**UNITED INTERNATIONAL TRANSPORTATION COMPANY**
(A Saudi Joint Stock Company)

**CONDENSED CONSOLIDATED INTERIM**
**FINANCIAL STATEMENTS (UNAUDITED)**
**AND**
**INDEPENDENT AUDITOR'S REPORT**
For the three-month and nine-month periods ended 30 September 2021

**UNITED INTERNATIONAL TRANSPORTATION COMPANY**
(A Saudi Joint Stock Company)

**CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**
For the three-month and nine-month periods ended 30 September 2021

## INDEX

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Kingdom of Saudi Arabia
Headquarter in Riyadh

Commercial Registration No 4030290792

**كي بي إم جي للاستشارات المهنية**
مركز الزهران للأعمال
شارع الأمير سلطان
ص.ب 55078
جده 21534
المملكة العربية السعودية
المركز الرئيسي الرياض

سجل تجاري رقم 4030290792

# Independent auditor's report on review of condensed consolidated interim financial statements

To the Shareholders of United International Transportation Company

## Introduction

We have reviewed the accompanying 30 September 2021 condensed consolidated interim financial statements of United International Transportation Company ("the Company") and its subsidiaries ("the Group") which comprises:

- the condensed consolidated statement of profit or loss and other comprehensive income for the three and nine-month periods ended 30 September 2021;
- the condensed consolidated statement of financial position as at 30 September 2021;
- the condensed consolidated statement of changes in equity for the nine-month period ended 30 September 2021;
- the condensed consolidated statement of cash flows for the nine-month period ended 30 September 2021; and
- the notes to the condensed consolidated interim financial statements.

Management is responsible for the preparation and presentation of these condensed consolidated interim financial statements in accordance with IAS 34, 'Interim Financial Reporting' that is endorsed in the Kingdom of Saudi Arabia. Our responsibility is to express a conclusion on these condensed consolidated interim financial statements based on our review.

## Scope of Review

We conducted our review in accordance with the International Standard on Review Engagements 2410, 'Review of Interim Financial Information Performed by the Independent Auditor of the Entity' that is endorsed in the Kingdom of Saudi Arabia. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing that are endorsed in the Kingdom of Saudi Arabia, and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

## Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying 30 September 2021 condensed consolidated interim financial statements of United International Transportation Company and its subsidiaries are not prepared, in all material respects, in accordance with IAS 34, 'Interim Financial Reporting' that is endorsed in the Kingdom of Saudi Arabia.

KPMG Professional Services a professional closed joint stock company registered in the Kingdom of Saudi Arabia with the paid-up capital of SAR 15,000,000. Previously known as KPMG Al Fozan & Partners Certified Public Accountants. A member firm of the KPMG global organization of independent member firms affiliated with KPMG International Limited.

كي بي إم جي للاستشارات المهنية، شركة مهنية مساهمة مقفلة مسجلة في المملكة العربية السعودية رأسمالها (15000000) ريال سعودي مدفوع بالكامل،وقد تم تغيير اسم الشركة من الاسم السابق "شركة كي بي إم جي الفوزان وشركاه محاسبون ومراجعون قانونيون" إلى الاسم الحالي بتاريخ 2021/03/21م. وهي شركة عضو غير شريك في شبكة شركات كي بي إم جي المستقلة والتابعة لـ كي بي إم جي العالمية، شركة مسجلة في بريطانيا

Commercial Registration of the headquarter in Riyadh is 1010425494.

# Independent auditor's report on review of condensed consolidated interim financial statements

To the Shareholders of United International Transportation Company (continued)

## Other Matter

The financial statements of the Group for the year ended 31 December 2020 and for the nine-month period ended 30 September 2020 were audited and reviewed by another auditor who expressed an unmodified opinion and conclusion thereon vide their reports dated 04 February 2021 and 22 October 2020 respectively.

**KPMG Professional Services**

Nasser Ahmed Al Shutairy
License No. 454

Jeddah, 7 November 2021
Corresponding to 2 Rabi Al Thani 1443H

**UNITED INTERNATIONAL TRANSPORTATION COMPANY**
(A Saudi Joint Stock Company)

**CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME (UNAUDITED)**
For the three-month and nine-month periods ended 30 September 2021

