



لتأجير السيارات  
Rent a Car

# LINES DRAW NEW HORIZON

ذيب .. معاك  
Theeb .. Ma'ak

2020  
ANNUAL REPORT





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“The strength, steadfastness and courage you have demonstrated, facing this difficult time with honour, and your full cooperation with the stakeholders, are key for the success of the country’s endeavours, helping to preserve human health and focus on its top priorities”

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Custodian of the Two Holy Mosques

**King Salman Bin Abdul-Aziz Al Saud**

May God protect him



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We are more optimistic that the pace of growth will accelerate with the end of the pandemic and life will return to normal, enabling us to become one of the fastest growing G20 countries in non-oil GDP in the coming years.

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His Royal Highness

**Prince Mohammed bin Salman bin Abdul-Aziz Al Saud**

Crown Prince, Deputy Prime Minister and Minister of Defense

May God protect him

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# Board of Directors' Report

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## Statement by the Chairman of the Board of Directors

Peace be upon you

I have the honour to present to you, on behalf of the members of the Board of Directors of Theeb Rent a Car Company, the annual report for the year 2020.

Praise be to God, the Company was able to overcome the difficult circumstances and business interruptions resulting from the Covid-19 pandemic with flexibility and efficiency, adopting numerous measures to mitigate its effects and maintaining business continuity across all segments. Praise be to God, the Company continued operations under the leadership of its management and with the dedication of its employees at all levels and in all roles, with high levels of efficiency and professionalism.

In this report, we review the achievements of the Company, represented by the Board of Directors, its various sub-committees, its Executive Management and all Company employees, during the previous year.

I would like to express my deep gratitude and appreciation to all investors, partners, members of the Board of Directors and all our employees, whose trust, support and encouragement have played an important role in the continuity of our work and achievements at all levels. We hope that next year will be full of great achievements, satisfying all ambitions to grow towards greater horizons and sustainable leadership in the local market.

**Mohammed bin Ahmed Al-Theeb**  
Chairman of the Board of Directors





## Statement by the CEO

Peace be upon you

During 2020, the global economy witnessed an unprecedented period of economic instability and challenges due to the Covid-19 pandemic, which had an impact on industries and companies across all fields, including the car rental market and Theeb Rent A Car Company in particular.

Despite the impact of the Covid-19 pandemic on the car rental market, Theeb Rent a Car Company has demonstrated its dynamism, flexibility and efficiency in dealing with unprecedented circumstances and challenges pertaining to all aspects of work and life in the Kingdom and globally. The Company's management also conducted an impact assessment of the consequences of the spread of the Coronavirus on its business and commercial operations and examined the practical aspects of the pandemic's effects, including restrictions on travel, influence on supply chains, demand for services, demand for used cars and other related considerations. The Company's management has also taken a number of preventive measures, including the application of safety guidelines issued by the Ministry of Health to ensure the health and safety of its employees, customers and wider community. The Company also adopted measures initiated by its management to mitigate the effects of the pandemic, including leveraging Government support programmes, and renegotiating rental agreements and insurance contracts, in addition to evaluating the cash flow situation, including available bank facilities, continuation of existing leasing contracts, and readiness of operational processes for when the situation improves.

The Company is committed to continue implementing its strategic plans across all its departments based on an integrated risk management system. Throughout 2020, it promoted growth in all its business segments and in its leadership position, along with strong financial and investment performance and enhanced competitive capabilities in the local markets.

Despite the economic fallout of the Covid-19 pandemic, the Company was able to achieve comprehensive income of around 62.9 million Saudi riyals for the year 2020, a decrease of 45.2% compared to 114.8 million Saudi riyals, which was a direct result of the unprecedented impact of the Covid-19 pandemic, in particular on the car rental market. The decrease in net profit was primarily due to the closure of all branches for a period, followed by a partial lockdown as a result of precautionary measures taken by the responsible authorities to limit the spread of the Coronavirus; this led to a decrease in the fleet utilization ratio for the short-term rentals due to a drop in demand for car rental services. Nevertheless, the car rental segment has witnessed stability and continuous improvement since the second half of 2020. At the same time, the Covid-19 pandemic has had no significant impact on the long-term lease segment, which was not subject to travel restrictions and benefited in particular from a diverse customer base. Overall, the Company has been able to increase its revenues to 660 million Saudi riyals, an increase of around 4.6%, compared to its revenue of 631 million Saudi riyals in 2019, further demonstrating its operational capabilities and flexibility during one of most challenging years ever for the global economy.

All members of the Board of Directors have shown great fortitude in securing business continuity in these trying circumstances, and our thanks and appreciation are extended to all partners and shareholders for their great support of our work and of our comprehensive strategic vision for growth and performance.

Naif bin Mohammed Al-Theeb  
CEO

## Members of the Board of Directors



**Mr. Mohammed Ahmed Al-Theeb**  
Chairman



**Mr. Hasan Sameer Abdulla Al-Shuwaikh**  
Vice Chairman



**Mr. Mohammed Hamoud Abdullah Al-Theeb**  
Board member



**Mr. Saleh Abdulrahman Saleh Al-Fadi**  
Board member



**Mr. Selim Chidiac**  
Board member



**Mr. Riyadh Saleh Hamad Almalik**  
Board member

## Members of the Executive Management

**Mr. Naif Mohammed Al-Theeb**  
CEO

**Mr. Jafar Salahuddin Albaz**  
Chief Financial Officer

**Mr. Shahzad Ali**  
Executive Director - Corporate Operations

**Mr. Bharat Senwal**  
Chief Technology Officer

**Mr. Meshaal Abdulaziz Al-Ghamdi**  
Human Resources and Administrative Director

**Mr. Khaled Mansour Al-Khaliwi**  
Procurement and Warehouse Director

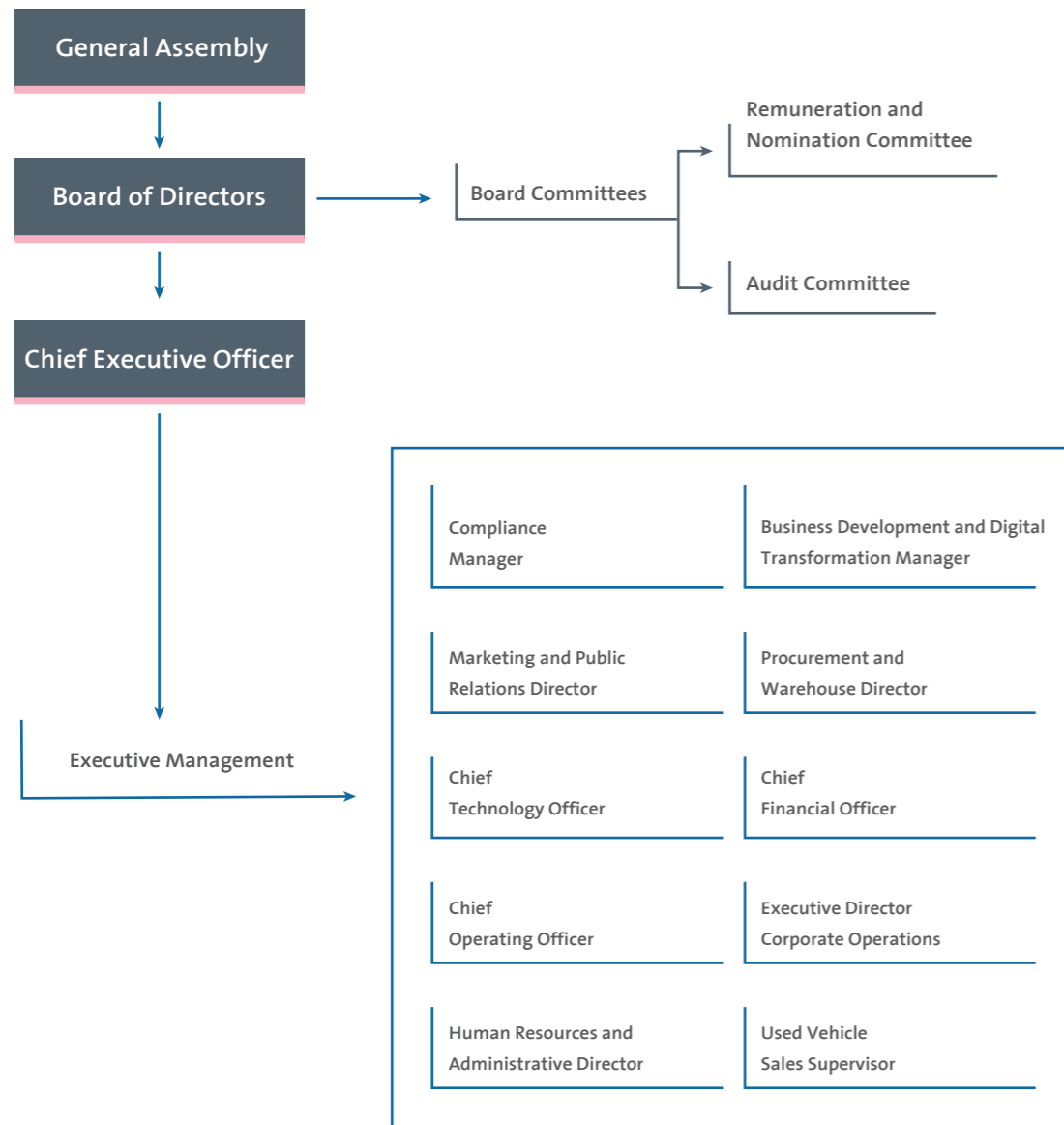
**Mr. Muhammad Othman Al-Qadi**  
Marketing and Public Relations Director

**Mr. Talib Hussein Al-Hamami**  
Used Vehicle Sales Supervisor

**Mr. Sadiq Ali Alali**  
Compliance Manager and Secretary



## Organizational Structure



# Executive Summary

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## Company's Capital Structure

### Beginning of the year

Shareholders	Number of Shares	Nominal Value of The Shares	Ownership Percentage
Hamoud Abdullah Ibrahim AlTheeb	5,063,376	50,633,760	32.9%
Mohammed Ahmed Abdullah Al-Theeb	5,063,376	50,633,760	32.9%
Growth Opportunities Company for Trading	4,617,060	46,170,600	30.0%
Naif Mohammed Ahmed Al-Theeb	107,731	1,077,310	0.7%
Nawaf Mohammed Ahmad AlTheeb	107,731	1,077,310	0.7%
Mohammed Hamoud Abdullah AlTheeb	107,731	1,077,310	0.7%
Ahmed Mohammed Ahmed AlTheeb	107,731	1,077,310	0.7%
Ahmed Hamoud Abdullah AlTheeb	53,866	538,660	0.4%
Abdullah Hamoud Abdullah AlTheeb	53,866	538,660	0.4%
Salman Hamoud Abdullah AlTheeb	53,866	538,660	0.4%
Sari Hamoud Abdullah AlTheeb	53,866	538,660	0.4%
<b>Total</b>	<b>15,390,200</b>	<b>153,902,000</b>	<b>100%</b>

### End of the year

Shareholders	Number of Shares	Nominal Value of The Shares	Ownership Percentage
Hamoud Abdullah Ibrahim AlTheeb	14,147,000	141,470,000	32.9%
Mohammed Ahmed Abdullah Al-Theeb	14,147,000	141,470,000	32.9%
Growth Opportunities Company for Trading	12,900,000	129,000,000	30.0%
Naif Mohammed Ahmed Al-Theeb	301,000	3,010,000	0.7%
Nawaf Mohammed Ahmad AlTheeb	301,000	3,010,000	0.7%
Mohammed Hamoud Abdullah AlTheeb	301,000	3,010,000	0.7%
Ahmed Mohammed Ahmed AlTheeb	301,000	3,010,000	0.7%
Ahmed Hamoud Abdullah AlTheeb	150,500	1,505,000	0.35%
Abdullah Hamoud Abdullah AlTheeb	150,500	1,505,000	0.35%
Salman Hamoud Abdullah AlTheeb	150,500	1,505,000	0.35%
Sari Hamoud Abdullah AlTheeb	150,500	1,505,000	0.35%
<b>Total</b>	<b>43,000,000</b>	<b>430,000,000</b>	<b>100%</b>

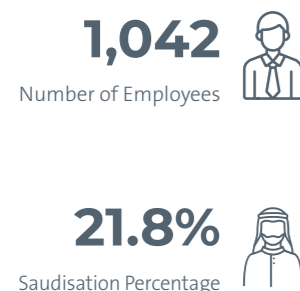
Note: Capital was increased from (SAR 153,902,000) to (SAR 430,000,000) by a decision of the Extraordinary General Assembly of the Company on 24/07/1441H Corresponding to 19/03/2020G

## Evolution of the Number of Employees and Saudisation Percentage for 2020

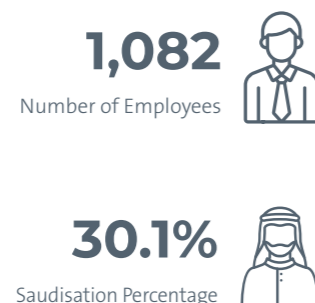
### 2020



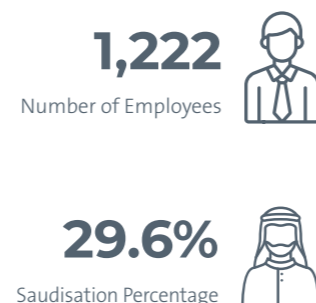
### 2017



### 2018



### 2019



## Business Continuity

There were no suspensions of, or interruptions to, the Company's business during 2020, it being understood that the short-term rental sector was significantly affected by the Coronavirus and the precautionary measures applied during 2020 to limit the spread of the virus. With regard to long-term lease and used car sales, there was no noticeable impact on these sectors. This situation affected the Company's financial position compared to 2019.

## Prospects and Goals for 2021

Theeb Rent A Car Company is continuously developing its performance across all its various business segments, with a strategy in place to achieve its objectives going forward through several initiatives in the coming year:

### Increase the short-term rental and long term lease fleet

The Company plans to increase its vehicle fleet to support its growth plans in the rental sectors as follows:

#### Short-term rentals

- 1- Opening of four new branches in Riyadh, Jizan, Dammam and Hail
- 2- Meeting customer expectations at the Jeddah Airport branch
- 3- Rental rates expected to increase starting from the third quarter

#### Long-term lease

- 1- Meeting expectations of existing clients
- 2- Attracting new clients

### Upgrade existing branches

Implement the Company's policy for improving the customer experience; the Company intends to upgrade two short-term rental branches in Riyadh, a branch in Qassim, five branches in Jeddah, and branches in Dammam, Jubail, Al-Baha and Najran. The work consists mainly of installing panels, general refurbishment, and replacing furniture and equipment.

### Open new maintenance centres and administrative offices

The Company is seeking to increase its vehicle fleet and expand its service facilities, as it intends to open new maintenance centres and express service sites in Yanbu, Jeddah and Khobar. It is currently upgrading the main administrative offices in Riyadh.

### Ensure the integration of the Information Technology system with government platforms

The Company intends to continue connecting its Information Technology systems with government platforms to reduce processing time for rental transactions. These integration projects are related to:

- **Esal platform:** the platform for electronic commercial invoice payment through the SADAD system for companies and government agencies.
- **Tamm- Elm platform:** achieving connectivity with this service will automate the procedures for obtaining drivers' authorisation through the "Tamm" service.
- **National Unified Access platform:** this platform is based on the national digital identity system, a highly secure authentication system used to identify customers.

# Introduction to the Company

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Since its inception in 1991, Theeb Rent A Car Company has continued to develop its business strategies through several integrated foundation stages, which have gained it extensive experience and strengthened its leadership presence as one of the most renowned car rental brands in the Kingdom of Saudi Arabia. In an effort to meet the needs and growing requirements of all segments of its customer base, Theeb Rent A Car Company continues to develop its professional practices in accordance with the highest international quality standards in effect in the field. It achieves this through both short-term rental and long-term lease services and associated support and assistance solutions, and the sale of its pre-owned vehicles used by its customers, through a wide network of branches in cities and airports across the Kingdom, including 48 car rental branches, ten vehicle maintenance centres and two used vehicle outlets.

### Vision

The Company aims to achieve leadership and excellence in all car rental and vehicle lease services in the Kingdom of Saudi Arabia.

### Mission

The Company seeks to ensure customer satisfaction and trust and to continuously develop car rental and vehicle lease services by providing various and distinct packages that serve all the needs of its customers.

### Values

#### Effective

contribution to serving the community and its growth

#### Compliance

with public regulations and traditions

#### Honesty

and integrity in dealing with clients

## Strategy

The Company's business strategy is based on the following main axes:

### Sustaining the growth of short-term rental services

The Company is opening new branches in cities and airports in the Kingdom and also in areas of major construction and development. In addition, it is focusing on improving the customer experience by developing an electronic platform to provide automated services, developing marketing activities, continuing to re-evaluate the Company's fleet composition and car categories offered, and providing options to meet the needs of all customer segments in the market.

### Sustaining the growth of long-term lease services

The Company aims to continue expanding its customer base in the Central, Western and Eastern Regions of the Kingdom, while extending its services to include the Northern and Southern Regions as well. This includes areas of major development in the Kingdom. In addition, it is working to improve the experience of customers by developing the Company's electronic platform to support them with automated services, developing sales activities, and focusing on offering products that fit the needs of all of the Company's customers. The Company also aims to develop its services in the transport and distribution and government institution sectors, as well as focusing on developing services in the transport and freight vehicle rental sector, and growing the target customer base for these services in the areas of logistics, electronic services, school transport and consumer goods.

### Improving the customer experience using advanced technology solutions

The Company is working to invest in the permanent improvement of its electronic systems and infrastructure, with the aim of taking advantage of the latest global advanced technologies to improve its digital strategy in order to provide its services faster and more simply to all segments of its customer base.

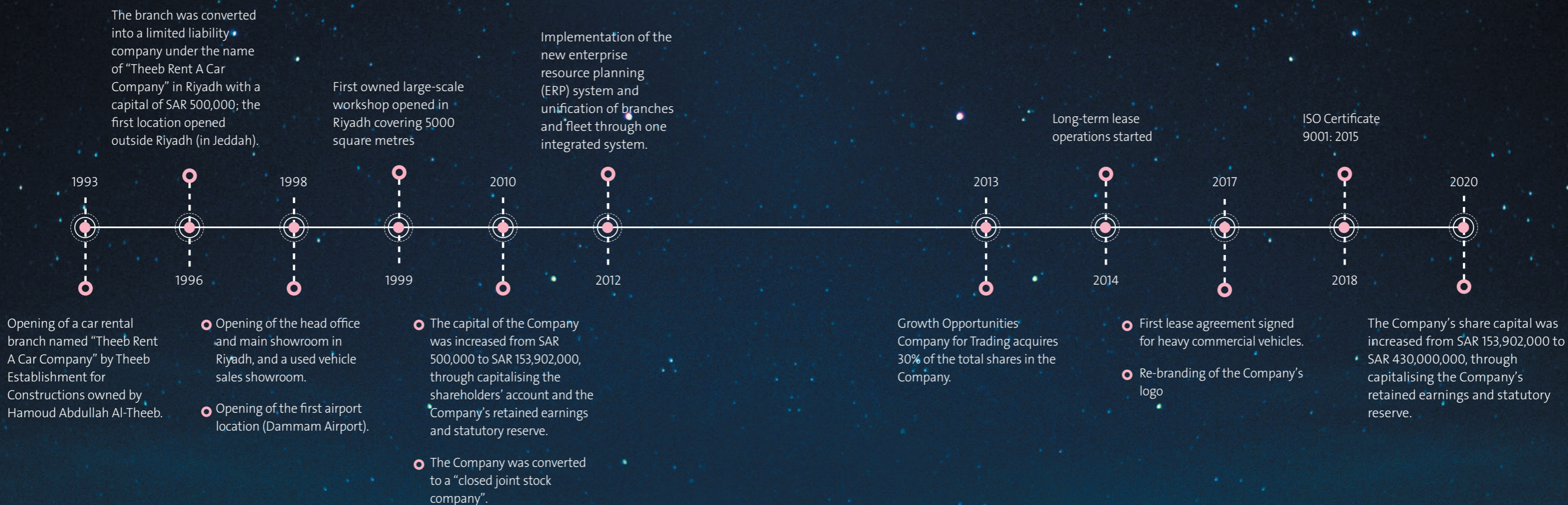
### Developing operations

The Company is developing all its operational professional practices in an effort to improve customer service, reduce costs and continuously increase operational efficiency, through comprehensive professional management of the vehicle fleet, maintaining a balance between availability and use, and choosing customer vehicles in consideration of economic maintenance costs. In addition to this, it is harmonising and improving operational processes between branches by standardising policies and procedures for allocating vehicles, monitoring fleet levels and raising operating ratios. Moreover, it regularly monitors the financial and operational performance of all branches and strives unfailingly to improve organisational efficiency and corporate governance by developing and evaluating control policies and procedures and organising professional development programmes for its employees, thus continually enhancing performance and instilling the Company's values in all its employees. The Company also works to improve the sales of used vehicles, expand the range of online sales channels, display vehicles on auction platforms, explore new sales channels and encourage the sale of used vehicles to increase Company's profit.





## Key Milestones in the Company's Business





## Company Services and Solutions

Theeb Rent A Car Company has gained a distinguished leadership position as one of the most renowned brands active in the car rental sector throughout the Kingdom in general. This is thanks to its long experience in this field, its continuous review of the situation and trends of this sector and its accurate development forecasts. In addition, it has invested in the latest advanced electronic programmes and applications to develop the best innovative solutions and services that meet the needs of customers in all segments in accordance with optimum service quality standards and products.

### Lease services to the business sector

The Company offers all government agencies and private sector companies a wide range of vehicle lease solutions and services through long-term lease and short-term rental options, via a specialised independent department that works to meet all customer requirements efficiently and professionally. The lease management services for government agencies and companies include the following:

- Providing the required quantity of cars according to the requirements and desires of the customer.
- Supporting customers with the latest and most luxurious cars, at their events and conferences, with the option of providing liveried drivers.
- Comprehensive insurance coverage for cars, as agreed upon in contracts with customers.
- Providing a 24-hour car replacement service should the car undergo repair or maintenance in the event of an accident, God forbid.

### Rental services for individuals

Theeb Rent A Car Company offers a wide range of modern passenger cars and commercial vehicles with several rental options on a daily, weekly or monthly basis. This is backed up by many additional services such as car maintenance and insurance, roadside assistance in the event of an emergency breakdown or traffic accident, and a limited number of free daily miles.

### Used vehicle sales services

Theeb Rent A Car Company sells used vehicles from its own fleet only at the end of their operational life, and does not sell any used vehicles belonging to others. It offers these vehicles for sale at competitive prices, and each undergoes a comprehensive quality check beforehand, based on more than 20 technical standards covering all safety and other major functions of the vehicle, as well as exterior standards. These cars are usually sold through the Company's vehicle salesrooms in both Riyadh and Jeddah, but sometimes also through public auctions. The Company maintains a database for regular customers and also develops marketing and promotional resources to reach as many potential new customers as possible.

### Accident assistance service

Based on its customer-facing strategy, Theeb Rent A Car Company develops its professional practice on a permanent basis to meet the requirements and needs of its clients at all times, providing all necessary support from the time they receive the car from one of the Company's branches until it is returned at the end of the rental period. In the event, God forbid, that someone has an accident, the Company will allocate an experienced professional team to follow up with all the competent authorities, giving the customer peace of mind and sparing them any further upset and inconvenience. The Company systematically asks its clients to immediately contact customer service in the event of an emergency so they can quickly intervene and bring matters to a satisfactory conclusion.

### Cross-border service - travel by car outside the Kingdom

Theeb Rent A Car Company develops its quality services on an ongoing basis with the aim of enhancing its relationship of trust with its customers and supporting them with the very best services for optimum peace of mind. As such, it has launched a cross-border service to enable clients to travel in rented cars to the countries of the Gulf Cooperation Council and also to Jordan, Syria, Lebanon and Egypt, taking on the handling of travel authorisations and related procedures itself to facilitate the process.







### Limousine service

This service delivers an additional and distinctive value to the experience of a wide range of customers, from government and corporate officials and visiting delegations to guests and tourists, whereby the Company provides them with cars from a variety of categories, such as family and luxury, along with highly responsible, efficient and experienced liveried drivers who speak fluent Arabic and English.

### Roadside assistance service

The Company's professional services cover its rental cars, providing comprehensive round the clock care from the moment they are delivered to customers. The Company's mobile maintenance teams are on hand to offer support at any time, from breakdown recovery and roadside repair to in-shop maintenance and vehicle replacement as necessary, all to facilitate the customer's journey and ensure optimum comfort on the road.

### Maintenance services

Theeb Rent A Car Company maintains its vehicles at service centres throughout the Kingdom, where the very latest technical procedures are applied to ensure the highest standards of quality and safety at all times. All of the Company's cars are sourced from various car dealerships in the Kingdom of Saudi Arabia and undergo comprehensive maintenance and follow-up programmes with stringent requirements.

