

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

**UNAUDITED INTERIM CONDENSED FINANCIAL STATEMENTS**

**FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2021**

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

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INTERIM CONDENSED FINANCIAL STATEMENTS (UNAUDITED)

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

### **Introduction**

We have reviewed the accompanying interim condensed statement of financial position of Theeb Rent a Car Company (the "Company") as at 31 March 2021 and the related interim condensed statements of comprehensive income, changes in shareholders' equity and cash flows for the three-month period then ended, and a summary of significant accounting policies and other explanatory notes. Management is responsible for the preparation and presentation of these interim condensed financial statements in accordance with International Accounting Standard 34, "Interim Financial Reporting" ("IAS 34") that is endorsed in the Kingdom of Saudi Arabia. Our responsibility is to express a conclusion on these interim condensed financial statements based on our review.

### **Scope of review**

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

### **Conclusion**

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

### **Other matters**

The interim condensed financial statements for the three-month period ended 31 March 2020 have been reviewed by another auditor who expressed an unqualified conclusion on the interim condensed financial statements on 17 July 2020.



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 period ended 31 March 2021, 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 conclusion has not been modified in respect of this matter.

for Ernst & Young

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

Riyadh: 27 Ramadan 1442H  
(9 May 2021)



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

INTERIM CONDENSED STATEMENT OF COMPREHENSIVE INCOME

For the three-month period ended 31 March 2021

	<i>Note</i>	<b>31 March 2021 (Unaudited) SR</b>	<b>31 March 2020 (Unaudited) SR</b>
Revenues	11	176,901,500	197,596,901
Cost of revenues		(123,478,902)	(137,379,637)
<b>GROSS PROFIT</b>		<b>53,422,598</b>	<b>60,217,264</b>
General and administrative expenses		(8,426,577)	(7,369,141)
Selling and marketing expenses		(8,268,783)	(8,463,831)
Provision for expected credit losses		(3,820,219)	(3,566,403)
Other income		333,489	295,963
<b>Income from operations</b>		<b>33,240,508</b>	<b>41,113,852</b>
Finance cost		(6,548,432)	(7,494,100)
Gain (loss) on derivative instrument at FVTPL		808,763	-
<b>Income before zakat</b>		<b>27,500,839</b>	<b>33,619,752</b>
Zakat	3	(1,527,137)	440,287
<b>Net income for the period</b>		<b>25,973,702</b>	<b>34,060,039</b>
Other comprehensive income		-	-
<b>Total comprehensive income for the period</b>		<b>25,973,702</b>	<b>34,060,039</b>
<b>Earnings per share:</b>			
Basic and diluted earnings per share for the period	5	<u>0.60</u>	<u>0.79</u>

