

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

UNAUDITED INTERIM CONDENSED FINANCIAL STATEMENTS

FOR THE THREE-MONTH AND NINE-MONTH PERIODS ENDED 30 SEPTEMBER 2023

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

INTERIM CONDENSED FINANCIAL STATEMENTS (UNAUDITED)

INDEX	PAGE
Independent Auditor's Review Report on the interim condensed financial statements to the shareholders of Theeb Rent a Car Company	1-2
Interim Condensed Statement of Comprehensive Income	3
Interim Condensed Statement of Financial Position	4
Interim Condensed Statement of Changes in Shareholders' Equity	5
Interim Condensed Statement of Cash Flows	6-7
Notes to the Interim Condensed Financial Statements	8-19

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

Introduction

We have reviewed the accompanying interim condensed statement of financial position of Theeb Rent a Car Company (a Saudi Joint Stock Company) ("the Company") as at 30 September 2023, and the related interim condensed statement of comprehensive income for the three-month and nine-month periods ended 30 September 2023, and the related interim condensed statements of changes in shareholders' equity and cash flows for the nine-month period then ended, and explanatory notes. Board of Directors are responsible for the preparation and presentation of these interim condensed financial statements in accordance with International Accounting Standard 34, "Interim Financial Reporting" ("IAS 34") as endorsed in the Kingdom of Saudi Arabia. Our responsibility is to express a conclusion on these interim condensed financial statements based on our review.

Scope of review

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

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim condensed financial statements are not prepared, in all material respects, in accordance with IAS 34 as endorsed in the Kingdom of Saudi Arabia.

**Independent Auditor's Review Report on the Interim Condensed Financial Statements
To the Shareholders of Theeb Rent a Car Company
(A Saudi Joint Stock Company) (continued)**

Emphasis of a matter

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

for Ernst & Young Professional Services

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



Riyadh: 28 Rabi Al-Thani 1445H
(12 November 2023)

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

INTERIM CONDENSED STATEMENT OF COMPREHENSIVE INCOME

For the three-month and nine-month periods ended 30 September 2023

	Notes	For the three-month period ended 30 September		For the nine-month period ended 30 September	
		2023 (Unaudited) SR	2022 (Unaudited) SR	2023 (Unaudited) SR	2022 (Unaudited) SR
Revenues	12	288,406,442	250,202,305	834,719,941	697,688,737
Cost of revenues		(196,424,108)	(161,606,665)	(570,033,776)	(443,152,829)
GROSS PROFIT		91,982,334	88,595,640	264,686,165	254,535,908
General and administrative expenses		(13,341,504)	(9,231,240)	(38,343,249)	(31,958,953)
Selling and marketing expenses		(14,515,213)	(12,761,388)	(41,848,954)	(36,317,677)
Provision for expected credit losses		(11,047,373)	(2,298,268)	(26,700,044)	(18,803,301)
INCOME FROM OPERATIONS		53,078,244	64,304,744	157,793,918	167,455,977
Other income		326,823	266,549	1,828,846	1,289,358
Finance cost		(15,667,203)	(9,017,799)	(41,826,783)	(21,588,068)
Gain on derivative instrument at FVTPL		-	-	-	480,196
INCOME BEFORE ZAKAT		37,737,864	55,553,494	117,795,981	147,637,463
Zakat	3	(3,404,570)	(1,758,759)	(11,251,894)	(8,188,767)
NET INCOME FOR THE PERIOD		34,333,294	53,794,735	106,544,087	139,448,696
Other comprehensive income		-	-	-	-
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		34,333,294	53,794,735	106,544,087	139,448,696
Earnings per share:					
Basic and diluted earnings per share for the period	5	0.80	1.25	2.48	3.24

Chairman

Chief Executive Officer

Chief Financial Officer

The accompanying notes from 1 to 18 form an integral part of these interim condensed financial statements.