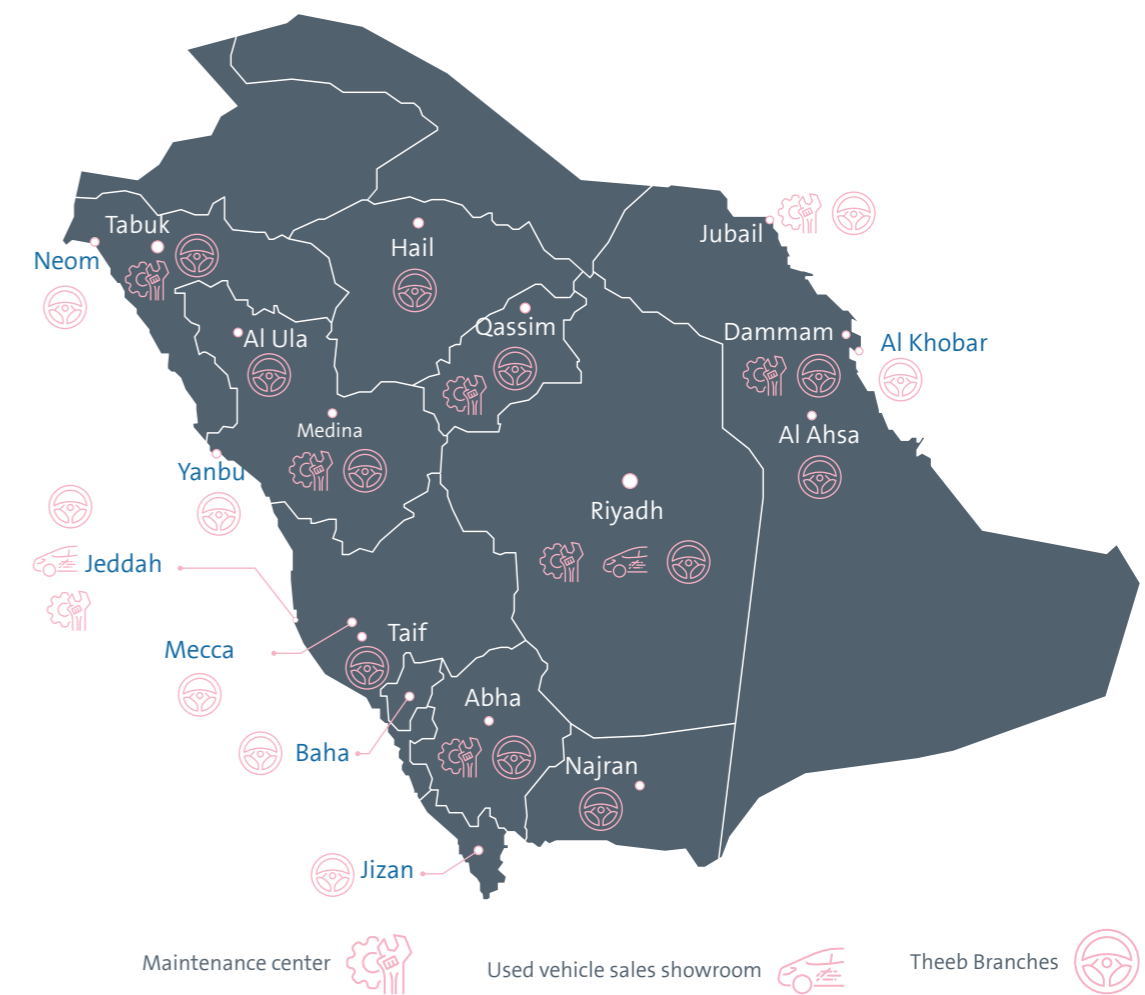
### A fleet of cars and premium vehicles

The Company works to meet the preferences of all customers across its client base by offering them a unique driving experience to suit them: from economy cars that save money and time, to luxury cars that afford privacy and distinction, or family cars that accommodate all family members. Its fleet includes a range of different vehicle categories and models from the best international companies, including more than 70 different types in the following categories:

- Economy cars
- Small cars
- Medium cars
- Luxury cars
- Medium luxury cars
- Large luxury cars
- Family cars
- SUVs
- Luxury SUVs
- Transportation vehicles

## Geographical coverage

Country	City	Car rental branch	Used vehicle sales showroom	Maintenance center
Kingdom of Saudi Arabia	Riyadh	12	1	3
	Qassim	2	-	1
	Hail	1	-	-
	Jeddah	7	1	1
	Medina	2	-	1
	Taif	2	-	-
	Yanbu	2	-	-
	Al Ula	1	-	-
	Mecca	1	-	-
	Al Ahsa	2	-	-
	Jubail	1	-	1
	Al Khobar	2	-	-
	Dammam	2	-	1
	Abha	3	-	1
	Najran	2	-	-
	Baha	2	-	-
	Jizan	1	-	-
	Tabuk	2	-	1
	Neom	1	-	-
	<b>Total</b>		<b>48</b>	<b>2</b>





## Information Technology Systems

IT systems and telecommunications are vital parts of the Company's management of its network of car rental locations and customer reservations via multiple distribution channels. IT solutions are designed, developed, implemented, operated and maintained by the Company's central IT department, which is ISO 9001 Quality certified.

The Company uses CarPro as front end and Microsoft D365 as back-office enterprise resource planning (ERP), which is a Kingdom-wide long-term lease and short-term rental, reservation, fleet management, data processing and information management system. This system enables the Company to process incoming customer enquiries, providing accurate and timely information about its locations, rental rates and vehicle availability, as well as the ability to place or modify reservations.

The data supplied from CarPro is also used by the Company to maintain centralised control of major business processes, such as fleet acquisition and logistics, fleet sales, dealing with corporate accounts and determination of pricing. The principal components of CarPro used by the Company include:

### Fleet Management:

This provides a comprehensive decision tool to develop fleet plans and schedules for the acquisition, maintenance and disposal of the Company's fleet. It also provides data on fleet age, best mix, mileage and cost reports, allowing the Company's management to monitor and change fleet use times on a daily/weekly/monthly basis and to optimise the Company's fleet plan based on estimated business levels. All processes required for vehicles' preventive and curative maintenance, through in-house or external workshops, are managed through the system.

### Revenue Management System:

This system is designed to enhance profitability by providing greater control of vehicle availability, fleet movements and pricing at the Company's rental locations. It monitors both vehicle supply and customer demand to support the Company's strategy to optimise volume and rate at each location. An integrated fleet distribution module takes into consideration the costs and benefits associated with distributing vehicles to various rental locations within a geographic area to accommodate demand, and makes specific recommendations for the movement of vehicles between locations.

### Reservations:

This system provides the Company's customers with a simpler, streamlined experience by allowing them to make instant reservations through the Company's website and its mobile application.

### Theeb Membership Programme:

This provides the Company with full details of customers who have been issued silver, gold and diamond membership and allows management of their entitlements (such as discounts, earning and redeeming points).



**300,000**  
Membership and more

### Sales and Marketing Support:

This component assists the Company in identifying customer segments in line with business potential, and delivering more targeted and relevant offers to its customers across online and traditional channels. This allows customers to benefit from better and more relevant marketing, improved service delivery and loyalty programmes that reward frequent renters with free rental days and car class upgrades. For example, the Company's sales force is able to analyse key account information of its corporate customers, including historical and current rental activity, revenue and booking sources, top rental locations, rate usage categories and customer satisfaction data. The sales force then uses this information to assess opportunities for further revenue growth and profitability.

### Customer Data Management:

This component allows the Company to easily retrieve pertinent customer information and make necessary adjustments to completed rental transactions for superior customer service.

The Company continuously invests in improving its IT systems in order to further enhance its ability to offer innovative and cost-effective services. All IT projects are centrally and regularly evaluated against business needs. Significant safety measures are in place to ensure the security of the Company's systems, applications and data (and that of its customers). Careful attention is paid by the Company to security systems and the protection of proprietary data against destruction, theft, fraud or abuse. Operating systems ensure 24/7 protection against IT viruses, spamming, phishing and denial of service attacks. The Company periodically tests its recovery plan and implements any identified improvements following major incident simulations. The Company gives special attention to technical projects, which are aimed at establishing and ensuring the continuity of services.

Since the Company manages a large portfolio of customer data, it considers data protection to be a top priority. The Company seeks to ensure that all member data is sufficiently protected from the risks of hacking and regularly invests in the upgrade of systems, infrastructure and personnel to support the growing membership base. All the services are hosted in the Company's own multi-layered, secured data centre.



## Awards and Honors

Theeb Rent A Car Company adopts the strategic application of the quality principle in all its various operations, which ensures distinguished professional performance and a pioneering presence that has been recognized and honoured with numerous awards, reinforcing its position as one of the leading providers of superior car rental services in the Kingdom. Honours and awards have been received from many global car dealerships, including the following:



Thirty years of partnership and success with the Al Wallan Company

- 2008G Hyundai International Award from Al Waalan Motors Company & Korean Hyundai Co.;
- 2008G-2009G-2010G-2011G-2012G Honours from Al-Essa Motors Company, the General Motors car agent in the Kingdom;
- 2009G Client Excellence Award from the Abdul Latif Jameel Company Ltd, the official Toyota car agent in the Kingdom;
- 2012G Partner Success Award from "Aljazirah Vehicles", the official Ford car agent in the Kingdom;
- 2012G Chrysler Croup Middle East Award;
- 2013G the Company was voted a Superbrand by the Superbrands Council in the Kingdom;
- 2016G Saudi Excellence in Tourism award granted by Saudi Commission for Tourism & National Heritage;
- 2017G Named as Nissan Top Fleet Key Account in the Kingdom;
- 2018G "Mowaamah" Certification (Bronze Category) granted by the Ministry of Labour and Social Development;
- 2018G ISO Certificate 9001:2015G;
- 2018G Enterprise Agility Award (Best Car Rental Co. in the Kingdom); and
- 2018G - 2020G Great Place to Work in the Kingdom award from Great Place to Work®.



## Social Responsibility

### ذيب الخير Theeb Alkhair

#### Theeb Al Khair Programme... an effective community partnership

Theeb Rent A Car Company continues to fulfil its social responsibilities as a leading national company, generating a positive impact through its numerous social and environmental activities and its approach to its customers and employees. In this context, the Company has done the following:

- Implemented the "Theeb Al Khair" programme which includes participation in social activities and events (welcome parties and religious ceremonies), and sponsorship of orphans' associations and charitable societies in the Kingdom; and
- Through its "Rahati" services, provided vehicles specially designed and equipped to serve the elderly and people with special needs, such as wheelchair-adapted family cars, at no additional cost.







“Reward for you” initiative on the occasion of the 89th National Day in cooperation with the Charitable Foundation for Orphan Care, “Ekhaa”

As part of its efforts to serve the community and contribute to community development, Theeb Rent A Car Company took the initiative to deduct 89 halalas for each rental contract on the occasion of the eighty-ninth National Day, and also sponsored the competition that the “Ekhaa” Foundation holds on the National Day.

This community initiative epitomises the national sense of the Company, its role in social responsibility and its keenness to promote the national vision of the Kingdom. It also emphasises the cooperation between the private sector and the charitable sector in serving the needs of the “Ekhaa” Foundation.

Sponsoring the King Saud University team for volunteer work at the Pilgrimage service event for the 2019 Pilgrimage season

In its pioneering role, the Theeb Rent A Car Company, sponsored by the volunteer team at King Saud University, contributed to a programme to assist pilgrims for the year 1440H. Theeb Rent A Car Company has been keen to participate in this unique volunteer work, providing services and assistance to the pilgrims with the support of the volunteer team. King Saud University, headed by the President of the University, Prof. Badran Al-Omar, honoured Theeb Rent A Car Company and presented a thank you plaque in recognition of this partnership and its continuity over the long term.



Sponsoring the Ramadan Competition for the Charitable Foundation for the Care of Orphans, “Ekhaa” Foundation 1440H.

Theeb Rent A Car Company has sponsored the Ramadan competition held by the Charitable Foundation for Orphan Care “Ekhaa”, for the blessed month of Ramadan 1440H. The competition aims to support “Ekhaa’s” efforts to introduce its various services and programmes aimed at caring for orphans from different regions of the Kingdom. The sponsorship has also strengthened the community partnership between the private sector institutions and charitable organisations, with the two sides honoured by His Excellency the Minister of Social Development during the annual “Ekhaa” ceremony in the presence of a group of Excellencies, officials and businessmen.



Sponsorship of the Hayat Volunteer Club at King Saud University in Medina during the month of Ramadan 1440H.

Theeb Rent A Car Company took part in sponsoring the Hayat Volunteer Club in a drive to promote community partnerships and support charitable work, as the Hayat Club was present in Medina during the blessed month of Ramadan for the year 1440H.

Services are provided by volunteers to visitors to ensure the highest levels of support and coordination, facilitate their movements and secure what they need in terms of health. Theeb Rent A Car Company is proactive in supporting their other voluntary work that contributes to serving the community.

Sponsoring the “Create to Learn” project for female graduates of the College of Health and Rehabilitation Sciences at Princess Noura University.

As part of the “Theeb Al Khair” programme and supporting educational activities, Theeb Rent A Car Company sponsored the graduation project for the fifth group of occupational therapy students at Princess Noura Bint Abdul Rahman University in 2019G. It aims to enhance the role of occupational therapy in recreational activities within schools and to raise the academic level of students by enhancing mental, physical and social skills.



Supporting the Khairkum Association for the memorisation of the Noble Qur’an with a selection of cars

Based on charitable contributions and as part of the “Theeb Al Khair” programme, Theeb Rent A Car was delighted to present a number of cars to the Association for the purpose of memorising the Holy Quran in the Western Region, in support of its activities during the blessed month of Ramadan. The Company was honoured by the President of the Association with the presentation of a thank you plaque for its kind support during this period.





### Theeb Rent A Car Company supports the Health Endowment Fund during the Coronavirus pandemic

In recognition of its social responsibility towards our beloved country, Theeb Rent A Car Company contributed an amount of 100,000 riyals to support the Health Endowment Fund in fighting the Coronavirus. This support comes as part of the private sector's contribution to health development, in accordance with the Kingdom's 2030 vision. This initiative is based on the speech of the Custodian of the Two Holy Mosques, may God preserve and protect him, to support the health efforts made to combat this pandemic and to preserve the health of citizens and residents, and is in the spirit of national duty, support for good government and appreciation of the efforts of health heroes.



### Cooperation agreement with the Insan Association (donation of 90 halalas for each contract for a month)

Theeb Rent A Car Company took the initiative to deduct 90 halalas from each rental contract on the occasion of the ninetieth National Day. This community initiative contributes to supporting special groups in society, such as orphans, and instilling the concept of cooperation and citizenship. These partnerships fulfil a sense of national pride and social responsibility towards deserving groups in society, and reaffirm the importance of deploying the national vision and achieving integration between the private sector and the non-profit sector to serve the community represented by the association and all those involved in it.

### The annual initiative of the Insan Association (sponsorship of 25 orphans) 2020.

Theeb Rent A Car Company has chosen to renew its annual sponsorship of 25 orphans from the nation and comprehensively meet all that is required by the conditions of the sponsorship. This initiative has been ongoing for five years, and the goal of the Company's management is to achieve sustainable and continuous partnerships in cooperation with all associations operating under the umbrella of the Ministry of Labour and Social Development.



### Theeb Rent A Car Company sponsors the Charitable Foundation for Orphan Care "Ekhaa" for the year 2021

Theeb Rent A Car Company has announced its sponsorship of the activities of the charitable foundation for the care of orphans "Ekhaa" by establishing an annual care programme for 30 male and female orphans to provide everything they need for their daily lives. This initiative is part of the annual sponsorship programmes for charitable societies at Theeb Rent A Car Company, "Theeb Al Khair", which aims to achieve balance for orphans and raise their cultural and educational level to ensure their social integration and self-reliance.

The Company also sponsored two competitions of the Charitable Foundation for the Care of Orphans "Ekhaa", which were organised this year 1442H during the holy months of Ramadan and Dhu al-Hijjah. They aim to support the efforts of "Ekhaa" to deploy its various services and programmes targeting orphan care across all regions and cities of the Kingdom. In addition, their goal is to strengthen community partnerships between private sector institutions and charitable organisations, and raise awareness in the community of their contribution to orphan care.



### "Raha service" for people with special needs

Theeb Rent A Car Company seeks to provide care, comfort and support for people with special needs in the community. It offers discounts on rental packages and has also provided specially adapted cars with wheelchairs to support both disabled people and their carers.





# Administrative Departments

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Theeb Rent A Car Company is proud of an advanced administrative and operational structure in which all roles are integrated to implement the Company's plans and to achieve its strategic objectives, in accordance with the latest global professional practices and taking into consideration local markets.

## Operations Department

The Operations Department is responsible for overseeing the Company's operations in the Kingdom by managing and monitoring rental branches and regional offices, communicating with individual and corporate customers, implementing, updating and monitoring the annual fleet composition and providing regular plans, forecasts and revenue reports. In addition, it manages relationships with external maintenance service providers and ensures that their services and warranty support obligations are provided in a timely and satisfactory manner.

## Corporate Department

The Corporate Department is responsible for sales and revenue from corporate and government clients, in addition to managing, following up and developing long term leases and corporate lease agreements on an ongoing basis.

## Marketing and Public Relations Department

The Marketing and Public Relations Department works to develop the Company's marketing strategies, with the aim of enhancing the presence and reputation of the Company's brand and expanding the customer base, in addition to conducting marketing research and trend monitoring, developing and implementing the Company's marketing strategies and plans, managing the Company's brands and marketing and promotional materials. It also ensures correct use of the Company's identity, designs and intellectual property and manages all the Company's digital platforms such as the website and the Company's accounts on social media platforms.





## Customer Relations Department

The Customer Relations Department is responsible for maintaining relationships with the Company's customers, responding to their enquiries and updating them with the latest developments, such as matters related to the temporary closure of branches and changes in working hours, marketing activities and promotional offers. It also analyses customer data for the purposes of improving service and conducts customer surveys via phone and e-mail; it follows up on market trends and directions and identifies opportunities and deficiencies, collects customer suggestions, and monitors client satisfaction levels.

## Used Vehicle Sales Department

The Used Vehicle Sales Department manages the sales of used vehicles and follows them through the Company's branches of used vehicles, ensuring that sales operations comply with the applicable laws and regulations and any relevant sector-specific guidelines.

## Information Technology and Digital Transformation Department

The Information Technology and Digital Transformation Department works to develop current and future information technology systems in the Company, in line with technological development and the global digital communication revolution in the business world. It creates numerous solutions, programmes and systems that support the work mechanism of all departments and channels in the Company on a large scale, and ensures the implementation of all IT projects in accordance with corporate requirements, on time and within budget. In addition, it manages and analyses all user data and prepares related internal forms and reports; it oversees the security of systems and information in accordance with controls and procedures that ensure the safe and efficient continuity of all the Company's various activities.

## Procurement and Warehouse Management

The Procurement and Warehouse Department is responsible for purchasing cars, car parts, goods and services at the best price and of the highest possible quality, as well as registering and qualifying suppliers, and managing inventory and warehouses according to the highest standards of efficiency and safety.

## Financial Department

The Finance Department maintains accounts and issues reports and financial statements, in addition to applying internal financial control systems in all departments, protecting the Company's financial assets, preparing accounting policies and procedures, ensuring compliance with relevant regulatory requirements, managing financial planning processes and supporting the Company's Executive Management in preparing strategies. It oversees just-in-time finance, as well as managing the Company's obligations towards employees, third parties and government institutions. Its remit also involves submitting complaints to the relevant government authorities, filing lawsuits before the courts, coordinating with external consultants specialised in legal affairs and collecting data. In addition, it identifies the risks to which the Company is exposed and works to reduce them by ensuring that the Company's assets are properly insured, mitigating the risks associated with currency and interest rates, and applying strict control over credit risk.

## Compliance Department

The Compliance Department is responsible for ensuring the proper functioning of the operational and administrative side of the Company, by preparing the corporate governance manual and ensuring its compliance through the correct application of all manuals, procedures, policies and instructions issued by the regulatory authorities. It also provides advice on the interpretation of applicable laws and regulations, and supervises the holding of general assemblies and coordination with the relevant government agencies. In addition, it prepares and drafts the annual report of the Board of Directors, handles conflicts of interest cases and manages the Company's relationship with regulators and shareholders.

## Human Resources and Administration Department

The Human Resources and Administration Department attracts the best qualified Saudi youth, coordinates their hiring by the Company, and works to develop their skills and enhance their expertise through numerous training programmes that enable them to perform their tasks to the very highest standards in order to help achieve the Company's strategic goals. It also promotes the empowerment of women and helps to promote them in senior roles within the Company. It is also responsible for overseeing government relations, such as those with the Ministry of Transport and the Ministry of Human Resources and Social Development.

## Internal Audit and Control Department

The Internal Control and Audit and Control Department provides independent and objective reviews of the performance and status of the Company, in addition to delivering consulting services aimed at adding real value that improves the flow of administrative and operational processes in the Company and helps to promote a culture of risk control and effective advance planning. It operates through a comprehensive regulatory framework that aims to improve the effectiveness of risk management, control and governance procedures in the Company, as well as evaluate the adequacy, effectiveness and performance of internal controls. It reviews the reliability and integrity of financial and operational data in the Company, issues periodic reports to the audit committee, summarises the results of the audited and revised activities and recommends any improvements necessary to protect the Company's assets and achieve its strategic objectives. It also ensures compliance with laws and regulations.



# Governance and Compliance

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## Composition of the Board of Directors

The Board of Directors is responsible for all the duties of managing the Company and comprises six members appointed by the Company's General Assembly , for a period of no more than three years.

Name	Membership status	Membership rank
Mr. Mohammed Ahmed Abdullah Al-Theeb	Chairman	Non-executive
Mr. Hasan Sameer Abdulla Al-Shuwaikh	Vice Chairman	Non-executive
Mr. Mohammed Hamoud Abdullah Al-Theeb	Board Member	Executive
Mr. Saleh Abdulrahman Saleh Al-Fadl	Board Member	Independent
Mr. Selim Chidiac	Board Member	Non-executive
Mr. Riyadh Saleh Hamad Almalik	Board Member	Independent

## Biographies of the Board Members

### Mr. Mohammed Ahmed Abdullah Al-Theeb

Chairman

#### Current positions

- Chairman of the Board of Directors since 2018G.
- Chairman of Al-Theeb Sons Co., a closed joint stock company engaged in real estate management, since 2018G.
- Chairman of the board of Mohamed Ahmed Al Theeb Company for Contracting, a closed joint stock company specialising in contracting, since 2018G.

#### Previous positions

- Chief Executive Officer of the Company, 1991G - 2017G.
- Member of the Board of Directors of the Company, 1991G - 2017G.
- Director General, Al-Theeb Sons Company for Real Estate Management, a joint stock company specialising in real estate management, 2007G - 2017G.

#### Qualifications

- High school degree from Al Fatah School, Amman, Jordan, obtained in 1970G.

#### Experiences

- Director General, Mohamed Ahmed Al-Theeb Company for Contracting, an individual establishment specialising in contracting, 1991G - 2017G.
- Responsible for vehicle documents and licence plates, Aljomaih Automotive Company, a partnership company operating in the field of car sales and services, 1976G - 1986G.



**Mr. Hasan Sameer Abdulla Al-Shuwaikh**

Vice Chairman

**Current positions**

- Member of the Board of Directors since 2018G.
- Vice President, Private Equity in the Middle East and North Africa, Investcorp Financial Services, Bahrain joint stock company operating in the field of financial services, since 2019G.
- Manager of Asset Management, Investcorp Saudi Arabia Financial Investments Co., a closed joint stock company offering financial services, since 2016G.

**Previous positions**

- Associate, Private Equity in the Middle East and North Africa, Investcorp Financial Services, a Bahrain Joint Stock Company operating in the field of financial services, 2016G - 2019G.
- Member of the Mergers and Acquisitions Department, Standard Chartered Bank, a public joint stock company operating in the field of financial services, 2013G - 2016G.
- Member, PricewaterhouseCoopers, a professional company engaging in the field of tax and accounting consultancy, 2012G - 2013G.

**Qualifications**

- Accountant, CoEfficient Services, formerly known as e-Accounting, a professional company operating in the accounting domain, 2011G - 2012G.
- Trainee, Trade Services, World Trade Center, San Diego, a global organisation engaging in the promotion of worldwide business activities, 2010G - 2011G.

**Experiences**

- Certified Financial Analyst (CFA), CFA Institute, Virginia, USA, 2018G.
- Bachelor of Business Administration - Finance, San Diego State University, California, USA, 2011G.

**Mr. Mohammed Hamoud Abdullah Al-Theeb**

Board Member

**Current positions**

- Member of the Board of Directors since 2015G.
- Business Development Manager at Theeb Rent A Car Company, a closed joint stock company engaging in car rental, since 2018G..
- Member of the Board of Directors, Madareem Crown Hotel, a limited liability company engaging in the management, operation and maintenance of hotels, residential units and apartments, since 2011G.

**Previous positions**

- Manager of Special Customer Accounts in the business sector of the Company, 2017G - 2018G.

**Qualifications**

- High school degree, Dar Al Uloom School, Riyadh, Saudi Arabia, in 2013G.

**Experiences**

- Operations Manager, Al Atoz, a limited liability company engaging in the transport of wholesale and retail goods by road, and in fuel sale services, 2013G - 2017G.



**Mr. Saleh Abdulrahman Saleh Al-Fadl**

Board Member

**Current positions**

- Member of the Board of Directors since 2020G.
- Chief Financial Officer, Herfy Food Services Company, a public joint stock company operating in the food and luxury consumer goods industry, since 2015G.

**Previous positions**

- Member of the Board of Directors, King Faisal Specialist Hospital International Holding Co., a closed joint stock company engaging in the provision of health services, 2019G - 2020G.
- Board Member, Best Rent A Car, a closed joint stock company operating in the car rental field, 2017G - 2020G.
- Member of the Board of Directors, King Faisal Specialist Hospital International Holding Co., a closed joint-stock company engaging in the provision of health services, 2019G - 2020G.

**Qualifications**

- Bachelor of Business Administration, King Saud University, Riyadh, Kingdom of Saudi Arabia, in 2006G.
- Master of Science in Finance, University of Illinois, Illinois, USA, in 2009G.
- Master of Accounting Science, University of Illinois, Illinois, USA, in 2010G.

**Experiences**

- Board Member, Saudi Public Transport Company (SAPTCO), a public joint stock company operating in the field of public transport, 2016G - 2018G.

**Mr. Selim Chidiac**

Board Member

**Current positions**

- Member of the Board of Directors since 2020G.
- Chief Executive Officer, L'azurde Company for Jewelry, a public joint stock company engaging in the production and manufacture of goldware, jewellery and precious stones, since 2010G.

**Previous positions**

- Member of the Board of Directors of L'azurde Company for Jewelry, a public joint stock company engaging in the production and manufacture of goldware, jewellery and precious stones, 2018G - 2020G.
- Chief Executive Officer, Red Bull North America Inc., a limited liability company operating in the retail sector and specialised in the field of consumer goods, 2007G - 2010G.
- Chief Executive Officer and Regional Manager (Asia and the Pacific, the Middle East and Africa), Red Bull Japan KK, a closed joint stock company operating in the field of consumer goods, 2006G - 2007G.
- Regional Manager (Asia and the Pacific, the Middle East and Africa), Red Bull FZE, a limited liability company operating in the retail sector and specialised in the field of consumer goods, 2004G - 2005G..

**Qualifications**

- Bachelor of Engineering, Lyon School of Chemistry, Physics and Electronics, Lyon, France, in 1995G.

**Experiences**

- Manager (Middle East, North Africa and Greece region), Red Bull GMBH, a limited liability company operating in the retail industry and specialised in consumer goods, 1999G - 2002G.
- Marketing Manager, Procter & Gamble IG, a public joint-stock company engaging in retail and specialised in the field of consumer goods, 1997G - 1999G.
- Brand Manager, Procter & Gamble IG, a public joint-stock company engaged in retail and specialised in the field of consumer goods, 1995G - 1997G.

**Mr. Riyadh Saleh Hamad Almalik**

Board Member

**Current positions**

- Member of the Board of Directors since 2020G.
- Chief Executive Officer, Saudi Automotive Services Company (SASCO), a public joint stock company engaging in automotive and equipment services and the management of stations, rest areas, motels and express service centres, since 2009G.
- Member of the Board of Directors, Saudi Automotive Services Company (SASCO), a public joint stock company engaging in automotive and equipment services and the management of stations, rest areas, motels and express service centres, since 2015G.
- Member of the Customs Council, the International Automobile Federation (FIA), a global non-profit international organisation engaged in promoting the interests of auto organisations and car users and encouraging best and sustainable practices, since 2009G.
- Member, Arab Council of Touring and Automobile Clubs, a global organisation engaged in promoting the unification of the Arabic speaking auto clubs of the International Automobile Federation, since 2011G.
- Member, the International Road Transport Union (IRU), an independent global international organisation engaged in facilitating the transportation of people and goods by land, and streamlining global trade routes, since 2012G.
- Member, Arab Union of Land Transport, a joint Arab body specialised in developing, organising and integrating land transport in the Arab world, since 2009G.

