

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

**UNAUDITED INTERIM CONDENSED FINANCIAL STATEMENTS**

**FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2024**

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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 (a Saudi Joint Stock Company) ("the Company") as at 31 March 2024, and the related interim condensed statements of comprehensive income, changes in shareholders' equity and cash flows for the three-month period then ended, and 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") as endorsed in the Kingdom of Saudi Arabia. Our responsibility is to express a conclusion on these interim condensed financial statements based on our review.

### **Scope of review**

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

### **Conclusion**

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

for Ernst & Young Professional Services

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



Riyadh: 13 Thul-Qi'dah 1445H  
(21 May 2024)

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

INTERIM CONDENSED STATEMENT OF COMPREHENSIVE INCOME

For the three-month period ended 31 March 2024

		<i>For the three-month period ended 31 March</i>	
		2024	2023
		(Unaudited)	(Unaudited)
		SR	SR
	Notes		
Revenues	12	306,573,983	262,943,294
Cost of revenues		(207,709,705)	(174,877,829)
<b>GROSS PROFIT</b>		<b>98,864,278</b>	<b>88,065,465</b>
Selling and marketing expenses		(16,203,645)	(13,294,889)
General and administrative expenses		(14,344,039)	(11,682,758)
Provision for expected credit losses		(7,563,646)	(4,865,630)
Other operating income		1,746,726	271,087
<b>INCOME FROM OPERATIONS</b>		<b>62,499,674</b>	<b>58,493,275</b>
Finance cost		(18,936,966)	(12,154,335)
<b>INCOME BEFORE ZAKAT</b>		<b>43,562,708</b>	<b>46,338,940</b>
Zakat	3	(3,086,716)	(4,047,324)
<b>NET INCOME FOR THE PERIOD</b>		<b>40,475,992</b>	<b>42,291,616</b>
Other comprehensive income		-	-
<b>TOTAL COMPREHENSIVE INCOME FOR THE PERIOD</b>		<b>40,475,992</b>	<b>42,291,616</b>
<b>Earnings per share:</b>			
Basic and diluted earnings per share for the period	5	0.94	0.98

 _____ Chairman	 _____ Chief Executive Officer	 _____ Chief Financial Officer
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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 2024

		<b>31 March 2024 (Unaudited) SR</b>	<b>31 December 2023 (Audited) SR</b>
	<i>Notes</i>		
<b>ASSETS</b>			
<b>NON-CURRENT ASSETS</b>			
Property and equipment	4	<b>1,788,485,515</b>	1,673,058,918
Right-of-use assets	7	<b>92,863,857</b>	96,207,857
<b>TOTAL NON-CURRENT ASSETS</b>		<b>1,881,349,372</b>	1,769,266,775
<b>CURRENT ASSETS</b>			
Inventories	6	<b>8,765,198</b>	6,718,774
Accounts receivable	8	<b>251,045,644</b>	229,096,887
Prepayments and other current assets		<b>123,035,886</b>	173,475,699
Contract assets		<b>7,194,834</b>	8,257,013
Bank balances and cash		<b>66,894,286</b>	52,011,938
<b>TOTAL CURRENT ASSETS</b>		<b>456,935,848</b>	469,560,311
<b>TOTAL ASSETS</b>		<b>2,338,285,220</b>	2,238,827,086
<b>SHAREHOLDERS' EQUITY AND LIABILITIES</b>			
<b>SHAREHOLDERS' EQUITY</b>			
Share capital	10	<b>430,000,000</b>	430,000,000
Statutory reserve		<b>56,462,563</b>	52,414,964
Retained earnings		<b>266,059,904</b>	247,261,511
<b>TOTAL SHAREHOLDERS' EQUITY</b>		<b>752,522,467</b>	729,676,475
<b>LIABILITIES</b>			
<b>NON-CURRENT LIABILITIES</b>			
Non-current portion of term loans	11	<b>592,599,268</b>	568,735,061
Employees' defined benefit liabilities		<b>40,097,222</b>	38,786,257
Non-current portion of lease obligation	7	<b>39,543,915</b>	41,777,226
<b>TOTAL NON-CURRENT LIABILITIES</b>		<b>672,240,405</b>	649,298,544
<b>CURRENT LIABILITIES</b>			
Current portion of term loans	11	<b>591,430,662</b>	556,896,532
Current portion of lease obligation	7	<b>71,526,451</b>	63,562,949
Car dealership payable		<b>95,652,090</b>	79,922,018
Accounts payable		<b>41,733,590</b>	45,041,443
Accrued expenses and other current liabilities		<b>97,982,872</b>	91,000,381
Zakat payable	3	<b>15,196,683</b>	23,428,744
<b>TOTAL CURRENT LIABILITIES</b>		<b>913,522,348</b>	859,852,067
<b>TOTAL LIABILITIES</b>		<b>1,585,762,753</b>	1,509,150,611
<b>TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES</b>		<b>2,338,285,220</b>	2,238,827,086

