



ANNUAL REPORT

2022 | THOP AL ASEEL



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CHAIRMAN SPEECH

FAISAL AL JEDAIE

Shareholders of Thob Al Aseel Company, On my own behalf, and on behalf of the members of the Board of Directors, I am pleased to present to you the annual report for the fiscal year ended on December 31, 2022, which includes the company's most prominent activities, its consolidated financial results and the auditor's report for the last fiscal year. The company has continued its efforts to achieve its strategic objectives despite the rapid events and global economic transformations that the world has experienced, as the company sought to overcome challenges and difficulties with high efficiency and good performance.

Dear shareholders, the company is working on strategic plans with economic dimensions that contribute significantly to the company's growth and prosperity, and what we aspire to reach in the future requires us to continue and insist on facing challenges hand in hand to explore new and promising opportunities, as we hope that the positive news will continue during the current year.

In conclusion, I can only express my deep gratitude to the members of the Board of Directors for their continuous guidance and rational and wise decisions. On behalf of the Board members, I would like to thank the Company's management and employees for their continued commitment and significant contribution to the achievement of the desired goals. I also extend my gratitude to the company's shareholders for their continued and unlimited support.





CEO'S SPEECH

AHMED AL SULTAN

Despite the challenges that the markets went through during the year, the company was able, thanks to God and then the efforts of its employees, to provide stable financial performance during the past year. The current year witnessed more challenges facing supply chains and increased costs, forcing the company's management to raise the prices of some products in order to maintain a profit margin that matches our aspirations to make the company more powerful and profitable. The company worked on developing its online store, as the store's sales doubled during the year 2022 AD by 330% compared to 2021 AD. In continuation of the development process, the end of this year witnessed the launch of the online store for Al-Jedaie Textiles Company, in order to take advantage of the company's competitive advantage and to maintain its leading position in the men's textile market. In conclusion, I express to you my sincere thanks and gratitude to the esteemed members of the Board of Directors for their continuous support, and I also do not miss to thank the employees of Thobe Al-Aseel and its shareholders, hoping that we will continue to achieve the goals that we aspire to





ABOUT US

● COMPANY PROFILE

Thob Al Aseel Company was established as a limited liability company in Riyadh in 1989 with a capital of two million riyals and was registered in the Commercial Register under the number (1010071301) on 21/2/1989. In 2016, it was converted into a closed joint stock company with a capital of 50 million riyals. In 2017, the Extraordinary General Assembly approved increasing the company's capital to SR 150 million and offering 20% of its shares in the parallel market (Nomu). The company is engaged in import, export, wholesale and retail trade in textiles and ready-made clothing. Men's garments and underwear are the main products of the company and are marketed through its branches throughout the Kingdom. In January 2017, Al Jedaie Textiles Company was acquired and is engaged in wholesale and retail trade in fabrics, textiles, and ready-made clothing and has 32 branches throughout the Kingdom.

● OUR DUTY

We, at Thobe Al-Aseel Company, deliver our products to the final consumer through a group of our customers, who number more than 3,500 customers, covering all geographical areas within the Kingdom of Saudi Arabia. Our focus is on trying to satisfy the desires and requirements of the consumer. Just as we at Al-Aseel Company are not limited in our sales to the local market, we are ready to export our products to customers who desire them. So far, we have customers in the Gulf region, Europe and Africa, as well as in the United States of America. We welcome all those who wish to import our products, and are ready to provide the best selection of these products at competitive prices. All of this is an attempt by us to spread our products all over the world. The Marketing Department is working on a set of advertising campaigns with the aim of opening new markets and expanding the company's market share through customer loyalty programs and incentives offered by the company.





● OUR VISION

Always striving to provide high-quality products that meet the needs of consumers and to be the consumer's preferred choice through our leadership in the ready-made clothing and textile markets.

● OUR GOALS

- ▣ Build a strong management team capable of achieving the company's objectives.
- ▣ Offer high-quality products at affordable prices.
- ▣ Leading in the quality of service provided to our customers.
- ▣ Access our products to all our customers wherever they are located.
- ▣ Achieving growth and profitability as a means of achieving the company's other goals and values.

● COMPANY'S ACTIVITY

The main activity of the Thob Al Aseel company is the import, export, wholesale, and retail trade in textiles and ready-made clothing. The Articles of Association also allow the company to carry out the following activities:

- ▣ Manufacturing industries and their branches according to industrial licenses.
- ▣ Construction.
- ▣ Transport, storage, and refrigeration.
- ▣ Financial, business, and other services.
- ▣ Social, group, and personal services.
- ▣ Trade.
- ▣ Information Technology.
- ▣ Security and Safety.
- ▣ Owning and renting real estate.





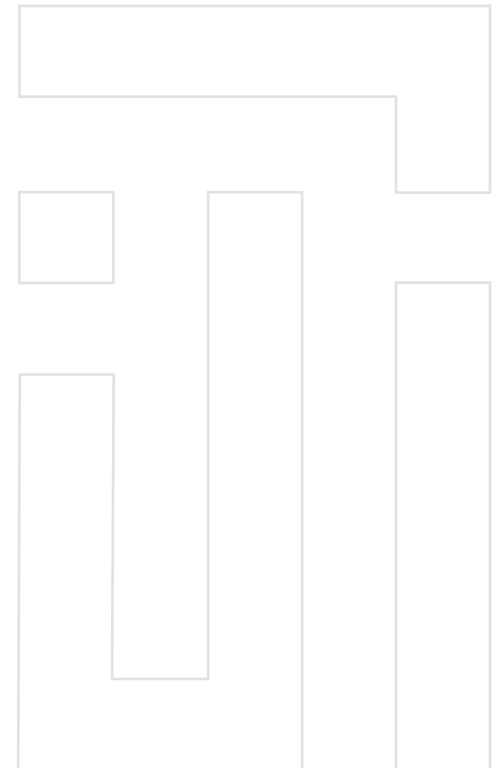
COMPANY STRATEGY – PLANS

● COMPANY STRATEGY:

- ▣ Continuous maintenance of the company's position in the field of business and work on the development of products and brand
- ▣ Targeting expansion and spread inside and outside the Kingdom to enhance communication with customers
- ▣ Targeting the application of governance standards
- ▣ Developing processes, raising performance levels, and maintaining the highest quality standards
- ▣ Raising the level of training and development of workers, developing their skills, and adhering to Emiratisation rates

● COMPANY PLANS: (FUTURE PROJECTS EXPANSION)

- ▣ Targeting new markets
- ▣ Attention to the level of quality and diversity of products
- ▣ Targeting an annual growth rate of 6-8% for sales with attention to the collection credit sales
- ▣ Improving the performance of e-sales, whether through Al Aseel store or e-sales platforms
- ▣ Distinctive presence and attention to customer suggestions through social media platforms.
- ▣ Increasing the number of customers to 6,000 customers while developing incentive plans for high-growth customers



● THE COMPANY OPERATES THROUGH TWO MAIN SECTORS: WHOLESALE AND RETAIL:

1. WHOLESALE:

The company delivers its products to wholesale customers in all cities of the Kingdom, who in turn resell them to the consumer.

2. RETAIL:

The company does not sell its products retail directly to the consumer, but through wholesale customers through points of sale located in all cities and governorates of the Kingdom. This sector also includes what you sell in large quantities to companies and government sectors for consumption purposes and not resale.





SUBSIDIARIES

The company has subsidiaries, and the following table shows the name of the subsidiary, headquarter of incorporation, and place of operations and a description of its activity, capital, and percentage of ownership:

Name of subsidiary	Headquarter of incorporation and place of operations	Activity	Company Capital	Percentage of ownership
Al Jedaie Company for Men's Textiles	Riyadh- Kingdom of Saudi Arabia	Import, export, wholesale and retail trade of Textiles	5 million riyals	100%

● ABOUT SUBSIDIARIES:

Al Jedaie Company for Men's Textiles: It is a limited liability company wholly owned by Thob Al Aseel Company and registered in Commercial Register No. (1010048637) dated 19 February 2017 and has a main activity represented in the import, export, wholesale and retail trade of men's textiles. The company has 32 branches in various cities of the Kingdom.

● SUBSIDIARIES ACTIVITY

The company engages in the import, export, wholesale, and retail trade of men's textiles through its 100% owned subsidiary, Al-Jedaie Company for Men's Textiles.

A DESCRIPTION OF THE MAIN ACTIVITIES OF THE COMPANY AND ITS SUBSIDIARIES AND THEIR IMPACT ON THE SIZE OF THE COMPANY'S BUSINESS AND ITS CONTRIBUTION TO THE RESULTS:

Description of Activity	Company name	Activity Revenue	Percentage
Sale of textiles and ready-made clothes	Thob Al Aseel	407,292,390	80%
Sale of men's textiles	Al-Jedaie Company for Men's Textiles	101,509,505	20%

● SALES

During 2022, the markets showed signs of recovery from the impact of the novel coronavirus pandemic, after opening borders, canceling travel restrictions and opening Umrah to Umrah performers from outside the Kingdom, which contributed to the growth of sales, especially in the western region, whose sales increased by more than 13%. The company also worked to take advantage of the signs of market recovery in increasing collections from customers, which increased by 17% compared to the previous year. The company increased its market share by granting incentives to customers and implementing a customer loyalty program. These incentive programs have positively affected the loyalty of our customers. During 2022, the prices of some of the company's products increased as a result of the rise in raw materials and shipping costs, Which experienced a significant increase during the last period, as we were obliged to adjust the prices of some products to cover part of this high cost.

