

**NASEEJ INTERNATIONAL TRADING COMPANY**  
**(A SAUDI JOINT STOCK COMPANY)**  
**UNAUDITED INTERIM CONDENSED CONSOLIDATED**  
**FINANCIAL STATEMENTS AND**  
**INDEPENDENT AUDITORS' REVIEW REPORT**  
**FOR THE THREE AND SIX MONTHS PERIOD**  
**ENDED JUNE 30, 2023**

# **NASEEJ INTERNATIONAL TRADING COMPANY**

(A Saudi Joint Stock Company)

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The annexed notes from 1 to 11 form an integral part of these financial statements.

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**REPORT ON REVIEW OF CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**

**TO THE SHAREHOLDERS  
NASEEJ INTERNATIONAL TRADING COMPANY  
(A SAUDI JOINT STOCK COMPANY)**

**REPORT ON THE REVIEW OF THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR  
THE THREE MONTHS AND SIX MONTHS PERIOD ENDED JUNE 30, 2023****Introduction**

We have reviewed the accompanying condensed consolidated statement of financial position of NASEEJ INTERNATIONAL TRADING COMPANY (the "Company") as at June 30, 2023 and the related condensed interim consolidated statements of profit and loss and comprehensive income for the three-months and six months periods ended June 30, 2023 and the condensed consolidated interim statements of changes in equity and condensed consolidated interim cash flows for the six month period then ended and condensed consolidated interim notes, comprising a summary of significant accounting policies and other explanatory notes. Management is responsible for the preparation and presentation of these condensed consolidated interim 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 condensed consolidated interim financial statements based on our review.

**Scope of review**


We conducted our review in accordance with International Standard on Review Engagements 2410, "Review of interim financial information performed by the independent auditor of the entity", as endorsed in the Kingdom of Saudi Arabia. A review of interim financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing, as 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 condensed consolidated interim financial statements are not prepared, in all material respects, in accordance with IAS 34, as endorsed in the Kingdom of Saudi Arabia.

**FOR EL SAYED EL AYOUTY & CO.**

Jeddah: August 1, 2023  
Muharram 14, 1445H.

  
**Abdullah Ahmad Balamash**  
Certified Public Accountant  
License No. (345)

**NASEEJ INTERNATIONAL TRADING COMPANY**

(A Saudi Joint Stock Company)

**Statement of interim condensed consolidated financial position as at June 30, 2023**

(All amounts in Saudi Riyals Thousands unless otherwise stated)

|   | Notes | June 30,<br>2023<br>(Unaudited) | December 31,<br>2022<br>(Audited) |
|---|-------|---------------------------------|-----------------------------------|
| <b>ASSETS</b>                                 |       |                                 |                                   |
| <b>Non-current assets</b>                     |       |                                 |                                   |
| Property, plant and equipment – net           |       | 144,232                         | 150,624                           |
| Intangible assets – net                       |       | 90                              | 173                               |
| Investment in associates and a joint ventures | 9     | 15,942                          | 15,734                            |
| Right to use assets                           | 3.1   | 12,331                          | 13,105                            |
| Derivative financial instruments              | 6     | 75                              | 184                               |
| <b>Total non-current assets</b>               |       | <b>172,670</b>                  | <b>179,820</b>                    |
| <b>Current assets</b>                         |       |                                 |                                   |
| Inventories, net                              |       | 103,921                         | 108,436                           |
| Trade receivables, net                        |       | 108,794                         | 100,103                           |
| Prepayments and other receivables, net        |       | 14,988                          | 17,179                            |
| Cash and cash equivalent                      |       | 2,292                           | 6,436                             |
| <b>Total current assets</b>                   |       | <b>229,995</b>                  | <b>232,154</b>                    |
| <b>TOTAL ASSETS</b>                           |       | <b>402,665</b>                  | <b>411,974</b>                    |
| <b>EQUITY HOLDERS' EQUITY AND LIABILITIES</b> |       |                                 |                                   |
| <b>Equity</b>                                 |       |                                 |                                   |
| Share capital                                 |       | 108,973                         | 108,973                           |
| Accumulated profit/losses                     |       | 1,085                           | (3,584)                           |
| <b>Total shareholders' equity</b>             |       | <b>110,058</b>                  | <b>105,389</b>                    |
| <b>Non-current liabilities</b>                |       |                                 |                                   |
| Loans and borrowings                          | 4     | 136,552                         | 148,287                           |
| Right to use obligations                      | 3.2   | 6,984                           | 6,731                             |
| Employees' defined benefit obligations        |       | 23,246                          | 22,680                            |
| <b>Total non-current liabilities</b>          |       | <b>166,782</b>                  | <b>177,698</b>                    |
| <b>Current liabilities</b>                    |       |                                 |                                   |
| Loans and borrowings                          | 4     | 59,238                          | 61,708                            |
| Right to use obligations                      | 3.2   | 3,092                           | 3,695                             |
| Trade payables                                |       | 28,860                          | 29,896                            |
| Due to related parties                        | 8.3   | 7,149                           | 6,295                             |
| Other payables                                |       | 17,707                          | 20,514                            |
| Povision for zakat                            |       | 9,779                           | 6,779                             |
| <b>Total current liabilities</b>              |       | <b>125,825</b>                  | <b>128,887</b>                    |
| <b>Total liabilities</b>                      |       | <b>292,607</b>                  | <b>306,585</b>                    |
| <b>TOTAL EQUITY AND LIABILITIES</b>           |       | <b>402,665</b>                  | <b>411,974</b>                    |

