



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

**CONDENSED CONSOLIDATED INTERIM
FINANCIAL STATEMENTS (UNAUDITED)
AND REVIEW REPORT FOR THE THREE-
MONTH AND NINE-MONTH PERIODS
ENDED 30 SEPTEMBER 2023**

Thob Al Aseel Company
(A Saudi Joint Stock Company)
Condensed consolidated interim financial statements for the three-month and nine-month periods ended 30 September 2023 (Unaudited)

| Index | Page |
|---|-------------|
| Report on review of condensed consolidated interim financial statements | 1 |
| Condensed consolidated interim statement of financial position | 2 |
| Condensed consolidated interim statement of profit or loss | 3 |
| Condensed consolidated interim statement of comprehensive income | 4 |
| Condensed consolidated interim statement of changes in shareholders' equity | 5 |
| Condensed consolidated interim statement of cash flows | 6 |
| Notes to condensed consolidated interim financial statements | 7 - 16 |



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 subsidiaries (collectively referred to as the “Group”) as at 30 September 2023 and the related condensed consolidated interim statements of profit or loss, comprehensive income for the three-month and nine-month periods ended 30 September 2023 and the condensed consolidated interim statements of changes in shareholders’ equity and cash flows for the nine-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” (“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.

PricewaterhouseCoopers

Mufaddal Abbas Ali
License No. 447

15 Rabi' Al-Thani 1445H
(31 October 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)

| | | As at 30 September 2023 (Unaudited) | As at 31 December 2022 (Audited) |
|---|------|--|---|
| | Note | | |
| Assets | | | |
| Non-current assets | | | |
| Property and equipment | | 22,803,580 | 18,323,225 |
| Right-of-use assets | | 23,014,627 | 23,703,752 |
| Intangible assets | | 581,764 | 598,348 |
| Total non-current assets | | 46,399,971 | 42,625,325 |
| Current assets | | | |
| Inventory | | 267,575,345 | 312,620,322 |
| Trade receivables | 13 | 271,267,672 | 226,020,138 |
| Prepayments and other receivables | | 19,659,998 | 19,951,110 |
| Financial assets at fair value through profit or loss | 6 | 9,295,277 | 8,692,709 |
| Cash and cash equivalents | | 69,654,129 | 94,551,373 |
| Total current assets | | 637,452,421 | 661,835,652 |
| Total assets | | 683,852,392 | 704,460,977 |
| Shareholders' equity and liabilities | | | |
| Shareholders' equity | | | |
| Share capital | 9 | 400,000,000 | 400,000,000 |
| Statutory reserve | | 69,626,212 | 69,626,212 |
| Retained earnings | | 103,673,979 | 102,882,776 |
| Total shareholders' equity | | 573,300,191 | 572,508,988 |
| Liabilities | | | |
| Non-current liabilities | | | |
| Lease liabilities | | 8,207,875 | 8,776,276 |
| Employees' end of service benefits | | 17,289,581 | 15,807,740 |
| Total non-current liabilities | | 25,497,456 | 24,584,016 |
| Current liabilities | | | |
| Trade payables | | 20,162,538 | 48,958,304 |
| Lease liabilities | | 14,946,286 | 15,330,615 |
| Accrued expenses and other liabilities | | 35,128,630 | 21,367,793 |
| Provision for zakat | | 14,817,291 | 21,711,261 |
| Total current liabilities | | 85,054,745 | 107,367,973 |
| Total liabilities | | 110,552,201 | 131,951,989 |
| Total shareholders' equity and liabilities | | 683,852,392 | 704,460,977 |