**Previous positions**

- Chairman of the Customs Council, the International Automobile Federation (FIA), a global non-profit international organisation engaged in promoting the interests of auto organisations and car users and encouraging best and sustainable practices, 2011G - 2017G.
- General Manager, Tashelat Marketing Company (Sahel), a limited liability company engaging in the management of retail fuel chains, outlets and car service centres within petrol stations across the Kingdom, 2005G - 2009G.
- Deputy General Manager for Marketing, Riyadh Development Company, a public joint stock company engaging in real estate management and development, 2000G - 2005G.

**Qualifications**

- Bachelor of Business Administration, King Abdulaziz University, Jeddah, Kingdom of Saudi Arabia.

**Experiences**

- Director of Marketing Department, Saudi Real Estate Company (Al Akaria), a public joint stock company engaging in real estate investment, management and development, 1998G - 2000G.
- Sales Manager for InterContinental Riyadh Hotel, InterContinental Hotels Group, a public joint stock company operating in the international hotel and hospitality industry, 1997G - 1998G.
- Sales Manager, Dur Hospitality Company (formerly the Saudi Hotels and Resorts Company), a public joint stock company engaging in the establishment, acquisition, management, and purchase of hotels and management of real estate development, 1995G - 1997G.





Names of companies inside or outside the Kingdom, in which a Board Member of the Company is a member of their current board of directors, or a manager/director

Member Name	Names of companies inside or outside the Kingdom in which a Board Member of the Company is a member of their current board of directors, or a manager/director	Inside or Outside the Kingdom	Legal Entity	Names of companies inside or outside the Kingdom in which a Board Member of the Company is a member of their previous board of directors, or a manager/director	Inside or Outside the Kingdom	Legal Entity
Mr. Mohammed Ahmed Abdullah Al-Theeb	Chairman of the Board of Directors, Al-Theeb Sons Company for Real Estate Management, since 2018.	Inside Kingdom	A closed joint stock company	-	-	-
	Chairman of the Board of Directors, Mohammed Ahmed Al-Theeb Contracting Company, since 2018.	Inside Kingdom	A closed joint stock company	-	-	-
Mr. Hasan Sameer Abdulla Al-Shuwaikh	None	-	-	None	-	-
Mr. Mohammed Hamoud Abdullah Al-Theeb	Member of the Board of Directors, Madareem hotel management and operating company, since 2011.	Inside Kingdom	Public joint stock company	-	-	-
Mr. Saleh Abdulrahman Saleh Al-Fadl	-	-	-	Member of the Board of Directors, King Faisal Specialist Hospital International Holding Company, from 2019 to 2020	Inside Kingdom	A closed joint stock company
				Member of the Board of Directors, Best Rent A Car Company, from 2017 to 2020	Inside Kingdom	A closed joint stock company
				Member of the Board of Directors, Saudi Public Transport Company (SAPTCO) from 2016 to 2018	Inside Kingdom	A public joint stock company
Mr. Selim Chidiac	-	-	-	L'azurde Company for Jewelry from 2018 to 2020.	Inside Kingdom	A public joint stock company
Mr. Riyadh Saleh Hamad Almalik	Member of the Board of Directors, Saudi Automotive Services Company (SASCO) since 2015.	Inside Kingdom	Public joint stock company	-	-	-

Number of Board meetings held during the last financial year, dates, and attendance record for each meeting, indicating the names of all attendees.

Name	Number of meetings (7 meetings)							Total
	First meeting 08/3/2020	Second meeting 16/3/2020	Third meeting 31/3/2020	Fourth meeting 13/4/2020	Fifth meeting 13/5/2020	Sixth meeting 31/7/2020	Seventh meeting 25/11/2020	
Mohammed Ahmed Abdullah Al-Theeb	Attended	Attended	Apologies received	Attended by proxy	Attended	Attended	Attended	6
Hasan Sameer Abdulla Al-Shuwaikh	Attended	Attended	Attended	Attended	Attended	Attended	Attended	7
Mohammed Hamoud Abdullah Al-Theeb	Attended	Attended	Attended	Attended	Attended	Attended	Attended	7
Saleh Abdulrahman Saleh Al-Fadl	Attended	Attended	Attended	Attended	Attended	Attended	Attended	7
Selim Chidiac *	Not applicable	Not applicable	Attended	Attended	Attended	Attended	Attended	5
Riyadh Saleh Hamad Almalik **	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable	Attended	1
Naif Mohammed Al-Theeb ***	Attended	Attended	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable	2
Walid Michel Majdalani ****	Attended	Attended	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable	2
Hamoud Abdullah Al-Theeb *****	Attended by proxy	Attended by proxy	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable	2

The date of the last meeting of the General Assembly is November 25, 2020

\* Selim Chidiac joined on 19/03/2020

\*\* Riyadh Saleh Hamad Almalik joined on 21/10/2020

\*\*\* Naif Mohammed Al-Theeb resigned on 22/03/2020

\*\*\*\* Walid Michel Majdalani resigned on 22/03/2020

\*\*\*\*\* Hamoud Abdullah Al-Theeb resigned on 22/03/2020

## Board Committees

The Board of Directors has established committees to assist it in performing all duties effectively. The Board monitors the work of the committees periodically to ensure the assigned tasks are duly performed. The committees periodically and with absolute transparency report to the Board of Directors the results reached or decisions taken.

### Audit Committee:

The main role of the Audit Committee is to monitor the Company's affairs and assist the Board of Directors with oversight of auditing processes, internal control systems, financial statements and other financial information, and to ensure the Company's compliance with legal and regulatory requirements. The responsibilities of the Audit Committee further include the following:

### Financial Statements and Reports:

- review important matters related to accounting and report preparation, including complex or unfamiliar transactions, critical discretionary areas and emerging professional and organisational announcements, and assess their impact on the financial statements;
- review, express an opinion on and make recommendations to the Board of Directors regarding the interim and annual financial statements of the Company, including all announcements relating to the Company's financial performance, prior to their presentation to the Board of Directors, to ensure their integrity, fairness and transparency;
- carefully review and consider any significant or unusual issues or matters included in the Company's financial statements and reports, and review any matters raised by the Chief Executive Officer (or his delegate), the Chief Financial Officer (or his delegate), compliance officer, internal auditor or external auditor; and
- examine the accounting estimates in respect of significant matters contained in the Company's financial statements and reports;

### Internal Control and Audit:

- review and consider the effectiveness of the Company's internal control, financial and risk management systems;
- review the internal audit reports and pursue the implementation of corrective measures in respect of the comments included therein;
- oversee and supervise the performance and activities of the internal auditor and the Company's Internal Audit department to ensure they have access to the necessary resources and ensure their effectiveness in performing the tasks and duties assigned to them;
- approve the Company's internal audit regulations and review the Company's internal audit procedures; and
- recommend to the Board of Directors decisions regarding the appointment, dismissal and remuneration of the Company's internal auditor.

### External Audit:

- recommend to the Board of Directors the appointment, dismissal and remuneration of the external auditor, after verifying its independence and reviewing its scope of work and terms of engagement;
- review the performance and supervise the activities of the external auditor and report to the Board of Directors with its recommendations in respect of the same;
- verify the independence, objectivity and fairness of the external auditor and the effectiveness of the external auditor's work, taking into account the relevant rules and standards, and make recommendations to the Board in respect of the same; and
- review the reports, qualifications and comments of the external auditor in relation to the Company's financial statements and follow up on the actions taken in relation to the same.

### Compliance:

- verify and monitor the Company's compliance with the applicable laws, regulations, policies and instructions;
- review the effectiveness of the monitoring system and ensure compliance with laws and regulations and the results of investigations conducted by management, and follow up any cases of non-compliance (including taking disciplinary measures); and
- review the reports and results of investigations of any supervisory or regulatory authority, and ensure that the Company has undertaken the necessary actions in relation to the same.





## Members of the Audit Committee

Name	Role
Saleh Abdulrahman Saleh Al-Fadl	Chairman
Hasan Sameer Abdulla Al-Shuwaikh	Member
Selim Chidiac	Member

## Biographies of the Members of the Audit Committee

All biographies of the Board members are detailed in the “Biographies of Board Members” section

### Audit Committee meetings and attendance record

Name	Membership	Number of meetings (4 meetings)			
		First meeting 07/1/2020	Second meeting 14/7/2020	Third meeting 8/11/2020	Fourth meeting 14/12/2020
Saleh Abdulrahman Saleh Al-Fadl	Chairman	✓	✓	✓	✓
Hasan Sameer Abdulla Al-Shuwaikh	Member	✓	✓	✓	✓
Selim Chidiac	Member	✓	✓	✓	✓

## Nomination and Remuneration Committee

The Nomination and Remuneration Committee oversees the nomination of Board members and the remuneration policy for said Board members and members of the Company’s Executive Management. The duties and responsibilities of the Nomination and Remuneration Committee are mainly to:

### Nomination:

- prepare policies and standards regarding the nomination and appointment of members of the Board of Directors and members of the Executive Management of the Company (“Nominations Policy”), proposing them to the Board of Directors and supervising their implementation;
- ensure that the necessary and appropriate enquiries are made regarding the candidates for the Board of Directors and their qualifications before making a recommendation on their nomination to the Board of Directors.
- recommend to the Board of Directors the nomination and re-nomination of members of the Board of Directors in accordance with the applicable laws, regulations, rules and approved policies and standards (including the Bylaws);
- annually verify the independence of independent members of the Board of Directors in accordance with the laws, regulations and rules in force, and ensure that there is no conflict of interest if the member is a member of the board of directors of another company;
- periodically review the succession plans of senior executives and submit recommendations to the Board of Directors, taking into account the challenges and opportunities facing the Company as well as future requirements for skills and expertise;
- evaluate potential candidates for Executive Management positions in the Company, including the position of CEO, and make recommendations regarding them to the Board of Directors; and
- establish special procedures in the event of a vacancy for a position held by a member of the Board of Directors or the Executive Management and review them periodically; make recommendations to the Board of Directors regarding the selection and approval of candidates to occupy such positions

### Review and assessment:

- regularly review the structure of the Board of Directors and the Executive Management of the Company, their size, composition, strengths and weaknesses (including skills, knowledge and experience) and make appropriate recommendations to the Board of Directors in line with the Company’s interest; and
- establish an annual self-evaluation process for members of the Board of Directors and some of the Company’s Executive Management, submit recommendations to the Board of Directors regarding said persons and supervise that process.

### Remuneration:

- prepare a policy for the remuneration of members of the Board of Directors and the Board committees and the Executive Management of the Company (“Remuneration Policy”), submit it to the Board of Directors in preparation for the approval of the General Assembly, and supervise its implementation and disclosure;
- recommend to the Board of Directors the remuneration of the members of the Board of Directors and the Board committees, for the approved remuneration policy; and
- review the Company’s plans for compensation, benefits and incentives established for members of the Board of Directors and employees of the Company and recommend them to the Board of Directors, including with regard to the approval, amendment and termination of these plans.

## Members of the Remuneration and Nomination Committee

Name	Role
Riyadh Saleh Hamad Almalik	Chairman
Wassim Mohammed Hammoude	Member
Fahad Marei Muhammad Al Shahrani	Member

## Biographies of the Members of the Nomination and Remuneration Committee

### Mr. Riyadh Saleh Hamad Almalik

Chairman of the Nomination and Remuneration Committee

Detailed in “Biographies of Board Members”

### Mr. Wassim Mohammed Hammoude

#### Current positions

- Board Member, Al Borg Medical Laboratories, a limited liability company operating in the laboratory and medical services sector, since 2017G.
- Board Member, NDT, a closed joint stock company engaged in testing services in the oil, gas and petrochemical industry, since 2017G.
- Principal in the Private Equity in the Middle East and North Africa, Investcorp Financial Services, a Bahraini joint stock company operating in the field of financial services, since 2008G.

#### Previous positions

- Associate, Royal Bank of Canada, a Canadian public joint stock company operating in the field of banking and financial services, 2007G - 2007G.
- Assistant Manager of Financial Consulting Services, Deloitte & Touche, a professional company engaged in management and financial consulting, 2005G - 2006G.

#### Qualifications

- Master of Business Administration in Finance and Economics, College of Business Administration at Columbia University, New York, USA, in 2008G.
- Bachelor of Business Administration, Banking and Finance Science, the Lebanese American University, Beirut, Lebanon, in 2002G.

#### Experiences

- Senior Consultant in Corporate Finance, RSM Albazie & Co., a professional company engaged in accounting and tax consulting services, 2003G - 2004G.



**Mr. Fahad Marei Muhammad Al Shahrani**

**Current positions**

- General Manager of Talent Management and Rewards, Diplomatic Quarter General Authority, a government agency working on development and investment in the Al Safarat district in Riyadh, since 2019G.

**Previous positions**

- HR Director, General Entertainment Authority, a government agency working on the organisation and development of the entertainment sector in the Kingdom, 2017G - 2018G.
- Director, Talent Management and Rewards, STC, a closed joint stock company and subsidiary of the STC Group, which focuses on ICT solutions in the Kingdom, 2012G-2017G.

**Qualifications**

- Diploma in Human Resource Management, Chartered Institute for Personnel Development (CIPD), London, United Kingdom, in 2012G.
- Bachelor of Industrial Engineering, King Saud University, Riyadh, Saudi Arabia, in 2007G.

**Experiences**

- Senior Performance Management Analyst, Etihad Etisalat (Mobily), a public joint-stock company operating in the telecommunications sector, 2007G - 2012G.
- Management Performance Analyst, Etihad Etisalat (Mobily), a public joint-stock company operating in the telecommunications sector, 2007G - 2010G.

**Nomination and Remuneration Committee meetings and attendance record**

Name	Membership	Number of meetings (one meeting on 24 December 2020)
Mr. Riyadh Saleh Hamad Almalik	Chairman	✓
Mr.Wassim Mohammed Hammoude	Member	✓
Mr. Fahad Marei Muhammad Al Shahrani	Member	✓

**Composition of Executive Management**

The Executive Management comprises the following nine members:

Name	Position	Nationality
Mr. Naif Mohammed Al-Theeb	Chief Executive Officer	Saudi
Mr. Jafar Salahuddin Albaz	Chief Financial Officer	Jordanian
Mr. Shahzad Ali	Executive Director - Corporate Operations	Pakistani
Mr. Bharat Senwal	Chief Technology Officer	Indian
Mr. Meshaal Abdulaziz Al-Ghamdi	Human Resource and Administrative Director	Saudi
Mr. Khaled Mansour Al-Khaliwi	Procurement and Warehouse Director	Saudi
Mr. Muhammad Othman Al-Qadi	Marketing and Public Relations Director	Saudi
Mr. Talib Hussein Al-Hamami	Used Vehicle Sales Supervisor	Saudi
Mr. Sadiq All Alali	Compliance Manager	Saudi

**Biographies of Senior Executives**

**Mr. Naif Mohammed Al-Theeb**

**Current positions**

- CEO of the Company since 2018G.
- A Board member of Al-Theeb Sons Co., a closed joint stock company engaged in real estate management, since 2018G.
- A member of the Board of Mohamed Ahmed Al-Theeb Company for Contracting, a closed joint stock company specialising in contracting, since 2018G.

**Previous positions**

- Vice Chairman of the Company, 2018G-2020G.
- COO of the Company, 2015G-2018G.
- Assistant CEO of the company, 2012G-2015G.
- Assistant General Manager of the Company, 2008G-2012G.

**Qualifications**

- Bachelor of International Business, King Abdulaziz University, Jeddah, Kingdom of Saudi Arabia, 2009G.

**Experiences**

- Director of the Central Region Branches of the company, 2005G-2008G.
- Assistant Director of the Central Region Branches of the company, 2003G-2005G.
- Public Relations Manager for the company, 2002G-2003G.
- Public Relations Management Officer for the company, 2000G-2003G.

**Mr. Jafar Salahuddin Albaz****Current positions**

- Chief Financial Officer of the Company since 2018G.

**Previous positions**

- Financial Director, Al-Jaber Group, a limited liability company operating in the contracting and rental services industry, 2015G-2018G.
- Finance Manager, Yazeed Al-Rajhi Holding Group, a limited liability company operating in the retail, food, contracting and technology sector, 2012G-2015G.
- Finance Manager, Al-Mutlaq Projects, a closed joint stock company operating in the contracting and services sector, 2009G-2012G.
- Finance Manager, ACICO International Contracting, a limited liability company operating in contracting, 2007G-2009G..

**Qualifications**

- BA in Accounting, Yarmouk University, Irbid, Jordan, in 1998G

**Experiences**

- Finance Manager, Saudi Research Group, a joint stock company operating in publishing and media, 2005G-2007G.
- Senior Auditor, Talal Abu-Ghazaleh & Co., a limited liability company operating in the professional services sector, 1998G-2005G.

**Mr. Shahzad Ali****Current positions**

- Executive Director - Corporate Operations in the Company since 2014G.

**Previous positions**

- CEO, S&S Consulting, a limited liability company engaged in management consulting, 2010G-2014G.

**Qualifications**

- Master of Business Administration, European University, Paris, France, 1992G.
- Bachelor of Business Administration, European University, Paris, France, in 1991G.

**Experiences**

- CEO, Hanco Rent A Car, a closed joint stock company operating in the small car rental sector, 1993G-2010G.

**Mr. Bharat Senwal****Current positions**

- Chief Technology Officer in the Company since 2013G.

**Previous positions**

- General Director of Information Technology, Al Tala'a International Transportation Co., a limited liability company operating in the field of private transportation, 2009G-2013G.
- Assistant General Director of Information Technology, Al Tala'a International Transportation Co., a limited liability company operating in the field of private transportation, 2008G-2009G.

**Qualifications**

- Master of Computer Programs, ICFAI University of India, New Delhi, India, 2007G.
- BSc in Computer Science, Osmania University, Hyderabad, India, 1993G.

**Experiences**

- National Director of Information Technology Projects, Al Tala'a International Transportation Co., a limited liability company operating in the field of private transportation, 2004G-2008G.
- Database Manager and System Developer, Fathi Talib & Sons Co., a limited liability company operating in the field of private transportation, 1995G-2004G.

**Mr. Meshaal Abdulaziz Al-Ghamdi****Current positions**

- Human Resource and Administrative Director in the Company since 2015G.

**Previous positions**

- Director of Human Resources and Administrative Affairs, United Wire Factories Company (ASLAK), a public joint stock company engaged in cable and equipment manufacturing, 2009G-2015G.
- Personnel Manager, Zahran Holding Company, a closed joint-stock company engaged in maintenance and operation, 2008G-2009G

**Qualifications**

- BSW, Imam Muhammad bin Saud Islamic University, Riyadh, Kingdom of Saudi Arabia, 2008G.

**Experiences**

- Personnel Specialist, Zahran Holding Company, a closed joint stock company engaged in maintenance and operation, 2004G-2008G.



**Mr. Khaled Mansour Al-Khaliwi****Current positions**

- Procurement and Warehouse Director in the Company since 2018G.

**Previous positions**

- Warehouse Procurement Manager, AYTP - Al Yusr Industrial Company, a closed joint stock company operating in the contracting sector, 2015G-2018G.
- Logistics Manager, AYTP - Al Yusr Industrial Company, a closed joint stock company operating in the contracting sector, 2014G-2015G.
- Assistant COO, AYTP-Al Yusr Industrial Company, a closed joint-stock company operating in the contracting sector, 2013G-2014G.

**Qualifications**

- Bachelor of Science in Business Administration and Political Science, Southampton Solent University, Southampton, UK, 2013G .

**Experiences**

- Project Manager, Shetawi Alshatwi Company, a closed joint-stock company, operating in the field of food services, 2004G to 2008G.

**Mr. Muhammad Othman Al-Qadi****Current positions**

- Marketing and Public Relations Director in the Company since 2019G.

**Previous positions**

- Director of Marketing Department, Food Unit Company, a limited liability company operating in catering services, 2017G-2019G

**Qualifications**

- Bachelor of Business Administration -Marketing, King Saud University, Riyadh, Kingdom of Saudi Arabia, 2016G.

**Experiences**

- Marketing Supervisor, Almarai Company, a public joint-stock company operating in the field of food production, from 2016G until 2017G.

**Mr. Talib Hussein Al-Hamami****Current positions**

- Used Vehicle Sales Supervisor in the Company since 2009G.

**Previous positions**

- Sales Representative and Transportation Officer, Wallan Trading Company, a closed joint stock company operating in the field of car sales and transportation services, 1999G-2007G.

**Qualifications**

- High School, Najran High School, Najran, Kingdom of Saudi Arabia, 1987G.

**Mr. Sadiq Ali Alali****Current positions**

- Compliance Manager and Secretary of the Board of Directors since 2019G.

**Previous positions**

- Compliance Manager and Secretary of the Board of Directors, Gulf Lifting Financial Leasing Company, a closed joint stock company operating in the field of finance, 2017G - 2019G.
- Compliance and Corporate Affairs Manager, AXA Cooperative Insurance Company, a public joint stock company operating in the insurance sector, 2012G - 2017G.

**Qualifications**

- Bachelor of Public Administration in Accounting, Imam Muhammad ibn Saud University, Al-Ahsa, Kingdom of Saudi Arabia, in 2006G.
- Diploma in Insurance, Bahrain Institute of Banking and Finance (BIBF), Manama, Kingdom of Bahrain, in 2009G.

**Experiences**

- Sales Assistant, AXA Cooperative Insurance Company, a public joint stock company operating in the insurance sector, 2011G - 2012G.
- Assistant Accountant, AXA Cooperative Insurance Company, a public joint stock company operating in the insurance sector, 2007G - 2008G.

Procedures were taken by the Board of Directors to inform its members - especially the executive members – of shareholders' proposals and comments regarding the Company:

- 1- Board of Directors meetings
- 2- Minutes of Board committee meetings
- 3- General Assembly meetings

## Remuneration of the Board of Directors and Top Five Senior Executives

Ordinary General Assembly held on 24/07/1441 H (corresponding to 19/03/2020G); approved Remuneration Policy, as follows:

### Remuneration of members of the Board of Directors

#### 1- Rules for determining remuneration

- The Board of Directors submits its recommendation regarding the remuneration of all Board members to the General Assembly annually for approval. The recommendation of the Board in this regard depends on the recommendation of the Company's Nomination and Remuneration Committee. The recommendations of the Nomination and Remuneration Committee and of the Board of Directors must comply with all applicable laws, regulations, rules and policies.
- The remuneration of members of the Board of Directors may be a certain amount, benefits in kind, an attendance allowance for sessions, or a certain percentage of the Company's annual net profits, and it is permissible to combine two or more of these options.
- If the remuneration is a specific percentage of the Company's profits, the total annual remuneration may not exceed 10% of the net profits after deduction of the relevant reserves, and after distributing profits to the Company's shareholders of no less than 5% of the paid up capital.
- In all cases, the total remuneration and financial or in-kind benefits and rewards that a member of the Board of Directors receives may not exceed five hundred thousand Saudi riyals annually.

- As an exception to second and third paragraphs above, the remuneration of independent directors cannot not be a percentage of the net profits of the Company or be based directly or indirectly on the profitability of the Company.
- The remuneration of the members of the Board of Directors may vary depending on the member's experience, competencies, duties assigned to them and their independence, the number of sessions they attend, and other considerations

#### 2- Additional remuneration

- The Chairman of the Board of Directors may receive remuneration in addition to that to which he is entitled simply as a member of the Board. The Board of Directors shall determine this additional remuneration (if any) on an annual basis, according to the recommendation of the Nomination and Remuneration Committee.
- Members of the Board of Directors may obtain additional remuneration for their membership in committees, other than the remuneration they are entitled to simply as members of the Board of Directors. This additional remuneration (if any) will be determined in accordance with Part 4 of this policy.
- Members of the Board of Directors may obtain additional remuneration for their positions as senior executives, other than the remuneration they are entitled to simply as members of the Board of Directors. This additional remuneration (if any) will be determined in accordance with Part 5 of this policy.

#### 3- Remuneration of committee members

##### Rules for determining remuneration

- Committee members are rewarded according to the relevant committee's charter.
- Subject to above paragraph, the Nomination and Remuneration Committee reviews the remuneration of the committee members and submits its recommendations in this regard to the Board of Directors.

#### 4- Senior Executive remuneration

##### Rules for determining remuneration

- The Board of Directors determines – based on the recommendations of the Nomination and Remuneration Committee – the remuneration of all Senior Executives, according to employment/service contracts, policies, remuneration plans and related internal compensation.
- The Nomination and Remuneration Committee reviews and approves employment contracts with Senior Executives, including those to be concluded with newly hired employees. It must also review and approve any contract concluded with an employee for a wage or remuneration equivalent to the wages of Senior Executives

#### Advantages and incentive plans

- Senior Executives are entitled to corporate benefits. In addition to pensions, benefits include medical services, use of the Company's recreational facilities, housing-related remuneration (or equivalent), and transportation-related allowances (or equivalent). The nature and levels of benefits provided to Senior Executives are subject to periodic review by the Nomination and Remuneration Committee and the approval of the Board of Directors.
- The Company may offer variable remuneration for Senior Executives determined according to market data and subject to specific, pre determined performance goals, whether short-term or long-term. The variable remuneration plans are subject to the recommendations of the Nomination and Remuneration Committee and the approval of the Board of Directors.
- The Company may offer Senior Executives and other employees share ownership opportunities through an employee share scheme or similar. These plans and programmes are subject to the recommendation of the Nomination and Remuneration Committee and the approval of the Board of Directors, and are in accordance with applicable laws, regulations and guidelines.



## Remuneration of Board Members

Description	Fixed Remuneration						Variable Remuneration						Grand Total	Expense allowance
	Specific amount	Attendance allowance	Total attendance allowance	In-kind Benefits	Remuneration for technical and administrative work	Remunerations of the chairman, Managing Director or Secretary, if a member	Total	Percentage of profits	Periodic remuneration	Short-term incentive plans	Long-term incentive plans	Shares allocated		
<b>I – Independent members</b>														
Mr. Saleh Abdulrahman Saleh Al-Fadl	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Mr. Riyadh Saleh Hamad Almalik	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Total</b>	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>II: Non-executive members</b>														
Mr. Mohammed Ahmed Abdullah Al-Theeb	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Mr. Hasan Sameer Abdulla Al-Shuwaikh	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Mr. Selim Chidiac	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Total</b>	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>III: Executive members</b>														
Mr. Mohammed Hamoud Abdullah Al-Theeb*	-	-	-	232,488	-	232,488	-	-	-	-	-	-	232,488	-
<b>Total</b>	-	-	-	232,488	-	232,488	-	-	-	-	-	-	232,488	-

\* Salaries, allowances and remuneration for executive members as employees of the Company.

It should be noted that remunerations have been allocated to Board members, which shall be approved at a later stage before distribution of the same.

## Remuneration of Senior Executives

The following table details disbursements to the Company's five Senior Executives receiving the highest remuneration and compensation during 2020, including the CEO and CFO:

Salaries	Fixed Remuneration			Variable Remuneration						End of service gratuity	Executive Remuneration of the Board	Total
	Allowances	Benefits in kind	Total	Periodic Remuneration	Profits	Short-term incentive plans	Long-term incentive plans	Shares allocated	Total			
2,006,839	668,946	-	2,675,786	-	-	1,885,398	-	-	1,885,398	230,361	-	4,561,184

## Remuneration of Audit Committee Members

Member	Fixed remuneration (excluding board meeting allowances)	Allowance for attending the Committee's meetings	Total in SAR
Saleh Abdulrahman Saleh Al-Fadl	150,000	-	150,000
Hasan Sameer Abdulla Al-Shuwaikh	-	-	-
Selim Chidiac	50,000	-	50,000

It should be noted that the members of the Audit Committee received remunerations in the first quarter of 2020G.