| | Notes | *Three-month period ended 30 September* 2021 SR'000 | 2020 SR'000 | *Nine-month period ended 30 September* 2021 SR'000 | 2020 SR'000 |
|---|---|---|---|---|---|
| Revenue | | **254,963** | 227,651 | **733,526** | 691,983 |
| Cost of revenue | | **(162,034)** | (163,001) | **(472,440)** | (499,827) |
| **Gross profit** | | **92,929** | 64,650 | **261,086** | 192,156 |
| Other operating income, net | | **1,067** | 1,360 | **1,633** | 1,545 |
| Selling and marketing expenses | | **(13,161)** | (10,467) | **(37,982)** | (32,118) |
| General and administrative expenses | | **(16,349)** | (10,653) | **(40,607)** | (31,929) |
| Impairment loss on trade receivables | | **(4,650)** | (2,494) | **(8,448)** | (15,750) |
| **Operating profit** | | **59,836** | 42,396 | **175,682** | 113,904 |
| Finance costs, net | | **(474)** | (682) | **(1,325)** | (2,031) |
| **Net profit before zakat and tax** | | **59,362** | 41,714 | **174,357** | 111,873 |
| Zakat and tax | 4 | **(2,592)** | (1,264) | **(6,158)** | (3,384) |
| **Net profit for the period** | | **56,770** | 40,450 | **168,199** | 108,489 |
| **Other comprehensive income / loss** | | | | | |
| *Items that are or may be reclassified to profit or loss in subsequent periods:* | | | | | |
| Exchange differences on translation of foreign operations | | **--** | 26 | **--** | (135) |
| **Total comprehensive income for the period** | | **56,770** | 40,476 | **168,199** | 108,354 |
| **Earnings per share (EPS):** | | | | | |
| Basic and diluted, net profit for the period attributable to equity holders of the Parent (in Saudi Riyals) | 5 | **0.80** | 0.57 | **2.36** | 1.52 |

Chairman

President & Group CEO

Group Chief Financial Officer

The accompanying notes from 1 to 19 form an integral part of these condensed consolidated interim financial statements.

**UNITED INTERNATIONAL TRANSPORTATION COMPANY**
(A Saudi Joint Stock Company)

**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION**
As at 30 September 2021

| | Notes | 30 September 2021 SR'000 (Unaudited) | 31 December 2020 SR'000 (Audited) |
|---|---|---|---|
| **ASSETS** | | | |
| **Non-current assets** | | | |
| Property and equipment | 6 | **1,206,356** | 1,115,827 |
| Right-of-use assets | 7 | **25,721** | 26,443 |
| Intangible assets | | **721** | 2,141 |
| Deferred tax | 4 | **--** | 51 |
| | | **1,232,798** | 1,144,462 |
| **Current assets** | | | |
| Inventories | | **11,909** | 6,969 |
| Trade receivables | | **114,609** | 175,323 |
| Prepayments and other receivables | | **19,238** | 11,588 |
| Advance against investment | 8 | **15,000** | -- |
| Cash and cash equivalents | | **204,965** | 146,510 |
| | | **365,721** | 340,390 |
| **Total assets** | | **1,598,519** | 1,484,852 |
| **EQUITY AND LIABILITIES** | | | |
| **Equity** | | | |
| Share capital | 9 | **711,667** | 711,667 |
| Statutory reserve | | **200,978** | 200,978 |
| Retained earnings | | **398,576** | 362,072 |
| Foreign currency translation reserve | | **(138)** | (138) |
| **Total equity** | | **1,311,083** | 1,274,579 |
| **Liabilities** | | | |
| **Non-current liabilities** | | | |
| Employee benefits | | **61,524** | 54,666 |
| Lease liabilities | 7 | **18,935** | 17,019 |
| | | **80,459** | 71,685 |
| **Current liabilities** | | | |
| Current portion of bank borrowings | | **--** | 3,333 |
| Lease liabilities – current portion | 7 | **4,079** | 7,171 |
| Trade payables | | **111,836** | 34,251 |
| Accrued expenses and other liabilities | | **84,920** | 85,616 |
| Zakat payable | 4 | **6,142** | 8,217 |
| | | **206,977** | 138,588 |
| **Total liabilities** | | **287,436** | 210,273 |
| **Total equity and liabilities** | | **1,598,519** | 1,484,852 |

Chairman

President & Group CEO

Group Chief Financial Officer

The accompanying notes from 1 to 19 form an integral part of these condensed consolidated interim financial statements.

**UNITED INTERNATIONAL TRANSPORTATION COMPANY**
(A Saudi Joint Stock Company)

**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**
For the nine-months period ended 30 September 2021

| | Share capital SR'000 | Statutory Reserve SR'000 | Retained earnings SR'000 | Foreign currency translation reserve SR'000 | Total equity SR'000 |
|---|---|---|---|---|---|
| Balance as at 01 January 2020 | 711,667 | 182,193 | 265,939 | - | 1,159,799 |
| Net profit for the period | - | - | 108,489 | - | 108,489 |
| Other comprehensive loss for the period | - | - | - | (135) | (135) |
| Total comprehensive income for the period | - | - | 108,489 | (135) | 108,354 |
| *Transactions with the owners of the Company:* | | | | | |
| Dividends | - | - | (71,167) | - | (71,167) |
| Balance as at 30 September 2020 (Unaudited) | 711,667 | 182,193 | 303,261 | (135) | 1,196,986 |
| Balance as at 01 January 2021 | **711,667** | **200,978** | **362,072** | **(138)** | **1,274,579** |
| Net profit for the period | -- | -- | **168,199** | -- | **168,199** |
| Other comprehensive income for the period | -- | -- | -- | -- | -- |
| Total comprehensive income for the period | -- | -- | **168,199** | -- | **168,199** |
| *Transactions with the owners of the Company:* | | | | | |
| Dividends (note 9) | -- | -- | **(131,695)** | -- | **(131,695)** |
| **Balance as at 30 September 2021 (Unaudited)** | **711,667** | **200,978** | **398,576** | **(138)** | **1,311,083** |

Chairman

President & Group CEO

Group Chief Financial Officer

The accompanying notes from 1 to 19 form an integral part of these condensed consolidated interim financial statements.

