THOB AL ASEEL COMPANY
(A Saudi Joint Stock Company)

Consolidated financial statements
for the year ended 31 December 2024
and independent auditor's report

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Independent auditor's report to the shareholders of Thob Al Aseel Company

Report on the audit of the consolidated financial statements

Our opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the consolidated financial position of Thob Al Aseel Company (the "Company") and its subsidiaries (together the "Group") as at 31 December 2024, and its consolidated financial performance and its consolidated cash flows for the year then ended 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 Chartered and Professional Accountants (SOCPA).

What we have audited

The Group's consolidated financial statements comprise:

- The consolidated statement of financial position as at 31 December 2024;
- The consolidated statement of income for the year then ended;
- The consolidated statement of comprehensive income for the year then ended;
- The consolidated statement of changes in shareholders' equity for the year then ended;
- The consolidated statement of cash flows for the year then ended; and
- The notes to the consolidated financial statements, comprising material accounting policy information and other explanatory information.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing, that are endorsed in the Kingdom of Saudi Arabia. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Group in accordance with the International Code of Ethics for Professional Accountants (including International Independence Standards), endorsed in the Kingdom of Saudi Arabia (the "Code"), that is relevant to our audit of the consolidated financial statements and we have fulfilled our other ethical responsibilities in accordance with this Code's requirements.

Our Audit approach

Overview

Key audit matter	• Impairment losses on trade receivables

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the consolidated financial statements. In particular, we considered where management made subjective judgements; for example, in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. As in all of our audits, we also addressed the risk of management override of internal controls, including among other matters consideration of whether there was evidence of bias that represented a risk of material misstatement due to fraud.

We tailored the scope of our audit in order to perform sufficient work to enable us to provide an opinion on the consolidated financial statements as a whole, taking into account the structure of the Group, the accounting processes and controls, and the industry in which the Group operates.

Our audit approach (continued)

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matter	How our audit addressed the key audit matter
Impairment losses on trade receivables	
As at 31 December 2024, the Group's gross trade receivables balances amounted to SAR250 million (2023: SAR 256 million) with an impairment loss of SAR 76 million (2023: SAR 62 million). The Group has engaged an external expert to assess, at each reporting date, whether trade receivables (stated at amortized cost) are credit-impaired. The Group's management has applied a simplified expected credit loss (ECL) model to determine the provision for impairment of trade receivables. The ECL model contains various estimates that include the Group's historical credit loss experience, adjusted for forward-looking factors specific to the trade receivables and the overall economic environment. We considered this as a key audit matter as the management applies significant judgments in determining an appropriate provision for impairment of trade receivables. For further details, refer to Notes 2.9, 2.12, 9 and 29 to the accompanying consolidated financial statements for the accounting policies and related disclosures.	We performed the following procedures as part of our audit: • Tested the completeness and accuracy of underlying information used in the model and re-performed the arithmetical accuracy of the computation of ECL; • Involved our experts to verify the alignment of the methodology of the ECL model developed by the management experts with the requirements of IFRS 9; • Evaluated the reasonableness of key assumptions made and judgments applied; and, • Considered the appropriateness of forward-looking macro-economic factors to reflect the impact of future events on ECLs. We also reviewed the adequacy and appropriateness of disclosures made in the accompanying consolidated financial statements in relation to implementation of the standard.

Other information

Management is responsible for the other information. The other information comprises the information included in the Group's Annual Report, but does not include the consolidated financial statements and our auditor's report thereon, which is expected to be made available to us after the date of this auditor's report.

Our opinion on the consolidated financial statements does not cover the other information and we will not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

When we read the Group's Annual Report, if we conclude that there is a material misstatement in the other information, we are required to communicate the matter to those charged with governance.

Responsibilities of management and those charged with governance for the consolidated financial statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with International Financial Reporting Standards, that are endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements issued by SOCPA, and the applicable requirements of the Regulations for Companies and the Company's By-laws, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance, i.e. the Board of Directors, are responsible for overseeing the Group's financial reporting process.