The annexed notes from 1 to 11 form an integral part of these financial statements.



# NASEEJ INTERNATIONAL TRADING COMPANY

(A Saudi Joint Stock Company)

## Statement of interim condensed consolidated profit and loss and other comprehensive income for the three months and six months period ended June 30, 2023

(All amounts in Saudi Riyals Thousands unless otherwise stated)

|   | Three month period |               | Six month period |               |
|---|--------------------|---------------|------------------|---------------|
|   | June 30, 2023      | June 30, 2022 | June 30, 2023    | June 30, 2022 |
|   | Unaudited          |               | Unaudited        |               |
| <b>Continuous operations</b>  |                    |               |                  |               |
| Sales – net   | 62,395             | 69,587        | 141,130          | 153,217       |
| Cost of sales   | (47,671)           | (50,951)      | (108,781)        | (115,656)     |
| <b>Gross profit</b>   | <b>14,724</b>      | <b>18,636</b> | <b>32,349</b>    | <b>37,561</b> |
| Selling and distribution expenses   | (7,805)            | (6,556)       | (15,477)         | (13,885)      |
| General and administration expenses   | (3,420)            | (3,826)       | (6,893)          | (8,778)       |
| Impairment of current assets – net  | 856                | -             | 2,954            | -             |
| Other income – net  | 148                | 946           | 220              | 2,338         |
| <b>Operating income</b>   | <b>4,503</b>       | <b>9,200</b>  | <b>13,153</b>    | <b>17,236</b> |
| Profit due to change in fair value of derivatives   | (46)               | 365           | (108)            | 980           |
| Net share on investment in associates and joint venture   | -                  | 109           | 208              | 307           |
| Financial charges   | (3,874)            | (3,332)       | (5,584)          | (5,158)       |
| <b>Profit before zakat</b>  | <b>583</b>         | <b>6,342</b>  | <b>7,669</b>     | <b>13,365</b> |
| Zakat   | -                  | (833)         | (3,000)          | (1,393)       |
| <b>Profit for the period</b>  | <b>583</b>         | <b>5,509</b>  | <b>4,669</b>     | <b>11,972</b> |
| <b>Other comprehensive income</b>   |                    |               |                  |               |
| <i>Items that will not be reclassified in subsequent date to profit or loss (net after zakat)</i>               |                    |               |                  |               |
| Loss on revaluation of employees defined benefit obligations  | -                  | -             | -                | -             |
| <b>Net income of items that will not be reclassified in subsequent date to profit or loss (net after zakat)</b> | <b>-</b>           | <b>-</b>      | <b>-</b>         | <b>-</b>      |
| <b>Total other comprehensive income</b>   | <b>-</b>           | <b>-</b>      | <b>-</b>         | <b>-</b>      |
| <b>Total other comprehensive income –net</b>  | <b>583</b>         | <b>5,509</b>  | <b>4,669</b>     | <b>11,972</b> |
| <b>Profit per share</b>   | <b>0.05</b>        | <b>0.26</b>   | <b>0.43</b>      | <b>0.57</b>   |

The annexed notes from 1 to 11 form an integral part of these financial statements.

## NASEEJ INTERNATIONAL TRADING COMPANY

(A Saudi Joint Stock Company)

### Statement of changes in interim condensed consolidated equity as at June 30, 2023

(All amounts in Saudi Riyals Thousands unless otherwise stated)

|  | Share capital  | Accumulated losses | Total shareholders' equity |
|--|----------------|--------------------|----------------------------|
| As at January 01, 2022   | 211,632        | (102,659)          | 108,973                    |
| Net profit or the period   | -              | 11,972             | 11,972                     |
| Gain/ (loss) on revaluation of employees' defined benefit obligations  | -              | -                  | -                          |
| As at June 30, 2022 (unaudited)  | <u>211,632</u> | <u>(90,687)</u>    | <u>120,945</u>             |
| As at January 01, 2023   | 108,973        | (3,584)            | 105,389                    |
| Net profit for the period  | -              | 4,669              | 4,669                      |
| Gain / (loss) on revaluation of employees' defined benefit obligations | -              | -                  | -                          |
| As at June 30, 2023 – (unaudited)                                      | <u>108,973</u> | <u>1,085</u>       | <u>110,058</u>             |

The annexed notes from 1 to 11 form an integral part of these financial statements.