Chairman

Chief Executive Officer

Chief Financial Officer

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

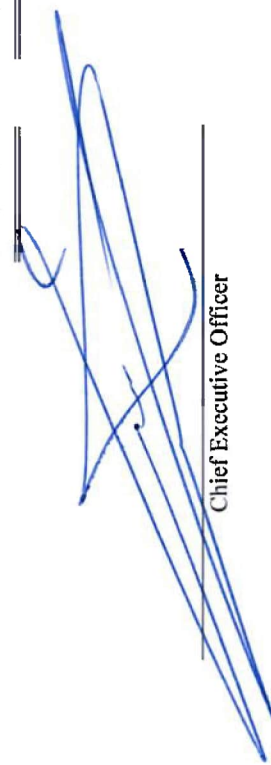
**Theeb Rent a Car Company**  
**(A Saudi Joint Stock Company)**

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

For the three-month period ended 31 March 2024

	Share Capital SR	Statutory Reserve SR	Retained earnings SR	Total SR
As at 31 December 2022 (Audited)	430,000,000	38,208,015	196,652,399	664,860,414
Net income for the period	-	-	42,291,616	42,291,616
Other comprehensive income	-	-	-	-
Total comprehensive income	-	-	42,291,616	42,291,616
Transfer to statutory reserve	-	4,229,162	(4,229,162)	-
Dividends (note 13)	-	-	(25,370,000)	(25,370,000)
As at 31 March 2023 (Unaudited)	430,000,000	42,437,177	209,344,853	681,782,030
As at 31 December 2023 (Audited)	430,000,000	52,414,964	247,261,511	729,676,475
Net income for the period	-	-	40,475,992	40,475,992
Other comprehensive income	-	-	-	-
Total comprehensive income	-	-	40,475,992	40,475,992
Transfer to statutory reserve	-	4,047,599	(4,047,599)	-
Dividends (note 13)	-	-	(17,630,000)	(17,630,000)
As at 31 March 2024 (Unaudited)	430,000,000	56,462,563	266,059,904	752,522,467

  
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 CASH FLOWS**

For the three-month period ended 31 March 2024

		2024 (Unaudited) SR	2023 (Unaudited) SR
	Notes		
<b>OPERATING ACTIVITIES</b>			
Income before zakat		43,562,708	46,338,940
Adjustments to reconcile profit before tax to net cash flows:			
Depreciation on property and equipment	4	66,913,276	68,775,687
Depreciation on right-of-use assets	7	11,438,567	11,025,011
Provision for expected credit losses		7,563,646	4,865,630
Provision for employees' defined benefit liabilities		1,799,951	1,149,088
Finance costs		17,797,341	10,998,636
Finance cost on lease liabilities		1,139,625	1,155,699
Write down of inventories		1,658,763	3,479,492
		<u>151,873,877</u>	<u>147,788,183</u>
<i>Working capital adjustments:</i>			
Inventories		61,891,659	40,255,563
Accounts receivable		(28,466,964)	(15,473,931)
Prepayments and other current assets		50,439,813	51,230,166
Contract assets		16,740	2,680,566
Car dealership payable		15,730,072	(7,607,708)
Accounts payable		(3,307,853)	1,216,414
Accrued expenses and other current liabilities		6,378,477	4,315,153
		<u>254,555,821</u>	<u>224,404,406</u>
Additions of motor vehicles	4	(246,259,769)	(170,827,162)
Employees' defined benefit obligations paid		(488,986)	(446,117)
Zakat paid	3	(11,318,777)	-
		<u>(3,511,711)</u>	<u>53,131,127</u>
<b>Net cash flows (used in) from operating activities</b>			
		<u>(3,511,711)</u>	<u>53,131,127</u>
<b>INVESTING ACTIVITY</b>			
Additions of other property and equipment	4	(1,676,950)	(2,375,932)
		<u>(1,676,950)</u>	<u>(2,375,932)</u>
<b>Net cash flows used in investing activity</b>			
		<u>(1,676,950)</u>	<u>(2,375,932)</u>
<b>FINANCING ACTIVITIES</b>			
Finance costs paid relating to term loans		(17,193,327)	(10,578,413)
Proceeds from term loans		207,576,666	123,514,189
Repayments of term loans		(149,178,329)	(121,118,071)
Payments of lease liabilities	7	(3,504,001)	(4,151,776)
Interim dividends paid	13	(17,630,000)	-
		<u>20,071,009</u>	<u>(12,334,071)</u>
<b>Net cash flows from (used in) financing activities</b>			
		<u>20,071,009</u>	<u>(12,334,071)</u>
Net increase in bank balances and cash		14,882,348	38,421,124
Bank balances and cash at the beginning of the period		52,011,938	100,092,690
		<u>66,894,286</u>	<u>138,513,814</u>
<b>Bank balances and cash at the end of the period</b>			
		<u>66,894,286</u>	<u>138,513,814</u>