Auditor's responsibilities for the audit of the consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with International Standards on Auditing, that are endorsed in the Kingdom of Saudi Arabia, will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with International Standards on Auditing, that are endorsed in the Kingdom of Saudi Arabia, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

Independent auditor's report to the shareholders of Thob Al Aseel Company **(continued)**

Auditor's responsibilities for the audit of the consolidated financial statements **(continued)**

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the group as a basis for forming an opinion on the consolidated financial statements. We are responsible for the direction, supervision and review of the audit work performed for purposes of the group audit. We remain solely responsible for our audit opinion

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with the those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

PricewaterhouseCoopers

Khalid A. Mahdhar
License No. 368

9 Ramadan 1446H
9 March 2025

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

	Note	As at 31 December	
		2024	**2023**
Assets			
Non-current assets			
Property and equipment	4	**23,816,132**	23,550,249
Right-of-use assets	5	**29,779,041**	23,313,074
Investments accounted for using the equity method	14	**16,363,636**	-
Intangible assets	6	**701,970**	549,955
Total non-current assets		**70,660,779**	47,413,278
Current assets			
Inventory	7	**274,393,240**	298,373,210
Trade receivables	9	**174,041,494**	194,644,467
Prepayments and other receivables	10	**29,621,762**	16,196,019
Financial assets at fair value through profit or loss (FVTPL)	13	**290,383**	10,444,025
Cash and cash equivalents	12	**190,468,452**	130,711,135
Total current assets		**668,815,331**	650,368,856
Total assets		**739,476,110**	697,782,134
Shareholders' equity and liabilities			
Shareholders' equity			
Share capital	18	**400,000,000**	400,000,000
Statutory reserve	19	**-**	77,317,791
Retained earnings		**192,983,600**	107,381,428
Total shareholders' equity		**592,983,600**	584,699,219
Liabilities			
Non-current liabilities			
Lease liabilities	5	**12,772,113**	8,182,886
Employees' end of service benefits	17	**17,324,514**	15,796,387
Total non-current liabilities		**30,096,627**	23,979,273
Current liabilities			
Trade payables		**22,891,072**	18,511,955
Lease liabilities	5	**18,109,895**	15,639,044
Due to related parties		**16,363,636**	-
Accrued expenses and other liabilities	15	**42,474,707**	36,811,000
Provision for zakat	16	**16,556,573**	18,141,643
Total current liabilities		**116,395,883**	89,103,642
Total liabilities		**146,492,510**	113,082,915
Total shareholders' equity and liabilities		**739,476,110**	697,782,134

Notes from 1 to 31 form an integral part of these consolidated financial statements.

Chief Financial Officer	**Chief Executive Officer**	**Chairman of the Board**

Thob Al Aseel Company
(A Saudi Joint Stock Company)
Consolidated statement of income
(All amounts are in Saudi Riyals unless otherwise stated)

	Note	For the year ended 31 December	
		2024	**2023**
Revenue	23	**522,463,957**	532,222,367
Cost of sales		**(307,500,762)**	(315,437,990)
Gross profit		**214,963,195**	216,784,377
General and administrative expenses	24	**(40,827,573)**	(37,695,828)
Selling and distribution expenses	25	**(62,360,502)**	(56,285,863)
Impairment losses on trade receivables	9	**(14,540,504)**	(24,619,975)
Realized and unrealized profits from remeasurement of financial assets at fair value through profit or loss, net	13	**2,238,373**	1,751,316
Other income	26	**4,125,319**	1,133,270
Operating profit		**103,598,308**	101,067,297
Finance cost	5	**(4,097,022)**	(6,074,861)
Profit for the year before zakat		**99,501,286**	94,992,436
Zakat expense	16	**(15,597,637)**	(18,076,650)
Profit for the year		**83,903,649**	76,915,786
Basic and diluted earnings per share attributable to the shareholders of the Company (in Saudi Riyals)	22	**0,21**	0,19

Notes from 1 to 31 form an integral part of these consolidated financial statements.

Chief Financial Officer | **Chief Executive Officer** | **Chairman of the Board**

Thob Al Aseel Company
(A Saudi Joint Stock Company)
Consolidated statement of comprehensive income
(All amounts are in Saudi Riyals unless otherwise stated)

	Note	For the year ended 31 December	
		2024	**2023**
Profit for the year		**83,903,649**	76,915,786
Other comprehensive income			
Items that may not be reclassified subsequently in the consolidated statement of income:			
Re-measurement of employees' end-of-service benefits	17	**380,732**	274,445
Total comprehensive income for the year		**84,284,381**	77,190,231

Notes from 1 to 31 form an integral part of these consolidated financial statements.

