



**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 PERIOD ENDED  
30 SEPTEMBER 2021**

**Thob Al-Aseel Company**  
**(A Saudi Joint Stock Company)**  
**Condensed Consolidated Interim Financial Statements for the Three-Month and Nine-Month Period Ended 30 September 2021 (Unaudited)**

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## Report on review of condensed consolidated interim financial statements

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

### Introduction

We have reviewed the accompanying condensed consolidated interim statement of financial position of Thob Al-Aseel Company and its subsidiary (the "Group") as of 30 September 2021 and the related condensed consolidated statements of income, comprehensive income for the three-month period and nine-month period ended 30 September 2021 and the condensed consolidated statements of changes in equity and cash flows for the nine-month period then ended and other explanatory notes. Management is responsible for the preparation and presentation of this condensed consolidated interim financial statements in accordance with International Accounting Standard 34 - "Interim Financial Reporting" (IAS 34), as endorsed in the Kingdom of Saudi Arabia. Our responsibility is to express a conclusion on this 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 is 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



25 Rabi al-Awal 1443H  
(31 October 2021)

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

	Note	As at 30 September 2021 (Unaudited)	As at 31 December 2020 (Audited)
<b>Assets</b>			
<b>Non-current assets</b>			
Property and equipment		15,865,821	15,721,185
Right of use assets		18,519,949	18,486,525
Intangible assets		766,461	918,620
<b>Total non-current assets</b>		<b>35,152,231</b>	<b>35,126,330</b>
<b>Current assets</b>			
Inventory		238,797,966	340,877,734
Trade receivables	12	279,688,096	197,959,507
Prepayments and other receivables		13,728,994	9,907,014
Cash and cash equivalents		91,213,570	65,743,784
<b>Total current assets</b>		<b>623,428,626</b>	<b>614,488,039</b>
<b>Total assets</b>		<b>658,580,857</b>	<b>649,614,369</b>
<b>Shareholders' equity and liabilities</b>			
<b>Shareholders' equity</b>			
Share capital	8	300,000,000	300,000,000
Statutory reserve		58,309,559	58,309,559
Other reserves		42,912,185	42,912,185
Retained earnings		170,460,315	141,585,540
<b>Total shareholders' equity</b>		<b>571,682,059</b>	<b>542,807,284</b>
<b>Liabilities</b>			
<b>Non-current liabilities</b>			
Lease liabilities		3,757,043	4,516,184
Employees' end of service benefits		13,998,214	12,701,232
<b>Total non-current liabilities</b>		<b>17,755,257</b>	<b>17,217,416</b>
<b>Current liabilities</b>			
Trade payables		19,549,000	30,536,792
Credit facilities		-	9,110,316
Lease liabilities		14,339,247	13,727,906
Accrued expenses and other liabilities		20,463,155	20,829,938
Provision for zakat		14,792,139	15,384,717
<b>Total current liabilities</b>		<b>69,143,541</b>	<b>89,589,669</b>
<b>Total liabilities</b>		<b>86,898,798</b>	<b>106,807,085</b>
<b>Total shareholders' equity and liabilities</b>		<b>658,580,857</b>	<b>649,614,369</b>

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 income (Unaudited)**  
 (All amounts are in Saudi Riyals unless otherwise stated)

	Note	Three-month period ended 30 September		Nine -month period ended 30 September	
		2021	2020	2021	2020
Sales	9	83,330,961	110,084,089	390,224,226	421,378,170
Cost of sales		(52,676,033)	(78,517,751)	(250,997,433)	(271,972,345)
<b>Gross profit</b>		<b>30,654,928</b>	<b>31,566,338</b>	<b>139,226,793</b>	<b>149,405,825</b>
General and administrative expenses		(7,764,584)	(5,979,216)	(25,491,969)	(18,301,071)
Selling and distribution expenses		(10,610,724)	(8,845,860)	(36,588,580)	(27,552,016)
Impairment losses on trade receivables		(4,208,577)	(6,173,625)	(9,363,390)	(15,229,907)
Other income		61,866	156,789	179,441	1,631,864
<b>Operating profit</b>		<b>8,132,909</b>	<b>10,724,426</b>	<b>67,962,295</b>	<b>89,954,695</b>
Finance cost		(514,021)	(136,540)	(1,124,403)	(652,435)
<b>Profit for the period before zakat</b>		<b>7,618,888</b>	<b>10,587,886</b>	<b>66,837,892</b>	<b>89,302,260</b>
Zakat expense		(4,038,897)	(4,667,159)	(14,798,492)	(13,545,134)
<b>Profit for the period</b>		<b>3,579,991</b>	<b>5,920,727</b>	<b>52,039,400</b>	<b>75,757,126</b>
<b>Basic and diluted earnings per share attributable to the shareholders of the Company (in Saudi Riyals)</b>	10	<b>0.12</b>	<b>0.20</b>	<b>1.73</b>	<b>2.53</b>