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

INTERIM CONDENSED STATEMENT OF FINANCIAL POSITION

As at 30 September 2023

		30 September 2023 (Unaudited) SR	31 December 2022 (Audited) SR
	<i>Notes</i>		
ASSETS			
NON-CURRENT ASSETS			
Property and equipment	4	1,515,203,182	1,320,362,211
Right-of-use assets	7	103,113,174	101,610,688
TOTAL NON-CURRENT ASSETS		1,618,316,356	1,421,972,899
CURRENT ASSETS			
Inventories	6	7,668,620	4,966,089
Accounts receivable	8	238,751,695	189,363,995
Prepayments and other current assets		152,432,856	139,318,414
Contract assets		9,810,168	10,499,399
Bank balances and cash		66,275,642	100,092,690
TOTAL CURRENT ASSETS		474,938,981	444,240,587
TOTAL ASSETS		2,093,255,337	1,866,213,486
SHAREHOLDERS' EQUITY AND LIABILITIES			
SHAREHOLDERS' EQUITY			
Share capital	10	430,000,000	430,000,000
Statutory reserve		48,862,424	38,208,015
Retained earnings		231,482,077	196,652,399
TOTAL SHAREHOLDERS' EQUITY		710,344,501	664,860,414
LIABILITIES			
NON-CURRENT LIABILITIES			
Non-current portion of term loans	11	505,166,268	455,185,280
Employees' defined benefit liabilities		37,517,153	34,935,477
Non-current portion of lease obligation	7	61,932,855	53,707,128
TOTAL NON-CURRENT LIABILITIES		604,616,276	543,827,885
CURRENT LIABILITIES			
Current portion of term loans	11	509,414,719	442,155,580
Current portion of lease obligation	7	50,231,652	53,848,293
Car dealership payable		82,008,583	56,876,824
Accounts payable		48,457,792	29,735,448
Accrued expenses and other current liabilities		62,989,707	50,190,659
Zakat payable	3	25,192,107	24,718,383
TOTAL CURRENT LIABILITIES		778,294,560	657,525,187
TOTAL LIABILITIES		1,382,910,836	1,201,353,072
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES		2,093,255,337	1,866,213,486

Chairman

Chief Executive Officer

Chief Financial Officer

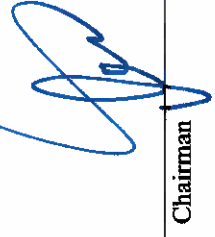
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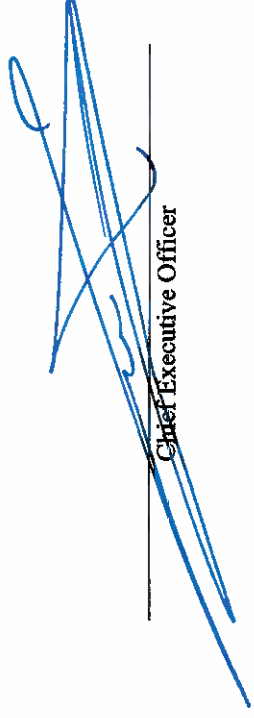
Theeb Rent a Car Company
(A Saudi Joint Stock Company)

INTERIM CONDENSED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

For the nine-month period ended 30 September 2023

	Share capital SR	Statutory Reserve SR	Retained earnings SR	Total SR
As at 31 December 2021 (Audited)	430,000,000	18,897,220	118,458,160	567,355,380
Net income for the period	-	-	139,448,696	139,448,696
Other comprehensive income	-	-	-	-
Total comprehensive income	-	-	139,448,696	139,448,696
Transfer to statutory reserve	-	13,944,870	(13,944,870)	-
Dividends (note 13)	-	-	(65,790,000)	(65,790,000)
As at 30 September 2022 (Unaudited)	430,000,000	32,842,090	178,171,986	641,014,076
As at 31 December 2022 (Audited)	430,000,000	38,208,015	196,652,399	664,860,414
Net income for the period	-	-	106,544,087	106,544,087
Other comprehensive income	-	-	-	-
Total comprehensive income	-	-	106,544,087	106,544,087
Transfer to statutory reserve	-	10,654,409	(10,654,409)	-
Dividends (note 13)	-	-	(61,060,000)	(61,060,000)
As at 30 September 2023 (Unaudited)	430,000,000	48,862,424	231,482,077	710,344,501