Notes on pages 7 to 16 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 profit or loss (Unaudited)
(All amounts are in Saudi Riyals unless otherwise stated)

| | Note | Three-month period ended 30 September | | Nine-month period ended 30 September | |
|---|------|--|--------------|---|---------------|
| | | 2023 | 2022 | 2023 | 2022 |
| Sales | 10 | 73,133,016 | 65,429,583 | 426,711,059 | 408,360,915 |
| Cost of sales | | (39,369,152) | (36,748,059) | (256,716,239) | (239,584,894) |
| Gross profit | | 33,763,864 | 28,681,524 | 169,994,820 | 168,776,021 |
| General and administrative expenses | | (9,373,992) | (7,886,130) | (28,606,566) | (24,681,744) |
| Selling and distribution expenses | | (12,880,823) | (11,586,714) | (44,631,887) | (37,498,726) |
| Impairment losses on trade receivables | 13 | (1,098,033) | (1,691,507) | (15,677,689) | (43,138,952) |
| Realized and unrealized (loss) / profit from remeasurement of financial assets at fair value through profit or loss, net | 6 | (460,133) | 169,330 | 602,568 | (1,182,163) |
| Other income | | 96,332 | 175,459 | 411,112 | 410,753 |
| Operating profit | | 10,047,215 | 7,861,962 | 82,092,358 | 62,685,189 |
| Finance cost | | (739,452) | (704,451) | (1,897,040) | (2,103,031) |
| Profit for the period before zakat | | 9,307,763 | 7,157,511 | 80,195,318 | 60,582,158 |
| Zakat expense | | (4,152,298) | (3,500,000) | (14,752,298) | (12,900,000) |
| Profit for the period | | 5,155,465 | 3,657,511 | 65,443,020 | 47,682,158 |
| Basic and diluted earnings per share of the period according to the profit attributable to the shareholders of the Group | 11 | 0.01 | 0.01 | 0.16 | 0.12 |

Notes on pages 7 to 16 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 30 September | | Nine-month period ended 30 September | |
|---|--|-------------|---|-------------|
| | 2023 | 2022 | 2023 | 2022 |
| Profit for the period | 5,155,465 | 3,657,511 | 65,443,020 | 47,682,158 |
| <i>Items that may not be reclassified subsequently in the statement of income:</i> | | | | |
| Re-measurement of employees' end of service benefits | (132,720) | (252,211) | 348,183 | (4,789) |
| Total comprehensive income for the period | 5,022,745 | 3,405,300 | 65,791,203 | 47,677,369 |

Notes on pages 7 to 16 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 changes in shareholders' equity
(All amounts are in Saudi Riyals unless otherwise stated)

| | Note | Share capital | Statutory reserve | Retained earnings | Total shareholders' equity |
|--|------|---------------|-------------------|-------------------|----------------------------|
| Balance as at 1 January 2022 (Audited) | | 400,000,000 | 64,282,586 | 114,933,098 | 579,215,684 |
| Profit for the period | | - | - | 47,682,158 | 47,682,158 |
| Other comprehensive loss | | - | - | (4,789) | (4,789) |
| Total comprehensive income for the period | | - | - | 47,677,369 | 47,677,369 |
| Dividends | 8 | - | - | (60,000,000) | (60,000,000) |
| Balance as at 30 September 2022 (Unaudited) | | 400,000,000 | 64,282,586 | 102,610,467 | 566,893,053 |
| Balance as at 1 January 2023 (Audited) | | 400,000,000 | 69,626,212 | 102,882,776 | 572,508,988 |
| Profit for the period | | - | - | 65,443,020 | 65,443,020 |
| Other comprehensive income | | - | - | 348,183 | 348,183 |
| Total comprehensive income for the period | | - | - | 65,791,203 | 65,791,203 |
| Dividends | 8 | - | - | (65,000,000) | (65,000,000) |
| Balance as at 30 September 2023 (Unaudited) | | 400,000,000 | 69,626,212 | 103,673,979 | 573,300,191 |

Notes on pages 7 to 16 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 cash flows (Unaudited)
(All amounts are in Saudi Riyals unless otherwise stated)

