

**Theeb Rent a Car Company**  
**(A Saudi Joint Stock Company)**

**UNAUDITED INTERIM CONDENSED FINANCIAL STATEMENTS**

**FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2023**

Theeb Rent a Car Company  
(A Saudi Joint Stock Company)

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INTERIM CONDENSED FINANCIAL STATEMENTS (UNAUDITED)

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## INDEPENDENT AUDITOR'S REVIEW REPORT ON THE INTERIM CONDENSED FINANCIAL STATEMENTS TO THE SHAREHOLDERS OF THEEB RENT A CAR COMPANY (A SAUDI JOINT STOCK COMPANY)

### Introduction

We have reviewed the accompanying interim condensed statement of financial position of Theeb Rent a Car Company (the "Company") as at 31 March 2023 and the related interim condensed statements of comprehensive income, changes in shareholders' equity and cash flows for the three-month period then ended, and a summary of significant accounting policies and other explanatory notes. Management is responsible for the preparation and presentation of these interim condensed financial statements in accordance with the International Accounting Standard "Interim Financial Reporting" ("IAS 34") that is endorsed in the Kingdom of Saudi Arabia. Our responsibility is to express a conclusion on these interim condensed financial statements based on our review.

### Scope of review

We conducted our review in accordance with International Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" endorsed in the Kingdom of Saudi Arabia. A review of interim financial statements 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 interim condensed financial statements are not prepared, in all material respects, in accordance with IAS 34 that is endorsed in the Kingdom of Saudi Arabia.

**Independent Auditor's Review Report on the Interim Condensed Financial Statements  
To the Shareholders of Theeb Rent a Car Company  
(A SAUDI JOINT STOCK COMPANY) (continued)**

**Emphasis of a matter**

We draw attention to note 3 to the interim condensed financial statements. As stated therein, during the year ended 31 December 2021, management has received a correspondence from the Zakat, Tax and Customs Authority ("ZATCA"), regarding certain possible taxes on the Company relating to the ownership interests of one of the Company's former shareholders. As at the date of this report, no official assessment has been received from ZATCA. Our conclusion has not been modified in respect of this matter.

for Ernst & Young Professional Services

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

Riyadh: 1 Duh Al-Qi'dah 1444H  
(21 May 2023)


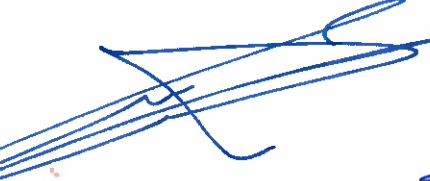



Theeb Rent a Car Company  
(A Saudi Joint Stock Company)

INTERIM CONDENSED STATEMENT OF COMPREHENSIVE INCOME

For the three-month period ended 31 March 2023

	Note	For the three-month period ended 31 March	
		2023 (Unaudited) SR	2022 (Unaudited) SR
Revenues	11	262,943,294	220,882,878
Cost of revenues		(172,422,670)	(136,592,618)
<b>GROSS PROFIT</b>		<b>90,520,624</b>	<b>84,290,260</b>
General and administrative expenses		(14,137,917)	(12,776,822)
Selling and marketing expenses		(13,294,889)	(11,628,332)
Provision for expected credit losses		(4,865,630)	(9,426,702)
<b>INCOME FROM OPERATIONS</b>		<b>58,222,188</b>	<b>50,458,404</b>
Other income		271,087	682,841
Finance cost		(12,154,335)	(5,971,118)
Gain on derivative instrument at FVTPL		-	480,196
<b>INCOME BEFORE ZAKAT</b>		<b>46,338,940</b>	<b>45,650,323</b>
Zakat	3	(4,047,324)	(3,055,535)
<b>NET INCOME FOR THE PERIOD</b>		<b>42,291,616</b>	<b>42,594,788</b>
Other comprehensive income		-	-
<b>TOTAL COMPREHENSIVE INCOME FOR THE PERIOD</b>		<b>42,291,616</b>	<b>42,594,788</b>
<b>Earnings per share:</b>			
Basic and diluted earnings per share for the period	5	0.98	0.99

Chairman                      Chief Executive Officer                      Chief Financial Officer

The accompanying notes from 1 to 16 form an integral part of these interim condensed financial statements.