**UNITED INTERNATIONAL TRANSPORTATION COMPANY**
(A Saudi Joint Stock Company)

**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS (UNAUDITED)**
For the nine-month period ended 30 September 2021

| | Notes | 30 September 2021 SR'000 | 30 September 2020 SR'000 |
|---|---|---|---|
| **CASH FLOWS FROM OPERATING ACTIVITIES** | | | |
| Profit before zakat and tax | | 174,357 | 111,873 |
| Adjustments for non-cash items: | | | |
| Depreciation of property and equipment | 6 | 262,938 | 316,043 |
| Depreciation of right-of-use assets | 7 | 7,781 | 8,180 |
| Amortisation of intangible assets | | 169 | 124 |
| Impairment loss on intangible assets | | 1,823 | -- |
| Loss on disposal of other fixed assets | | -- | 26 |
| Gain on derecognition of right-of-use assets | | (30) | -- |
| Provision for employee benefits | | 8,715 | 5,924 |
| Impairment loss on trade receivables | | 8,448 | 15,750 |
| Finance costs | | 1,325 | 2,031 |
| | | 465,526 | 459,951 |
| Changes in working capital: | | | |
| Inventories | | 76,915 | 53,495 |
| Trade receivables | | 52,266 | (16,404) |
| Prepayments and other receivables | | (7,650) | 7,624 |
| Trade payables | | 77,585 | (26,230) |
| Accrued expenses and other liabilities | | (696) | 15,869 |
| Cash generated from operating activities | | 663,946 | 494,305 |
| Purchase of vehicles | 6 | (415,371) | (278,245) |
| Zakat paid | | (8,182) | (5,008) |
| Finance income received | | 499 | -- |
| Finance costs paid | | (718) | (2,031) |
| Employee benefits paid | | (1,857) | (2,251) |
| **Net cash generated from operating activities** | | 238,317 | 206,770 |
| **CASH FLOWS FROM INVESTING ACTIVITIES** | | | |
| Purchase of property and equipment (excluding vehicles) | 6 | (19,951) | (2,437) |
| Purchase of intangible assets | | (572) | -- |
| Advance against investment | 8 | (15,000) | (1,336) |
| **Net cash used in investing activities** | | (35,523) | (3,773) |
| **CASH FLOWS FROM FINANCING ACTIVITIES** | | | |
| Repayment of borrowings | | (3,333) | (45,450) |
| Payment of lease liabilities | 7 | (9,311) | (4,722) |
| Dividends paid | 9 | (131,695) | (71,167) |
| **Net cash used in financing activities** | | (144,339) | (121,339) |
| **NET INCREASE IN CASH AND CASH EQUIVALENTS** | | 58,455 | 81,658 |
| Net foreign exchange differences | | -- | (135) |
| Cash and cash equivalents at the beginning of the period | | 146,510 | 4,655 |
| **CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD** | | 204,965 | 86,178 |
| **Supplemental non-cash information** | | | |
| Transfers of vehicles from property and equipment to inventories | 6 | 81,855 | 45,896 |
| Right-of-use assets and lease liabilities | 7 | 10,592 | 2,942 |

Chairman | President & Group CEO | Group Chief Financial Officer

The accompanying notes from 1 to 19 form an integral part of these condensed consolidated interim financial statements.

## 1 CORPORATE INFORMATION

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

The principal activities of the Parent Company are leasing and rental of vehicles under the commercial name of "Budget Rent a Car" as per the license No. 0202000400 issued by the Ministry of Transportation in the Kingdom of Saudi Arabia. The Parent Company was listed on Saudi Stock Exchange on 01 September 2007.

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

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

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

With effect from 26 January 2020, the Parent Company acquired the remaining 51% shareholding of an existing associate Unitrans Infotech Services India Private Limited. As such, the Parent Company wholly owns 100% of the shareholding in this entity. Therefore, the same have been consolidated in these condensed consolidated interim financial statements.

The following are the details of the associate:

| ***Name*** | ***Principal field of activities*** | ***% of capital held*** | |
|---|---|---|---|
| | | ***30 September 2021*** | *31 December 2020* |
| Tranzlease Holdings India Private Limited | Operating lease of motor vehicles | **32.99%** | 32.99% |

**Tranzlease Holdings India Private Limited**

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

The associate had no contingent liabilities or capital commitments at 31 December 2020 or 30 September 2021.

The financial statements of subsidiaries are prepared for the same reporting period using the same accounting framework as the Group. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies in line with the Group's accounting policies.