# NASEEJ INTERNATIONAL TRADING COMPANY

(A Saudi Joint Stock Company)

## Statement of interim condensed consolidated cash flows as at June 30, 2023

(All amounts in Saudi Riyals Thousands unless otherwise stated)

|   | Note | June 30,<br>2023<br>(Unaudited) | June 30,<br>2022<br>(Unaudited) |
|---|------|---------------------------------|---------------------------------|
| <b>Operating activities</b>   |      |                                 |                                 |
| Profit before zakat   |      | 7,669                           | 13,365                          |
| <b>Adjustments for:</b>   |      |                                 |                                 |
| Depreciation  |      | 6,627                           | 8,738                           |
| Amortization of intangibles   |      | 83                              | 130                             |
| Provision for employees' defined benefit obligations                          |      | 1,304                           | 1,358                           |
| Amortization of right to use assets   |      | 1,921                           | 2,069                           |
| Share of profit from an associate and joint ventures                          |      | (208)                           | (307)                           |
| Gain/ (Loss) due to change in fair value of derivatives financial instruments |      | 108                             | (980)                           |
| <b>Operating profit before working capital changes</b>                        |      | <b>17,504</b>                   | <b>24,373</b>                   |
| <b>Working capital changes:</b>   |      |                                 |                                 |
| Inventories, net  |      | 4,515                           | (25,942)                        |
| Trade receivables, prepayments and other receivables – net                    |      | (6,500)                         | (36,417)                        |
| Trade payables and other payables   |      | (3,843)                         | 15,697                          |
| Right-to-use obligation   |      | (350)                           | (1,833)                         |
| Due to related parties  |      | 854                             | 2,693                           |
| <b>Cash flows from/used in operating activities</b>                           |      | <b>12,180</b>                   | <b>(21,429)</b>                 |
| Zakat paid  |      | -                               | (1,053)                         |
| Employees' defined benefits paid  |      | (737)                           | (1,713)                         |
| <b>Net cash generated / (used in) from operating activities</b>               |      | <b>11,443</b>                   | <b>(24,195)</b>                 |
| <b>Investing activities</b>   |      |                                 |                                 |
| Purchase of property, plant and equipment                                     |      | (235)                           | (288)                           |
| Right-of-use assets   |      | (1,147)                         | -                               |
| <b>Net cash used in investing activities</b>                                  |      | <b>(1,382)</b>                  | <b>(288)</b>                    |
| <b>Financing activities</b>   |      |                                 |                                 |
| Loans and borrowings - net movement   |      | (14,205)                        | (31,771)                        |
| <b>Net cash flows used in financing activities</b>                            |      | <b>(14,205)</b>                 | <b>(31,771)</b>                 |
| <b>Net decrease in cash and cash equivalents</b>                              |      | <b>(4,144)</b>                  | <b>(56,254)</b>                 |
| Cash and cash equivalents as at January 01,                                   |      | 6,436                           | 63,256                          |
| <b>Cash and cash equivalents as at June 30,</b>                               |      | <b>2,292</b>                    | <b>7,002</b>                    |





The annexed notes from 1 to 11 form an integral part of these financial statements.



# NASEEJ INTERNATIONAL TRADING COMPANY

(A Saudi Joint Stock Company)

## Notes to the interim condensed consolidated financial statements for the three months and six months period ended June 30, 2023

(All amounts in Saudi Riyals Thousands unless otherwise stated)

### 1. Corporate information

Naseej International Trading Company (the "Parent Company") is a Saudi Joint Stock Company was established in the Kingdom of Saudi Arabia in accordance with the Ministry of Commerce and Industry's resolution No.523/Q dated 21 Dhul-Hijja 1428H, corresponding to December 31, 2007.

During 2010, the Parent Company offered 9 million shares for public subscription representing 30% of its share capital. Thus, the Parent Company converted to a public joint stock company.

