

**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 2022**

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

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INTERIM CONDENSED FINANCIAL STATEMENTS (UNAUDITED)

<b>INDEX</b>	<b>PAGE</b>
Independent Auditor's Review Report	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
Notes to the Interim Condensed Financial Statements	7-16

**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 2022 and the related interim condensed statement of comprehensive income for the three-month and nine-month periods ended 30 September 2022, interim condensed 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 the International Accounting Standard "Interim Financial Reporting" ("IAS 34") that is endorsed in the Kingdom of Saudi Arabia. Our responsibility is to express a conclusion on these interim condensed financial statements based on our review.

**Scope of review**

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

**Conclusion**

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



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

**Emphasis of a matter**

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

for Ernst & Young Professional Services

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

Riyadh: 12 Rabi Al-Thani 1444H  
(6 November 2022)





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 2022

	Note	For the three-month period ended 30 September		For the nine-month period ended 30 September	
		2022 (Unaudited) SR	2021 (Unaudited) SR	2022 (Unaudited) SR	2021 (Unaudited) SR
Revenues	11	250,202,305	182,227,103	697,688,737	539,372,292
Cost of revenues		(160,103,427)	(119,462,308)	(437,819,697)	(368,832,880)
<b>GROSS PROFIT</b>		<b>90,098,878</b>	<b>62,764,795</b>	<b>259,869,040</b>	<b>170,539,412</b>
General and administrative expenses		(10,734,478)	(8,537,578)	(37,292,085)	(26,344,164)
Selling and marketing expenses		(12,761,388)	(9,220,023)	(36,317,677)	(25,710,538)
Provision for expected credit losses		(2,298,268)	(11,389,407)	(18,803,301)	(18,802,447)
<b>INCOME FROM OPERATIONS</b>		<b>64,304,744</b>	<b>33,617,787</b>	<b>167,455,977</b>	<b>99,682,263</b>
Other income		266,549	1,063,702	1,289,358	1,656,465
Finance cost		(9,017,799)	(5,973,434)	(21,588,068)	(18,667,356)
Gain on derivative instrument at FVTPL		-	484,125	480,196	1,796,633
<b>INCOME BEFORE ZAKAT</b>		<b>55,553,494</b>	<b>29,192,180</b>	<b>147,637,463</b>	<b>84,468,005</b>
Zakat	3	(1,758,759)	(1,840,673)	(8,188,767)	(6,183,600)
<b>NET INCOME FOR THE PERIOD</b>		<b>53,794,735</b>	<b>27,351,507</b>	<b>139,448,696</b>	<b>78,284,405</b>
Other comprehensive income		-	-	-	-
<b>TOTAL COMPREHENSIVE INCOME FOR THE PERIOD</b>		<b>53,794,735</b>	<b>27,351,507</b>	<b>139,448,696</b>	<b>78,284,405</b>
<b>Earnings per share:</b>					
Basic and diluted earnings per share for the period	5	1.25	0.64	3.24	1.82

Chairman

Chief Executive Officer

Chief Financial Officer

The accompanying notes from 1 to 17 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 2022