## 2 BASIS OF PREPARATION

### 2.1 Statement of compliance

These condensed consolidated interim financial statements have been prepared in accordance with the International Accounting Standard 34, “Interim Financial Reporting” (“IAS 34”) as endorsed in the Kingdom of Saudi Arabia (“KSA”) and other standards and pronouncements that are issued by the Saudi Organization for Chartered and Professional Accountants (“SOCPA”) (collectively referred to as “IFRS as endorsed in KSA”).

These condensed consolidated interim financial statements do not include all the information and disclosures required in the complete set of annual consolidated financial statements. They should be read in conjunction with the Group’s annual consolidated financial statements for the year ended 31 December 2020. However, selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the Group’s financial position and performance since the last annual financial statements. In addition, results for the interim period ended 30 September 2021 are not necessarily indicative of the results that may be expected for the financial year ending 31 December 2021.

### 2.2 Basis of measurement

The condensed consolidated interim financial statements are prepared under the historical cost convention using the accruals basis of accounting and going concern concept, unless otherwise stated.

### 2.3 Functional and presentation currency

The condensed consolidated interim financial statements are presented in Saudi Arabian Riyals (SR), which is the Parent Company’s functional currency and Group’s presentation currency. All financial information presented in SR has been rounded off to the nearest thousand (SR’000), unless otherwise stated.

### 2.4 Significant accounting judgements, estimates, and assumptions

The preparation of the Group’s condensed consolidated interim financial statements requires management to make judgements, estimates, and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures and the disclosure of contingent liabilities.

The significant judgments made by management in applying the Group's accounting policies and the methods of computation and the key sources of estimation are the same as those that applied to the consolidated financial statements for the year ended 31 December 2020. However, in view of the current uncertainty, any future change in the assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amounts of the assets or liabilities affected in the future periods. As the situation is rapidly evolving with future uncertainties, management will continue to assess the impact based on prospective developments (see also note 16).

## 3 SIGNIFICANT ACCOUNTING POLICIES

The accounting policies applied in the preparation of the condensed consolidated interim financial statements are consistent with those followed in the preparation of the Group’s annual consolidated financial statements for the year ended 31 December 2020, except for the adoption of amendments and interpretations effective as of 01 January 2021 and new accounting policies as mentioned in note 17 to these condensed consolidated interim financial statements. The Group has not early adopted any standard, interpretation, or amendment that has been issued but is not yet effective.

## 4 ZAKAT AND TAX

Zakat and tax expense for the period was SR 6.1 million. There was no change in the status of zakat and tax assessments of the Parent Company and its subsidiaries from the consolidated financial statements for the year ended 31 December 2020 except for the below;

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

Moreover, during the nine-months ended 30 September 2021, the Zakat, Tax and Custom authority (ZATCA) had issued final assessments for the years from 31 December 2015 till 31 December 2020, wherein ZATCA has claimed differences of SR 117,666 for the year 2019 and SR 254,285 for the year 2020, respectively.

The zakat and tax expense for the period is as follows

| | ***For the nine-month period ended 30 September 2021 SR'000*** **(Unaudited)** | *For the nine-month period ended 30 September 2020 SR'000* (Unaudited) |
|---|---|---|
| Zakat expense during the period | **6,107** | 3,384 |
| Deferred tax during the period (related to subsidiary) | **51** | -- |
| At the end of the period | **6,158** | 3,384 |

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

| | ***For the nine-month period ended 30 September 2021 SR'000*** **(Unaudited)** | *For the year ended 31 December 2020 SR'000* (Audited) |
|---|---|---|
| At the beginning of the period / year | **8,217** | 6,939 |
| Provided during the period / year | **6,107** | 6,286 |
| Paid during the period / year | **(8,182)** | (5,008) |
| At the end of the period / year | **6,142** | 8,217 |

## 5 EARNINGS PER SHARE (EPS)

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

## 5 EARNINGS PER SHARE (EPS) (continued)

The EPS calculation is given below:

| | *For the three-month period ended 30 September* | | *For the nine-month period ended 30 September* | |
|---|---|---|---|---|
| | ***(Unaudited) 2021*** | *(Unaudited) 2020* | ***(Unaudited) 2021*** | *(Unaudited) 2020* |
| Net profit attributable to equity holders of the Parent (*SR'000)* | **56,770** | 40,450 | **168,199** | 108,489 |
| Weighted average number of shares for basic and diluted EPS ('000) | **71,167** | 71,167 | **71,167** | 71,167 |
| Earnings per share (in Saudi Riyals) | **0.80** | 0.57 | **2.36** | 1.52 |