## Remuneration of members of the Nomination and Remuneration Committee

Member	Fixed remuneration (excluding board meeting allowances)	Total in SAR
Riyadh Saleh Hamad Almalik	-	-
Wassim Mohammed Hammoude	-	-
Fahad Marei Muhammad Al Shahrani	-	-

It should be noted that remunerations have been allocated to Board members, which shall be approved at a later stage before distribution of the same.

### Results of the annual review of effectiveness of the Company’s internal control procedures, in addition to the Audit Committee’s opinion of the Company’s internal control system:

The internal control system has been developed in accordance with best practices, and this has been reinforced by the existence of an independent internal Audit Department. The Audit Committee supervises its work. This system supports the application of best practices in the field of internal control and governance. The Audit Department submits periodic reports on the business and activities of the Company under review, in order to provide a continuous evaluation of the internal control system and its effectiveness. The adequacy and effectiveness of the internal control system are reviewed by the internal Audit department according to an annual plan approved by the Audit Committee, which is implemented periodically and continues to verify the effectiveness of the system in protecting the Company’s assets and identifying business risks. The Company’s management also monitors compliance with control procedures and corrects any deficiencies in the internal control system. The internal control work referred to in the year 2020 did not show any fundamental weakness in the Company’s internal control system, and the results of reviewing the internal control system are being taken into consideration to ensure that the monitored observations are addressed and effective.

The results of the internal audit reflected the effectiveness and efficiency of the Company’s internal control procedures. The Audit Committee also provided the Board of Directors with its annual report and minutes detailing the results of the internal audit work, and its recommendations regarding the efficiency and effectiveness of internal control. Given that the annual audit reports did not raise any significant concerns, the Company’s internal control procedures are considered effective. The report of the Audit Committee detailing the effectiveness of the internal control procedures will be presented to the General Assembly and is available to shareholders via corporate management.

### Dates of the General Assemblies of Shareholders held during the last financial year and the names of the Board members attending

General Assembly of Shareholders	Attendance by members of the Board of Directors
16/01/2020	- Mr. Naif Mohammad Ahmad Al-Theeb - Mr. Mohammed Abdullah Al-Theeb
19/03/2020	- Mr. Mohammed Ahmed Abdullah Al-Theeb - Chairman of the Board - Mr. Mohammed Hamoud Abdullah Al-Theeb - Mr. Naif Mohammad Ahmad Al-Theeb
19/04/2020	- Mr. Mohammed Ahmed Abdullah Al-Theeb - Chairman of the Board - Mr. Mohammed Hamoud Abdullah Al-Theeb
11/06/2020	- Mr. Mohammed Ahmed Abdullah Al-Theeb – Chairman of the Board - Mr. Mohammed Hamoud Abdullah Al-Theeb
21/10/2020	- Mr. Mohammed Ahmed Abdullah Al-Theeb - Chairman of the Board - Mr. Mohammed Hamoud Abdullah Al-Theeb
17/12/2020	- Mr. Mohammed Ahmed Abdullah Al-Theeb - Chairman of the Board - Mr. Mohammed Hamoud Abdullah Al-Theeb

### Summary of the Company’s assets and liabilities in recent financial years or since inception, whichever is shorter.

#### Financial results

- During the year 2020, the Company made a net profit before the zakat deduction of 67.4 million Saudi riyals, compared to 124.2 million Saudi riyals for the year 2019
- During the year 2020, the Company made a net profit after the zakat deduction of 63.2 million Saudi riyals, compared to 116.0 million Saudi riyals for the year 2019
- During 2020, the Company’s revenues from its main activities amounted to 660 million Saudi riyals, compared with 631 million Saudi riyals for the year 2019
- Earnings per share amounted to 1.46 Saudi riyals in 2020, compared to 2.67 Saudi riyals in 2019

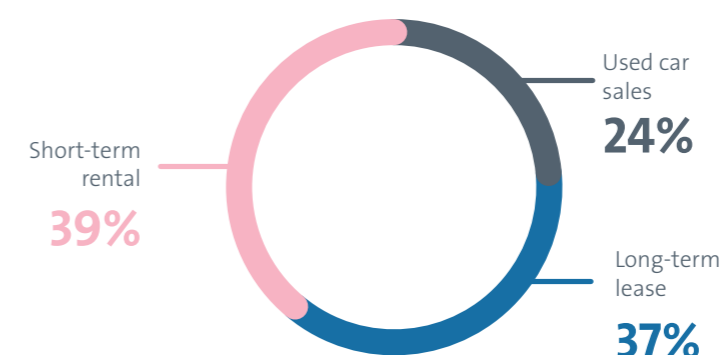
### The decrease in net profit for the year 2020 compared to the year 2019 is due to:

Initially, the Coronavirus pandemic at the end of the first quarter of 2020 and the Kingdom’s government taking precautionary measures to limit the spread of the Covid-19 virus, including the full and then partial closure of all the Company’s branches; this led to a drop in the fleet utilization ratio of the short-term rentals, which led to a decrease in short-term rental revenues of 26% over the year 2019. The long-term vehicle lease sector remained at the same levels as in 2019, with a slight increase in new contracts by the end of the year. All this led to a decrease in net profit rates for the year 2020 compared to 2019, and the management also took several measures to mitigate the effects of the Coronavirus pandemic, which included a coordinated de-fleeting, leveraging the government support programmes and renegotiating lease agreements and insurance contracts. It also assessed the cash flow situation, including available banking facilities, continuation of existing leasing contracts and the readiness of operational processes when the situation improves.

### Total Company’s revenue by activity

Activity	Revenue (SAR millions)	Total profit (SAR millions)	Net profit (loss) (SAR millions)
Short-term rental	257.2	68.6	1.9
Long-term lease	247.4	83.0	53.7
Used car sales	155.4	10.5	7.6

Distribution of revenue by activity

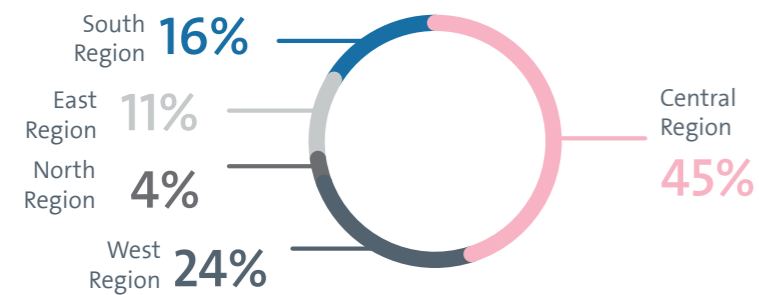




Total Company's revenue accordingly to geographical distribution

Region	Revenue (SAR millions)	%
South Region	41.9	16%
East Region	28.5	11%
North Region	8.5	3%
West Region	62.5	24%
Central Region	115.8	45%
<b>Short-term gross rental income</b>	<b>257.2</b>	<b>100%</b>

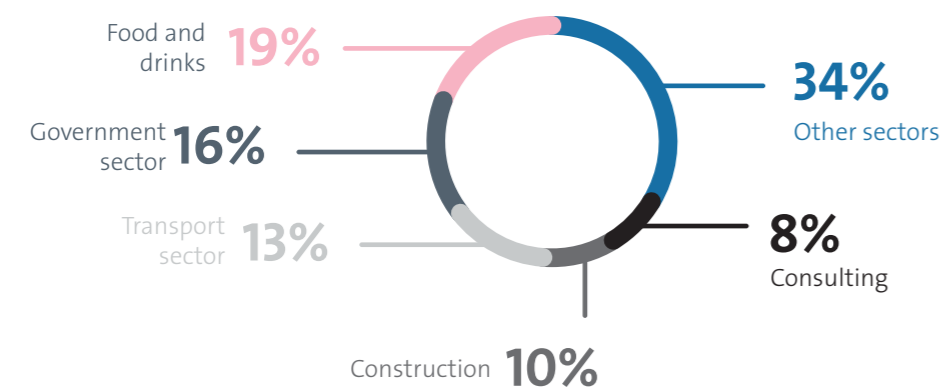
Short-term rental revenue according to geographical distribution



Long-term lease revenue according to sector

Sector	Amount (SAR millions)
Food and drinks	47.6
Government sector	40.3
Transport sector	32.7
Construction	24.9
Consulting	18.6
Other sectors	83.2
<b>Total long-term lease revenue</b>	<b>247.4</b>

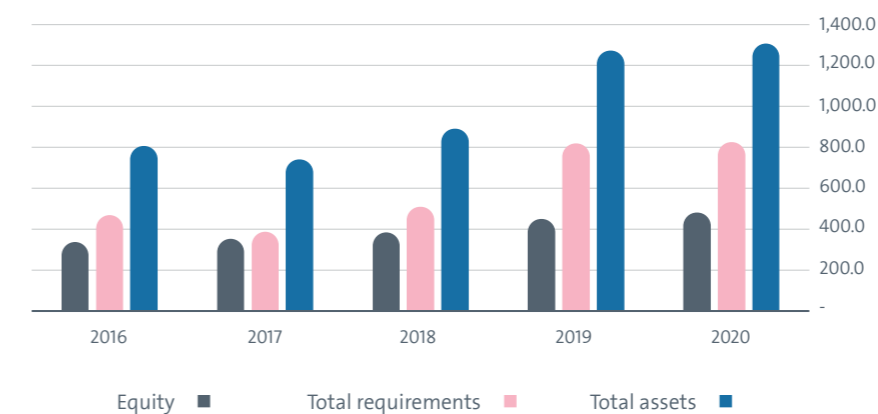
Long-term lease revenue by sector



Balance sheet

Item	2020G	2019G	2018G	2017G	2016G
<b>Assets</b>					
Current assets	208.8	201.1	141.4	129.0	123.5
Non-current assets	1,098.6	1,074.5	750.9	611.9	684.1
<b>Total assets</b>	<b>1,307.4</b>	<b>1,275.5</b>	<b>892.3</b>	<b>740.9</b>	<b>807.7</b>
<b>Liabilities and equity</b>					
Current liabilities	459.9	458.9	149.5	275.1	308.7
Non-current liabilities	365.4	368.0	359.0	112.9	161.6
<b>Total liabilities</b>	<b>825.4</b>	<b>826.9</b>	<b>508.5</b>	<b>388.0</b>	<b>470.3</b>
Equity	482.1	448.6	383.8	352.9	337.3
<b>Total liabilities to equity</b>	<b>1,307.4</b>	<b>1,275.5</b>	<b>892.3</b>	<b>740.9</b>	<b>807.7</b>

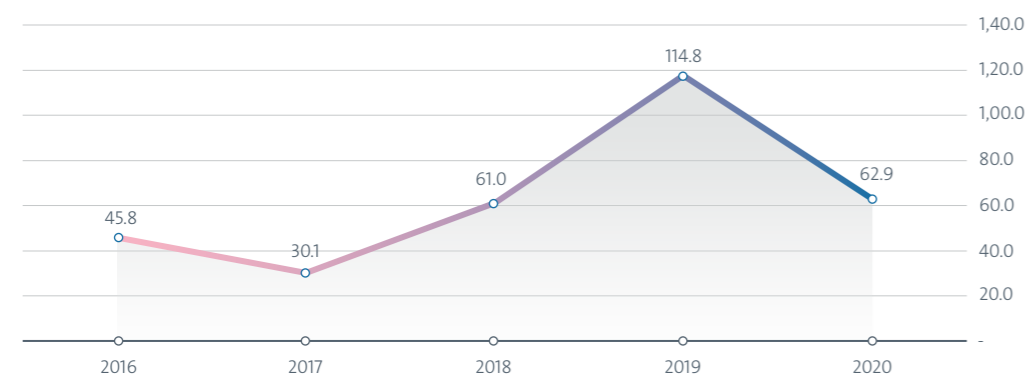
Balance sheets for the previous five years



Profit and loss statement (for the previous five years)

Item	2020	2019	2018	2017	2016
Revenue from business activities	660.0	631.1	537.7	535.5	469.0
Other revenue	7.8	2.9	2.1	2.3	0.5
Cost of sales	(498.0)	(410.0)	(395.1)	(425.0)	(348.0)
General and administrative expenses	(70.5)	(71.7)	(59.2)	(67.3)	(55.3)
Cost of finance	(32.0)	(28.1)	(16.5)	(15.8)	(18.9)
<b>Net (loss) profit before zakat deduction</b>	<b>67.4</b>	<b>124.2</b>	<b>69.0</b>	<b>29.7</b>	<b>47.4</b>
Zakat deduction	(4.1)	(8.1)	(8.9)	(1.0)	(1.6)
<b>Net (loss) profit</b>	<b>63.2</b>	<b>116.0</b>	<b>60.1</b>	<b>28.7</b>	<b>45.8</b>
Loss / profit on employee benefit liabilities	(0.3)	(1.2)	0.9	1.4	-
<b>Comprehensive income for the year</b>	<b>62.9</b>	<b>114.8</b>	<b>61.0</b>	<b>30.1</b>	<b>45.8</b>

Total comprehensive income for previous five years



Comparison with the profit and loss statement for the year ended on 31/12/2020G

Item	2020	2019	Difference	Percentage
Revenue from business activities	660.0	631.1	28.9	5%
Cost of sales	(498.0)	(410.0)	(88.0)	21%
<b>Total profit</b>	<b>162.0</b>	<b>221.2</b>	<b>(59.1)</b>	<b>(27%)</b>
Sales expenses	(27.2)	(33.3)	6.1	(18%)
General and administrative expenses	(43.3)	(38.5)	(4.8)	13%
Other revenue	7.8	2.9	4.9	171%
<b>Net operating income</b>	<b>99.3</b>	<b>152.3</b>	<b>(53.0)</b>	<b>(35%)</b>
Cost of finance	(32.0)	(28.1)	(3.8)	14%
Net (loss) profit before zakat deduction	67.4	124.2	(56.8)	(46%)
Zakat deduction	(4.1)	(8.1)	4.0	(49%)
<b>Net (loss) profit</b>	<b>63.2</b>	<b>116.0</b>	<b>(52.8)</b>	<b>(45%)</b>
Loss / profit on employee benefit liabilities	(0.3)	(1.2)	0.8	(71%)
<b>Comprehensive income for the year</b>	<b>62.9</b>	<b>114.8</b>	<b>(51.9)</b>	<b>(45%)</b>

List of shareholders' equity

shareholders' rights	2020	2019	Net of Changes	Percentage
Capital	430.0	153.9	276.1	179%
Regulatory reserve	6.3	55.3	(49.0)	(89%)
Retained earnings	45.7	239.4	(193.7)	(81%)
<b>Total shareholders' equity</b>	<b>482.1</b>	<b>448.6</b>	<b>33.4</b>	<b>7%</b>



### Outstanding balance of government authorities for the year 2020 (in SAR '000)

Item	Balance as at 12/2019	Due in 2020	Paid in 2020	Balance as at 12/2020
General authority of Zakat and income	19,854	3,573	(4,033)	19,394
General social security provisions	492	2,684	(2,835)	340
<b>Total balance of governmental authorities</b>	<b>20,346</b>	<b>6,257</b>	<b>(6,869)</b>	<b>19,734</b>

### Statement of Company's loans as at 31/12/2020

Item	2020	2019
Total due loans	545.0	605.0
Due in one year	296.5	288.8
Due in more than one year	248.5	316.2
<b>Total loans</b>	<b>545.0</b>	<b>605.0</b>

### Statement of change in net loans

Item	2020
Balance of loans as at 31/12/2019	605.0
Paid during 2020	(380.1)
New loans in 2020	320.1
Balance as at 31/12/2020	545.0
<b>Net change in loans during the year</b>	<b>(60.0)</b>

### Statement of Company's loans outstanding as at 31/12/2020

S/N	Name of authority	Loan amount	Loan period	Loan amount paid	Remaining loan amount
1	Al Rajhi Bank	170,095,654	36	80,751,370	89,344,284
2	Al Jazeera Bank	21,108,225	24	13,146,586	7,961,639
3	Samba Bank	328,408,858	36	100,041,896	228,366,962
4	Riyad Bank	62,847,238	24	30,306,654	32,540,584
5	Ahli Bank	93,253,943	36	42,172,551	51,081,392
6	Alinma Bank	125,056,429	36	33,281,868	91,774,561
7	SABB Bank	83,032,041	36	39,081,698	43,950,343
	<b>Total</b>	<b>883,802,388</b>		<b>338,782,623</b>	<b>545,019,765</b>

### Description of the Company's Dividend Distribution Policy

The Company profits are distributed in accordance with Article 47 of the Bylaws and the instructions of the Ministry of Commerce, and the Board of Directors recommends the distribution of any profits before they are approved by the shareholders at the General Assembly. The Company is not obliged to declare dividends, and any decision to do so will depend on a number of factors, including the Company's historic and anticipated earnings, cash flows, financing, capital requirements, market and general economic conditions, and zakat, in addition to other legal and regulatory considerations.

The dividend distribution is subject to the restrictions mentioned in the financing agreements entered into with the financiers, and those mentioned in the Articles of Association. Dividends are allocated in Saudi riyal.

The Company's annual net profits are distributed after deducting all overhead and other costs, as follows:

- 1- 10% of the net profit shall be set aside to form a statutory reserve. Such allocations to the statutory reserve may be discontinued by the Ordinary General Assembly when the statutory reserve amounts to 30% of the paid-up capital;
- 2- The Ordinary General Assembly may, upon the proposal of the Board of Directors, set aside 5% of the net profits to form an additional reserve to support the financial position of the Company;
- 3- The Ordinary General Assembly may resolve to form other reserves to the extent they serve the Company's interests, or to ensure the distribution of fixed dividends – as far as possible – to the shareholders. The Ordinary General Assembly may also deduct amounts from the net profits to create social institutions for the Company's employees, or to support existing institutions of such kind; and
- 4- A certain percentage of the annual net profits shall be distributed to the Shareholders, as decided by the Ordinary General Assembly.

### Dividends declared and distributed in 2020 (SAR '000)

Declared Dividends for the Period	30,000
Paid Dividends for the period	30,000
Total Comprehensive Income for the Year	62,902
Ratio of Net Income Declared Dividends	47.7%

Distribution of dividends for the year 2020 amounted to 30 million Saudi riyals as at 31/12/2020, as of which date the balance of dividends liability was zero, given that the Company paid all outstanding dividends.

Accordingly, the holders of shares are not entitled to receive any distributions that were announced before this date, including the above-mentioned distributions.

A description of any interest, contractual securities or rights issue held by Board members or their relatives in the shares or debt instruments of the Company.

S/N	Name of a person with an interest, contractual securities and subscription rights	Beginning of year		End of year		Net changes	Percentage changes
		Number of shares	Debt instruments	Number of shares	Debt instruments		
1	Mohammed Ahmed Abdullah Al-Theeb	5,063,376		14,147,000		9,083,624	None
2	Hasan Samir Abdullah Al-Shuwaikh	-	-	-	-	-	-
3	Mohammed Hamoud Abdullah Al-Theeb	107,731		301,000		193,269	None
4	Selim Chidiac	-	-	-	-	-	-
5	Saleh Abdulrahman Saleh Al-Fadl	-	-	-	-	-	-

There is no change in percentage but there is a change in numbers because the capital increased from 156,902,000 SR to 430,000,000 SR

A description of any interest, contractual securities and subscription rights held by Board members or their relatives in the shares or debt instruments of the Company.

S/N	Name of a person with an interest, contractual securities and subscription rights	Beginning of year		End of year		Net changes	Percentage changes
		Number of shares	Debt	Number of shares	Debt		
1	Naif Mohammed Ahmed Al-Theeb	107,731		301,000		193,269	-

There is no change in percentage but there is a change in numbers because the capital increased from SAR 156,902,000 to SAR 430,000,000.

Details of any transactions with related parties as at 31/12/2020 (SAR '000)

Related party	Type of relationship	Type of transaction	Duration	31 December 2020
Hamoud Abdullah Ibrahim Al-Theeb	Substantial shareholder	Car rental revenue	A year or less	109
Al-Theeb Sons Co.	Joint shareholders	Revenue from sale of used cars	A year or less	1,992
Mohammed Ahmed Al-Theeb	Member of Board of Directors	Rental expense for one of the sites	A year or less	300
Naif Mohammed Al-Theeb	Member of Board of Directors	Car rental revenue	A year or less	19
Maderiam co.	Joint shareholders	Revenue from sale of used cars	A year or less	482

Information related to any business or contracts to which the Company is a party, or where there was an interest for a member of the Company's Board of Directors or Senior Executives or any person related to any of them, including the names of such business or contracts, their nature, terms, duration and amount. If there is no business and no contracts of this kind, the Company must submit a declaration (amounts in SAR '000).

Related party	Type of business or contract	Amount	Duration	Terms	Type of relationship	Name of Member/Senior Executive or any person related to them
Al-Theeb Sons Co.	Invoices for selling used cars, Al Theeb Sons co.	1992	Multiple contracts during the year	Standard commercial contract with no conflict of interest	Ownership by one member of the Board of Directors and one Senior Executive	- Mohammed Ahmed Abdullah Al-Theeb / Chairman - Naif Mohammed Ahmed Al-Theeb / CEO
Maderiam CO.	Invoices for selling used cars, Maderiam co.	482	Multiple contracts during the year	Standard commercial contract with no conflict of interest	Ownership by a group of senior shareholders and one member of the Board of Directors	- Hamoud Abdullah Ibrahim Al-Theeb / senior shareholder - Mohammed Hamoud Abdullah Al-Theeb / member of the Board of Directors

Number of Company's requests of shareholders records and the dates of those requests

No requests to the shareholders' register for the year 2020.



### Plans, decisions, key achievements and future expectations

- 1- Increase in the Company's capital from 153,902,000 SAR to 430,000,000 SAR.
- 2- Implementation of the Company's plan for a public offering on the Saudi stock exchange in 2021.
- 3- Expansion of the geographical coverage in the Kingdom of Saudi Arabia through the opening of four new short term rental branches in Riyadh, Jazan, Al Dammam and Hail, as well as a major maintenance centre in Jeddah.

## Risk Management

Theeb Rent A Car Company is exposed to some risks due to the nature of its commercial activity as an entity working in the field of car rental. For this reason, the Company is working to implement best practices in managing and controlling these risks through the Board of Directors, and is endeavouring to establish a specialised risk management department that works on developing policies and plans to address risks.

The Board of Directors is adopting specific procedures to address the various risks that affect the Company's operational performance, and to promote a culture of awareness of the responsibilities of all relevant parties in the Company in relation to these risks. The Company is also working to enhance the effectiveness of internal controls and the application of corporate governance controls in accordance with the highest standards of transparency, to mitigate risks across the various business units.

### Risk management policy principles

The corporate risk management policy is based on:

- Effective self-censorship
- A sense of responsibility
- Accuracy and proactive transparency
- Initiative

### Main steps for implementing the Company's control and risk management policy

In order to achieve risk-preparedness, the following steps are taken:

- Risk examination
- Risk analysis
- Risk definition
- Risk description
- Risk assessment
- Preparation of reports on threats and opportunities
- Risk confrontation
- Follow-up of risks and emergency-preparedness

## Risks faced by the Company

### 1- Risks associated with epidemics

Infectious diseases or any risks threatening public health have a material negative impact on the Company's business. In December 2019, a novel strain of Coronavirus (Covid-19) was discovered in Wuhan, Hubei Province, China. This disease has spread throughout most countries of the world, which has led many countries, including the Kingdom, to take various measures to limit its spread, including the imposition of temporary restrictions such as travel bans, curfews, banning movement between cities within the Kingdom, prohibiting activities that cannot be socially distanced and requiring people coming from other countries to quarantine for a specified period of time. Accordingly, the demand for short-term rental services was affected as the fleet utilization ratio decreased, and this percentage may decrease further in the future due to the falling demand for short term rental services resulting from an outbreak of the virus and the continued restrictions imposed to limit its spread. In addition to the reduced demand for short-term rental services, the Company's ability to sell its used vehicles may be affected by the pandemic, or the Company may be forced to sell them at prices below their fair market price, leading to lower expected revenues from selling used vehicles. Also, restrictions were imposed that limit the movement of the Company's employees, which resulted in the temporary closure of the Company's car rental branches and of its maintenance centres, further leading to a decrease in the number of rented cars. The Company's supply chain has also been affected by the impact of the Coronavirus on car agents in the Kingdom and on external companies that manufacture fleet vehicles and spare parts. There are also risks associated with employees being infected by the virus, which may lead to restrictions on their movements and work and thus affect the daily operations of the Company. There are risks related to the collection of debts owed by its clients due to the pandemic, or the requests of long-term leasing clients in particular to reduce prices during the pandemic period due to their inability to fully benefit from the leased vehicles. The Company may also request a reduction in the rental fee it pays to lessors and property owners, or renegotiate with them to terminate those contracts due to the drop in demand during the pandemic period. The significance of the impact of the Coronavirus on the

Company's business depends on the development of current events and new information that may appear in relation to the second wave of the virus and the measures necessary to contain it or remedy its impact, including the imposition of regulatory changes or government fees that the Company may have to pay. In the event that the spread of the virus increases and the restrictions imposed to limit its spread continue, this will have a fundamental negative impact on the Company's business, financial position, results of operations and future growth.

### 2- Risks related to structural changes in the transport industry

The transport industry in general is constantly developing and is subject to fundamental structural changes, including public transport projects such as the Riyadh Metro and the Haramain High Speed Railway. With companies providing new transportation service models, including vehicle hailing services through electronic applications such as Uber and Careem, this may affect the demand for short-term rental cars and thus lead to a change in customer preferences and uses. Some of these companies may have access to substantial capital and innovative technologies, or have the ability to launch new services at relatively low costs. Consequently, the Company faces the risk of increased competition and the loss of its customers in the event that transport service providers can improve transportation efficiency, change customer driving patterns, provide their services at more competitive prices, make more effective use of mobile platforms and carry out intensive marketing campaigns. Therefore, the Company's ability to continuously improve its current operations and offerings in response to structural changes in the transportation industry in general, as well as technological changes, is essential to maintain its competitive position and customer confidence and satisfaction. A failure to have a systematic and comprehensive methodology for dealing with such changes may lead to the loss of competitive advantage and thus negatively affect the Company's profitability, its market share and its ability to grow, which would negatively affect the Company's business, its financial position, operating results and future prospects.

### 3- Risks associated with the Company's ability to sell vehicles at the end of their operational cycle

The Company's vehicle fleet is not covered by any buy back commitments from car agencies or manufacturers, and therefore the sale of the Company's vehicles at the end of their operational cycle (which ranges between two and five years) is subject to the conditions of the used vehicle market which is usually unclear in terms of prices. Also, the selling price of the vehicles may be less than the previously estimated residual value. Moreover, the Company's ability to sell its vehicles in the used vehicle market may be severely limited due to a number of factors, including the economic environment, vehicle model changes, regulatory requirements (for example, changing regulations, regulations governing the sale of cars or vehicle taxes), inventory levels, new car prices, fuel costs and customs duties. 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 vehicles without incurring financial losses, which will negatively affect its business, financial condition, operating results and future prospects.