| | Note | Nine-month period ended 30 September | |
|--|------|---|--------------|
| | | 2023 | 2022 |
| Cash flows from operating activities | | | |
| Profit for the period before zakat | | 80,195,318 | 60,582,158 |
| Adjustments for: | | | |
| Depreciation of property and equipment | | 1,817,824 | 1,315,387 |
| Amortisation of intangible assets | | 95,444 | 88,045 |
| Depreciation of the right-of-use assets | | 8,306,921 | 7,606,083 |
| Provision for obsolescence inventory | | 7,424,086 | 913,441 |
| Gains on disposal of property and equipment | | (245,040) | (188,058) |
| Realized and unrealized loss from remeasurement of financial assets at fair value through profit or loss | 6 | (602,568) | 1,182,163 |
| Impairment losses on trade receivables | | 15,677,689 | 43,138,952 |
| Provision for employees' end of service benefits | | 2,709,485 | 1,388,368 |
| Finance cost | | 1,897,040 | 2,103,031 |
| Change in working capital | | | |
| Inventories | | 37,620,891 | (14,160,893) |
| Trade receivables | | (60,925,223) | (74,020,114) |
| Prepayments and other receivables | | 291,112 | (3,496,413) |
| Trade payables | | (28,795,766) | 8,498,022 |
| Accrued expenses and other liabilities | | 13,760,837 | (1,606,070) |
| Zakat paid | | (21,646,268) | (16,993,896) |
| Employees' end of service benefits paid | | (879,461) | (379,273) |
| Net cash generated from operating activities | | 56,702,321 | 15,970,933 |
| Cash flows from investing activities | | | |
| Purchase of property, equipment | | (6,299,390) | (1,901,677) |
| Purchase of intangible assets | | (79,000) | - |
| Proceeds from disposal of property and equipment | | 246,391 | 190,855 |
| Additions to financial assets at fair value through profit or loss | 6 | - | (10,300,000) |
| Net cash used in investing activities | | (6,131,999) | (12,010,822) |
| Cash flows from financing activities | | | |
| Lease payments | | (10,467,566) | (9,771,163) |
| Dividends paid | 8 | (65,000,000) | (60,000,000) |
| Net cash used in financing activities | | (75,467,566) | (69,771,163) |
| Net change in cash and cash equivalents | | (24,897,244) | (65,811,052) |
| Cash and cash equivalents at the beginning of the period | | 94,551,373 | 134,510,281 |
| Cash and cash equivalents at the end of the period | | 69,654,129 | 68,699,229 |
| Significant non-cash transactions: | | | |
| Additions to right-of-use assets and lease liabilities | | 7,617,796 | 10,509,414 |
| Trade receivables write off | 13 | (14,242,706) | - |
| Change in re-measurement of employees' end of service benefits | | 348,183 | (4,789) |

Notes on pages 7 to 16 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 the condensed consolidated interim financial statements
For the three-month and nine-month periods ended 30 September 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).

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

| Subsidiary | Country of incorporation | Ownership percentage as of | |
|-----------------------------------|---------------------------------|-----------------------------------|-------------------------|
| | | 30 September 2023 | 31 December 2022 |
| Al Jedaie Fabrics Company | Kingdom of Saudi Arabia | 100% | 100% |
| Qiwa Al Aseel Contracting Company | Kingdom of Saudi Arabia | 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 sale of textiles, clothing and wholesale of men’s fabrics and sale of textiles and fabrics of all kinds (wearables) for fabrics and men’s clothing.

The Subsidiary practices its activities through 50 branches (2022: 50 branches).

Qiwa Al Aseel Contracting Company (the “Subsidiary”) was incorporated as a limited liability Company in Riyadh in the Kingdom of Saudi Arabia under commercial registration number 1010910044 dated 21 Muharram 1445H (corresponding to 8 August 2023) with a share capital amounting to Saudi Riyals 5,000. The Subsidiary is mainly engaged in construction of all types of residential buildings, renovating residential and non-residential buildings and general cleaning of buildings. The Company has not carried out any activity until the date of preparing these condensed consolidated interim financial statements.

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” as 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 should be read in conjunction with the Group’s annual consolidated financial statements for the year ended 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 consolidated financial statements which were prepared in accordance with International Financial Reporting Standards that are endorsed in the Kingdom of Saudi Arabia and other standards, interpretations and pronouncements that are issued by SOCPA, hereinafter collectively referred to as “International Financial Reporting Standards”.