## 6 PROPERTY AND EQUIPMENT

| | ***For the nine-month period ended 30 September 2021 (Unaudited)*** | | | *For the year ended 31 December 2020 (Audited)* | | |
|---|---|---|---|---|---|---|
| | ***Vehicles SR'000*** | ***Others SR'000*** | ***Total SR'000*** | *Vehicles SR'000* | *Others SR'000* | *Total SR'000* |
| Opening net book value | **987,472** | **128,355** | **1,115,827** | 1,097,331 | 129,681 | 1,227,012 |
| Additions during the period / year | **415,371** | **19,951** | **435,322** | 379,770 | 3,491 | 383,261 |
| Transfer of vehicles to inventories during the period / year | **(81,855)** | **--** | **(81,855)** | (83,829) | -- | (83,829) |
| Depreciation charge for the period / year | **(258,770)** | **(4,168)** | **(262,938)** | (405,800) | (4,817) | (410,617) |
| Closing net book value | **1,062,218** | **144,138** | **1,206,356** | 987,472 | 128,355 | 1,115,827 |

## 7 RIGHT-OF-USE ASSETS AND LEASE LIABILITIES

| | ***For the nine-month period ended 30 September 2021 (Unaudited)*** | | *For the year ended 31 December 2020 (Audited)* | |
|---|---|---|---|---|
| | ***Right-of-use assets SR'000*** | ***Lease liabilities SR'000*** | *Right-of-use assets SR'000* | *Lease liabilities SR'000* |
| Opening balance | **26,443** | **24,190** | 33,930 | 29,257 |
| Additions made during the period / year | **10,592** | **10,592** | 3,582 | 3,582 |
| Terminations during the period / year | **(3,533)** | **(3,563)** | (81) | (177) |
| Depreciation expense for the period / year | **(7,781)** | **--** | (10,988) | - |
| Accretion of interest | **--** | **1,106** | - | 1,065 |
| Payments | **--** | **(9,311)** | - | (9,537) |
| Closing balance | **25,721** | **23,014** | 26,443 | 24,190 |

## 8 ADVANCE AGAINST INVESTMENT

During the period ended 30 September 2021, the group has advanced SR 15 million against an investment in Syarah Limited, a company limited by shares incorporated under the laws of the British Virgin Islands. The formalities related to the terms of the investment are in progress.

## 9 SHARE CAPITAL

At 30 September 2021, the Group's authorized, issued, and paid-up share capital of SR 711.67 million (31 December 2020: SR 711.67 million) consists of 71.167 million (31 December 2020: 71.167 million) fully paid shares of SR 10 each.

The Board of Directors, in its meeting held on 04 February 2021, proposed a final cash dividend of SR 88.96 million, which was approved in the Ordinary General Assembly Meeting on 29 April 2021 for the year ended 31 December 2020.

The Board of Directors, in its meeting held on 19 August 2021, approved a distribution of an interim cash dividend of SR 42.73 million for the year ending 31 December 2021.

## 10 RELATED PARTY TRANSACTIONS AND BALANCES

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

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

| | | | Amounts of transactions | | | |
|---|---|---|---|---|---|---|
| | | | For the three-month period ended | | For the nine-month period ended | |
| *Related party* | *Nature of relationship* | *Nature of transactions* | **30 September 2021 SR'000 (Unaudited)** | *30 September 2020 SR'000 (Unaudited)* | **30 September 2021 SR'000 (Unaudited)** | *30 September 2020 SR'000 (Unaudited)* |
| Zahid Group (note b) | Shareholder | Car rentals | **--** | 7 | **--** | 52 |
| Law Firm of Bassim A Alim | Other related party | Professional services including value added tax (retainership fee) | **--** | -- | **1,380** | 1,707 |
| Key management personnel | Employees | Short term benefits | **2,658** | 1,738 | **7,730** | 5,149 |
| | | Long term benefits | **178** | 148 | **535** | 446 |
| | | Board of Directors' remuneration | **830** | -- | **1,986** | 1,283 |

b) Due from a related party as of period / year end represents the following:

| | **30 September 2021 (Unaudited)** | *31 December 2020 (Unaudited)* |
|---|---|---|
| Zahid Group (included in trade receivables) | **--** | 16 |

## 11 CONTINGENCIES AND COMMITMENTS

In addition to the contingencies disclosed in note 4, at 30 September 2021, the Group has outstanding letters of guarantee amounting to SR 12.35 million (31 December 2020: SR 19.8 million) issued by the banks in Saudi Arabia on behalf of Group in the ordinary course of business.

## 12 SEGMENTAL INFORMATION

The Group has three reportable segments, as described below, which are the Group's strategic business units. The strategic business units offer different products and services and are managed separately because they require different marketing strategies. For each of the strategic business units, the Group's top management reviews internal management reports on at least a quarterly basis. The following summary describes the operations in each of the Group's reportable segments:

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

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

Segment results that are reported to the top management (Chairman, President & Group Chief Executive Officer (P & GCEO), Director of Corporate Affairs and Group Chief Financial Officer (GCFO)) include items directly attributable to a segment as well as those that can be allocated on a reasonable basis.