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



Theeb Rent a Car Company  
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INTERIM CONDENSED STATEMENT OF CASH FLOWS (continued)  
For the three-month period ended 31 March 2024

	Notes	2024 (Unaudited) SR	2023 (Unaudited) SR
<b>Non-cash transactions:</b>			
Transfer of vehicles from property and equipment to inventories	4	65,596,846	43,804,054
Write off of total loss cars	6	1,658,763	3,479,492
Addition of right-of-use assets and lease liabilities	7	8,094,567	3,105,909
Dividends payable	13	-	25,370,000

  
Chairman  
Chief Executive Officer  
Chief Financial Officer

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



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

## NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (UNAUDITED) 31 March 2024

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### 1. CORPORATE INFORMATION AND ACTIVITIES

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

The Company’s registered office is located at the following address:  
6709 Eastern ring branch road, at Rawdah district  
Riyadh 13211 – 2394  
Kingdom of Saudi Arabia.

### 2. BASIS OF PREPARATION AND ACCOUNTING POLICIES

#### 2.1 STATEMENT OF COMPLIANCE

These interim condensed financial statements for the three-month period ended 31 March 2024 have been prepared in accordance with International Accounting Standard 34 ‘Interim Financial Reporting’ (“IAS 34”) as endorsed in the Kingdom of Saudi Arabia (“KSA”) and other standards and pronouncements that are issued by the Saudi Organization for Chartered and Professional Accountants (“SOCPA”). The Company has prepared the financial statements on the basis that it will continue to operate as a going concern. Management considers that there are no material uncertainties that may cast significant doubt over this assumption. Management has formed a judgement that there is a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future, and not less than 12 months from the end of the reporting period.

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

The interim condensed financial statements do not include all the information and disclosures required in the annual financial statements and should therefore be read in conjunction with the Company’s annual financial statements for the year ended 31 December 2023. In addition, results for the three-month period ended 31 March 2024 are not necessarily indicative of the results that may be expected for the financial year ending 31 December 2024.

#### 2.2 BASIS OF MEASUREMENT

The interim condensed financial statements have been prepared on a historical cost basis.

#### 2.3 FUNCTIONAL AND PRESENTATION CURRENCY

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

#### 2.4 NEW STANDARDS, INTERPRETATIONS AND AMENDMENTS

##### 2.4.1 *New standards and amendments adopted by the Company*

Several amendments apply for the first time in 2024, but do not have an impact on the interim condensed financial statements of the Company.

##### ***Supplier Finance Arrangements - Amendments to IAS 7 and IFRS 7***

In May 2023, the IASB issued amendments to IAS 7 Statement of Cash Flows and IFRS 7 Financial Instruments: Disclosures to clarify the characteristics of supplier finance arrangements and require additional disclosure of such arrangements. The disclosure requirements in the amendments are intended to assist users of financial statements in understanding the effects of supplier finance arrangements on an entity’s liabilities, cash flows and exposure to liquidity risk.