Theeb Rent a Car Company  
(A Saudi Joint Stock Company)

INTERIM CONDENSED STATEMENT OF FINANCIAL POSITION

As at 31 March 2023

	Note	31 March 2023 (Unaudited) SR	31 December 2022 (Audited) SR
<b>ASSETS</b>			
<b>NON-CURRENT ASSETS</b>			
Property and equipment	4	1,380,985,564	1,320,362,211
Right-of-use assets	7	93,691,586	101,610,688
<b>TOTAL NON-CURRENT ASSETS</b>		<b>1,474,677,150</b>	<b>1,421,972,899</b>
<b>CURRENT ASSETS</b>			
Inventories		5,035,088	4,966,089
Accounts receivable		199,265,152	189,363,995
Prepayments and other current assets		88,088,248	139,318,414
Contract assets		8,525,977	10,499,399
Bank balances and cash		138,513,814	100,092,690
<b>TOTAL CURRENT ASSETS</b>		<b>439,428,279</b>	<b>444,240,587</b>
<b>TOTAL ASSETS</b>		<b>1,914,105,429</b>	<b>1,866,213,486</b>
<b>SHAREHOLDERS' EQUITY AND LIABILITIES</b>			
<b>SHAREHOLDERS' EQUITY</b>			
Share capital	9	430,000,000	430,000,000
Statutory reserve		42,437,177	38,208,015
Retained earnings		209,344,853	196,652,399
<b>TOTAL SHAREHOLDERS' EQUITY</b>		<b>681,782,030</b>	<b>664,860,414</b>
<b>LIABILITIES</b>			
<b>NON-CURRENT LIABILITIES</b>			
Non-current portion of term loans	10	449,500,315	455,185,280
Employees' defined benefit liabilities		35,638,448	34,935,477
Non-current portion of lease obligation	7	51,153,312	53,707,128
<b>TOTAL NON-CURRENT LIABILITIES</b>		<b>536,292,075</b>	<b>543,827,885</b>
<b>CURRENT LIABILITIES</b>			
Current portion of term loans	10	450,236,663	442,155,580
Current portion of lease obligation	7	56,511,941	53,848,293
Car dealership payable		49,269,116	56,876,824
Accounts payable		30,951,862	29,735,448
Accrued expenses and other current liabilities		54,926,035	50,190,659
Dividend payable	12	25,370,000	-
Zakat payable	3	28,765,707	24,718,383
<b>TOTAL CURRENT LIABILITIES</b>		<b>696,031,324</b>	<b>657,525,187</b>
<b>TOTAL LIABILITIES</b>		<b>1,232,323,399</b>	<b>1,201,353,072</b>
<b>TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES</b>		<b>1,914,105,429</b>	<b>1,866,213,486</b>

Chairman

Chief Executive Officer

Chief Financial Officer

The accompanying notes from 1 to 16 form an integral part of these interim condensed financial statements.


**Theeb Rent a Car Company**  
**(A Saudi Joint Stock Company)**

**INTERIM CONDENSED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY**

For the three-month period ended 31 March 2023

	Share capital SR	Statutory Reserve SR	Retained earnings SR	Total SR
As at 31 December 2021 (Audited)	430,000,000	18,897,220	118,458,160	567,355,380
Net income for the period	-	-	42,594,788	42,594,788
Other comprehensive income	-	-	-	-
Total comprehensive income	-	-	42,594,788	42,594,788
Transfer to statutory reserve	-	4,259,479	(4,259,479)	-
Dividends (note 12)	-	-	(23,220,000)	(23,220,000)
As at 31 March 2022 (Unaudited)	430,000,000	23,156,699	133,573,469	586,730,168
As at 31 December 2022 (Audited)	430,000,000	38,208,015	196,652,399	664,860,414
Net income for the period	-	-	42,291,616	42,291,616
Other comprehensive income	-	-	-	-
Total comprehensive income	-	-	42,291,616	42,291,616
Transfer to statutory reserve	-	4,229,162	(4,229,162)	-
Dividends (note 12)	-	-	(25,370,000)	(25,370,000)
As at 31 March 2023 (Unaudited)	430,000,000	42,437,177	209,344,853	681,782,030