### 4- Credit risk associated with collecting receivables owed from the Company's customers

The Company may encounter difficulties due to being unable to collect the amounts due. If the Company's debtors face difficulties in their businesses and financial condition, this will lead to their failure to pay their debts to the Company and may also lead to insolvency or bankruptcy of these debtors. Any failure to pay these debts and any bankruptcy or insolvency of the Company's customers - especially its major customers - will negatively and substantially affect the Company's business, financial condition, operating results and future prospects.

### 5- Risks related to financing

The Company depends on financing facilities from several commercial banks to fund its activities. In the event of any default under the Company's financing agreements, creditors may elect to terminate lending commitments and declare that all outstanding loans, together with accrued and unpaid commissions, and

any fees and other obligations, to be due and payable. If the creditors decide to expedite the date for repaying the debt owed to them, the Company may not have enough assets to pay off that debt, which may push the Company towards declaring bankruptcy or liquidation.

The Company also relies on several factors to expand its business, the most important of which is its ability to secure funding sources through internal and external monetary sources. In the past, the Company benefited from loans granted to it on favourable terms by Saudi banks for the purpose of opening branches and purchasing new vehicles to expand the size of its fleet. In the event that these loans are not available or continued or not granted on the same terms by the banks, or if the Company becomes subject to a higher cost of financing or is unable to secure adequate alternative sources of financing in a timely manner and on favourable terms, it may not be able to expand its business. This will have a negative and material impact on its future strategy, business, operating results, financial condition and future prospects.

### 6- Risks associated with dependence on Executive Management and key employees

The Company's success depends on the performance and continuous service of its Executive Management and other key employees due to their extensive industry experience and contributions to the development of its operations. In particular, the Company relies on a number of key individuals who have extensive experience in the short-term rental and long-term lease industries and who have made significant contributions to the development of its operations. The Company may not necessarily be able to retain its key personnel with the necessary technical skills and knowledge. The loss of any senior manager or key employee would impede or delay the implementation and achievement of the Company's strategic objectives and divert the management's attention to searching for a qualified replacement, negatively affecting the Company's ability to manage its business effectively and efficiently. In addition, any senior manager or key staff member can quit at any time. If the Company is unable to recruit and maintain key executives and employees with high levels of skills in the appropriate fields, this will have a negative impact on its business, financial condition, operating results and future prospects.

### 7- Risks associated with taxes and zakat entitlements

The Company submitted zakat returns and paid the due zakat on the specified dates and obtained certificates from the General Authority of Zakat and Tax for each year up to 2019. The Company also obtained the final zakat assessments for all the years up to 2011 and paid all zakat liabilities until 2011. On 4 August 2019, the Company received from the General Authority of Zakat and Tax the final assessment for the financial years from 2012 to 2017, with a total value of 21.7 million Saudi riyals, of which the Company paid 7.8 million Saudi riyals, with 13.9 million Saudi riyals remaining due. The Company filed appeals with the General Authority of Zakat and Tax on 26/9/2019 against such assessments, within the statutory period of time. Most of the appeals were rejected by said authority. Accordingly, the matter was referred to the Tax Violations and Disputes Resolution Committee. Based on the assessment of the Company's management, only 11.74 million Saudi riyals were allocated as zakat provisions for the financial year ended 31 December 2018. Note that the Company has submitted a request to the General Authority of Zakat and Tax to settle the objections for the period from 2012 to 2017 by paying an amount of SR 4.20 million, and the said authority has not responded to this request as at the time of writing. Accordingly, the final amount of potential zakat liabilities for the financial years ended 31 December 2012 to 2017 remains uncertain. On 5 March 2020, the General Authority of Zakat and Tax issued a preliminary assessment relating to the zakat return for the financial year ended 31 December 2018, which showed additional zakat differences of 4.0 million Saudi riyals, so the Company added 4 million Saudi riyals to the zakat provision for the year 2019. On 4 October 2020, the Company received a final assessment of the zakat for the financial year ended 31 December 2018, which showed zakat differences amounting to only 2.2 million Saudi riyals, and the Company submitted its objection to this assessment on 6 June 2020. In light of such objection submitted, the General Authority of Zakat and Tax amended its final assessment for the year 2018 to an additional zakat difference of 1.8 million Saudi riyals. The Company filed an objection with the General Secretariat of the Tax Committees regarding this amount on 23 July 2020.

The General Authority of Zakat and Tax did not submit any additional requests or amendments regarding the assessment of the zakat liabilities for the financial year ended 31 December 2019, as the Company did not obtain a zakat assessment for that period. In the event that the General Authority of Zakat and Tax imposes zakat assessments on the Company and demands that it pay additional zakat amounts for the years for which the Company has not received the final zakat assessment, this will have a substantial negative impact on the Company's business, its financial condition, operating results and future prospects. Selling shareholders will bear, each according to their share, any additional claims that may arise from the General Authority of Zakat and Tax for the previous years until the Company is listed on the Saudi Stock Exchange and pledges have been obtained by the selling shareholders.

The Company also received a correspondence from the General Authority of Zakat and Tax regarding the ownership of shares by Growth Opportunities Company for Trading, one of the shareholders in the Company, that there are certain possible taxes likely to be imposed on the Company, as the General Authority of Zakat and Tax considers the Company to be partially subject to income tax based on certain assumptions, including that the Growth Opportunities Company for Trading is fully owned, directly or indirectly by individuals who are not citizens of the Gulf Cooperation Council countries. Accordingly, the total exposure amount, according to what the General Authority of Zakat and Tax has stated, is 29.76 million Saudi riyals for income tax and 3.94 million Saudi riyals for withholding tax, not including delay penalties or any other related fines, for the years 2013G to 2018G. As at the date of the Company's Board of Directors' approval of the financial year ended 31 December 2020 (that is, on 24 March 2021), the Company did not receive any formal assessment from the General Authority of Zakat and Tax in this regard. It is possible that the Company will be exposed to an additional amount for the financial year ended 31 December 2020 if the General Authority of Zakat and Tax imposes income tax for all years under consideration. Note that discussions and correspondence between the Company and the General Authority of Zakat and Tax are continuing in this regard and are still in the early stages.

In the event that the General Authority of Zakat and Tax imposes any additional material tax liabilities on the Company, this would have a material adverse effect on the Company's business, financial condition, operating results and future prospects. Note that Growth Opportunities Company for Trading will bear any additional liabilities resulting from its ownership of shares in the Company, which may arise from the General Authority of Zakat and Tax for the previous years until the date this issue is resolved; accordingly, an undertaking was obtained from Growth Opportunities Company for Trading.

### 8- Risks associated with political instability and security fears in the Middle East region

The Company's assets, operations and target customers are in the Kingdom. The wider Middle East region is subject to a number of geopolitical and security risks that may affect the countries of the Gulf Cooperation Council, including the Kingdom.

### 9- Risks associated with VAT

The Kingdom issued the Value-Added Tax Law which came into effect on 1 January 2018. This law imposes an added value tax of 5% on a number of products and services, as specified in the law. On 11 May 2020, the Ministry of Finance announced an additional increase in value added tax to reach 15% as of 1 July 2020. Due to the recent application of this law and the announced increase in the VAT rate, any violation or incorrect application thereof by the Company's management or its employees may increase the costs and operational expenses that the Company will incur, or subject the Company to fines that may reach fifty thousand Saudi riyals, or penalties, or damage to its reputation. In addition, this increase and any further potential 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 pass on such VAT increase on its customers, which will have a material adverse impact on its business, financial condition, results of operations and future prospects.



### What has been implemented from Corporate Governance Regulations issued by the Capital Market Authority

The Capital Market Authority requires the Company to state what has been implemented in terms of the provisions of the Corporate Governance Regulations, along with any reasons for non-application, in the report of its Board of Directors. The Company's Board of Directors is pleased to note that the Company has adopted its own Corporate Governance Manual to comply with all the requirements contained in the Corporate Governance Regulations issued by the Capital Market Authority, as approved by the Board of Directors on 21 Rajab 1441H, corresponding to 16 March 2020G. The Company has worked to comply with and implement all provisions contained in the Corporate Governance Regulations issued by the Capital Market Authority, with the exception of the following articles:

No.	Article text	Reasons for non-application
8/a	Upon calling the General Assembly, the Company will provide, on the Exchange's website, information regarding the nominees for membership of the Board, which will include the nominees' experience, qualifications, skills and their previous and current jobs and memberships. The Company will make a copy of the aforementioned information available at its head office and on its website.	This article was not complied with in 2020 because the Company was not at that time a public joint stock company. The Company is in compliance with the provisions of the Corporate Governance Regulations since its listing on the Exchange.
8/c	Voting in the General Assembly shall be confined to the Board nominees whose information has been stated as per paragraph (a) of this Article.	This article was not complied with in 2020 because the Company was not at that time a public joint stock company. The Company is in compliance with the provisions of the Corporate Governance Regulations since its listing on the Exchange.
13/d	The date, place and agenda of the General Assembly shall be announced at least twenty one days prior to the date thereof; the invitation shall be published on the website of the Exchange, the Company's website and in a daily newspaper distributed in the province where the Company's head office is located. The Company may invite the General and Special Shareholders' Assemblies to convene using contemporary technological methods.	This article was not complied with in 2020 because the Company was not at that time a public joint stock company. The Company is in compliance with the provisions of the Corporate Governance Regulations since its listing on the Exchange.
15/e	The Company shall inform the public and the Authority and the Exchange, as per the rules prescribed by the Authority, of the results of a General Assembly immediately following its conclusion.	This article was not complied with in 2020 because the Company was not at that time a public joint stock company. The Company is in compliance with the provisions of the Corporate Governance Regulations since its listing on the Exchange.
17/d	The Company shall notify the Authority of the names of the Board members and a description of their membership within five business days from the start date of the Board term of office or from the date of their appointment, whichever is shorter, and of any changes that may affect their membership within five business days from the occurrence of such changes.	This article was not complied with in 2020 because the Company was not at that time a public joint stock company. The Company is in compliance with the provisions of the Corporate Governance Regulations since its listing on the Exchange.
19/b	Upon termination of the membership of a Board member by any termination method, the Company shall promptly notify the Authority and the Exchange and shall specify the reasons for such termination.	This article was not complied with in 2020 because the Company was not at that time a public joint stock company. The Company is in compliance with the provisions of the Corporate Governance Regulations since its listing on the Exchange.

No.	Article text	Reasons for non-application
41	a) The Board shall develop, based on the proposal of the nomination committee, the necessary mechanisms to annually assess the performance of the Board, its members and committees and the Executive Management using key performance indicators linked to the extent to which the strategic objectives of the Company have been achieved, the quality of the risk management and the efficiency of the internal control systems, among others, provided that weaknesses and strengths shall be identified and a solution shall be proposed for the same in the best interests of the Company. b) The procedures of performance assessment shall be in writing and clearly stated and disclosed to the Board members and parties concerned with the assessment. c) The performance assessment shall entail an assessment of the skills and experiences of the Board, identification of the weaknesses and strengths of the Board and shall attempt to resolve such weaknesses using the available methods, such as nominating competent professional staff able to improve the performance of the Board. The performance assessment shall also entail the assessment of the mechanisms of the Board's activities in general. d) The individual assessment of the Board members shall take into account the extent of effective participation of the member and his/her commitment to performing his/her duties and responsibilities, including attending the Board and its committee meetings and dedicating adequate time thereto. e) The Board shall carry out the necessary arrangements to obtain an assessment of its performance from a competent third party every three years.	It is an indicative non-binding article, and its application will be considered.
50/5	The chairmen or their delegates shall attend the General Assemblies and answer any questions raised by the share-holders.	Not binding on closed joint stock companies. The Company undertakes to abide by this paragraph upon its listing on the market.
50/6	The Company shall provide the Authority with the names of the members and the types of their memberships on such Board's committees within five (5) days of their appointment, and shall notify the Authority of any changes thereto within five (5) days of the date of such changes.	This article was not complied with in 2020 because the Company was not at that time a public joint stock company. The Company is in compliance with the provisions of the Corporate Governance Regulations since its listing on the Exchange.
50/7	The Company may combine remuneration and nomination committees into one committee named the remuneration and nomination committee. In such case, the remuneration and nomination committee must satisfy the requirements related to both individual committees as set forth in Chapters 3 and 4 of this Part, and exercise all the powers set forth in Articles 61 and 65 of these Regulations, provided that the committee convenes periodically at least every six months.	This article was not complied with in 2020 because the Company was not at that time a public joint stock company. The Company is in compliance with the provisions of the Corporate Governance Regulations since its listing on the Exchange.
70	The Company's Board shall, by resolution therefrom, form a committee to be named the "risk management committee". The Chairman and a majority of its members shall be Non-Executive Directors. The members of that committee shall possess an adequate level of knowledge in risk management and finance.	The Audit Committee shall carry out the duties and responsibilities of the Company's Risk Management Committee.
72	The risk management committee shall convene periodically at least once every six months, and as may be necessary.	The Audit Committee shall carry out the duties and responsibilities of the Company's Risk Management Committee.
85	The Company shall establish programmes for developing and encouraging the participation and performance of the Company's employees. The programmes shall particularly include the following: 1) forming committees or holding specialised workshops to hear the opinions of the Company's employees and discuss the issues and topics that are subject to important decisions; 2) establishing a scheme for granting the Company's shares or a percentage of the Company's profits, and pension programmes for employees, and setting up an independent fund for such programmes; and 3) establishing social organisations for the benefit of the Company's employees.	It is an indicative non-binding article. The Company introduces various incentive programmes.

No.	Article text	Reasons for non-application
88	The Board shall establish programmes and determine the necessary methods for proposing social initiatives by the Company, which include: 1) establishing indicators that link the Company's performance with its social initiatives and comparing it with other companies that engage in similar activities; 2) disclosing the objectives of the Company's social responsibility approach to its employees and raising their awareness and knowledge of social responsibility; 3) disclosing plans for achieving social responsibility in the periodic reports on the Company's activities; and 4) establishing awareness programmes in the community to familiarise them with the Company's social responsibility approach.	It is an indicative non-binding article. The Company launches various social initiatives .
89	Without prejudice to the Rules on the Offer of Securities and Continuing Obligations, the Board shall set forth in writing the policies, procedures and supervisory rules related to disclosure pursuant to the disclosure requirements provided for in the Companies Law and the Capital Market Law, as the case may be, and their implementing regulations, taking into consideration the following: 1) such policies shall include proper disclosure methods that enable the shareholders and other stakeholders to access the financial and non-financial information pertaining to the Company's performance and information in respect of ownership of shares, and to obtain a comprehensive view of the Company's position; 2) disclosure to shareholders and investors shall be made without discrimination in a clear, correct and non-misleading fashion, and in a timely, regular and accurate manner in order to enable shareholders and other stakeholders to exercise their rights to the fullest extent; 3) the Company's website shall include all information required to be disclosed and any details or other information that may be published through other disclosure methods; 4) reporting rules shall be established and shall describe the information required to be disclosed and the method of its classification in terms of its nature, and the frequency of its disclosure; and 5) the disclosure policies shall be reviewed periodically and their compliance with best practices and the provisions of the Capital Market Law and its implementing rules shall be verified.	This article was not complied with in 2020 because the Company was not at that time a public joint stock company. The Company is in compliance with the provisions of the Corporate Governance Regulations since its listing on the Exchange.
91	a) The audit report shall include details of its performance of its requirements and duties as stated in the Companies Law and its implementing regulations, provided that the report contains its recommendations and opinion on the adequacy of the internal and financial control systems and risk management systems in the Company. a) The Board shall make available sufficient copies of the audit committees' report at the Company's head office, and publish them on the Company's and the Exchange's websites when publishing the invitation to convene the General Assembly, to enable shareholders to obtain a copy thereof. A summary of the report shall be read at the General Assembly.	This article was not complied with in 2020 because the Company was not at that time a public joint stock company. The Company is in compliance with the provisions of the Corporate Governance Regulations since its listing on the Exchange.
92	The Board shall regulate the disclosures of each of its members and the members of the Executive Management, observing the following: 1) maintaining a register for the disclosures of the Board members and the Executive Management and updating it regularly based on disclosures required as per the Companies Law, the Capital Market Law and their implementing regulations; and 2) making such register available for review by the Company's shareholders free of charge.	This article was not complied with in 2020 because the Company was not at that time a public joint stock company. The Company is in compliance with the provisions of the Corporate Governance Regulations since its listing on the Exchange.
95	If the Board forms a corporate governance committee, it shall assign to it the competences stipulated in Article 94 of these Regulations. Such committee shall oversee any matters relating to the implementation of governance, and shall provide the Board with its reports and recommendations at least annually.	It is an indicative non-binding article. Various entities of the Company oversee the corporate governance and relevant functions.

Accordingly, the Company has been obliged to meet basic requirements, including:

- 1- Preparing a Board of Directors' report in accordance with the Rules on the Offer of Securities and Continuing Obligations issued by the Capital Market Authority, the Corporate Governance Regulations, the Companies Law as amended, and the CMA's Regulatory Rules and Procedures issued pursuant to the Companies Law relating to Listed Joint Stock Companies.
- 2- Members of the Board of Directors have completed and signed the undertakings, declarations and disclosure forms required by the Capital Market Authority.
- 3- Commitment to apply amendments to the Corporate Governance Regulations approved by the Capital Market Authority.
- 4- Preparing a corporate governance system in accordance with the rules of the Corporate Governance Regulation and other laws and regulations deployed by the Authority.

#### Declarations of the Board of Directors

- There are no material differences in the operating results compared to the results of the previous year or the expectations of the Company, and this report details the financial results and reasons for the change in net profits.
- There Company does not have any subsidiaries.
- There are no conflicts between the recommendations of the Audit Committee and the decisions of the Board of Directors regarding appointment of the auditor; there is agreement between the recommendations of the Committee and the Board of Directors regarding the continued appointment of the Company's external auditor.
- There is no recommendation by the Audit Committee regarding appointing an internal auditor for the Company; the Company has an internal Audit Department
- There is no deviation from the accounting standards issued by the Saudi Organisation for Certified Public Accountants regarding reviewing and evaluating the Company's financial statements during the year 2020.
- There is no interest in a class of voting shares held by persons (except Board members, Senior Executives and their relatives); the Company should be informed of those rights and any change therein during the year 2020.
- There are no convertible debt instruments, contractual securities or right note subscriptions or similar rights issued or granted by the Company during the year 2020.
- There are no transfer or subscription rights under convertible debt instruments or contractual securities, subscriptions right notes or similar rights issued or granted by the Company during the year 2020.



- No refund, purchase or cancellation has been made by the Company or any of its subsidiaries for any debt instruments and no listed securities have been purchased either from the Company or from its subsidiaries.
- There is no agreement under which a Board member or a Senior Executive of the Company has waived any salary or compensation in 2020G.
- There is no agreement under which a shareholder of the Company has waived any rights to dividends.
- The auditor's report does not include any reservations about the financial statements.
- There was no recommendation by the Board of Directors to replace the Company's authorised accountant before the end of the designated period.
- The Company neither granted a loan to a Board member, nor secured any loan concluded by a Board member with third parties.
- There are no treasury shares held by the Company.
- There are no investments or reserves established for the benefit of the Company's employees during the year 2020.
- There are no penalties imposed on the Company during the year 2020.

## Other declarations

- 1- The Board of Directors declares that the accounts have been correctly prepared.
- 2- The Board of Directors declares that the internal control system has been correctly prepared and effectively implemented.
- 3- The Board of Directors declares that there is no doubt over the ability of the Company to continue its activities.





# Financial Statements

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

**FINANCIAL STATEMENTS AND  
INDEPENDENT AUDITOR'S REPORT**

**FOR THE YEAR ENDED 31 DECEMBER 2020**

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

FINANCIAL STATEMENTS

31 December 2020

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**INDEPENDENT AUDITOR'S REPORT**  
**To the Shareholders of Theeb Rent a Car Company**  
**(A SAUDI CLOSED JOINT STOCK COMPANY)**

**Opinion**

We have audited the financial statements of Theeb Rent a Car Company (the "Company"), which comprise the statement of financial position as at 31 December 2020, and the statement of comprehensive income, statement of changes in shareholder's equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at 31 December 2020, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards that are endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements that are endorsed by the Saudi Organization for Certified Public Accountants.

**Basis for Opinion**

We conducted our audit in accordance with International Standards on Auditing that are endorsed in the Kingdom of Saudi Arabia. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with professional code of conduct and ethics 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 these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

**Emphasis of a matter**

We draw attention to note 20 to the financial statements. As stated therein, subsequent to the year ended 31 December 2020, management has received a correspondence from the General Authority of Zakat and Income Tax ("GAZT"), regarding certain possible taxes on the Company relating to the ownership interests of one of the Company's shareholders. As at the date of this report, no official assessment has been received from GAZT. Our opinion has not been modified in respect of this matter.

**Other matters**

The financial statements of the Company for the year ended 31 December 2019 have been audited by another auditor who expressed an unqualified opinion on the financial statements on 13 Rajab 1441 (corresponding to 8 March 2020).

**Responsibilities of Management and the Board of Directors for the Financial Statements**

Management is responsible for the preparation and fair presentation of the financial statements in accordance with International Financial Reporting Standards that are endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements that are endorsed by the Saudi Organization for Certified Public Accountants and the provisions of Companies' Law 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.



**INDEPENDENT AUDITOR'S REPORT**  
**To the Shareholders of Theeb Rent a Car Company**  
**(A SAUDI CLOSED JOINT STOCK COMPANY) (continued)**

**Responsibilities of Management and the Board of Directors for the Financial Statements (continued)**

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.

The Board of Directors is 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 the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

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



**INDEPENDENT AUDITOR'S REPORT**  
**To the Shareholders of Theeb Rent a Car Company**  
**(A SAUDI CLOSED JOINT STOCK 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 the Board of Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

for Ernst & Young

Abdulaziz A. Al-Sowailim  
 Certified Public Accountant  
 License No. (277)

Riyadh: 15 Sha'aban 1442H  
 (28 March 2021)



**Theeb Rent a Car Company**  
**(A Saudi Closed Joint Stock Company)**  
**STATEMENT OF COMPREHENSIVE INCOME**  
 For the year ended 31 December 2020

	Notes	2020 SR	2019 (Restated, note 37) SR
Revenue	22	659,994,795	631,140,094
Cost of revenue	23	(497,980,838)	(409,990,050)
<b>GROSS PROFIT</b>		<b>162,013,957</b>	<b>221,150,044</b>
Selling and marketing expenses	24	(27,187,930)	(33,253,039)
General and administrative expenses	25	(32,498,326)	(31,733,602)
Provision for expected credit losses	10,12	(10,804,062)	(6,746,837)
Other income	26	7,792,299	2,878,719
<b>INCOME FROM OPERATIONS</b>		<b>99,315,938</b>	<b>152,295,285</b>
Finance cost	27	(31,961,264)	(25,381,796)
Loss on derivative instrument at FVPL	36	-	(2,760,443)
<b>INCOME BEFORE ZAKAT</b>		<b>67,354,674</b>	<b>124,153,046</b>
Zakat	20	(4,108,546)	(8,127,686)
<b>NET INCOME FOR THE YEAR</b>		<b>63,246,128</b>	<b>116,025,360</b>
<b>Other comprehensive income:</b>			
Items that will not be reclassified to income in subsequent periods:			
Re-measurement loss on defined benefit plans	18.4	(344,064)	(1,177,353)
<b>TOTAL COMPREHENSIVE INCOME FOR THE YEAR</b>		<b>62,902,064</b>	<b>114,848,007</b>
<b>EARNINGS PER SHARE (EPS)</b>			
Basic and diluted earnings per share (restated)	21	1.46	2.67

  
 Chairman

  
 Chief Executive Officer

  
 Chief Financial Officer

The attached notes 1 to 42 form an integral part of these financial statements.

Theeb Rent a Car Company  
(A Saudi Closed Joint Stock Company)  
STATEMENT OF FINANCIAL POSITION  
As at 31 December 2020

	Notes	2020 SR	2019 (Restated, note 37) SR
<b>ASSETS</b>			
<b>NON-CURRENT ASSETS</b>			
Property and equipment, net	6	979,087,072	1,027,075,894
Right-of-use assets	7	119,218,046	46,922,683
Intangible assets	8	323,216	457,559
<b>TOTAL NON-CURRENT ASSETS</b>		<b>1,098,628,334</b>	<b>1,074,456,136</b>
<b>CURRENT ASSETS</b>			
Inventories	9	8,571,084	6,760,680
Accounts receivable, net	10	109,151,468	85,397,651
Prepayments and other current assets	11	34,969,450	37,687,684
Contract asset, net	12	6,437,483	7,824,616
Amounts due from related parties	14	10,133,496	4,415,046
Bank balances and cash	13	39,514,666	58,970,106
<b>TOTAL CURRENT ASSETS</b>		<b>208,777,647</b>	<b>201,055,783</b>
<b>TOTAL ASSETS</b>		<b>1,307,405,981</b>	<b>1,275,511,919</b>
<b>SHAREHOLDERS' EQUITY AND LIABILITIES</b>			
<b>SHAREHOLDERS' EQUITY</b>			
Share capital	15	430,000,000	153,902,000
Statutory reserve	16	6,290,206	55,338,077
Retained earnings		45,225,230	239,373,295
<b>TOTAL EQUITY</b>		<b>481,515,436</b>	<b>448,613,372</b>
<b>NON-CURRENT LIABILITIES</b>			
Non-current portion of term loans	17	248,511,760	316,162,393
Employees' defined benefit liability	18	24,018,384	23,264,087
Non-current portion of lease obligation	7	92,913,993	28,613,209
<b>TOTAL NON-CURRENT LIABILITIES</b>		<b>365,444,137</b>	<b>368,039,689</b>
<b>CURRENT LIABILITIES</b>			
Current portion of term loans	17	296,508,006	288,849,161
Current portion of lease obligation	7	34,791,072	15,364,724
Car dealership payable		64,655,541	91,923,948
Accounts payable		7,081,118	3,533,867
Derivative instrument at FVPL	36	2,760,443	2,760,443
Contract liability		-	241,767
Accrued expenses and other payables	19	34,720,584	36,330,577
Zakat provision	20	19,929,644	19,854,371
<b>TOTAL CURRENT LIABILITIES</b>		<b>460,446,408</b>	<b>458,858,858</b>
<b>TOTAL LIABILITIES</b>		<b>825,890,545</b>	<b>826,898,547</b>
<b>TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES</b>		<b>1,307,405,981</b>	<b>1,275,511,919</b>

Chairman

Chief Executive Officer

Chief Financial Officer

The attached notes 1 to 42 form an integral part of these financial statements.

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Theeb Rent a Car Company  
(A Saudi Closed Joint Stock Company)  
STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY  
For the year ended 31 December 2020

	Notes	Share capital SR	Statutory reserve SR	Retained earnings SR	Total SR
As at 31 December 2018		153,902,000	55,338,077	174,525,288	383,765,365
Net income for the year, as restated	37	-	-	116,025,360	116,025,360
Other comprehensive income		-	-	(1,177,353)	(1,177,353)
Total comprehensive income		-	-	114,848,007	114,848,007
Dividends	34	-	-	(50,000,000)	(50,000,000)
Balance at 31 December 2019		153,902,000	55,338,077	239,373,295	448,613,372
Capital increase	15	276,098,000	(55,338,077)	(220,759,923)	-
Net income for the year		-	-	63,246,128	63,246,128
Other comprehensive income		-	-	(344,064)	(344,064)
Total comprehensive income		-	-	62,902,064	62,902,064
Transfer to statutory reserve		-	6,290,206	(6,290,206)	-
Dividends	34	-	-	(30,000,000)	(30,000,000)
As at 31 December 2020		430,000,000	6,290,206	45,225,230	481,515,436

Chairman

Chief Executive Officer

Chief Financial Officer

The attached notes 1 to 42 form an integral part of these financial statements.