The company is engaged in the import, export, wholesale and retail trade in carpets and rugs, flooring, furniture and furnishings, antiques, office furniture, kitchens, blankets, bed sheets, curtain fabrics and accessories and manufacturing of carpets and tuft according to the Ministry of Industry and Electricity's resolution No 1566/S dated 20 Dhul-Hijja 1420H and manufacturing of industrial yarn from polypropylene, nylon, processed polypropylene treatment and processed nylon (polymide) according to the Ministry of Commerce resolution No 1699/S issued on 27 Dhul-Hijja 1424H and commercial services. Additionally, the Company may invest in other companies. These activities are carried out through the main Commercial Registration No 4030133919 issued on 5 Rabi-Al-Awal 1422 H corresponding to May 28, 2001. In the general assembly meeting held on May 22, 2012, the shareholders resolved to add activities which are to invest in real estate for investment purposes.

During 2012, the board of directors proposed to increase the Parent Company's share capital from SR 300 million to SR 375 million from the retained earnings by issuing right share i.e. one share for every four share owned by the shareholders. The shareholders approved the increase in share capital in their general assembly meeting held on April 01, 2013 and issued the shares on same date. The Parent company's share capital is SR 375,000,000 divided into 37,500,000 shares of SR 10 each.

During December 2017, shareholders' in their Extraordinary General Assembly Meeting held on December 28, 2017, decided to amortize the accumulated losses amounted to SR 150 Million, as at September 30, 2017 by capital reduction, and the use of the entire statutory reserve and general reserve. This decision resulted in capital reduction from SR 375 million to SR 225 million and the company's commercial registration amended after capital deduction dated on 7 Jumada-Al-Awal 1439H corresponding to January 24, 2018.

During August 2019, shareholders' in their Extraordinary General Assembly Meeting held on August 28, 2019, decided to amortize the accumulated losses amounted to SR 159.5 million as at June 30, 2019 by capital reduction. This decision resulted in capital reduction from SR 225 million to SR 65.5 million, representing reduction in number of shares from 22.5 million to 6.5 million. Accordingly the company's commercial registration amended after capital reduction dated on 24 Safar 1441H corresponding to October 23, 2019.

Based on the decision of the extraordinary general assembly meeting, held on January 22, 2020, the shareholders decided to increase the capital from SR 65.5 million to SR 178.6 million. Such value of capital increase amounting to SR 112.66 million will be used, as a strategic direction for the group to raise the solvency of the group through the restructuring and the implementation of an action plan focusing on its main activities. On February 16, 2020, the share capital increase procedures were completed, the results of the offering period were announced, regulatory procedures were completed, and the commercial registration was amended with the value of the new capital on February 24, 2020.

The shareholders decided, based on the decision of the extraordinary general assembly, held on 3 Ramadan 1441 H, corresponding to April 26, 2020, agreed to change the name of the company from Al-Sorayai Trading and Industrial Group Company to Naseej International Trading Company. The commercial registration was amended with the new name on May 14, 2020.

The shareholders' in their extra ordinary general assembly meeting, held on December 20, 2020, approved the reduction in share capital from SR 178.6 million to SR 61.6 million by canceling 11.6 million shares representing SR 116.5 million. The reduction of SR 116.5 million was amortized against accumulated losses of the Group. The percentage change in share capital, after the share capital reduction ratio was 65.4%, therefore the reduction rate per share is 1.529 shares.

The shareholders' in their extra ordinary general assembly meeting, held on November 04, 2021, approved the increase in share capital from SR 61.6 million to SR 211.6 million by issuing 15 million shares representing SR 150 million. The percentage change in share capital 243.3% , therefore the increase in rate per share is 2.43 per shares.



# NASEEJ INTERNATIONAL TRADING COMPANY

(A Saudi Joint Stock Company)

## Notes to the interim condensed consolidated financial statements for the three months and six months period ended June 30, 2023

(All amounts in Saudi Riyals Thousands unless otherwise stated)

### 1. Corporate information (continued)

The Board of Directors decided on March 30, 2022 to recommend to the Extraordinary General Assembly to reduce the company's capital amounting to SAR 102,659,000/- for the purpose of amortization of accumulated losses.

Subsequent to period ending June 30, 2022, the shareholders' in their Extraordinary General Assembly meeting, held on July 18, 2022, approved the reduction in share capital from SR 211.6 million to SR 108.9 million by canceling 10.3 million shares representing SR 102.6 million. The reduction of SR 102.6 million was amortized against accumulated losses of the Group. The percentage change in share capital, after the share capital reduction ratio was 48.51%, therefore the reduction rate per share is 1.485 shares (Note 11).

The main branch is located in Industrial Area 1, Jeddah, Kingdom of Saudi Arabia.