Thob Al Aseel Company
(A Saudi Joint Stock Company)
Notes to the condensed consolidated interim financial statements
For the three-month and nine-month periods ended 30 September 2023
(All amounts are in Saudi Riyals unless otherwise stated)

2. Basis of preparation (continued)

2.2 Preparation of the condensed consolidated interim 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:

- Investments in equity instruments are measured at FVTPL; and
- Employees' termination benefits are recognized at the present value of future obligations using the projected unit credit method.

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

These condensed consolidated interim financial statements comprise those of the Company and its subsidiaries as at 30 September 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 investee; 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 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.

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.

Thob Al Aseel Company
(A Saudi Joint Stock Company)
Notes to the condensed consolidated interim financial statements
For the three-month and nine-month periods ended 30 September 2023
(All amounts are in Saudi Riyals unless otherwise stated)

4 Functional and presentation currency

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

5 New Standards, Amendment to Standards and Interpretations

No new standards have been issued. However, various amendments to the standards are effective from 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.

6 Financial assets at fair value through profit or loss

During 2022, the Group invested Saudi Riyals 10.3 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 profit or loss.

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

| | Nine-month period ended 30 September 2023 (Unaudited) | For the year ended 31 December 2022 (Audited) |
|---|--|--|
| Balance at the beginning of period / year | 8,692,709 | - |
| Additions | - | 10,300,000 |
| Realized and unrealized gains / (losses) from remeasurement, net | 602,568 | (1,607,291) |
| Balance at the end of the period / year | 9,295,277 | 8,692,709 |

7 Transactions with related parties

a. Transactions with key management personnel

The following table describes compensation of key management personnel:

| | Nine-month period ended 30 September (Unaudited) | |
|------------------------------------|---|-------------|
| | 2023 | 2022 |
| Employees' end of service benefits | 2,113,916 | 2,084,667 |
| Short-term employees' benefits | 136,869 | 162,112 |
| | 2,250,785 | 2,246,779 |

b. Due to related parties

| | 30 September 2023 (Unaudited) | 31 December 2022 (Audited) |
|----------------------------------|--|---|
| Shareholders – lease liabilities | 3,195,240 | 3,792,488 |

Thob Al Aseel Company
(A Saudi Joint Stock Company)
Notes to the condensed consolidated interim financial statements
For the three-month and nine-month periods ended 30 September 2023
(All amounts are in Saudi Riyals unless otherwise stated)

7 Transactions with related parties (continued)

c. Transactions with shareholders

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

| | Nature of Transaction | Nine-month period ended 30 September (Unaudited) | |
|--------------|-----------------------|--|-----------|
| | | 2023 | 2022 |
| Shareholders | Rentals | 1,463,279 | 1,752,721 |

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 of the Ordinary General Assembly held on 26 June 2022 for the Board to distribute interim dividends for the year 2022. The Board of Directors, in its meeting held on 19 July 2023, have also decided to distribute Saudi Riyals 35 million (Saudi Riyals 0.0875 per share) as dividends for the first half of the fiscal year 2023 in accordance with the authorization of the extraordinary General Assembly held on 30 June 2023 for the Board to distribute interim dividends for the year 2023.

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 interim dividends for the second half of the financial year 2021 in accordance with the authorization of the Ordinary General Assembly held on 28 June 2021 for the Board to distribute interim dividends for 2021. The Board of Directors, in its meeting held on 27 July 2022, have also decided to distribute Saudi Riyals 30 million (Saudi Riyals 0.75 per share) as dividends for the first half of the fiscal year 2022 in accordance with the authorization of the Ordinary General Assembly held on 26 June 2022 for the Board to distribute interim dividends for the year 2022.

9 Share capital

On June 20, 2023, the Extraordinary General Assembly approved the recommendation of the Board of Directors 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 Group after the division become 400 million shares instead of 40 million shares. The legal formalities to reflect this were completed after the end of the period.

