



**THOB AL-ASEEL COMPANY
(A SAUDI JOINT STOCK COMPANY)**

**CONDENSED CONSOLIDATED INTERIM
FINANCIAL STATEMENTS (UNAUDITED)
AND REVIEW REPORT FOR THE THREE-
MONTH PERIOD ENDED 31 MARCH 2022**

Thob Al-Aseel Company
(A Saudi Joint Stock Company)
Condensed Consolidated Interim Financial Statements for the Three-Month Period
Ended 31 March 2022 (Unaudited)

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Report on review of condensed consolidated interim financial statements

To the shareholders of Thob Al-Aseel Company
(A Saudi Joint Stock Company)

Introduction

We have reviewed the accompanying condensed consolidated interim statement of financial position of Thob Al-Aseel Company and its subsidiary (the "Group") as at 31 March 2022 and the related condensed consolidated statements of income, comprehensive income, the condensed consolidated statements of changes in equity and cash flows for the three-month period then ended and other explanatory notes. Management is responsible for the preparation and presentation of this condensed consolidated interim financial statements in accordance with International Accounting Standard 34 - "Interim Financial Reporting", as endorsed in the Kingdom of Saudi Arabia. Our responsibility is to express a conclusion on this condensed consolidated interim financial statement 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.

PricewaterhouseCoopers

Mubadala Abbas Ali
License No. 447

27 Ramadan 1443H
(28 April 2022)



Thob Al-Aseel Company
(A Saudi Joint Stock Company)
Condensed consolidated interim statement of financial position
(All amounts are in Saudi Riyals unless otherwise stated)

		As at 31 March	As at 31
	Note	2022	December
		(Unaudited)	2021
			(Audited)
Assets			
Non-current assets			
Property and equipment		17,293,956	16,877,542
Right of use assets		19,232,299	18,597,131
Intangible assets		686,393	715,741
Total non-current assets		37,212,648	36,190,414
Current assets			
Inventory		216,061,142	263,992,974
Trade receivables	13	318,169,327	241,153,345
Prepayments and other receivables		11,359,409	10,824,825
Financil assets at fair value through profit or loss	6	9,794,172	-
Cash and cash equivalents		125,817,422	134,510,281
Total current assets		681,201,472	650,481,425
Total assets		718,414,120	686,671,839
Shareholders' equity and liabilities			
Shareholders' equity			
Share capital	9	400,000,000	400,000,000
Statutory reserve		64,282,586	64,282,586
Retained earnings		103,945,742	114,933,098
Total shareholders' equity		568,228,328	579,215,684
Liabilities			
Non-current liabilities			
Lease liabilities		5,665,673	4,256,698
Employees' end of service benefits		14,539,978	14,247,611
Total non-current liabilities		20,205,651	18,504,309
Current liabilities			
Trade payables		33,857,525	38,706,127
Lease liabilities		15,465,438	14,999,709
Accrued expenses and other liabilities		28,698,289	18,187,121
Dividend Payable	8	30,000,000	-
Provision for zakat		21,958,889	17,058,889
Total current liabilities		129,980,141	88,951,846
Total liabilities		150,185,792	107,456,155
Total shareholders' equity and liabilities		718,414,120	686,671,839

Notes on pages 7 to 15 form an integral part of these condensed consolidated interim financial statements.

Chief Financial Officer

Chief Executive Officer

Chairman of the Board

Thob Al-Aseel Company
(A Saudi Joint Stock Company)
Condensed consolidated interim statement of income (Unaudited)
(All amounts are in Saudi Riyals unless otherwise stated)

	Note	Three-month period ended 31 March	
		2022	2021
Sales	10	186,298,174	138,836,294
Cost of sales		(122,844,655)	(91,280,767)
Gross profit		63,453,519	47,555,527
General and administrative expenses		(8,920,716)	(8,988,473)
Selling and distribution expenses		(14,627,716)	(11,113,957)
Impairment losses on trade receivables	13	(15,369,646)	(8,295,146)
Realized and unrealized losses from remeasurement of financial assets at fair value through profit or loss, net	6	(205,828)	-
Other income		191,856	73,459
Operating profit		24,521,469	19,231,410
Finance cost		(646,749)	(248,183)
Profit for the period before zakat		23,874,720	18,983,227
Zakat expense		(4,900,000)	(5,009,595)
Profit for the period		18,974,720	13,973,632
Basic and diluted earnings per share based the period profit attributable to the shareholders of the Company (in Saudi Riyals)	11	0.47	0.35

Notes on pages 7 to 15 form an integral part of these condensed consolidated interim financial statements.