The parent company has 2 main branches of factories, the name of Jeddah's branch for the industrial fabric and the Al Jazeera for spinning and carpets has been amended as stated below:

| Name of the branch                 | Name of the amended branch       | Commercial registration |
|------------------------------------|----------------------------------|-------------------------|
| Jeddah Factory for Industrial Yarn | Jeddah Industrial Thread Factory | 4030115974              |
| Al - Sorayai Carpet Factory        | Al - Sorayai Carpet Factory      | 4030131014              |

In addition to main branch and two factories, these condensed consolidated interim financial statements includes results, assets and liabilities of 10 other branches

### 2. Significant accounting policies

#### 2.1. Statements of compliance

The condensed consolidated interim financial statements for the six months ended June 30, 2023 have been prepared in accordance with IAS 34 Interim Financial Reporting as adopted in the Kingdom of Saudi Arabia as well as other standards and announcements endorsed by Saudi Organization for Certified Public Accountant (SOCPA).

The condensed consolidated interim financial statements do not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's annual consolidated financial statements as at December 31, 2022.

#### 2.2. Basis of preparation

These interim condensed consolidated financial statements have been prepared on the historic cost basis except for the following material items in the condensed consolidated statement of financial position.

- Derivative financial instruments are measured at fair value.
- Equity investment is measured at fair value through OCI.
- The employees' defined benefit obligation is recognised at the present value of future obligations using the Projected Unit Credit Method.

The condensed consolidated financial statements have been prepared in accordance with the International Financial Reporting Standards, and require management to make judgments, estimates and assumptions that may affect the application of accounting policies and the reported amounts of the interim condensed consolidated financial statements. These significant estimates and assumptions have been disclosed in the annual consolidated financial statements for the year ended December 31, 2022.

# NASEEJ INTERNATIONAL TRADING COMPANY

(A Saudi Joint Stock Company)

## Notes to the interim condensed consolidated financial statements for the three months and six months period ended June 30, 2023

(All amounts in Saudi Riyals Thousands unless otherwise stated)

### 2. Significant accounting policies (continued)

#### 2.2. Basis of preparation (continued)

The Group's condensed consolidated interim financial statements are measured using the currency of the primary economic environment in which the Group operates ("the functional currency"). The condensed consolidated interim financial statements are presented in Saudi riyals, which is the functional and presentation currency. The numbers were rounded to the nearest thousand riyals, unless otherwise stated.

#### 2.3. Basis of consolidation

These condensed consolidated interim financial statements includes the financial statement of the Parent company and the following subsidiaries (herein after referred to as "Group").

| Name  |     | Main activity   | Ownership holding |      |
|---|-----|---|-------------------|------|
|   |     |   | 2022              | 2021 |
| The Home Style Company LLC                                      | (a) | Retail trade in carpets, rugs, floors, furniture, blankets, curtain fabrics and accessories | 100%              | 100% |
| Al Sorayai Company for Operations and Maintenance Ltd.          |     | Maintenance services for factories, governmental and private institutions                   | 100%              | 100% |
| Al Sorayai for Projects Company LLC (The activity is suspended) |     | Government and private project services for furniture, rugs and carpets                     | 100%              | 100% |

- a) The Home Styles Company LLC ("the subsidiary"), was incorporated in November 2010. As the Parent Company is the 100% beneficial owner of the subsidiary, these consolidated financial statements include 100% of the results of the subsidiary. Under the restructuring of the Group and upon the approval of the Board of Directors in 2017 meetings, the Group will consolidate the operations of the subsidiary in the Group under the commercial segment.

#### Control is achieved when the Company has:

- The ability to control the investee
- The emergence of the company's right to variable returns as a result of its association with the investee
- The ability to use its control to influence investment returns

The company re-evaluates whether it controls any of the investees or not, if the facts and circumstances indicate changes to one or more of the control elements referred to above.

When the voting rights of the company, in any of the investees, are less than the majority of the voting rights in them, the company has control over that investee. When the voting rights are sufficient to give it practical ability to direct the activities related to the investee with a separate manner. The company takes into account all relevant facts and conditions when assessing whether the company has voting rights in the investee to grant it control. These facts and circumstances include:

- The amount of voting rights the group owns in relation to the size and extent of ownership of other voting rights holders
- Potential voting rights owned by the company and other voting rights holders or other parties
- Rights arising from other contractual arrangements
- Any additional facts and circumstances that may indicate that the company has, or does not have, the current ability to direct relevant activities when needed to make decisions, including how to vote at previous shareholders' meetings



# NASEEJ INTERNATIONAL TRADING COMPANY

(A Saudi Joint Stock Company)

## Notes to the interim condensed consolidated financial statements for the three months and six months period ended June 30, 2023

(All amounts in Saudi Riyals Thousands unless otherwise stated)

### 2. Significant accounting policies (Continued)

#### 2.3. Basis of consolidation (Continued)

The consolidated process of the subsidiary starts when the company can control the subsidiary, while that process is discontinued when the company loses the control over the subsidiary. In particular, revenue and expenses of the acquired or disposed of subsidiary are included during the period in the statement of consolidated profit or loss and the comprehensive income from the date of the control until the date of expiry of control of the company over the subsidiary.