	Note	30 September 2022 (Unaudited) SR	31 December 2021 (Audited) SR
<b>ASSETS</b>			
<b>NON-CURRENT ASSETS</b>			
Property and equipment, net	4	1,295,511,020	1,155,644,557
Intangible assets		63,882	58,895
Right-of-use assets, net	7	99,076,883	89,470,488
<b>TOTAL NON-CURRENT ASSETS</b>		<b>1,394,651,785</b>	<b>1,245,173,940</b>
<b>CURRENT ASSETS</b>			
Inventories	6	5,707,805	5,596,190
Accounts receivable, net		185,662,997	138,990,242
Prepayments and other current assets		115,700,379	60,784,763
Contract asset, net		10,030,957	9,408,925
Amounts due from related parties	8	-	482,584
Bank balances and cash		59,511,849	57,712,926
<b>TOTAL CURRENT ASSETS</b>		<b>376,613,987</b>	<b>272,975,630</b>
<b>TOTAL ASSETS</b>		<b>1,771,265,772</b>	<b>1,518,149,570</b>
<b>SHAREHOLDERS' EQUITY AND LIABILITIES</b>			
<b>SHAREHOLDERS' EQUITY</b>			
Share capital	9	430,000,000	430,000,000
Statutory reserve		32,842,090	18,897,220
Retained earnings		178,171,986	118,458,160
<b>TOTAL SHAREHOLDERS' EQUITY</b>		<b>641,014,076</b>	<b>567,355,380</b>
<b>LIABILITIES</b>			
<b>NON-CURRENT LIABILITIES</b>			
Non-current portion of term loans	10	422,262,323	288,172,502
Employees' defined benefit liability		33,161,209	28,153,685
Non-current portion of lease obligation	7	68,017,527	54,686,864
<b>TOTAL NON-CURRENT LIABILITIES</b>		<b>523,441,059</b>	<b>371,013,051</b>
<b>CURRENT LIABILITIES</b>			
Current portion of term loans	10	406,225,392	326,628,922
Current portion of lease obligation	7	38,259,745	54,355,232
Car dealership payable		66,898,907	115,942,535
Accounts payable		27,593,959	18,114,218
Derivative instrument at FVPL	14	-	480,196
Accrued expenses and other current liabilities		45,564,229	43,314,033
Zakat payable	3	22,268,405	20,946,003
<b>TOTAL CURRENT LIABILITIES</b>		<b>606,810,637</b>	<b>579,781,139</b>
<b>TOTAL LIABILITIES</b>		<b>1,130,251,696</b>	<b>950,794,190</b>
<b>TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES</b>		<b>1,771,265,772</b>	<b>1,518,149,570</b>

Chairman

Chief Executive Officer

Chief Financial Officer

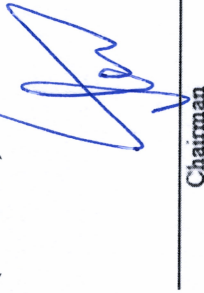
The accompanying notes from 1 to 17 form an integral part of these interim condensed financial statements.

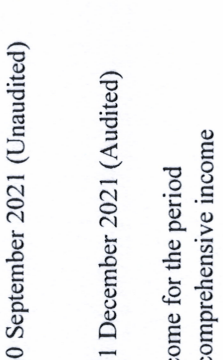


Theeb Rent a Car Company  
(A Saudi Joint Stock Company)

INTERIM CONDENSED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY  
For the nine-month period ended 30 September 2022

	Share capital SR	Statutory Reserve SR	Retained earnings SR	Total SR
As at 31 December 2020 (Audited)	430,000,000	6,324,613	45,190,823	481,515,436
Net 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	-	-	(21,930,000)	(21,930,000)
As at 30 September 2021 (Unaudited)	430,000,000	14,153,054	93,716,787	537,869,841
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 12)	-	-	(65,790,000)	(65,790,000)
As at 30 September 2022 (Unaudited)	430,000,000	32,842,090	178,171,986	641,014,076