Chief Financial Officer	**Chief Executive Officer**	**Chairman of the Board**

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

	Notes	Share capital	Statutory reserve	Retained earnings	Total Shareholders' equity
As at 01 January 2023		400,000,000	69,626,212	102,882,776	572,508,988
Profit for the year		-	-	76,915,786	76,915,786
Other comprehensive income		-	-	274,445	274,445
Total comprehensive income for the year		-	-	77,190,231	77,190,231
Transfer to statutory reserve	19	-	7,691,579	(7,691,579)	-
Transactions with shareholders in their capacity as owners:					
Dividends	20	-	-	(65,000,000)	(65,000,000)
As at 31 December 2023		400,000,000	77,317,791	107,381,428	584,699,219
As at 1 January 2024		**400,000,000**	**77,317,791**	**107,381,428**	**584,699,219**
Profit for the year		**-**	**-**	**83,903,649**	**83,903,649**
Other comprehensive income		**-**	**-**	**380,732**	**380,732**
Total comprehensive income for the year		**-**	**-**	**84,284,381**	**84,284,381**
Transferred from statutory reserve	19	**-**	**(77,317,791)**	**77,317,791**	**-**
Transactions with shareholders in their capacity as owners:					
Dividends	20	**-**	**-**	**(76,000,000)**	**(76,000,000)**
As at 31 December 2024		**400,000,000**	**-**	**192,983,600**	**592,983,600**

Notes from 1 to 31 form an integral part of these consolidated financial statements.

Chief Financial Officer **Chief Executive Officer** **Chairman of the Board**

Thob Al Aseel Company
(A Saudi Joint Stock Company)
Consolidated statement of cash flows
(All amounts are in Saudi Riyals unless otherwise stated)

	Note	For the year ended 31 December 2024	2023
Cash flows from operating activities			
Profit for the year before zakat		**99,501,286**	94,992,436
Adjustments for non-cash items			
Depreciation of property and equipment	4	**4,114,070**	2,744,569
Amortization of intangible assets	6	**135,283**	127,253
Depreciation expense of the right-of-use assets	5	**13,215,406**	8,438,258
(Reversal) / Provision for slow-moving inventories	7	**(1,719,383)**	10,452,883
Profits from the disposal of property and equipment and intangible assets	26	**(2,167,622)**	(420,988)
Realized and unrealized profits from remeasurement of financial assets at fair value through profit or loss	13	**(2,238,373)**	(1,751,316)
Impairment losses on trade receivables	9	**14,540,504**	24,619,975
Provision for employees' end-of-service benefits	17	**2,518,064**	2,361,151
Finance cost	5	**4,097,022**	6,074,861
Change in working capital			
Inventory		**25,699,353**	3,794,229
Trade receivables		**6,062,469**	6,755,696
Prepayments and other receivables		**(13,425,743)**	3,755,091
Trade payables		**4,379,117**	(30,446,349)
Accrued expenses and other liabilities		**5,663,707**	15,443,207
Zakat paid	16	**(17,182,707)**	(21,646,268)
Employees' end-of-service benefits paid	17	**(609,205)**	(2,098,059)
Net cash generated from operating activities		**142,583,248**	123,196,629
Cash flows from investing activities			
Purchase of property and equipment	4	**(5,498,081)**	(7,972,813)
Purchase of intangible assets	6	**(287,298)**	(79,000)
Proceeds from disposal of property and equipment		**3,285,750**	422,348
Proceeds from disposal of financial assets at fair value through profit or loss	13	**12,392,015**	-
Net cash from (used in) investing activities		**9,892,386**	(7,629,465)
Cash flows from financing activities			
Lease payments	5	**(16,718,317)**	(14,407,402)
Dividends paid	20	**(76,000,000)**	(65,000,000)
Net cash used in financing activities		**(92,718,317)**	(79,407,402)
Net change in cash and cash equivalents		**59,757,317**	36,159,762
Cash and cash equivalents at the beginning of the year		**130,711,135**	94,551,373
Cash and cash equivalents at the end of the year	12	**190,468,452**	130,711,135
Significant non-cash transactions:			
Investments accounted for using the equity method		**16,363,636**	-
Write-off of prepayment and other receivables	10	**(1,644,363)**	-
Write-off of trade receivables	9	**-**	(57,206,520)
Right-of-use assets	5	**19,681,373**	8,047,580
Re-measurement of employees' end-of-service benefits	17	**380,732**	274,445

Notes from 1 to 31 form an integral part of these consolidated financial statements.