Notes on pages 7 to 16 form an integral part of these condensed consolidated interim financial statements.

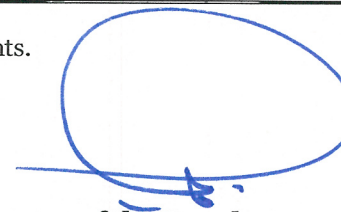
Chief Financial Officer



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)

	Note	Three-month period ended 30 September		Nine -month period ended 30 September	
		2021	2020	2021	2020
<b>Profit for the period</b>		<b>3,579,991</b>	<b>5,920,727</b>	<b>52,039,400</b>	<b>75,757,126</b>
<b>Other comprehensive loss</b>					
<b>Items that may not be reclassified subsequently in the statement of income:</b>					
Re-measurement of employees' end of service benefits		(221,374)	(54,817)	(664,625)	(286,725)
<b>Total comprehensive income for the period</b>		<b>3,358,617</b>	<b>5,865,910</b>	<b>51,374,775</b>	<b>75,470,401</b>

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**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	Other reserves	Retained earnings	Total shareholders' equity
Balance as at 1 January 2020 (Audited)		300,000,000	50,070,768	42,912,185	135,551,628	528,534,581
Profit for the period		-	-	-	75,757,126	75,757,126
Other comprehensive loss		-	-	-	(286,725)	(286,725)
Total comprehensive income for the period		-	-	-	75,470,401	75,470,401
Interim dividends	7	-	-	-	(67,500,000)	(67,500,000)
Balance as at 30 September 2020 (Unaudited)		300,000,000	50,070,768	42,912,185	143,522,029	536,504,982
<b>Balance as at 1 January 2021 (Audited)</b>		<b>300,000,000</b>	<b>58,309,559</b>	<b>42,912,185</b>	<b>141,585,540</b>	<b>542,807,284</b>
<b>Profit for the period</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>52,039,400</b>	<b>52,039,400</b>
<b>Other comprehensive loss</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>(664,625)</b>	<b>(664,625)</b>
<b>Total comprehensive income for the period</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>51,374,775</b>	<b>51,374,775</b>
<b>Interim dividends</b>	7	<b>-</b>	<b>-</b>	<b>-</b>	<b>(22,500,000)</b>	<b>(22,500,000)</b>
<b>Balance as at 30 September 2021 (Unaudited)</b>		<b>300,000,000</b>	<b>58,309,559</b>	<b>42,912,185</b>	<b>170,460,315</b>	<b>571,682,059</b>

Notes on pages 7 to 16 form an integral part of these condensed consolidated interim financial statements.