Chief Financial Officer

Chief Executive Officer

Chairman of the Board

Thob Al-Aseel Company
(A Saudi Joint Stock Company)
Condensed consolidated interim statement of comprehensive income (Unaudited)
(All amounts are in Saudi Riyals unless otherwise stated)

	Three-month period ended 31 March	
	2022	2021
Profit for the period	18,974,720	13,973,632
Items that may not be reclassified subsequently in the statement of income:		
Re-measurement of employees' end of service benefits	37,924	(266,843)
Total comprehensive income for the period	19,012,644	13,706,789

Notes on pages 7 to 15 form an integral part of these condensed consolidated interim financial statements.

Chief Financial Officer

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Chairman of the Board

Thob Al-Aseel Company
(A Saudi Joint Stock Company)
Condensed consolidated interim statement of changes in shareholders' equity
(All amounts are in Saudi Riyals unless otherwise stated)

	Note	Share capital	Other reserves	Statutory reserve	Retained earnings	Total shareholders' equity
Balance as at 1 January 2021 (Audited)		300,000,000	42,912,185	58,309,559	141,585,540	542,807,284
Profit for the period		-	-	-	13,973,632	13,973,632
Other comprehensive loss		-	-	-	(266,843)	(266,843)
Total comprehensive income for the period		-	-	-	13,706,789	13,706,789
Balance as at 31 March 2021 (Unaudited)		300,000,000	42,912,185	58,309,559	155,292,329	556,514,073
Balance as at 1 January 2022 (Audited)		400,000,000	-	64,282,586	114,933,098	579,215,684
Profit for the period		-	-	-	18,974,720	18,974,720
Other comprehensive income		-	-	-	37,924	37,924
Total comprehensive income for the period		-	-	-	19,012,644	19,012,644
Dividend Payable	8	-	-	-	(30,000,000)	(30,000,000)
Balance as at 31 March 2022 (Unaudited)		400,000,000	-	64,282,586	103,945,742	568,228,328

Notes on pages 7 to 15 form an integral part of these condensed consolidated interim financial statements.

Chief Financial Officer

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Chairman of the Board

Thob Al-Aseel Company
(A Saudi Joint Stock Company)
Condensed consolidated interim statement of cash flows (Unaudited)
(All amounts are in Saudi Riyals unless otherwise stated)

	Note	Three -month period ended 31 March	
		2022	2021
Cash flows from operating activities			
Profit before zakat		23,874,720	18,983,227
Adjustments for:			
Depreciation of property and equipment		419,264	371,217
Amortisation of intangible assets		29,348	50,720
Depreciation of the right of use assets		2,646,196	2,545,604
Provision for slow-moving inventories		4,437,094	1,752,480
Gains on disposal of property and equipment		(93,277)	(21,000)
Realized and unrealized losses from remeasurement of financial assets at fair value through profit or loss		205,828	-
Impairment losses on trade receivables		15,369,646	8,295,146
Provision for employees' end of service benefits		462,789	400,308
Finance cost		646,749	248,183
Change in working capital			
Inventory		43,494,738	28,620,552
Trade receivables		(92,385,628)	(68,819,318)
Prepayments and other receivables		(534,584)	(631,537)
Trade payables		(4,848,602)	(4,826,569)
Accrued expenses and other liabilities		10,511,168	(4,904,260)
Employees' end of service benefits paid		(132,498)	(176,548)
Net cash generated from / (used in) operating activities		4,102,951	(18,111,795)
Cash flows from investing activities			
Purchase of property, equipment and intangible assets		(838,473)	(470,903)
Proceeds from disposal of property and equipment		96,072	21,000
Additions to financial assets at fair value through profit or loss		(10,000,000)	-
Net cash used in investing activities		(10,742,401)	(449,903)
Cash flows from financing activity			
Lease payments		(2,053,409)	(2,577,368)
Net cash used in financing activity		(2,053,409)	(2,577,368)
Net change in cash and cash equivalents		(8,692,859)	(21,139,066)
Cash and cash equivalents at the beginning of the period		134,510,281	65,743,784
Cash and cash equivalents at the end of the period		125,817,422	44,604,718
Significant non-cash transactions:			
Right of use assets and related lease liabilities		3,281,364	1,213,372
Change in re-measurement of employees' end of service benefits		37,924	(266,843)
Dividend Payable	8	(30,000,000)	-

