



**Thob Al Aseel Company**  
**(A Saudi Joint Stock Company)**

Condensed Consolidated Interim Financial Statements (Unaudited)  
And Review Report  
For the three-month period ended in 31 March 2023

**Thob Al Aseel Company**  
**(A Saudi Joint Stock Company)**  
**Condensed consolidated interim financial statements for the three-month period ended 31 March**  
**2023 (unaudited)**

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## **Report on review of the 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 2023 and the related condensed consolidated interim statements of income, comprehensive income, the condensed consolidated interim statements of changes in shareholders' equity and cash flows for the three-month period then ended 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", 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 the 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**

Mufaddal Abbas Ali  
License No. 447

14 May 2023



**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)

	Note	As at 31 March 2023 (Unaudited)	As at 31 December 2022 (Audited)
<b>Assets</b>			
<b>Non-current assets</b>			
Property and equipment		18,159,901	18,323,225
Right of use assets		22,791,681	23,703,752
Intangible assets		645,531	598,348
<b>Total non-current assets</b>		<b>41,597,113</b>	<b>42,625,325</b>
<b>Current assets</b>			
Inventory		238,829,012	312,620,322
Trade receivables	13	325,417,936	226,020,138
Prepayments and other receivables		25,734,608	19,951,110
Financial assets at fair value through profit or loss	6	8,725,788	8,692,709
Cash and cash equivalents		77,649,321	94,551,373
<b>Total current assets</b>		<b>676,356,665</b>	<b>661,835,652</b>
<b>Total assets</b>		<b>717,953,778</b>	<b>704,460,977</b>
<b>Shareholders' equity and liabilities</b>			
<b>Shareholders' equity</b>			
Share capital	9	400,000,000	400,000,000
Statutory reserve		69,626,212	69,626,212
Retained earnings		100,794,364	102,882,776
<b>Total shareholders' equity</b>		<b>570,420,576</b>	<b>572,508,988</b>
<b>Liabilities</b>			
<b>Non-current liabilities</b>			
Lease liabilities		8,207,674	8,776,276
Employees' end of service benefits		16,206,417	15,807,740
<b>Total non-current liabilities</b>		<b>24,414,091</b>	<b>24,584,016</b>
<b>Current liabilities</b>			
Trade payables		39,295,780	48,958,304
Lease liabilities		15,062,634	15,330,615
Accrued expenses and other liabilities		41,149,436	21,367,793
Provision for zakat		27,611,261	21,711,261
<b>Total current liabilities</b>		<b>123,119,111</b>	<b>107,367,973</b>
<b>Total liabilities</b>		<b>147,533,202</b>	<b>131,951,989</b>
<b>Total shareholders' equity and liabilities</b>		<b>717,953,778</b>	<b>704,460,977</b>

Notes on pages 7 to 14 form an integral part of these condensed consolidated interim financial statements.

\_\_\_\_\_  
**Chief Financial Officer**

\_\_\_\_\_  
**Chief Executive Officer**

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**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	
		2023	2022
Sales	10	<b>190,487,525</b>	186,298,174
Cost of sales		<b>(124,212,148)</b>	(122,844,655)
<b>Gross profit</b>		<b>66,275,377</b>	63,453,519
General and administrative expenses		<b>(9,823,392)</b>	(8,920,716)
Selling and distribution expenses		<b>(16,158,277)</b>	(14,627,716)
Impairment losses on trade receivables	13	<b>(6,463,788)</b>	(15,369,646)
Realized and unrealized profit (loss) from remeasurement of financial assets at fair value through profit or loss, net		<b>33,079</b>	(205,828)
Other income		<b>259,667</b>	191,856
<b>Operating profit</b>		<b>34,122,666</b>	24,521,469
Finance costs		<b>(464,389)</b>	(646,749)
<b>Profit for the period before zakat</b>		<b>33,658,277</b>	23,874,720
Zakat expense		<b>(5,900,000)</b>	(4,900,000)
<b>Profit for the period</b>		<b>27,758,277</b>	18,974,720
<b>Basic and diluted earnings per share of the period according to the profits attributable to the shareholders of the Company (in Saudi Riyals)</b>	11	<b>0.69</b>	0.47

Notes on pages 7 to 14 form an integral part of these condensed consolidated interim financial statements.