The transition rules clarify that an entity is not required to provide the disclosures in any interim periods in the year of initial application of the amendments. Thus, the amendments had no impact on the Company’s 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)

31 March 2024

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

**2.4 NEW STANDARDS, INTERPRETATIONS AND AMENDMENTS (continued)**

**2.4.1 New standards and amendments adopted by the Company (continued)**

***Amendments to IFRS 16: Lease Liability in a Sale and Leaseback***

In September 2022, the IASB issued amendments to IFRS 16 to specify the requirements that a seller-lessee uses in measuring the lease liability arising in a sale and leaseback transaction, to ensure the seller-lessee does not recognise any amount of the gain or loss that relates to the right of use it retains.

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

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

In January 2020 and October 2022, the IASB issued amendments to paragraphs 69 to 76 of IAS 1 to specify the requirements for classifying liabilities as current or non-current. The amendments clarify:

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

In addition, a requirement has been introduced whereby an entity must disclose when a liability arising from a loan agreement is classified as non-current and the entity's right to defer settlement is contingent on compliance with future covenants within twelve months.

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

**2.4.2 Standards, amendments and interpretations issues but not yet effective**

The International Accounting Standards Board (IASB) has issued the following standards and amendments which will become effective on or after 1 January 2025. The Company has opted not to early adopt these pronouncements and they do not have a significant impact on the interim condensed financial statements of the Company.

***Amendments to IAS 21- Lack of exchangeability***

IASB amended IAS 21 to add requirements to help in determining whether a currency is exchangeable into another currency, and the spot exchange rate to use when it is not exchangeable. Amendment set out a framework under which the spot exchange rate at the measurement date could be determined using an observable exchange rate without adjustment or another estimation technique.

The amendments are effective for annual reporting periods beginning on or after 1 January 2025. The amendments are not expected to have a material impact on the Company's financial statements.

***Amendments to IFRS 10 and IAS 28- Sale or Contribution of Assets between an Investor and its Associate or Joint Venture***

Partial gain or loss recognition for transactions between an investor and its associate or joint venture only apply to the gain or loss resulting from the sale or contribution of assets that do not constitute a business as defined in IFRS 3 Business Combinations and the gain or loss resulting from the sale or contribution to an associate or a joint venture of assets that constitute a business as defined in IFRS 3 is recognized in full.

The amendments are deferred indefinitely. The amendments are not expected to have a material impact on the Company's financial statements.

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

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (UNAUDITED)  
(continued)  
31 March 2024

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

**2.4 NEW STANDARDS, INTERPRETATIONS AND AMENDMENTS (continued)**

**2.4.2 Standards, amendments and interpretations issues but not yet effective (continued)**

***IFRS 18 - presentation and disclosure in financial statements***

This standard set out requirements for the presentation and disclosure of information in general purpose financial statements to help ensure the entity provide relevant information that faithfully represents an entity's assets, liabilities, equity, income and expenses.

The amendments are effective for annual reporting periods beginning on or after 1 January 2027. The amendments are not expected to have a material impact on the Company's financial statements.

**3. ZAKAT**

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

The movement in zakat provision was as follows:

	<b>31 March 2024 (Unaudited) SR</b>	<b>31 December 2023 (Audited) SR</b>	<b>31 March 2023 (Unaudited) SR</b>
At the beginning of the period/year	<b>23,428,744</b>	24,718,383	24,718,383
Provided during the period/year	<b>3,086,716</b>	11,318,777	4,047,324
Prior year reversal of reassessment	-	(1,830,246)	-
Paid during the period/year	<b>(11,318,777)</b>	(10,778,170)	-
At the end of the period/year	<b><u>15,196,683</u></b>	<b><u>23,428,744</u></b>	<b><u>28,765,707</u></b>

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

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NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (UNAUDITED)

(continued)

31 March 2024

**3. ZAKAT (continued)**

*Zakat of assessments*

- As of the date of issuance of these interim condensed financial statements, the Company has filed its zakat returns and financial statements to the Zakat, Tax and Customs Authority (“ZATCA”) for all years up to 31 December 2023 and obtained zakat certificate for those years.
- The Company finalized its zakat position with ZATCA for all years up to 2018. Subsequent to the period ended 31 March 2024, settlement plan has been agreed with ZATCA to settle the additional claim amount of SR 11 million in 9 instalments starting from May 2024, the Company already kept the provision of SR 11 million for the claim amount.
- 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 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 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).