  
 Chairman

  
 Chief Executive Officer

  
 Chief Financial Officer

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**Theeb Rent a Car Company**  
**(A Saudi Joint Stock Company)**

**INTERIM CONDENSED STATEMENT OF CASH FLOWS**

For the three-month period ended 31 March 2023

	Note	2023 (Unaudited) SR	2022 (Unaudited) SR
<b>OPERATING ACTIVITIES</b>			
Income before zakat		46,338,940	45,650,323
<i>Adjustments to reconcile income before zakat to net cash flows:</i>			
Depreciation on property and equipment	4	68,775,687	58,451,483
Depreciation on right-of-use assets	7	11,025,011	8,880,817
Amortisation of intangible assets		-	(50,851)
Provision for expected credit losses		4,865,630	9,426,702
Provision for employees' defined benefit liabilities		1,149,088	1,051,924
Finance costs		10,998,636	4,897,631
Finance cost on lease liabilities		1,155,699	1,073,487
Write down of inventories		3,479,492	719,740
Gain on derivative instrument at FVTPL		-	(480,196)
Write off property and equipment		-	(78,915)
		<u>147,788,183</u>	<u>129,542,145</u>
<i>Working capital adjustments:</i>			
Prepayments and other current assets		51,230,166	(8,984,200)
Accounts receivable		(15,473,931)	(30,980,205)
Contract assets		2,680,566	533,454
Inventories		40,255,563	26,249,124
Car dealership payable		(7,607,708)	(38,530,496)
Accounts payable		1,216,414	(178,887)
Accrued expenses and other current liabilities		4,315,153	545,344
Amounts due from related parties		-	482,584
		<u>224,404,406</u>	<u>78,678,863</u>
Additions of motor vehicles	4	(170,827,162)	(123,309,793)
Employees' defined benefit obligations paid		(446,117)	(58,547)
<b>Net cash flows from (used in) operating activities</b>		<u>53,131,127</u>	<u>(44,689,477)</u>
<b>INVESTING ACTIVITIES</b>			
Additions of other property and equipment	4	(2,375,932)	(592,371)
<b>Net cash flows used in investing activities</b>		<u>(2,375,932)</u>	<u>(592,371)</u>
<b>FINANCING ACTIVITIES</b>			
Finance costs paid relating to term loans		(10,578,413)	(4,791,197)
Proceeds from term loans		123,514,189	175,438,498
Repayments of term loans		(121,118,071)	(92,325,910)
Payments of lease liabilities	7	(4,151,776)	(19,288,032)
<b>Net cash flows (used in) from financing activities</b>		<u>(12,334,071)</u>	<u>59,033,359</u>
Increase in bank balances and cash		38,421,124	13,751,511
Bank balances and cash at the beginning of the period		100,092,690	57,712,926
<b>Bank balances and cash at the end of the period</b>		<u>138,513,814</u>	<u>71,464,437</u>
<b>Non-cash transactions:</b>			
Transfer of vehicles from property and equipment to inventories	4	43,804,054	25,963,127
Write off of total loss cars		3,479,492	719,740
Addition of right-of-use assets and lease liabilities	7	3,105,909	697,987
Dividend payable	12	25,370,000	23,220,000

Chairman

Chief Executive Officer

Chief Financial Officer

The accompanying notes from 1 to 16 form an integral part of these interim condensed financial statements.



# Theeb Rent a Car Company (A Saudi Joint Stock Company)

## NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (UNAUDITED) 31 March 2023

### 1. CORPORATE INFORMATION AND ACTIVITIES

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

On 19 March 2020 the shareholders of the Company decided to go for an Initial Public Offering (IPO). The Company obtained on 30 September 2020 approval from the Capital Market Authority (CMA) in Saudi Arabia for listing its shares on the Saudi Stock Exchange (Tadawul). On 29 March 2021 the Company’s shares started trading in Tadawul.

### 2. BASIS OF PREPARATION AND ACCOUNTING POLICIES

#### 2.1 BASIS OF PREPARATION

These interim condensed financial statements for the three-month period ended 31 March 2023 have been prepared in accordance with 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”). The Company has prepared the financial statements on the basis that it will continue to operate as a going concern. Management considers that there are no material uncertainties that may cast significant doubt over this assumption. Management has formed a judgement that there is a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future, and not less than 12 months from the end of the reporting period.