  
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 2022

		30 September 2022 (Unaudited) SR	30 September 2021 (Unaudited) SR
	Note		
<b>OPERATING ACTIVITIES</b>			
Income before zakat		147,637,463	84,468,005
<i>Adjustments to reconcile income before zakat to net cash flows:</i>			
Depreciation on property and equipment	4	183,518,405	157,009,073
Depreciation on right-of-use assets	7	25,951,107	29,538,332
Amortisation of intangible assets		(4,987)	204,726
Provision for expected credit losses		18,803,301	18,802,447
Employees' benefit obligation		5,715,327	2,953,270
Finance cost		18,281,896	14,641,847
Accretion of interest		3,306,172	4,025,509
Write down of inventories		4,549,891	8,614,536
Gain on derivative instrument at FVTPL		(480,196)	(1,796,633)
Write off property and equipment	4	(85,226)	-
		<u>407,193,153</u>	<u>318,461,112</u>
<i>Working capital adjustments:</i>			
Prepayments and other current assets		(54,915,616)	(13,462,685)
Trade receivables, net		(64,208,596)	(43,117,017)
Contract asset, net		(1,889,492)	(2,362,036)
Inventories		87,868,555	77,796,709
Car dealership' payable		(49,043,628)	(25,844,029)
Accounts payable		9,479,741	17,793,169
Accruals and other payables		2,165,266	4,347,001
Amounts due from related parties	8	482,584	9,648,956
		<u>337,131,967</u>	<u>343,261,180</u>
Additions of motor vehicles	4	(412,119,620)	(314,920,223)
Employees' defined benefits paid		(707,803)	(500,864)
Zakat paid		(6,866,365)	(5,740,171)
<b>Net cash flows (used in) from operating activities</b>		<u>(82,561,821)</u>	<u>22,099,922</u>
<b>INVESTING ACTIVITIES</b>			
Purchase of property and equipment	4	(3,710,083)	(4,421,115)
<b>Net cash flows used in investing activities</b>		<u>(3,710,083)</u>	<u>(4,421,115)</u>
<b>FINANCING ACTIVITIES</b>			
Finance cost payment relating to term loans		(18,196,966)	(14,897,089)
Term loans proceeds		537,328,919	302,707,728
Term loans repayments		(323,642,628)	(258,079,403)
Lease obligation payments	7	(41,628,498)	(30,198,508)
Interim dividend paid	12	(65,790,000)	(21,930,000)
<b>Net cash flows from (used in) financing activities</b>		<u>88,070,827</u>	<u>(22,397,272)</u>
Increase (decrease) in bank balances and cash		1,798,923	(4,718,465)
Bank balances and cash at beginning of the period		57,712,926	39,514,666
<b>Bank balances and cash at the end of the period</b>		<u>59,511,849</u>	<u>34,796,201</u>
<b>Non-cash transactions:</b>			
Transfer of vehicles from property and equipment to inventories	4	92,530,061	83,431,888
Disposal of total loss cars		4,549,891	7,363,488
Additions of right of use assets	7	35,557,502	8,341,060

Chairman

Chief Executive Officer

Chief Financial Officer

The accompanying notes from 1 to 17 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 2022

### 1. CORPORATE INFORMATION AND ACTIVITIES

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

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

### 2. BASIS OF PREPARATION AND ACCOUNTING POLICIES

#### 2.1 BASIS OF PREPARATION

These interim condensed financial statements for the three-month and nine-month periods ended 30 September 2022 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. Management has formed a judgement that there is a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future, and not less than 12 months from the end of the reporting period.

The interim condensed financial statements do not include all the information and disclosures required in the annual financial statements and should therefore be read in conjunction with the Company’s annual financial statements for the year ended 31 December 2021. In addition, results for the three-month and nine-month periods ended 30 September 2022 are not necessarily indicative of the results that may be expected for the financial year ending 31 December 2022.

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 2021, except for the adoption of new standards effective as of 1 January 2022. 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 2022, but do not have an impact on the interim condensed financial statements of the Company.

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

The amendments replace a reference to a previous version of the IASB’s Conceptual Framework with a reference to the current version issued in March 2018 without significantly changing its requirements.

The amendments add an exception to the recognition principle of IFRS 3 Business Combinations to avoid the issue of potential ‘day 2’ gains or losses arising for liabilities and contingent liabilities that would be within the scope of IAS 37 Provisions, Contingent Liabilities and Contingent Assets or IFRIC 21 Levies, if incurred separately. The exception requires entities to apply the criteria in IAS 37 or IFRIC 21, respectively, instead of the Conceptual Framework, to determine whether a present obligation exists at the acquisition date.

The amendments also add a new paragraph to IFRS 3 to clarify that contingent assets do not qualify for recognition at the acquisition date.

These amendments had no impact on the interim condensed financial statements of the Company as there were no contingent assets, liabilities and contingent liabilities within the scope of these amendments arisen during the period.

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

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (UNAUDITED)

(continued)

30 September 2022

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

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

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

The amendment prohibits entities from deducting from the cost of an item of property, plant and equipment, any proceeds of the sale of items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognises the proceeds from selling such items, and the costs of producing those items, in profit or loss.

