trading started in the Kingdom in 1990G. The trading process is carried out through an integrated electronic system from the execution of the transaction to the settlement. Trading occurs on each Business Day of the week between 10:00 a.m. and 3:00 p.m. from Sunday to Thursday, during which orders are executed. However, during other times, orders can be entered, amended or cancelled from 9:30 a.m. to 10:00 a.m. Said times are subject to change during the month of Ramadan and they are announced by Tadawul.

The transactions are executed through automatic order matching, and orders are received and prioritized according to the price. In general, market orders are executed first, which are the orders that have the best prices, followed by fixed-price orders, and in the event that several orders are entered at the same price, they are executed according to the entry time.

Tadawul system distributes a comprehensive range of information through different channels, most notably the Tadawul website on the Internet, which provides up-to-date market information for major information providers such as Reuters. Transactions are automatically settled within two business days (T + 2).

The issuer must disclose all decisions, material and important information to investors through Tadawul, which is responsible for monitoring the market in order to ensure fair trading and efficient market operations.

## 10-4 Trading of The Company Shares on the Parallel Market

An application has been submitted to CMA to register and list the Company's Shares on the Parallel Market and a request has been submitted to the Saudi Tadawul Group for their listing on the Parallel Market.

It is expected to start trading of the Company's shares after the final allocation of those shares and after fulfilling all relevant statutory procedures. Tadawul will announce the trading date of the shares in due course. The dates and times mentioned in this Prospectus are considered tentative dates mentioned for inference only, and they can be changed or extended with the approval of the Capital Market Authority.

Trading in the Offered Shares can only be made after approving the allocation of Shares in the shareholders' accounts with Tadawul, registration of the Company, and listing of the Shares on Tadawul. Trading in shares is strictly prohibited before official trading commences.

The investors who deal in such prohibited trading activities shall be held liable therefore, and the Company will not bear any legal responsibility in this regard.

Trading in shares listed in the Parallel Market is restricted to Qualified Investors (refer to Section (1) "**Terms and Definitions**" of this Prospectus).



# Procedures for Incomplete Offering

Prospectus of Riyal Investment and Development Company

## 11- Procedures for Incomplete Offering

If the Offering is not completed on the date specified for the end of the Offering process indicated in this Prospectus (Refer to the “**Key Dates and Subscription Procedures**” section on page (xvi) of this Prospectus), the Financial Advisor shall notify the CMA in writing within (10) ten days from the end of the Offering Period, that the Offering has not been completed. Then, the Financial Advisor shall notify the subscribers, and in coordination with the Lead Manager, the amounts collected from the subscribers (if any) shall be returned without deducting any commissions or fees.

The Company confirms its commitment to any decisions, instructions, or procedures issued by the Capital Market Authority in the event that the Offering is not completed.



## **Documents Available for Inspection**

Prospectus of Riyal Investment and Development Company

## 12- Documents Available for Inspection

The following documents will be available for inspection through a virtual data room. The Financial Advisor “**Aldukheil Financial Group**” will send the electronic link of the virtual room to Qualified Investors upon request via e-mail “**info@aldukheil.com.sa**”, during working days from Sunday 09/767654321) to Thursday 20/03/1445H (corresponding to 05/10/2023G) within a period of no less than (7) days prior to the end of the Offering Period:

1. The main Commercial Registration of The Company.
2. The Company’s Bylaws.
3. The Company’s Articles of Association.
4. Copy of the announcement of the Capital Market Authority’s approval of the application for registration and offering of shares in the Parallel Market.
5. Copy of the approval of the Saudi Tadawul Group on listing.
6. The audited financial statements of the Company for the financial year ending on 31 December 2022G.
7. The financial valuation report prepared by the Financial Advisor.
8. Letters of consent of:
  - The Financial Advisor of the Company “**Aldukheil Financial Group**” to include their name, logo and statement in the Prospectus.
  - The Lead Manager, Alinma Investment Company, to include their name and logo in the Prospectus.
  - The Company’s auditor for the years 2021G and 2022G “**KPMG Professional Services**” to include their name and logo and to publish the audited financial statements of the Company for the financial year ending on 31/12/2022G in the Prospectus



# **The financial statements and auditors report**

Prospectus of Riyal Investment and Development Company



## **13- The financial statements and auditors report**

**13-1 The audited financial statements for the fiscal year ending on December 31, 2022.**

**RIYAL FOR INVESTMENT AND DEVELOPMENT  
COMPANY**

(A CLOSED JOINT STOCK COMPANY)

**FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2022  
WITH  
INDEPENDENT AUDITOR'S REPORT**

**RIYAL FOR INVESTMENT AND DEVELOPMENT COMPANY**  
**(A CLOSED JOINT STOCK COMPANY)**  
**FINANCIAL STATEMENTS AND INDEPENDENT AUDITOR'S REPORT**  
**FOR THE YEAR ENDED 31 DECEMBER 2022**  
**(EXPRESSED IN SAUDI RIYALS)**

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## KPMG Professional Services

16<sup>th</sup> Floor, Al Barghash Tower  
6189 Prince Turki Road, Al Kurnaish  
P.O. Box 4803  
Al Khobar, 34412 - 3146  
Kingdom of Saudi Arabia  
Commercial Registration No 2051062328

Headquarters in Riyadh

## كي بي إم جي للاستشارات المهنية

الطابق ١٦، برج البرغش  
٦١٨٩ طريق الأمير تركي، الكورنيش  
ص.ب. ٤٨٠٣  
الخبير ٣١٤٦ - ٣٤٤١٢  
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 2022, the statements of profit or loss and other comprehensive income, changes in shareholders' equity and cash flows for the year then ended, and notes to the financial statements, comprising significant accounting policies and other explanatory information.

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

### Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) that are endorsed in the Kingdom of Saudi Arabia. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the 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 Matters (continued)	
Revenue recognition	
See Note 18 to the financial statements.	
The key audit matter	How the matter was addressed in our audit
<p>Revenue is a key financial statement caption and performance metric. Further, The Company recognizes revenue upon satisfaction of performance obligation related to lease and sale of vehicles which are subject to change in a volatile economic environment.</p> <p>Considering the above factors along with fraud risk associated with revenue recognition, we have considered this as a key audit matter.</p>	<p>We performed the following procedures to address the key audit matter:</p> <ul style="list-style-type: none"> <li>• Obtained an understanding of the nature of revenue contracts used by the Company for each significant revenue stream, tested a sample of representative sales contracts to confirm our understanding and assessed whether or not management's application of IFRS 15 requirements was in accordance with the accounting standard;</li> <li>• Tested relevant processes and controls established by management to ensure appropriate recognition of revenue;</li> <li>• Performed tests of details on a sample of sales transactions and vouched back to source documents.</li> <li>• Inquired from the management representatives regarding fraud awareness and the existence of any actual fraud cases.</li> <li>• Tested a sample of journal entries of accounts relating to significant risk areas and compared them to the supporting documents.</li> <li>• Performed cut-off procedures to ensure that revenue is recognized when the control is transferred to the customer and in the correct accounting period.</li> <li>• Evaluated the adequacy of the financial statement disclosures related to revenue.</li> </ul>