Notes on pages 7 to 15 form an integral part of these condensed consolidated interim financial statements.

Chief Financial Officer

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Chairman of the Board

Thob Al-Aseel Company
(A Saudi Joint Stock Company)
Notes to the condensed consolidated interim financial statements
For the Three-Month Period Ended 31 March 2022
(All amounts are in Saudi Riyals unless otherwise stated)

1 General information

Thob Al Aseel Company (the “Company”) is a Saudi joint stock Company registered in the Kingdom of Saudi Arabia under Commercial Registration number 1010071301 on 1 Dhu Al-hijah 1437H (corresponding to 5 September 2016).

The Company’s registered address is Kingdom of Saudi Arabia, King Fahad Road, opposite to the Insurance Complex, PO box: 23236, Riyadh, 11426.

The Company’s main activity is to import, export, wholesale retail in fabrics and readymade clothes.

The Company practices its activities through 21 branches (2021: 21 branches), each having a separate commercial registration.

As at 4 November 2019, The Capital Market Authority (CMA) approved Thob Al Aseel Company's request dated 16 October 2019 to be listed from the parallel market to the main market. The Company’s shares were listed and traded in the main market as of 10 November 2019.

The consolidated financial statements include the accounts of the Company and its subsidiary (collectively referred to as the “Group”) as follows:

Subsidiary	Country of incorporation	Ownership percentage as of	
		31 March 2022	31 December 2021
Aljedaie Fabrics Company	Kingdom of Saudi Arabia	100%	100%

Subsidiary

AlJedaie Fabrics Company (the “Subsidiary”) was incorporated as a limited liability Company in Riyadh in the Kingdom of Saudi Arabia under commercial registration number 1010048637 dated 22 Jumada Al-Awal 1438H (corresponding to 19 February 2017). The Subsidiary is mainly engaged in sales of textiles, clothing and wholesale of women's and men's fabrics, sewing supplements, men's clothing, women's clothing, children's clothing and retail for fabrics and men's clothing.

The subsidiary practices its activities through 33 branches (2021: 33 branches, each having a separate commercial registration.

2 Basis of preparation

2.1 Statement of compliance

These condensed consolidated interim financial statements have been prepared in compliance with IAS 34 “Interim Financial Reporting” that is endorsed in the Kingdom of Saudi Arabia, and other standards and pronouncements issued by the Saudi Organization for Chartered and professional Accountants (SOCPA).

Thob Al-Aseel Company
(A Saudi Joint Stock Company)
Notes to the condensed consolidated interim financial statements
For the Three-Month Period Ended 31 March 2022
(All amounts are in Saudi Riyals unless otherwise stated)

2. Basis of preparation (continued)

2.1 Statement of compliance (continued)

These condensed consolidated interim financial statements do not include all required information and disclosures in the annual consolidated financial statements and should be read in conjunction with the Group's annual consolidated financial statements as at 31 December 2021. However, the accounting policies and explanatory notes of important events and transactions have been included to understand the changes in the Group's financial position and performance since the last annual financial statements which were prepared in accordance with International Financial Reporting Standards issued by the International Accounting Standard Interpretations Committee as endorsed in the Kingdom of Saudi Arabia and other standards, interpretations and pronouncements issued by SOCPA, hereinafter collectively referred to as "International Financial Reporting Standards".

2.2 Preparation of the financial statements

These condensed consolidated interim financial statements are prepared under the historical cost convention except for the following significant items included in the condensed consolidated interim statement of financial position:

- Employees' termination benefits are recognized at the present value of future obligations using the projected unit credit Method.
- Lease obligations are measured at net present value of future lease payments.