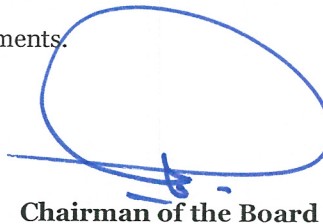
Chief Financial Officer



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	
		2021	2020
<b>Cash flows from operating activities</b>			
Profit before zakat		66,837,892	89,302,260
<b>Adjustments for:</b>			
Depreciation of property and equipment		1,146,867	1,403,091
Amortisation of intangible assets		152,159	150,628
Depreciation of the right of use assets		7,986,348	8,237,856
Provision for slow-moving inventories		4,835,550	883,942
Gains on disposal of property and equipment		(21,000)	(170,688)
Impairment losses on trade receivables		9,363,390	15,229,907
Provision for employees' end of service benefits		1,200,926	1,247,058
Finance cost		1,124,403	652,435
<b>Change in working capital</b>			
Inventory		97,244,218	(35,536,664)
Trade receivables		(91,091,979)	(105,196,044)
Prepayments and other receivables		(3,821,980)	6,401,672
Trade payables		(10,987,792)	16,837,461
Accrued expenses and other liabilities		(366,783)	(8,020,111)
Zakat paid		(15,391,070)	(14,709,570)
Employees' end of service benefits paid		(568,569)	(599,806)
<b>Net cash generated from (used in) operating activities</b>		<b>67,642,580</b>	<b>(23,886,573)</b>
<b>Cash flows from investing activities</b>			
Purchase of property, equipment and intangible assets		(1,291,503)	(12,496,982)
Proceeds from disposal of property and equipment		21,000	217,360
<b>Net cash used in investing activities</b>		<b>(1,270,503)</b>	<b>(12,279,622)</b>
<b>Cash flows from financing activities</b>			
Lease payments		(9,291,975)	(3,892,420)
Credit facilities paid		(9,110,316)	-
Dividends paid	7	(22,500,000)	(67,500,000)
<b>Net cash used in financing activities</b>		<b>(40,902,291)</b>	<b>(71,392,420)</b>
Net change in cash and cash equivalents		25,469,786	(107,558,615)
Cash and cash equivalents at the beginning of the period		65,743,784	116,867,592
<b>Cash and cash equivalents at the end of the period</b>		<b>91,213,570</b>	<b>9,308,977</b>
<b>Significant non-cash transactions:</b>			
Right of use assets and related lease liabilities		8,019,772	4,262,786
Change in re-measurement of employees' end of service benefits		(664,625)	(286,725)

Notes on pages 7 to 16 form an integral part of these condensed consolidated interim financial statements.

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**Thob Al-Aseel Company**  
**(A Saudi Joint Stock Company)**  
**Notes to the condensed consolidated interim financial statements**  
**For the Three-Month and Nine-Month Period Ended 30 September 2021**  
(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, PO box: 23236.

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

The Company practices its activities through 21 branches (2020: 20 branches), each having a separate commercial registration.

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

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

<b>Subsidiary</b>	<b>Country of incorporation</b>	<b>Ownership percentage as of</b>	
		<b>30 September 2021</b>	<b>31 December 2020</b>
Aljedaie Fabrics Company	Kingdom of Saudi Arabia	<b>100%</b>	100%

**Subsidiary**

Aljedaie Fabrics Company (the “Subsidiary”) was incorporated as a limited liability company in the Kingdom of Saudi Arabia under commercial registration number 1010048637 dated 22 Jumada Al-Awal 1438H (corresponding to 19 February 2017). The Subsidiary is mainly engaged in sales of textiles, clothing and wholesale of women's and men's fabrics, sewing supplements, men's clothing, women's clothing, children's clothing and retail for fabrics and men's clothing. Other reserves represent the amount resulted from the merge of Aljedaie Fabrics Company during 2017 before it was re-incorporated during the same year. Such reserves are not available for distribution without shareholders’ approval.

The subsidiary practices its activities through 33 branches (2020: 33 branches), each having a separate commercial registration.

The significant accounting policies set out below have been applied in preparing these condensed consolidated interim financial statements, and these policies are applied consistently over all the presented periods, unless otherwise stated.

**2 Basis of preparation**

**2.1 Statement of compliance**

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

**Thob Al-Aseel Company**  
**(A Saudi Joint Stock Company)**  
**Notes to the condensed consolidated interim financial statements**  
**For the Three-Month and Nine-Month Period Ended 30 September 2021**  
(All amounts are in Saudi Riyals unless otherwise stated)

**2. Basis of preparation (continued)**

**2.1 Statement of compliance (continued)**

These condensed consolidated interim financial statements do not include all required information and disclosures in the annual consolidated financial statements and should be read in conjunction with the Group's annual consolidated financial statements as at 31 December 2020. However, the accounting policies and explanatory notes of important events and transactions have been included to understand the changes in the Group's financial position and performance since the last annual financial statements which were prepared in accordance with International Financial Reporting Standards ("IFRS") as endorsed in the Kingdom of Saudi Arabia and other standards, interpretations and pronouncements issued by SOCPA.