Chairman


Chief Executive Officer


Chief Financial Officer

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

INTERIM CONDENSED STATEMENT OF CASH FLOWS

For the nine-month period ended 30 September 2023

		2023 (Unaudited) SR	2022 (Unaudited) SR
	Notes		
OPERATING ACTIVITIES			
Income before zakat		117,795,981	147,637,463
<i>Adjustments to reconcile income before zakat to net cash flows:</i>			
Depreciation on property and equipment	4	219,581,289	183,518,405
Depreciation on right-of-use assets	7	32,742,871	25,951,107
Amortisation of intangible assets		-	(4,987)
Provision for expected credit losses		26,700,044	18,803,301
Provision for employees' defined benefit liabilities		3,473,389	5,715,327
Finance costs		37,472,666	18,281,896
Finance cost on lease liabilities		4,354,117	3,306,172
Write down of inventories		6,657,149	4,549,891
Gain on derivative instrument at FVTPL		-	(480,196)
Write off property and equipment		-	(85,226)
		<u>448,777,506</u>	<u>407,193,153</u>
<i>Working capital adjustments:</i>			
Inventories		143,089,550	87,868,555
Accounts receivable		(76,896,262)	(64,208,596)
Prepayments and other current assets		(13,114,442)	(54,915,616)
Contract assets		1,497,749	(1,889,492)
Car dealership payable		25,131,759	(49,043,628)
Accounts payable		18,722,344	9,479,741
Accrued expenses and other current liabilities		11,300,799	2,165,266
Amounts due from related parties		-	482,584
		<u>558,509,003</u>	<u>337,131,967</u>
Additions of motor vehicles	4	(561,712,069)	(412,119,620)
Employees' defined benefit obligations paid		(891,713)	(707,803)
Zakat paid	3	(10,778,170)	(6,866,365)
Net cash flows used in operating activities		<u>(14,872,949)</u>	<u>(82,561,821)</u>
INVESTING ACTIVITIES			
Additions of other property and equipment	4	(5,159,421)	(3,710,083)
Net cash flows used in investing activities		<u>(5,159,421)</u>	<u>(3,710,083)</u>
FINANCING ACTIVITIES			
Finance costs paid relating to term loans		(35,974,417)	(18,196,966)
Proceeds from term loans		497,770,031	537,328,919
Repayments of term loans		(380,529,904)	(323,642,628)
Payments of lease liabilities	7	(33,990,388)	(41,628,498)
Interim dividend paid	13	(61,060,000)	(65,790,000)
Net cash flows (used in) from financing activities		<u>(13,784,678)</u>	<u>88,070,827</u>
(Decrease) increase in bank balances and cash		(33,817,048)	1,798,923
Bank balances and cash at the beginning of the period		100,092,690	57,712,926
Bank balances and cash at the end of the period		<u><u>66,275,642</u></u>	<u><u>59,511,849</u></u>

The accompanying notes from 1 to 18 form an integral part of these interim condensed financial statements.

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

INTERIM CONDENSED STATEMENT OF CASH FLOWS (continued)

For the nine-month period ended 30 September 2023

	Notes	2023 (Unaudited) SR	2022 (Unaudited) SR
Non-cash transactions:			
Transfer of vehicles from property and equipment to inventories	4	152,449,230	92,530,061
Write off of total loss cars	6	6,657,149	4,549,891
Addition of right-of-use assets and lease liabilities	7	34,245,357	35,557,502


Chairman


Chief Executive Officer


Chief Financial Officer

The accompanying notes from 1 to 18 form an integral part of these interim condensed financial statements.

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

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (UNAUDITED) 30 September 2023

1. CORPORATE INFORMATION AND ACTIVITIES

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

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.

2. BASIS OF PREPARATION

2.1 STATEMENT OF COMPLIANCE

These interim condensed financial statements for the three-month and nine-month periods ended 30 September 2023 have been prepared in accordance with International Accounting Standard 34 ‘Interim Financial Reporting’ (“IAS 34”) as endorsed in the Kingdom of Saudi Arabia (“KSA”) and other standards and pronouncements that are issued by the Saudi Organization for Chartered and Professional Accountants (“SOCPA”). The Company has prepared the financial statements on the basis that it will continue to operate as a going concern. Management considers that there are no material uncertainties that may cast significant doubt over this assumption. Management has formed a judgement that there is a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future, and not less than 12 months from the end of the reporting period.

The significant accounting policies adopted in the preparation of these interim condensed financial statements are consistent with those followed in the preparation of the annual financial statements for the year ended 31 December 2022, except for the new standards and amendments effective from 1 January 2023 as disclosed in note 2.4.