The Company's capital as of 30 September 2023 consists of 400 million shares with a nominal value of Saudi Riyal 1 per share (31 December 2022: 40 million shares with a nominal value of Saudi Riyals 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 primary responsible for making operational decisions. The following is a statement of the main activities of these segments:

| Segment | Principal Activity |
|---------|---|
| Thobs | Main activities include sales of readymade clothes. |
| Fabrics | Main activities include sales of fabrics. |

Thob Al Aseel Company
(A Saudi Joint Stock Company)
Notes to the condensed consolidated interim financial statements
For the three-month and nine-month periods ended 30 September 2023
(All amounts are in Saudi Riyals unless otherwise stated)

10 Segment information (continued)

10.2 Segments financial information's (unaudited)

| | Three-month period ended 30 September 2023 | | | Three-month period ended 30 September 2022 | | |
|--|---|-------------------|--------------------|---|-------------------|--------------------|
| | Thobs | Fabrics | Total | Thobs | Fabrics | Total |
| Segment sales | 53,260,290 | 19,872,726 | 73,133,016 | 49,310,738 | 16,118,845 | 65,429,583 |
| Inter-segment sales | - | - | - | - | - | - |
| Total sales to external customers | 53,260,290 | 19,872,726 | 73,133,016 | 49,310,738 | 16,118,845 | 65,429,583 |
| | | | | | | |
| | Nine-month period ended 30 September 2023 | | | Nine-month period ended 30 September 2022 | | |
| | Thobs | Fabrics | Total | Thobs | Fabrics | Total |
| Segment sales | 337,896,207 | 88,814,852 | 426,711,059 | 334,191,849 | 74,169,066 | 408,360,915 |
| Inter-segment sales | - | - | - | - | - | - |
| Total sales to external customers | 337,896,207 | 88,814,852 | 426,711,059 | 334,191,849 | 74,169,066 | 408,360,915 |

Timing of revenues recognition

| | Three-month period ended 30 September 2023 | | | Three-month period ended 30 September 2022 | | |
|------------------------------|---|-------------------|-------------------|---|-------------------|-------------------|
| | Thobs | Fabrics | Total | Thobs | Fabrics | Total |
| At a point of time | 53,260,290 | 19,872,726 | 73,133,016 | 49,310,738 | 16,118,845 | 65,429,583 |
| Over a period of time | - | - | - | - | - | - |
| Gross revenue | 53,260,290 | 19,872,726 | 73,133,016 | 49,310,738 | 16,118,845 | 65,429,583 |
| EBITDA | 9,799,389 | 3,820,889 | 13,620,278 | 6,728,936 | 4,132,795 | 10,861,731 |

Thob Al Aseel Company
(A Saudi Joint Stock Company)
Notes to the condensed consolidated interim financial statements
For the three-month and nine-month periods ended 30 September 2023
(All amounts are in Saudi Riyals unless otherwise stated)

10 Segment information (continued)

10.2 Segments financial information's (unaudited) (continued)

Timing of revenues recognition (continued)

| | Nine-month period ended 30 September 2023 | | | Nine-month period ended 30 September 2022 | | |
|------------------------------|--|-------------------|--------------------|--|-------------------|--------------------|
| | Thobs | Fabrics | Total | Thobs | Fabrics | Total |
| At a point of time | 337,896,207 | 88,814,852 | 426,711,059 | 334,191,849 | 74,169,066 | 408,360,915 |
| Over a period of time | - | - | - | - | - | - |
| Gross revenue | 337,896,207 | 88,814,852 | 426,711,059 | 334,191,849 | 74,169,066 | 408,360,915 |
| EBITDA | 66,198,662 | 26,113,885 | 92,312,547 | 53,058,292 | 18,636,412 | 71,694,704 |

Total segment assets

| | Thobs | Fabrics | Eliminated transactions | Total |
|--------------------------------------|--------------------|--------------------|-------------------------|--------------------|
| 30 September 2023 (Unaudited) | 646,588,709 | 114,525,541 | (77,261,858) | 683,852,392 |
| 31 December 2022 (Audited) | 654,164,223 | 122,255,232 | (71,958,478) | 704,460,977 |

Total segment liabilities

| | Thobs | Fabrics | Eliminated transactions | Total |
|--------------------------------------|-------------------|-------------------|-------------------------|--------------------|
| 30 September 2023 (Unaudited) | 73,232,470 | 73,160,306 | (35,840,575) | 110,552,201 |
| 31 December 2022 (Audited) | 81,599,185 | 84,188,284 | (33,835,480) | 131,951,989 |