Statement of consolidated profit or loss and all elements of the other comprehensive income are distributed to the shareholders of the company. The total other comprehensive income of the subsidiary is also distributed to the shareholders.

If necessary, adjustments would be made to the financial statements of the subsidiary so as its accounting policies to be in conformity with those used by the group.

All transactions and balances, including assets, liabilities, equity, revenue, expenses and cash flows arising from transactions between the companies of the group upon consolidation are disposed of.

#### Changes in the group's equity in existing subsidiaries

Changes in the group's ownership in subsidiaries that do not lead to a loss of control are accounted for as equity transactions. The reported values of the group's equity and the non-controlling interests are adjusted to reflect changes in their ownership in the subsidiaries. Any difference between the value of the amendment of non-controlling interests and the fair value of the consideration paid or received is directly included in the equity and is attributable to the shareholders of the company.

When the group loses control of the subsidiary, any profit or loss is recognized in the consolidated income statement and calculated based on the difference between

1. the total fair value of the amount received and the fair value of any retained interest and,
2. the previously recorded book value of the assets (including goodwill), the liabilities of the subsidiary and any non-controlling interests. All amounts previously recognized in other comprehensive income related to that subsidiary are accounted for as if the group had directly disposed of the assets or liabilities of the subsidiary (i.e. reclassification to profit, loss, or transfer to another classification in equity as specified/permitted) in accordance with international standards for financial reporting.

The fair value of the percentages that are retained from the investment in the previous subsidiary at the date of loss of control is considered as a fair value for the remaining investment upon initial recognition in subsequent periods and is in accordance with IFRS 9, and in the event the company becomes an associate or a joint venture, the fair value is considered as cost for initial recognition of investment in an associate or a joint venture.

#### 2.4. New Standards, Amendments to Standards and Interpretations

a) New and revised standards with no material effect on the interim financial statements

Following are the recent changes to IFRSs that are required to be adopted in annual periods beginning on 1 January 2023:

- IFRS 17 insurance contracts;
- Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2);
- Definition of Accounting Estimate (Amendments to IAS 8);
- Deferred Tax Related to Assets and Liabilities Arising from a Single Transaction – Amendments to IAS 12 Income Taxes;
- Initial application of IFRS 17 and IFRS 9 – comparative information (Amendment to IFRS 17)
- International tax reforms – Pillar two model rules (Amendments to IAS 12)

The application of the revised IFRSs did not have any material impact on the amounts reported for current and prior periods.



# NASEEJ INTERNATIONAL TRADING COMPANY

(A Saudi Joint Stock Company)

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## Notes to the interim condensed consolidated financial statements for the three months and six months period ended June 30, 2023

(All amounts in Saudi Riyals Thousands unless otherwise stated)

### b) Standards issued but not yet effective

The standards and interpretations that are issued, but not yet effective, up to the date of issuance of the Company's interim financial statements are disclosed below. The Company intends to adopt these standards, if applicable, when they become effective.

- Classification of liabilities as current or non-current (Amendments to IAS 1), effective for annual periods beginning on or after 1 January 2024 .
- Lease liabilities in a Sale and Leaseback (Amendments to IFRS 16), effective for annual periods beginning on or after 1 January 2024.
- Non-current Liabilities with Covenants (Amendments to IAS 1), effective for annual periods beginning on or after 1 January 2024.
- Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendments to IFRS 10 and IAS 28), effective date yet to be determined.
- IFRS S1 - General requirements for disclosure of sustainability –related financial information, effective for the annual reporting periods beginning on or after 1 January 2024 with early application permitted as long as IFRS S2 climate-related disclosure is also applied.
- IFRS S2 – Climate related disclosures, effective for annual reporting periods beginning on or after 1 January 2024 with early application permitted as long as IFRS S1 general requirements for disclosure of sustainability- related financial information is also applied.

The above-mentioned standards are not expected to have a significant impact on the Group's interim financial statements.

# NASEEJ INTERNATIONAL TRADING COMPANY

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(All amounts in Saudi Riyals Thousands unless otherwise stated)

### 3. Right to use assets and lease obligations

Right to use assets and obligations arising from leases represent the followings:

|                                      | June 30,<br>2023<br>(Unaudited) | December 31,<br>2022<br>(Audited) |
|--------------------------------------|---------------------------------|-----------------------------------|
| <b>3.1 Right to use</b>              |                                 |                                   |
| At as 1 January                      |                                 |                                   |
| Additions during the year            | 24,505                          | 30,500                            |
| Termination during the period/ year  | 1,147                           | -                                 |
| <b>As at June 30, / December 31,</b> |                                 |                                   |
| Amortization (note 3.1.1)            | 25,652                          | 24,505                            |
| <b>Right of use asset – net</b>      | <b>(13,321)</b>                 | <b>(11,400)</b>                   |
|                                      | <b>12,331</b>                   | <b>13,105</b>                     |