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Theeb Rent a Car Company  
(A Saudi Closed Joint Stock Company)  
STATEMENT OF CASH FLOWS  
For the year ended 31 December 2020

	Notes	2020 SR	2019 (Restated, note 37) SR
<b>OPERATING ACTIVITIES</b>			
Income before zakat		67,354,674	124,153,046
<i>Adjustments to reconcile income before zakat to net cash flows:</i>			
Depreciation of property and equipment	6	201,937,052	177,137,224
Amortisation of intangible assets	8	251,905	221,935
Depreciation of right-of-use assets	7	33,460,939	15,895,357
Finance costs	27	26,653,763	22,338,769
Finance cost on lease liability	7	4,725,899	2,179,480
Provision for expected credit losses	10,12	10,804,062	6,746,837
Employees' benefit obligation	18.3	3,593,955	3,524,484
Loss on derivative instrument at FVPL		-	2,760,443
Write down of inventories	9	12,833,970	7,568,299
Write off (reversal) of property and equipment	6	(16,634)	-
		<b>361,599,585</b>	<b>362,525,874</b>
<i>Working capital adjustments (decrease) increase:</i>			
Prepayments and other current assets		2,718,234	(10,982,591)
Accounts receivables		(34,363,265)	(27,262,408)
Accrued revenue, net		1,192,519	(2,256,592)
Amounts due from related parties		(5,716,494)	(4,314,832)
Inventories		143,285,180	84,482,888
Car dealerships' payable		(27,268,407)	1,913,167
Accrued expenses and other payables		(3,389,107)	11,140,307
Unearned revenue		(241,767)	(362,650)
Accounts payable		3,545,295	1,852,305
		<b>441,361,773</b>	<b>416,735,468</b>
Additions of motor vehicles	6	(307,986,304)	(541,928,654)
Zakat paid	20	(4,033,273)	(2,039,236)
Employees' defined benefit obligations paid	18	(3,183,722)	(1,620,119)
<b>Net cash flows from (used in) operating activities</b>		<b>126,158,474</b>	<b>(128,852,541)</b>
<b>INVESTING ACTIVITIES</b>			
Additions of other property and equipment	6	(3,874,846)	(3,870,083)
Additions of intangible assets	8	(117,562)	(95,830)
<b>Net cash flows used in investing activities</b>		<b>(3,992,408)</b>	<b>(3,965,913)</b>
<b>FINANCING ACTIVITIES</b>			
Finance costs paid		(24,874,649)	(20,460,358)
Proceeds from term loans		320,097,794	547,274,850
Repayments of term loans		(380,089,582)	(301,206,145)
Payment of lease liabilities		(26,755,069)	(16,943,303)
Dividends paid		(30,000,000)	(50,000,000)
<b>Net cash flows (used in) from financing activities</b>		<b>(141,621,506)</b>	<b>158,665,044</b>
(Decrease) increase in bank balances and cash		(19,455,440)	25,846,590
Bank balances and cash at the beginning of the year		58,970,106	33,123,516
<b>Bank balances and cash at the end of the year</b>		<b>39,514,666</b>	<b>58,970,106</b>
<b>Significant non-cash transactions:</b>			
Share capital increase through transfer from statutory reserve and retained earnings	15	276,098,000	-
Transfer of vehicles from property and equipment to inventories	6	157,929,554	91,782,939
Addition to right-of-use assets	7	105,756,302	6,779,646
Disposal of total loss cars		9,233,779	7,266,238

Chairman

Chief Executive Officer

Chief Financial Officer

The attached notes 1 to 42 form an integral part of these financial statements.

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

## NOTES TO THE FINANCIAL STATEMENTS

As at 31 December 2020

## 1. CORPORATE INFORMATION

Theeb Rent A Car Company (the "Company"), is a Closed Joint Stock Company registered in Riyadh, Kingdom of Saudi Arabia under commercial registration numbered 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.

The Company's registered office is located at the following address:  
6709 Eastern ring branch road, at Rawdah district  
Riyadh 13211 – 2394  
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 in Saudi Arabia for listing its shares on the Saudi Stock Exchange (Tadawul). The listing procedures are still in process as of the date of approving 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 Kingdom of Saudi Arabia ("KSA") and other standards and pronouncements that are endorsed by the Saudi Organization for Certified Public Accountants ("SOCPA") (collectively referred to as "IFRS as endorsed in KSA").

## 2.2 Basis of measurement

These financial statements have been prepared under the historical cost convention using the accruals basis of accounting and going concern concept, except for derivative financial instruments, which are measured at fair value and employees' defined benefit liabilities where actuarial present value calculations are used under the projected unit credit method.

## 2.3 Functional and presentation currency

These financial statements are presented in Saudi Riyal ("SR") which is the functional and presentation currency of the Company. All financial information presented in SR has been rounded off to the nearest Saudi Riyal ("SR"), unless otherwise indicated.

## 2.4 Significant accounting judgments, estimates and assumptions

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

## Judgments

In the process of applying the Company's accounting policies, management has made the following judgments, which have the most significant effect on the amounts recognised in the financial statements.

## Going concern

The Company's management has made an assessment of its ability to continue as a going concern and is satisfied that it has the resources to continue in business for the foreseeable future. Furthermore, management is not aware of any material uncertainties that may cast significant doubt upon the Company's ability to continue as a going concern. Therefore, the financial statements continue to be prepared on the going concern basis.

## Lease classification – Company as a lessor

A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership of an underlying asset. A lease is classified as an operating lease if it does not transfer substantially all the risks and rewards incidental to ownership of an underlying asset. Keeping in view the business model of the Company, the Company has determined that leasing of vehicles does not transfer substantially all the risks and rewards incidental to ownership of the vehicles subject to the lease arrangement, hence such lease arrangements are classified as operating lease.

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

NOTES TO THE FINANCIAL STATEMENTS (continued)

As at 31 December 2020

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

**2.4 Significant accounting judgments, estimates and assumptions (continued)**

*Judgments (continued)*

*Determining the lease term of contracts – Company as a lessee*

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 options. 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 circumstances that is within its control and affects its ability to exercise or not to exercise the option to renew or to terminate.

*Estimates and assumptions*

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 below. 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 that are beyond the control of the Company. Such changes are reflected in the assumptions when they occur. Information about the assumptions and estimation uncertainties is included in the following areas:

*Useful lives and residual value of property and equipment*

The Company's management determines the estimated useful lives of its property and equipment for calculating depreciation. These estimates are determined after considering the expected usage of the assets or physical wear and tear. Management reviews the residual value and useful lives annually and future depreciation charges would be adjusted where the management believes the useful lives differ from previous estimates.

*Allowance for inventory*

The Company recognises an allowance for inventories due to factors such as obsolescence, technical faults, physical damage etc. The estimation of such losses includes the consideration of factors including but not limited to introduction of new models or technology by the specific manufacturer and both existing and emerging market conditions.

*Provision for expected credit losses (ECL) of trade receivables and contract assets*

The Company has selected simplified approach for all lease trade receivables. The Company uses a provision matrix to calculate ECL for trade receivables. The provision matrix is initially based on the Company's historical observed default rates. The Company calibrates the matrix to adjust the historical credit loss experience with forward-looking information. At every reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analysed.

The assessment of the correlation between historical observed default rates, forecast economic conditions and ECL is a significant estimate. The amount of ECL is sensitive to changes in circumstances and of forecast economic conditions. The Company's historical credit loss experience and forecast of economic conditions may also not be representative of customers' actual default in the future. The information about the ECL on the Company's accounts receivable is disclosed in note 10.

*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 of 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 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 performance of the assets of the CGU being tested.

The recoverable amount is 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.

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

NOTES TO THE FINANCIAL STATEMENTS (continued)

As at 31 December 2020

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

**2.4 Significant accounting judgments, estimates and assumptions (continued)**

*Estimates and assumptions (continued)*

*Defined benefit plan*

The cost of the defined benefit plan and the present value of the obligation are 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, future salary increases, mortality rates and employee turnover rate. 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. All assumptions are reviewed at each reporting date.

The parameter most subject to change is the discount rate. In determining the appropriate discount rate, management considers the market yield on high quality Corporate/Government bonds. The mortality rate is based on publicly available mortality tables for the country. Those mortality tables tend to change only at intervals in response to demographic changes. Future salary increases are based on expected future inflation rates for the country. Further details about employee benefits obligations are provided in note 18.

*Fair value measurement of financial instruments*

When the fair values of financial assets and financial liabilities recorded in the statement of financial position cannot be measured based on quoted prices in active markets, their fair value is measured using valuation techniques including the DCF model. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgement is required in establishing fair values. Judgments include considerations of inputs such as liquidity risk, credit risk and volatility. Changes in assumptions relating to these factors could affect the reported fair value of financial instruments. Contingent consideration, resulting from business combinations, is valued at fair value at the acquisition date as part of the business combination. When the contingent consideration meets the definition of a financial liability, it is subsequently re-measured to fair value at each reporting date. The determination of the fair value is based on discounted cash flows. The key assumptions take into consideration the probability of meeting each performance target and the discount factor.

*Provisions*

Provision is recognised if, as a result of a past event, the Company has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognised as finance cost.

*Leases - Estimating the incremental borrowing rate*

The Company cannot readily determine the interest rate implicit in the lease, therefore, it uses its incremental borrowing rate (IBR) to measure lease liabilities. The IBR is the rate of interest that the Company would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. The IBR therefore reflects what the Company 'would have to pay', which requires estimation when no observable rates are available or when they need to be adjusted to reflect the terms and conditions of the lease. The Company estimates the IBR using observable inputs (such as market interest rates) when available and is required to make certain entity - specific estimates.

**3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The accounting policies set out below have been applied consistently, except for new standard adopted during the year as disclosed in note 5, in the preparation of these financial statements.

**3.1 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 be 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.

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

NOTES TO THE FINANCIAL STATEMENTS (continued)

As at 31 December 2020

**3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**3.1 Current versus non-current classification (continued)**

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.

**3.2 Revenue from contracts with customers**

*Rental income – the Company as a lessor*

Leases in which the Company does not transfer substantially all the risks and rewards incidental to ownership of an asset are classified as operating leases. Rental income arising is accounted for on a straight-line basis over the lease terms and is included in revenue in the statement of comprehensive income due to its operating nature. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income. Contingent rents are recognised as revenue in the period in which they are earned.

*Sale of inventories (vehicles)*

Revenue from sale of vehicles is recognised at the point in time when control of the vehicles is transferred to the customers, generally, on delivery of the vehicles. The Company's revenue from sale of vehicles include only one performance obligation and there is no variable consideration and financing component involved.

*Income from other services*

Revenue from other services that are incidental to vehicle rental arrangements are recognised when these related services are provided and classified as part of revenue from these core operating activities. The Company's revenue from other services that are incidental to vehicle rental arrangements is recognised over the time when services are rendered.

*Loyalty points*

The Company usually awards customers additional "Loyalty Points", which are utilised in the same manner as regular purchased points. These Loyalty Points give rise to a separate performance obligation as they provide a material right to the customer.

A portion of the transaction price is allocated to Loyalty Points awarded to customers based on relative stand-alone selling price and is recognised as a contract liability until the points are redeemed. Revenue is recognised upon redemption of the points by the customer.

**3.3 Expenses**

*Cost of revenue*

Cost of revenue represents all expenses directly attributable or incidental to the core operating activities of the Company including but not limited depreciation of vehicles under rental arrangements, cost of vehicle inventories disposed of, directly attributable employee related costs etc.

*Selling, marketing and administrative expenses*

Selling and marketing expenses are costs arising from the Company's efforts underlying marketing activities and function. All other expenses are classified as administrative expenses. Allocation of common expenses between cost of revenue, selling and marketing and administrative expenses, where required, is made on a reasonable basis with regards to the nature and circumstances of the common expenses.

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NOTES TO THE FINANCIAL STATEMENTS (continued)

As at 31 December 2020

**3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**3.4 Borrowing costs**

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of the asset. All other borrowing costs are expensed in the period in which they occur. Borrowing costs consist of finance cost and other costs that an entity incurs in connection with the borrowing of funds.

**3.5 Zakat**

*Zakat*

The Company is subject to zakat in accordance with the regulations of the General Authority of Zakat and Tax ("GAZT"). Provision for zakat for the Company is charged to the statement of comprehensive income.

*Withholding tax*

The Company withholds taxes on certain transactions with non-resident parties in the Kingdom of Saudi Arabia as required under Saudi Arabian Income Tax Law.

*Value added tax*

Expenses and assets are recognised net of the amount of value added tax, except:

- When the value added tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case, the value add tax is recognised as part of the cost of acquisition of the asset or as part of the expense item, as applicable
- When receivables and payables are stated with the amount of value added tax included

The net amount of value added tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the statement of financial position.

**3.6 Property and equipment**

*Recognition and measurement*

Items of property and equipment are initially recorded at cost and measured at cost less accumulated depreciation and accumulated impairment losses.

Cost includes purchase price and any costs directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. The cost of self-constructed assets includes the cost of materials and direct labour, any other costs directly attributable to bringing the assets to a working condition for their intended use, the costs of dismantling and removing the items and restoring the site on which they are located, and borrowing costs on qualifying assets.

When significant parts of an item of property and equipment have different useful lives, they are accounted for as separate items (major components) of property and equipment.

Gains and losses on disposal of an item of property and equipment (other than vehicles transferred to inventories as 'Vehicles held for sale') are determined by comparing the proceeds from disposal with the carrying amount of property and equipment, and are recognised net within other operating income in the statement of comprehensive income.

*Subsequent costs*

The cost of replacing a part of an item of property and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Company, and its cost can be measured reliably. The carrying amount of the replaced part is derecognised. The costs of the day-to-day servicing of property and equipment are recognised in the statement of comprehensive income as incurred.

*Capital work in progress*

Capital work-in-progress are stated at cost net of accumulated impairment, if any and represents all costs relating directly or indirectly to the acquisition or construction of assets where acquisition or construction is in progress and will be transferred to relevant category of property and equipment once completed.



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NOTES TO THE FINANCIAL STATEMENTS (continued)

As at 31 December 2020

**3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**3.6 Property and equipment (continued)**

*Depreciation*

Depreciation represents the systematic allocation of the depreciable amount of an asset over its estimated useful life. Depreciable amount represents cost of an asset, or other amount substituted for cost, less its residual value. Depreciation is recognised in the statement of comprehensive income on a straight-line basis over the estimated useful lives of each part of an item of property and equipment. Leased assets are depreciated over the shorter of the lease term and their useful lives. Lands are not depreciated.

Depreciation methods, useful lives and residual values are reviewed at least annually and adjusted prospectively if required.

Vehicles designated for sale are transferred to inventory and related depreciation is suspended at the date of transfer.

For discussion on impairment assessment of property and equipment, please refer note 6.

The cost less estimated residual value of remaining property, plant and equipment is depreciated on a straight-line basis over the estimated useful lives of the assets, effective from the date when it was available for use, as follows:

<i>Category of property and equipment</i>	<i>Useful life</i>
Buildings and equipment	40 years
Motor vehicles	2-5 years
Leasehold improvements	Useful life or lease term whichever is shorter
Other fixed assets	3-5 years

**3.7 Intangible assets**

Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and accumulated impairment losses. Internally generated intangibles, excluding capitalised development costs, are not capitalised and the related expenditure is reflected in statement of comprehensive income in the period in which the expenditure is incurred. The useful lives of intangible assets are assessed as either finite or indefinite.

Intangible assets with finite lives are amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are considered to modify the amortisation period or method, as appropriate, and are treated as changes in accounting estimates. The amortisation expense on intangible assets with finite lives is recognised in the statement of comprehensive income in the expense category that is consistent with the function of the intangible assets.

The amortisation period for the Company's intangible assets with finite life is as follows:

Software	5 years
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Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the statement of comprehensive income when the asset is derecognised.

**3.8 Leases**

The Company assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

*Company as a lessee*

The Company applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Company recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

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NOTES TO THE FINANCIAL STATEMENTS (continued)

As at 31 December 2020

**3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**3.8 Leases (continued)**

*Company as a lessee (continued)*

*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 lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. 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, refer note 7.

*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.

In calculating the present value of lease payments, the Company uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g., changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

*Short-term leases and leases of low-value assets*

The Company applies the short-term lease recognition exemption to its short-term leases of equipment (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases of office equipment that are considered to be low value. Lease payments on short-term leases and leases of low-value assets are recognised as expense on a straight-line basis over the lease term.

*Company as a lessor*

Leases in which the Company does not transfer substantially all the risks and rewards incidental to ownership of an asset are classified as operating leases. Rental income arising is accounted for on a straight-line basis over the lease terms and is included in revenue in the statement of comprehensive income due to its operating nature. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income. Contingent rents are recognised as revenue in the period in which they are earned.

**3.9 Inventories**

Inventories represent vehicles held for sale, spare parts and other supplies. These are measured at lower of cost and net realisable value. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and estimated costs necessary to make the sale. The carrying amount of inventories is recognised as cost of revenue when the inventories are sold. The Company recognises an allowance for inventory losses due to factors such as obsolescence, technical faults, physical damage etc.

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NOTES TO THE FINANCIAL STATEMENTS (continued)

As at 31 December 2020

**3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**3.9 Inventories (continued)**

*Spare parts and supplies*

The cost of spare parts and supplies is based on weighted average principle. Other costs are included in the cost of spare parts and supplies only to the extent they are incurred in bringing them to their present location and condition.

**3.10 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.

**i) Financial assets**

*Initial recognition and measurement*

Financial assets are classified, at initial recognition, as subsequently measured at amortised cost, fair value through other comprehensive income ("FVOCI"), and fair value through profit or loss ("FVTPL").

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Company's business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Company has applied the practical expedient, the Company initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade receivables that do not contain a significant financing component or for which the Company has applied the practical expedient are measured at the transaction price determined under IFRS 15 Revenue from contracts with customers.

In order for a financial asset to be classified and measured at amortised cost or FVOCI, it needs to give rise to cash flows that are 'solely payments of principal and interest ("SPPI") on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level. Financial assets with cash flows that are not SPPI are classified and measured at FVTPL, irrespective of the business model.

The Company's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both.

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the marketplace (regular way trades) are recognised on the trade date, i.e., the date that the Company commits to purchase or sell the asset.

*Subsequent measurement*

For purposes of subsequent measurement, financial assets are classified in four categories:

- Financial assets at amortised cost (debt instruments)
- Financial assets at fair value through OCI with recycling of cumulative gains and losses (debt instruments)
- Financial assets designated at fair value through OCI with no recycling of cumulative gains and losses upon derecognition (equity instruments)
- Financial assets at fair value through profit or loss

*Financial assets at amortised cost (debt instruments)*

Financial assets at amortised cost are subsequently measured using the effective interest (EIR) method and are subject to impairment. Gains and losses are recognised in statement of comprehensive income when the asset is derecognised, modified or impaired. This category is relevant to the Company. The Company's financial assets at amortised cost includes trade receivables, employees' receivables and amounts due from related parties.

*Financial assets at fair value through profit or loss*

Financial assets at fair value through profit or loss are carried in the statement of financial position at fair value with net changes in fair value recognised in the statement of comprehensive income.

Theeb Rent a Car Company  
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NOTES TO THE FINANCIAL STATEMENTS (continued)

As at 31 December 2020

**3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**3.10 Financial instruments (continued)**

**i) Financial assets (continued)**

*Derecognition*

A financial asset (or, where applicable, a part of a financial asset or part of a Group of similar financial assets) is primarily derecognised (i.e., removed from the Company's statement of financial position) when:

- The rights to receive cash flows from the asset have expired; or
- The Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Company has transferred substantially all the risks and rewards of the asset, or (b) the Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Company has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if, and to what extent, it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Company continues to recognise the transferred asset to the extent of its continuing involvement. In that case, the Company also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Company has retained. Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Company could be required to repay.

*Impairment*

The Company recognises an allowance for expected credit losses (ECL) for all debt instruments not held at fair value through profit or loss. For accounts receivable and contract assets, the Company applies a simplified approach in calculating ECL. Therefore, the Company does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECL at each reporting date. The Company has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

The Company considers a financial asset in default when contractual payments are 90 days past due. However, in certain cases, the Company may also consider a financial asset to be in default when internal or external information indicates that the Company is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Company. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

**ii) Financial liabilities**

*Initial recognition and measurement*

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, borrowings, or payables, as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs. The Company's financial liabilities include trade and other payables, loans and borrowings including bank overdrafts and derivative financial instruments.

*Subsequent measurement*

For purposes of subsequent measurement, financial liabilities are classified in two categories:

- Financial liabilities at amortised cost (lease liabilities and borrowing), and
- Financial liabilities at fair value through profit or loss.

*Financial liabilities at amortised cost (lease liabilities and borrowing)*

This category is relevant to the Company. After initial recognition, lease liabilities and interest-bearing loans and borrowing are subsequently measured at amortised cost using the Effective Interest Rate (EIR) method. Gains and losses as a result of unwinding of interest cost through EIR amortisation process and on de-recognition of financial liabilities are recognised in the statement of comprehensive income.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the statement of comprehensive income. This category generally applies to lease liabilities and borrowings (refer to note 7).

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NOTES TO THE FINANCIAL STATEMENTS (continued)

As at 31 December 2020

**3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**3.10 Financial instruments (continued)**

**ii) Financial liabilities (continued)**

*Subsequent measurement (continued)*

*Financial liabilities at fair value through profit or loss*

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss.

Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term. This category also includes derivative financial instruments entered into by the Company that are not designated as hedging instruments in hedge relationships as defined by International Financial Reporting Standard 9 (Financial Instruments) ('IFRS 9').

Gains or losses on liabilities held for trading are recognised in the statement of comprehensive income.

*Derecognition*

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the statement of comprehensive income.

**iii) Offsetting of financial instruments**

Financial assets and financial liabilities are offset, and the net amount is reported in the statement of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

**3.11 Impairment of non-financial assets**

The Company assesses, at each reporting date, whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Company estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or CGU's fair value less costs of disposal and its value in use. The recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or Companies of assets. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs of disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used.

The Company bases its impairment calculation on most recent budgets and forecast calculations, which are prepared separately for each of the Company's CGUs to which the individual assets are allocated. These budgets and forecast calculations generally cover a period of five years. A long-term growth rate is calculated and applied to project future cash flows after the fifth year.

Impairment losses of continuing operations are recognised in the statement of comprehensive income in expense categories consistent with the function of the impaired asset.

For assets, an assessment is made at each reporting date to determine whether there is an indication that previously recognised impairment losses no longer exist or have decreased. If such indication exists, the Company estimates the asset's or CGU's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in the statement of comprehensive income unless the asset is carried at a revalued amount, in which case, the reversal is treated as a revaluation increase.

Theeb Rent a Car Company  
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NOTES TO THE FINANCIAL STATEMENTS (continued)

As at 31 December 2020

**3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**3.12 Provisions**

Provisions are recognised 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. When the Company expects some or all of a provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognised as a separate asset, but only when the reimbursement is virtually certain. The expense relating to a provision is presented in the statement of comprehensive income net of any reimbursement.

If the effect of the time value of money is material, provisions are discounted using a current pre-tax 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 recognised as a finance cost.

**3.13 Foreign currencies**

*Transaction and balances*

Transactions in foreign currencies are initially recorded by the Company at the functional currency spot rates at the date the transaction first qualifies for recognition. Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency spot rate of exchange at the reporting date. Differences arising on settlement or translation of monetary items are recognised in income.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined. The gain or loss arising on translation of non-monetary items measured at fair value is treated in line with the recognition of gain or loss on change in fair value of the item (i.e., the translation differences on items whose fair value gain or loss is recognised in OCI or profit or loss are also recognised in OCI or profit or loss, respectively).

**3.14 Fair value measurement**

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

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

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

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing an asset or a 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.

The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

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.



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NOTES TO THE FINANCIAL STATEMENTS (continued)

As at 31 December 2020

**3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**3.14 Fair value measurement (continued)**

For assets and liabilities that are recognised in the financial statements at fair value on a recurring basis, the Company determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

The Company determines the policies and procedures for both recurring fair value measurement and for non-recurring measurement.

At each reporting date, the Company analyses the movements in the values of assets and liabilities which are required to be remeasured or re-assessed as per the Company's accounting policies. For this analysis, the Company verifies the major inputs applied in the latest valuation by agreeing the information in the valuation computation to contracts and other relevant documents.

The Company also compares the change in the fair value of each asset and liability with relevant external sources to determine whether the change is reasonable.

For the purpose of fair value disclosures, the Company has determined classes of assets and liabilities based on the nature, characteristics and risks of an asset or a liability and level of the fair value hierarchy as explained above.

**3.15 Dividends distribution**

The Company establishes the obligations related to paying the cash dividends to the Company's shareholders when approving the distribution. According to the Saudi Arabian Regulations for Companies, dividends are approved upon approval by the shareholders. Interim dividends, if any, are recorded when approved by the board of directors the corresponding amount is directly recognised in the statement of change in shareholders' equity.

**4. CHANGES TO THE COMPANY'S ACCOUNTING POLICIES**

Several amendments and interpretations apply for the first time in 2020, but do not have an impact or not applicable on the financial statements as mentioned below:

**4.1 AMENDMENTS AND INTERPRETATIONS EFFECTIVE AS OF 1 JANUARY 2020**

Several amendments and interpretations apply for the first time in 2020, which are effective for annual periods beginning on or after 1 January 2020. The Company has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

**4.1.1 AMENDMENTS TO IFRS 3: DEFINITION OF A BUSINESS**

**THE AMENDMENT TO IFRS 3 BUSINESS COMBINATIONS CLARIFIES THAT TO BE CONSIDERED** a business, an integrated set of activities and assets must include, at a minimum, an input and a substantive process that, together, significantly contribute to the ability to create output. Furthermore, it clarifies that a business can exist without including all of the inputs and processes needed to create outputs. These amendments had no impact on the financial statements of the company but may impact future periods should the Company enter into any business combinations. This amendment had no impact on the financial statements of the Company but may impact future periods should the Company enter any business combinations.

**4.1.2 AMENDMENTS TO IFRS 7, IFRS 9 AND IAS 39: INTEREST RATE BENCHMARK REFORM**

The amendments to IFRS 9 and IAS 39 Financial Instruments: Recognition and Measurement provide a number of reliefs, which apply to all hedging relationships that are directly affected by interest rate benchmark reform. A hedging relationship is affected if the reform gives rise to uncertainty about the timing and/or amount of benchmark-based cash flows of the hedged item or the hedging instrument. These amendments have no impact on the financial statements of the Company as it does not have any interest rate hedge relationships. This amendment had no impact on the financial statements of the Company as it does not have any interest rate hedge relationships.