The interim condensed financial statements do not include all the information and disclosures required in the annual financial statements and should therefore be read in conjunction with the Company’s annual financial statements for the year ended 31 December 2022. In addition, results for the three-month period ended 31 March 2023 are not necessarily indicative of the results that may be expected for the financial year ending 31 December 2023.

The interim condensed financial statements are presented in Saudi Riyals (“SR”), which is the functional and presentation currency of the Company.

The interim condensed financial statements have been prepared on a historical cost basis, except for derivative financial instruments, which are measured at fair value.

#### 2.2 NEW STANDARDS, INTERPRETATIONS AND AMENDMENTS ADOPTED BY THE COMPANY

The accounting policies adopted in the preparation of the interim condensed financial statements are consistent with those followed in the preparation of the Company’s annual financial statements for the year ended 31 December 2022, except for the adoption of new standards effective as of 1 January 2023. The Company has not early adopted any standard, interpretation or amendment that has been issued but is not yet effective.

Several amendments apply for the first time in 2023, but do not have an impact on the interim condensed financial statements of the Company.

#### ***IFRS 17 Insurance Contracts***

In May 2017, the IASB issued IFRS 17 Insurance Contracts, a comprehensive new accounting standard for insurance contracts covering recognition and measurement, presentation and disclosure. IFRS 17 replaces IFRS 4 Insurance Contracts that was issued in 2005. IFRS 17 applies to all types of insurance contracts (i.e., life, non-life, direct insurance and re-insurance), regardless of the type of entities that issue them, as well as to certain guarantees and financial instruments with discretionary participation features; a few scope exceptions will apply. The overall objective of IFRS 17 is to provide an accounting model for insurance contracts that is more useful and consistent for insurers. In contrast to the requirements in IFRS 4, which are largely based on grandfathering previous local accounting policies, IFRS 17 provides a comprehensive model for insurance contracts, covering all relevant accounting aspects. IFRS 17 is based on a general model, supplemented by:

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

The amendments had no impact on the Company’s interim condensed financial statements.

Theeb Rent a Car Company  
(A Saudi Joint Stock Company)

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (UNAUDITED)

(continued)

31 March 2023

**2. BASIS OF PREPARATION AND ACCOUNTING POLICIES (continued)**

**2.2 NEW STANDARDS, INTERPRETATIONS AND AMENDMENTS ADOPTED BY THE COMPANY (continued)**

***Definition of Accounting Estimates - Amendments to IAS 8***

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

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

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

The amendments to IAS 1 and IFRS Practice Statement 2 Making Materiality Judgements provide guidance and examples to help entities apply materiality judgements to accounting policy disclosures. The amendments aim to help entities provide accounting policy disclosures that are more useful by replacing the requirement for entities to disclose their 'significant' accounting policies with a requirement to disclose their 'material' accounting policies and adding guidance on how entities apply the concept of materiality in making decisions about accounting policy disclosures.

The amendments had no impact on the Company's interim condensed financial statements but are expected to affect the accounting policy disclosures in the Company's annual financial statements.

***Deferred Tax related to Assets and Liabilities arising from a Single Transaction – Amendments to IAS 12***

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

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

**3. ZAKAT**

***Charge for the period***

Zakat charged for the three-month period ended 31 March 2023 amounted to SR 4,047,324 (three-month period ended 31 March 2022: SR 3,055,535).

***Movement in provision during the period/year***

The Movement in zakat provision was as follows:

	31 March 2023 (Unaudited) SR	31 December 2022 (Audited) SR
At the beginning of the period/year	24,718,383	20,946,003
Provided during the period/year	4,047,324	10,638,745
Paid during the period/year	-	(6,866,365)
At the end of the period/year	28,765,707	24,718,383

Theeb Rent a Car Company  
(A Saudi Joint Stock Company)

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NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (UNAUDITED)

(continued)