Chief Financial Officer	**Chief Executive Officer**	**Chairman of the Board**

(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 dated 1 Dhu Al-hijah 1437H (corresponding to 5 September 2016).

The Company's registered address is Kingdom of Saudi Arabia, Riyadh, King Fahad Road, opposite to the Insurance Complex, postal code: 11426, P.O. Box: 23236.

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

The Company practices its activities through 27 branches (2023: 26 branches).

As at 4 November 2019, The Capital Market Authority (CMA) approved Thob Al Aseel Company's request dated 16 October 2019 to be transferred from the Saudi Parallel Market ("Nomu") to the Saudi Stock Exchange (Tadawul). The Company's shares were listed and traded in Tadawul starting from 10 November 2019.

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

		Ownership percentage as at 31 December	
Subsidiary	**Country of incorporation**	**2024**	**2023**
Al Jedaie Fabrics Company	Kingdom of Saudi Arabia	**100%**	100%
Qiwa Al Aseel Company	Kingdom of Saudi Arabia	**100%**	100%
Aseelah Trade Company	Kingdom of Saudi Arabia	**100%**	100%

Subsidiary

Al Jedaie Fabrics Company (the "Subsidiary") was incorporated as a limited liability company in Riyadh, 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 the sale of textiles, clothing and wholesale of men's fabrics, and retail sale of textiles and fabrics of all kinds (wearable) for fabrics and men's clothing.

The Subsidiary practices its activities through 51 branches (2023: 51 branches).

Qiwa Al Aseel Contracting Company (the "Subsidiary") was incorporated as a limited liability company in Riyadh, Kingdom of Saudi Arabia, under Commercial Registration number 1010910044 dated 21 Muharram 1445H (corresponding to 8 August 2023) with a capital of SAR 5,000. The Subsidiary's main activity is general construction of residential buildings, renovations of residential and non-residential buildings, and general cleaning of buildings.

Aseelah Trade Company (the "Subsidiary") was incorporated as a limited liability company in Riyadh, Kingdom of Saudi Arabia, under Commercial Registration number 1010938400 dated 2 Rabi' Al-Akhir 1445H (corresponding to 17 October 2023) with a capital of SAR 5,000. The capital was increased to SAR 500,000 on 29 Safar 1446H (corresponding to 2 September 2024). The Subsidiary's main activity is the retail sale of clothing, shoes, and leather goods in specialized stores.

The Subsidiary practices its activities through 8 branches (31 December 2023: None).

2 Summary of material accounting policy information

The material accounting policy information set out below has been applied in the preparation of these consolidated financial statements, and these policies have been applied consistently to all periods presented, unless otherwise stated.

2.1 Basis of preparation

2.1.1 Compliance with International Financial Reporting Standards ("IFRS")

The consolidated financial statements of the Group have been prepared in accordance with IFRS, that are endorsed in the Kingdom of Saudi Arabia, and other standards and pronouncements issued by the Saudi Organization for Chartered and Professional Accountants ("SOCPA").

(All amounts are in Saudi Riyals unless otherwise stated)

2 Summary of material accounting policy information (continued)

2.1 Basis of preparation (continued)

2.1.2 Historical cost convention

These consolidated financial statements have been prepared under the historical cost convention, except for the following:

- Employees' end-of-service benefit obligations, which are measured at the present value of future obligations using the projected unit credit method.

- Financial assets at fair value through profit or loss, which are measured at fair value.