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**Chief Financial Officer**

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**Chief Executive Officer**

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**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)

	<b>Three-month period ended</b>	
	<b>31 March</b>	
	<b>2023</b>	<b>2022</b>
<b>Profit for the period</b>	<b>27,758,277</b>	18,974,720
Items that may not be reclassified subsequently in the statement of income:		
Re-measurement of employees' end of service benefits	<b>153,311</b>	37,924
<b>Total comprehensive income for the period</b>	<b>27,911,588</b>	19,012,644

Notes on pages 7 to 14 form an integral part of these condensed consolidated interim financial statements.

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**Chief Executive 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	Statutory reserve	Retained earnings	Total Shareholders' equity
<b>Balance as at 1 January 2022 (Audited)</b>		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
Dividends		-	-	(30,000,000)	(30,000,000)
<b>Balance as at 31 March 2022 (Unaudited)</b>		400,000,000	64,282,586	103,945,742	568,228,328
<b>Balance as at 1 January 2023 (Audited)</b>		400,000,000	69,626,212	102,882,776	572,508,988
Profit for the period		-	-	27,758,277	27,758,277
Other comprehensive income		-	-	153,311	153,311
Total comprehensive income for the period		-	-	27,911,588	27,911,588
Dividends	8	-	-	(30,000,000)	(30,000,000)
<b>Balance as at 31 March 2023 (Unaudited)</b>		400,000,000	69,626,212	100,794,364	570,420,576

Notes on pages 7 to 14 form an integral part of these condensed consolidated interim financial statements.

\_\_\_\_\_  
**Chief Financial Officer**

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**Chief Executive 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	
		2023	2022
<b>Cash flows from operating activities</b>			
Profit for the period before zakat		33,658,277	23,874,720
<b>Adjustments for:</b>			
Depreciation of property and equipment		553,666	419,264
Amortisation of intangible assets		31,817	29,348
Depreciation of right of use assets		2,756,067	2,646,196
Provision for obsolescence inventory		4,413,779	4,437,094
Gains on disposal of property and equipment		(204,430)	(93,277)
Realized and unrealized profits (losses) from remeasurement of financial assets at fair value through profit or loss		(33,079)	205,828
Impairment losses on trade receivables		6,463,788	15,369,646
Provision for employees' end of service benefits		587,855	462,789
Finance costs		464,389	646,749
<b>Change in working capital</b>			
Inventories		69,377,531	43,494,738
Trade receivables		(105,861,586)	(92,385,628)
Prepayments and others assets		(5,783,498)	(534,584)
Trade payables		(9,662,524)	(4,848,602)
Accrued expenses and other liabilities		19,781,642	10,511,168
Employees' end of service benefits paid		(35,867)	(132,498)
<b>Net cash generated from operating activities</b>		<b>16,507,827</b>	<b>4,102,951</b>
<b>Cash flows from investing activities</b>			
Purchase of property and equipment and intangible assets		(469,347)	(838,473)
Proceeds from disposal of property and equipment		204,435	96,072
Additions to financial assets at FVTPL		-	(10,000,000)
<b>Net cash utilized in investing activities</b>		<b>(264,912)</b>	<b>(10,742,401)</b>
<b>Cash flows from financing activities</b>			
Lease payments		(3,144,967)	(2,053,409)
Dividends paid	8	(30,000,000)	-
<b>Net cash utilised in financing activities</b>		<b>(33,144,967)</b>	<b>(2,053,409)</b>
<b>Net change in cash and cash equivalents</b>		<b>(16,902,052)</b>	<b>(8,692,859)</b>
Cash and cash equivalents at the beginning of the period		94,551,373	134,510,281
<b>Cash and cash equivalents at the end of the period</b>		<b>77,649,321</b>	<b>125,817,422</b>
<b>Significant non-cash transactions:</b>			
Additions to right of use assets and lease liabilities		1,843,995	3,281,364
Change in re-measurement of employees' end of service benefits		153,311	37,924
Dividends payable	8	-	(30,000,000)