These amendments had no impact on the interim condensed financial statements of the Company as there were no sales of such items produced by property, plant and equipment made available for use on or after the beginning of the earliest period presented.

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

The amendment permits a subsidiary that elects to apply paragraph D16(a) of IFRS 1 to measure cumulative translation differences using the amounts reported in the parent's consolidated financial statements, based on the parent's date of transition to IFRS, if no adjustments were made for consolidation procedures and for the effects of the business combination in which the parent acquired the subsidiary. This amendment is also applied to an associate or joint venture that elects to apply paragraph D16(a) of IFRS 1. These amendments had no impact on the interim condensed financial statements of the Company.

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

The amendment clarifies the fees that an entity includes when assessing whether the terms of a new or modified financial liability are substantially different from the terms of the original financial liability. These fees include only those paid or received between the borrower and the lender, including fees paid or received by either the borrower or lender on the other's behalf. There is no similar amendment proposed for IAS 39 Financial Instruments: Recognition and Measurement. These amendments had no impact on the interim condensed financial statements of the Company as there were no modifications of the Company's financial instruments during the period.

***IAS 41 Agriculture – Taxation in fair value measurements***

The amendment removes the requirement in paragraph 22 of IAS 41 that entities exclude cash flows for taxation when measuring the fair value of assets within the scope of IAS 41. These amendments had no impact on the interim condensed financial statements of the Company as it did not have assets in scope of IAS 41 as at the reporting date.

**3. ZAKAT**

***Charge for the period***

Zakat charged for the three-month and nine-month periods ended 30 September 2022 amounted to SR 1,758,759 and SR 8,188,767 respectively (three-month and nine-month periods ended 30 September 2021: SR 1,840,673 and SR 6,183,600 respectively).

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

The Movement in zakat provision was as follows:

	30 September 2022 (Unaudited) SR	31 December 2021 (Audited) SR
At the beginning of the period/year	20,946,003	19,929,644
Provided during the period/year	8,188,767	6,756,530
Paid during the period/year	(6,866,365)	(5,740,171)
At the end of the period/year	<u>22,268,405</u>	<u>20,946,003</u>

Theeb Rent a Car Company  
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NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (UNAUDITED)

(continued)

30 September 2022

**3. ZAKAT (continued)**

*Zakat of 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 2021 and obtained zakat certificate for those years.
- The Company finalised 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% zakatable company on the basis of its ownership structure with all direct and indirect shareholders being either GCC nationals, or companies that were established within the GCC and whose shareholders consist wholly of GCC nationals. Further, dividends distributions to the above-mentioned former shareholder, in management view, are not subject to withholding tax as it is a resident company in the Kingdom of Saudi Arabia (as a Saudi limited liability company on the basis of the incorporation documents).

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



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

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (UNAUDITED)

(continued)

30 September 2022

4. PROPERTY AND EQUIPMENT

	30 September 2022 (Unaudited)			31 December 2021 (Audited)		
	Vehicles SR	Other SR	Total SR	Vehicles SR	Other SR	Total SR
Opening net book value	1,052,141,868	103,502,689	1,155,644,557	877,843,704	101,243,368	979,087,072
Additions during the period/year	412,119,620	3,710,083	415,829,703	497,021,183	6,284,199	503,305,382
Transfer of vehicles to inventories, net	(92,530,061)	-	(92,530,061)	(113,952,415)	-	(113,952,415)
Others	85,226	-	85,226	-	-	-
Depreciation for the period/year	(181,146,765)	(2,371,640)	(183,518,405)	(208,770,604)	(4,024,878)	(212,795,482)
Closing net book value	1,190,669,888	104,841,132	1,295,511,020	1,052,141,868	103,502,689	1,155,644,557

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)	
	2022	2021	2022	2021
Net income for the period (SR)	53,794,735	27,351,507	139,448,696	78,284,405
Weighted average number of ordinary shares (share)	43,000,000	43,000,000	43,000,000	43,000,000
Basic and diluted earnings per share (SR)	1.25	0.64	3.24	1.82