#### 3.1.1 Amortization

|   |               |               |
|---|---------------|---------------|
| Accumulated amortization as at January 01,                    | 11,400        | 11,323        |
| Amortization during the period/ year                          | 1,921         | 3,673         |
| Accumulated amortization related to termination               | -             | (3,596)       |
| <b>Accumulated amortization as at June 30, / December 31,</b> | <b>13,321</b> | <b>11,400</b> |

#### 3.2. Right of use obligation

|                                      |               |               |
|--------------------------------------|---------------|---------------|
| At as 1 January                      | 10,426        | 17,165        |
| Additions during the year            | 1,022         | -             |
| Termination during the period/ year  | -             | (3,160)       |
| Finance charges accrued              | 234           | 427           |
| Rent paid during the period/ year    | (1,606)       | (4,006)       |
| <b>As at June 30, / December 31,</b> | <b>10,076</b> | <b>10,426</b> |
| Current portion                      | (3,092)       | (3,695)       |
| Non-current portion                  | 6,984         | 6,731         |

### 4. Loans and borrowings

|   | June 30,<br>2023<br>(Unaudited) | December<br>31, 2022<br>(Audited) |
|---|---------------------------------|-----------------------------------|
| Saudi National Bank – SNB                 | 24,772                          | 25,934                            |
| Al Rajhi Bank                             | 23,328                          | 27,000                            |
| Saudi British Bank – SABB                 | 4,205                           | 9,215                             |
| Riyadh Bank                               | 105,153                         | 106,703                           |
| Saudi Industrial Development Fund         | 19,957                          | 20,907                            |
| Ministry of Finance                       | 18,375                          | 20,236                            |
| <b>Loan and borrowing – total</b>         | <b>195,790</b>                  | <b>209,995</b>                    |
| <b>Loans and borrowings – current</b>     | <b>(59,238)</b>                 | <b>(61,708)</b>                   |
| <b>Loans and borrowings – non current</b> | <b>136,552</b>                  | <b>148,287</b>                    |

- 4.1. Bank wise financing facilities terms, conditions, purpose, covenants & guarantees has been disclosed in the Group annual Consolidated Financial Statements for the year ended December 31, 2022.

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(All amounts in Saudi Riyals Thousands unless otherwise stated)

### 5. Earnings per share

Earning/ (Loss) per share is calculated by dividing net profit/ (loss) over the weighted average to the existing number of shares during the period.

### 6. Derivative financial instruments

The Group has several financial derivatives that are classified as cash flow hedging instruments to cover fluctuations in cash flows resulting from interest rates and foreign currency exchange rates that are subject to fluctuations in market prices. As per the Group policy, derivative instruments are not used for trading or speculative purposes.

The following table shows the details of the nominal amounts and the remaining existing periods at the reporting date:

| Instrument         | Nominal value of hedging instrument | Book value of hedging instruments |                                |
|--------------------|-------------------------------------|-----------------------------------|--------------------------------|
|                    |                                     | June 30, 2023<br>(Unaudited)      | December 31, 2022<br>(Audited) |
| Interest rate swap | 94,500                              | 75                                | 184                            |

### 7. Business sector information

As per management's view, the Group's activities are divided into two main activities as follows:

|                | For three months period ended |                 |               | For the six months period ended |                  |               |
|----------------|-------------------------------|-----------------|---------------|---------------------------------|------------------|---------------|
|                | June 30, 2023                 |                 |               | June 30, 2023                   |                  |               |
|                | Sales                         | Cost of sales   | Total profit  | Sales                           | Cost of sales    | Total profit  |
| Flooring       | 57,296                        | (45,362)        | 11,934        | 129,314                         | (100,485)        | 28,829        |
| Non – flooring | 5,099                         | (2,309)         | 2,790         | 11,816                          | (8,296)          | 3,520         |
|                | <u>62,395</u>                 | <u>(47,671)</u> | <u>14,724</u> | <u>141,130</u>                  | <u>(108,781)</u> | <u>32,349</u> |

|                | For the three months period ended |                 |               | For the six months period ended |                  |               |
|----------------|-----------------------------------|-----------------|---------------|---------------------------------|------------------|---------------|
|                | June 30, 2022                     |                 |               | June 30, 2022                   |                  |               |
|                | Sales                             | Cost of sales   | Total profit  | Sales                           | Cost of sales    | Total profit  |
| Flooring       | 59,193                            | (40,105)        | 19,088        | 132,473                         | (96,803)         | 35,670        |
| Non – flooring | 10,394                            | (10,846)        | (452)         | 20,744                          | (18,853)         | 1,891         |
|                | <u>69,587</u>                     | <u>(50,951)</u> | <u>18,636</u> | <u>153,217</u>                  | <u>(115,656)</u> | <u>37,561</u> |