2.1.3 New Standards, Amendments to Standards, and Interpretations

The following standards and interpretations apply for the first time to financial reporting periods commencing on or after 1 January 2024:

Title	Key requirements	Effective Date
Supplier Finance Arrangements - Amendments to IAS 7 and IFRS 7	In May 2023, the IASB issued amendments to IAS 7 Statement of Cash Flows and IFRS 7 Financial Instruments: Disclosures to clarify the characteristics of supplier finance arrangements and require additional disclosure of such arrangements. The disclosure requirements in the amendments are intended to assist users of financial statements in understanding the effects of supplier finance arrangements on an entity's liabilities, cash flows and exposure to liquidity risk. The transition rules clarify that an entity is not required to provide the disclosures in any interim periods in the year of initial application of the amendments.	1 January 2024
Amendments to IFRS 16: Lease Liability in a Sale and Leaseback	In September 2022, the IASB issued amendments to IFRS 16 to specify the requirements that a seller-lessee uses in measuring the lease liability arising in a sale and leaseback transaction, to ensure the seller-lessee does not recognise any amount of the gain or loss that relates to the right of use it retains.	1 January 2024
Amendments to IAS 1: Classification of Liabilities as Current or Non-current	In January 2020 and October 2022, the IASB issued amendments to paragraphs 69 to 76 of IAS 1 to specify the requirements for classifying liabilities as current or non-current. The amendments clarify: • What is meant by a right to defer settlement • That a right to defer must exist at the end of the reporting period • That classification is unaffected by the likelihood that an entity will exercise its deferral right • That only if an embedded derivative in a convertible liability is itself an equity instrument would the terms of a liability not impact its classification In addition, a requirement has been introduced whereby an entity must disclose when a liability arising from a loan agreement is classified as non-current and the entity's right to defer settlement is contingent on compliance with future covenants within twelve months.	1 January 2024

These amendments do not have a material impact on the Company's financial statements.

(All amounts are in Saudi Riyals unless otherwise stated)

2 Summary of material accounting policy information (continued)

2.1 Basis of preparation (continued)

2.1.3 New Standards, Amendments to Standards, and Interpretations (continued)

Standards, interpretations and amendments issued but not yet effective

Certain new accounting standards and interpretations have been published that are not mandatory for December 31, 2024 reporting periods and have not been early adopted by the Group. The standards, interpretations and amendments issued that are relevant to the Group but are not yet effective are disclosed below:

Title	Key requirements	Effective Date
Lack of exchangeability – Amendment to IAS 21	An entity is impacted by the amendments when it has a transaction or an operation in a foreign currency that is not exchangeable into another currency at a measurement date for a specified purpose. A currency is exchangeable when there is an ability to obtain the other currency (with a normal administrative delay), and the transaction would take place through a market or exchange mechanism that creates enforceable rights and obligations.	1 January 2025
Classification and Measurement of Financial Instruments- Amendment to IFRS 9 and IFRS 7	These amendments: • clarify the requirements for the timing of recognition and derecognition of some financial assets and liabilities, with a new exception for some financial liabilities settled through an electronic cash transfer system; • clarify and add further guidance for assessing whether a financial asset meets the solely payments of principal and interest (SPPI) criterion; • add new disclosures for certain instruments with contractual terms that can change cash flows (such as some instruments with features linked to the achievement of environment, social and governance (ESG) targets); and make updates to the disclosures for equity instruments designated at Fair Value through Other Comprehensive Income (FVOCI).	1 January 2026
IFRS 18 — Presentation and Disclosure in Financial Statements	The new standard on presentation and disclosure in financial statements, require more focus on updates to the statement of profit or loss. The key new concepts introduced in IFRS 18 relate to: • the structure of the statement of profit or loss; • required disclosures in the financial statements for certain profit or loss performance measures that are reported outside an entity's financial statements (that is, management-defined performance measures); and enhanced principles on aggregation and disaggregation which apply to the primary financial statements and notes in general.	1 January 2027
IFRS 19, 'Subsidiaries without Public Accountability: Disclosures'	IFRS 19 specifies the disclosure requirements an entity is permitted to apply instead of the disclosure requirements in other IFRS. A subsidiary may elect to apply this Standard in its financial statements if it does not have public accountability and it has an ultimate or intermediate parent that produces consolidated financial statements available for public use that comply with IFRS.	1 January 2027

The management is in the process of assessing the impact of these standards, amendments or interpretations on future periods and on foreseeable future transactions.