(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 31 March 2021

	Note	31 March 2021 (Unaudited) SR	31 December 2020 (Audited) SR
<b>ASSETS</b>			
<b>NON-CURRENT ASSETS</b>			
Property and equipment, net	4	972,765,269	979,087,072
Intangible assets		256,322	323,216
Right-of-use assets, net	7	111,000,525	119,218,046
<b>TOTAL NON-CURRENT ASSETS</b>		<b>1,084,022,116</b>	<b>1,098,628,334</b>
<b>CURRENT ASSETS</b>			
Trade receivables, net		122,808,388	109,151,468
Prepayments and other debit balances		29,673,242	34,969,450
Accrued revenue, net		6,979,169	6,437,483
Inventories	6	11,046,536	8,571,084
Amounts due from related parties	8	10,761,116	10,133,496
Bank balances and cash		59,407,791	39,514,666
<b>TOTAL CURRENT ASSETS</b>		<b>240,676,242</b>	<b>208,777,647</b>
<b>TOTAL ASSETS</b>		<b>1,324,698,358</b>	<b>1,307,405,981</b>
<b>SHAREHOLDERS' EQUITY AND LIABILITIES</b>			
<b>SHAREHOLDERS' EQUITY</b>			
Share capital	9	430,000,000	430,000,000
Statutory reserve		8,887,576	6,290,206
Retained earnings		68,601,562	45,225,230
<b>TOTAL SHAREHOLDERS' EQUITY</b>		<b>507,489,138</b>	<b>481,515,436</b>
<b>LIABILITIES</b>			
<b>NON-CURRENT LIABILITIES</b>			
Employees' benefit obligation		24,760,837	24,018,384
Non-current portion of term loan	10	252,381,903	248,511,760
Non-current portion of lease obligation	7	92,854,805	92,913,993
<b>TOTAL NON-CURRENT LIABILITIES</b>		<b>369,997,545</b>	<b>365,444,137</b>
<b>CURRENT LIABILITIES</b>			
Current portion of term loan	10	300,966,768	296,508,006
Current portion of lease obligation	7	34,791,072	34,791,072
Derivative instrument at FVTPL	13	1,951,681	2,760,443
Accounts payable		7,020,031	7,081,118
Car dealerships' payable		43,485,742	64,655,541
Accrued expenses and other payables		37,539,600	34,720,584
Zakat payable	3	21,456,781	19,929,644
<b>TOTAL CURRENT LIABILITIES</b>		<b>447,211,675</b>	<b>460,446,408</b>
<b>TOTAL LIABILITIES</b>		<b>817,209,220</b>	<b>825,890,545</b>
<b>TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES</b>		<b>1,324,698,358</b>	<b>1,307,405,981</b>

(Chairman)

(Chief Executive Officer)

(Chief Financial Officer)

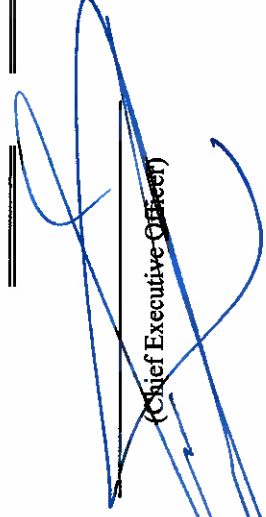
The accompanying notes from 1 to 18 form an integral part of these interim condensed financial statements.

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

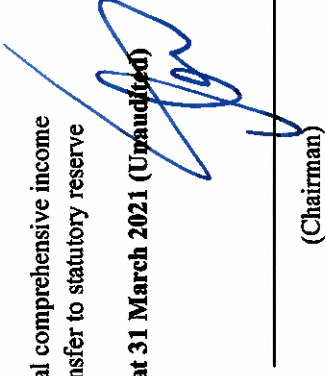
**INTERIM CONDENSED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY**

For the three-month period ended 31 March 2021

	Share capital SR	Statutory Reserve SR	Retained earnings SR	Total SR
As at 31 December 2019 (Audited)	153,902,000	55,338,077	239,373,295	448,613,372
Capital increase (note 9)	276,098,000	(55,338,077)	(220,759,923)	-
Income for the period	-	-	34,060,039	34,060,039
Other comprehensive income	-	-	-	-
Total comprehensive income	-	-	-	-
Transfer to statutory reserve	-	3,406,004	(3,406,004)	-
Dividends (note 12)	-	-	(18,000,000)	(18,000,000)
As at 31 March 2020 (Unaudited)	430,000,000	3,406,004	31,267,407	464,673,411
As at 31 December 2020 (Audited)	430,000,000	6,290,206	45,225,230	481,515,436
Income for the period	-	-	25,973,702	25,973,702
Other comprehensive income	-	-	-	-
Total comprehensive income	-	-	-	-
Transfer to statutory reserve	-	2,597,370	(2,597,370)	-
As at 31 March 2021 (Unaudited)	430,000,000	8,887,576	68,601,562	507,489,138

  
(Chief Executive Officer)

  
(Chief Financial Officer)

  
(Chairman)

Theeb Rent a Car Company  
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INTERIM CONDENSED STATEMENT OF CASH FLOWS