**4.1.3 AMENDMENTS TO IAS 1 AND IAS 8: DEFINITION OF MATERIAL**

The amendments provide a new definition of material that states, "information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity." The amendments clarify that materiality will depend on the nature or magnitude of information, either individually or in combination with other information, in the context of the financial statements. A misstatement of information is material if it could reasonably be expected to influence decisions made by the primary users. These amendments had no impact on the financial statements of, nor is there expected to be any future impact to the Company. This amendment had no impact on the financial statements of, nor is there expected to be any future impact to the Company.

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NOTES TO THE FINANCIAL STATEMENTS (continued)

As at 31 December 2020

**4. CHANGES TO THE COMPANY'S ACCOUNTING POLICIES (continued)**

**4.1 AMENDMENTS AND INTERPRETATIONS EFFECTIVE AS OF 1 JANUARY 2020 (continued)**

**4.1.4 CONCEPTUAL FRAMEWORK FOR FINANCIAL REPORTING ISSUED ON 29 MARCH 2018**

The Conceptual Framework is not a standard, and none of the concepts contained therein override the concepts or requirements in any standard. The purpose of the Conceptual Framework is to assist the IASB in developing standards, to help preparers develop consistent accounting policies where there is no applicable standard in place and to assist all parties to understand and interpret the standards. This will affect those entities which developed their accounting policies based on the Conceptual Framework. The revised Conceptual Framework includes some new concepts, updated definitions and recognition criteria for assets and liabilities and clarifies some important concepts. This amendment had no impact on the financial statements of the Company. This amendment had no impact on the financial statements of the Company.

**4.1.5 AMENDMENTS TO IFRS 16 COVID-19 RELATED RENT CONCESSIONS**

On 28 May 2020, the IASB issued Covid-19-Related Rent Concessions - amendment to IFRS 16 Leases. The amendments provide relief to lessees from applying IFRS 16 guidance on lease modification accounting for rent concessions arising as a direct consequence of the Covid-19 pandemic. As a practical expedient, a lessee may elect not to assess whether a Covid-19 related rent concession from a lessor is a lease modification. A lessee that makes this election accounts for any change in lease payments resulting from the Covid-19 related rent concession the same way it would account for the change under IFRS 16, if the change were not a lease modification. The amendment applies to annual reporting periods beginning on or after 1 June 2020. Earlier application is permitted. This amendment had no impact on the financial statements of the Company. This amendment had no impact on the financial statements of the Company.

**5. STANDARDS ISSUED BUT NOT YET EFFECTIVE**

The standards and interpretations that are issued, but not yet effective, up to the reporting date of the Company's financial statements are disclosed below. The Company intends to adopt these standards and interpretations, if applicable, when they become effective.

**5.1 IFRS 17 Insurance Contracts**

In May 2017, the IASB issued IFRS 17 Insurance Contracts (IFRS 17), a comprehensive new accounting standard for insurance contracts covering recognition and measurement, presentation and disclosure. Once effective, IFRS 17 will replace IFRS 4 Insurance Contracts (IFRS 4) 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.

The core of IFRS 17 is the 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

IFRS 17 is effective for reporting periods beginning on or after 1 January 2021, with comparative figures required. Early application is permitted, provided the entity also applies IFRS 9 and IFRS 15 on or before the date it first applies IFRS 17. This standard is not applicable to the Company.

**5.2 Amendments to IAS 1: Classification of Liabilities as Current or Non-current**

In January 2020, the IASB issued amendments to paragraphs 69 to 76 of IAS 1 to specify the requirements for classifying liabilities as current or non-current. The amendments clarify:

- What is meant by a right to defer settlement
- That a right to defer must exist at the end of the reporting period
- That classification is unaffected by the likelihood that an entity will exercise its deferral right
- That only if an embedded derivative in a convertible liability is itself an equity instrument would the terms of a liability not impact its classification

The amendments are effective for annual reporting periods beginning on or after 1 January 2023 and must be applied retrospectively. The Company is currently assessing the impact the amendments will have on current practice and whether existing loan agreements may require renegotiation.

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NOTES TO THE FINANCIAL STATEMENTS (continued)

As at 31 December 2020

**5. STANDARDS ISSUED BUT NOT YET EFFECTIVE (continued)**

**5.3 Reference to the Conceptual Framework – Amendments to IFRS 3**

In May 2020, the IASB issued Amendments to IFRS 3 Business Combinations - Reference to the Conceptual Framework. The amendments are intended to replace a reference to the Framework for the Preparation and Presentation of Financial Statements, issued in 1989, with a reference to the Conceptual Framework for Financial Reporting issued in March 2018 without significantly changing its requirements.

The Board also added an exception to the recognition principle of IFRS 3 to avoid the issue of potential 'day 2' gains or losses arising for liabilities and contingent liabilities that would be within the scope of IAS 37 or IFRIC 21 Levies, if incurred separately.

At the same time, the Board decided to clarify existing guidance in IFRS 3 for contingent assets that would not be affected by replacing the reference to the Framework for the Preparation and Presentation of Financial Statements.

The amendments are effective for annual reporting periods beginning on or after 1 January 2022 and apply prospectively.

**5.4 Property, Plant and Equipment: Proceeds before Intended Use – Amendments to IAS 16**

In May 2020, the IASB issued Property, Plant and Equipment — Proceeds before Intended Use, which prohibits entities deducting from the cost of an item of property, plant and equipment, any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognises the proceeds from selling such items, and the costs of producing those items, in profit or loss.

The amendment is effective for annual reporting periods beginning on or after 1 January 2022 and must be applied retrospectively to items of property, plant and equipment made available for use on or after the beginning of the earliest period presented when the entity first applies the amendment. This amendment is not expected to have a material impact on the Company.

**5.5 Onerous Contracts – Costs of Fulfilling a Contract – Amendments to IAS 37**

In May 2020, the IASB issued amendments to IAS 37 to specify which costs an entity needs to include when assessing whether a contract is onerous or loss-making.

The amendments apply a "directly related cost approach". The costs that relate directly to a contract to provide goods or services include both incremental costs and an allocation of costs directly related to contract activities. General and administrative costs do not relate directly to a contract and are excluded unless they are explicitly chargeable to the counterparty under the contract.

The amendments are effective for annual reporting periods beginning on or after 1 January 2022. The Company will apply these amendments to contracts for which it has not yet fulfilled all its obligations at the beginning of the annual reporting period in which it first applies the amendments.

**5.6 IFRS 1 First-time Adoption of International Financial Reporting Standards – Subsidiary as a first-time adopter**

As part of its 2018-2020 annual improvements to IFRS standards process, the IASB issued an amendment to IFRS 1 First-time Adoption of International Financial Reporting Standards. The amendment permits a subsidiary that elects to apply paragraph D16(a) of IFRS 1 to measure cumulative translation differences using the amounts reported by the parent, based on the parent's date of transition to IFRS. This amendment is also applied to an associate or joint venture that elects to apply paragraph D16(a) of IFRS 1.

The amendment is effective for annual reporting periods beginning on or after 1 January 2022 with earlier adoption permitted.

**5.7 IFRS 9 Financial Instruments – Fees in the '10 per cent' test for derecognition of financial liabilities**

As part of its 2018-2020 annual improvements to IFRS standards process the IASB issued amendment to IFRS 9. The amendment clarifies the fees that an entity includes when assessing whether the terms of a new or modified financial liability are substantially different from the terms of the original financial liability. These fees include only those paid or received between the borrower and the lender, including fees paid or received by either the borrower or lender on the other's behalf. An entity applies the amendment to financial liabilities that are modified or exchanged on or after the beginning of the annual reporting period in which the entity first applies the amendment.

The amendment is effective for annual reporting periods beginning on or after 1 January 2022 with earlier adoption permitted. The Company will apply the amendments to financial liabilities that are modified or exchanged on or after the beginning of the annual reporting period in which the entity first applies the amendment. The amendment is not expected to have a material impact on the Company.

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NOTES TO THE FINANCIAL STATEMENTS (continued)

At 31 December 2020

**6. PROPERTY AND EQUIPMENT**

	Lands SR	Buildings SR	Motor vehicles SR	Leasehold improvement SR	Other fixed assets SR	Total 2020 SR
<b>31 December 2020</b>						
<b>Cost:</b>						
Balance as at 1 January 2020	88,012,550	5,204,574	1,226,112,978	6,660,415	28,689,167	1,354,679,684
Additions	-	-	307,986,304	444,230	3,430,616	311,861,150
Transfer to inventories	-	-	(308,881,001)	-	-	(308,881,001)
Written off	-	-	(90,450)	-	-	(90,450)
<b>Balance as at 31 December 2020</b>	<b>88,012,550</b>	<b>5,204,574</b>	<b>1,225,127,831</b>	<b>7,104,645</b>	<b>32,119,783</b>	<b>1,357,569,383</b>
<b>Accumulated depreciation:</b>						
Balance as at 1 January 2020	-	1,955,351	299,701,884	2,271,994	23,674,561	327,603,790
Charge for the year	-	91,077	198,640,774	702,788	2,502,413	201,937,052
Transfer to inventories	-	-	(150,951,447)	-	-	(150,951,447)
Written off	-	-	(107,084)	-	-	(107,084)
<b>Balance as at 31 December 2020</b>	<b>-</b>	<b>2,046,428</b>	<b>347,284,127</b>	<b>2,974,782</b>	<b>26,176,974</b>	<b>378,482,311</b>
<b>Net book value As at 31 December 2020</b>	<b>88,012,550</b>	<b>3,158,146</b>	<b>877,843,704</b>	<b>4,129,863</b>	<b>5,942,809</b>	<b>979,087,072</b>

Transfer to inventories represents cost and accumulated depreciation of vehicles retired from fleets and transferred to vehicle inventories (note 9).

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NOTES TO THE FINANCIAL STATEMENTS (continued)

At 31 December 2020

6. PROPERTY AND EQUIPMENT (continued)

The depreciation charge for the year is allocated as follows:

	2020 SR	2019 SR
Cost of revenue (note 23)	201,363,131	176,684,029
General and administrative expenses (note 25)	573,921	453,195
	<u>201,937,052</u>	<u>177,137,224</u>

7. LEASES

*Company as a lessee*

The Company has lease contracts for leasehold buildings (i.e. workshops, accommodations and locations). The Company's obligations under its leases are secured by the lessor's title to the leased assets.

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 "short term lease" and "lease of low value assets" recognition exemption for these leases.

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

	2020 SR	2019 SR
Balance as at 1 January	46,922,683	56,038,394
Additions	105,756,302	6,779,646
Depreciation expense (note 23)	(33,460,939)	(15,895,357)
Balance as at 31 December	<u>119,218,046</u>	<u>46,922,683</u>

7.2 Set out below are the carrying amounts of lease liabilities and movements during the year:

	2020 SR	2019 SR
Balance as at 1 January	43,977,933	51,962,110
Additions	105,756,302	6,779,646
Accretion of interest (note 27)	4,725,899	2,179,480
Payments	(26,755,069)	(16,943,303)
Balance as at 31 December	<u>127,705,065</u>	<u>43,977,933</u>
Less: current portion	34,791,072	15,364,724
Non-current portion	<u>92,913,993</u>	<u>28,613,209</u>

The maturity analysis of lease liabilities is disclosed in note 30.

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NOTES TO THE FINANCIAL STATEMENTS (continued)  
At 31 December 2020

6. PROPERTY AND EQUIPMENT (continued)

	31 December 2019 Cost:	Lands SR	Buildings SR	Motor vehicles SR	Leasehold improvement SR	Other fixed assets SR	Total 2019 SR
Balance as at 1 January 2019	88,012,550	-	4,717,984	867,438,265	6,018,302	25,947,787	992,134,888
Additions	-	-	486,590	541,928,654	642,113	2,741,380	545,798,737
Transfer to inventories	-	-	-	(183,253,941)	-	-	(183,253,941)
Balance as at 31 December 2019	88,012,550	-	5,204,574	1,226,112,978	6,660,415	28,689,167	1,354,679,684
Accumulated depreciation:							
Balance as at 1 January 2019	-	-	1,871,647	217,571,100	1,628,706	20,794,510	241,865,963
Change for the year	-	-	83,704	173,601,786	643,288	2,808,446	177,137,224
Transfer to inventories	-	-	-	(91,471,002)	-	-	(91,471,002)
Impairment loss	-	-	-	-	-	71,605	71,605
Balance as at 31 December 2019	-	-	1,955,351	299,701,884	2,271,994	23,674,561	327,603,790
Net book value At 31 December 2019	88,012,550	-	3,249,223	926,411,094	4,388,421	5,014,606	1,027,075,894



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NOTES TO THE FINANCIAL STATEMENTS (continued)

At 31 December 2020

**8. INTANGIBLE ASSETS**

	2020 SR	2019 SR
<i>Cost:</i>		
Balance as at 1 January	1,007,386	911,556
Additions	117,562	95,830
Balance as at 31 December	<u>1,124,948</u>	<u>1,007,386</u>
<i>Accumulated amortisation:</i>		
Balance as at 1 January	549,827	327,892
Charge for the year (note 23)	251,905	221,935
Balance as at 31 December	<u>801,732</u>	<u>549,827</u>
<b>Net book value</b>	<u><b>323,216</b></u>	<u><b>457,559</b></u>

**9. INVENTORIES**

	2020 SR	2019 SR
Vehicles held for sale	5,004,677	4,045,459
Spare parts and supplies	3,566,407	2,715,221
	<u>8,571,084</u>	<u>6,760,680</u>

During the year ended 31 December 2020, the Company wrote down SR 12,833,970 (31 December 2019: SR 7,568,299) of inventories.

**10. ACCOUNTS RECEIVABLE, NET**

	2020 SR	2019 SR
Accounts receivable	148,005,262	113,536,290
Less: allowance for expected credit losses	(38,748,087)	(28,138,639)
Less: accounts receivable written off	(105,707)	-
	<u>109,151,468</u>	<u>85,397,651</u>

The movements in the allowance for expected credit losses during the year were as follows:

	2020 SR	2019 SR
At the beginning of the year	28,138,639	21,596,696
Provided during the year	10,609,448	6,541,943
At the end of the year	<u>38,748,087</u>	<u>28,138,639</u>

Theeb Rent a Car Company  
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NOTES TO THE FINANCIAL STATEMENTS (continued)

At 31 December 2020

**10. ACCOUNTS RECEIVABLE, NET (continued)**

Please refer to note 30 on credit risk of accounts receivable, which explain how the Company manages and measure credit quality of accounts receivable that are neither past due nor impaired. Accounts receivables are non-interest bearing and are generally on terms of 90 days.

The credit risk exposure of the Company on trade receivables, excluding secured receivables and using a provision matrix, ranges from 16.82% to 97.36%.

**11. PREPAYMENTS AND OTHER CURRENT ASSETS**

	2020 SR	2019 SR
Prepayments	14,924,360	12,546,648
Advances to suppliers	9,066,680	6,738,955
Insurance receivable	5,256,888	6,791,806
Employees' receivables	2,454,040	1,775,993
Margin deposit	827,907	1,436,729
Other receivables	2,439,575	8,397,553
	<u>34,969,450</u>	<u>37,687,684</u>

**12. CONTRACT ASSET, NET**

	2020 SR	2019 SR
Contract asset	9,407,781	10,600,300
Less: allowance for expected credit losses	(2,970,298)	(2,775,684)
	<u>6,437,483</u>	<u>7,824,616</u>

Movement in the allowance for expected credit losses of contract asset is as follows:

	2020 SR	2019 SR
At the beginning of the year	2,775,684	2,570,790
Provided during the year	194,614	204,894
At the end of the year	<u>2,970,298</u>	<u>2,775,684</u>

**13. BANK BALANCES AND CASH**

	2020 SR	2019 SR
Bank balances	38,917,437	58,393,044
Cash on hand	597,229	577,062
	<u>39,514,666</u>	<u>58,970,106</u>

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NOTES TO THE FINANCIAL STATEMENTS (continued)

At 31 December 2020

**14. 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. Transactions with related parties are entered in the normal course of the Company's business. These balances are expected to be settled in the normal course of business.

Following is a list of related parties of the Company:

Related party	Nature of relationship
Investcorp Saudi Arabia Investments Company	Affiliate
Hamoud Abdullah Ibrahim Al-Theeb	Shareholder
Theeb Sons Company	Affiliate
Mohammed Ahmed Abdullah Al-Theeb	Shareholder
Nawaf Mohammed Ahmed Abdullah Al-Theeb	Shareholder
Naif Mohammed Ahmed Abdullah Al-Theeb	Shareholder
Ibrahim Ahmad AlTheeb	Other
Madareem Company	Affiliate

Following are the details of related party transactions for the year ended 31 December:

Related Party	Nature of transaction	2020	2019
		SR	SR
Theeb Sons Company	Revenue	1,992,460	9,683,135
Madareem Company	Revenue	482,499	112,625
Hamoud Abdullah Altheeb	Revenue and other income	108,991	150,060
Ibrahim Ahmad AlTheeb	Revenue	-	417,900
Investcorp Saudi Arabia Investments Company	Revenue	-	80,825
Naif Mohammed AlTheeb	Revenue and other income	19,340	58,983
Ahmed Mohammed AlTheeb	Revenue	-	19,005
Nawaf Mohammed AlTheeb	Other income	-	28,291
Mohammad Ahmed AlTheeb	Expenses	(300,000)	(530,519)

**Key management compensation**

Key management personnel of the Company comprise of key members of the management having authority and responsibility for planning, directing and controlling the activities of the Company. The compensation to key management is shown below:

Related party	Nature of transaction	2020	2019
		SR	SR
Key management personnel	Short term employees' benefits	4,561,184	4,547,389
	Long term employees' benefits	230,361	209,477
Board of Directors	Board of Directors' remuneration	480,301	-

The breakdown of amounts due from (to) related party is as follows:

	2020	2019
	SR	SR
Initial Public Offering ("IPO") costs incurred on behalf of shareholders (*)	9,665,418	4,377,183
Madareem Company	440,183	-
Others	27,895	37,863
<b>Total related party balance</b>	<b>10,133,496</b>	<b>4,415,046</b>

(\*) As on the period ended 31 December 2020, the Company had incurred total IPO costs on behalf of the shareholders amounted to SR 9,665,418 (31 December 2019: SR 4,377,183). This amount represents the IPO cost which was agreed to be reimbursed by the shareholders upon the successful listing process.

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NOTES TO THE FINANCIAL STATEMENTS (continued)

At 31 December 2020

**15. SHARE CAPITAL**

The Company's share capital is divided into 43,000,000 shares of SR 10 each (31 December 2019: 15,390,200 shares of SR 10 each).

During the extraordinary general assembly meeting held on 19 March 2020, the shareholders resolved to increase the share capital of the Company from SR 153,902,000 to SR 430,000,000 through transfer of an amount of SR 55,338,077 from the statutory reserve and an amount of SR 220,759,923 from the retained earnings. The related legal formalities have been completed during 2020.

The shareholding pattern of Company's share capital is as follows:

Shareholders	Nationality	2020	2019
		SR	SR
Hamoud Abdullah Ibrahim Al-Theeb	Saudi	32.90%	32.90%
Mohammed Ahmed Abdullah Al-Theeb	Saudi	32.90%	32.90%
Growth Opportunities Company for Trading	Saudi	30.00%	30.00%
Mohammed Hamoud Abdullah Ibrahim Al-Theeb	Saudi	0.70%	0.70%
Naif Mohammed Ahmed Abdullah Al-Theeb	Saudi	0.70%	0.70%
Nawaf Mohammed Ahmed Abdullah Al-Theeb	Saudi	0.70%	0.70%
Ahmed Mohammed Ahmed Abdullah Al-Theeb	Saudi	0.70%	0.70%
Ahmed Hamoud Abdullah Ibrahim Al-Theeb	Saudi	0.35%	0.35%
Salman Hamoud Abdullah Ibrahim Al-Theeb	Saudi	0.35%	0.35%
Sari Hamoud Abdullah Ibrahim Al-Theeb	Saudi	0.35%	0.35%
Abdullah Hamoud Abdullah Al-Theeb	Saudi	0.35%	0.35%
		<b>100.00%</b>	<b>100.00%</b>

**16. STATUTORY RESERVE**

In accordance with Saudi Arabian Regulations for Companies and the Companies' By-laws, the Company must set aside 10% of its net income in each year until it has built up a reserve equal to 30% of the capital. The Company may resolve to discontinue such transfers when the reserve totals 30% of the capital. The reserve is not available for distribution.

**17. TERM LOANS**

	2020	2019
	SR	SR
Term loans	545,019,766	605,011,554
Less: current portion	(296,508,006)	(288,849,161)
<b>Non-current portion</b>	<b>248,511,760</b>	<b>316,162,393</b>

The Company has obtained bank facilities from local banks in the form of term loans. These facilities are secured by personal guarantees from the shareholders. The term loans are repayable over a period ranging from 24 to 48 months from the date of drawdown, with the last instalment payable on December 2023. The installments due in 2021 are shown under current liabilities. The Company has other undrawn facilities with bank available in accordance with the signed facility agreements.

The Company's current liabilities exceeded its current assets as of 31 December 2020 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.

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NOTES TO THE FINANCIAL STATEMENTS (continued)

At 31 December 2020

**18. EMPLOYEES' DEFINED BENEFIT LIABILITY**

The Company operates an unfunded employees' end of service benefits plan ("EOSB") for its employees as required by the Saudi Arabian Labor Law. The movement in EOSB for the year ended is as follows:

*18.1 Actuarial assumptions:*

During the year, the actuarial valuations of the defined benefit obligations were carried out under the Projected Unit Credit Method using the following significant assumptions:

	2020 SR	2019 SR
Salary increase rates:	3.50%	3.50%
Discount rate	3.50%	3.50%

*18.2 Movement in the provision for employees' end of service benefits:*

	2020 SR	2019 SR
At the beginning of the year	23,264,087	20,182,369
Charge for the year (see note 18.3)	3,593,955	3,524,484
Actuarial loss on defined benefit plan	344,064	1,177,353
Benefits paid	(3,183,722)	(1,620,119)
At the end of the year	<u>24,018,384</u>	<u>23,264,087</u>

*18.3 Amount recognised in statement of profit or loss was as follow:*

	2020 SR	2019 SR
Current service cost	3,012,353	2,660,937
Interest cost, net (note 27)	581,602	863,547
Total end of service benefits expense	<u>3,593,955</u>	<u>3,524,484</u>

Allocation of benefits expense between cost of revenue, selling and marketing expenses and general and administrative expenses is as follows:

	2020 SR	2019 SR
Cost of revenue	1,521,073	1,403,995
Selling and marketing expenses	869,315	800,259
General and administrative expenses	621,965	456,683
Total end of service benefits expense	<u>3,012,353</u>	<u>2,660,937</u>

*18.4 Amount recognised in other comprehensive income was as follow:*

	2020 SR	2019 SR
Actuarial losses due to change in financial assumptions	989,636	1,410,427
Actuarial gains due to experience adjustments	(645,572)	(233,074)
Total actuarial loss	<u>344,064</u>	<u>1,177,353</u>

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NOTES TO THE FINANCIAL STATEMENTS (continued)

At 31 December 2020

**18. EMPLOYEES' DEFINED BENEFIT LIABILITY (continued)**

*18.5 Sensitivity analysis of significant actuarial assumptions:*

A quantitative sensitivity analysis for significant assumption on the employees' terminal benefits liabilities as at 31 December 2020 and 31 December 2019 is shown below:

	Change in Assumption	Base value SR	Impact on defined benefit obligation	
			Increase in assumption SR	Decrease in assumption SR
Discount rate	+/-1%	23,364,087	22,057,273	26,305,659
Salary growth rate	+/-1%	23,364,087	26,333,569	21,994,653
Mortality rate	+/-10%	23,364,087	24,013,860	24,022,926
Withdrawal rate	+/-10%	23,364,087	23,783,362	24,278,574

*31 December 2019*

	Change in Assumption	Base value SR	Impact on defined benefit obligation	
			Increase in assumption SR	Decrease in assumption SR
Discount rate	+/-1%	20,182,369	21,525,357	25,274,888
Salary growth rate	+/-1%	20,182,369	25,373,888	21,407,432
Mortality rate	+/-10%	20,182,369	23,261,739	23,266,443
Withdrawal rate	+/-10%	20,182,369	23,105,300	23,438,464

The sensitivity analysis above has been determined based on a method that extrapolates the impact on the employees' benefit liabilities as a result of reasonable changes in key assumptions occurring as at 31 December 2020 and 31 December 2019. The sensitivity analysis is based on a change in a significant assumption, keeping all other assumptions constant. The sensitivity analysis may not be representative of an actual change in the defined benefit obligation as it is unlikely that changes in assumptions would occur in isolation of one another.

The following are the expected payments or contributions to the employees in future years:

	2020 SR	2019 SR
Within the next 12 months (next annual reporting period)	2,544,858	2,941,832
Between 2 and 5 years	7,849,801	7,613,025
Beyond 5 years	22,107,398	21,344,020
	<u>32,502,057</u>	<u>31,898,877</u>

**19. ACCRUED EXPENSES AND OTHER CURRENT LIABILITIES**

	2020 SR	2019 SR
Accrued expenses	16,024,342	21,158,433
Advance from customers	12,142,021	10,399,604
Loyalty points	4,077,604	3,585,569
VAT payable	1,427,938	-
Other payables	1,048,679	1,186,971
	<u>34,720,584</u>	<u>36,330,577</u>



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NOTES TO THE FINANCIAL STATEMENTS (continued)

At 31 December 2020

**20. ZAKAT PROVISION**

20.1 The zakat charge of the Company consists of:

	2020 SR	2019 SR
Charge for the year	6,401,349	4,033,274
(Reversal) Additional provision for prior years	(2,292,803)	4,094,412
<b>Total</b>	<b>4,108,546</b>	<b>8,127,686</b>
	2020 SR	2019 SR
At the beginning of the year	19,854,371	13,765,921
Provided during the year	4,108,546	8,127,686
Paid during the year	(4,033,273)	(2,039,236)
<b>At the end of the year</b>	<b>19,929,644</b>	<b>19,854,371</b>

20.2 The principal element of the zakat base are as follows:

	2020 SR	2019 SR
Shareholders' equity	448,613,372	278,427,288
Opening provisions and other adjustments	817,995,986	824,060,903
Book value of long-term assets	(1,098,628,334)	(1,080,288,637)
	167,981,024	22,199,554
Zakatable income	82,378,646	138,441,542
<b>Zakat base</b>	<b>250,359,670</b>	<b>160,641,096</b>
<b>Zakat</b>	<b>6,401,349</b>	<b>4,033,274</b>

20.3 Status of zakat assessment

- The Company has filed its zakat returns and financial statements to The General Authority of Zakat and Tax ("GAZT") for all years up to 31 December 2019 and obtained zakat certificate for those years.
- The Company finalized its zakat position with GAZT for all years up to 2009.
- During the year ended 31 December 2019, GAZT has issued a letter showing zakat differences by SR 13,903,441 for the years from 2010 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 GAZT against these differences.
- During the year ended 31 December 2020, the Company received from GAZT a preliminary assessment showing zakat differences for the year of 2018 by SR 4,014,060, and the Company has made a provision for the full amount. Further, GAZT has issued an amendment to zakat differences for the year of 2018 based on the clarifications provided by the Company 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.

