

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 2021**

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

INTERIM CONDENSED FINANCIAL STATEMENTS

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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 30 September 2021 and the related interim condensed statements of comprehensive income, for the three-month and nine-month periods ended 30 September 2021, statements of changes in shareholders' equity and cash flows for the nine-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.



**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 30 September 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 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

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

Riyadh: 5 Rabi Al Thani 1443H
(10 November 2021)



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 2021

	Note	For the three-month period ended 30 September		For the nine-month period ended 30 September	
		2021 (Unaudited) SR	2020 (Unaudited) SR	2021 (Unaudited) SR	2020 (Unaudited) SR
Revenues	11	182,227,103	165,983,180	539,372,292	485,091,738
Cost of revenues		(119,462,308)	(127,420,614)	(368,832,880)	(373,587,475)
GROSS PROFIT		62,764,795	38,562,566	170,539,412	111,504,263
General and administrative expenses		(8,537,578)	(6,483,614)	(26,344,164)	(19,304,877)
Selling and marketing expenses		(9,220,023)	(6,721,921)	(25,710,538)	(19,768,900)
Provision for expected credit losses		(11,389,407)	(3,159,360)	(18,802,447)	(9,520,805)
Other income		1,063,702	783,445	1,656,465	4,670,520
Income from operations		34,681,489	22,981,116	101,338,728	67,580,201
Finance cost		(5,973,434)	(7,768,851)	(18,667,356)	(23,295,302)
Gain on derivative instrument at FVTPL		484,125	-	1,796,633	-
Income before zakat		29,192,180	15,212,265	84,468,005	44,284,899
Zakat	3	(1,840,673)	(1,227,491)	(6,183,600)	(2,412,647)
Net income for the period		27,351,507	13,984,774	78,284,405	41,872,252
Other comprehensive income		-	-	-	-
Total comprehensive income for the period		27,351,507	13,984,774	78,284,405	41,872,252
Earnings per share:					
Basic and diluted earnings per share for the period	5	0.64	0.33	1.82	0.97

(Chairman)

(Chief Executive Officer)

(Chief Financial Officer)

The accompanying notes from 1 to 19 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 2021

	Note	30 September 2021 (Unaudited) SR	31 December 2020 (Audited) SR
ASSETS			
NON-CURRENT ASSETS			
Property and equipment, net	4	1,057,987,449	979,087,072
Intangible assets		118,490	323,216
Right-of-use assets, net	7	98,020,774	119,218,046
TOTAL NON-CURRENT ASSETS		1,156,126,713	1,098,628,334
CURRENT ASSETS			
Trade receivables, net		132,947,385	109,151,468
Prepayments and other debit balances		48,432,135	34,969,450
Accrued revenue, net		9,318,173	6,437,483
Inventories		5,591,727	8,571,084
Amounts due from related parties	8	482,584	10,133,496
Bank balances and cash		34,796,201	39,514,666
TOTAL CURRENT ASSETS		231,568,205	208,777,647
TOTAL ASSETS		1,387,694,918	1,307,405,981
SHAREHOLDERS' EQUITY AND LIABILITIES			
SHAREHOLDERS' EQUITY			
Share capital	9	430,000,000	430,000,000
Statutory reserve		14,153,054	6,324,613
Retained earnings		93,716,787	45,190,823
TOTAL SHAREHOLDERS' EQUITY		537,869,841	481,515,436
LIABILITIES			
NON-CURRENT LIABILITIES			
Employees' benefit obligation		26,470,790	24,018,384
Non-current portion of term loans	10	269,643,302	248,511,760
Non-current portion of lease obligation	7	94,849,593	92,913,993
TOTAL NON-CURRENT LIABILITIES		390,963,685	365,444,137
CURRENT LIABILITIES			
Current portion of term loans	10	320,004,789	296,508,006
Current portion of lease obligation	7	15,023,533	34,791,072
Derivative instrument at FVTPL	14	963,811	2,760,443
Accounts payable		24,872,331	7,081,118
Car dealerships' payable		38,811,512	64,655,541
Accrued expenses and other payables		38,812,343	34,720,584
Zakat payable	3	20,373,073	19,929,644
TOTAL CURRENT LIABILITIES		458,861,392	460,446,408
TOTAL LIABILITIES		849,825,077	825,890,545
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES		1,387,694,918	1,307,405,981