For the three-month period ended 31 March 2021

		31 March 2021 (Unaudited) SR	31 March 2020 (Unaudited) SR
<b>OPERATING ACTIVITIES</b>			
Income before zakat		27,500,839	33,619,752
<i>Adjustments to reconcile income before zakat to net cash flows:</i>			
Depreciation on property and equipment	4	50,656,177	52,133,945
Depreciation on right-of-use assets	7	9,565,617	5,964,257
Amortisation of intangible assets		67,492	62,380
Provision for expected credit losses		3,820,219	3,566,403
Employees' benefit obligation		847,294	896,789
Finance cost		5,213,048	6,851,952
Accretion of interest		1,335,384	642,148
Write down of inventories		3,879,873	4,437,820
Gain on derivative instrument at FVTPL		(808,763)	-
		<u>102,077,180</u>	<u>108,175,446</u>
<i>Working capital adjustments:</i>			
Prepayments and other debit balances		5,296,208	11,775,769
Trade receivables, net		(17,770,804)	(21,616,824)
Accrued revenue, net		(248,020)	1,648,117
Inventories		31,285,372	43,731,350
Car dealership' payable		(21,169,799)	(8,791,979)
Accounts payable		(61,087)	3,862,000
Accruals and other payables		2,913,811	6,816,479
Amounts due from related parties	8	(627,620)	(368,403)
Unearned revenue		-	(90,663)
		<u>101,695,241</u>	<u>145,141,292</u>
Additions of motor vehicles	4	(80,654,386)	(98,095,183)
Employees' defined benefits paid		(104,841)	(245,968)
<b>Net cash from operating activities</b>		<u>20,936,014</u>	<u>46,800,141</u>
<b>INVESTING ACTIVITIES</b>			
Purchase of property and equipment	4	(1,320,685)	(851,928)
Purchase of intangible assets		(598)	-
<b>Net cash flows used in investing activities</b>		<u>(1,321,283)</u>	<u>(851,928)</u>
<b>FINANCING ACTIVITIES</b>			
Finance cost payment		(5,307,843)	(7,494,100)
Term loans received		91,330,056	86,978,688
Term loans payments		(83,001,151)	(87,348,094)
Lease obligation payments		(2,742,668)	(13,661,531)
Interim dividends paid		-	(18,000,000)
<b>Net cash from (used in) financing activities</b>		<u>278,394</u>	<u>(39,525,037)</u>
Increase in bank balances and cash		19,893,125	6,423,176
Bank balances and cash at beginning of the period		39,514,666	58,970,106
<b>Bank balances and cash at the end of the period</b>		<u>59,407,791</u>	<u>65,393,282</u>
<b>Non-cash transactions:</b>			
Share capital increase through transfer from statutory reserve and retained earnings	9	-	276,098,000
Transfer of vehicles from property and equipment to inventories	4	37,640,697	108,789,746
Disposal of total loss cars		3,355,244	3,404,463
Additions of right of use assets	7	1,348,096	-

(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)

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## NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (UNAUDITED)

31 March 2021

### 1. CORPORATE INFORMATION AND ACTIVITIES

Theeb Rent A Car Company (the “Company”), is a Joint Stock Company registered in the Kingdom of Saudi Arabia under commercial registration number 1010150661 dated 12 Rabi Thani 1419H (corresponding to 6 August 1998). The Company is engaged in car rental and leasing.

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

### 2. BASIS OF PREPARATION AND ACCOUNTING POLICIES

#### 2.1 BASIS OF PREPARATION

These interim condensed financial statements for the three-month period ended 31 March 2021 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 audit Organization for Chartered and Professional Accountants (“SOCPA”).

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 2020. In addition, results for the three-month period ended 31 March 2021 are not necessarily indicative of the results that may be expected for the financial year ending 31 December 2021.

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

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

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

The accounting policies adopted in the preparation of the interim condensed financial statements are consistent with those followed in the preparation of the Company’s annual financial statements for the year ended 31 December 2020, except for the adoption of new standards effective as of 1 January 2021. The Company has not early adopted any standard, interpretation or amendment that has been issued but is not yet effective.