Information regarding the results of each reportable segment is included below. Performance is measured based on segment revenues, as included in the internal management reports that are reviewed by the top management. There is no inter-segment revenue reported during the period. The following table presents segment information for the three month and nine-month period ended 30 September 2021:

**For the three-month period ended**

| ***Particulars*** | ***Lease*** | | ***Rental*** | | ***Others*** | | ***Total*** | |
|---|---|---|---|---|---|---|---|---|
| | ***30 September 2021*** | *30 September 2020* | ***30 September 2021*** | *30 September 2020* | ***30 September 2021*** | *30 September 2020* | ***30 September 2021*** | *30 September 2020* |
| | *(Unaudited)* | | *(Unaudited)* | | *(Unaudited)* | | *(Unaudited)* | |
| | ***SR'000*** | *SR'000* | ***SR'000*** | *SR'000* | ***SR'000*** | *SR'000* | ***SR'000*** | *SR'000* |
| Revenue - external customers | **112,755** | 122,298 | **51,453** | 42,288 | **90,755** | 63,065 | **254,963** | 227,651 |
| Depreciation | **(54,735)** | (68,367) | **(30,554)** | (30,592) | -- | -- | **(85,289)** | (98,959) |
| Segment profit | **58,020** | 53,931 | **20,899** | 11,696 | **90,755** | 63,065 | **169,674** | 128,692 |

## 12 SEGMENTAL INFORMATION (continued)

**Unallocated income / (expenses):**

| | ***30 September 2021 (Unaudited)*** | *30 September 2020 (Unaudited)* |
|---|---|---|
| Cost of revenue | **(76,745)** | (64,042) |
| Other income-net | **1,067** | 1,360 |
| Selling and marketing expenses | **(13,161)** | (10,467) |
| General and administrative expenses | **(16,349)** | (10,653) |
| Impairment loss on trade receivables | **(4,650)** | (2,494) |
| Finance costs-net | **(474)** | (682) |
| **Net profit before zakat and tax** | **59,362** | 41,714 |

**For the nine-month period ended**

| ***Particulars*** | ***Lease*** | | ***Rental*** | | ***Others*** | | ***Total*** | |
|---|---|---|---|---|---|---|---|---|
| | ***30 September 2021*** | *30 September 2020* | ***30 September 2021*** | *30 September 2020* | ***30 September 2021*** | *30 September 2020* | ***30 September 2021*** | *30 September 2020* |
| | *(Unaudited)* | | *(Unaudited)* | | *(Unaudited)* | | *(Unaudited)* | |
| | ***SR'000*** | *SR'000* | ***SR'000*** | *SR'000* | ***SR'000*** | *SR'000* | ***SR'000*** | *SR'000* |
| Revenue - external customers | **342,981** | 371,929 | **144,637** | 135,889 | **245,908** | 184,165 | **733,526** | 691,983 |
| Depreciation | **(164,461)** | (212,554) | **(94,309)** | (99,917) | **--** | -- | **(258,770)** | (312,471) |
| Segment profit | **178,520** | 159,375 | **50,328** | 35,972 | **245,908** | 184,165 | **474,756** | 379,512 |

**Unallocated income / (expenses):**

| | ***30 September 2021 (Unaudited)*** | *30 September 2020 (Unaudited)* |
|---|---|---|
| Cost of revenue | **(213,670)** | (187,356) |
| Other income-net | **1,633** | 1,545 |
| Selling and marketing expenses | **(37,982)** | (32,118) |
| General and administrative expenses | **(40,607)** | (31,929) |
| Impairment loss on trade receivables | **(8,448)** | (15,750) |
| Finance costs-net | **(1,325)** | (2,031) |
| **Net profit before zakat and tax** | **174,357** | 111,873 |

## 12 SEGMENTAL INFORMATION (continued)

Detail of segment assets and liabilities is given below:

| *Particulars* | *Allocated* | | *Unallocated* | |
|---|---|---|---|---|
| | *Lease* | *Rental* | *Others* | *Total* |
| | *SR'000* | *SR'000* | *SR'000* | *SR'000* |
| ***30 September 2021 (Unaudited)*** | | | | |
| Segment assets | **796,441** | **265,777** | **536,301** | **1,598,519** |
| Segment liabilities | **--** | **--** | **287,436** | **287,436** |
| *31 December 2020 (Audited)* | | | | |
| Segment assets | 737,519 | 249,953 | 497,380 | 1,484,852 |
| Segment liabilities | - | - | 210,273 | 210,273 |

## 13 FAIR VALUE OF ASSETS AND LIABILITIES

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

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

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

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

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

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

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

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

As at 30 September 2021 and 31 December 2020, the fair values of the Group's financial instruments are estimated to approximate their carrying values. No significant inputs were applied in the valuation of trade receivables as at 30 September 2021 and 31 December 2020.

During the period ended 30 September 2021, there were no movements between the levels.

## 14 CAPITAL MANAGEMENT

For the purpose of the Group's capital management, capital includes issued capital, statutory reserve, and retained earnings attributable to the equity holders of the Parent Company. The primary objective of the Group's capital management is to maximize the shareholder value.