**2.2 Preparation of the financial statements**

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

- Employees' end of service benefits are recognized at the present value of future obligations using the projected unit credit method.
- Lease liabilities are measured at net present value of future lease payments.

**2.3 Use of estimates, assumptions and judgments**

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

**3 Basis of consolidation**

The condensed consolidated interim financial statements comprise the financial statements of the Company and its subsidiary as at 30 September 2021.

**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.

**Thob Al-Aseel Company**  
**(A Saudi Joint Stock Company)**  
**Notes to the condensed consolidated interim financial statements**  
**For the Three-Month and Nine-Month Period Ended 30 September 2021**  
(All amounts are in Saudi Riyals unless otherwise stated)

**3 Basis of consolidation** (continued)

*Subsidiary (continued)*

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

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

**4 Functional and presentation currency**

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

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

There are no new standards issued however a number of amended standards became applicable for the current reporting period. The Group did not have to change its accounting policies or make retrospective adjustments as a result of the adopting these standards.

**6 Transactions with related parties**

*a. Transactions with key management personnel:*

The following table describes compensation of key management personnel during the period:

	<b>Nine -month period ended 30 September (unaudited)</b>	
	<b>2021</b>	<b>2020</b>
Short term benefits	<b>1,995,911</b>	1,717,610
End of service benefits	<b>107,942</b>	72,042
	<b>2,103,853</b>	1,789,652

*b. Due to related parties*

	<b>30 September 2021 (Unaudited)</b>	<b>31 December 2020 (Audited)</b>
Shareholders – Lease liabilities	<b>1,737,235</b>	2,317,043

*c. Transactions with shareholders*

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

		<b>Nine -month period ended 30 September (unaudited)</b>	
	<b>Nature of Transaction</b>	<b>2021</b>	<b>2020</b>
Shareholders	Rentals	1,190,212	1,087,098
	Purchase of warehouse	-	11,500,000

**Thob Al-Aseel Company**  
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**Notes to the condensed consolidated interim financial statements**  
**For the Three-Month and Nine-Month Period Ended 30 September 2021**  
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## **7 Dividends**

Dividends are recorded in the period in which they are approved by the shareholders during the General Assembly meeting. The Board of Directors, in its meeting held on 14 July 2021, decided to distribute 22.5 million Saudi Riyals (0.75 SAR per share) as dividends for the first half of the fiscal year 2021 in accordance with the authorization granted by the Ordinary General Assembly to the Board of Directors to distribute interim dividends for the year 2021, which was held on 28 June 2021, Dividends have been paid on 30 September 2021.

The Board of Directors decided in its meetings dated 17 February 2020 and 19 July 2020 to distribute SAR 37.5 million (SAR 1.25 per share) and SAR 30 million (SAR 1 per share) respectively as dividends for the second half of financial year 2019 and the first half of the financial year 2020 in accordance with an authorization made by the Ordinary General Assembly on 22 May 2019 and 9 June 2020 for the Board of Directors to distribute interim dividends for 2019 and 2020. Dividends have been paid on 18 March 2020 and 27 September 2020.

## **8 Share capital**

The Company's share capital is SR 300 million as at 30 September 2021 (31 December 2020: SR 300 million) divided into 30 million shares at SR 10 per share.

On September 5, 2021, the CMA approved the request of Thob Al-Aseel Company to increase its share capital by 100 million Saudi Riyals, so that the share capital to be 400 million Saudi Riyals distributed over 40 million shares by granting shares in kind to the company's shareholders. The share capital will increase by transferring an amount of SAR 42.9 million from other reserves and an amount of SAR 57.1 million from retained earnings. Provided that the date of convening the Extraordinary General Assembly to approve that increase and to complete the relevant legal procedures and requirements should not exceed six months from the date of this approval.