## Independent Auditor's Report

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

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

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

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

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

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

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

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

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



## 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)

- 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



**Mohammed Najeeb Alkhlaiwi**  
License no. 481

Al Khobar,  
Date: 24 Rajab 1444H  
Corresponding to: 15 February 2023G

**RIYAL FOR INVESTMENT AND DEVELOPMENT COMPANY**  
(A CLOSED JOINT STOCK COMPANY)

**STATEMENT OF FINANCIAL POSITION**  
**AS AT 31 DECEMBER 2022**  
(EXPRESSED IN SAUDI RIYALS)

	Note	31 December 2022	31 December 2021
<b>Assets</b>			
<b>Non-current assets</b>			
Property and equipment	7	97,195,317	89,392,998
Right-of-use assets	8	148,098,095	78,557,163
<b>Total non-current assets</b>		<b>245,293,412</b>	<b>167,950,161</b>
<b>Current assets</b>			
Inventories		139,554	105,548
Prepayments and other current assets	9	13,643,677	4,158,136
Trade and unbilled receivables	10	30,224,987	24,044,864
Due from related parties	17 (A)	16,297,772	27,834,882
Cash and cash equivalents	11	1,533,694	3,672,110
<b>Total current assets</b>		<b>61,839,684</b>	<b>59,815,540</b>
<b>Total assets</b>		<b>307,133,096</b>	<b>227,765,701</b>
<b>Equity and liabilities</b>			
<b>Equity</b>			
Share capital	12	80,000,000	80,000,000
Statutory reserve	13	4,156,657	2,242,295
Retained earnings		49,463,077	32,186,923
<b>Total equity</b>		<b>133,619,734</b>	<b>114,429,218</b>
<b>Liabilities</b>			
<b>Non-current liabilities</b>			
Non-current portion of borrowings	14	15,911,528	17,629,728
Non-current portion of lease liabilities	8	56,149,666	30,315,081
Employee benefits	15	2,618,936	2,607,243
<b>Total non-current liabilities</b>		<b>74,680,130</b>	<b>50,552,052</b>
<b>Current liabilities</b>			
Trade payables		3,327,241	2,674,076
Accruals and other current liabilities	16	1,978,901	1,708,924
Current portion of borrowings	14	25,068,567	15,228,570
Current portion of lease liabilities	8	66,851,720	41,678,835
Due to related parties	17 (B)	104,163	87,783
Zakat provision	24	1,502,640	1,406,243
<b>Total current liabilities</b>		<b>98,833,232</b>	<b>62,784,431</b>
<b>Total liabilities</b>		<b>173,513,362</b>	<b>113,336,483</b>
<b>Total equity and liabilities</b>		<b>307,133,096</b>	<b>227,765,701</b>

These financial statements presented on pages 1 to 38 were approved by the Board of Directors of the Company on 15 February 2023 corresponding to 24 Rajab 1444H and signed on its behalf by:

  
Saeed Al Ghamdi  
Chief Executive Officer

  
Haris Hafeez  
Finance Manager

The accompanying notes (1) through (30) form an integral part of these financial statements.



**RIYAL FOR INVESTMENT AND DEVELOPMENT COMPANY**  
**(A CLOSED JOINT STOCK COMPANY)**  
**STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME**  
**FOR THE YEAR ENDED 31 DECEMBER 2022**  
**(EXPRESSED IN SAUDI RIYALS)**

	Note	2022	2021
Revenue	18	189,578,534	103,401,223
Cost of revenue	19	<u>(146,236,918)</u>	<u>(66,445,834)</u>
<b>Gross profit</b>		<b>43,341,616</b>	<b>36,955,389</b>
Selling and distribution expenses	20	<b>(2,475,493)</b>	(1,126,957)
General and administrative expenses	21	<u>(11,322,225)</u>	<u>(8,533,794)</u>
<b>Operating profit</b>		<b>29,543,898</b>	<b>27,294,638</b>
Other income	22	<b>5,316,510</b>	4,078,841
Financial charges	23	<u>(14,623,667)</u>	<u>(6,335,833)</u>
<b>Profit before Zakat</b>		<b>20,236,741</b>	<b>25,037,646</b>
Zakat expense for the year	24	<u>(1,093,120)</u>	<u>(2,614,697)</u>
<b>Profit for the year</b>		<b><u>19,143,621</u></b>	<b><u>22,422,949</u></b>
<b>Other comprehensive income / (loss) for the year:</b>			
<u>Items that will not be reclassified to profit or loss:</u>			
Re-measurement gain / (loss) on employees end of service benefits		<u>46,895</u>	<u>(116,591)</u>
<b>Total other comprehensive income / (loss) for the year</b>		<b>46,895</b>	<b>(116,591)</b>
<b>Total comprehensive income for the year</b>		<b><u>19,190,516</u></b>	<b><u>22,306,358</u></b>
<b>Earnings per share:</b>			
Basic and diluted earnings per share	25	<u><u>2.39</u></u>	<u><u>2.80</u></u>

The accompanying notes (1) through (30) form an integral part of these financial statements.

**RIYAL FOR INVESTMENT AND DEVELOPMENT COMPANY**  
(A CLOSED JOINT STOCK COMPANY)

**STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 31 DECEMBER 2022**  
(EXPRESSED IN SAUDI RIYALS)

	Share capital	Statutory reserve	Shareholders' contribution	Retained earnings	Total
Balance as at 1 January 2021	2,000,000	1,000,000	9,023,715	80,099,145	92,122,860
<i>Total comprehensive income for the year</i>	-	-	-	22,422,949	22,422,949
Profit for the year	-	-	-	(116,591)	(116,591)
Other comprehensive loss for the year	-	-	-	22,306,358	22,306,358
Total comprehensive income for the year	-	-	-	(2,242,295)	-
Transfer to statutory reserve (note 13)	-	2,242,295	-	(2,242,295)	-
Capital increase (note 12)	78,000,000	(1,000,000)	(9,023,715)	(67,976,285)	-
Balance at 31 December 2021	80,000,000	2,242,295	-	32,186,923	114,429,218
<i>Total comprehensive income for the year</i>	-	-	-	19,143,621	19,143,621
Profit for the year	-	-	-	46,895	46,895
Other comprehensive income for the year	-	-	-	19,190,516	19,190,516
Total comprehensive income for the year	-	-	-	(1,914,362)	-
Transfer to statutory reserve (note 13)	-	1,914,362	-	(1,914,362)	-
<b>Balance at 31 December 2022</b>	<b>80,000,000</b>	<b>4,156,657</b>	<b>-</b>	<b>49,463,077</b>	<b>133,619,734</b>

The accompanying notes (1) through (30) form an integral part of these financial statements.