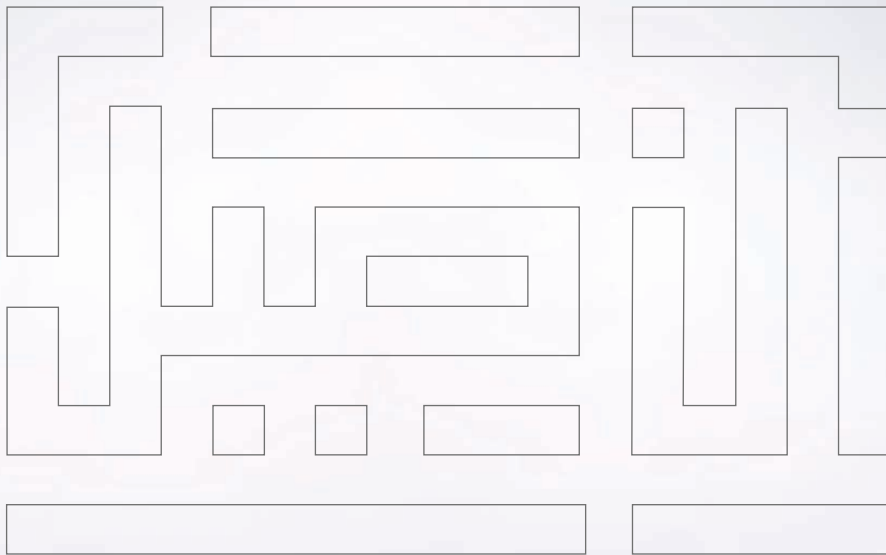
● MARKETING

Thob Al Aseel Company continued in 2022 to expand in the field of marketing and promotion of the company and its products through multiple channels and platforms, Where the company targeted in its promotional activity the seasons of sale, including the season of the founding day and the holy month of Ramadan and return to schools and the national day and winter season and others by launching a series of advertising campaigns on many communication channels and various social media platforms. In addition to advertising campaigns in the streets of cities and governorates of the Kingdom in order to remind customers of the brand and enhance its position and increase market share. The company has also been active in promoting its main products through advertisements on highway boards, which are experiencing high traffic, ensuring that they reach a large segment of the target audience. Furthermore, promoting secondary and complementary products with the aim of raising awareness in the market and creating demand among the public. Moreover, the company has launched the e-store of Al-Jedaie for Men's Textiles (a subsidiary company) with the aim of keeping pace with the development in the field of e-sales and serving a larger segment of customers in addition to reaching new customers. This presentation was accompanied by a series of advertisements on a number of social media platforms in which the introduction of the store and its products and the promotion of the competitive advantage that the subsidiary has from long experiences reflected through all its sales channels, which made it a pioneer in the field of men's textiles.



● HUMAN RESOURCES

During the past year, our internal policy has been developed to keep pace with the changes and strategic objectives of the organization and to be able to conserve and develop human capital. Competitive incentive and compensation programs have been established. The settlement ratios within the company have also been exceeded for the preceding year and this has resulted in us exceeding the localization ratios, despite the different and higher settlement ratios required for the sector than in previous years, We also sought to improve the working environment better by paying attention to upgrading the employee's experience and career integration, reflecting low turnover ratios during the year.

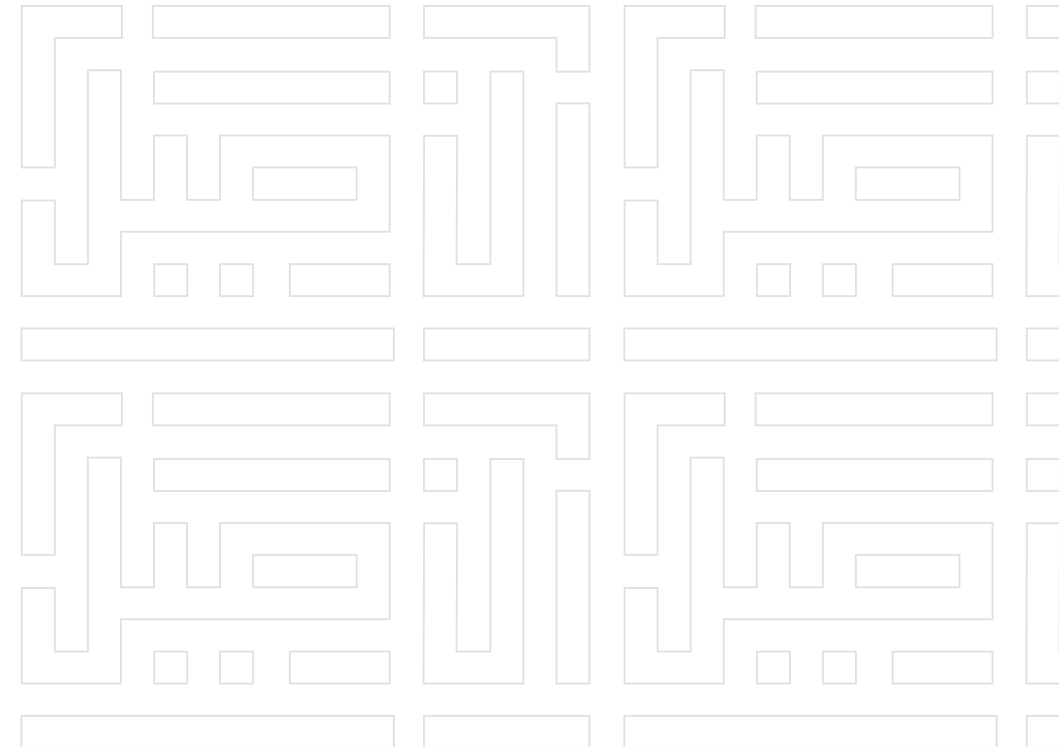


● IT

Systems management is the core of the work that provides all sectors of the company with services and bears the burden of developing the infrastructure of the central computer, protecting and preserving the company's data, and leading the progress in using the latest operating systems and auxiliary systems, so in 2022 the department focused on information protection and also carried out reviews and development of the data protection environment in cooperation With the most prestigious companies such as Oracle, Fortygate and Microsoft, and making the necessary upgrades to protect data and information.

The department has also developed auxiliary systems to automate work cycles to achieve the highest return on investment through the digital transformation of systems and infrastructure.

For example. Automation of the complete product procurement work cycle, the covenant management cycle, the management of credit limits for customers, the management and follow-up of sales requests to major customers, the management of offers.





RISKS AND PRECAUTIONS

The risk in the company is managed by senior management. Management identifies and evaluates risks and hedges them through close collaboration between the company's management and to assess their likelihood of occurring and assess their potential implications. Measures are therefore taken to reduce, incubate and contain such risks as far as possible in order to avoid any damage they may cause if they occur. There are many risks associated with the company's activities, including:

● ECONOMIC RISKS

The risks to the economy in general, both within and outside the Kingdom, have an impact on the spending of individuals and institutions, and have an impact on suppliers and manufacturers.



● STRATEGIC RISKS

Not to take note of the economic variables, make the wrong strategic decisions, or apply the strategies wrongly, and the company is keen to take note of the economic variables by studying the market and the economic situation, and use the outstanding experiences to avoid any strategic risks.

● OPERATIONAL RISKS

All the errors and shortcomings faced by operational operations, and the ability to operate in the competitive environment, such risks include:

- ▣ **Credit risk:** A party's inability to meet its obligations is a financial instrument resulting in the other party incurring a financial loss, and to avoid credit risk debits are recorded after deduction of the debit allocation.
- ▣ **Liquidity risk:** It is the risk of difficulty securing the liquidity necessary to meet its liabilities, and liquidity risk is managed by periodically ensuring that there is sufficient liquidity to meet any future liabilities.
- ▣ **The risks** of human resources: the ability to attract and maintain qualified and distinguished human cadres. The company employs and trains qualified national cadres and develops ways to support the continuity and efficiency of employees.
- ▣ **Legal risks:** Risks related to legislative and legal changes, including taxes, labour laws and others.
- ▣ **Technical risks:** operational continuity risks associated with technical programmes in a situation of technical imbalance. The company continues to develop and support its technical programmes and alternative technical infrastructure.
- ▣ **Referring to the decisions and initiatives taken** by the Government of the Kingdom of Saudi Arabia on precautionary measures to reduce and mitigate the spread of the coronavirus (COVID-19), the company reaffirms its full commitment to implement the provisions of those recent decisions issued by the competent authorities. Operations have continued on e-store sales and confirm that these interim measures will not have a major impact on the company's future business and plans.



BOARD MEMBERS

The Board of Directors shall consist of five (5) members in accordance with article 15 of the Company's Statute, hereinafter:

#	Name	existing posts	Experience	Qualifications
1	Faisal bin Abdullah Al Jedaie	Chairman of the Board of Directors of Thob Al Aseel Company	CEO of NSK, Managing Director of Fawaz Al Hokair Company, and CEO of Arabian Centers Company	Bachelor of Business Administration - King Saud University
2	Abdul Rahman bin Abdullah Al Jedaie	General Manager - Al Jedaie Textils	Regional Director for the Eastern Region - NSK Company Retail Shows Officer - Al Jedaie Textiles Est	High School
3	Mohammed bin Abdullah Al Jedaie	N/A	General Manager - Al Jedaie Textiles Company - Director of Financial and Administrative Affairs - Al Jedaie Textiles Company Director of the Computer Department - Al-Jedaie Textiles Company	Bachelor of Information Systems - King Saud University
4	Ajlan bin Abdul Rahman Al-Ajlan	Member of the Board of Directors of the GCC al	Member of the Board of Directors of Fawaz Abdulaziz Al Hokair and Partners Company Member of the Board of Directors of the Saudi Automotive Services Company (SASCO) Member of the Board of Directors of the Saudi Indian Company for Cooperative Insurance Member of the Board of Directors of Olayan Food Services Member of the Board of Directors of Saudi Lamino Company Member of the Board of Directors of Rana Investment Company Member of the Board of Directors of Qawlat Company Limited	Bachelor of Industrial Engineering - University of Central Washington
5	Tariq bin Saad Al-Tuwaijri	Member of the Board of Directors of Al Sudais Transport Company Member of the Board of Directors of Sadr Company Member of the Audit Committee, Sadr Company Member of the Rewards and Nominations Committee, Sadr Company Member of the Board of Directors of the First Investment Fund Member of the Board of Directors of Bait Al-Faleh Company Member of the Audit and Risk Committee, Bait Al-Faleh Company Director of the Investment Department, King Abdulaziz and His Companions Foundation for Giftedness and Creativity (Mawhiba)	Advisor to the CEO - Arabian Al-marakez Company (2020-2022) Regional Director of Private Banking - Bank Albilad (2018-2020) Member of the Board of Directors of Fawaz bin Abdulaziz Al Hokair and Partners Company (2018-2020)wwwg Company (2010-2017) Executive Vice President of Trading - Financial Brokerage Company (Wasata Capital) (2008-2010) Chief Broker - Aljazira Capital (2004-2008) Local Stock Broker Relationship Manager - Samba Financial Group (1998-2004)	Bachelor's degree in Business Administration - Arab Open University - Riyadh



MEMBERSHIPS OF BOARD MEMBERS IN OTHER COMPANIES

#	Name	Names of companies whose board member is a member of their current boards of directors or directors	Inside/Outside Kingdom	Names of companies whose board member is a member of its previous boards of directors or directors	Inside/Outside Kingdom
1	Faisal bin Abdullah Al Jedaie		Inside	Arabian Al- marakez Company - NSK Projects Company - Fawaz Al Hokair and Partners Company	Inside
2	Tariq bin Saad Al-Tuwaijri	Member of the Board of Directors of Al Sudais Transport Company Member of the Board of Directors of Sadr Company Member of the Board of Directors of the First Investment Fund Member of the Board of Directors of Bait Al-Faleh Company	Inside Inside Inside Inside	HSBC Fawaz Al Hokair and Partners Company	Inside



CLASSIFICATION OF BOARD MEMBERS

#	Name	Membership rating
1	Faisal bin Abdullah Al Jedaie	non-executive
2	Abdul Rahman bin Abdullah Al Jedaie	non-executive
3	Mohammed bin Abdullah Al Jedaie	non-executive
4	Ajlan bin Abdul Rahman Al-Ajlan	independently
5	Tariq bin Saad Al-Tuwaijri	independently



RECORD OF BOARD MEETINGS DURING FISCAL YEAR 2022

#	Name	Date of the Governing Council's				Total
		2022/02/20	2022/04/24	2022/07/27	2022/10/25	
1	Faisal bin Abdullah Al Jedaie	Present	Present	Present	Present	4
2	Abdul Rahman bin Abdullah Al Jedaie	Present	Present	Present	Present	4
3	Mohammed bin Abdullah Al Jedaie	Present	Present	Present	Apologies	3
4	Tariq bin Saad Al-Tuwaijri	Present	Present	Present	Present	4
5	Ajlan bin Abdul Rahman Al-Ajlan	Present	Present	Apologies	Present	3
The Council adopted several resolutions on 2022/04/01 and 2022/04/22.						