2.3 Use of estimates, assumptions and judgments

The preparation of the Group's condensed consolidated interim financial statements requires the management to use certain critical estimates, assumptions and judgments that affect the reported amounts of revenues, expenses, assets and liabilities and disclosures of contingent liabilities at the reporting date. However, the uncertainty about these assumptions and estimates may result in conclusions causing a material adjustment to the carrying amounts of the asset or liability affected in the future periods. The significant estimates made by the management when applying the Group's accounting policies and important sources for uncertainty cases regarding the estimates were similar to those included in the last annual consolidated financial statements.

3 Basis of consolidation

The condensed consolidated interim financial statements comprise the financial statements of the Company and its subsidiary as at 31 March 2022.

Subsidiary

Subsidiary is an entity (including structured entities) over which the Group has control. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if and only if the Group has:

- Control over the investee (i.e. existing rights that give the Group current ability to direct the relevant activities of the investee);
- Exposure, or rights, to variable returns from its involvement with the investee; and
- The ability to use its power over the investee to affect its returns.

Thob Al-Aseel Company
(A Saudi Joint Stock Company)
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3 Basis of consolidation (continued)

Subsidiary (continued)

Generally, there is a presumption that majority of voting rights results in control. To support this presumption and when the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has control over an investee, including:

- The contractual arrangement with the other votes holders of the investee; and
- Rights result from other contractual arrangements; the Group's voting rights and potential voting rights.

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the statement of comprehensive income from the date the Group gains control until the date the Group ceases to control the subsidiary.

When necessary, adjustments are made to the financial statements of a subsidiary to bring its accounting policies into line with the Group's accounting policies. All intra-Group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation. Unrealised gains and losses are also eliminated unless the transaction provides evidence of an impairment of the transferred asset.

4 Functional and presentation currency

The condensed consolidated interim financial statements are presented in Saudi Riyals, which is the Group's functional and Group's presentation currency.

5 New Standards, Amendment to Standards and Interpretations

There are no new standards issued, however, a number of amended standards became which are effective from 1 January 2022 and has been explained in the Group annual consolidated financial statements, but they do not have a material effect on the Group's condensed consolidated interim financial statements.

6 Financial assets at fair value through profit or loss

During 2022, the Group invested 10 million Saudi Riyals in a private investment portfolio for the purpose of trading in various investment categories. The investment was classified as a financial asset at fair value through profit or loss and the unrealized losses and gains from remeasurement is included in the condensed consolidated interim statement of income.

The movement of financial asset at fair value through profit or loss during the period is as follows:

	Three -month period ended 31 March 2022 (Unaudited)
Opening balance	-
Additions during the period	10,000,000
Realized and unrealized losses from remeasurement, net	(205,828)
Ending Balance	<u>9,794,172</u>

Thob Al-Aseel Company
(A Saudi Joint Stock Company)
Notes to the condensed consolidated interim financial statements
For the Three-Month Period Ended 31 March 2022
(All amounts are in Saudi Riyals unless otherwise stated)

7 Transactions with related parties

a. Transactions with key management personnel:

The following table describes compensation of key management personnel:

	Three -month period ended 31 March (Unaudited)	
	2022	2021
Short term benefits	624,897	622,905
End of service benefits	25,625	51,840
	650,522	674,745

b. Due to related parties

	Nature of relationship	31 March 2022 (Unaudited)	31 December 2021 (Audited)
Shareholders – Lease liabilities	Shareholders	3,465,417	2,448,094

c. Transactions with shareholders

During the ordinary course of its business, the Group had the following significant transactions:

		Three -month period ended 31 March (Unaudited)	
		2022	2021
Shareholders	Rentals	616,277	337,838

8 Dividends

Final dividends are recorded in the period in which they are approved by the shareholders during the General Assembly meeting. The Board of Directors, in its meeting held on 20 February 2022, decided to distribute 30 million Saudi riyals (0.75 SAR per share) as dividends for the second half of the fiscal year 2021 in accordance with the authorization granted by the Ordinary General Assembly held on 28 June 2021 to the Board of Directors to distribute interim dividends for the year 2021.