The interim condensed financial statements do not include all the information and disclosures required in the annual financial statements and should therefore be read in conjunction with the Company’s annual financial statements for the year ended 31 December 2022. In addition, results for the three-month and nine-month periods ended 30 September 2023 are not necessarily indicative of the results that may be expected for the financial year ending 31 December 2023.

2.2 BASIS OF MEASUREMENT

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

2.3 FUNCTIONAL AND PRESENTATION CURRENCY

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

2.4 NEW STANDARDS, INTERPRETATIONS AND AMENDMENTS ADOPTED BY THE COMPANY

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

IFRS 17 Insurance Contracts

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

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

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

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

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (UNAUDITED)

(continued)

30 September 2023

2. BASIS OF PREPARATION AND ACCOUNTING POLICIES (continued)

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

Definition of Accounting Estimates - Amendments to IAS 8

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

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

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

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

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

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

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

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

3. ZAKAT

Charge for the period

Zakat charged for the three-month and nine-month periods ended 30 September 2023 amounted to SR 3,404,570 and SR 11,251,894 respectively (three-month and nine-month periods ended 30 September 2022: SR 1,758,759 and SR 8,188,767 respectively).

Movement in provision during the period/year

The movement in zakat provision was as follows:

	30 September 2023 (Unaudited) SR	31 December 2022 (Audited) SR	30 September 2022 (Unaudited) SR
At the beginning of the period/year	24,718,383	20,946,003	20,946,003
Provided during the period/year	11,251,894	10,638,745	8,188,767
Paid during the period/year	(10,778,170)	(6,866,365)	(6,866,365)
At the end of the period/year	<u>25,192,107</u>	<u>24,718,383</u>	<u>22,268,405</u>

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

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (UNAUDITED)

(continued)

30 September 2023

3. ZAKAT (continued)

Zakat of assessments

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

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

During September 2021, the Company has replied to ZATCA after receiving the correspondence and no response was received since then. Moreover, in case of any imposed position by ZATCA, in addition to any relevant fines and delay penalties, the above-mentioned former shareholder has provided to the Company an indemnity undertaking letter to bear any tax related liability that might be imposed on the Company by ZATCA in connection with the above matter. Therefore, in the light of the information currently available and the indemnity undertaking letter from the above-mentioned former shareholder, the management is of the view that it is highly unlikely that there will be any material exposure for the Company in connection with the above communication received from ZATCA.

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

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (UNAUDITED)

(continued)

30 September 2023

4. PROPERTY AND EQUIPMENT

	30 September 2023 (Unaudited)			31 December 2022 (Audited)		
	Vehicles SR	Other SR	Total SR	Vehicles SR	Other SR	Total SR
Opening net book value	1,214,911,498	105,450,713	1,320,362,211	1,052,141,868	103,561,584	1,155,703,452
Additions during the period/year	561,712,069	5,159,421	566,871,490	548,498,104	5,350,338	553,848,442
Transfer of vehicles to inventories	(152,449,230)	-	(152,449,230)	(139,242,980)	-	(139,242,980)
Depreciation for the period/year	(215,622,538)	(3,958,751)	(219,581,289)	(246,485,494)	(3,461,209)	(249,946,703)
Closing net book value	1,408,551,799	106,651,383	1,515,203,182	1,214,911,498	105,450,713	1,320,362,211

5. EARNINGS PER SHARE

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

	For the three-month period ended 30 September (Unaudited) 2023		For the nine-month period ended 30 September (Unaudited) 2023	
	2023	2022	2023	2022
Net income for the period	34,333,294	53,794,735	106,544,087	139,448,696
Weighted average number of ordinary shares outstanding	43,000,000	43,000,000	43,000,000	43,000,000
Basic and diluted earnings per share	0.80	1.25	2.48	3.24

6. INVENTORIES

Inventories mainly represent vehicles available for sale. During the nine-month period ended 30 September 2023, the Company wrote down SR 6.7 million (30 September 2022: SR 4.5 million) of inventories resulted from accidents, the reimbursement received from insurance companies related to this was SR 6.19 million (30 September 2022: SR 4.13 million), both write down and reimbursements are presented on net basis in cost of revenues in the interim condensed statement of comprehensive income.