PUBLIC ASSOCIATIONS HELD DURING 2022

#	Name	Attendance register
		2022/06/26
1	Faisal bin Abdullah Al Jedaie	Present
2	Abdul Rahman bin Abdullah Al Jedaie	Present
3	Mohammed bin Abdullah Al Jedaie	did not attend
4	Ajlan bin Abdul Rahman Al-Ajlan	did not attend
5	Tariq bin Saad Al-Tuwaijri	Present



COMPANY REQUESTS FOR SHAREHOLDERS' REGISTER

Number, dates and reasons of the Company's requests for shareholders' record during 2022

Number of Company Requests for Shareholders' Register	Date	reasons for the request
1	2022/04/14	Profits File
2	2022/06/26	General Assembly
3	2022/10/31	Corporate Actions
4	2022/11/22	Corporate Actions



BOARD COMMITTEES

● AUDIT COMMITTEE

The Review Committee consists of (3) members appointed by Governing Council Decision No. (C-001-2021) and dated: 2021/09/11 for a period of (3) years.

The Audit Committee shall be competent, but not limited to, to review the financial lists, recommend financial and accounting matters to the Board of Directors, recommend the appointment of the External Auditor and oversee the efficiency of the Internal Auditor's work and other matters falling under its competence in accordance with the Company's governance regulations and the rules of work of the Audit Committee.



● Audit Committee members' names, current and previous functions and experiences:

#	الاسم	الوظائف الحالية	الوظائف السابقة	المؤهلات
1	Ibrahim bin Abdullah Al-Sultan	Al-Sultan Office for Consulting and Business Analysis	Qassim Cement Company Director of Financial Affairs - Saudi Industries Development Company	بكالوريوس محاسبة - جامعة القصيم
2	Tariq bin Saad Al-Tuwaijri	Member of the Board of Directors of Al Sudais Transport Company Member of the Board of Directors of Sadr Company Member of the Audit Committee, Sadr Company Member of the Rewards and Nominations Committee, Sadr Company Member of the Board of Directors of the First Investment Fund Member of the Board of Directors of Bait Al-Faleh Company Member of the Audit and Risk Committee, Bait Al-Faleh Company Director of the Investment Department, King Abdulaziz and His Companions Foundation for Giftedness and Creativity (Mawhiba)	Advisor to the CEO - Arabian Al- marakez Company (2020-2022) Regional Director of Private Banking - Bank Albilad (2018-2020) Member of the Board of Directors of Fawaz bin Abdulaziz Al Hokair and Partners Company (2018-2020) Fund board member HSBC 20 (2016-2022) Equity Investments Manager - Naseel Holding Company (2010-2017) Executive Vice President of Trading - Financial Brokerage Company (Wasata Capital) (2008-2010) Chief Broker - Aljazira Capital (2004-2008) Local Stock Broker Relationship Manager - Samba Financial Group (1998-2004)	Bachelor of Business Administration - Arab Open University - Riyadh
3	Saad bin Ibrahim Al-Mashwah		Chief Executive Officer, Gulf Food Federation	Bachelor of Industrial Management 1985 from King Fahd University of Petroleum and Minerals received several specialized financial courses, including one from Chase Manhattan Bank in Financial Management and Investment in 1987 and Harvard University in 1993. Financial analyst and head of 18-year lending team at the Saudi Industrial Development Fund and CEO of Gulf Food Union and Glory Rivers/Jordan and QAFCO/Dubai for 17 years. Membership of committees and boards of directors of several joint stock and closed companies

● Audit Committee Meetings in 2022 and Attendance Register

#	Name	Position					Total
			2022/02/17	2022/04/21	2022/07/26	2022/10/24	
1	Ibrahim bin Abdullah Al-Sultan	Chairman of the Commission	Present	Lecturer via means of communication	Lecturer via means of communication	Present	4
2	Tariq bin Saad Al-Tuwajiri	Member	Present	Lecturer via means of communication	Lecturer via means of communication	Present	4
3	Saad bin Ibrahim Al-Mashwah	Member	Lecturer via means of communication	Lecturer via means of communication	Lecturer via means of communication	Lecturer via means of communication	4

● REMUNERATION AND NOMINATION COMMITTEE

The Remuneration and Nominations Committee consists of (3) members appointed pursuant to Board Resolution No.(D-21/001) dated 11/09/2021G for a period of (3) years concerned with the periodic review of the remuneration policy, evaluation of its effectiveness, and clarification of the relationship between the granted remunerations and the applicable remuneration policy. In addition to indicating any material deviation, in addition to recommending to the Board of Directors the remuneration of members of the Board and committees, it is also concerned with proposing clear policies and criteria for membership in the Board of Directors and any other issues that fall under its competence in accordance with the corporate governance regulations and the work regulations of the Remuneration and Nominations Committee.

Names of the members of the Remuneration and Nomination Committee, their current and previous positions, and their experience:

#	Name	current jobs	previous jobs	Qualifications
1	Ajlan bin Abdul Rahman Al-Ajlan	Member of the Board of Directors of the Gulf Insulation Group Company	Member of the Board of Directors of Fawaz Abdulaziz Al Hokair and Partners Company Member of the Board of Directors of the Saudi Automotive Services Company (SASCO) Member of the Board of Directors of the Saudi Indian Company for Cooperative Insurance Member of the Board of Directors of Olayan Food Services Member of the Board of Directors of Saudi Lamino Company Member of the Board of Directors of Rana Investment Company Member of the Board of Directors of Qawlat Company Limited	Bachelor of Industrial Engineering - University of Central Washington
2	Faisal bin Abdullah Al Jedaie	Chairman of the Board of Directors of Thobe Al-Aseel Company	CEO of NSK and Managing Director of Fawaz and Al Hokair Co. CEO of Arabian Centers Co	Bachelor of Business Administration - King Saud University
3	Faisal bin Abdullah Al Jedaie	Director of Human Resources and General Services	Human Resources Manager - Western Region - NSK Commercial Projects Company (one of Fawaz Al Hokair's companies). Director of Human Resources and Administrative Affairs (Al-Aseel Company)	Bachelor of Business Administration - Human Resources TrackKing Abdulaziz University

Nominations and Remuneration Committee meetings during the year 2022Gand attendance record

#	Name	Position	Date of the meeting		Total attendance
			2022/01/12	2022/12/20	
1	Ajlan bin Abdul Rahman Al-Ajlan	Chairman of the Committee	Attender	Attender	2
2	Faisal bin Abdullah Al Jedaie	Member	Attender	Attender	2
3	Saad bin Mohammed Al-Otaibi	Member	Attender	Attender	2



BONUS POLICY

The company adheres to the remuneration distribution policy stipulated in the company's articles of association, and during the year 2022G, the company paid remunerations and expenses to members of the Board of Directors, executive management, and committee members.

Without prejudice to the statutory requirements, the company's articles of association, and the requirements of the relevant governance regulations, the remuneration of board members, members of its committees, and senior executives in the company is subject to the following criteria:

- ▣ **That the remuneration** be fair and commensurate with the terms of reference of the member and the work and responsibilities carried out and borne by the members of the Board of Directors, in addition to the goals set by the Board of Directors to be achieved during the fiscal year.
- ▣ **The rewards** shall be based on the recommendation of the Nominations and Remuneration Committee.
- ▣ **The rewards** should be commensurate with the company's activity and the skill needed to manage it.
- ▣ **Considering** the sector in which the company operates, its size and the experience of the board members. The remuneration should be reasonably sufficient to attract, motivate and retain board members with appropriate competence and experience.
- ▣ **The remuneration** should be reasonably sufficient to attract, motivate and retain board members with appropriate competence and experience.
- ▣ **Members** of the Board of Directors may not vote on the item of remuneration for members of the Board of Directors in the meetings of the General Assembly.
- ▣ **A member of** the Board of Directors may obtain a remuneration for his membership in the audit committee formed by the General Assembly, or for any additional executive, technical, administrative or advisory work or positions - under a professional license - assigned to him in the company, in addition to the remuneration that he may receive. In his capacity as a member of the Board of Directors and in the committees formed by the Board of Directors, in accordance with the Companies Law and the Company's Articles of Association.
- ▣ **The remuneration** of the members of the Board of Directors may vary in amount to reflect the member's experience, competencies, tasks entrusted to him, his independence, the number of sessions he attends and other considerations.
- ▣ **The remuneration** of the independent members of the Board of Directors shall not be a percentage of the profits achieved by the company or be based directly or indirectly on the profitability of the company.
- ▣ **Rewards for** attending meetings, ticket allowances, accommodation, subsistence, and transportation are paid to members on a quarterly basis.
- ▣ **The Board** of Directors must disclose in its annual report the details of the policies related to remuneration, the mechanisms for determining them, and the amounts and financial and in-kind benefits paid to each member of the Board of Directors in exchange for any executive, technical, administrative or advisory work or positions.



REWARDS FOR MEMBERS OF THE BOARD OF DIRECTORS FOR THE YEAR 2021G

	Fixed rewards						Variable rewards						Expense allowance	Indemnity	Total summation
	A certain amount	Attendance statement of council meetings	Total allowance for attending committee sessions	Kind advantages	Technical, administrative and advisory work reward	percentage of profits Remuneration of the Chairman, Managing Director or Secretary, if he is a member	percentage of profits	rewards		Short term incentive plans	Long term incentive plans	Granted shares (values to be entered)			
First: the independent members															
Tariq bin Saad Al-Tuwaijri		4													200,000
Ajlan bin Abdul Rahman Al-Ajlan-Vice President		3													150,000
Total															350,000
Second: Non-executive members															
Faisal bin Abdullah Al Jedaie- President		4													450,000
Abdul Rahman bin Abdullah Al Jedaie		4													200,000
Mohammed bin Abdullah Al Jedaie		3													150,000
Total															800,000
Third: Executive members															
Total															1,150,000



SENIOR EXECUTIVE REMUNERATION

Remunerations paid to five senior executives who received the highest remunerations, including the CEO and Chief Financial Officer:

Statement	Value
Salaries and compensation	2,762,489
Allowances	-
Advantages	189,470
Annual bonuses	2,390,000
incentive plans	-
In-kind compensation and benefits	-
Total	5,341,959



WAIVER OF REMUNERATION

There are no arrangements or agreements under which a member of the Board or a Senior Executive waived any bonuses during 2022.