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

| | Three-month period ended 30 September | | Nine-month period ended 30 September | |
|---|---------------------------------------|--------------------|--------------------------------------|--------------------|
| | 2023 | 2022 | 2023 | 2022 |
| EBITDA | 13,620,278 | 10,861,731 | 92,312,547 | 71,694,704 |
| Depreciation and amortisation | (3,573,063) | (2,999,769) | (10,220,189) | (9,009,515) |
| Finance costs | (739,452) | (704,451) | (1,897,040) | (2,103,031) |
| Profit for the period before zakat | 9,307,763 | 7,157,511 | 80,195,318 | 60,582,158 |

11 Earnings per share (EPS)

Earnings per share has been calculated by dividing the net profit for the periods ending on 30 September 2023 and 2022 by 400 million shares.

Thob Al Aseel Company
(A Saudi Joint Stock Company)
Notes to the condensed consolidated interim financial statements
For the three-month and nine-month periods ended 30 September 2023
(All amounts are in Saudi Riyals unless otherwise stated)

11 Earnings per share (EPS) (continued)

The number of shares for the period ended 30 September 2022 has been adjusted retrospectively to reflect the shares division (Note 9). Since this represents a change in the number of basic shares, without a corresponding change in resources, the weighted average number of basic shares outstanding during all reported periods is adjusted retrospectively.

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:

| | 30 September 2023 (Unaudited) | 31 December 2022 (Audited) |
|-----------------------------|--|---|
| Bank balances | 69,045,071 | 93,953,258 |
| Trade and other receivables | 272,444,950 | 227,263,660 |
| | 341,490,021 | 321,216,918 |

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.

Trade receivables

The Group applies the simplified approach in calculating its expected credit losses as prescribed by IFRS 9 which uses the lifetime expected loss provision on such exposures. The loss provision as at 30 September 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 30 September 2023, the exposure to credit risks for trade receivables by types of customers was as follows:

Thob Al Aseel Company
(A Saudi Joint Stock Company)
Notes to the condensed consolidated interim financial statements
For the three-month and nine-month periods ended 30 September 2023
(All amounts are in Saudi Riyals unless otherwise stated)

13 Credit Risk (continued)

Trade receivables as at 30 September 2023 (unaudited)

1- *Thobs segment:*

| Debt status | Expected loss rate | Total carrying amount | Expected credit losses |
|--|---------------------------|------------------------------|-------------------------------|
| Current | 1.36% | 10,338,191 | 140,949 |
| Past due > 30 days | 1.62% | 18,605,789 | 301,372 |
| Past due > 60 days | 2.00% | 22,110,222 | 441,713 |
| Past due > 90 days | 2.55% | 27,370,699 | 698,542 |
| Past due > 120 days | 3.76% | 87,831,938 | 3,301,015 |
| Past due > 180 days | 6.60% | 79,303,485 | 5,693,306 |
| Past due > 270 days till 1 year | 12.76% | 4,870,785 | 621,278 |
| Past due > 1 year till 2 years | 31.15% | 14,037,001 | 4,372,672 |
| Default customers and others that are past due for more than two years | 63.27% - 100% | 76,955,677 | 76,551,223 |
| | | 341,423,787 | 92,122,070 |

2- *Fabrics segment:*

| Debt status | Expected loss rate | Total carrying amount | Expect credit losses |
|--|---------------------------|------------------------------|-----------------------------|
| Current | 1.25% | 1,929,177 | 24,132 |
| Past due > 30 days | 1.47% | 2,329,852 | 34,295 |
| Past due > 60 days | 1.62% | 1,984,997 | 32,107 |
| Past due > 90 days | 1.87% | 2,644,878 | 49,437 |
| Past due > 120 days | 2.48% | 5,304,006 | 131,663 |
| Past due > 180 days | 4.07% | 6,971,108 | 283,635 |
| Past due > 270 days till 1 year | 8.59% | 394,845 | 33,898 |
| Past due > 1 year till 2 years | 22.50% | 1,136,915 | 255,757 |
| Default customers and others that are past due for more than two years | 60.64% - 100% | 2,750,567 | 2,635,466 |
| | | 25,446,345 | 3,480,390 |
| Total | | 366,870,132 | 95,602,460 |