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

| | ***30 September 2021 SR'000 (Unaudited)*** | *31 December 2020 SR'000 (Audited)* |
|---|---|---|
| Debt – Bank borrowings and lease liabilities | **23,014** | 27,523 |
| Equity | **1,311,083** | 1,274,579 |
| Capital and debt | **1,334,097** | 1,302,102 |
| Gearing ratio | **0.02** | 0.02 |

## 15 FINANCIAL RISK MANAGEMENT

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

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

Risk management is carried out by senior management under policies approved by the Board of Directors. Senior management identifies, evaluates, and hedges financial risks in close co-operation with the Company's operating units

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

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

The audit committee oversees compliance by management with the Group's risk management policies and procedures and reviews the adequacy of the risk management framework about the risks faced by the Company.

## 15 FINANCIAL RISK MANAGEMENT (continued)

### Market risk

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

### Interest rate risk

Interest rate risk is the exposure to various risks associated with the effect of fluctuations in the prevailing interest rates on the Group's financial position and cash flows. The Group manages the interest rate risk by regularly monitoring the interest rate profiles of its interest-bearing financial instruments. At the reporting date there are no borrowings and there is no profit rate sensitivity for the period.

### Foreign currency risk

Foreign currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates. The Group's transactions are principally in Saudi Riyals. However, the Group has investments in foreign associates, whose net assets are exposed to currency translation risk. Currently, such exposures are mainly related to exchange rate movements between local currencies against Indian Rupees. The Group's management monitors such fluctuations and manages its effect on the condensed interim consolidated financial statements accordingly.

### Other price risk

The Group is not affected by price risk as there is no investment of the Group in equity shares or commodities.

### Credit risk

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

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

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

| | ***30 September 2021 SR'000 (Unaudited)*** | *31 December 2020 SR'000 (Audited)* |
|---|---|---|
| **Financial assets** | | |
| Trade receivables | **114,609** | 175,323 |
| Cash at banks | **203,990** | 145,104 |
| | **318,599** | 320,427 |

## 15 FINANCIAL RISK MANAGEMENT (continued)

### Trade receivables

Customer credit risk is managed by each business unit subject to the Group's established policy, procedures and control relating to customer credit risk management. Credit quality of a customer is assessed based on an extensive credit rating scorecard and individual credit limits are defined in accordance with this assessment. The five largest customers account for 21% of outstanding accounts receivable at 30 September 2021 (31 December 2020: 18%).

An impairment analysis is performed at each reporting date using a provision matrix to measure expected credit losses. The calculation reflects the probability-weighted outcome, the time value of money, and reasonable and supportable information available at the reporting date about past events, current conditions, and forecasts of future economic conditions. Generally, trade receivables are written-off if past due for more than two years and are not subject to enforcement activity if the cost of such activity is expected to be higher than the benefit of doing so. The maximum exposure to credit risk at the reporting date is the carrying value of each class of financial assets. Outstanding customer receivables are regularly monitored. Some customers are also secured, where possible, by way of cash security deposit or advance, which are considered an integral part of trade receivables and considered in the calculation of impairment. The credit risk exposure of the Group on trade receivables using a provision matrix, ranges from 2.73% to 60.16% on trade receivables ageing less than 90 days to above 365 days, respectively. With respect to credit risk arising from the other financial assets of the Group, including bank balances and cash, the Group's exposure to credit risk arises from the counterparty's default, with a maximum exposure equal to the carrying amount as disclosed in the statement of financial position. The credit risk in respect of bank balances is considered by management to be insignificant, as the balances are mainly held with reputable banks in the Kingdom of Saudi Arabia and internationally.

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

### Liquidity risk

Liquidity risk is the risk that an enterprise will encounter difficulty in raising funds to meet commitments associated with financial instruments. Liquidity risk may result from an inability to sell a financial asset quickly at an amount close to its fair value. Liquidity risk is managed by monitoring on a regular basis that sufficient funds are available through committed credit facilities to meet any future commitments. The Group has no significant concentration of credit risk.

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

| | | Contractual cash flows | | |
|---|---|---|---|---|
| **Non-derivative financial liabilities** | **Carrying amount** *SR'000* | **One year or less** *SR'000* | **More than one year** *SR'000* | **Total** *SR'000* |
| **30 September 2021 (Unaudited)** | | | | |
| Trade payables | **111,836** | **111,836** | **--** | **111,836** |
| Accrued expenses and other liabilities | **84,920** | **84,920** | **--** | **84,920** |
| Lease liabilities | **23,014** | **4,144** | **19,240** | **23,384** |
| | **219,770** | **200,900** | **19,240** | **220,140** |
| 31 December 2020 (Audited) | | | | |
| Borrowings | 3,333 | 3,333 | -- | 3,333 |
| Trade payables | 34,251 | 34,251 | -- | 34,251 |
| Accrued expenses and other liabilities | 85,616 | 85,616 | -- | 85,616 |
| Lease liabilities | 24,190 | 7,484 | 17,783 | 25,267 |
| | 147,390 | 130,684 | 17,783 | 148,467 |

## 16 IMPACT OF COVID-19

The coronavirus ("COVID-19"), which was declared a pandemic by the WHO during March 2020, has spread across various geographies globally, causing disruption to business and economic activities. COVID-19 has brought about uncertainties in the global economic environment. The fiscal and monetary authorities, both domestic and international, have announced various support measures across the globe to counter possible adverse implications

Given the scale of the outbreak, the Group has assessed the potential impacts of the outbreak on its operations due to the restrictions placed by various government institutions to curb or delay the spread of COVID-19. The Group has ensured to implement health and safety measures for its employees, customers, contractors and its communities.