(Chairman)

(Chief Executive Officer)

(Chief Financial Officer)

The accompanying notes from 1 to 19 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 nine-month period ended 30 September 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	-	-	41,872,252	41,872,252
Other comprehensive income	-	-	-	-
Total comprehensive income	-	-	41,872,252	41,872,252
Transfer to statutory reserve	-	4,187,225	(4,187,225)	-
Dividends (note 12)	-	-	(18,000,000)	(18,000,000)
As at 30 September 2020 (Unaudited)	430,000,000	4,187,225	38,298,399	472,485,624
As at 31 December 2020 (Audited)	430,000,000	6,324,613	45,190,823	481,515,436
Income for the period	-	-	78,284,405	78,284,405
Other comprehensive income	-	-	-	-
Total comprehensive income	-	-	78,284,405	78,284,405
Transfer to statutory reserve	-	7,828,441	(7,828,441)	-
Dividends (note 12)	-	-	(21,930,000)	(21,930,000)
As at 30 September 2021 (Unaudited)	430,000,000	14,153,054	93,716,787	537,869,841

(Chairman)

(Chief Executive Officer)

(Chief Financial Officer)

The accompanying notes from 1 to 19 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

For the nine-month period ended 30 September 2021

		30 September 2021 (Unaudited) SR	30 September 2020 (Unaudited) SR
OPERATING ACTIVITIES	Note		
Income before zakat		84,468,005	44,284,899
<i>Adjustments to reconcile income before zakat to net cash flows:</i>			
Depreciation on property and equipment	4	157,009,073	151,771,129
Depreciation on right-of-use assets	7	29,538,332	23,482,377
Amortisation of intangible assets		204,726	192,540
Provision for expected credit losses		18,802,447	9,520,805
Provision for employees' benefit obligation		2,953,270	2,602,589
Finance cost		14,641,847	23,295,302
Accretion of interest	7	4,025,509	3,250,688
Write down of inventories	6	8,614,536	10,128,255
Write off property and equipment		-	447,340
Loss on termination of lease arrangements		-	242,910
Gain on derivative instrument at FVTPL		(1,796,633)	-
		318,461,112	269,218,834
<i>Working capital adjustments:</i>			
Prepayments and other debit balances		(13,462,685)	10,515,689
Trade receivables, net		(43,117,017)	(42,636,990)
Accrued revenue, net		(2,362,036)	2,420,076
Inventories		77,796,709	108,264,947
Car dealership' payable		(25,844,029)	(45,286,510)
Accounts payable		17,793,169	14,400,727
Accruals and other payables		4,347,001	(242,008)
Amounts due from related parties		9,648,956	(5,057,961)
Unearned revenue		-	(241,767)
		343,261,180	311,355,037
Additions of vehicles	4	(314,920,223)	(212,688,491)
Employees' defined benefits paid		(500,864)	(2,896,679)
Zakat paid	3	(5,740,171)	(4,033,273)
Net cash from operating activities		22,099,922	91,736,594
INVESTING ACTIVITIES			
Purchase of property and equipment	4	(4,421,115)	(1,831,520)
Purchase of intangible assets		-	(117,563)
Net cash flows used in investing activities		(4,421,115)	(1,949,083)
FINANCING ACTIVITIES			
Finance cost payment relating to term loans		(14,897,089)	(21,229,900)
Term loans proceeds		302,707,728	266,405,488
Term loans repayments		(258,079,403)	(275,140,171)
Lease obligation payments	7	(30,198,508)	(26,666,134)
Interim dividends paid	12	(21,930,000)	(18,000,000)
Net cash used in financing activities		(22,397,272)	(74,630,717)
(Decrease) increase in bank balances and cash		(4,718,465)	15,156,794
Bank balances and cash at beginning of the period		39,514,666	58,970,106
Bank balances and cash at the end of the period		34,796,201	74,126,900
Non-cash transactions:			
Transfer of vehicles from property and equipment to inventories	4	83,431,888	129,175,921
Disposal of total loss cars		7,363,488	7,376,703
Share capital increase through transfer from statutory reserve and retained earnings	9	-	276,098,000
Additions made to right-of-use assets, net of cancelled agreements		-	104,490,654

(Chairman)

(Chief Executive Officer)

(Chief Financial Officer)

The accompanying notes from 1 to 19 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 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 Tadawul.