Notes on pages 7 to 14 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)**  
**Notes to condensed consolidated interim financial statements**  
**for the three-month period ended in 31 March 2023**  
(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, Riyadh, King Fahad Road, opposite to the Insurance Complex, Postal code: 11426, P.O. box: 23236.

The primary activity of the Company is to import, export, wholesale and retail of fabrics and ready-made clothes.

The Company practices its activities through 26 branches (2022: 27 branches).

As at 4 November 2019, The Capital Market Authority (CMA) approved Thob Al Aseel Company's request dated 16 October 2019 to move 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.

These condensed consolidated interim 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 2023	31 December 2022
Al Jedaie Fabrics Company	Kingdom of Saudi Arabia	100%	100%

**Subsidiary**

Al Jedaie 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 50 branches (2022: 50 branches).

**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").

These condensed consolidated interim financial statements do not include all required information and disclosures in the annual consolidated financial statements and shall be read in conjunction with the Group's annual consolidated financial statements as at 31 December 2022. 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 (IFRS) issued by IFRS 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 important items included in the condensed consolidated interim statement of financial position:

- Investments in equity instruments are measured at FVTPL.
- 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 lease payments.

**Thob Al Aseel Company**  
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**2 Basis of preparation (continued)**

**2-3 Use of estimates, assumptions and judgements**

The preparation of the Group's condensed consolidated interim financial statements requires the managements 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 consolidated annual financial statements.

**3 Basis of consolidation**

These condensed consolidated interim financial statements comprise the financial statements of the Company and its subsidiary as at 31 March 2023.

*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 Company; and
- The ability to use its power over the investee to affect its returns.

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(s) with the other vote 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 the 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 Company's functional and Group's presentation currency.

**5 New standards, amendments to standards and interpretations**

No new standards have been issued. However, various amendments to the standards are effective as of 1 January 2023, as explained in the Group's annual consolidated financial statements but do not have material impact on the Group's condensed consolidated interim financial statements.

**Thob Al Aseel Company**  
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**Notes to condensed consolidated interim financial statements**  
**for the three-month period ended in 31 March 2023**  
(All amounts are in Saudi Riyals unless otherwise stated)

**6 Financial assets at fair value through profit or loss**

During 2022, the Group invested Saudi Riyals 10 million 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 are included in the condensed consolidated interim statement of income.

The movement of financial asset at FVTPL during the period is as follows:

	<b>Three-month period ended March 31, 2023 (Unaudited)</b>	<b>For the year ended 31 December 2022 (Audited)</b>
Balance, beginning of period / year	8,692,709	-
Additions	-	10,300,000
Realized and unrealized profits (losses) from remeasurement, net	33,079	(1,607,291)
Balance at the end of the period / year	<b>8,725,788</b>	<b>8,692,709</b>

**7 Transactions with related parties**

**A Transactions with key management personnel:**

The following table describes compensations of key management personnel:

	<b>Three-month period ended 31 March (Unaudited) 2023</b>	<b>2022</b>
Short term employees' benefits	685,327	624,897
Employees' end of service benefits	50,797	25,625
	<b>736,124</b>	<b>650,522</b>

**B Due to related parties:**

	<b>31 March 2023 (Unaudited)</b>	<b>31 December 2022 (Audited)</b>
Shareholders – Lease liabilities	3,158,684	3,792,488

**C Transactions with shareholders**

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

	<b>Three-month period ended 31 March (Unaudited) 2023</b>	<b>2022</b>
Shareholders	460,441	616,277

**8 Dividends**

The final dividends are recorded in the period approved by the shareholders during the General Assembly meeting. The Board of Directors decided on its meeting dated 27 February 2023 to distribute Saudi Riyals 30 million (Saudi Riyals 0.75 per share) as dividends for the second half of the financial year 2022 in accordance with an authorization made by the Ordinary General Assembly on 26 June 2022 for the Board to distribute interim dividends for 2022.