During September 2021, the Company has replied to ZATCA after receiving the correspondence and no response was received since then. Moreover, in case of any imposed position by ZATCA, in addition to any relevant fines and delay penalties, the above-mentioned former shareholder has provided to the Company an indemnity undertaking letter to bear any tax related liability that might be imposed on the Company by ZATCA in connection with the above matter.

During the year ended 31 December 2023, management has reassessed their position and accordingly made accruals of SR 33,703,203 with the same corresponding impact of receivable from former shareholder.

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

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (UNAUDITED)

(continued)

31 March 2024

**4. PROPERTY AND EQUIPMENT**

	<i>31 March 2024</i> <i>(Unaudited)</i>			<i>31 December 2023</i> <i>(Audited)</i>		
	<i>Vehicles</i> <i>SR</i>	<i>Other</i> <i>SR</i>	<i>Total</i> <i>SR</i>	<i>Vehicles</i> <i>SR</i>	<i>Other</i> <i>SR</i>	<i>Total</i> <i>SR</i>
Opening net book value	1,562,185,029	110,873,889	1,673,058,918	1,214,911,498	105,450,713	1,320,362,211
Additions during the period/year	246,259,769	1,676,950	247,936,719	842,154,073	10,814,171	852,968,244
Transfer of vehicles to inventories	(65,596,846)	-	(65,596,846)	(212,817,166)	-	(212,817,166)
Depreciation for the period/year	(65,507,056)	(1,406,220)	(66,913,276)	(282,063,376)	(5,390,995)	(287,454,371)
Closing net book value	<u>1,677,340,896</u>	<u>111,144,619</u>	<u>1,788,485,515</u>	<u>1,562,185,029</u>	<u>110,873,889</u>	<u>1,673,058,918</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:

	<i>For the three-month period</i> <i>ended 31 March</i> <i>(Unaudited)</i>	
	<i>2024</i>	<i>2023</i>
Net income for the period	<u>40,475,992</u>	<u>42,291,616</u>
Weighted average number of ordinary shares outstanding	<u>43,000,000</u>	<u>43,000,000</u>
Basic and diluted earnings per share	<u>0.94</u>	<u>0.98</u>

**6. INVENTORIES**

Inventories mainly represent vehicles available for sale. During the three-month period ended 31 March 2024, the Company wrote down SR 1.7 million (31 March 2023: SR 3.5 million) of inventories resulted from accidents, the reimbursement received from insurance companies related to this was SR 1.6 million (31 March 2023: SR 3.1 million), both write down and reimbursements are presented on net basis in cost of revenues in the interim condensed statement of comprehensive income.

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

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (UNAUDITED)

(continued)

31 March 2024

**7. RIGHT-OF-USE ASSETS**

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

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

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

	<b>31 March 2024 (Unaudited) SR</b>	<b>31 December 2023 (Audited) SR</b>
At the beginning of the period / year	<b>96,207,857</b>	101,610,688
Additions	<b>8,094,567</b>	39,127,173
Depreciation expense	<b>(11,438,567)</b>	(44,530,004)
At the end of the period/ year	<b>92,863,857</b>	96,207,857

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

	<b>31 March 2024 (Unaudited) SR</b>	<b>31 December 2023 (Audited) SR</b>
At the beginning of the period/ year	<b>105,340,175</b>	107,555,421
Additions	<b>8,094,567</b>	39,127,173
Accretion of interest	<b>1,139,625</b>	5,498,717
Payments (*)	<b>(3,504,001)</b>	(46,841,136)
At the end of the period/ year	<b>111,070,366</b>	105,340,175
Less: Current portion	<b>71,526,451</b>	63,562,949
Non-current portion	<b>39,543,915</b>	41,777,226

(\*) Payment of lease liability includes repayment of principal portion of SR 2,364,376 (31 December 2023: SR 41,342,419) and payment of interest amounted to SR 1,139,625 (31 December 2023: SR 5,498,717).