Several amendments apply for the first time in 2021, but do not have an impact on the interim condensed financial statements of the Company.

#### ***Interest Rate Benchmark Reform – Phase 2: Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4, and IFRS 16***

The amendments provide temporary reliefs which address the financial reporting effects when an interbank offered rate (IBOR) is replaced with an alternative nearly risk-free interest rate (RFR).

The amendments include the following practical expedients:

- A practical expedient to require contractual changes, or changes to cash flows that are directly required by the reform, to be treated as changes to floating interest rate, equivalent to a movement in a market rate of interest
- Permit changes required by IBOR reform to be made to hedge designations and hedge documentation without the hedging relationship being discontinued
- Provide temporary relief to entities from having to meet separately identifiable requirements when an RFR instrument is designated as a hedge of a risk component

These amendments had no impact on the interim condensed financial statements of the Company.

The Company intends to use the practical expedients in future periods if they become applicable.

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

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (UNAUDITED)

(continued)

31 March 2021

**3. ZAKAT**

*Charge for the period*

Zakat charged for the three-month period ended 31 March 2021 amounted to SR 1,527,137 (31 March 2020: reversal of SR 440,287).

*Movement in provision during the period/year*

The Movement in zakat provision was as follows:

	<i>31 March 2021 (Unaudited) SR</i>	<i>31 December 2020 (Audited) SR</i>
At the beginning of the period / year	<b>19,929,644</b>	19,854,371
Provided during the period / year	<b>1,527,137</b>	4,108,546
Paid during the period / year	-	(4,033,273)
At the end of the period/ year	<b><u>21,456,781</u></b>	<b><u>19,929,644</u></b>

*Zakat assessments*

- 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 2020 and obtained zakat certificate for those years.
- The Company finalized obtained its zakat assessments 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.
- During the year ended 31 December 2020, management received a correspondence from 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 interim condensed 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.

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

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (UNAUDITED)

(continued)

31 March 2021

**4. PROPERTY AND EQUIPMENT**

	31 March 2021			31 December 2020		
	<i>(Unaudited)</i>			<i>(Audited)</i>		
	<i>Vehicles</i>	<i>Other</i>	<i>Total</i>	<i>Vehicles</i>	<i>Other</i>	<i>Total</i>
	SR	SR	SR	SR	SR	SR
Opening net book value	<b>877,843,705</b>	<b>101,243,367</b>	<b>979,087,072</b>	926,411,094	100,664,800	1,027,075,894
Additions during the period/year	<b>80,654,386</b>	<b>1,320,685</b>	<b>81,975,071</b>	307,986,304	3,874,846	311,861,150
Transfer of vehicles to inventories, net	<b>(37,640,697)</b>	-	<b>(37,640,697)</b>	(157,929,554)	-	(157,929,554)
Write off	-	-	-	16,634	-	16,634
Depreciation for the period/year	<b>(49,664,838)</b>	<b>(991,338)</b>	<b>(50,656,177)</b>	(198,640,774)	(3,296,278)	(201,937,052)
Closing net book value	<b>871,192,556</b>	<b>101,572,714</b>	<b>972,765,269</b>	877,843,704	101,243,368	979,087,072

**5. EARNINGS PER SHARE**

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

	<i>For the three-month period ended 31 March (Unaudited)</i>	
	2021	2020
Net income for the period (SR)	<b>25,973,702</b>	<b>34,060,039</b>
Weighted average number of ordinary shares (share) (restated)	<b>43,000,000</b>	<b>43,000,000</b>
Basic and diluted earnings per share (SR) (restated)	<b>0.60</b>	<b>0.79</b>

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

**6. INVENTORIES**

During the three-month period ended 31 March 2021, the Company wrote down SR 3,879,873 (31 March 2020: SR 4,437,820) of inventories. This expense is included in cost of revenues in the interim condensed statement of comprehensive income.