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**20. ZAKAT PROVISION (continued)**

20.3 Status of zakat assessment (continued)

- Subsequent to the year ended 31 December 2020, management received a correspondence from the General Authority of Zakat and Income Tax ("GAZT"), regarding the ownership of shares by Growth Opportunities Company for Trading, one of the shareholders in the Company, that there are certain possible taxes on the company. GAZT's view based on certain assumptions, is that the Company is partially subject to income tax. In the above-mentioned correspondence, GAZT assumed that the above-mentioned shareholder is fully owned directly or indirectly by non-GCC nationals and accordingly, the total amount of income tax exposure as stated by GAZT is SR 29.76 million for income tax and withholding tax exposure was set out by GAZT 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 financial statements by the Board of Directors, no official assessment has been received from GAZT. Additional potential exposure for the year ended 31 December 2019 and for the period ended 31 December 2020 could arise if GAZT imposes the above-mentioned principle to all assessment years.

The Company is currently registered with GAZT as a 100% zakatable company on the basis of its ownership structure with all direct and indirect shareholders of the Company 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 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 GAZT in connection with the above matter are still on-going and are in an early stage and the outcome of the above matter is still uncertain. Moreover, in case of any imposed position by GAZT, in addition to any relevant fines and delay penalties, the above-mentioned shareholder has provided to the Company an indemnity undertaking letter to bear any tax related liability that might be imposed on the Company by GAZT in connection with the above matter. Therefore, in the light of the information currently available and the indemnity undertaking letter from the above-mentioned 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 GAZT.

**21. EARNINGS PER SHARE**

Earnings per share ("EPS") is calculated by dividing the net income for the year over the weighted average of the current ordinary shares during the year.

	2020	2019
Net income for the year (Saudi Riyals)	62,902,064	114,848,007
Weighted average number of ordinary shares for basic and diluted EPS	43,000,000	43,000,000
<b>Earnings per share (Saudi Riyals) (restated)</b>	<b>1.46</b>	<b>2.67</b>

Weighted average of ordinary shares of the comparative year has been restated to be consistent with the weighted average of ordinary shares in the current year. The comparative basic and diluted earnings per share has been restated accordingly.

**22. REVENUE**

*Disaggregated revenue information*

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

	2020 SR	2019 SR
Short term rental	254,974,912	349,396,532
Long term lease	249,653,717	191,150,055
Sales of motor vehicles	155,366,166	90,593,507
	659,994,795	631,140,094

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**22. REVENUE (continued)**

*Timing of revenue recognition*

	2020 SR	2019 SR
Services transferred over time	504,628,629	540,546,587
Services transferred at point in time	155,366,166	90,593,507
	<u>659,994,795</u>	<u>631,140,094</u>

*Performance obligations*

The performance obligation is satisfied upon availing the vehicle for lease and payment is generally due 90 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. Some 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:

	2020 SR	2019 SR
Within 1 year	224,334,192	199,813,267
After 1 year, but not more than 5 years	267,044,825	292,978,489
	<u>491,379,017</u>	<u>492,791,756</u>

**22.1 Contract balances**

	2020 SR	2019 SR
Contract asset (note 12)	6,437,483	7,824,616
Contract liability	-	241,767

**23. COST OF REVENUE**

	2020 SR	2019 SR
Depreciation of property and equipment (note 6)	201,363,131	176,684,029
Cost of sold vehicles	144,146,595	84,789,815
Employees' salaries and other benefits	42,614,559	49,217,135
Depreciation on right of use assets (note 7)	33,460,939	15,895,357
Insurance	33,070,586	34,105,459
Maintenance and repair	23,565,674	21,539,129
Rental	4,128,559	11,640,999
Write down of inventory	3,583,557	302,061
Shipping	3,531,114	3,852,272
Bank charges	2,751,491	3,461,390
Utilities	1,166,628	1,335,364
Amortisation of intangible assets (note 8)	251,905	221,935
Others	4,346,100	6,945,105
	<u>497,980,838</u>	<u>409,990,050</u>

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At 31 December 2020

**24. SELLING AND MARKETING EXPENSES**

	2020 SR	2019 SR
Employees' salaries and other benefits	24,827,967	29,248,731
Advertising	1,573,594	2,053,321
Others	786,369	1,950,987
	<u>27,187,930</u>	<u>33,253,039</u>

**25. GENERAL AND ADMINISTRATIVE EXPENSES**

	2020 SR	2019 SR
Employees' salaries and other benefits	15,768,641	18,709,881
Professional fees	2,257,476	2,247,982
Provision for expected credit losses	2,428,892	1,256,732
Governmental fees	2,139,736	1,854,983
IT/ERP system	2,119,232	1,471,816
Insurance receivable write-off	1,603,944	-
Utilities	1,571,164	1,197,903
Communication	1,042,248	1,130,851
Depreciation of property and equipment (note 6)	573,921	453,195
Hospitality	383,612	865,333
Maintenance and repair	129,512	303,379
Others	2,479,948	2,241,547
	<u>32,498,326</u>	<u>31,733,602</u>

**26. OTHER INCOME**

Other income for the year ended 31 December 2020 includes SR 3,520,000 relating to reverse provision recorded during prior years for raised insurance claims.

**27. FINANCE COSTS**

	2020 SR	2019 SR
Finance cost on bank borrowings	26,653,763	22,338,769
Finance cost on lease liabilities (note 7.2)	4,725,899	2,179,480
Interest on employees' defined benefit liabilities (note 18.3)	581,602	863,547
	<u>31,961,264</u>	<u>25,381,796</u>

**28. COMMITMENTS AND CONTINGENCIES**

At 31 December 2020, The Company issued letters of guarantees amounted to SR 43,697,385 (2019: SR 28,582,520) mainly in respect of the Company's leased properties and bidding securities.

As mentioned in note 20 to the financial statements, the Company has disclosed contingent liability in relation to correspondence received from GAZT.

**29. FAIR VALUE OF ASSETS AND LIABILITIES**

As at 31 December 2020 and 2019, the fair values of the Company's financial instruments are estimated to approximate their carrying values and are classified under level 2 of the fair value hierarchy. No significant inputs were applied in the valuation of trade receivables as at 31 December 2020 and 31 December 2019.

Fair values of the Company's borrowings are determined by using DCF method using discount rate that reflects the borrowing rate as at the end of the reporting period. As at 31 December 2020 and 31 December 2019, the carrying amounts of borrowings were not materially different from their calculated fair values.

During the year ended 31 December 2020 and 2019, there were no movements between the levels.

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At 31 December 2020

**30. FINANCIAL INSTRUMENTS RISK MANAGEMENT**

The Company's principal financial liabilities comprise bank borrowings, accounts payable and other payables. The main purpose of these financial liabilities is to finance the Company's operations and to provide guarantees to support its operations. The Company's principal financial assets include accounts receivable and other receivables and bank balances.

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

**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: commission rate risk, currency risk and other price risk, such as equity price risk and commodity risk. Financial instruments affected by market risk include bank borrowings.

**Commission rate risk**

Commission rate risk is the exposure to various risks associated with the effect of fluctuations in the prevailing commission rates on the Company's financial position and cash flows. The Company manages the commission rate risk by regularly monitoring the commission rate profiles of its interest-bearing financial instruments.

**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 Company's transactions are principally in Saudi Riyals. The Company's management monitors such fluctuations and manages its effect on the financial statements accordingly.

**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 Company 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 Company 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 Company has a system of assigning credit limits to its customers based on an extensive evaluation based on customer profile and payment history.

The Company's gross maximum exposure to credit risk at the reporting date is as follows:

	2020 SR	2019 SR
Accounts receivable (note 10)	148,005,262	113,536,290
Bank balances (note 13)	38,917,437	58,393,044
	<u>186,922,699</u>	<u>171,929,334</u>

**a) Accounts receivable**

Customer credit risk is managed by each business unit subject to the Company'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 5 largest customers account for 27% of outstanding accounts receivable at 31 December 2020 (2019: 24%).

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NOTES TO THE FINANCIAL STATEMENTS (continued)

At 31 December 2020

**30. FINANCIAL INSTRUMENTS RISK MANAGEMENT (continued)**

*Credit risk (continued)*

**a) Accounts receivable (continued)**

The Company applies the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all accounts and other receivables.

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 that is available at the reporting date about past events, current conditions and forecasts of future economic conditions. 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 promissory notes or advance payments, which are considered integral part of account receivables and considered in the calculation of impairment.

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

**b) Bank balances**

Credit risk from bank balances are managed by the Company's management in accordance with the Company's policy and is limited as cash balances are held with banks with sound credit ratings. The Company deposits its cash balances with major high credit-rated financial institutions and does not believe that there is a significant risk of non-performance by these financial institutions.

**Liquidity risk**

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company's approach to managing liquidity is to ensure, as far as possible, that it will 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's reputation.

Typically, the Company ensures that it has sufficient cash on demand to meet expected operational expenses including the servicing of financial obligations.

Cash flow forecasting is performed by the management which monitors rolling forecasts of the Company's liquidity requirements to ensure it has sufficient cash to meet operational needs.

The table below analyses the Company's financial liabilities into the relevant maturity based on the remaining period at the reporting date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within twelve months equal their carrying balances, as the impact of discounting is not significant.

	<i>Within 1 year SR</i>	<i>1 to 5 years SR</i>	<i>More than 5 years SR</i>	<i>Total SR</i>
<b>31 December 2020</b>				
Term loans	296,508,006	248,511,760	-	545,019,766
Car dealership' payable	64,655,641	-	-	64,655,641
Accrued expenses and other payable	34,720,584	-	-	34,720,584
Lease liabilities	34,791,072	89,011,286	3,902,707	127,705,065
Accounts payable	7,079,162	-	-	7,079,162
	<u>437,754,465</u>	<u>337,523,046</u>	<u>3,902,707</u>	<u>779,180,218</u>



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## NOTES TO THE FINANCIAL STATEMENTS (continued)

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**30. FINANCIAL INSTRUMENTS RISK MANAGEMENT (continued)***Liquidity risk (continued)*

	Within 1 year SR	1 to 5 years SR	More than 5 years SR	Total SR
31 December 2019				
Term loans	288,849,161	316,162,393	-	605,011,554
Car dealership payable	91,923,948	-	-	91,923,948
Accrued expenses and other payable	36,330,577	-	-	36,330,577
Lease liabilities	15,364,724	26,299,060	2,314,149	43,977,933
Accounts payable	3,533,867	-	-	3,533,867
	<u>436,002,277</u>	<u>342,461,453</u>	<u>2,314,149</u>	<u>780,777,879</u>

**31. FINANCIAL ASSETS AND FINANCIAL LIABILITIES****31.1 FINANCIAL ASSETS**

	2020 SR	2019 SR
<b>Financial assets at amortised cost:</b>		
Accounts receivable	109,151,468	85,397,651
Amounts due from related parties	10,133,496	4,415,046
	<u>119,284,964</u>	<u>89,812,697</u>
Bank balances and cash	39,514,666	58,970,106
<b>Total financial assets</b>	<u>158,799,630</u>	<u>148,782,803</u>

**31.2 FINANCIAL LIABILITIES**

	Effective Interest rate	Maturity	2020 SR	2019 SR
<b>Current interest-bearing liabilities</b>				
Current portion of term loans	Note 17	Less than 1 year	296,508,006	288,849,161
Current portion of lease obligation	Note 7	Less than 1 year	34,791,072	15,364,724
<b>Non-current interest-bearing liabilities</b>				
Term loans	Note 17		248,511,760	316,162,393
Lease obligation	Note 7		92,913,993	28,613,209

**32. CAPITAL MANAGEMENT**

For the purpose of the Company's management, capital includes issued capital and all other equity reserves attributable to the equity holders. The primary objective of the Company's capital management is to maximise the shareholders value.

The Company manages its capital structure and makes adjustments in light of changes in economic conditions. The Company informally monitors capital using a gearing ratio, which is 'net debt' divided by total capital plus net debt.

	2020 SR	2019 SR
Non-current portion of term loans	248,511,760	316,162,393
Non-current portion of lease obligation	92,913,993	28,613,209
Current portion of term loans	296,508,006	288,849,161
Current portion of lease obligation	34,791,072	15,364,724
	<u>672,724,831</u>	<u>648,989,487</u>
Equity	<u>482,051,357</u>	<u>448,613,372</u>
Gearing ratio	1.39	1.45

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## NOTES TO THE FINANCIAL STATEMENTS (continued)

At 31 December 2020

**33. SEGMENTAL INFORMATION**

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.

31 December 2020	Short term lease SR	Long term lease SR	Others SR	Total SR
Revenue	254,974,912	249,653,717	155,366,166	659,994,795
Depreciation expense – motor vehicles	(90,699,584)	(107,941,190)	-	(198,640,774)
<b>Segment profit</b>	<u>164,275,328</u>	<u>141,712,527</u>	<u>155,366,166</u>	<u>461,354,021</u>
31 December 2019	Short term lease SR	Long term lease SR	Others SR	Total SR
Revenue	349,396,532	191,150,055	90,593,507	631,140,094
Depreciation expense – motor vehicles	(92,193,544)	(81,408,242)	-	(173,601,786)
Segment profit	<u>257,202,988</u>	<u>109,741,813</u>	<u>90,593,507</u>	<u>457,538,308</u>
<i>Unallocated revenue and expenses:</i>				
			2020 SR	2019 SR
Cost of revenue			(299,340,064)	(236,388,264)
Selling and marketing expenses			(27,187,930)	(33,253,039)
General and administrative expenses			(32,498,326)	(31,733,602)
Provision for expected credit losses			(10,804,062)	(6,746,837)
Finance costs			(31,961,264)	(28,142,239)
Other income			7,792,299	2,878,719
<b>Income before zakat</b>			<u>67,354,674</u>	<u>124,153,046</u>

*Detail of segment assets and liabilities:*

31 December 2020	Allocated		Unallocated	
	Short term lease SR	Long term lease SR	Other SR	Total SR
Segment assets	324,434,120	553,409,584	429,562,277	1,307,405,981
Segment liabilities	-	-	825,890,545	825,890,545
31 December 2019	Allocated		Unallocated	
	Short term lease SR	Long term lease SR	Other SR	Total SR
Segment assets	388,348,654	538,062,440	349,100,825	1,275,511,919
Segment liabilities	-	-	826,898,547	826,898,547
<i>Other disclosures:</i>				
31 December 2020	Allocated		Unallocated	
	Short term lease SR	Long term lease SR	Other SR	Total SR
Capital expenditures	132,927,263	175,059,041	3,018,385	311,004,689
31 December 2019	Allocated		Unallocated	
	Short term lease SR	Long term lease SR	Other SR	Total SR
Capital expenditures	222,418,852	319,509,802	3,948,913	545,877,567

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NOTES TO THE FINANCIAL STATEMENTS (continued)

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**33. SEGMENTAL INFORMATION (continued)**

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.

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

- Short term lease 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) represents the sales of vehicles that were previously held as a part of lease or rental fleet.

**34. DIVIDENDS**

The Company's Board of Directors recommended, in their meeting held on 22 January 2020, to distribute interim cash dividends of SR 1.17 per share totaling to SR 18,000,000 and were approved by the extraordinary general assembly meeting held on 21 October 2020. The above mentioned interim dividends have been distributed to the shareholders.

Further, the shareholders general assembly meeting held on 17 December 2020 approved management recommendation to distribute interim cash dividends of SR 0.28 per share totaling to SR 12,000,000.

The Company's Board of Directors recommended the following during the year ended 31 December 2019:

- distribution of interim cash dividends, in their meeting held on 4 March 2019, of SR 0.65 per share totaling to SR 10,000,000.
- distribution of interim cash dividends in their meeting held on 9 April 2019, of SR 0.71 per share totaling to SR 11,000,000.
- distribution of interim cash dividends in their meeting held on 16 July 2019, of SR 0.71 per share totaling to SR 11,000,000.
- distribution of interim cash dividends in their meeting held on 20 October 2019, of SR 1.17 per share totaling to SR 18,000,000.

The recommendations of the Board of Directors to distribute interim cash dividends during the year ended 31 December 2019 were approved by the extraordinary general assembly meeting held on 19 March 2020.

**35. CHANGES IN LIABILITIES ARISING FROM FINANCING ACTIVITIES**

Changes in liabilities arising from financing activities:

	1 January 2020 SR	Cash flows SR	New leases SR	Others SR	31 December 2020 SR
Current portion of term loans	288,849,161	7,658,845	-	-	296,508,006
Lease liabilities	43,977,933	(26,755,069)	105,756,302	4,725,899	127,705,065
Non-current portion of term loans	316,162,393	(67,650,633)	-	-	248,511,760
<b>Total</b>	<b>648,989,487</b>	<b>(86,746,857)</b>	<b>105,756,302</b>	<b>4,725,899</b>	<b>672,724,831</b>
	1 January 2019 SR	Cash flows SR	New leases SR	Others SR	31 December 2019 SR
Current portion of term loans	129,320,089	159,529,072	-	-	288,849,161
Lease liabilities	51,962,110	(16,943,303)	6,779,646	2,179,480	43,977,933
Non-current portion of term loans	229,622,760	86,539,633	-	-	316,162,393
<b>Total</b>	<b>410,904,959</b>	<b>229,125,402</b>	<b>6,779,646</b>	<b>2,179,480</b>	<b>648,989,487</b>

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**36. DERIVATIVES NOT DESIGNED AS HEDGING INSTRUMENTS**

The Company is engaged in interest rate swap agreements, with local banks. Notional amount of SR 150,000,000 (31 December 2019: SR 150,000,000). Derivative not designed as hedging instruments. The change in fair value of those commission rates that are not designed in hedge relationships, but are, nevertheless, intended to reduce the level of commission rate risk. As at 31 December 2020, the fair value of the derivative instrument at FVTPL amounted to SR 2,760,443 (31 December 2019: SR 2,760,443).

The fair value hierarchy for derivatives not designated as hedging instruments for disclosure purpose is Companyed in level 2, with significant inputs being directly or indirectly observable.

**37. RESTATEMENT**

During the year ended 31 December 2020, management noted an error of not recording losses on derivatives designated at FVTPL amounted to SR 2,760,443, resulting in overstatement of the total comprehensive income for the year ended 31 December 2019 and understatement of the outstanding balance derivative instrument at FVTPL.

The above-mentioned error has been rectified and opening retained earnings were accordingly restated to rectify that error. The effect of correcting the error is set out below:

	As previously stated SR	Adjustments SR	Restated SR
<i>On the statement of financial position</i>			
Retained earnings 31 December 2019	242,133,738	(2,760,443)	239,373,295
Derivative instrument at FVTPL (*)	-	2,760,443	2,760,443
<i>On the statement of comprehensive income</i>			
Loss on derivative instrument at FVTPL	-	(2,760,443)	(2,760,443)

(\*) Management did not restate year ended 31 December 2018, since the impact of the fair valuation of the derivative instrument at FVTPL is not material to the financial statements taken as a whole. Accordingly, management did not present financial position as of 1 January 2019, being the beginning of the earliest prior period presented.

Further to the above, certain prior year figures were reclassified to conform to the current period presentation.

**38. COVID - 19**

In December 2019, a novel strain of coronavirus disease (COVID-19) was first reported in Wuhan, Hubei Province, China. Subsequently in March 2020, it was characterized as a pandemic by the World Health Organization (WHO). This disease has since then spread in most countries of the world, causing many countries, including the Kingdom of Saudi Arabia, to take various measures to limit the spread of the coronavirus, including imposition of temporary restrictions, such as travel bans, curfews, banned movement between the cities within the Kingdom of Saudi Arabia and restriction of activities that do not allow social distancing, along with requiring people coming from other countries to stay in quarantine for a certain period of time. Given the various mobility restrictions, it resulted in slowdown in the Company's revenue stream, mainly related to the short-term rental due to a sudden drop in demand for car rental services.

In response to the spread of the COVID-19, the Company's management carried out an impact assessment on its operations, estimated its liquidity requirements and business aspects, including factors like travel restrictions, supply chain, services demand, used vehicle demand and other relevant considerations. Management has taken a series of preventive measures, including adopting all applicable Ministry of Health safety guidelines to ensure the health and safety of its employees, customers, and wider community as well. Management has also taken several steps to mitigate the effects of the pandemic, including a coordinated de-fleeting, leveraging government support programs and renegotiating rent and insurance contracts. Further, the Company's management evaluated the cash flow situation, including available bank facilities, continuation of existing leasing contracts and the readiness of operational processes when the situation improves.

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**38. COVID - 19 (continued)**

However, the extent of the coronavirus pandemic impact on the Company's business, operations, and financial results remains uncertain and will depend on many factors and future developments that the Company may not be able to estimate reliably during the current period, noting that the Company's working capital funding is heavily dependent on cash flows from operations. 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 to the businesses of the Company's customers and partners and other factors.

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. Due to the currently unforeseeable global consequences of the COVID-19, these accounting estimates and management judgements are subject to increased uncertainty. Actual amounts may differ from the estimates and management judgements; changes can have a material impact on these financial statements. In addition, the magnitude, duration and speed of the global pandemic remains uncertain. As the situation is rapidly evolving with future uncertainties, the Company will continue to evaluate the nature and extent of the impact on its business and financial results and performance.

**39. COMPANY BRANCHES**

These financial statements cover the activities of the Company and the following branches:

Branch	Commercial registration	License No.	Date of commercial registration
<b>Central region</b>			
Altaawon	1010311975	10102000212	4/8/1432 H (corresponding 5/6/2011)
Alswaidi	1010187020	10102000202	30/3/1424 H (corresponding 31/5/2003)
Alshefa	1010359247	10102000213	16/2/1434 H (corresponding 29/12/2012)
Al-Yasmin	1010396199	10102000215	23/1/1435 H (corresponding 26/11/2013)
Riyadh Showroom, AlRawdah	1010378245	10102000214	27/7/1434 H (corresponding 6/6/2013)
Al-Malaz	1010224758	10102000201	22/10/1427 H (corresponding 13/11/2006)
Um Alhamam	1010181670	10102000207	15/8/1423 H (corresponding 21/10/2002)
King Khalid Airport	1010150661	10102000206	12/4/1419 H (corresponding 5/8/1998)
Car Sales	1010177560	-	23/3/1423 H (corresponding 4/6/2002)
Maintenance Center	1010388439	-	12/11/1434 H (corresponding 18/9/2013)
Real Estate Records	1010317696	-	10/11/1432 H (corresponding 8/10/2011)
Buraida	1131051994	40102000201	12/5/1435H (corresponding 13/03/2014)
Buraida Airport	1131051994	40102000201	12/5/1435 H (corresponding 13/03/2014)
Hail Airport	1010224758	80102000201	22/10/1427 H (corresponding 13/11/2006)
Al Aroubah	1010930285	10102000217	13/4/1439 H (corresponding 31/12/2017)
Al Yarmouk	1010451029	30103000201	15/9/1439 H (corresponding to 29/5/2018)
<b>Western region</b>			
Quraish St. Albawadi, Almadina road (1)	4030127038	20202000201	29/1/1420 H (corresponding 15/5/1999)
Prince Mohammed St. Alazizia (Althalia)	4030127038	20202000205	29/1/1420 H (corresponding 15/5/1999)
Albughdadia	4030127038	20202000206	29/1/1420 H (corresponding 15/5/1999)
Almadina road - al rawdah	4030127038	20202000207	29/1/1420 H (corresponding to 15/5/1999)
Almadina road. Al-Rawdah	4030127038	20202000207	29/1/1420 H (corresponding 15/5/1999)
Al-Fayha	4030127038	20202000209	29/1/1420 H (corresponding 15/5/1999)
Al-Samer	4030127038	20202000210	29/1/1420 H (corresponding 15/5/1999)
Yanbu	4700017234	-	15/3/1435 H (corresponding 16/1/2014)
Yanbu Airport	4700017234	30202000201	15/3/1435 H (corresponding 16/1/2014)
Almadina Almonawara Airport	4650050975	30102000202	4/3/1432 H (corresponding 7/2/2011)
Al-Taif Airport	4032036164	20302000201	18/6/1434 H (corresponding 28/4/2013)
Car sales - Jeddah	4030294835	-	30/8/1437 H (corresponding 6/6/2017)
Al Madinah - King Abdulaziz road	4650050975	30102000201	4/3/1432 H (corresponding 7/2/2011)
Al Amal	4030127038	20202000212	29/1/1420 (corresponding 14/5/1999)
Makah Almukarmah branch	4031225251	14/00000537	25/7/1440 (corresponding 01/4/2019)
Altaif branch	4032235084	14/00000208	25/7/1440 (corresponding 01/4/2019)
Alual branch	4651102277	14/00000453	15/2/1441 (corresponding 15/10/2019)
<b>Eastern region</b>			
Dammam	2050034970	50102000201	4/2/1420 H (corresponding 19/5/1999)
Al-Khobar	2050034970	50602000201	4/2/1420 H (corresponding 19/5/1999)
Dammam Airport	2050034970	50102000202	4/2/1420 H (corresponding 19/5/1999)
Al-Jubail	2055009774	51302000201	15/9/1429 H (corresponding 15/9/2008)

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Theeb Rent a Car Company  
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NOTES TO THE FINANCIAL STATEMENTS (continued)

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Alihasa, Alkhalidia 2251040741 50202000201 22/11/1431 H (corresponding 30/10/2010)

**39. COMPANY BRANCHES (continued)**

<b>Eastern region</b>			
Alihasa, Alhubaraz	2251040741	50202000201	22/11/1431 H (corresponding 30/10/2010)
Azizia Khubar	2050034970	50602000201	4/2/1420 H (corresponding 19/5/1999)
<b>Southern region</b>			
Alkhamis road, Abha Branch	1010150661	60102000201	12/4/1419 H (corresponding 5/8/1998)
Abha Airport	1010150661	60102000203	12/4/1419 H (corresponding 5/8/1998)
Albaha Airport	1010150661	120502000201	12/4/1419 H (corresponding 5/8/1998)
Jazan Airport	5900020957	100102000201	23/3/1434 H (corresponding 4/2/2013)
Albaha Branch	5800020727	120102000201	2/5/1437 H (corresponding 11/02/2016)
Najran Branch	5950032463	110102000202	4/7/1437 H (corresponding 11/04/2016)
Madina road, askaria - khamis mushait	5950031927	110102000201	3/7/1436 H (corresponding 22/4/2015)
<b>Northern region</b>			
Tabuk	3550032407	70102000201	14/2/1435 H (corresponding 17/12/2013)
Tabuk Airport	3550032407	70102000201	14/2/1435 H (corresponding 17/12/2013)
Neom Airport	3550032407	70102000201	14/2/1435 H (corresponding 17/12/2013)

**40. APPROVAL OF THE FINANCIAL STATEMENTS**

These financial statements were authorized for issue on 11 Sha'aban 1442H (corresponding to 24 March 2021) by the Board of Directors of the Company

**41. SUBSEQUENT EVENTS**

In the opinion of management, no significant subsequent events have occurred subsequent since 31 December 2020 that would have a material impact on the financial position or financial performance of the Company.

**42. COMPARATIVE INFORMATION**

Other than the adjustments disclosed in note (37), certain comparative information has been reclassified to align with current year presentation

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لتأجير السيارات  
Rent a Car