2. BASIS OF PREPARATION AND ACCOUNTING POLICIES

2.1 BASIS OF PREPARATION

These interim condensed financial statements for the three-month and nine-month periods ended 30 September 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 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 doubt significant doubt over this assumption. They have formed a judgement that there is a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future, and not less than 12 months from the end of the reporting period.

The interim condensed financial statements do not include all the information and disclosures required in the annual financial statements and should therefore be read in conjunction with the Company’s annual financial statements for the year ended 31 December 2020. In addition, results for the three-month and nine-month periods ended 30 September 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)

30 September 2021

3. ZAKAT

Charge for the period

Zakat charged for the three-month and nine-month periods ended 30 September 2021 amounted to SR 1,840,673 and SR 6,183,600, respectively (three-month and nine-month periods ended 30 September 2020: SR 1,227,491 and SR 2,412,647 respectively).

Movement in provision during the period/year

The Movement in zakat provision was as follows:

	30 September 2021 (Unaudited) SR	31 December 2020 (Audited) SR
At the beginning of the period/year	19,929,644	19,854,371
Provided during the period/year	6,183,600	4,108,546
Paid during the period/year	(5,740,171)	(4,033,273)
At the end of the period/year	<u>20,373,073</u>	<u>19,929,644</u>

Zakat assessments

- 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 2020 and obtained zakat certificate for those years.
- The Company finalized and obtained its zakat position assessments with ZATCA for all years up to 2009.
- During the year ended 31 December 2019, ZATCA 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 ZATCA against these differences.
- During the year ended 31 December 2020, the Company received from ZATCA 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, ZATCA 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 period ended 30 September 2021, management received a correspondence from ZATCA, regarding the ownership of shares by Growth Opportunities Company for Trading, one of the shareholders of 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 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 years ended 31 December 2019 and 31 December 2020 could arise if ZATCA imposes the above-mentioned principle to all assessment years.

The Company is currently registered with ZATCA 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 ZATCA 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 ZATCA, 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 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 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 2021

4. PROPERTY AND EQUIPMENT

	30 September 2021 (Unaudited)			31 December 2020 (Audited)		
	Vehicles SR	Other SR	Total SR	Vehicles SR	Other SR	Total SR
Opening net book value	877,843,704	101,243,368	979,087,072	926,411,094	100,664,800	1,027,075,894
Additions during the period/year	314,920,223	4,421,115	319,341,338	307,986,304	3,874,846	311,861,150
Transfer of vehicles to inventories, net	(83,431,888)	-	(83,431,888)	(157,912,920)	-	(157,912,920)
Depreciation for the period/year	(154,018,150)	(2,990,923)	(157,009,073)	(198,640,774)	(3,296,278)	(201,937,052)
Closing net book value	<u>955,313,889</u>	<u>102,673,560</u>	<u>1,057,987,449</u>	<u>877,843,704</u>	<u>101,243,368</u>	<u>979,087,072</u>

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)		For the nine-month period ended 30 September (Unaudited)	
	2021	2020	2021	2020
Net income for the period (SR)	<u>27,351,507</u>	<u>13,984,774</u>	<u>78,284,405</u>	<u>41,872,252</u>
Weighted average number of ordinary shares (share)	<u>43,000,000</u>	<u>43,000,000</u>	<u>43,000,000</u>	<u>43,000,000</u>
Basic and diluted earnings per share (SR)	<u>0.64</u>	<u>0.33</u>	<u>1.82</u>	<u>0.97</u>

6. INVENTORIES

During the nine-month period ended 30 September 2021, the Company wrote down SR 8,614,536 (30 September 2020: SR 10,128,255) of inventories. This expense is included in the 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 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:

	30 September 2021 (Unaudited) SR	31 December 2020 (Audited) SR
At the beginning of the period/year	119,218,046	46,922,683
Additions	8,341,060	105,756,302
Depreciation expense	(29,538,332)	(33,460,939)
At the end of the period/year	<u>98,020,774</u>	<u>119,218,046</u>

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

	30 September 2021 (Unaudited) SR	31 December 2020 (Audited) SR
At the beginning of the period/year	127,705,065	43,977,933
Additions	8,341,060	105,756,302
Accretion of interest	4,025,509	4,725,899
Payments	(30,198,508)	(26,755,069)
At the end of the period/year	109,873,126	127,705,065
Less: Current portion	(15,023,533)	(34,791,072)
Non-current portion	<u>94,849,593</u>	<u>92,913,993</u>

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:

Related Party	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

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

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (UNAUDITED)

(continued)

30 September 2021

8. RELATED PARTY TRANSACTIONS AND BALANCES (continued)

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

<i>Related party</i>	<i>Nature of transaction</i>	30 September 2021 (Unaudited) SR	30 September 2020 (Unaudited) SR
Hamoud Abdullah Altheeb	Revenue and other income	7,422	25,000
Theeb Sons Company	Revenue	-	1,992,460
Madareem Company	Revenue	5,583	482,499
Mohammad Ahmed AlTheeb	Expenses	(312,500)	(300,000)

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

<i>Related party</i>	<i>Nature of transaction</i>	30 September 2021 (Unaudited) SR	30 September 2020 (Unaudited) SR
Hamoud Abdullah Altheeb	Revenue and other income	-	25,000
Theeb Sons Company	Revenue	-	(6,950)
Madareem Company	Revenue	6,182	-
Mohammad Ahmed AlTheeb	Expenses	-	(160,000)

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 2021 (Unaudited) SR	30 September 2020 (Unaudited) SR
Key management personnel	Short term employees' benefits	3,425,089	4,661,010
	Long term employees' benefits	171,803	172,464
Board of Directors	Board of Directors' remuneration	742,914	691,500

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 2021 (Unaudited) SR	30 September 2020 (Unaudited) SR
Key management personnel	Short term employees' benefits	1,269,250	1,568,802
	Long term employees' benefits	57,897	57,897
Board of Directors	Board of Directors' remuneration	172,500	230,500

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

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (UNAUDITED)

(continued)

30 September 2021

8. RELATED PARTY TRANSACTIONS AND BALANCES (continued)

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

	<i>30 September 2021 (Unaudited) SR</i>	<i>31 December 2020 (Audited) SR</i>
Madareem Company	439,583	440,183
Initial Public Offering ("IPO") costs incurred on behalf of shareholders (*)	-	9,665,418
Others	43,001	27,895
	482,584	10,133,496

(*) This amount represents the IPO cost which was agreed to be reimbursed by the shareholders upon the successful listing process. During the period ended 30 September 2021, management recovered the full outstanding amount of 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. The related legal formalities have been completed during 2020.

10. TERM LOANS

	<i>30 September 2021 (Unaudited) SR</i>	<i>31 December 2020 (Audited) SR</i>
Current portion	320,004,789	296,508,006
Non-current portion	269,643,302	248,511,760
	589,648,091	545,019,766

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 founding 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 30 September 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.

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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 nine-month period
ended 30 September 2021
(Unaudited)*

	<i>Short term rental SR</i>	<i>Long term lease SR</i>	<i>Other SR</i>	<i>Total SR</i>
Revenue	253,671,301	197,381,732	88,319,259	539,372,292
Depreciation expense	(69,246,491)	(84,771,659)	-	(154,018,150)
Segment profit	<u>184,424,810</u>	<u>112,610,073</u>	<u>88,319,259</u>	<u>385,354,142</u>

*For the three-month period
ended 30 September 2021
(Unaudited)*

	<i>Short term rental SR</i>	<i>Long term lease SR</i>	<i>Other SR</i>	<i>Total SR</i>
Revenue	96,777,915	67,454,198	17,994,990	182,227,103
Depreciation expense	(23,797,063)	(29,209,210)	-	(53,006,273)
Segment profit	<u>72,980,852</u>	<u>38,244,988</u>	<u>17,994,990</u>	<u>129,220,830</u>