In its meeting held on 20 February 2022, the Board of Directors decided to distribute Saudi Riyals 30 million (Saudi Riyals 0.75 per share) as dividends for the second half of the financial year 2021 in accordance with the mandate of the Ordinary General Assembly held on 28 June 2021 for the Board to distribute interim dividends for 2021.

**Thob Al Aseel Company**  
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**Notes to condensed consolidated interim financial statements**  
**for the three-month period ended in 31 March 2023**  
(All amounts are in Saudi Riyals unless otherwise stated)

**9 Share capital**

The share capital of the Company as at 31 March 2023 comprises of 40 million shares (31 December 2022: 40 million shares) stated at SAR 10 per share.

**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 thobs 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 chief operating decision maker. Below is a statement of the primary activities of these segments:

<u>Sector</u>	<u>Nature of the activity</u>
Thobs sector	The primary activity includes the sale of ready-made garments
Fabrics sector	The primary activity involves selling fabrics

**10-2 Information about segment reporting (Unaudited)**

	<u>Three-month period ended March 31, 2023</u>			<u>Three-month period ended March 31, 2022</u>		
	<u>Thobs</u>	<u>Fabrics</u>	<u>Total</u>	<u>Thobs</u>	<u>Fabrics</u>	<u>Total</u>
Segment sales	145,119,747	45,367,778	190,487,525	151,959,843	34,338,331	186,298,174
Inter-segment sales	-	-	-	-	-	-
Gross sales to external clients	145,119,747	45,367,778	190,487,525	151,959,843	34,338,331	186,298,174

**Timing of revenues recognition**

	<u>Three-month period ended March 31, 2023</u>			<u>Three-month period ended March 31, 2022</u>		
	<u>Thobs</u>	<u>Fabrics</u>	<u>Total</u>	<u>Thobs</u>	<u>Fabrics</u>	<u>Total</u>
At a point in time	145,119,747	45,367,778	190,487,525	151,959,843	34,338,331	186,298,174
Over time	-	-	-	-	-	-
Gross revenue	145,119,747	45,367,778	190,487,525	151,959,843	34,338,331	186,298,174
EBITDA	22,230,694	15,233,522	37,464,216	17,326,352	10,289,925	27,616,277

**Total segment assets**

	<u>Thobs sector</u>	<u>Fabrics sector</u>	<u>Eliminations</u>	<u>Total</u>
31 March 2023 (Unaudited)	678,260,375	114,557,929	(74,864,526)	717,953,778
31 December 2022 (Audited)	654,164,223	122,255,232	(71,958,478)	704,460,977

**Total segment liabilities**

	<u>Thobs sector</u>	<u>Fabrics sector</u>	<u>Eliminations</u>	<u>Total</u>
31 March 2023 (Unaudited)	107,783,751	78,966,238	(39,216,787)	147,533,202
31 December 2022 (Audited)	81,599,185	84,188,284	(33,835,480)	131,951,989

**Thob Al Aseel Company**  
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**Notes to condensed consolidated interim financial statements**  
**for the three-month period ended in 31 March 2023**  
(All amounts are in Saudi Riyals unless otherwise stated)

**10 Segment information (continued)**

**10-2 Information about segment reporting (Unaudited) (continued)**

A reconciliation of earnings before interest, taxes, depreciation and amortization (EBITDA) and profit for the period before zakat is provided as follows:

	<b>Three-month period ended</b>	
	<b>31 March</b>	
	<b>2023</b>	<b>2022</b>
<b>EBITDA</b>	<b>37,464,216</b>	27,616,277
<b>Depreciation and amortization</b>	<b>(3,341,550)</b>	(3,094,808)
<b>Finance costs</b>	<b>(464,389)</b>	(646,749)
Profit for the period before zakat	<b>33,658,277</b>	23,874,720

**11 Earnings per share**

Earnings per share has been calculated by dividing profit for the period for the periods ended 31 March 2023 and 2022 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 results for the period are not an accurate indicator on the Group's annual results.