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(All amounts in Saudi Riyals Thousands unless otherwise stated)

### 8. Related parties transactions and balances

#### 8.1. Nature of relationship

The Company has undertaken transactions with the following related parties during the period/year.

| Name of the related parties                                | Relationship |
|--|--------------|
| Green Vision for Artificial Grass Company                  | Affiliates   |
| Saudi Company for Manufacturing Carpet Materials           | Affiliates   |
| Al Sorayai Industrial Investment Group                     | Affiliates   |
| Al Hikma International For Real Estate Development Company | Affiliates   |
| Others   | Shareholders |

#### 8.2. Significant transactions

|   | June 30,<br>2023<br>(Unaudited) | December 31,<br>2022<br>(Audited) |
|---|---------------------------------|-----------------------------------|
| Purchases                                 | 9,401                           | 22,078                            |
| Sales                                     | 1,526                           | 3,597                             |
| BOD remuneration and executive committees | 802                             | 1,490                             |
| Rent                                      | 230                             | 403                               |

#### 8.3. Due to related parties

|  |       |       |
|--|-------|-------|
| Saudi Company for Manufacturing Carpets Materials          | 6,374 | 4,701 |
| Al Hikma International for Real Estate Development Company | 29    | 201   |
| Al Sorayai Industrial Investment                           | -     | 647   |
| SNASCO Holding Investment Company                          | 746   | 746   |
|  | 7,149 | 6,295 |

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(All amounts in Saudi Riyals Thousands unless otherwise stated)

### 9. Investment in associates and joint ventures

|   |     | Arabian<br>Calcium<br>Carbonate<br>Production<br>Company* | Al Salam<br>Educationa<br>l National<br>Int'l Co.** | June 30,<br>2023 | December<br>31, 2022 |
|---|-----|---|---|------------------|----------------------|
|   |     |   |   | (Unaudited)      | (Audited)            |
| Capital                                   | (1) | 5,000   | 250   | 5,250            | 5,250                |
| Long term payment                         |     | 16,472  | -   | 16,472           | 16,880               |
| Proceed against long term<br>payment      |     | -   | -   | -                | (408)                |
| Long term payment - net                   | (2) | 16,472  | -   | 16,472           | 16,472               |
| Group share of result                     |     |   |   |                  |                      |
| Group share of result as at Jan 01,       |     | (5,738)   | (250)   | (5,988)          | (6,700)              |
| Current period / year share of gain       |     | 208   | -   | 208              | 712                  |
| Group share of result                     | (3) | (5,530)   | -   | (5,780)          | (5,988)              |
| Balance at the June 30, / Dec 31, (1+2+3) |     | 15,942  | -   | 15,942           | 15,734               |

\*The Group owns 52% of the Arabian Calcium Carbonate Production Company (a limited liability Company) was established in Saudi Arabia, with commercial registration number 4030259768 dated 23 Muharram 1435H corresponding to December 6, 2012 and issued from Jeddah. According to the decision of the Extraordinary General Assembly Meeting on January 16, 2017, corresponding to 17 Rabi-Al-Thani 1438H the shareholders have agreed to reduce the percentage contribution of the company from 52% to 25% by entering the company's new shareholder capital increase and therefore the company loses control of the subsidiary. The Article of Association was amended on Rabi-Al-Thani 8, 1441H corresponding to December 5, 2019, and the commercial registration was amended on Rabi-Al-Thani 14, 1441H corresponding to December 12, 2019.

The investment, in Arabian Calcium Carbonate Production Company – 25% shareholding, has been accounted for using equity method of accounting based on management financial statements (un-audited) for the year ended December 31, 2022. The management is not expecting any changes in the results of the audited financial statements for the year ended 2022.

\*\*The Group owns 25% shares of Al Salam Educational National Int'l Co. The Company was established in Saudi Arabia for the purpose to prepare, manage, operation of colleges, institutes and universities also includes publication and trading of books across Kingdom of Saudi Arabia. The company was established on March 20, 2014 corresponding to 19 Jamad-Al-Awal 1435H.

### 10. Subsequent events

Management believes that no significant subsequent events have occurred since the statement of financial position date June 30, 2023 until the approval of date of these financial statements may have a material impact on the Company's financial position.

### 11. Approval of financial statements

The Board of Directors of the Group approved the interim unaudited condensed consolidated financial statements on August 1, 2023 corresponding to Muharram14, 1445H.