31 March 2023

**3. ZAKAT (continued)**

*Zakat of assessments*

- As of the date of issuance of these interim condensed financial statements, the Company has filed its zakat returns and financial statements to the Zakat, Tax and Customs Authority (“ZATCA”) for all years up to 31 December 2022 and obtained zakat certificate for those years.
- The Company finalized its zakat position with ZATCA for all years up to 2011.
- During the year ended 31 December 2019, ZATCA has issued a letter showing zakat differences of SR 13,903,441 for the years from 2012 up to 2017. The Company has made an additional provision of SR 11,743,218, during the year ended 31 December 2019, against these zakat claims for such period and filed an appeal to the Tax Violations and Dispute Appellate Committee against these differences which is in progress. Management believes that the current provision as set out above is adequate.
- During the year ended 31 December 2020, the Company received from ZATCA a preliminary assessment showing zakat differences for the year 2018 of SR 4,014,060, and the Company has made a provision for the full amount. Based on the clarifications provided by the Company to ZATCA, ZATCA had issued an amendment and reduced the differences to SR 1,785,077, accordingly, the Company reversed the excess provision in the statement of comprehensive income for the year ended 31 December 2020. Further, the Company filed an appeal to the Tax Violations and Dispute Appellate Committee (TVDAC) against these differences which is in progress.
- During the year ended 31 December 2021, management received a correspondence from ZATCA, regarding the previous ownership of shares by Growth Opportunities Company for Trading, one of the former shareholders in the Company, that there are certain possible taxes on the Company. ZATCA’s view based on certain assumptions, is that the Company is partially subject to income tax. In the above-mentioned correspondence, ZATCA assumed that the above-mentioned former shareholder is fully owned directly or indirectly by non-GCC nationals and accordingly, the total amount of income tax exposure as stated by ZATCA is SR 29.76 million for income tax and withholding tax exposure was set out by ZATCA at SR 3.94 million, covering the years from 2013 to 2018 and are excluding delay and other related fines. As at the date of the approval of these interim condensed financial statements by the Board of Directors, no official assessment has been received from ZATCA. Additional potential exposure for the year ended 31 December 2019, 2020 and for the period from 1 January 2021 to date of disposition of the former shareholders’ shares could arise if ZATCA imposes the above-mentioned principle to all assessment years.

The Company is currently registered with ZATCA as a 100% zakat able company on the basis of its ownership structure with all direct and indirect shareholders being either GCC nationals, or companies that were established within the GCC and whose shareholders consist wholly of GCC nationals. Further, dividends distributions to the above-mentioned former shareholder, in management view, are not subject to withholding tax as it is a resident company in the Kingdom of Saudi Arabia (as a Saudi limited liability company on the basis of the incorporation documents).

Discussions with ZATCA in connection with the above matter are still on-going and the outcome of the above matter is still uncertain. Moreover, in case of any imposed position by ZATCA, in addition to any relevant fines and delay penalties, the above-mentioned former shareholder has provided to the Company an indemnity undertaking letter to bear any tax related liability that might be imposed on the Company by ZATCA in connection with the above matter. Therefore, in the light of the information currently available and the indemnity undertaking letter from the above-mentioned former shareholder, the management is of the view that it is highly unlikely that there will be any material exposure for the Company in connection with the above communication received from ZATCA.

Theeb Rent a Car Company  
(A Saudi Joint Stock Company)

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (UNAUDITED)

(continued)

31 March 2023

**4. PROPERTY AND EQUIPMENT**

	<i>31 March 2023</i>			<i>31 December 2022</i>		
	<i>(Unaudited)</i>			<i>(Audited)</i>		
	<i>Vehicles</i>	<i>Other</i>	<i>Total</i>	<i>Vehicles</i>	<i>Other</i>	<i>Total</i>
	<i>SR</i>	<i>SR</i>	<i>SR</i>	<i>SR</i>	<i>SR</i>	<i>SR</i>
Opening net book value	<b>1,214,911,498</b>	<b>105,450,713</b>	<b>1,320,362,211</b>	1,052,141,868	103,561,584	1,155,703,452
Additions during the period/year	<b>170,827,162</b>	<b>2,375,932</b>	<b>173,203,094</b>	548,498,104	5,350,338	553,848,442
Transfer of vehicles to inventories	<b>(43,804,054)</b>	-	<b>(43,804,054)</b>	(139,242,980)	-	(139,242,980)
Depreciation for the period/year	<b>(67,555,815)</b>	<b>(1,219,872)</b>	<b>(68,775,687)</b>	(246,485,494)	(3,461,209)	(249,946,703)
Closing net book value	<b>1,274,378,791</b>	<b>106,606,773</b>	<b>1,380,985,564</b>	1,214,911,498	105,450,713	1,320,362,211