**RIYAL FOR INVESTMENT AND DEVELOPMENT COMPANY**  
(A CLOSED JOINT STOCK COMPANY)

**STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED 31 DECEMBER 2022**  
(EXPRESSED IN SAUDI RIYALS)

	Note	2022	2021
<b>Cash flows from operating activities</b>			
Profit before zakat		20,236,741	25,037,646
<b>Adjustments for:</b>			
Depreciation on property and equipment	7	12,832,453	9,463,186
Depreciation on right-of-use assets	8	14,494,713	8,624,416
Provision for employees' end of service benefits	15	440,187	315,277
Financial charges		14,623,667	6,335,833
		<u>62,627,761</u>	<u>49,776,358</u>
<b>Movement in working capital:</b>			
Inventories		16,581,414	12,608,994
Additions to vehicles held for lease		(26,081,072)	(44,766,929)
Prepayments and other current assets		(9,485,541)	(2,775,245)
Due from related parties		11,537,110	(17,812,337)
Trade and unbilled receivables		(6,180,123)	(4,599,102)
Trade payables		653,165	(742,543)
Due to related parties		16,380	(2,746,824)
Accruals and other current liabilities		269,977	1,011,146
<b>Cash used in operations</b>		<u>49,939,071</u>	<u>(10,046,482)</u>
Financial charges paid		(14,602,434)	(4,710,930)
Employees' end of service benefits paid		(381,599)	(41,012)
Zakat paid	24	(996,723)	(1,486,450)
<b>Net cash from / (used in) operating activities</b>		<u>33,958,315</u>	<u>(16,284,874)</u>
<b>Cash flows from investing activity</b>			
Additions of property and equipment	7	(381,745)	(374,308)
<b>Net cash used in investing activity</b>		<u>(381,745)</u>	<u>(374,308)</u>
<b>Cash flows from financing activities</b>			
Proceeds from loans		29,865,884	38,850,712
Repayment of loans		(21,738,320)	(10,829,255)
Payment of principal portion of lease liabilities		(43,842,550)	(17,488,123)
<b>Net cash (used in) / from financing activities</b>		<u>(35,714,986)</u>	<u>10,533,334</u>
<b>Net decrease in cash and cash equivalents</b>		<u>(2,138,416)</u>	<u>(6,125,848)</u>
Cash and cash equivalents at the beginning of the period	11	3,672,110	9,797,958
<b>Cash and cash equivalents at the end of the period</b>	11	<u>1,533,694</u>	<u>3,672,110</u>
<b>Non-cash transactions:</b>			
Transfer from property and equipment to inventory		16,615,420	12,615,571
Transfers from right of use asset to property and equipment		10,814,375	6,728,738
Transfer from retained earnings to share capital		-	67,976,285
Transfer from shareholders' contribution to share capital		-	9,023,715

The accompanying notes (1) through (30) form an integral part of these financial statements.

**RIYAL FOR INVESTMENT AND DEVELOPMENT COMPANY**  
(A CLOSED JOINT STOCK COMPANY)

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2022**  
(EXPRESSED IN SAUDI RIYALS)

**1. ORGANIZATION AND PRINCIPAL ACTIVITIES**

Riyal for Investment and Development Company (the "Company") is a Saudi Closed 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 Company is wholly owned by Saudi shareholders. 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 have 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 8th Dhul 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. Further, the management is in the process of listing the Company's shares in Nomu Parellel Market and has appointed financial and legal advisers to carry out required procedures.

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

<u>Name</u>	<u>Location</u>	<u>CR number</u>	<u>Date</u>
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, assets and liabilities of the above branches are included in these financial statements.

**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 Saudi Organization of Chartered and Professional Accountants (SOCPA). Details of the Company's accounting policies are included in note 3.

**2.2. Basis of measurement**

The financial statements have been prepared under the historical cost convention, using the accruals basis of accounting and the going concern concept except for employee benefits, which are recognized at the present value of future obligation using project credit unit method.

**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.

**2.4. Significant accounting 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

**RIYAL FOR INVESTMENT AND DEVELOPMENT COMPANY**  
(A CLOSED JOINT STOCK COMPANY)

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2022**  
(EXPRESSED IN SAUDI RIYALS)

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**2. BASIS OF PREPARATION (CONTINUED)**

**2.4 Significant accounting estimates and judgements (continued)**

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.

**I. 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 2022, current liabilities of the company exceed the current assets by SR 36.993 million (2021: SR 2.968 million). The company have history of profits for previous three years. Management of the company has prepared the forecasted cashflows for the next year where it have enough funds to settle its liabilities when they come due. Therefore, the financial statements continue to be prepared on the going concern basis.

**II. 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 discounted cash flow (DCF) model. The cash flows are derived from the budget and marketing 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.

**III. Provision for expected credit losses of trade receivables**

The Company uses a provision matrix to calculate ECLs 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.

**IV. Provisions**

By their nature, provisions are dependent upon estimates and assessments whether the criteria for recognition have been met, including estimates of the probability of cash outflows. Provisions for litigation are based on an estimate of the costs, taking into account legal advice and other information presently available. Provisions for termination benefits and exit costs, if any, also involve management's judgment in estimating the expected cash outflows for severance payments and site closures or other exit costs. Provisions for uncertain liabilities involve management's best estimate of whether cash outflows are probable.

**RIYAL FOR INVESTMENT AND DEVELOPMENT COMPANY**  
(A CLOSED JOINT STOCK COMPANY)

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2022**  
(EXPRESSED IN SAUDI RIYALS)

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**2. BASIS OF PREPARATION (CONTINUED)**

**2.4 Significant accounting estimates and judgements (continued)**

**V. 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.

**VI. 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.

**VI. 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.

**VII. 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.

**RIYAL FOR INVESTMENT AND DEVELOPMENT COMPANY  
(A CLOSED JOINT STOCK COMPANY)**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2022  
(EXPRESSED IN SAUDI RIYALS)**

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**3. SIGNIFICANT ACCOUNTING POLICIES**

The accounting policies set out below have been applied consistently to all periods presented in these financial statements, unless otherwise indicated.

**Current versus non-current classification**

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

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

All other assets are classified as non-current.

A liability is current when:

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

The Company classifies all other liabilities as non-current.

**Revenue recognition**

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

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

***Rental income recognition - the Company as a lessor***

Rental income arising from operating leases 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. Rental received in advance is presented as a liability in statement of financial position.

***Sale of vehicles***

Revenue from sale of vehicles is recognised at a point in time when control of the vehicles is transferred to the customer, generally on delivery of the vehicles.

**Inventories**

Inventories are measured at the lower of cost and net realizable value. The cost of inventory is principally based on the weighted average principle and includes expenditure incurred in acquiring the inventory and other costs incurred in bringing them to their existing location and condition.

Net realizable value is the estimated selling price in the ordinary course of business, less the estimated completion and selling expenses.