9 Share capital

On October 21, 2021, the extra ordinary general assembly meeting approved the board of directors recommendation to increase share capital from Saudi Riyals 300 million to Saudi Riyals 400 million equivalent to 33% to increase the number of the company's shares from 30 million shares to 40 million shares, by granting one free share for every three shares and the eligibility to be for shareholders who are registered in the company's shareholder register with the Securities Depository Center at the end of the second trading day following the date of extra ordinary general assembly meeting. The value of the share capital increased through transferring an amount of Saudi Riyals 57.1 million from retained earnings and transferring an amount of Saudi Riyals 42.9 million from other reserves. The company aims to strengthen the Company's capital to match the size of its business and expansion of its business during the coming years and maintaining Financial solvency.

The share capital of the Company as at 31 March 2022 comprises of 40 million shares (31 December 2021: 40 million shares) stated at SAR 10 per share.

Thob Al-Aseel Company
(A Saudi Joint Stock Company)
Notes to the condensed consolidated interim financial statements
For the Three-Month Period Ended 31 March 2022
(All amounts are in Saudi Riyals unless otherwise stated)

10 Segment information

10-1 Description of segments and principal activities

The Group manages its operations by business segments. Management treats the operations of these segments separately for the purposes of monitoring, decision making and performance assessment. The Group mainly trades in fabrics and thobes where all activities are carried out in the Kingdom of Saudi Arabia. All of the Group's business segments are located in the Kingdom of Saudi Arabia. The CEO is the primary responsible for making operational decisions. The following is a statement of the main activities of these segments:

Segment	Principal Activity
Thobes	Main activities include sales of readymade clothes.
Fabrics	Main activities include sales of Fabrics.

10-2 Segments financial information's (unaudited)

	Three -month period ended 31 March 2022			Three -month period ended 31 March 2021		
	Thobes	Fabrics	Total	Thobes	Fabrics	Total
Segment sales	151,959,843	34,338,331	186,298,174	114,654,072	24,182,222	138,836,294
Sales between segments	-	-	-	-	-	-
Gross sales to external customers	151,959,843	34,338,331	186,298,174	114,654,072	24,182,222	138,836,294

Timing of revenues recognition

	Three -month period ended 31 March 2022			Three -month period ended 31 March 2021		
	Thobes	Fabrics	Total	Thobes	Fabrics	Total
At certain point of time	151,959,843	34,338,331	186,298,174	114,654,072	24,182,222	138,836,294
Over time	-	-	-	-	-	-
Gross revenue	151,959,843	34,338,331	186,298,174	114,654,072	24,182,222	138,836,294

Total segment assets

	Thobes	Fabrics	Eliminated transactions	Total
31 March 2022 (Unaudited)	682,521,368	98,480,008	(62,587,256)	718,414,120
31 December 2021 (Audited)	656,107,621	110,075,526	(79,511,308)	686,671,839

Total segment liabilities

	Thobes	Fabrics	Eliminated transactions	Total
31 March 2022 (Unaudited)	114,236,991	68,546,906	(32,598,105)	150,185,792
31 December 2021 (Audited)	76,835,888	61,260,316	(30,640,049)	107,456,155

Thob Al-Aseel Company
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(All amounts are in Saudi Riyals unless otherwise stated)

10 Segment information (continued)

10-2 Segments financial information's (unaudited) (continued)

A reconciliation of adjusted EBITDA to profit before Zakat is provided as follows:

	Three-month period ended 31 March	
	2022	2021
Adjusted EBITDA	27,616,277	22,198,951
Depreciation and amortisation	(3,094,808)	(2,967,541)
Finance costs	(646,749)	(248,183)
Profit before Zakat	23,874,720	18,983,227

10-3 Major customers

The Group's sales during the three-month period ended 31 March 2022 for one of the main customers amounting to 3% of the Group's total sales (the three-month period ended 31 March 2021: 25%).

11 Earnings per share (EPS)

Earnings per share has been calculated by dividing net income for the periods ended 31 March 2022 and 2021 by 40 million shares

12 Seasonality of activity

The Group's activity and revenues are influenced by seasonal factors during the year due to the different purchasing patterns, and these changes are reflected in the financial results of the Group's business during the period. The period results are not an accurate indicator about the Group's annual results.