On October 21, 2021, the Extraordinary General Assembly approved the Board of Directors recommendation dated 14 July 2021 to increase the Company's share capital by 100 million Saudi Riyals, so that the share capital to be 400 million Saudi Riyals distributed over 40 million shares by granting shares in kind (1) in kind share for every (3) outstanding shares owned by the shareholders registered in the Company's shareholders register in the Securities Depository Centre (Edaa) at the end of the second trading day following the date of the extraordinary General Assembly. The share capital will increase by transferring an amount of SAR 42.9 million from other reserves and an amount of SAR 57.1 million from retained earnings.

## **9 Segment information**

### **9-1 Description of segments and principal activities**

The Group manages its operations by business segments. Management treats the operations of these segments separately for the purposes of monitoring, decision making and performance assessment. The Group mainly trades in fabrics and thobes where all activities are carried out in the Kingdom of Saudi Arabia.

<b>Segment</b>	<b>Principal Activity</b>
Thobes	Main activities include readymade clothes sales.
Fabrics	Main activities include Fabrics sales.

**Thob Al-Aseel Company**  
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**Notes to the condensed consolidated interim financial statements**  
**For the Three-Month and Nine-Month Period Ended 30 September 2021**  
(All amounts are in Saudi Riyals unless otherwise stated)

**9 Segment information (continued)**

**9-2 Segments financial information (unaudited)**

	Three -month period ended 30 September 2021			Three -month period ended 30 September 2020		
	Thobes	Fabrics	Total	Thobes	Fabrics	Total
<b>Segment sales</b>	<b>68,609,184</b>	<b>14,721,777</b>	<b>83,330,961</b>	97,047,292	13,036,797	110,084,089
<b>Gross sales to external customers</b>	<b>68,609,184</b>	<b>14,721,777</b>	<b>83,330,961</b>	97,047,292	13,036,797	110,084,089

	Nine-month period ended 30 September 2021			Nine-month period ended 30 September 2020		
	Thobes	Fabrics	Total	Thobes	Fabrics	Total
<b>Segment sales</b>	<b>325,655,173</b>	<b>64,569,053</b>	<b>390,224,226</b>	364,232,996	57,145,174	421,378,170
<b>Gross sales to external customers</b>	<b>325,655,173</b>	<b>64,569,053</b>	<b>390,224,226</b>	364,232,996	57,145,174	421,378,170

**Timing of revenues recognition**

	Three -month period ended 30 September 2021			Three -month period ended 30 September 2020		
	Thobes	Fabrics	Total	Thobes	Fabrics	Total
<b>At certain point of time</b>	<b>68,609,184</b>	<b>14,721,777</b>	<b>83,330,961</b>	97,047,292	13,036,797	110,084,089
<b>Gross revenue</b>	<b>68,609,184</b>	<b>14,721,777</b>	<b>83,330,961</b>	97,047,292	13,036,797	110,084,089
<b>Adjusted EBITDA</b>	<b>8,331,170</b>	<b>2,946,945</b>	<b>11,278,115</b>	12,057,524	1,648,126	13,705,650

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**Notes to the condensed consolidated interim financial statements**  
**For the Three-Month and Nine-Month Period Ended 30 September 2021**  
(All amounts are in Saudi Riyals unless otherwise stated)

**9 Segment information (continued)**

**9-2 Segments financial information (unaudited) (continued)**

	Nine-month period ended 30 September 2021			Nine-month period ended 30 September 2020		
	Thobes	Fabrics	Total	Thobes	Fabrics	Total
At certain point of time	<b>325,655,173</b>	<b>64,569,053</b>	<b>390,224,226</b>	364,232,996	57,145,174	421,378,170
Gross revenue	<b>325,655,173</b>	<b>64,569,053</b>	<b>390,224,226</b>	364,232,996	57,145,174	421,378,170
Adjusted EBITDA	<b>61,303,575</b>	<b>15,944,094</b>	<b>77,247,669</b>	86,262,402	13,483,868	99,746,270

**Total segment assets**

	Thobes	Fabrics	Eliminated transactions	Total
30 September 2021	<b>629,817,857</b>	<b>99,180,997</b>	<b>(70,417,997)</b>	<b>658,580,857</b>
31 December 2020 (Audited)	602,875,639	105,044,846	(58,306,116)	649,614,369