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**3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**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 in 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 is charged to in statements of profit or loss using the straight-line method whereby the cost of an operating asset less its estimated residual value is written off over its estimated useful life. Depreciation on addition is charged from the month in which the asset is available for use and on disposals up to the month of disposal. Depreciation methods, useful lives and residual values are reviewed at each reporting date and adjusted, if appropriate.

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

<b>Category</b>	<b>Useful Life</b>
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

**Change in estimates**

During 2022, the Company conducted an operational efficiency review over its vehicles, which resulted in changes in the residual value. The effect of these changes on actual and expected depreciation expense, included in 'cost of revenue', was as follows.

	2022	2023	2024	2025	2026
(Decrease) / increase in depreciation expense	(3,367,430)	(4,034,874)	(2,999,060)	(2,303,299)	(1,777,631)



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**3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Borrowing costs**

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation. The other borrowing costs are recognised in the income statement in the period in which they are incurred.

**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 statement of profit or loss. 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 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. A reversal of an impairment loss is recognized immediately in profit or loss and other comprehensive income.

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**3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**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. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets.

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

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**3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**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 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 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.

*i) 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.

*ii) 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.

**Cash and cash equivalent**

Cash and cash equivalents comprise cash at banks, cash in hand and deposit having maturity of less than 3 months. For the purpose of the statement of cash flows, cash and cash equivalents consists of bank balances and cash in hand.

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**3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**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 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.

**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.

**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. The VAT rate was 5% till 30 June 2020 and subsequent to that 15% from 1 July 2020 onwards.

**Finance charge**

Finance charge comprise interest expense on short term borrowings, bank and other charges that are recognized in the statement of profit or loss. 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.

**Expenses**

All expenses, excluding direct costs and financial charges 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.

**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.

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**3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Financial instruments (continued)**

***Recognition and 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.

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.

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**3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Financial instruments (continued)**

*Recognition and measurement (continued)*

**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.

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

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**3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Financial instruments (continued)**

***Recognition and measurement (continued)***

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 the statement of profit or loss.

***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 profit or loss. Any gain or loss on derecognition is recognized in the statement of profit or loss.

***Equity investments at FVOCI***

These assets are subsequently measured at fair value. Dividends are recognized as income in profit or loss 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 the statement of 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. 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.

***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.

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**3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Financial instruments (continued)**

*Derecognition (continued)*

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.

*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.

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 and unbilled receivables 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.



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**3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Financial instruments (continued)**

**Impairment of financial assets (continued)**

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 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 the statement of 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.

**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 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.

**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.

**General and administrative expenses**

All other expenses, excluding cost of revenue, financial charges, are classified as general and administrative expenses. Allocations of common expenses between cost of revenue and general and administrative expenses, when required, are made on a consistent basis.

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**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.

- COVID-19-Related Rent Concessions beyond 30 June 2021 (Amendment to IFRS 16), effective date 1 April 2021;
- Onerous Contracts - Cost of Fulfilling a Contract (Amendments to IAS 37), effective date 1 January 2022;
- Annual Improvements to IFRS Standards 2018-2020, effective date 1 January 2022;
- Property, Plant and Equipment: Proceeds before Intended Use (Amendments to IAS 16), effective date 1 January 2022; and
- Reference to the Conceptual Framework (Amendments to IFRS 3), effective date 1 January 2022;

**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.

- IFRS 17 Insurance contracts (Amendments to IFRS 17), effective for annual periods beginning on or after 1 January 2023.
- Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2), effective for annual periods beginning on or after 1 January 2023.
- Definition of Accounting Estimate (Amendments to IAS 8), effective for annual periods beginning on or after 1 January 2023.
- Deferred Tax Related to Assets and Liabilities Arising from a Single Transaction – Amendments to IAS 12 Income Taxes, effective for annual periods beginning on or after 1 January 2023.
- Initial Application of IFRS 17 and IFRS 9 – Comparative Information (Amendments to IFRS 17), effective for annual periods beginning on or after 1 January 2023.
- Classification of liabilities as current or non-current (Amendments to IAS 1), effective for annual periods beginning on or after 1 January 2024.
- Lease Liability in a Sale and Leaseback (Amendments to IFRS 16) effective for annual periods beginning on or after 1 January 2024.
- Non-current Liabilities with Covenants (Amendments to IAS 1), effective for annual periods beginning on or after 1 January 2024.
- Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendments to IFRS 10 and IAS 28).

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

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**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 income and is measured consistently in the financial statements.

For management purposes, the Company is organized into business units based on its products and services and has two reportable segments, as follows:

- Lease of Vehicles
- Sale of Vehicles

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**6. OPERATING SEGMENTS (CONTINUED)**

**Based on nature of services**

	<u>Lease of Vehicles</u>	<u>Sale of Vehicles</u>	<u>Total</u>
<b>For the year ended 31 December 2022</b>			
Revenues	81,372,360	108,206,174	189,578,534
Cost of revenues	(43,254,619)	(102,982,299)	(146,236,918)
<b>Gross profit</b>	<b>38,117,741</b>	<b>5,223,875</b>	<b>43,341,616</b>
<b>Unallocated income / (expenses)</b>			
Selling and marketing expenses			(2,475,493)
General and administrative expenses			(11,322,225)
Other income			5,316,510
Finance cost			(14,623,667)
<b>Profit before zakat</b>			<b>20,236,741</b>
Zakat expense for the year			(1,093,120)
<b>Net profit for the year</b>			<b>19,143,621</b>
<b>For the year ended 31 December 2021</b>			
Revenues	63,582,706	39,818,517	103,401,223
Cost of revenues	(28,831,111)	(37,614,723)	(66,445,834)
Gross profit	34,751,595	2,203,794	36,955,389
<b>Unallocated income / (expenses)</b>			
Selling and distribution expenses			(1,126,957)
General and administration expenses			(8,533,794)
Other income			4,078,841
Finance cost			(6,335,833)
<b>Profit before zakat</b>			<b>25,037,646</b>
Zakat expense for the year			(2,614,697)
<b>Net profit for the year</b>			<b>22,422,949</b>
<b>As at 31 December 2022</b>			
<b>Total assets</b>			<b>307,133,096</b>
<b>Total liabilities</b>			<b>173,513,362</b>
<b>As at 31 December 2021</b>			
Total assets			227,765,701
Total liabilities			113,336,483

**Geographical segments:**

All of the Company's operating assets and principal markets of activity are located in the Kingdom of Saudi Arabia. It is impractical to allocate assets and liabilities between reported segments.

The accounting policies of the reportable segments are the same as the Company's accounting policies. 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.