2 Summary of material accounting policy information (continued)

2.2 Basis of consolidation

The consolidated financial statements include the financial statements of the Company and its subsidiaries.

Subsidiary

A subsidiary is an entity over which the Group has control. The Group controls an entity when the Group is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its right to direct the activities of this entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date that control ceases.

Intergroup transactions, balances and unrealized profits on transactions between the Group companies are disposed. Unrealized losses are also eliminated unless the transaction provides evidence of an impairment of the transferred asset. The accounting policies of the subsidiary have been changed where necessary to ensure consistency with the policies adopted by the Group.

2.3 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the Group's Chief Executive Officer, who is the Group's Chief Operating Decision Maker ("CODM"). An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components.

2.4 Foreign currency translation

a) Functional and presentation currency

Items included in the financial statements of each of the Group and its subsidiaries are measured using the currency of the primary economic environment in which the Group and its subsidiaries operate ('the functional currency').

The consolidated financial statements are presented in Saudi Riyals ("SAR"), which is the Company's functional and presentation currency.

b) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at year end exchange rates are generally recognized in the consolidated statement of income. They are deferred in shareholders' equity if they relate to qualifying cash flow hedges or are attributable to part of the net investment in a foreign operation.

2.5 Property and equipment

Initial recognition

Property and equipment are recognized as an asset when, and only when, it is probable that the future economic benefits that are associated with the property and equipment will flow to the Group, and the cost of the asset can be measured reliably. Property and equipment are recognized and measured initially at cost, net of accumulated depreciation and accumulated impairment losses, if any. Cost includes the fair value of the consideration given to acquire the asset (net of discounts and rebates) and any directly attributable costs, such as site preparation costs, delivery and installation costs, relevant professional fees, and the estimated cost of dismantling and removing the asset and restoring the site (to the extent that such costs are recognized as a provision). When parts of property and equipment are significant in cost in comparison to the total costs of the item, and such parts have useful lives different than other parts, the Group recognizes such parts as individual assets and depreciates them accordingly.

Subsequent measurement

The Group adopts the cost model to measure the entire classes of property and equipment. After recognition as an asset, an item of property and equipment is recorded at its cost less any accumulated depreciation and impairment losses, if any.

2 Summary of material accounting policy information (continued)

2.5 Property and equipment (continued)

Subsequent expenditure

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably.

Depreciation

Useful lives are determined by management based on the expected usage of the asset, expected physical wear and tear, technical and commercial obsolescence, legal and similar limits on the use of the asset, and other similar factors. Depreciation is calculated on a straight line basis over the below useful lives and is recognized in the consolidated statement of income:

Category	Depreciation rate
Buildings	3%
Motor vehicles	25%
Computers	20-33%
Office furniture and equipment	20-25%
Decorations and fixtures	20-25%

Land is not subject to depreciation.

De-recognition

Property and equipment is de-recognized when it has been disposed or no future economic benefit is expected to arise from its use or disposal. Profits or losses arising from the de-recognition of an item of property and equipment are included in the consolidated statement of income at the time the item is de-recognized.

2.6 The Group's leasing activities and how these are accounted for

The Group leases various facilities for warehouses, offices, branches, and others. Lease terms are negotiated on an individual basis. Leases are typically made for fixed periods of 1 year to 5 years, but may have extension options. The lease agreements do not impose any covenants other than the security rights for the leased assets that are held by the lessor. Leased assets may not be used as security for borrowing purposes.

Assets and liabilities arising from a lease are initially measured on a present value basis.

Lease liabilities include the net present value of the following lease payments:

- Fixed payments (including in-substance fixed payments), less any lease incentives receivable;
- variable lease payment that are based on an index or a rate;
- amounts expected to be payable by the lessee under residual value guarantees;
- the exercise price of a purchase option if the lessee is reasonably certain to exercise that option; and
- payments of penalties for terminating the lease, if the lease term reflects the lessee exercising that option.

Lease payments to be made under reasonably certain extension options are also included in the measurement of the liability. The lease payments are discounted using the interest rate implicit in the lease.

If that rate cannot be readily determined, which is generally the case for leases in the Group, the lessee's incremental borrowing rate is used, being the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions.