**5. EARNINGS PER SHARE**

Basic and diluted earnings per share are calculated by dividing net income for the period attributable to the shareholders of the Company by the weighted average number of ordinary shares outstanding during the period. Earnings per share are calculated as follows:

	<i>For the three-month period ended 31 March (Unaudited)</i>	
	<i>2023</i>	<i>2022</i>
Net income for the period (SR)	<b>42,291,616</b>	42,594,788
Weighted average number of ordinary shares (share)	<b>43,000,000</b>	43,000,000
Basic and diluted earnings per share (SR)	<b>0.98</b>	0.99

**6. INVENTORIES**

During the three-month period ended 31 March 2023, the Company wrote down SR 3,479,492 (31 March 2022: SR 719,740) of inventories. This expense is included in cost of revenues in the interim condensed statement of comprehensive income.

Theeb Rent a Car Company  
(A Saudi Joint Stock Company)

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (UNAUDITED)

(continued)

31 March 2023

**7. RIGHT-OF-USE ASSETS**

The Company has lease contracts for buildings (i.e. workshops, accommodations and showrooms).

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

Set out below are the carrying amount of right-of-use assets recognized and the movements during the period/ year:

	<b>31 March 2023 (Unaudited) SR</b>	<b>31 December 2022 (Audited) SR</b>
At the beginning of the period / year	<b>101,610,688</b>	89,470,488
Additions	<b>3,105,909</b>	48,693,938
Depreciation expense	<b>(11,025,011)</b>	(36,553,738)
At the end of the period/ year	<b><u>93,691,586</u></b>	<b><u>101,610,688</u></b>

Set out below the carrying amounts of lease obligations and the movements during the period/ year:

	<b>31 March 2023 (Unaudited) SR</b>	<b>31 December 2022 (Audited) SR</b>
At the beginning of the period/ year	<b>107,555,421</b>	109,042,096
Additions	<b>3,105,909</b>	48,693,938
Rent concession (*)	-	(4,766,667)
Accumulated interest	<b>1,155,699</b>	4,342,800
Payments (**)	<b>(4,151,776)</b>	(49,756,746)
At the end of the period/year	<b>107,665,253</b>	107,555,421
Less: Current portion	<b><u>56,511,941</u></b>	<u>53,848,293</u>
Non-current portion	<b><u>51,153,312</u></b>	<u>53,707,128</u>

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

(\*\*) Payment of lease liability includes repayment of principal portion of SR 2,996,077 (31 December 2022: SR 45,413,946) and payment of interest amounted to SR 1,155,699 (31 December 2022: SR 4,342,800).

Theeb Rent a Car Company  
(A Saudi Joint Stock Company)

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (UNAUDITED)

(continued)

31 March 2023

**8. RELATED PARTY TRANSACTIONS AND BALANCES**

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

The terms of the transactions with related parties are approved by the Company's management. The transactions with the related parties are carried out in the normal course of business and their settlements take place in the normal course of business as well. Following is the list of related parties of the Company:

<i>Related Party</i>	<i>Relationship</i>
Hamoud Abdullah Ibrahim Al-Theeb	Shareholder
Mohammed Ahmed Abdullah Al-Theeb	Shareholder
Naif Mohammed Ahmed Abdullah Al-Theeb	Shareholder
Mohammad Ahmed AlTheeb Contracting Company	Affiliate
Theeb Sons Company	Affiliate
Madareem Company	Affiliate

Following are the details of related party transactions for the three-month period ended:

<i>Related Party</i>	<i>Nature of transactions</i>	<b>31 March 2023 (Unaudited) SR</b>	<b>31 March 2022 (Unaudited) SR</b>
Mohammad Ahmed AlTheeb	Expenses charged by related party	<b>(280,000)</b>	(1,500)
Mohammad Ahmed AlTheeb Contracting Company	Expenses charged by related party	<b>(17,043)</b>	-
Theeb Sons Company	Revenue	-	1,950
Mohammad Ahmed AlTheeb	Revenue	<b>3,525</b>	-
Naif Mohammed Al-Theeb	Revenue	<b>53,824</b>	-

There are no due from (due to) related parties balances as at 31 March 2023 (31 December 2022: SR nil)

Following are the details of compensation of key management personnel for the three-month period ended:

<i>Related party</i>	<i>Nature of transaction</i>	<b>31 March 2023 (Unaudited) SR</b>	<b>31 March 2022 (Unaudited) SR</b>
Key management personnel	Short term employees' benefits	<b>1,488,605</b>	995,931
	Long term employees' benefits	<b>64,794</b>	58,847
Board of Directors	Board of Directors' remuneration	<b>467,000</b>	262,000

**9. SHARE CAPITAL**

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

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**10. TERM LOANS**

	<b>31 March 2023 (Unaudited) SR</b>	<b>31 December 2022 (Audited) SR</b>
Current portion	<b>450,236,663</b>	442,155,580
Non-current portion	<b>449,500,315</b>	455,185,280
	<b><u>899,736,978</u></b>	<b><u>897,340,860</u></b>

The Company has obtained bank facilities from local banks in the form of term-loans. The term loans are repayable over a period ranging from 24 to 48 months from the date of the drawdown. The installments due within the next 12 months are shown under current liabilities. The Company has other undrawn facilities with banks available in accordance with the signed facility agreements.

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

**11. SEGMENTAL REPORTING**

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

<i>For the three-month period ended 31 March 2023 (Unaudited)</i>	<i>Short term rental SR</i>	<i>Long term lease SR</i>	<i>Other SR</i>	<i>Total SR</i>
Revenue	<b>123,497,994</b>	<b>84,310,246</b>	<b>55,135,054</b>	<b>262,943,294</b>
Depreciation expense (Motor vehicles)	<b>(37,385,316)</b>	<b>(30,170,499)</b>	-	<b>(67,555,815)</b>
Segment profit	<b><u>86,112,678</u></b>	<b><u>54,139,747</u></b>	<b><u>55,135,054</u></b>	<b><u>195,387,479</u></b>
<i>For the three-month period ended 31 March 2022 (Unaudited)</i>	<i>Short term rental SR</i>	<i>Long term lease SR</i>	<i>Other SR</i>	<i>Total SR</i>
Revenue	112,023,885	75,586,250	33,272,743	220,882,878
Depreciation expense (Motor vehicles)	(26,219,573)	(31,970,837)	-	(58,190,410)
Segment profit	<b><u>85,804,312</u></b>	<b><u>43,615,413</u></b>	<b><u>33,272,743</u></b>	<b><u>162,692,468</u></b>

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**11. SEGMENTAL REPORTING (continued)**

*Reconciliation of profit:*

	<i>For the three-month period ended 31 March (Unaudited)</i>	
	<b>2023</b>	<b>2022</b>
	<b>SR</b>	<b>SR</b>
Segment profit	<b>195,387,479</b>	162,692,468
Other expenses (*)	<b>(153,095,863)</b>	(120,097,680)
Net income for the period	<b><u>42,291,616</u></b>	<u>42,594,788</u>

(\*) Other expenses represent mainly employees' salaries and other benefits, amortization of right-of-use assets, insurance, maintenance and other expenses.

*Detail of segment assets and liabilities:*

	<i>Allocated</i>		<i>Unallocated</i>	
<i>31 March 2023 (unaudited)</i>	<i>Short term lease</i>	<i>Long term lease</i>	<i>Other</i>	<i>Total</i>
	<i>SR</i>	<i>SR</i>	<i>SR</i>	<i>SR</i>
Segment assets	<b>527,966,692</b>	<b>746,412,099</b>	<b>639,726,638</b>	<b>1,914,105,429</b>
Segment liabilities	-	-	<b>1,232,323,399</b>	<b>1,232,323,399</b>