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**7. PROPERTY AND EQUIPMENT**

	Leasehold improvements	Furniture and fixture	Tools and equipment	Vehicles held for lease	Total
<b>Cost</b>					
Balance at 1 January 2021	357,500	1,039,306	453,359	105,131,332	106,981,497
Additions	-	123,669	250,639	44,766,929	45,141,237
Transfers from right of use assets	-	-	-	8,716,296	8,716,296
Transfer to Inventory	-	-	-	(38,384,011)	(38,384,011)
Balance at 1 January 2022	357,500	1,162,975	703,998	120,230,546	122,455,019
Additions	-	258,396	123,349	26,081,072	26,462,817
Transfers from right of use assets	-	-	-	18,472,049	18,472,049
Disposals during the year	-	-	(27,000)	-	(27,000)
Transfer to Inventory	-	-	-	(31,337,096)	(31,337,096)
<b>Balance at 31 December 2022</b>	<b>357,500</b>	<b>1,421,371</b>	<b>800,347</b>	<b>133,446,571</b>	<b>136,025,789</b>
<b>Accumulated depreciation</b>					
Balance at 1 January 2021	357,500	786,520	397,157	45,838,540	47,379,717
Charge for the year	-	128,724	26,640	9,307,822	9,463,186
Transfers from right of use assets	-	-	-	1,987,558	1,987,558
Transfer to Inventory	-	-	-	(25,768,440)	(25,768,440)
Balance at 31 December 2021	357,500	915,244	423,797	31,365,480	33,062,021
Charge for the year	-	178,341	105,216	12,575,896	12,859,453
Transfers from right of use assets	-	-	-	7,657,674	7,657,674
Disposals during the year	-	-	(27,000)	-	(27,000)
Transfer to Inventory	-	-	-	(14,721,676)	(14,721,676)
<b>Balance at 31 December 2022</b>	<b>357,500</b>	<b>1,093,585</b>	<b>502,013</b>	<b>36,877,374</b>	<b>38,830,472</b>
<b>Net book value as at</b>					
<b>31 December 2022</b>	<b>-</b>	<b>327,786</b>	<b>298,334</b>	<b>96,569,197</b>	<b>97,195,317</b>
31 December 2021	-	247,731	280,201	88,865,066	89,392,998

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**7. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)**

Allocation of depreciation charge is as follows:

	<u>2022</u>	<u>2021</u>
Cost of revenue (note 19)	12,575,896	9,307,822
General and administrative expenses (note 21)	283,557	155,364
	<u>12,859,453</u>	<u>9,463,186</u>

**8. LEASES**

A. Leases as Lessee

The Company leases vehicles and buses. The leases run for a period of 3-year with an option own the vehicles after that date. Information about leases for which the Company is a lessee is presented below:

**i. Right-of-use assets:**

	<u>2022</u>	<u>2021</u>
Balance as at 1 January	78,557,163	53,277,620
Additions	94,850,020	40,632,697
Transfer to property and equipment	(10,814,375)	(6,728,738)
Depreciation charge	(14,494,713)	(8,624,416)
<b>Balance as at 31 December</b>	<u>148,098,095</u>	<u>78,557,163</u>

**ii. Allocation of depreciation of right-of-use-assets:**

	<u>2022</u>	<u>2021</u>
Cost of revenue (note 19)	14,494,713	8,624,416

**iii. Amounts recognized in income statement:**

	<u>2022</u>	<u>2021</u>
Depreciation expense on right-of-use assets (note 19)	14,494,713	8,624,416
Interest on lease liabilities (note 23)	10,273,476	4,877,825
	<u>24,768,189</u>	<u>13,502,241</u>

**iv. Amounts recognized in statement of cash flows:**

	<u>2022</u>	<u>2021</u>
Total cash outflow for leases	(43,842,550)	(17,488,123)

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**8. LEASES (CONTINUED)**

**v. Lease liabilities:**

	<u>2022</u>	<u>2021</u>
Balance as at 1 January	71,993,916	43,971,517
Acquired during the year	94,850,020	40,632,697
Payments made	(54,116,026)	(17,488,123)
Finance cost (note 23)	10,273,476	4,877,825
<b>Balance as at 31 December</b>	<b><u>123,001,386</u></b>	<b><u>71,993,916</u></b>

**vi. Presented in the statement of financial position as:**

	<u>2022</u>	<u>2021</u>
Current	66,851,720	41,678,835
Non – current	56,149,666	30,315,081

**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 5 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:

	<u>2022</u>	<u>2021</u>
Within 1 year	69,969,598	49,183,404
After 1 year, but more than 5 years	85,395,603	52,961,615
	<b><u>155,365,201</u></b>	<b><u>102,145,019</u></b>

Rental revenue recognized by the Company during the year was SR 81,372,360 (2021: 63,582,706).

The following table set out maturity analysis of lease receivables, showing the lease payments to be received after the reporting date:

	<u>2022</u>	<u>2021</u>
Less than one year	30,224,904	24,044,864
	<b><u>30,224,904</u></b>	<b><u>24,044,864</u></b>

**9. PREPAYMENTS AND OTHER CURRENT ASSETS**

	<u>2022</u>	<u>2021</u>
VAT receivable	7,952,188	2,128,034
Insurance claims	2,775,570	686,377
Advances to suppliers	2,338,528	491,911
Prepaid expenses	493,455	777,799
Employees' advances	83,936	74,015
	<b><u>13,643,677</u></b>	<b><u>4,158,136</u></b>

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**10. TRADE AND UNBILLED RECEIVABLES**

	<u>2022</u>	<u>2021</u>
Trade receivable	30,224,987	24,020,788
Unbilled receivable	-	24,076
	<u>30,224,987</u>	<u>24,044,864</u>

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 impairment of trade receivables are disclosed in note 3.

See note 27 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.

**11. CASH AND CASH EQUIVALENTS**

	<u>2022</u>	<u>2021</u>
Cash at banks	1,445,314	3,635,758
Cash in hand	88,380	36,352
	<u>1,533,694</u>	<u>3,672,110</u>

**12. SHARE CAPITAL**

The share capital of the Company as of 31 December 2021 is owned as follows:

	<u>Ownership percentage</u>	<u>Number of shares</u>	<u>Value</u>
Tariq Abdul Hadi Abdullah Al Qahtani	20%	1,600,000	16,000,000
Salah Abdul Hadi Abdullah Al Qahtani	20%	1,600,000	16,000,000
Abdullah Abdul Hadi Abdullah AI Qahtani	20%	1,600,000	16,000,000
Haifa Saleh Ahmed Al Sugair	10%	800,000	8,000,000
Shams Abdul Hadi Abdullah Al Qahtani	10%	800,000	8,000,000
Mai Abdel Hadi Abdullah Al Qahtani	10%	800,000	8,000,000
Doha Abdel Hadi Abdullah Al Qahtani	10%	800,000	8,000,000
	<u>100%</u>	<u>8,000,000</u>	<u>80,000,000</u>

On 18 April 2022, the shareholders mentioned above waived their rights to new shareholders and all legal documents were completed on 24 July 2022 and company’s by-laws was amended. Accordingly, the new shareholding structure became as follows:

	<u>Ownership percentage</u>	<u>Number of shares</u>	<u>Value</u>
Tariq Abdul Hadi Abdullah Al Qahtani	13.03%	1,042,045	10,420,450
Salah Abdul Hadi Abdullah Al Qahtani	13.03%	1,042,045	10,420,450
Abdullah Abdul Hadi Abdullah AI Qahtani	13.03%	1,042,045	10,420,450
Haifa Saleh Ahmed Al Sugair	6.51%	521,023	5,210,230
Shams Abdul Hadi Abdullah Al Qahtani	6.51%	521,023	5,210,230
Mai Abdel Hadi Abdullah Al Qahtani	6.51%	521,023	5,210,230
Doha Abdel Hadi Abdullah Al Qahtani	6.51%	521,023	5,210,230
Others	34.87%	2,789,773	27,897,730
	<u>100%</u>	<u>8,000,000</u>	<u>80,000,000</u>



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**13. STATUTORY RESERVE**

In accordance with Company's By-laws and the Regulations for Companies in the Kingdom of Saudi Arabia, 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. This reserve is not available for distributions to the shareholders. However, the statutory reserve can be used in mitigating the Company's losses or for increasing its capital, where elected by the shareholders. Accordingly, the Company have transferred 10% of the net profit for the year.

**14. BORROWINGS**

Term Loans as of 31 December is as follows:

	<u>2022</u>	<u>2021</u>
Term loan	<u>40,980,095</u>	<u>32,858,298</u>
	<u>40,980,095</u>	<u>32,858,298</u>
Current	<u>25,068,567</u>	15,228,570
Non-current	<u>15,911,528</u>	<u>17,629,728</u>
	<u>40,980,095</u>	<u>32,858,298</u>

The Company has a Sharia term loan facility agreement with a commercial bank amounting to SR 15 million. As at 31 December 2022, SR 14.6 million (2021: SR 14.0 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 Al Jabr 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 2022, the outstanding balance of funds obtained is SR 17.7 million (2021: SR 18.8 million).

During the year, the Company entered in two financing agreements of SR 5 million each, repayable over 24 equal monthly installments with the grace period of six months with Ajil Financial Services Company. 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 2022, the outstanding balance of funds obtained is SR 7.8 million.

During the year, the Company entered a financing agreement repayable over 36 equal monthly installments with Tayseer Arabian 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 2022, the outstanding balance of funds obtained is SR 0.9 million.

The loans of the company carries interest ranging from 6.17% to 18.38%

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**15. 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 2022 and 31 December 2021 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:**

	<u>2022</u>	<u>2021</u>
Discount rate	4.01%	2.30%
Expected rate of salary increase	2.50%	2.50%
Mortality rates	A1949-52	A1949-52
Retirement age	60 years	60 years

**Amounts recognised in statement of profit and loss is as follows:**

	<u>2022</u>	<u>2021</u>
Current service cost	384,609	280,143
Interest cost	55,578	35,134
	<u>440,187</u>	<u>315,277</u>

**Net benefit expense recognised in other comprehensive income:**

	<u>2022</u>	<u>2021</u>
Gain due to change in demographic assumptions	(237,038)	(99,614)
Loss due to change in experience adjustments	190,143	216,205
	<u>(46,895)</u>	<u>116,591</u>

**Movement in the employee benefits is as follows:**

	<u>2022</u>	<u>2021</u>
As at 1 January	2,607,243	2,216,387
Service cost	384,609	280,143
Interest cost on defined benefit obligation	55,578	35,134
Payments during the year	(381,599)	(41,012)
Re-measurements: Actuarial (gain) / loss on obligation	(46,895)	116,591
As at 31 December	<u>2,618,936</u>	<u>2,607,243</u>

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**15. EMPLOYEES' END OF SERVICE BENEFITS (CONTINUED)**

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

<b><u>Assumptions</u></b>	<b><u>Discount rate</u></b>	
	<b><u>100 bps Increase</u></b>	<b><u>100 bps Decrease</u></b>
<b>Sensitivity analysis</b>		
Defined benefit obligation as at 2022	<b>2,498,001</b>	<b>2,752,460</b>
Defined benefit obligation as at 2021	2,477,012	2,751,906
	<b><u>Future salary increase</u></b>	
	<b><u>100 bps Increase</u></b>	<b><u>100 bps Decrease</u></b>
Defined benefit obligation as at 2022	<b>2,753,152</b>	<b>2,495,156</b>
Defined benefit obligation as at 2021	2,750,137	2,476,037

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:

	<b><u>2022</u></b>	<b><u>2021</u></b>
Within the next 12 months (next annual reporting period)	<b>427,446</b>	357,417
Between 2 and 5 years	<b>2,070,297</b>	1,645,494
Between 5 and 10 years	<b>1,499,948</b>	1,748,704
Beyond 10 years	<b>2,513,691</b>	2,232,897
Total expected payments	<b><u>6,511,382</u></b>	<b><u>5,984,512</u></b>

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.

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**16. ACCRUED EXPENSES AND OTHER LIABILITIES**

	<u>2022</u>	<u>2021</u>
Accrued expenses	1,296,082	1,683,917
Advance payments from customers	682,819	25,007
	<u>1,978,901</u>	<u>1,708,924</u>

**17. RELATED PARTY TRANSACTIONS AND BALANCES**

Related parties include the Company's shareholders, associated and affiliated companies and their shareholders, Board of Directors, and entities controlled, jointly controlled or significantly influenced by such parties. Transactions with related parties are undertaken at mutually agreed terms and approved by the management of the Company. Below is the list of company's related parties:

<u>Name</u>	<u>Relationship</u>
Tariq Abdel Hadi Abdullah Al-Qahtani & Brothers Company	Shareholder
Abdel Hadi Al Judee & Partners International Commercial Enterprises Company	Shareholder
Tariq Abdul Hadi Abdullah Al Qahtani	Shareholder
Salah Abdul Hadi Abdullah Al Qahtani	Shareholder
Abdullah Abdul Hadi Abdullah Al Qahtani	Shareholder
Haifa Saleh Ahmed Al Sugair	Shareholder
Shams Abdul Hadi Abdullah Al Qahtani	Shareholder
Mai Abdel Hadi Abdullah Al Qahtani	Shareholder
Doha Abdel Hadi Abdullah Al Qahtani	Shareholder
Al-Qahtani Pipe Coating Industries	Affiliate
Al Jazeera Water Treatment Chemicals Company	Affiliate
Eradat Transport Company	Affiliate
Abdel Hadi Abdullah Al-Qahtani & Sons- Construction	Affiliate
Al Qahtani Vehicle and Machinery Company	Affiliate
Al- Hijaz Water Company Limited	Affiliate
Abdel Hadi Al-Qahtani Travel Bureau	Affiliate
Al-Qahtani Aviation Company	Affiliate
Pipe & Well Operation and Maintenance Services	Affiliate
Group Five pipe Saudi Company	Affiliate
Pipeline Flow Chemical Company	Affiliate
Abdel Hadi Abdullah Al-Qahtani & Sons- IT division	Affiliate
Arab Valves Manufacturing Company	Affiliate
Abdel Hadi Abdullah Al Qahtani & Sons Company	Affiliate
Arabian Commercial Services Company – Arco	Affiliate
Izar for Insurance Brokerage Company	Affiliate