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

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (UNAUDITED)

(continued)

30 September 2023

7. RIGHT-OF-USE ASSETS

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

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

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

	<i>30 September 2023 (Unaudited) SR</i>	<i>31 December 2022 (Audited) SR</i>
At the beginning of the period / year	101,610,688	89,470,488
Additions	34,245,357	48,693,938
Depreciation expense	(32,742,871)	<u>(36,553,738)</u>
At the end of the period/ year	<u>103,113,174</u>	<u>101,610,688</u>

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

	<i>30 September 2023 (Unaudited) SR</i>	<i>31 December 2022 (Audited) SR</i>
At the beginning of the period/ year	107,555,421	109,042,096
Additions	34,245,357	48,693,938
Rent concession (*)	-	(4,766,667)
Accretion of interest	4,354,117	4,342,800
Payments (**)	(33,990,388)	<u>(49,756,746)</u>
At the end of the period/year	112,164,507	107,555,421
Less: Current portion	<u>50,231,652</u>	<u>53,848,293</u>
Non-current portion	<u>61,932,855</u>	<u>53,707,128</u>

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

(**) Payment of lease liability includes repayment of principal portion of SR 29,636,271 (31 December 2022: SR 45,413,946) and payment of interest amounted to SR 4,354,117 (31 December 2022: SR 4,342,800).

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

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (UNAUDITED)

(continued)

30 September 2023

8. ACCOUNTS RECEIVABLE

	<i>30 September 2023 (Unaudited) SR</i>	<i>31 December 2022 (Audited) SR</i>
Accounts receivable	359,483,216	282,586,954
Less: allowance for expected credit losses	(120,731,521)	(93,222,959)
	<u>238,751,695</u>	<u>189,363,995</u>

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

	<i>30 September 2023 (Unaudited) SR</i>	<i>31 December 2022 (Audited) SR</i>
At the beginning of the year	93,222,959	64,244,534
Provided during the year	27,508,562	28,978,425
At the end of the year	<u>120,731,521</u>	<u>93,222,959</u>

9. RELATED PARTY TRANSACTIONS AND BALANCES

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

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

<i>Related Party</i>	<i>Relationship</i>
Mohammed Ahmed Abdullah Al-Theeb	Shareholder
Naif Mohammed Ahmed Abdullah Al-Theeb	Shareholder
Mohammad Ahmed AlTheeb Contracting Company	Affiliate – (Related party to shareholders)
Theeb Sons Company	Affiliate – (Related party to shareholders)
Madareem Company	Affiliate – (Related party to shareholders)

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

<i>Related Party</i>	<i>Nature of transactions</i>	<i>30 September 2023 (Unaudited) SR</i>	<i>30 September 2022 (Unaudited) SR</i>
Mohammad Ahmed AlTheeb	Expenses charged by related party	(560,000)	(420,000)
Mohammad Ahmed AlTheeb Contracting Company	Expenses charged by related party	(215,108)	-
Madareem Company	Expenses charged by related party	(7,680)	-
Theeb Sons Company	Revenue	-	1,950
Mohammad Ahmed AlTheeb	Revenue	3,525	-
Naif Mohammed Al-Theeb	Revenue	52,824	-

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

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (UNAUDITED)

(continued)

30 September 2023

9. RELATED PARTY TRANSACTIONS AND BALANCES (continued)

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

<i>Related Party</i>	<i>Nature of transactions</i>	30 September 2023 (Unaudited) SR	30 September 2022 (Unaudited) SR
Mohammad Ahmed AlTheeb	Expenses charged by related party	(280,000)	(418,500)
Mohammad Ahmed AlTheeb Contracting Company	Expenses charged by related party	(198,065)	-
Madareem Company	Expenses charged by related party	(7,680)	-

There are no due from (due to) related parties balances as at 30 September 2023 (31 December 2022: SR nil).

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

<i>Related party</i>	<i>Nature of transaction</i>	30 September 2023 (Unaudited) SR	30 September 2022 (Unaudited) SR
Key management personnel	Short term employees' benefits	4,950,108	4,148,962
	Long term employees' benefits	212,208	734,113
Board of Directors	Board of Directors' remuneration	1,794,800	1,318,000

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

<i>Related party</i>	<i>Nature of transaction</i>	30 September 2023 (Unaudited) SR	30 September 2022 (Unaudited) SR
Key management personnel	Short term employees' benefits	1,699,007	1,657,008
	Long term employees' benefits	74,110	71,853
Board of Directors	Board of Directors' remuneration	549,000	552,000

10. SHARE CAPITAL

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

11. TERM LOANS

	30 September 2023 (Unaudited) SR	31 December 2022 (Audited) SR
Current portion	509,414,719	442,155,580
Non-current portion	505,166,268	455,185,280
	<u>1,014,580,987</u>	<u>897,340,860</u>

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

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (UNAUDITED)

(continued)

30 September 2023

11. TERM LOANS (continued)

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

The Company's current liabilities exceeded its current assets as of 30 September 2023 primarily owing to the loans, used to finance purchase of vehicles classified under non-current assets in the statement of financial position, as part of the normal course of business. This is consistent with previously reported periods.