To determine the incremental borrowing rate, the Group does the following:

- Where possible, uses recent third-party financing received by the individual lessee as a starting point, adjusted to reflect changes in financing conditions since the third party financing was received,

- uses a build-up approach that starts with a risk-free interest rate adjusted for credit risk for leases, which does not have recent third-party financing, and

- makes adjustments specific to the lease, e.g. term, country, currency and security.

2 Summary of material accounting policy information (continued)

2.6 The Group's leasing activities and how these are accounted for (continued)

If an observable loan amortization rate is available for a single lessee (through recent financing or market data) with a payment history similar to the lease, the Group's entities use such rate as a starting point for determining the incremental borrowing rate.

Lease payments are allocated between principal and finance cost. The finance cost is charged to profit or loss over the leasing period to achieve a fixed periodic interest rate on the remaining balance of the liability for each period.

Right-of-use assets are measured at cost comprising the following:

- the amount of the initial measurement of lease liability;
- Any lease payments made on or before the commencement date less any lease incentives received.
- Any initial direct costs.
- Restoration costs.

Right-of-use assets are depreciated over the shorter of the asset's useful life or the lease term on a straight-line basis.

Payments associated with short-term leases and leases of low-value assets are recognized on a straight-line basis as expenses in the consolidated statement of income. Short-term leases are leases with a lease term of 12 months or less without a purchase option.

2.7 Intangible assets

Intangible assets acquired separately are measured at cost upon initial recognition. Following initial recognition, intangible assets are carried at cost less accumulated amortization and accumulated impairment losses, if any.

The useful lives of intangible assets are classified to be either definite or indefinite. Intangible assets with finite useful lives are amortized over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired.

The amortization period and method for an intangible asset with a finite useful life are reviewed at least at each financial year-end.

Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset, are accounted for by adjusting the amortization period or method, as appropriate, and are treated as changes in accounting estimates. The amortization expense on intangible assets with finite lives is recognized in the consolidated statement of income in the expense category consistent with the function of the intangible asset.

Software

Intangible assets, consisting of computer software, are recorded at cost, net of accumulated amortization and impairment losses, if any. Software is amortized on a straight-line basis over a period of 8 to 10 years.

Directly attributable costs that are capitalized as part of the software include employee costs and an appropriate portion of relevant overheads. Capitalized development costs are recorded as intangible assets and amortized from the point at which the asset is ready for use.

2.8 Impairment of assets

Intangible assets that have an indefinite useful life are not subject to amortization and are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired. Other assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of sale or value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or groups of assets (cash-generating units). Non-financial assets that suffered an impairment are reviewed for possible reversal of the impairment at the end of each reporting period.

2 Summary of material accounting policy information (continued)

2.9 Financial Instruments

Classification of financial assets

The Group classifies its financial assets under the following categories:

- Those to be measured subsequently at fair value (either through other comprehensive income or profit or loss), and
- those to be measured at amortized cost.

The classification depends on the Group's business model for managing the financial assets and the contractual terms of the cash flows.

For assets measured at fair value, profits and losses will be recorded in the consolidated statement of comprehensive income.

The Group measures a financial asset at amortized cost when it is within the business model to hold assets in order to collect contractual cash flows, and the contractual provisions of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Classification of financial liabilities

The Group classifies all financial liabilities as subsequently measured at amortized cost using the effective interest rate method, except for financial liabilities at fair value through profit or loss, if any.

The Group designates a financial liability at fair value through profit or loss if doing so eliminates or significantly reduces measurement or recognition inconsistency or where a group of financial liabilities is managed and its performance is evaluated on a fair value basis.

Offsetting financial assets and liabilities

Financial assets and liabilities are offset and the net amount is reported in the consolidated statement of financial position where the Group currently has a legally enforceable right to offset the calculated amounts, and there is an intention to settle on a net basis or sell the asset and settle the liability simultaneously.

Reclassification

Financial assets are reclassified when the Group changes its business model for managing financial assets. For example, when there is a change in management's intention to hold the asset for a short term or long term. Financial liabilities are not reclassified.