REMUNERATION OF COMMITTEE MEMBERS

Remunerations paid to committee members during the year 2022

	Fixed remuneration (except (for attending meetings	Allowance for at- tending meetings	Total
Audit committee members			
Ibrahim bin Abdullah Al-Sultan	80000		80000
Saad bin Ibrahim Al-Mashwah	80000		80000
Tariq bin Saad Al-Tuwaijri	80000		80000
Total	240,000		240,000

Members of the Remuneration and Nominations Committee			
Ajlan bin Abdul Rahman Al-Ajlan	40000	----	40000
Faisal bin Abdullah Al Jedaie	40000	-----	40000
Saad bin Mohammed Al-Otaibi	40000	----	40000
Total	120,000	----	120,000



INVESTMENTS OR RESERVES SET UP FOR THE BENEFIT OF THE COMPANY'S EMPLOYEES

There are no investments or reserves set up for the employees' benefit during the year 2022 G



SOCIAL CONTRIBUTIONS

There are no social contributions for the company during the year 2022G



PERCENTAGE OF OWNERSHIP OF SHARES AND DEBT INSTRUMENTS AND ITS CHANGE DURING THE YEAR 2022 AD BELONGS TO THE MEMBERS OF THE BOARD OF DIRECTORS, SENIOR EXECUTIVES AND THEIR RELATIVES

The following table shows the shares owned by members of the Board of Directors and senior executives and any changes that occurred during 2022, and none of them has an interest in debt instruments issued by the company or any of its subsidiaries.

#	Name of the interested party	Beginning of 2022		End of 2022		Net change	Percentage change
		Number of Shares	Debt instruments	Number of Shares	Debt instruments		
1	Faisal bin Abdullah Al Jedaie	1988.333	-	2.046.760	-	58427	%2.93
2	Abdul Rahman bin Abdullah Al Jedaie	1.536.000	-	1.536.000	-	-	-
3	Mohammed bin Abdullah Al Jedaie	2.224.360	-	1.999.200	-	-225.160	-%11.263
4	Tariq bin Saad Al-Tuwaijri	14.178	-	14.178	-	-	-
5	Ahmed Saleh Mohammed Al-Sultan	100	-	100	-	-	-

The Board of Directors confirms that none of the relatives of the members of the Board of Directors has an interest in the shares or debt instruments of the company or the cheques issued by the company or any of its subsidiaries.

- The ownership of senior executives and their relatives in the shares or debt instruments of the company or any of its subsidiaries, and any change in that interest or those rights during 2022 AD

▣ **The Board of Directors confirms** that there is no interest belonging to senior executives and their relatives in the company's shares, debt instruments, or cheques issued by the company or any of its subsidiaries.

▣ **The Board of Directors confirms** that there is no interest in the category of voting shares belonging to persons (other than the members of the Board of Directors of the company and senior executives and their relatives) who have informed the company of these rights and any change in those rights during the fiscal year 2022 AD.



BOARD OF DIRECTORS APPROVAL

The Board of Directors acknowledges:

- ▣ That the account records have been prepared correctly
- ▣ The internal control system was prepared on sound foundations and implemented effectively.
- ▣ There is no doubt about the company's ability to continue its activities.
- ▣ It has not been recommended to change the auditor before the end of the period for which he was appointed.
- ▣ There are no competing actions undertaken by a member of the Board of Directors that would compete with the business of the company or one of its subsidiaries.



DEBT INSTRUMENTS

The Board of Directors confirms

that there are no transferable debt instruments, any contractual securities, subscription right notes, or similar rights issued or granted by the company during the fiscal year 2022.

The Board of Directors confirms

that there are no transfer or subscription rights under transferable debt instruments, contractual securities, subscription right notes, or similar rights issued or granted by the company during the year 2022 AD.

The Board of Directors confirms

that there is no recovery, purchase or cancellation by the company of any recoverable debt instruments.





DEALINGS WITH RELATED PARTIES

The Group, in the ordinary course of its business, had the following transactions with related parties

N	Contracting company	Contract location	Contract value for the year in riyals	Rental liabilities of December 31, 2022	Contract duration	Interested member's name
1	Thob Al Aseel	Khan Shalilah ware-house rent	602,210	1,180,269	One year	Faisal Abdullah Ibrahim Al Jedaie Abdul Rahman Abdullah Ibrahim Al Jedaie Muhammad Abdullah Ibrahim Al-Jedaei
2		Jeddah showroom rent	400,000	768,078	One year	
3		Jizan warehouse rent*	120,000	-	One year	
4		Jeddah warehouse rent	700,000	1,357,961	One year	
5	Al Jedaie Textile (a subsidiary of Thob Al-Aseel Company)	Jizan warehouse rent*	60,000	-	One year	Muhammad Abdullah Ibrahim Al-Jedaei
6		Rent a retail show-room in Medina	150,000	216,745	One year	
7		Wholesale showroom rent in Medina	150,000	269,435	One year	
Total			2,182,210	3,792,488		

* Evacuated on 08/23/2022 G



BRIEFING THE MEMBERS OF THE BOARD OF DIRECTORS ON THE PROPOSALS OF SHAREHOLDERS AND INVESTORS

The company's executive management informs the members of the Board of Directors, especially the non-executive ones, of the shareholders' proposals and observations regarding the company and its performance, through several methods, including reports submitted during the meetings of the Board of Directors, through the meetings of the General Assembly, or through reports sent by e-mail.



THE MEANS ADOPTED BY THE BOARD OF DIRECTORS TO EVALUATE ITS PERFORMANCE AND THE PERFORMANCE OF ITS COMMITTEES AND MEMBERS

The Remuneration and Nomination Committee evaluates the performance of the Board members according to the criteria mentioned below:

- ▣ The size of the member's participation in the various committees of the Board
- ▣ Percentage of member attendance at board meetings
- ▣ The extent of the member's effective contribution to the work of the council and committees, if he is a member thereof
- ▣ The member's contribution to solving the problems facing the company
- ▣ Written proposals and visions submitted by the member to the Board of Directors
- ▣ The non-executive members of the Board also conduct a periodic assessment of the performance of the Chairman of the Board of Directors after taking the views and opinions of the executive members.
- ▣ There is no external party that evaluated during the year 2022 AD.

The performance of the Board members during the year 2022 was characterized by the following:

- ▣ Independence and impartiality in presenting opinions and ideas while avoiding conflicts of interest.
- ▣ Paying attention to preparing for the board meetings in the light of the data sent to them by the company's management for the meetings before the board sessions.
- ▣ Requesting information, asking questions and inquiring about the company's performance, and requesting clarification of the desire to actively participate.
- ▣ Exchanging ideas and proposals and consulting with the CEO and the company's management regarding the company's investments and performance.
- ▣ Active participation in the committees of the Board of Directors 2022



PENALTIES AND SANCTIONS

During 2022, no penalties, sanctions, precautionary measures or restrictions were imposed on the company from the Authority or from any supervisory, regulatory, or judicial authority.



INTERNAL CONTROL

The Audit Committee enhances the independence of the company's internal audit by monitoring its activities and following up on the implementation of its recommendations. The company attaches utmost importance to internal control in the context of its endeavor to improve the efficiency and effectiveness of performance, increase profitability, and take into account the systems through which the company operates. The elements on which the company's internal control is based are based on the control environment, risk analysis and management, communication and information, control and follow-up procedures and other effective control and management mechanisms. In this context, the company's management has set policies and procedures that provide a reasonable basis for internal control to meet potential risks at the level of the company as a whole and at the level of various operations. material on the internal control system during the year 2022 AD.

In its meeting held on 06/08/1444 AH corresponding to 02/26/2023 AD, the Audit Committee recommended to the Board of Directors to approve its report on the details of its performance of its competencies, duties, recommendations and opinion on the adequacy of the internal and financial control systems and risk management for the fiscal year 2022 AD, and recommended the approval of its report to the Board of Directors on the effectiveness of The internal control system for the fiscal year 2022 AD



AUDIT COMMITTEE RECOMMENDATIONS

The Audit Committee recommended the appointment of an external auditor for the company, and Price Water House office was nominated to be the company's external auditor for the fiscal year 2022.

There are no recommendations from the Audit Committee that are against the Board of Directors' decisions, or the Board's refusal to take them into account regarding the appointment of the company's auditor, isolating, determining fees, evaluating his performance, or appointing the internal auditor

There are no recommendations from the Audit Committee that conflict with the decisions of the Board of Directors, or the Board's refusal to take them into consideration regarding the appointment of the company's auditor, the dismissal, determination of fees and evaluation of his performance, or the appointment of the internal auditor.



CORPORATE GOVERNANCE REGULATIONS

The company seeks permanently and continuously to develop the governance and work regulations of the committees in accordance with the governance regulations issued by the Capital Market Authority and any amendments thereto in order to create an effective system that allows the leadership and direction of the company and regulates the relationship between the shareholders and the board of directors on the one hand and between the board of directors and the executive management on the other hand organizing the company's relationship with stakeholders and seeking to protect the rights of shareholders and stakeholders. The company has adopted its governance regulations and approved by the General Assembly in its meeting held on 10/12/2018. The company has also developed regulations for the work of the following committees:

- ☐ Audit Committee
- ☐ Remuneration and Nomination Committee

The table below shows the extent to which the company adheres to the corporate governance regulations, especially the mandatory articles

Article/Clause in the Corporate Governance Regulations	Subject	Responsible party	The corresponding article in the company's governance guide	Notes
9/b	Developing a dividend distribution policy	Board of Directors	13	
5/12 & 54/a	Establishing a review committee and approving the regulations	Ordinary General Assembly	44 & 45	
6/12	Approving the financial statements	Ordinary General Assembly	18/x	
7/12	Approving the Board of Directors' report	Ordinary General Assembly	18/d	
9/12 & 81	Appointing auditors, determining their remuneration, reappointing and changing them, and approving their reports.	Ordinary General Assembly	18/t	
1/22	Developing plans, policies, strategies and the main objectives of the company	Board of Directors	31/1	
2/22	Establishing systems and controls for internal control	Board of Directors	48	
3/22	Approving policies and standards for membership in the Board of Directors	Board of Directors	31/3	
3/22	Approving policies and criteria for membership in the Board of Directors	General Assembly	-	
4/22	Developing a written policy that regulates the relationship with stakeholders	Board of Directors	31/4	
13/22 & 50	Establishing committees emanating from the Board of Directors, determining their powers and duration, and naming their members	Board of Directors	43/1	
1/23	Approving internal policies related to the company's work	Board of Directors	29/t	