12. SEGMENTAL REPORTING

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

*For the nine-month period
ended 30 September 2023
(Unaudited)*

	<i>Short term rental SR</i>	<i>Long term lease SR</i>	<i>Car sales SR</i>	<i>Total SR</i>
Revenue	377,302,651	260,064,436	197,352,854	834,719,941
Depreciation expense (Motor vehicles)	(118,957,154)	(96,665,384)	-	(215,622,538)
Segment profit	<u>258,345,497</u>	<u>163,399,052</u>	<u>197,352,854</u>	<u>619,097,403</u>

*For the nine-month period ended
30 September 2022
(Unaudited)*

	<i>Short term rental SR</i>	<i>Long term lease SR</i>	<i>Car sales SR</i>	<i>Total SR</i>
Revenue	352,508,916	233,117,983	112,061,838	697,688,737
Depreciation expense (Motor vehicles)	(94,303,322)	(86,843,443)	-	(181,146,765)
Segment profit	<u>258,205,594</u>	<u>146,274,540</u>	<u>112,061,838</u>	<u>516,541,972</u>

*For the three-month period
ended 30 September 2023
(Unaudited)*

	<i>Short term rental SR</i>	<i>Long term lease SR</i>	<i>Car sales SR</i>	<i>Total SR</i>
Revenue	129,132,313	91,912,077	67,362,052	288,406,442
Depreciation expense (Motor vehicles)	(41,741,857)	(34,320,158)	-	(76,062,015)
Segment profit	<u>87,390,456</u>	<u>57,591,919</u>	<u>67,362,052</u>	<u>212,344,427</u>

*For the three-month period
ended 30 September 2022
(Unaudited)*

	<i>Short term rental SR</i>	<i>Long term lease SR</i>	<i>Car sales SR</i>	<i>Total SR</i>
Revenue	125,626,913	79,752,781	44,822,611	250,202,305
Depreciation expense (Motor vehicles)	(34,345,657)	(28,832,095)	-	(63,177,752)
Segment profit	<u>91,281,256</u>	<u>50,920,686</u>	<u>44,822,611</u>	<u>187,024,553</u>

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

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (UNAUDITED)

(continued)

30 September 2023

12. SEGMENTAL REPORTING (continued)

Reconciliation of profit:

	<i>For the three-month period ended 30 September (Unaudited)</i>		<i>For the nine-month period ended 30 September (Unaudited)</i>	
	<i>2023</i>	<i>2022</i>	<i>2023</i>	<i>2022</i>
	<i>SR</i>	<i>SR</i>	<i>SR</i>	<i>SR</i>
Segment profit	212,344,427	187,024,553	619,097,403	516,541,972
Other expenses (*)	(178,011,133)	(133,229,818)	(512,553,316)	(377,093,276)
Net income for the period	<u>34,333,294</u>	<u>53,794,735</u>	<u>106,544,087</u>	<u>139,448,696</u>

(*) Other expenses represent mainly cost of cars sold, employees' salaries and other benefits, amortization of right-of-use assets, insurance, Provision for ECL, Zakat charge, maintenance and other expenses.

Detail of segment assets and liabilities:

	<i>Allocated</i>		<i>Unallocated</i>	
<i>30 September 2023 (Unaudited)</i>	<i>Short term lease</i>	<i>Long term lease</i>	<i>Others</i>	<i>Total</i>
	<i>SR</i>	<i>SR</i>	<i>SR</i>	<i>SR</i>
Segment assets	626,859,049	781,692,750	684,703,538	2,093,255,337
Segment liabilities	-	-	1,382,910,836	1,382,910,836

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

Other disclosures:

	<i>Allocated</i>		<i>Unallocated</i>	
<i>30 September 2023 (Unaudited)</i>	<i>Short term lease</i>	<i>Long term lease</i>	<i>Others</i>	<i>Total</i>
	<i>SR</i>	<i>SR</i>	<i>SR</i>	<i>SR</i>
Capital expenditures	261,913,900	299,798,169	5,159,421	566,871,490

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

Capital expenditure consists of additions of property and equipment.