13 Credit Risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and will cause the other party to incur a financial loss. The Group seeks to manage its credit risk with respect to customers by setting credit limits for individual customers and by monitoring outstanding receivables.

The table below shows the maximum exposure to credit risk for significant components of the condensed consolidated interim statement of financial position:

	31 March 2022 (Unaudited)	31 December 2021 (Audited)
Bank balances	124,777,364	134,251,137
Trade receivables, prepayments and other receivables	317,506,619	242,399,581
	442,283,983	376,650,718

Credit risk on trade receivables and bank balances is limited to the following:

Bank balances

Cash balances are held with banks having a credit rating of BBB- and above.

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For the Three-Month Period Ended 31 March 2022
(All amounts are in Saudi Riyals unless otherwise stated)

13 Credit Risk (continued)

Trade receivables

The Group applies the simplified approach to providing for expected credit losses prescribed by IFRS 9, permits the use of the lifetime expected loss provision for all lifetime trade receivables. The loss provision as at 31 March 2022 and 31 December 2021 is determined as follows:

In monitoring customer credit risk, customers are grouped according to their credit characteristics (including the type of customer such as retail/ wholesale, etc), trading history with the Group and existence of previous financial difficulties. As at 31 March 2022, the exposure to credit risks for trade receivables by types of customers was as follows:

Trade receivables as at 31 March 2022 (unaudited)

1- *Thobes segment:*

Debt status	Expected loss rate	Total carrying amount	Expected credit losses
Current	1.23%	88,948,802	1,097,403
Past due > 30 days	1.48%	58,407,204	867,137
Past due > 60 days	1.85%	12,800,831	236,899
Past due > 90 days	2.43%	18,225,265	443,701
Past due > 120 days	3.73%	26,520,314	989,224
Past due > 180 days	7.16%	37,360,444	2,673,296
Past due > 270 days till 1 year	14.80%	47,012,804	6,958,860
Past due > 1 year till 2 years	36.82%	26,502,260	9,756,941
Default customers and others that are past due for more than two years	76.77% - 100%	40,641,077	38,001,867
		356,419,001	61,025,328

2- *Fabrics segment:*

Debt status	Expected loss rate	Total carrying amount	Expect credit losses
Current	1.38%	7,264,707	100,500
Past due > 30 days	1.62%	4,613,362	74,831
Past due > 60 days	1.78%	3,358,718	59,661
Past due > 90 days	2.05%	919,823	18,828
Past due > 120 days	2.71%	1,820,796	49,402
Past due > 180 days	4.44%	1,341,169	59,575
Past due > 270 days till 1 year	9.36%	2,200,658	206,009
Past due > 1 year till 2 years	24.42%	1,970,607	481,263
Default customers and others that are past due for more than two years	65.07% - 100%	3,668,491	3,332,608
		27,158,331	4,382,677
Total		383,577,332	65,408,005

Thob Al-Aseel Company
(A Saudi Joint Stock Company)
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(All amounts are in Saudi Riyals unless otherwise stated)

13 Credit Risk (continued)

Trade receivables as at 31 December 2021 (Audited)

1- *Thobes segment:*

Debt status	Expected loss rate	Total carrying amount	Expected credit losses
Current	0.18% - 0.99%	25,219,251	245,660
Past due > 30 days	1.19%	17,104,748	204,001
Past due > 60 days	1.49%	22,227,813	330,634
Past due > 90 days	1.96%	40,397,737	792,504
Past due > 120 days	3.03%	22,163,163	671,203
Past due > 180 days	5.92%	75,619,176	4,478,565
Past due > 270 days till 1 year	12.75%	16,551,387	2,109,534
Past due > 1 year till 2 years	32.85%	22,306,433	7,327,303
Overdue for more than two years and defaulters	72.64% - 100%	31,585,151	29,911,361
		273,174,859	46,070,765