*For the nine-month period ended
30 September 2020
(Unaudited)*

	<i>Short term rental SR</i>	<i>Long term lease SR</i>	<i>Other SR</i>	<i>Total SR</i>
Revenue	184,034,642	182,893,397	118,163,699	485,091,738
Depreciation expense	(70,059,999)	(81,711,130)	-	(151,771,129)
Segment profit	<u>113,974,643</u>	<u>101,182,267</u>	<u>118,163,699</u>	<u>333,320,609</u>

*For the three-month period ended
30 September 2020
(Unaudited)*

	<i>Short term rental SR</i>	<i>Long term lease SR</i>	<i>Other SR</i>	<i>Total SR</i>
Revenue	65,062,773	62,272,017	38,648,390	165,983,180
Depreciation expense	(24,357,701)	(29,313,016)	-	(53,670,717)
Segment profit	<u>40,705,072</u>	<u>32,959,001</u>	<u>38,648,390</u>	<u>112,312,463</u>

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>2021 SR</i>	<i>2020 SR</i>	<i>2021 SR</i>	<i>2020 SR</i>
Segment profit	129,220,830	112,312,463	385,354,142	333,320,609
Other expenses (*)	(101,869,323)	(98,327,689)	(307,069,737)	(291,448,357)
Net income for the period	<u>27,351,507</u>	<u>13,984,774</u>	<u>78,284,405</u>	<u>41,872,252</u>

(*) 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.
- Others (car sales) represent the sales of vehicles that were previously held as a part of lease or rental fleet.

Disaggregated revenue information

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

	<i>For the three-month period ended 30 September (Unaudited)</i>		<i>For the nine-month period ended 30 September (Unaudited)</i>	
	2021 SR	2020 SR	2021 SR	2020 SR
Short term rental	96,777,915	65,062,773	253,671,301	184,034,642
Long term lease	67,454,198	62,272,017	197,381,732	182,893,397
Car sales	17,994,990	38,648,390	88,319,259	118,163,699
	<u>182,227,103</u>	<u>165,983,180</u>	<u>539,372,292</u>	<u>485,091,738</u>

<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>	
	2021 SR	2020 SR	2021 SR	2020 SR
Services transferred over time	164,232,113	127,334,790	451,053,033	366,928,039
Services transferred at point in time	17,994,990	38,648,390	88,319,259	118,163,699
	<u>182,227,103</u>	<u>165,983,180</u>	<u>539,372,292</u>	<u>485,091,738</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>30 September 2021 (Unaudited) SR</i>	<i>31 December 2020 (Audited) SR</i>
Within 1 year	227,559,063	224,334,192
After 1 year, but not more than 5 years	225,420,710	267,044,825
	<u>452,979,773</u>	<u>491,379,017</u>

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12. DIVIDENDS

The Company's Board of Directors approved, in their meeting held on 16 September 2021, to distribute interim cash dividends of SR 0.51 per share totaling to SR 21,930,000. The above-mentioned interim dividends have been distributed to the shareholders.

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.

13. CONTINGENT LIABILITIES

At 30 September 2021, the Company issued letters of guarantees amounting to SR 44,313,619 (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 DESIGNATED AS HEDGING INSTRUMENTS

The Company is engaged in interest rate swap agreements, with local banks with total notional amount of SR 75,000,000 (31 December 2020: SR 150,000,000). These derivatives are not designated as hedging instruments. The change in fair value of those commission rates that are not designated in hedge relationships, but are, nevertheless, intended to reduce the level of commission rate risk. As at 30 September 2021, the fair value of the derivative instrument at FVTPL amounted to SR 963,811 (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. 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 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 30 September 2021 and before the date of issuing these interim condensed financial statements that could have a significant effect on these interim condensed financial statements.

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. COMPARATIVE INFORMATION

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

19. 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 8 November 2021 (corresponding to 3 Rabi Al Thani 1443H).