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**17. RELATED PARTY TRANSACTIONS AND BALANCES (CONTINUED)**

The significant transactions and the related approximate amounts with related parties are as follows:

Related party	Nature of transaction	2022	2021
Al-Qahtani Pipe Coating Industries	Rental revenue	<b>1,570,910</b>	5,014,852
	Vehicle sales	-	4,119,233
	Receipts from related party	<b>(9,000,000)</b>	-
Al Qahtani Vehicle and Machinery Company	Rental revenue	<b>20,687</b>	1,482,370
	Vehicle sales	-	1,741,539
	Receipts from related party	<b>(6,000,000)</b>	-
Abdel Hadi Abdullah Al Qahtani & Sons Company	Rental Revenue	-	2,424,038
Group Five pipe Saudi Company	Payments for the year	<b>821,273</b>	-
	Rental revenue	<b>517,829</b>	432,501
Abdel Hadi Abdullah Al-Qahtani & Sons- Construction	Rental revenue	<b>336,636</b>	312,854
Pipe & well operation and maintenance services	Rental revenue	<b>110,404</b>	71,610
Pipeline flow chemical company	Rental revenue	<b>111,029</b>	47,730
Al-Qahtani aviation company	Rental revenue	<b>17,147</b>	14,910
Al Jazeera water treatment chemicals company	Rental revenue	<b>36,087</b>	15,690

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**17. RELATED PARTY TRANSACTIONS AND BALANCES (CONTINUED)**

**A) Due from related parties comprised of the following:**

	<b>31 December 2022</b>	31 December 2021
Al-Qahtani Pipe Coating Industries	<b>9,827,331</b>	17,143,723
Al Qahtani Vehicle and Machinery Company	<b>1,004,102</b>	6,926,122
Abdel Hadi Abdullah Al Qahtani & Sons Company	<b>2,169,559</b>	1,348,285
Eradat Transport Company	<b>772,537</b>	757,063
Abdel Hadi Abdullah Al-Qahtani & Sons- Construction	<b>854,473</b>	517,837
Group Five pipe Saudi Company	<b>690,272</b>	418,131
Pipe & Well Operation and Maintenance Services	<b>525,233</b>	414,829
Pipeline Flow Chemical Company	<b>281,024</b>	169,995
Al-Qahtani Aviation Company	<b>84,242</b>	67,095
Al Jazeera Water Treatment Chemicals Company	<b>76,692</b>	40,605
Abdel Hadi Al-Qahtani Travel Bureau	-	18,890
Al- Hijaz Water Company Limited	<b>11,307</b>	11,307
Arab Valves Manufacturing Company	<b>1000</b>	1,000
	<b><u>16,297,772</u></b>	<b><u>27,834,882</u></b>

The amounts due from related parties are secured by collateral by shares on a listed company owed by one of the related parties. However, the management expects to collect the amounts within twelve months from the end of the reporting year.

**B) Due to related parties comprised of the following:**

	<b>31 December 2022</b>	31 December 2021
Izar for Insurance Brokerage Company	<b>52,895</b>	46,083
Arabian Commercial Services Company – Arco	<b>41,700</b>	41,700
Abdel Hadi Al-Qahtani Travel Bureau	<b>9,568</b>	-
	<b><u>104,163</u></b>	<b><u>87,783</u></b>

The above due to balances are not bearing interest and to be settled in cash within 12 months of the reporting

**C) Key management personnel compensation**

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

	<b>31 December 2022</b>	31 December 2021
Short-term benefits	<b>964,500</b>	678,600
Termination benefits	<b>336,220</b>	261,220
	<b><u>1,300,720</u></b>	<b><u>939,820</u></b>

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**18. REVENUE**

	<u>2022</u>	<u>2021</u>
Rental income	<b>81,372,360</b>	63,582,706
Sale of vehicles (note 18.1)	<b>108,206,174</b>	39,818,517
	<b><u>189,578,534</u></b>	<u>103,401,223</u>

**18.1**

	<u>2022</u>	<u>2021</u>
Vehicle recorded under property and equipment		
Revenue	<b>15,611,357</b>	14,114,189
Cost of revenue	<b>(14,688,899)</b>	(13,323,560)
	<b><u>922,458</u></b>	<u>790,629</u>
Vehicle recorded under inventory		
Revenue	<b>92,594,817</b>	25,704,328
Cost of revenue	<b>(88,293,400)</b>	(24,291,163)
	<b><u>4,301,417</u></b>	<u>1,413,165</u>

*Disaggregation of revenue from contracts with customers*

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

	<u>2022</u>	<u>2021</u>
<i>Primary geographical markets</i>		
Saudi Arabia	<b><u>189,578,534</u></b>	<u>103,401,223</u>
<i>Timing of revenue recognition</i>		
Transferred at a point in time	<b>108,206,174</b>	39,818,517
Transferred over time	<b>81,372,360</b>	63,582,706
	<b><u>189,578,534</u></b>	<u>103,401,223</u>

**19. COST OF REVENUE**

	<u>2022</u>	<u>2021</u>
Cost of vehicles sold (note 18.1)	<b>102,982,299</b>	37,614,723
Depreciation of property and equipment (note 7)	<b>12,575,896</b>	9,307,822
Depreciation of right of use asset (note 8)	<b>14,494,713</b>	8,624,416
Repair and maintenance	<b>6,513,170</b>	4,537,137
Salaries and wages	<b>2,816,821</b>	2,315,271
Insurance expense	<b>3,244,971</b>	1,979,552
Fees and fines	<b>2,733,779</b>	1,443,612
Travel and transportation	<b>606,377</b>	431,870
Other	<b>268,892</b>	191,431
	<b><u>146,236,918</u></b>	<u>66,445,834</u>

**20. SELLING AND DISTRIBUTION EXPENSES**

	<u>2022</u>	<u>2021</u>
Salaries and wages	<b>1,300,071</b>	981,722
Promotions and gifts	<b>477,918</b>	32,652
Other	<b>697,504</b>	112,583
	<b><u>2,475,493</u></b>	<u>1,126,957</u>

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**21. GENERAL AND ADMINISTRATIVE EXPENSES**

	<u>2022</u>	<u>2021</u>
Salaries and wages	6,717,035	5,465,215
Fuel and utilities	1,674,734	957,808
Rent	1,764,000	830,250
Fee and subscriptions	229,689	577,950
Depreciation of property and equipment (note 7)	283,557	155,364
Balances written off	126,476	-
Stationery and postage	63,471	52,073
Others	463,263	495,134
	<u>11,322,225</u>	<u>8,533,794</u>