Article/Clause in the Corporate Governance Regulations	Subject	Responsible party	The corresponding article in the company's governance guide	Notes
23/2	Adopting a written and detailed policy specifying the powers delegated to the executive management	Board of Directors	29/ج	
25	Formation of the executive management of the company	Board of Directors	29/ش	
25	Appointment of the CEO of the company	Board of Directors	29/ز	
26/5	Approving the organizational and functional structures of the company	Board of Directors	31/1	
34/a	Organizing the process of attending council meetings	Board of Directors	-	
36/c	Develop an internal policy for the work of the Board of Directors	Board of Directors	-	
43	Develop a written and clear policy for dealing with cases of conflict of interest	Board of Directors	31/2	
48	Licensing contracts and businesses in which a board member has a direct or indirect interest	Ordinary General Assembly	18/ت	
54/c	Issuing a work list for the audit committee	Ordinary General Assembly	45	
55/b/4	Appointing the director of the internal audit unit or department or the internal auditor	Board of Directors	-	On the recommendation of the review committee
58	Establishing a mechanism that allows the company's employees to restrict their observations of any abuse in the financial reports	Audit Committee	-	
60/a & 64/a	Formation of the nominations and rewards committee	Board of Directors	46	
60/b & 64/b	Issuing the work regulations of the Nominations and Remunerations Committee	General Assembly	47	
61/1	Preparing policies for rewarding members of the board of directors and committees	Remuneration Committee	-	
61/1	Approving policies for remunerating members of the Board of Directors and committees	General Assembly	-	
65/3	Preparing a description of the capabilities and qualifications required for membership of the Board of Directors and the functions of the executive management	Nominations Committee	-	

Article/Clause in the Corporate Governance Regulations	Notes	The corresponding article in the company's governance guide	Responsible party	Subject
84	Develop policies and procedures for stakeholders to follow in submitting their complaints or reporting violating practices	Board of Directors	57	
86	Develop a policy for professional conduct in the company	Board of Directors	-	
88	Developing programs and identifying the means necessary to present the company's initiatives in the field of social work	Board of Directors	-	
89	Develop written disclosure policies, procedures and systems	Board of Directors	58	
94	Setting corporate governance rules	Board of Directors	68	
95	Formation of a committee specialized in corporate governance	Board of Directors	-	

The company applies all the provisions contained in the Corporate Governance Regulations issued by the Capital Market Authority in a way that does not contradict the articles of association and the companies' law, except for the provisions related to the categories of investors who are not subject to the company's regulatory framework and some internal policies that the company is working on preparing and approving.

What provisions of the Corporate Governance Regulations have been applied and what have not been applied and the reasons for that. The company applies all the provisions contained in the Corporate Governance Regulations issued by the Capital Market Authority, except for the provisions listed below:

Article/Clause No.	Status	Article text	Reasons for non-application
95	Indicative	Establishing a governance committee	Not approved and still under study
49	Indicative	Establishing a risk management committee	Not approved and still under study
31	Indicative	Developing a comprehensive strategy and policies for risk management	Not approved and still under study
	Indicative	Developing the necessary mechanisms to annually evaluate the performance of the Board, its members and committees, and the executive management, through performance indicators related to the achievement of the company's objectives	Policy has not been approved and still under study
	Indicative	Preparing programs for the newly appointed members of the Board and the Executive Management to facilitate the work and its activities (the company's strategy and objectives, financial and operational aspects, the obligations of the members of the Board of Directors, their tasks, responsibilities and rights, and the functions and competence of the committees).	Existing and under approval



FINANCIAL REPORT

2022 —



Summary of operations and operating results

Despite the challenges that the markets went through during the year 2022 AD related to the continuation of the effects of the emerging Corona virus (Covid-19) pandemic, the company was able to provide stable financial performance despite the negative effects of the pandemic on the commercial sector and supply chains.

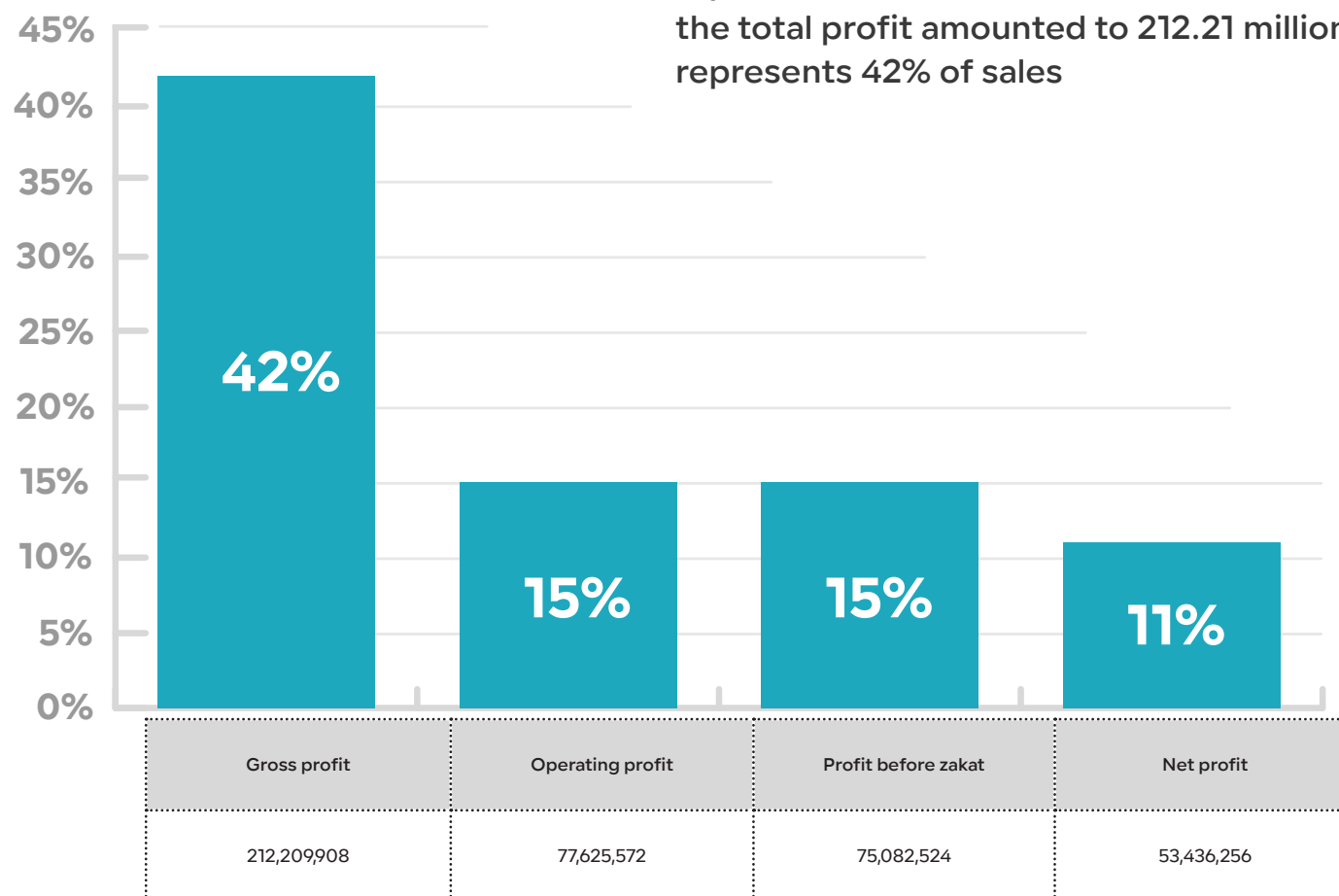
Where the company succeeded in achieving a growth rate in sales by 5.6%, as sales increased from 482 million riyals during the year 2021 to about 509 million for the year 2022. Despite the growth in sales, there was a decrease in net profit by 10.5%, due to Increasing the value of the allowance for credit losses is in line with the general increase in commercial receivables, in accordance with the requirements of International Financial Reporting Standard No. 9

statement	Year ended 31 December 2022		Year ended 31 December 2021		the change %
	Amount	Of sales %	Amount	Of sales %	
sales	508,801,895		481,898,919		5.6%
Gross profit	212,209,908	42%	174,511,600	36%	21.6%
Operating profit	77,625,572	15%	78,340,921	16%	-0.9%
Profit before zakat	75,082,524	15%	76,795,510	16%	-2.2%
Net profit	53,436,256	11%	59,730,268	12%	-10.5%



PROFIT TO SALES RATIO

The net profit amounted to 53.44 million SAR, which represents about 11% of sales of 509 million SAR, while the total profit amounted to 212.21 million SAR, which represents 42% of sales