6. INVENTORIES

During the nine-month period ended 30 September 2022, the Company wrote down SR 4,549,891 (30 September 2021: SR 8,614,536) 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)

30 September 2022

**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:

	<b>30 September 2022 (Unaudited) SR</b>	<b>31 December 2021 (Audited) SR</b>
At the beginning of the period / year	<b>89,470,488</b>	119,218,046
Additions	<b>35,557,502</b>	9,234,182
Depreciation expense	<b>(25,951,107)</b>	(38,981,740)
At the end of the period/ year	<b><u>99,076,883</u></b>	<u>89,470,488</u>

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

	<b>30 September 2022 (Unaudited) SR</b>	<b>31 December 2021 (Audited) SR</b>
At the beginning of the period/ year	<b>109,042,096</b>	127,705,065
Additions	<b>35,557,502</b>	9,234,182
Accumulated interest	<b>3,306,172</b>	5,138,785
Payments	<b>(41,628,498)</b>	(33,035,936)
At the end of the period/year	<b>106,277,272</b>	109,042,096
Less: Current portion	<b><u>38,259,745</u></b>	<u>54,355,232</u>
Non-current portion	<b><u>68,017,527</u></b>	<u>54,686,864</u>

**8. RELATED PARTY TRANSACTIONS AND BALANCES**

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

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

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

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

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (UNAUDITED)

(continued)

30 September 2022

**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>	<b>30 September 2022 (Unaudited) SR</b>	<b>30 September 2021 (Unaudited) SR</b>
Hamoud Abdullah Altheeb	Car rental and other income	-	7,422
Mohammad Ahmed AlTheeb	Expenses and other income	(420,000)	(312,500)
Theeb Sons Company	Revenue	1,950	-
Madareem Company	Revenue	-	5,583

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

<i>Related Party</i>	<i>Nature of transaction</i>	<b>30 September 2022 (Unaudited) SR</b>	<b>30 September 2021 (Unaudited) SR</b>
Madareem Company	Revenue	-	6,182
Mohammad Ahmed AlTheeb	Expenses and other income	(418,500)	-

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>	<b>30 September 2022 (Unaudited) SR</b>	<b>30 September 2021 (Unaudited) SR</b>
Key management personnel	Short term employees' benefits	4,148,962	3,425,089
	Long term employees' benefits	734,113	171,803
Board of Directors	Board of Directors' remuneration	1,318,000	742,914

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

<i>Related party</i>	<i>Nature of transaction</i>	<b>30 September 2022 (Unaudited) SR</b>	<b>30 September 2021 (Unaudited) SR</b>
Key management personnel	Short term employees' benefits	1,657,008	1,269,250
	Long term employees' benefits	71,853	57,897
Board of Directors	Board of Directors' remuneration	552,000	172,500

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

	<b>30 September 2022 (Unaudited) SR</b>	<b>31 December 2021 (Audited) SR</b>
Madareem Company	-	439,583
Other related parties	-	43,001
	<b>-</b>	<b>482,584</b>

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

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

(continued)

30 September 2022

**9. SHARE CAPITAL**

The Company's Share capital is divided into 43,000,000 shares of SR 10 each (31 December 2021: 43,000,000 shares of SR 10 each).

**10. TERM LOAN**

	<i>30 September 2022 (Unaudited) SR</i>	<i>31 December 2021 (Audited) SR</i>
Current portion	<b>406,225,392</b>	326,628,922
Non-current portion	<b>422,262,323</b>	288,172,502
	<b><u>828,487,715</u></b>	<b><u>614,801,424</u></b>

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

The Company's current liabilities exceeded its current assets as of 30 September 2022 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:

<i>For the nine-month period ended 30 September 2022 (Unaudited)</i>	<i>Short term rental SR</i>	<i>Long term lease SR</i>	<i>Other SR</i>	<i>Total SR</i>
Revenue	<b>352,508,916</b>	<b>233,117,983</b>	<b>112,061,838</b>	<b>697,688,737</b>
Depreciation expense (Motor vehicles)	<b>(94,303,322)</b>	<b>(86,843,443)</b>	<b>-</b>	<b>(181,146,765)</b>
Segment profit	<b><u>258,205,594</u></b>	<b><u>146,274,540</u></b>	<b><u>112,061,838</u></b>	<b><u>516,541,972</u></b>
<i>For the nine-month period ended 30 September 2021 (Unaudited)</i>	<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 (Motor vehicles)	(69,246,491)	(84,771,659)	-	(154,018,150)
Segment profit	<b><u>184,424,810</u></b>	<b><u>112,610,073</u></b>	<b><u>88,319,259</u></b>	<b><u>385,354,142</u></b>