Thob Al Aseel Company
(A Saudi Joint Stock Company)
Notes to the condensed consolidated interim financial statements
For the three-month and nine-month periods ended 30 September 2023
(All amounts are in Saudi Riyals unless otherwise stated)

13 Credit Risk (continued)

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 till 1 year | 12.81% | 36,675,272 | 4,697,707 |
| Past due > 1 year till 2 years | 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 |
| | | 305,474,356 | 90,573,538 |

2- *Fabrics segment:*

| Debt status | Expected loss rate | Gross carrying amount | Expect 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 till 1 year | 8.93% | 2,320,781 | 207,327 |
| Past due > 1 year till 2 years | 23.39% | 1,605,612 | 375,510 |
| Default customers and others that are past due for more than two years | 62.66% - 100% | 2,958,249 | 2,812,566 |
| | | 14,713,259 | 3,593,939 |
| Total | | 320,187,615 | 94,167,477 |

Sensitivity analysis for future circumstances expectations as at 30 September 2023 (Unaudited)

| | Value in SR |
|--|--------------------|
| Basic value for impairment losses in trade receivables | 95,602,460 |
| If the expectations of future circumstances increased by 10% | 95,651,920 |
| If the expectations of future circumstances decreased by 10% | 95,552,996 |

Thob Al Aseel Company
(A Saudi Joint Stock Company)
Notes to the condensed consolidated interim financial statements
For the three-month and nine-month periods ended 30 September 2023
(All amounts are in Saudi Riyals unless otherwise stated)

13 Credit Risk (continued)

Sensitivity analysis for future circumstances expectations as at 31 December 2022 (Audited)

| | <u>Value in SR</u> |
|--|--------------------|
| Basic value for impairment losses in trade receivables | 94,167,477 |
| If the expectations of future circumstances increased by 10% | 94,308,370 |
| If the expectations of future circumstances decreased by 10% | 94,026,585 |

Movement in provision for impairment losses on trade and other receivables are as follows:

| | <u>Trade receivable</u> | <u>Other receivables</u> | <u>Total</u> |
|---|-----------------------------|------------------------------|-------------------|
| At 1 January 2023 (Audited) | 94,167,477 | 1,820,577 | 95,988,054 |
| Charge for the period | 15,677,689 | - | 15,677,689 |
| Write off during the period | (14,242,706) | - | (14,242,706) |
| At 30 September 2023 (Unaudited) | 95,602,460 | 1,820,577 | 97,423,037 |

| | <u>Trade receivable</u> | <u>Other receivables</u> | <u>Total</u> |
|---|-----------------------------|------------------------------|-------------------|
| At 1 January 2022 (Audited) | 50,038,359 | 1,820,577 | 51,858,936 |
| Charge for the period | 43,138,952 | - | 43,138,952 |
| At 31 September 2022 (Unaudited) | 93,177,311 | 1,820,577 | 94,997,888 |

14 Zakat related 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 21 Shawwal 1445H (corresponding to 30 April 2024).

The Group has finalized its zakat status and zakat assessments until 2018.

Regarding years 2019 and 2020, the zakat returns submitted by the Group have been examined by ZATCA, and based on the notification received from the Director of the Group account with the Authority, the examination file has been closed without any additional claims.

For years 2021 and 2022, the Group received a notice from ZATCA requesting additional information on the zakat returns submitted for these years. The assessments are still currently under examination by ZATCA.

15 Subsequent events

In management's view, there have been no significant subsequent events since 30 September 2023 till the approval date of these condensed consolidated interim financial statements that may have significant impact on the Group condensed consolidated interim financial statements or the disclosures.

16 Board of directors' approval

These condensed consolidated interim financial statements have been approved by the Board of Directors on 10 Rabi' Al-Thani 1445H (corresponding to 25 October 2023).