A review of the elements of the financial statements

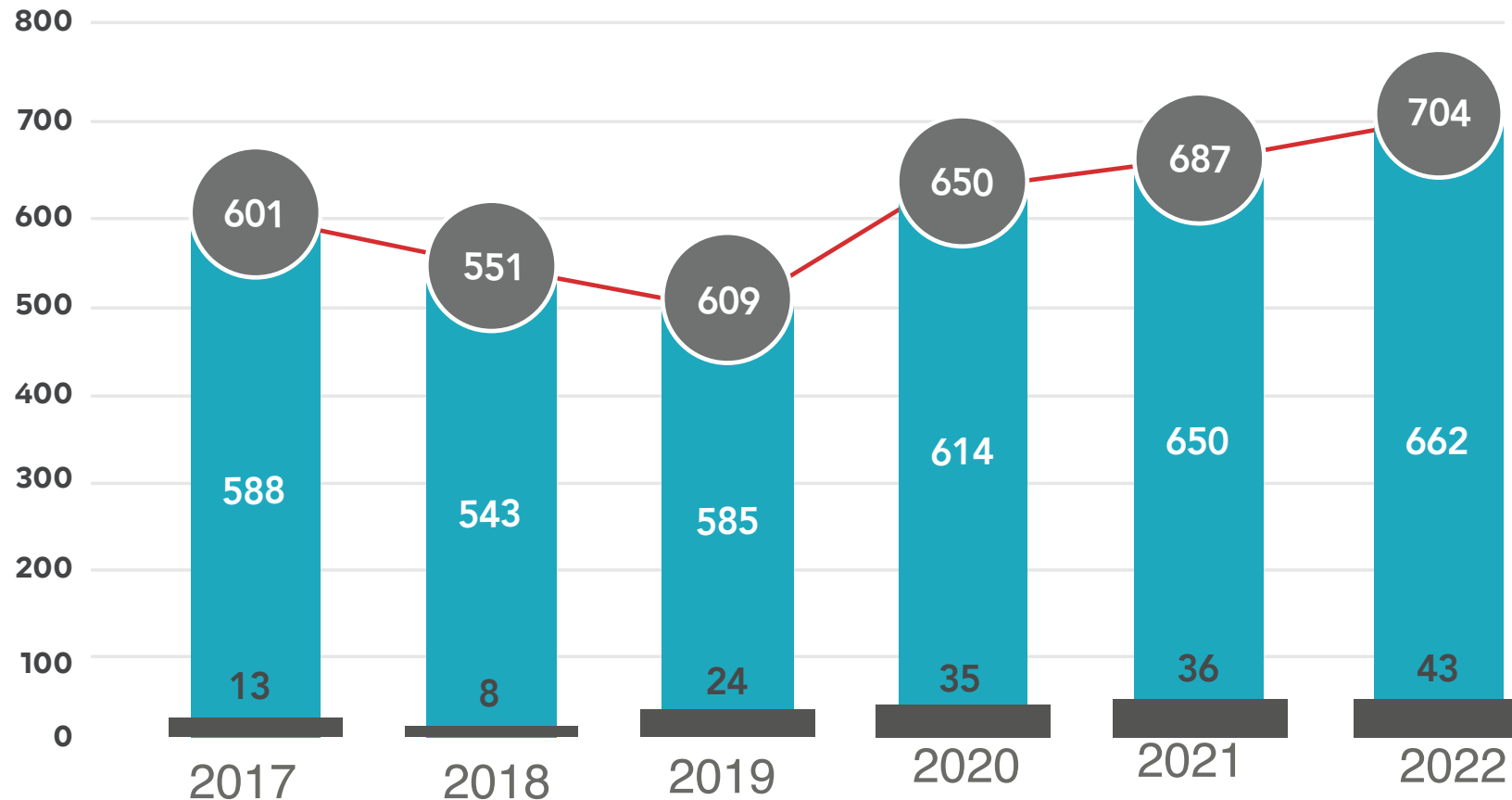
The company's assets and liabilities and it's business results from 2018 to 2022

	2022	2021	2020	2019	2018
Total assets	704,460,977	686,671,839	649,614,369	608,612,551	551,040,563
Total liabilities	131,951,989	107,456,155	106,807,085	80,077,970	43,039,755
Total non-current assets	42,625,325	36,190,414	35,126,330	23,906,030	7,890,063
Total current assets	661,835,652	650,481,425	614,488,039	584,706,521	543,150,500
Current Liabilities	107,367,973	88,951,846	89,589,669	65,297,370	32,336,943

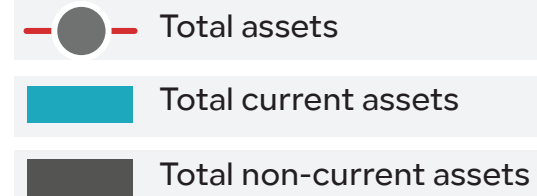
	2022	2021	2020	2019	2018
	2022	2021	2020	2019	2018
sales	508,801,895	481,898,919	527,337,700	477,210,001	377,373,294
Gross profit	212,209,908	174,511,600	188,488,590	180,712,944	143,351,901
Operating profit	77,625,572	78,340,921	99,084,120	95,956,202	69,919,789
Net profit	53,436,256	59,730,268	82,387,910	80,374,493	56,612,084



Current and Fixed Assets Development (Million SAR)

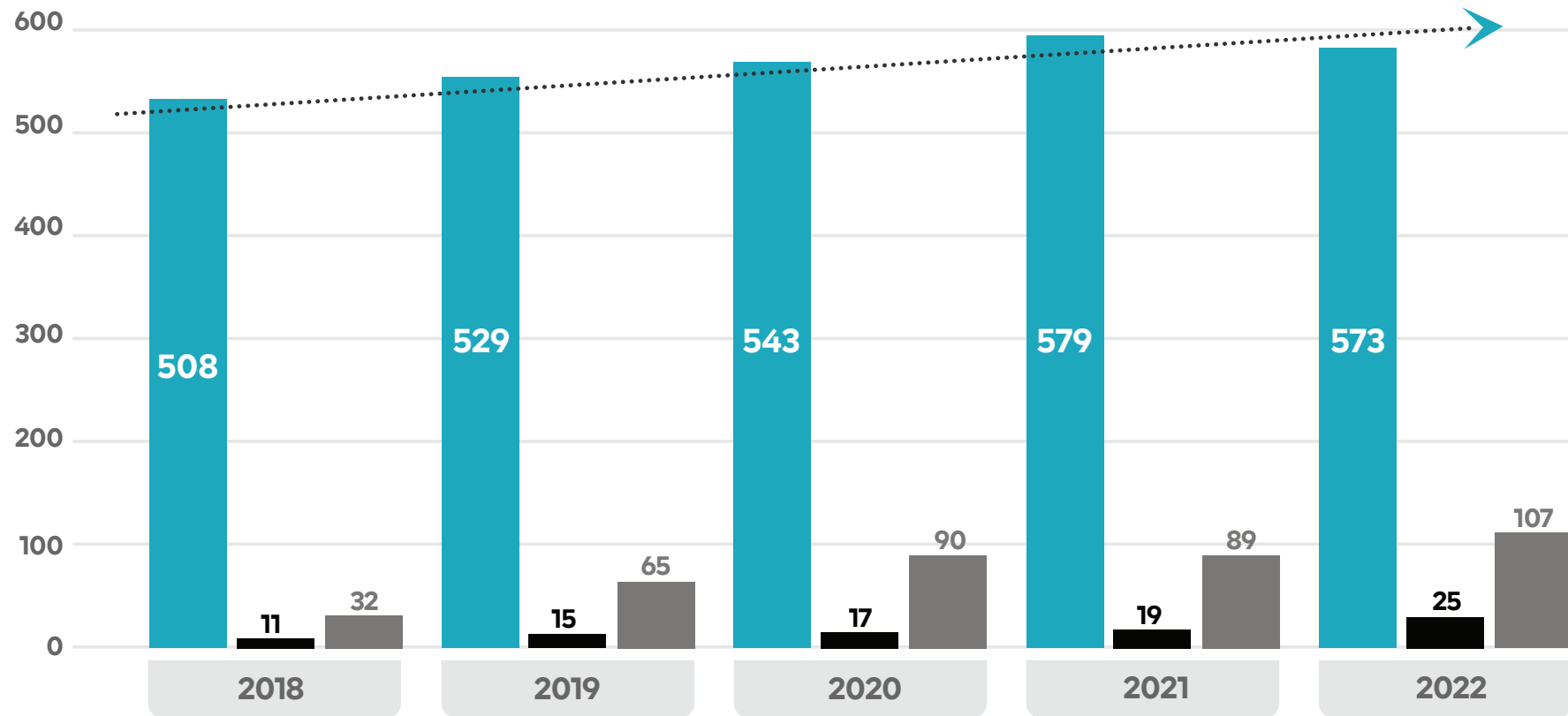


Total assets as at December 31, 2022, amounted to about 704 million SAR, and the current assets amounted to about 662 million SAR, or 94% of the total assets.





Development of liabilities and property rights (million SAR)



Equity continued to rise, which rising from 508 million SAR in 2018 to 573 million SAR on December 31, 2022

shareholders' equity

current liabilities

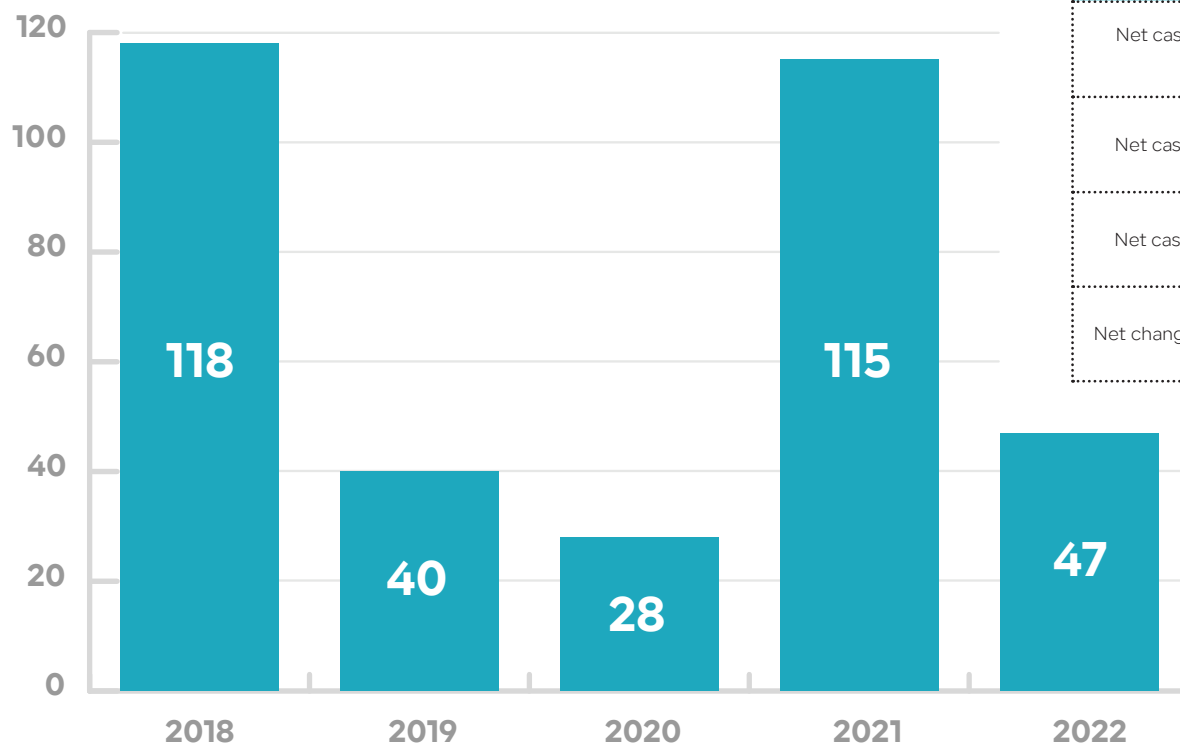
non-current liabilities



Net cash from operating activities

Below table shows the changes in cash flows

statement	2022	2021
Net cash generated from operating activities	46,936,654	114,576,340
Net cash used in investing activities	(13,423,069)	(2,648,291)
Net cash used in financing activities	(73,472,493)	(43,161,552)
Net change in cash and cash equivalents	(39,958,908)	68,766,497

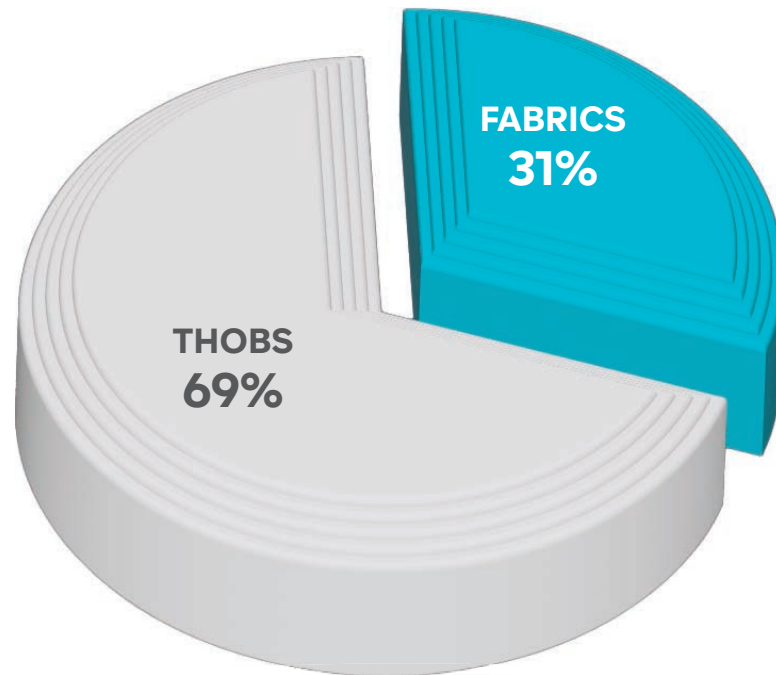


The net cash generated from operating activities amounted to 47 million SAR in 2022, and the company continued to employ the cash flows generated from operational activities in expanding the volume of the company's operations and paying dividends to shareholders.