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31 March 2024

**8. ACCOUNTS RECEIVABLE**

	<i>31 March 2024 (Unaudited) SR</i>	<i>31 December 2023 (Audited) SR</i>
Accounts receivable	<b>391,258,466</b>	362,791,502
Less: allowance for expected credit losses	<b>(140,212,822)</b>	(133,694,615)
	<b><u>251,045,644</u></b>	<u>229,096,887</u>

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

	<i>31 March 2024 (Unaudited) SR</i>	<i>31 December 2023 (Audited) SR</i>
At the beginning of the period/ year	<b>133,694,615</b>	93,222,959
Provided during the period/ year	<b>6,518,207</b>	40,471,656
At the end of the period/ year	<b><u>140,212,822</u></b>	<u>133,694,615</u>

**9. RELATED PARTY TRANSACTIONS AND BALANCES**

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

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

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

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

<i>Related Party</i>	<i>Nature of transactions</i>	<i>31 March 2024 (Unaudited) SR</i>	<i>31 March 2023 (Unaudited) SR</i>
Mohammad Ahmed AlTheeb	Rent charged	<b>(280,000)</b>	(280,000)
Mohammad Ahmed AlTheeb Contracting Company	Expenses charged	<b>(960)</b>	(17,043)
Mohammad Ahmed AlTheeb	Car rental	-	3,525
Naif Mohammed Al-Theeb	Car rental	<b>7,377</b>	52,824



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**9. RELATED PARTY TRANSACTIONS AND BALANCES (continued)**

There are no due from (due to) related parties balances as at 31 March 2024 (31 December 2023: SR nil).

Key management personnel of the Company comprise of key members of the management having authority and responsibility for planning, directing and controlling the activities of the Company. 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 2024 (Unaudited) SR</i>	<i>31 March 2023 (Unaudited) SR</i>
Key management personnel	Short term employees' benefits	<b>1,705,734</b>	1,488,605
	Long term employees' benefits	<b>59,214</b>	64,794
Board of Directors	Board of Directors' remuneration	<b>1,176,000</b>	467,000

**10. SHARE CAPITAL**

The Company's Share capital is divided into 43,000,000 shares of SR 10 each (31 December 2023: 43,000,000 shares of SR 10 each).

**11. TERM LOANS**

	<i>31 March 2024 (Unaudited) SR</i>	<i>31 December 2023 (Audited) SR</i>
Current portion	<b>591,430,662</b>	556,896,532
Non-current portion	<b>592,599,268</b>	568,735,061
	<b><u>1,184,029,930</u></b>	<b><u>1,125,631,593</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 banks available in accordance with the signed facility agreements.

The Company's current liabilities exceeded its current assets as of 31 March 2024 primarily owing to the loans, used to finance purchase of vehicles classified under non-current assets in the statement of financial position, as part of the normal course of business. This is consistent with previously reported periods.

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(continued)

31 March 2024

**12. SEGMENTAL REPORTING**

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

*For the three-month period  
ended 31 March 2024  
(Unaudited)*

	<i>Short term rental SR</i>	<i>Long term lease SR</i>	<i>Car sales SR</i>	<i>Total SR</i>
Revenue	118,533,175	109,783,621	78,257,187	306,573,983
Depreciation expense (Motor vehicles)	(30,250,442)	(35,256,614)	-	(65,507,056)
Segment profit	<u>88,282,733</u>	<u>74,527,007</u>	<u>78,257,187</u>	<u>241,066,927</u>

*For the three-month period ended  
31 March 2023  
(Unaudited)*

	<i>Short term rental SR</i>	<i>Long term lease SR</i>	<i>Car sales SR</i>	<i>Total SR</i>
Revenue	123,497,994	84,310,246	55,135,054	262,943,294
Depreciation expense (Motor vehicles)	(37,385,316)	(30,170,499)	-	(67,555,815)
Segment profit	<u>86,112,678</u>	<u>54,139,747</u>	<u>55,135,054</u>	<u>195,387,479</u>

*Reconciliation of profit:*

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

	<i>2024 SR</i>	<i>2023 SR</i>
Segment profit	241,066,927	195,387,479
Other expenses (*)	(200,590,935)	(153,095,863)
Net income for the period	<u>40,475,992</u>	<u>42,291,616</u>