	<i>Allocated</i>		<i>Unallocated</i>	
<i>31 December 2022 (Audited)</i>	<i>Short term</i>	<i>Long term</i>	<i>Other</i>	<i>Total</i>
	<i>Lease</i>	<i>Lease</i>	<i>SR</i>	<i>SR</i>
	<i>SR</i>	<i>SR</i>		
Segment assets	503,995,133	710,916,365	651,301,988	1,866,213,486
Segment liabilities	-	-	1,201,353,072	1,201,353,072

*Other disclosures:*

	<i>Allocated</i>		<i>Unallocated</i>	
<i>31 March 2023</i>	<i>Short term lease</i>	<i>Long term lease</i>	<i>Other</i>	<i>Total</i>
	<i>SR</i>	<i>SR</i>	<i>SR</i>	<i>SR</i>
Capital expenditures	<b>78,767,867</b>	<b>92,059,295</b>	<b>2,375,932</b>	<b>173,203,094</b>

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

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

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



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**11. SEGMENTAL REPORTING (continued)**

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

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

*Disaggregated revenue information*

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

	<i>For the three-month period ended 31 March (Unaudited)</i>	
	<i>2023</i>	<i>2022</i>
	<i>SR</i>	<i>SR</i>
Short term rental	<b>123,497,994</b>	112,023,885
Long term lease	<b>84,310,246</b>	75,586,250
Car sales	<b>55,135,054</b>	33,272,743
	<b>262,943,294</b>	220,882,878

*Timing of revenue recognition*

	<i>For the three-month period ended 31 March (Unaudited)</i>	
	<i>2023</i>	<i>2022</i>
	<i>SR</i>	<i>SR</i>
Services transferred over time	<b>207,808,240</b>	187,610,135
Services transferred at point in time	<b>55,135,054</b>	33,272,743
	<b>262,943,294</b>	220,882,878

*Performance obligations*

The performance obligation is satisfied upon availing the vehicle for lease and payment is generally due 60 days for corporate customers from the invoice date. Contracts for the sale of vehicles does not provide customers with any right of return. There are no unsatisfied performance obligations as at the reporting date; therefore, there are no transaction price that are required to be allocated over the remaining or unsatisfied performance obligations.

*Operating leases – the Company as lessor*

The Company has entered into leases on its fleet of vehicles. The commercial and non-commercial vehicle leases typically have lease terms of between 1 and 5 years and include clauses to enable periodic upward revision of the rental charge according to prevailing market conditions. Some leases contain options to break before the end of the lease term.

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

	<i>31 March 2023 (Unaudited) SR</i>	<i>31 December 2022 (Audited) SR</i>
Within 1 year	<b>244,439,190</b>	236,605,209
After 1 year, but not more than 5 years	<b>289,499,387</b>	268,232,220
	<b>533,938,577</b>	504,837,429

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**11. SEGMENTAL REPORTING (continued)**

*Geographical markets*

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

**11.1 Contract balances**

	<b>31 March 2023 (Unaudited) SR</b>	<b>31 December 2022 (Audited) SR</b>
Contract assets	<b>8,525,977</b>	10,499,399
Contract liabilities *	<b>22,513,877</b>	20,577,343

\* Contract liabilities represent advances received from customers against rental services not yet provided.

**12. DIVIDENDS**

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

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

**13. COMMITMENTS AND CONTINGENCIES**

At 31 March 2023, the Company issued letters of guarantees amounting to SR 61.3 million (31 December 2022: SR 63.5 million) mainly in respect of the Company's leased properties and bidding securities related to quasi government entities.

As mentioned in note 3 to the financial statements, the Company has disclosed contingent liability in relation to correspondence received from ZATCA.

**14. SUBSEQUENT EVENTS**

In the opinion of management, no events have arisen subsequent to 31 March 2023 and before the date of issuing the interim condensed financial statements that could have a significant effect on the interim condensed financial statements as at 31 March 2023.

**15. FAIR VALUE**

Management believes that the fair values of the financial assets and liabilities are not materially different from their carrying values, largely due to the short-term maturities of these instruments.

**16. APPROVAL OF INTERIM CONDENSED FINANCIAL STATEMENTS**

These interim condensed financial statements of the Company were authorised for issuance in accordance with the Board of Directors' resolution dated 15 May 2023 (corresponding to 25 Shawwal 1444H).