**Total segment liabilities**

	Thobes	Fabrics	Eliminated transactions	Total
30 September 2021	<b>58,079,747</b>	<b>56,893,357</b>	<b>(28,074,306)</b>	<b>86,898,798</b>
31 December 2020 (Audited)	60,012,306	71,575,449	(24,780,670)	106,807,085

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

	Three-month period ended 30 September		Nine-month period ended 30 September	
	2021	2020	2021	2020
Adjusted EBITDA	<b>11,278,115</b>	13,705,650	<b>77,247,669</b>	99,746,270
Depreciation and amortisation	<b>(3,145,206)</b>	(2,981,224)	<b>(9,285,374)</b>	(9,791,575)
Finance costs	<b>(514,021)</b>	(136,540)	<b>(1,124,403)</b>	(652,435)
Profit before Zakat	<b>7,618,888</b>	10,587,886	<b>66,837,892</b>	89,302,260



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**9 Segment information (continued)**

**9-3 Major customers**

The Group's sales during the nine-month period ended 30 September 2021 for two of the main customers amounting to 21% of the Group's total sales (the nine-month period ended 30 September 2020 for one of the main customers: 31%).

**10 Earnings per share ("EPS")**

Earnings per share has been calculated by dividing net income for the periods ended 30 September 2021 and 2020 by 30 million shares.

**11 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.

**12 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 statement of financial position:

	<b>30 September 2021 (Unaudited)</b>	<b>31 December 2020 (Audited)</b>
Bank balances	<b>90,498,536</b>	65,415,137
Trade receivables, prepayments, and other receivables	<b>279,455,617</b>	198,294,924
	<b><u>369,954,153</u></b>	<u>263,710,061</u>

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 to providing for expected credit losses prescribed by IFRS 9, permits the use of the lifetime expected loss provision for all lifetime trade receivables. The loss provision as at 30 September 2021 and 31 December 2020 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 2021, the exposure to credit risks for trade receivables by types of customers was as follows:

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**12 Credit Risk (continued)**

*Trade receivables as at 30 September 2021 (unaudited)*

1- *Thobes segment:*

<b>Debt status</b>	<b>Expected loss rate</b>	<b>Total carrying amount</b>	<b>Expected credit losses</b>
Current	0.11% - 0.89%	54,123,730	422,755
Past due > 30 days	1.08%	7,572,711	81,759
Past due > 60 days	1.35%	19,578,466	265,051
Past due > 90 days	1.80%	24,494,080	440,634
Past due > 120 days	2.81%	87,238,635	2,450,258
Past due > 180 days	5.67%	39,651,952	2,247,697
Past due > 270 days till 1 year	12.11%	16,061,040	1,944,446
Past due > 1 year till 2 years	31.15%	27,522,060	8,574,191
Default customers and others that are past due for more than two years	71.50% - 100%	25,059,265	23,898,377
		<b>301,301,939</b>	<b>40,325,168</b>

2- *Fabrics segment:*

<b>Debt status</b>	<b>Expected loss rate</b>	<b>Total carrying amount</b>	<b>Expect credit losses</b>
Current	1.31%	1,531,799	19,992
Past due > 30 days	1.53%	1,227,249	18,728
Past due > 60 days	1.67%	1,571,456	26,231
Past due > 90 days	1.92%	2,206,368	42,458
Past due > 120 days	2.56%	4,476,077	114,438
Past due > 180 days	4.21%	5,235,474	220,223
Past due > 270 days till 1 year	8.94%	1,116,477	99,771
Past due > 1 year till 2 years	23.56%	2,226,961	524,763
Default customers and others that are past due for more than two years	63.39% - 100%	3,354,291	3,168,223
		<b>22,946,152</b>	<b>4,234,827</b>
<b>Total</b>		<b>324,248,091</b>	<b>44,559,995</b>

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**12 Credit Risk (continued)**