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

*Detail of segment assets and liabilities:*

	<i>Allocated</i>		<i>Unallocated</i>	
<i>31 March 2024 (Unaudited)</i>	<i>Short term lease SR</i>	<i>Long term lease SR</i>	<i>Others SR</i>	<i>Total SR</i>
Segment assets	568,254,510	1,109,086,386	660,944,324	2,338,285,220
Segment liabilities	-	-	1,585,762,753	1,585,762,753
	<i>Allocated</i>		<i>Unallocated</i>	
<i>31 December 2023 (Audited)</i>	<i>Short term Lease SR</i>	<i>Long term Lease SR</i>	<i>Others SR</i>	<i>Total SR</i>
Segment assets	597,362,872	964,822,157	676,642,057	2,238,827,086
Segment liabilities	-	-	1,509,150,611	1,509,150,611

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(continued)

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**12. SEGMENTAL REPORTING (continued)**

*Other disclosures:*

31 March 2024 (Unaudited)	<i>Allocated</i>		<i>Unallocated</i>	
	<i>Short term lease</i>	<i>Long term lease</i>	<i>Others</i>	<i>Total</i>
	SR	SR	SR	SR
Capital expenditures	<b>34,635,354</b>	<b>211,624,415</b>	<b>1,676,950</b>	<b>247,936,719</b>
31 December 2023 (Audited)	<i>Allocated</i>		<i>Unallocated</i>	
	<i>Short term Lease</i>	<i>Long term lease</i>	<i>Others</i>	<i>Total</i>
	SR	SR	SR	SR
Capital expenditures	338,540,357	503,613,716	10,814,171	852,968,244

Capital expenditure consists of additions of property and equipment.

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

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

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

**Disaggregated revenue information**

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

	<i>For the three-month period ended 31 March (Unaudited)</i>	
	<i>2024</i>	<i>2023</i>
	SR	SR
Short term rental	<b>118,533,175</b>	123,497,994
Long term lease	<b>109,783,621</b>	84,310,246
Car sales	<b>78,257,187</b>	55,135,054
	<b>306,573,983</b>	262,943,294
<i>Timing of revenue recognition</i>	<i>For the three-month period ended 31 March (Unaudited)</i>	
	<i>2024</i>	<i>2023</i>
	SR	SR
Services transferred over time	<b>228,316,796</b>	207,808,240
Services transferred at point in time	<b>78,257,187</b>	55,135,054
	<b>306,573,983</b>	262,943,294

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**12. SEGMENTAL REPORTING (continued)**

*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:

	<b>31 March 2024 (Unaudited) SR</b>	<b>31 December 2023 (Audited) SR</b>
Within 1 year	<b>388,279,352</b>	327,511,709
After 1 year, but not more than 5 years	<b>613,147,409</b>	488,432,957
	<b><u>1,001,426,761</u></b>	<b><u>815,944,666</u></b>

*Geographical markets*

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

**12.1 Contract balances**

	<b>31 March 2024 (Unaudited) SR</b>	<b>31 December 2023 (Audited) SR</b>
Contract assets	<b>7,194,834</b>	8,257,013
Contract liabilities	<b>28,278,431</b>	28,115,342

**13. DIVIDENDS**

The Company's Board of Directors approved, in their meeting held on 14 March 2024, to distribute final cash dividend for the fourth quarter 2023 of SR 0.41 per share totaling to SR 17,630,000. The above-mentioned interim dividends have been distributed to the shareholders on 26 March 2024.

The Company's Board of Directors approved, in their meeting held on 29 March 2023, to distribute final cash dividend for the fourth quarter 2022 of SR 0.59 per share totaling to SR 25,370,000. The above-mentioned interim dividends have been distributed to the shareholders on 13 April 2023.

**14. COMMITMENTS AND CONTINGENCIES**

At 31 March 2024, the Company issued letters of guarantees amounting to SR 79.5 million (31 December 2023: SR 75.2 million) mainly in respect of the Company's leased properties and bidding for government contracts.

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

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NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (UNAUDITED)  
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31 March 2024

**15. SUBSEQUENT EVENTS**

In the opinion of management, no events have arisen subsequent to 31 March 2024 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 2024.

**16. FAIR VALUE OF FINANCIAL INSTRUMENTS**

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

**17. COMPARATIVE INFORMATION**

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

**18. APPROVAL OF INTERIM CONDENSED FINANCIAL STATEMENTS**

These interim condensed financial statements of the Company were authorised for issuance in accordance with the Board of Directors' resolution dated 16 May 2024 (corresponding to 8 Thul-Qi'dah 1445H).