The extent to which the coronavirus pandemic impacts the Group's business, operations, and financial results, is inevitable. However, the amount is not specified and depends on many factors and future developments that the Group may not be able to estimate reliably during the current period. These factors include the virus transmission rate, the duration of the outbreak, precautionary actions that may be taken by governmental authorities to reduce the spread of the epidemic and the impact of those actions on economic activity, the impact on the businesses of the Group's customers and other factors.

Whilst it is challenging now to predict the full extent and duration of its business and economic impact, the Group's management carried out an impact assessment on the overall Group's operations, estimated its liquidity requirements and business aspects, including factors like travel restrictions, services demand, used vehicle demand, etc. The Group has actively responded to changes in market demand, timely adjusted its operation strategy. In the coming quarters, the Group will continue to focus on cash preservation and liquidity management.

Management is required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources, considering the uncertainties discussed. The judgments, estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant, including expectations of future events that are believed to be reasonable under the circumstances.

The Group considered potential impacts of the current economic volatility in determining the reported amounts of the Group's financial and non-financial assets. These are considered to represent management's best assessment based on observable information. Markets, however, remain volatile, and the recorded amounts remain sensitive to market fluctuations.

Further, the Group's management recalibrated ECL calculation by incorporating macroeconomic factors, which resulted in additional ECL provision of SR 8.4 million, and also evaluated the cash flow situation, including available bank facilities, the continuation of existing leasing contracts, and the readiness of operational processes when the situation improves.

The management cannot, however, preclude the possibility that extended lockdown periods, an escalation in the severity of such measures, or a consequential adverse impact of such measures on the economic environment and the industry that the Group operates in, may have a potential effect on the Group, and its financial position and operating results, in the medium and longer-term. Given the fluidity of the environment, the management will continue to evaluate these and make further demand-driven adjustments to its capacity as needed.

## 17 NEW STANDARDS, INTERPETATON AND AMENDMENTS

The following amendments to existing standards and framework have been applied by the Company in preparation of these condensed interim financial statements. The adoption of the below did not result in changes to previously reported net profit or equity of the Company.

| **Description** | **Effective from** |
|---|---|
| Interest Rate Benchmark Reforms Phase 2 - Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 | 01 January 2021 |

Standards, interpretations and amendments issued but not yet effective

A number of new pronouncements are effective for annual periods beginning on or after 01 January 2022, and earlier application is permitted; however, the Company has not early adopted the new or amended standards in preparing these condensed interim financial statements.

| ***Standard / interpretation*** | ***Description*** | ***Effective from periods beginning on or after the following date*** |
|---|---|---|
| IAS 37 | Onerous contracts – cost of fulfilling a contract | 01 January 2022 |
| IFRS Standards | Annual improvements to IFRS standards 2018 – 2020 | 01 January 2022 |
| IAS 16 | Property, plant and equipment: proceeds before intended use | 01 January 2022 |
| IFRS 3 | Reference to the conceptual framework | 01 January 2022 |
| IFRS 16 | COVID19 Related Rent Concessions Beyond 30 June 2021 | 01 January 2022 |
| IFRS 17 | Insurance contracts | 01 January 2023 |
| IAS 1 | Classification of liabilities as current or non-current (amendments to IAS 1) | 01 January 2023 |
| IAS 8 | Definition of Accounting Estimate – Amendment | 01 January 2023 |
| IAS 12 | Deferred Tax related to Assets and Liabilities arising from a Single Transaction | 01 January 2023 |
| IAS 1 and IFRS Practice Statement 2 | Disclosure of Accounting Policies | 01 January 2023 |
| IFRS 10 and IAS 28 | Sale or contribution of assets between investor and its associate or joint venture (amendments to IFRS 10 and IAS 28) | Available for optional adoption / effective date deferred indefinitely |

The Group is currently assessing the implications of adopting the above-mentioned standards, amendments or interpretations on the Group's financial statements on adoption.

## 18 SUBSEQUENT EVENTS

There have been no significant subsequent events since the period-end, that would require disclosures or adjustments in these condensed consolidated interim financial statements, except as disclosed in note 16, which describes the emerging developments and related impact on the Group due to COVID-19.

## 19 APPROVAL OF THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

These unaudited condensed consolidated interim financial statements have been approved by the Board of Directors on 4 November 2021, corresponding to 29 Rabi Al Awal 1443H.