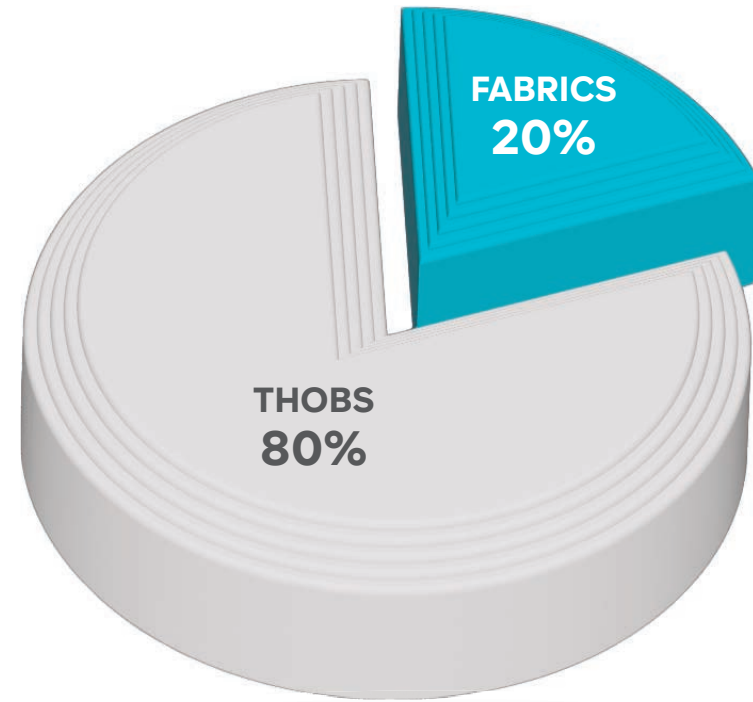


Segments contribution to sales and net profit

NET PROFIT PERCENTAGE BY SECTOR



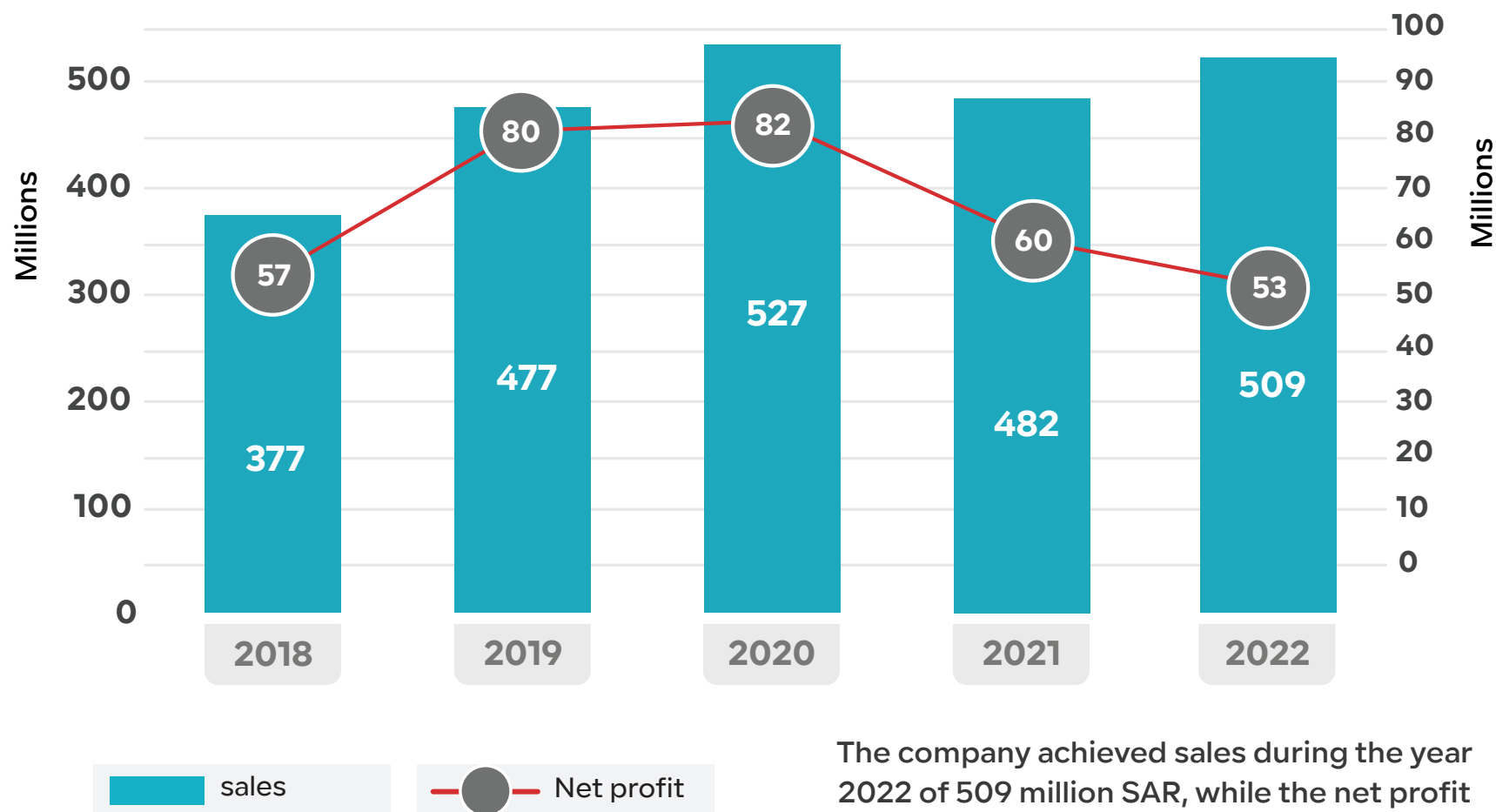
PERCENTAGE OF SALES BY SECTOR



The sales achieved during the year 2022 amounted to 509 million SAR, distributed by 80% to the clothing and underwear sector, while the contribution of the textile sector amounted to 20%, and the net profit for the year 2022 amounted to 53.44 million SAR, as the net profit of the clothing and underwear sector amounted to 37.1 million SAR With 69% of the net profit, while the net profit of the textile sector amounted to 16.34 million SAR.



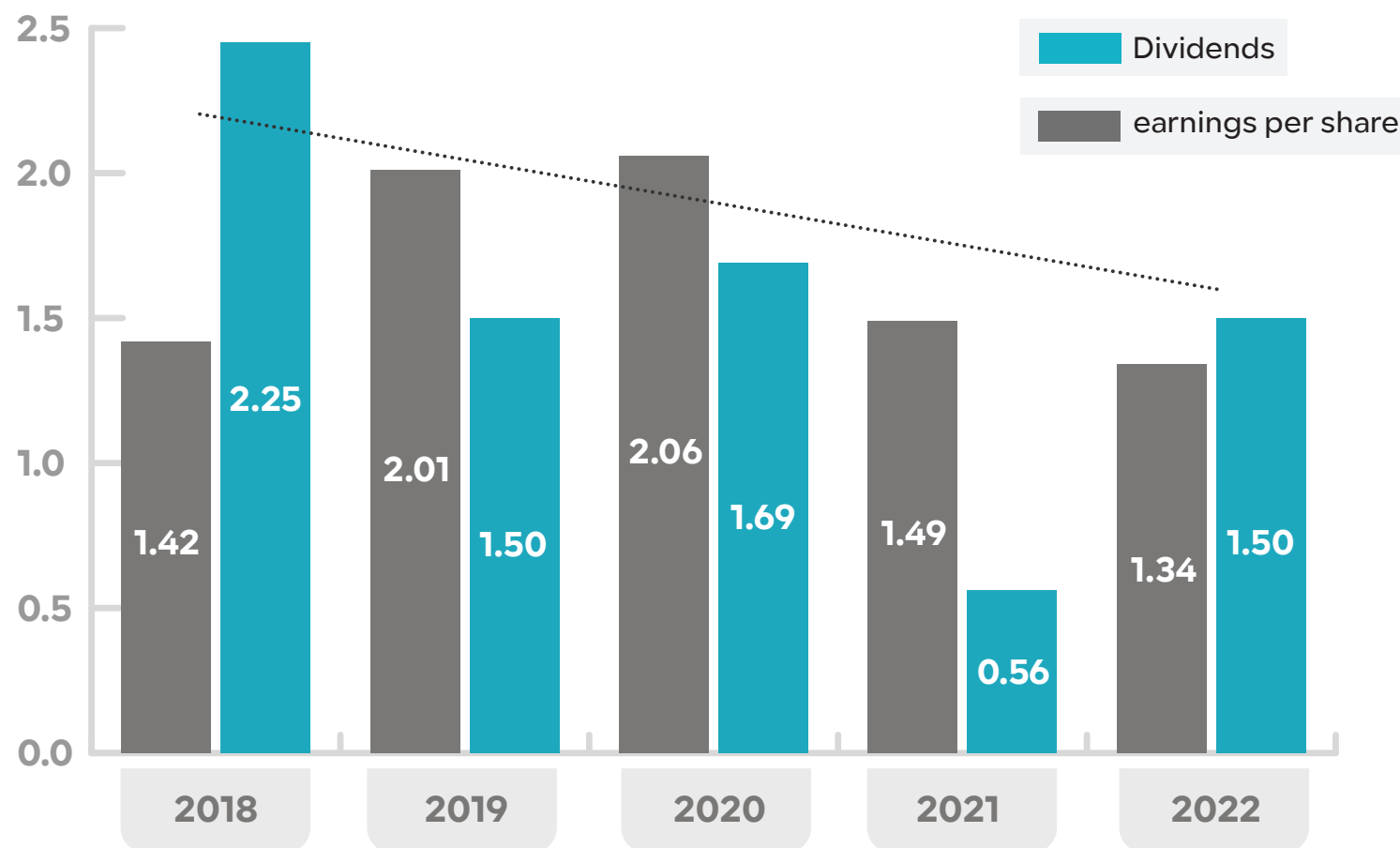
Sales and Net profit



The company achieved sales during the year 2022 of 509 million SAR, while the net profit amounted to 53.44 million SAR, a decrease of 10.5% from 2021.