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

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (UNAUDITED)

(continued)

31 March 2021

**7. RIGHT OF USE ASSETS**

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

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 recognised and the movements during the period / year:

	<i>31 March 2021 (Unaudited) SR</i>	<i>31 December 2020 (Audited) SR</i>
At the beginning of the period / year	<b>119,218,046</b>	46,922,683
Additions	<b>1,348,096</b>	105,756,302
Depreciation expense	<b>(9,565,617)</b>	(33,460,939)
At the end of the period/ year	<b><u>111,000,525</u></b>	<b><u>119,218,046</u></b>

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

	<i>31 March 2021 (Unaudited) SR</i>	<i>31 December 2020 (Audited) SR</i>
At the beginning of the period/ year	<b>127,705,065</b>	43,977,933
Additions	<b>1,348,096</b>	105,756,302
Accumulated interest	<b>1,335,384</b>	4,725,899
Payments	<b>(2,742,668)</b>	(26,755,069)
At the end of the period/ year	<b>127,645,877</b>	127,705,065
Less: Current portion	<b>34,791,072</b>	34,791,072
Non-current portion	<b><u>92,854,805</u></b>	<b><u>92,913,993</u></b>

**8. RELATED PARTY TRANSACTIONS AND BALANCES**

Related parties represent shareholders, directors, and key management personnel of the Company and entities controlled or significantly influenced by such parties.

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>
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

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

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (UNAUDITED)

(continued)

31 March 2021

**8. 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 transaction</i>	<i>31 March 2021 (Unaudited) SR</i>	<i>31 March 2020 (Unaudited) SR</i>
Hamoud Abdullah Altheeb	Revenue and other income	7,422	-
Theeb Sons Company	Revenue	-	1,999,410
Madareem Company	Revenue	-	398,499
Mohammad Ahmed AlTheeb	Expenses	(312,500)	(140,000)

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>	<i>31 March 2021 (Unaudited) SR</i>	<i>31 March 2020 (Unaudited) SR</i>
Key management personnel	Short term employees' benefits	1,391,712	1,661,480
	Long term employees' benefits	56,638	57,299
Board of Directors	Board of Directors' remuneration	172,500	230,500

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

	<i>31 March 2021 (Unaudited) SR</i>	<i>31 December 2020 (Audited) SR</i>
Initial Public Offering ("IPO") costs incurred on behalf of shareholders (*)	10,282,156	9,665,418
Madareem Company	440,183	440,183
Others	38,777	27,895
	<u>10,761,116</u>	<u>10,133,496</u>

(\*) During the period ended 31 March 2021, the Company incurred IPO costs on behalf of the shareholders amounted to SR 616,738. This amount represents the IPO cost which was agreed to be reimbursed by the shareholders upon the successful listing process. Subsequent to the period ended 31 March 2021, the major shareholders of the company paid the full outstanding amount of the IPO Costs.

**9. SHARE CAPITAL**

The Company's Share capital is divided into 43,000,000 shares of SR 10 each (31 December 2020: 43,000,000 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.

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**10. TERM LOAN**

	<b>31 March 2021 (Unaudited) SR</b>	<b>31 December 2020 (Audited) SR</b>
Current portion	<b>300,966,768</b>	296,508,006
Non-current portion	<b>252,381,903</b>	248,511,760
	<b><u>553,348,671</u></b>	<b><u>545,019,766</u></b>

The Company has obtained bank facilities in the form of long term-loans from local banks. 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 the drawdown. The installments due within the next 12 months 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 March 2021 primarily owing to the loans, used to finance purchase of vehicles classified under non-current assets in the balance sheet, as part of the normal course of business. This is consistent with previously reported periods.