**13 Credit Risks**

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 the significant components of the condensed consolidated interim statement of financial position:

	<b>31 March</b>	<b>31 December</b>
	<b>2023</b>	<b>2022</b>
	<b>(Unaudited)</b>	<b>(Audited)</b>
Bank balances	<b>76,788,102</b>	93,953,258
Trade receivables, prepayments and other receivables	<b>326,745,534</b>	227,263,660
	<b>403,533,636</b>	321,216,918

Credit risks on accounts receivable and bank balances are limited to the following:

**Bank balances**

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

**Trade receivables**

The Group applies the simplified approach to make a provision for expected credit losses prescribed by IFRS 9, which permits the use of the lifetime expected loss provision for all lifetime trade receivables. The loss provision as at 31 March 2023 and 31 December 2022 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 2023, the exposure to credit risks for trade receivables by types of customers was as follows:

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**Notes to condensed consolidated interim financial statements**  
**for the three-month period ended in 31 March 2023**  
(All amounts are in Saudi Riyals unless otherwise stated)

**13 Credit Risks (continued)**

Trade receivables as at 31 March 2023 (unaudited)

**1 Thobs segment:**

Debt status	Expected loss rate	Total Carrying amount	Expected credit losses
Current	1.14%	111,206,887	1,271,171
Past due > 30 days	1.38%	50,499,434	696,659
Past due > 60 days	1.68%	17,800,847	298,451
Past due > 90 days	2.12%	15,751,920	334,606
Past due > 120 days	3.11%	33,251,102	1,034,615
Past due > 180 days	5.67%	20,513,329	1,164,013
Past due > 270 days	11.44%	47,133,955	5,393,769
1 - 2 years past due	29.22%	21,314,396	6,227,741
Default customers and others that are past due for more than two years	70.17% - 100%	80,446,681	80,353,660
		<b>397,918,551</b>	<b>96,774,685</b>

**2 Fabrics segment:**

Debt status	Expected loss rate	Total Carrying amount	Expected credit losses
Current	1.30%	7,851,289	102,238
Past due > 30 days	1.54%	6,925,057	106,300
Past due > 60 days	1.68%	4,424,943	74,446
Past due > 90 days	1.94%	661,870	12,819
Past due > 120 days	2.56%	1,320,151	33,843
Past due > 180 days	4.19%	763,445	32,025
Past due > 270 days	8.85%	1,400,555	123,994
1 - 2 years past due	23.18%	1,696,814	393,376
Default customers and others that are past due for more than two years	61.98% - 100%	3,086,526	2,977,539
		<b>28,130,650</b>	<b>3,856,580</b>
<b>Total</b>		<b>426,049,201</b>	<b>100,631,265</b>

Trade receivables as at 31 December 2022 (Audited)

**1 Thobs segment:**

Debt status	Expected loss rate	Total Carrying amount	Expected credit losses
Current	1.23%	22,940,936	282,429
Past due > 30 days	1.48%	16,975,144	251,588
Past due > 60 days	1.81%	28,905,045	523,819
Past due > 90 days	2.32%	12,722,648	294,537
Past due > 120 days	3.42%	20,639,434	705,485
Past due > 180 days	6.34%	77,618,079	4,917,967
Past due > 270 days	12.81%	36,675,272	4,697,707
1 - 2 years past due	30.98%	11,772,174	3,646,573
Default customers and others that are past due for more than two years	71.43% - 100%	77,225,624	75,253,433
		<b>305,474,356</b>	<b>90,573,538</b>

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**13 Credit Risks (continued)**