Earning per share and distribution (SAR)

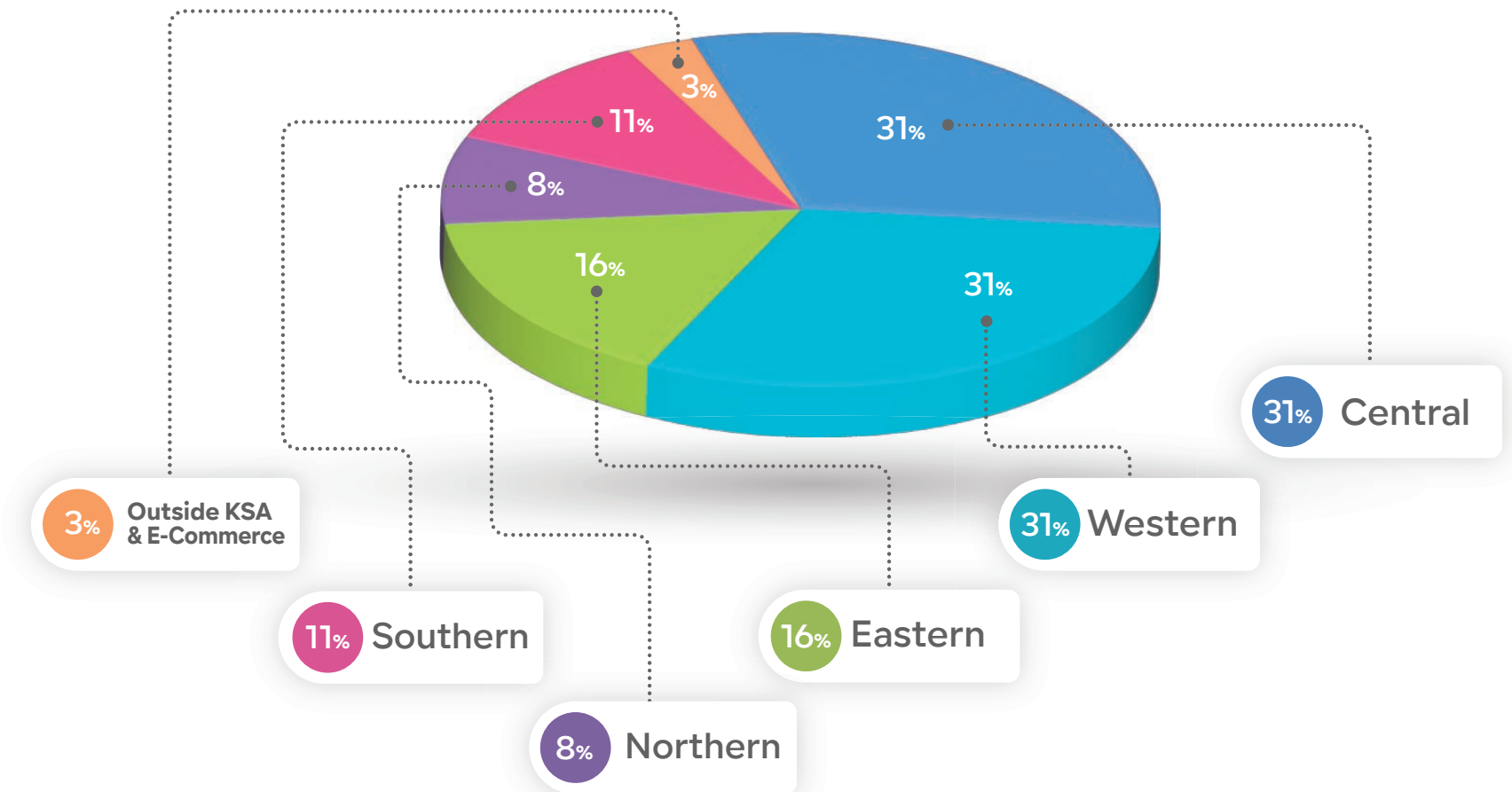


All earnings per share and distribution figures are based on the current number of shares, which is 40 million shares.



Geographical analysis and distribution of the revenues

of the company and its subsidiaries:



The company's sales during the year 2022 amounted to about 509 million SAR, distributed mainly within the Kingdom of Saudi Arabia, where the central and western regions contributed the largest share of sales. While sales outside the Kingdom and the company's online store accounted for 3% of sales.



DIVIDENDS FOR THE FISCAL YEAR 2022

An amount of 5.34 million SAR was set aside from the net profits for the year 2022 to form the statutory reserve.

The company distributed cash dividends for the fiscal year 2022 according to the following schedule:

Period	Total distribution (Million SAR)	Amount(SAR)	Announcement date	Due date	Distribution date
First half of the year 2022	30	0.75	2022-07-28	2022-08-03	2022-08-17
Second half of the year 2022	30	0.75	2023-02-28	2023-03-21	Fifteen working days from the due date



BORROWING

As at December 31, 2022, there are no outstanding loans owed by the company.



STATUTORY PAYMENTS, PENALTIES, AND FINES

The company is subject to zakat according to the regulations of the General Authority of Zakat and Tax ("GAZT") in the Kingdom of Saudi Arabia the zakat expense is charged to the consolidated statement of income. Zakat declarations were submitted until 2021 to the General Authority of Zakat and Income and the payment of Zakat due thereunder.

The company received Zakat assessments 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 company appealed to these amendments and the amount was reduced to Saudi Riyals 3.50 million. Then the appeals for the years mentioned has been escalated to the General Secretariat of Tax Committees. Then General Secretariat of Tax Committees issued its ruling that not accepted the appeal with the right of the company to file an appeal. On December 28, 2021, the company 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.

On February 14, 2023, the company received the decision 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 Dismissal 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 is considering applying for a request for reconsideration in accordance with the rules governing the systems of objections and committees. The company has formed a provision in anticipation of these obligations.

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

The authority has examined the value-added tax returns for the period from January 1, 2018, to December 31, 2020, and the authority completed the examination and found that there is no need to make any amendments to the returns submitted by the company.

The company is committed to paying certain fees and expenses to Saudi government departments based on many applicable laws and regulations, which are by their nature expenses are recorded in the Financial Statements of the Company's operations.

The following is a statement of the most important payments to the government authorities, with a brief description and a statement of the reason for the payment:

Statutory Organization	Amount	Description	Reason
Customs Authority	15.49	What was paid during the period as a result of import operations as government fees	Government requirement
General Authority of Zakat and Income Tax	16.99	Pay the annual Zakat declaration for the year 2021	Government requirement
General Authority of Zakat and Income Tax	71.75	What was paid during the year in accordance with the provisions and rules of VAT	Government requirement
Labor office fees, visa and passport costs	2.40	Extraction and renewal of employee residency, exit and return visas	Government requirement
The General Organization for Social Insurance	3.07	The outstanding monthly insurances for the Saudi and non-Saudis employees	Government requirement
Total	109.70		

The total fines or penalties imposed on the company during the last year 2022 is 139,840 SAR, and their statement is as follows:

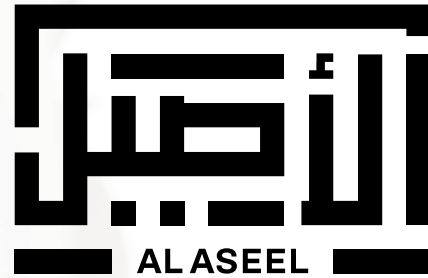
Financial Impac	Remedies and avoided in the future	Total Amount (SAR)	Signatories	Reasons for the breakdown	Sanction
LOW	Follow the statutory Requirement	65,000	Ministry of Human Resources (HRSD)	Labor violations	Monetary fine
LOW	Follow the statutory Requirement	17,940	Ministry of Municipal and Rural Affairs	Delayed renewal of shop license and violation of non application of precautionary measures	Monetary fine
LOW	Follow the statutory Requirement	25,000	General Directorate of Civil Defense	Civil defense violations	Monetary fine
LOW	Follow the statutory Requirement	8,250	Ministry of Justice judicial costs	Payment of legal costs	Monetary fine
LOW	Follow the statutory Requirement	10,000	Saudi Authority for Intellectual Property	Violations Saudi Authority for Intellectual Property	Monetary fine
LOW	Follow the statutory Requirement	13,650	Ministry of Interior - Traffic	Traffic violations	Monetary fine
		139,840		Total	

These fines do not include any penalty or violation imposed on the company by the Capital Market Authority.



Preparation of the Financial Statements

The Condensed Consolidated Interim Financial Statements are issued with a review report and the Annual Consolidated Financial Statements are issued with an audit report by Independent Auditors. These Consolidated Financial Statements have been prepared in accordance with International Financial Reporting Standards (IFRS) that are endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements issued by the Saudi Organization for Certified Public Accountants (SOCPA). The Group applied IFRS for the first time in the financial year ending 31 December 2018. PricewaterhouseCoopers (PwC) was appointed as Alaseel independent auditors after the Audit Committee recommended PwC to the Board of Directors to audit the Company's accounts for the fiscal year 2022 and Q1 2023. The Board of Directors requested the approval of the nomination of PwC and its fees during the General Assembly Meeting in 26 June 2022, at which time the appointment was approved. After auditing the Consolidated Financial Statements for the year ended 31 December 2022, PwC issued its unqualified Independent Auditors' Report expressing their opinion that the Consolidated Financial Statements as a whole present fairly, in all material respects, the consolidated financial position of Thob Al Aseel Company (the "Company") and its subsidiary (together the "Group") as at 31 December 2022, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with IFRS, that are endorsed in the Kingdom of Saudi Arabia, and other standards and pronouncements issued by the SOCPA. Offers were obtained from the major audit offices to audit the accounts for the fiscal year 2023, and they were submitted to the audit committee, and after discussion, the opinion of the committee settled on the nominations that will be presented to the next shareholders general assembly to consider choosing the independent external auditor for the fiscal year 2023.



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