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

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

(continued)

30 September 2022

**11. SEGMENTAL REPORTING (continued)**

*For the three-month period*

*ended 30 September 2022*

*(Unaudited)*

	<i>Short term rental</i>	<i>Long term lease</i>	<i>Other</i>	<i>Total</i>
	<i>SR</i>	<i>SR</i>	<i>SR</i>	<i>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>

*For the three-month period ended*

*30 September 2021*

*(Unaudited)*

	<i>Short term rental</i>	<i>Long term lease</i>	<i>Other</i>	<i>Total</i>
	<i>SR</i>	<i>SR</i>	<i>SR</i>	<i>SR</i>
Revenue	96,777,915	67,454,198	17,994,990	182,227,103
Depreciation expense (Motor vehicles)	(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>

*Reconciliation of profit:*

*For the three-month period*

*ended 30 September*

*(Unaudited)*

*For the nine-month period*

*ended 30 September*

*(Unaudited)*

	<i>2022</i>	<i>2021</i>	<i>2022</i>	<i>2021</i>
	<i>SR</i>	<i>SR</i>	<i>SR</i>	<i>SR</i>
Segment profit	187,024,553	129,220,830	516,541,972	385,354,142
Other expenses (*)	<u>(133,229,818)</u>	<u>(101,869,323)</u>	<u>(377,093,276)</u>	<u>(307,069,737)</u>
Net income for the period	<u>53,794,735</u>	<u>27,351,507</u>	<u>139,448,696</u>	<u>78,284,405</u>

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

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 (other) represents the sales of vehicles that were previously held as a part of lease or rental fleet.

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

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

(continued)

30 September 2022

**11. SEGMENTAL REPORTING (continued)**

*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>	
	2022 SR	2021 SR	2022 SR	2021 SR
Short term rental	125,626,913	96,777,915	352,508,916	253,671,301
Long term lease	79,752,781	67,454,198	233,117,983	197,381,732
Car sales	44,822,611	17,994,990	112,061,838	88,319,259
	<u>250,202,305</u>	<u>182,227,103</u>	<u>697,688,737</u>	<u>539,372,292</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>	
	2022 SR	2021 SR	2022 SR	2021 SR
Services transferred over time	205,379,694	164,232,113	585,626,899	451,053,033
Services transferred at point in time	44,822,611	17,994,990	112,061,838	88,319,259
	<u>250,202,305</u>	<u>182,227,103</u>	<u>697,688,737</u>	<u>539,372,292</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 2022 (Unaudited) SR</i>	<i>31 December 2021 (Audited) SR</i>
Within 1 year	231,689,388	239,892,190
After 1 year, but not more than 5 years	254,899,204	249,521,137
	<u>486,588,592</u>	<u>489,413,327</u>

**Geographical markets**

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

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

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NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (UNAUDITED)

(continued)

30 September 2022

**12. DIVIDENDS**

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

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 3 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.

**13. CONTINGENT LIABILITIES**

At 30 September 2022, the Company issued letters of guarantees amounting to SR 58,289,337 (31 December 2021: SR 46,600,710) 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 with total notional amount of SR nil (31 December 2021: SR 75,000,000). Derivatives are 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 2 March 2022, SR 75,000,000 was matured and the fair value of the derivative instrument at FVTPL amounted to SR nil (31 December 2021: SR 480,196).

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

**15. SUBSEQUENT EVENTS**

In the opinion of management, no events have arisen subsequent to 30 September 2022 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 2022.

**16. 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.

**17. 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 1 November 2022 (corresponding to 7 Rabi Al-Thani 1444H).