**22. OTHER INCOME**

	<u>2022</u>	<u>2021</u>
Compensation against damages from customers	1,707,931	2,119,853
Compensation against accidents from insurance companies	3,323,084	1,727,180
Other income	285,495	231,808
	<u>5,316,510</u>	<u>4,078,841</u>

**23. FINANCIAL CHARGES**

	<u>2022</u>	<u>2021</u>
Finance charges on lease liabilities (note 8)	10,273,476	4,877,825
Finance charges on borrowings	4,174,812	1,041,827
Bank and other charges	175,379	416,181
	<u>14,623,667</u>	<u>6,335,833</u>

**24. ZAKAT**

The principal elements of the zakat base are as follows:

	<u>2022</u>	<u>2021</u>
Non-current assets	245,293,412	167,950,161
Non-current liabilities	74,680,130	50,552,052
Opening equity	114,429,218	92,122,860
Profit before Zakat	20,236,741	25,037,646

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



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**24. ZAKAT (CONTINUED)**

The movement in zakat is as follows:

	<u>2022</u>	<u>2021</u>
At 1 January	1,406,243	277,996
Provision for the year	1,419,576	1,406,243
(Reversal) / provision for previous years	(326,456)	1,208,454
Payment during the year	(996,723)	(1,486,450)
At 31 December	<u>1,502,640</u>	<u>1,406,243</u>

The charge for the period for zakat is as follows:

	<u>2022</u>	<u>2021</u>
Provision for the year	<u>1,093,120</u>	<u>2,614,697</u>

**Status of Assessment**

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

**25. 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.

	<u>2022</u>	<u>2021</u>
Profit for the year	19,143,621	22,422,949
Weighted average number of shares	8,000,000	8,000,000
Basic and dilutive earnings per share	2.39	2.80

**26. CONTINGENCIES AND COMMITMENT**

As at 31 December 2022, there are no contingent liabilities outstanding neither company have any commitment (2021: nil).

**27. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT**

**27.1 Financial assets**

	<u>2022</u>	<u>2021</u>
<b>Financial assets measured at amortized cost:</b>		
Trade and unbilled receivables	30,224,987	24,044,864
Due from related parties	16,297,772	27,834,882
Cash and cash equivalents	1,533,694	3,672,110
<b>Total financial assets at amortized cost</b>	<u>48,056,453</u>	<u>55,551,856</u>

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**27. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (CONTINUED)**

**27.2 Financial liabilities**

	<u>2022</u>	<u>2021</u>
<b>Financial liabilities measured at amortized cost:</b>		
Trade payables	<b>3,327,241</b>	2,674,076
Lease liabilities	<b>123,001,386</b>	71,993,916
Due to related parties	<b>104,163</b>	87,783
Term loan	<b>40,980,095</b>	32,858,298
Total financial liabilities measured at amortized cost	<b><u>167,412,885</u></b>	<u>107,614,073</u>

The Company's principal financial liabilities comprise borrowings, due to shareholders and related parties, trade payables and lease liability. The main purpose of these financial liabilities is to finance the Company's operations. The Company's principal financial assets include cash and cash equivalents, due from related parties and trade and other receivables that derive directly from its 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 senior management regularly review the policies and procedures to ensure that all the financial risks are identified, measured and managed in accordance with the Company's policies and risk objectives. The Company does not engage into any hedging activities. The management reviews and agrees policies for managing each of these risks, which are summarized 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 accounts receivables and loans and borrowings.

**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.

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.

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**27. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (CONTINUED)**

**b) Credit risk (continued)**

The credit risk on liquid funds 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:

	<u>2022</u>	<u>2021</u>
Trade and unbilled receivables	<b>30,224,987</b>	24,044,864
Due from related parties	<b>16,297,772</b>	27,834,882
Bank balances	<b>1,445,314</b>	3,635,758
	<b><u>47,968,073</u></b>	<b><u>55,515,504</u></b>

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 recognised because of collateral. The Company uses an allowance matrix to measure expected credit loss 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.

Generally, trade and unbilled receivables are written-off if past due for more than one year and are not subject to enforcement activity. 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:

	<b>Weighted average loss rate</b>	<b>Gross carrying amount</b>	<b>Loss allowance</b>
		<b>2022</b>	
Up to 90 days	0%	<b>28,861,636</b>	-
Over 90 days	0%	<b>1,363,268</b>	-
	0%	<b><u>30,224,904</u></b>	-
		<b>2021</b>	
Up to 90 days	0%	22,493,018	-
Over 90 days	0%	1,551,846	-
	0%	<b><u>24,044,864</u></b>	-

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**27. 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.

<b>As at 31 December 2022</b>	<b>Carrying Value</b>	<b>Within 1 year</b>	<b>Within 1 to 5 years</b>	<b>More than 5 years</b>	<b>Total</b>
Trade payables	3,327,241	3,327,241	-	-	3,327,241
Lease liabilities	123,001,386	56,149,666	66,851,720	-	123,001,386
Due to related parties	104,163	104,163	-	-	104,163
Term loan	40,980,095	25,068,567	15,911,528	-	40,980,095
	<b>167,412,885</b>	<b>84,649,637</b>	<b>82,763,248</b>	<b>-</b>	<b>167,412,885</b>

<b>As at 31 December 2021</b>	<b>Carrying Value</b>	<b>Within 1 year</b>	<b>Within 1 to 5 years</b>	<b>More than 5 years</b>	<b>Total</b>
Trade payables	2,674,076	2,674,076	-	-	2,674,076
Lease liabilities	71,993,916	41,678,835	30,315,081	-	71,993,916
Due to related parties	87,783	87,783	-	-	87,783
Term loan	32,858,298	15,228,570	17,629,728	-	32,858,298
	<b>107,614,073</b>	<b>59,669,264</b>	<b>47,944,809</b>	<b>-</b>	<b>107,614,073</b>

**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, shareholder's contribution and retained earnings.

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**28. FAIR VALUE OF FINANCIAL ASSETS AND FINANCIAL LIABILITIES**

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.

**29. EVENT AFTER THE REPORTING PERIOD**

No adjusting event occurred between 31 December 2022 and the date of authorization of the financial statements by Board of Directors which may have an impact on these financial statements.

The new Companies Law issued through Royal Decree M/132 on 1/12/1443H (corresponding to 30 June 2022) (hereinafter referred as "the Law") came into force on 26/6/1444 H (corresponding to 19 January 2023). For certain provisions of the Law, full compliance is expected not later than two years from 26/6/1444H (corresponding to 19 January 2023). The management is in process of assessing the impact of the New Companies Law and will amend its By-Laws for any changes to align the Articles to the provisions of the Law. Consequently, the Company shall present the amended By-Laws to the shareholders in their Annual General Assembly meeting for their ratification.

**30. APPROVAL OF FINANCIAL STATEMENTS**

These financial statements were approved by the Board of Directors of the Company and authorized for issuance on 15 February 2023 corresponding to 24 Rajab 1444H.

# Riyal Investment and Development Company's Prospectus

Prospectus of Riyal Investment and Development Company