*Trade receivables as at 31 December 2022 (Audited) (continued)*

**2 Fabrics segment:**

Debt status	Expected loss rate	Total Carrying amount	Expected credit losses
Current	1.32%	1,083,179	14,313
Past due > 30 days	1.55%	1,007,401	15,617
Past due > 60 days	1.70%	1,553,304	26,355
Past due > 90 days	1.95%	778,492	15,207
Past due > 120 days	2.59%	1,043,458	26,995
Past due > 180 days	4.23%	2,362,783	100,049
Past due > 270 days	8.93%	2,320,781	207,327
1 - 2 years past due	23.39%	1,605,612	375,510
Default and overdue for more than two years	62.66% - 100%	2,958,249	2,812,566
<b>Total</b>		<b>14,713,259</b>	<b>3,593,939</b>
		<b>320,187,615</b>	<b>94,167,477</b>

**Sensitivity testing for future circumstances expectations as at 31 March 2023 (Unaudited)**

	Amount In Saudi Riyals
Basic value for impairment losses in trade receivables	100,631,265
If the expectations of future circumstances increased by 10%	100,699,366
If the expectations of future circumstances decreased by 10%	100,563,165

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

	Trade receivables	Prepayments	Total
<b>At 1 January 2023 (Audited)</b>	<b>94,167,477</b>	<b>1,820,577</b>	<b>95,988,054</b>
Charge for the period	<b>6,463,788</b>	-	<b>6,463,788</b>
<b>At 31 March 2023 (Unaudited)</b>	<b>100,631,265</b>	<b>1,820,577</b>	<b>102,451,842</b>

**14 Zakat matters**

**Zakat status**

The Group is subject to zakat according to the regulations of the Zakat, Tax and Customs Authority ("ZATCA") 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. Zakat returns were submitted up to 2022 to ZATCA. The Group also obtained a certificate of zakat valid until 10 Shawwal 1444H corresponding to 30 April 2023

The Group received the zakat assessments on the zakat returns for the years 2014 to 2018 and was claimed with the following:

- Zakat differences for the year 2014 amounting to Saudi Riyals 1.57 million compared to the zakat paid for that year. The Group objected to ZATCA assessment and the objection was escalated to the General Secretariat of Tax Committees ("GSTC"). GSTC issued its decision to reject the objection with the right of the Company to submit an objection. The Company requested the Appeal Committees within the statutory period to object to the decision issued by GSTC, and the application is under review by the Appeal Committees.
- Zakat differences for the years from 2015 to 2018 amounting to Saudi Riyals 6.02 million compared to the zakat paid for such years. The Group sent a response to the ZATCA that included notes on the items contained in the ZATCA's letter. Based on the Group's response, ZATCA amended the assessment to amount to Saudi Riyals 1.94 million. The Group objected to assessment and escalated the matter to the GSTC. GSTC issued its decision to reject the objection with the right of the Company to submit an objection. On 28 December 2021, the Company requested the Appeal Committees within the statutory period to object to the decision issued by GSTC.

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**14 Zakat matters (continued)**

**Zakat status (continued)**

On 18 February 2023, the Company received the decisions issued by the Appeal Committee, in which the committee decided to accept the appeal in form, and in the matter, the appeal was rejected with support for the decision of the Dispute Committee, with the exception of the objection for the year 2018, in which the decision issued by the Appeal Committee partially supported the Company's objection. The Company submitted a petition for reconsidering in accordance with the rules governing the laws of appeals and committees.

For the years 2019 and 2020, ZATCA examined the zakat assessments submitted by the Group, and based on the notice received from the Group's Account Manager with ZATCA, the review file was closed with no further claims.

**15 Subsequent events**

The board of directors proposed to the Extraordinary General Assembly of the Company at its meeting held on 7 May 2023 to divide the nominal value of the share from Saudi Riyals 10 per share to Saudi Riyal 1 per share, to make the number of shares of the Company after the division 400 million shares instead of 40 million shares, with the Company's commitment to complete the necessary related procedures.

**16 Board of directors' approval**

These condensed consolidated interim financial statements have been approved by the Board of Directors on 7 May 2023.