2- *Fabrics segment:*

Debt status	Expected loss rate	Gross carrying amount	Expect credit losses
Current	1.35%	1,199,948	16,192
Past due > 30 days	1.58%	2,216,339	35,029
Past due > 60 days	1.73%	1,079,597	18,662
Past due > 90 days	1.99%	757,218	15,070
Past due > 120 days	2.64%	1,424,253	37,567
Past due > 180 days	4.32%	3,485,419	150,690
Past due > 270 days till 1 year	9.13%	2,781,675	254,087
Past due > 1 year till 2 years	23.90%	1,851,833	442,610
Overdue for more than two years and defaulters	63.72% - 100%	3,220,563	2,997,687
		18,016,845	3,967,594
Total		291,191,704	50,038,359

Sensitivity analysis for future circumstances expectations as at 31 March 2022 (Unaudited)

	Value in SR
Basic value for impairment losses in trade receivables	65,408,005
If the expectations of future circumstances increased by 10%	65,628,816
If the expectations of future circumstances decreased by 10%	65,187,194

Thob Al-Aseel Company
(A Saudi Joint Stock Company)
Notes to the condensed consolidated interim financial statements
For the Three-Month Period Ended 31 March 2022
(All amounts are in Saudi Riyals unless otherwise stated)

13 Credit Risk (continued)

Impairment losses on trade receivables and provision for impairment of prepayments and other receivables are as follows:

	Trade receivable	Prepayments	Total
At 1 January 2022 (Audited)	50,038,359	1,820,577	51,858,936
Charge for the period	15,369,646	-	15,369,646
At 31 March 2022 (Unaudited)	65,408,005	1,820,577	67,228,582

14 Zakat related matters

Zakat status

The Group is subject to zakat according to the regulations of the Zakat, Tax and Customs Authority in the Kingdom of Saudi Arabia. The Group files its zakat returns on consolidated basis, starting from the financial year ended 31 December 2018 and thereafter, it includes both the parent company and its subsidiary. Zakat declarations were submitted until 2020 to the Zakat, Tax and Customs Authority and the payment of Zakat due thereunder. The Group also obtained a certificate of zakat valid until 29 Ramadan 1443H corresponding to 30 April 2022.

The Group received Zakat assessments from the Zakat, Tax and Customs Authority on Zakat returns for the years from 2014 to 2018 claiming zakat differences amounting to Saudi Riyals 7.51 million compared to the zakat paid for those years. The Group appealed to these amendments and the amount was reduced to Saudi Riyals 3.50 million. Then the appeals for the years mentioned have been escalated to the General Secretariat of Tax Committees. The General Secretariat of Tax Committees issued its ruling that did not accept the appeal with the right of the Group to file an appeal. On December 28, 2021, the Group submitted a request to the appeal committees within the legal period to object to the ruling issued by the General Secretariat of the Zakat and Tax Committees, and the application is being studied by the appeal committees. Management believes that it has good reasons to rebut these assessments and has concluded that there is no need to adjust the zakat provision.

For the years 2019 and 2020, the Zakat, Tax and Customs Authority examined the zakat returns submitted by the Group and based on the notification received from the Zakat, Tax and Customs Authority, the examination case was closed without any additional claims.

15 Significant events during the period

In response to the spread of the new Coronavirus (Covid-19) in the Kingdom of Saudi Arabia, where the Group operates, and the consequent disruption of some aspects of economic and social activities in the Kingdom. The management has assessed the impact of the pandemic on its operations and took a series of preventive measures, to ensure the health and safety of its employees, its customers and the wider community as well as to ensure the continuity of supplying its products to the market. Despite these challenges, the Group was able to create additional sales channels, which supported the Group's operations during first quarter of 2022. The Covid-19 pandemic did not have a material negative impact on the condensed consolidated interim financial statements except for the increase in the balance of trade receivables as of 31 March 2022 (Note 13). The Group continues to monitor the situation closely to take any necessary actions when needed.

16 Subsequent events

In management's view, there have been no significant subsequent events since 31 March 2022 till the approval date of condensed consolidated interim financial statements that may have significant impact on the Group financial position nor the disclosure of the consolidated financial statement as shown in these condensed consolidated interim financial statements.

17 Board of directors' approval

These condensed consolidated interim financial statements have been approved by the Board of Directors on 23 Ramadan 1443H (corresponding to 24 April 2022).