**11. SEGMENTAL REPORTING**

Consistent with the Company's internal reporting process, business segments have been approved by management in respect of the Company's activities. The Company's assets, liabilities, and costing records are not detailed enough to produce a split of assets, liabilities, and costs, respectively, between segments and these are not accordingly bifurcated. There are no intersegment revenues. Management, however, monitors the following details on a segment wise basis:

*For the three-month period  
ended 31 March 2021  
(Unaudited)*

	<i>Short term rental SR</i>	<i>Long term lease SR</i>	<i>Other SR</i>	<i>Total SR</i>
Revenue	<b>76,982,118</b>	<b>64,575,009</b>	<b>35,344,373</b>	<b>176,901,500</b>
Depreciation expense	<b>(21,442,421)</b>	<b>(28,222,417)</b>	-	<b>(49,664,838)</b>
Segment profit	<b><u>55,539,697</u></b>	<b><u>36,352,592</u></b>	<b><u>35,344,373</u></b>	<b><u>127,236,662</u></b>

*For the three-month period ended  
31 March 2020  
(Unaudited)*

	<i>Short term rental SR</i>	<i>Long term lease SR</i>	<i>Other SR</i>	<i>Total SR</i>
Revenue	88,514,143	59,728,405	49,354,353	197,596,901
Depreciation expense	(25,033,660)	(26,231,885)	-	(51,265,545)
Segment profit	<b><u>63,480,483</u></b>	<b><u>33,496,520</u></b>	<b><u>49,354,353</u></b>	<b><u>146,331,356</u></b>

Reconciliation of profit:

	<i>For the three-month period ended 31 March (Unaudited)</i>	
	<b>2021 SR</b>	<b>2020 SR</b>
Segment profit	<b>127,236,662</b>	146,331,356
Other expenses (*)	<b>(101,262,960)</b>	(112,271,317)
Net income for the period	<b><u>25,973,702</u></b>	<b><u>34,060,039</u></b>

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

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**11. SEGMENTAL REPORTING (continued)**

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

- Short term rental segment represents activities involving leasing of cars to customers under short term rental arrangements (daily and monthly).
- Long term lease segment represents activities involving leasing of cars to customers under medium to longer term operating lease arrangements.
- Car sales (others) 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 31 March</i>	
	<i>(Unaudited)</i>	
	<i>2021</i>	<i>2020</i>
	<i>SR</i>	<i>SR</i>
Short term rental	<b>76,982,118</b>	88,514,143
Long term lease	<b>64,575,009</b>	59,728,405
Car sales	<b>35,344,373</b>	49,354,353
	<b><u>176,901,500</u></b>	<u>197,596,901</u>

*Timing of revenue recognition*

	<i>For the three-month period ended 31 March</i>	
	<i>(Unaudited)</i>	
	<i>2021</i>	<i>2020</i>
	<i>SR</i>	<i>SR</i>
Services transferred over time	<b>141,557,127</b>	148,242,548
Services transferred at point in time	<b>35,344,373</b>	49,354,353
	<b><u>176,901,500</u></b>	<u>197,596,901</u>

*Performance obligations*

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

*Operating leases – the Company as lessor*

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

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

	<i>31 March</i>	<i>31 December</i>
	<i>2021</i>	<i>2020</i>
	<i>(Unaudited)</i>	<i>(Audited)</i>
	<i>SR</i>	<i>SR</i>
Within 1 year	<b>262,307,055</b>	224,334,192
After 1 year, but not more than 5 years	<b>214,473,620</b>	267,044,825
	<b><u>476,780,675</u></b>	<u>491,379,017</u>

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### NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (UNAUDITED)

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#### 12. 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.

#### 13. CONTINGENT LIABILITIES

At 31 March 2021, the Company issued letters of guarantees amounting to SR 43,245,525 (31 December 2020: SR 43,697,385) mainly in respect of the Company's leased properties and bidding securities related to quasi government entities.

#### 14. 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 2020: 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 March 2021, the fair value of the derivative instrument at FVTPL amounted to SR 1,951,681 (31 December 2020: SR 2,760,443).

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

#### 15. SIGNIFICANT EVENTS

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.

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 interim condensed 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.



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**16. SUBSEQUENT EVENTS**

In the opinion of management, no events have arisen subsequent to 31 March 2021 and before the date of issuing the interim condensed financial statements that could have a significant effect on the interim condensed financial statements as at 31 March 2021.

**17. FAIR VALUE**

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

**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 6 May 2021 (corresponding to 24 Ramadan 1442H).