Financial assets and liabilities are not allocated to those segments as they are also managed on a Company basis.

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

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (UNAUDITED)

(continued)

30 September 2023

12. SEGMENTAL REPORTING (continued)

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

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

Disaggregated revenue information

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

	<i>For the three-month period ended 30 September (Unaudited)</i>		<i>For the nine-month period ended 30 September (Unaudited)</i>	
	<i>2023 SR</i>	<i>2022 SR</i>	<i>2023 SR</i>	<i>2022 SR</i>
Short term rental	129,132,313	125,626,913	377,302,651	352,508,916
Long term lease	91,912,077	79,752,781	260,064,436	233,117,983
Car sales	67,362,052	44,822,611	197,352,854	112,061,838
	288,406,442	250,202,305	834,719,941	697,688,737

<i>Timing of revenue recognition</i>	<i>For the three-month period ended 30 September (Unaudited)</i>		<i>For the nine-month period ended 30 September (Unaudited)</i>	
	<i>2023 SR</i>	<i>2022 SR</i>	<i>2023 SR</i>	<i>2022 SR</i>
Services transferred over time	221,044,390	205,379,694	637,367,087	585,626,899
Services transferred at point in time	67,362,052	44,822,611	197,352,854	112,061,838
	288,406,442	250,202,305	834,719,941	697,688,737

Performance obligations

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

Operating leases – the Company as lessor

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

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

	<i>30 September 2023 (Unaudited) SR</i>	<i>31 December 2022 (Audited) SR</i>
Within 1 year	284,672,363	236,605,209
After 1 year, but not more than 5 years	367,819,946	268,232,220
	652,492,309	504,837,429

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

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (UNAUDITED)

(continued)

30 September 2023

12. SEGMENTAL REPORTING (continued)

Geographical markets

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

12.1 Contract balances

	30 September 2023 (Unaudited) SR	31 December 2022 (Audited) SR
Contract assets	9,810,168	10,499,399
Contract liabilities	36,651,402	20,577,343

13. DIVIDENDS

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

Further, the Company's Board of Directors approved, in their meeting held on 1 June 2023, to distribute interim cash dividends of SR 0.49 per share totaling to SR 21,070,000. The above-mentioned dividends have been distributed to the shareholders on 13 June 2023.

Further, the Company's Board of Directors approved, in their meeting held on 10 August 2023, to distribute interim cash dividends of SR 0.34 per share totaling to SR 14,620,000. The above-mentioned dividends have been distributed to the shareholders on 23 August 2023.

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

Further, the Company's Board of Directors approved, in their meeting held on 7 June 2022, to distribute interim cash dividends of SR 0.49 per share totaling to SR 21,070,000. The above-mentioned interim dividends were distributed to the shareholders on 6 July 2022.

Further, the Company's Board of Directors approved, in their meeting held on 30 August 2022, to distribute interim cash dividends of SR 0.50 per share totaling to SR 21,500,000. The above-mentioned interim dividends have been distributed to the shareholders on 20 September 2022.

14. COMMITMENTS AND CONTINGENCIES

At 30 September 2023, the Company issued letters of guarantees amounting to SR 75.6 million (31 December 2022: SR 63.5 million) mainly in respect of the Company's leased properties and bidding for government contracts.

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

Other than above, the Company does not have any other commitments or contingencies.

15. SUBSEQUENT EVENTS

In the opinion of management, no events have arisen subsequent to 30 September 2023 and before the date of issuing the interim condensed financial statements that could have a significant effect on the interim condensed financial statements as at 30 September 2023.

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

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (UNAUDITED)

(continued)

30 September 2023

16. FAIR VALUE OF FINANCIAL INSTRUMENTS

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

17. COMPARATIVE INFORMATION

Certain comparative information has been reclassified to align with current period presentation.

18. APPROVAL OF INTERIM CONDENSED FINANCIAL STATEMENTS

These interim condensed financial statements of the Company were authorised for issuance in accordance with the Board of Directors' resolution dated 7 November 2023 (corresponding to 23 Rabi Al-Thani 1445H).