*Trade receivables as at 31 December 2020 (Audited)*

1- *Thobes segment:*

<b>Debt status</b>	<b>Expected loss rate</b>	<b>Total carrying amount</b>	<b>Expected credit losses</b>
Current	0.07%-0.75%	43,132,250	239,392
Past due > 30 days	0.91%	16,829,350	152,859
Past due > 60 days	1.16%	19,780,164	229,036
Past due > 90 days	1.58%	8,708,982	137,387
Past due > 120 days	2.57%	16,237,668	416,542
Past due > 180 days	5.35%	38,884,417	2,079,917
Past due > 270 days till 1 year	11.81%	26,802,324	3,166,300
Past due > 1 year till 2 years	31.21%	25,197,662	7,865,203
Overdue for more than two years and defaulters	73.26% - 100%	16,402,656	15,739,848
		<b>211,975,473</b>	<b>30,026,484</b>

2- *Fabrics segment:*

<b>Debt status</b>	<b>Expected loss rate</b>	<b>Gross carrying amount</b>	<b>Expect credit losses</b>
Current	1.47%	1,638,413	24,020
Past due > 30 days	1.71%	2,010,516	34,414
Past due > 60 days	1.88%	1,725,438	32,415
Past due > 90 days	2.18%	431,125	9,383
Past due > 120 days	2.90%	711,773	20,661
Past due > 180 days	4.78%	2,529,342	120,813
Past due > 270 days till 1 year	10.07%	5,913,652	595,687
Past due > 1 year till 2 years	26.09%	2,255,252	588,319
Overdue for more than two years and defaulters	68.44% - 100%	3,965,128	3,744,409
		<b>21,180,639</b>	<b>5,170,121</b>
<b>Total</b>		<b>233,156,112</b>	<b>35,196,605</b>

**Sensitivity analysis for future circumstances expectations as at 30 September 2021 (Unaudited)**

	<b>Value in SR</b>
Basic value for impairment losses in trade receivables	44,559,995
If the expectations of future circumstances increased by 10%	44,646,306
If the expectations of future circumstances decreased by 10%	44,473,684

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**12 Credit Risk (continued)**

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

	Trade receivable	Prepayments and other receivables	Total
<b>At 1 January 2021 (Audited)</b>	<b>35,196,605</b>	<b>2,174,736</b>	<b>37,371,341</b>
Charge for the period	<b>9,363,390</b>	-	<b>9,363,390</b>
<b>At 30 September 2021 (Unaudited)</b>	<b>44,559,995</b>	<b>2,174,736</b>	<b>46,734,731</b>

**13 Zakat**

**Zakat status**

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

The Group received Zakat assessments on Zakat returns for the years from 2014 to 2018 claiming zakat differences amounting to Saudi Riyals 7.51 million compared to the zakat paid for those years. The Group appealed to these amendments and the amount was reduced to Saudi Riyals 3.50 million in January 2021. The appeal for the year 2014 has been escalated to the General Secretariat of Tax Committees. In February 2021, appeals for the years 2015 to 2018 were escalated to the General Secretariat of tax committees. Management believes that it has good reasons to rebut these assessments and has concluded that there is no need to adjust the zakat provision.

**14 Significant events during the period**

In response to the spread of the new Coronavirus (Covid-19) in the Kingdom of Saudi Arabia, where the Group operates, and the consequent disruption of some aspects of economic and social activities in the Kingdom, the management since the pandemic start has assessed the impact of this pandemic on its operations and took a series of preventive measures, to ensure the health and safety of its employees, its customers and the wider community as well as to ensure the continuity of supplying its products to the market. Despite these challenges, the Group was able to create additional sales channels, which supported the Group's operations during 2021., the Covid-19 pandemic did not have a material negative impact on the consolidated interim financial statements except for the increase in the balance of trade receivables as of 30 September 2021. The Group continues to monitor the situation closely to take any necessary actions when needed.

**15 Subsequent events**

In management's view, there is no significant subsequent events since 30 September 2021 till the approval of these condensed consolidated interim financial statements that require disclosure or adjustment in these condensed consolidated interim financial statements other than mentioned in note (8).

**16 Board of Directors' approval**

These condensed consolidated interim financial statements have been approved by the Board of Directors on 25 Rabi al-Awal 1443H (corresponding to 31 October 2021).