Initial measurement

At initial recognition, financial assets or financial liabilities are measured at their fair value. Transaction costs of financial assets carried at fair value through profit or loss are expensed on recognition in the consolidated statement of income. In the case of financial assets or financial liabilities not at fair value through profit or loss, their fair value plus or minus transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability is the initial recognition amount. Trade receivables are measured at the transaction price.

Subsequent measurement

After initial recognition, financial assets and financial liabilities are measured in accordance with their classification.

De-recognition

The Group de-recognizes a financial asset only when the contractual rights to the cash flows from the financial asset expire, or it transfers all the risks and rewards of ownership of the financial asset.

Financial liabilities are de-recognized when the financial liability specified in the contract is fulfilled, cancelled or expired. A substantial change in the terms of a debt instrument is considered as an extinguishment of the original liability and the recognition of a new financial liability.

2 Summary of material accounting policy information (continued)

2.9 Financial instruments (continued)

Impairment

The Group assesses on a forward-looking basis the expected credit loss associated with its debt instruments as part of its financial assets carried at amortized cost and debt instruments carried at fair value through other comprehensive income.

For trade receivables, the Group applies the simplified approach, which requires recognizing the expected losses based on the age from the date of the initial recognition of the receivables. To measure the expected credit losses, trade receivable are grouped based on the shared credit risk characteristics and the number of days past due. The expected loss rates were derived from the historical information of the Group and adjusted to reflect the expected future outcome, which also includes future information for macroeconomic factors such as inflation and the growth rate of the Gross Domestic Product (GDP).

Other financial assets such as employee receivables and bank balances have low credit risk. As a result, the impact of applying the expected credit loss is not significant.

The Group recognizes a provision for expected credit loss on a financial asset at each financial reporting date, and the Group recognizes the amount of the change in the consolidated statement of income within the expected credit loss over the useful life as a reversal or charge of impairment.

2.10 Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the active market for the asset or liability, or
- In the absence of a principal market, in the alternative market for the asset or liability

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure the fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the consolidated financial statements are categorized within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1: Quoted (unadjusted) market prices in active markets for identical assets or liabilities.

- Level 2: Inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

- Level 3: Inputs for the asset or liability that are not based on observable market data (unobservable inputs).

For assets and liabilities that are recognized in the consolidated financial statements on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by re-assessing the categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

For the purpose of fair value disclosures, the Group has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy, as explained above.

2.11 Cash and cash equivalents

Cash and cash equivalents include cash on hand, deposits held at call with financial institutions, and other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

2 Summary of material accounting policy information (continued)

2.12 Trade receivables

Trade receivables are recognized initially at the unconditional transaction cost unless these receivables include a significant financing component at fair value. They are subsequently measured at amortized cost using the effective interest rate method less the expected credit loss provision.

The Group applies the simplified approach to make a provision for expected credit losses, which uses a lifetime expected loss provision for all trade receivables. The provision for impairment is made based on the Group's management best estimate of expected credit losses relating to those receivables. Such estimate is based on the customers' financial status and the historical debt write-off experience. Trade receivable balances are written off against such provision after all means of collection have been exhausted and the potential of recovery is remote. Bad debts written off as such are recorded in the consolidated statement of income as incurred.

2.13 Inventories

Inventories are finished goods that are stated at the lower of cost or net realizable value. The cost includes import duties, non-refundable taxes, transport and handling costs, and any other directly attributable costs less discounts, rebates and similar items. Costs are assigned to individual items of inventory on the basis of weighted average cost. Net realizable value is the estimated selling price in the ordinary course of business, less the estimated costs necessary to make the sale. Cost of inventories is recognized as an expense and included in the cost of sales.

The amount of any write-down of inventories to net realizable value and all losses of inventories are recognized as an expense in the year the write-down or loss occurs. The amount of reversal of any write-down of inventories, arising from an increase in the net realizable value, is recognized as an increase in the amount of inventories recognized as a profit in the year in which the reversal occurs.

2.14 Employee benefit obligations

Short term obligations

Liabilities for wages and salaries, including non-monetary benefits and accumulating sick leaves that are expected to be settled wholly within 12 months after the end of the period in which the employees render the related service, are recognized in respect of employees' services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled. The liabilities are presented as current employee benefit obligations in the consolidated statement of financial position.

Employees' end-of-service benefits

The liability recognized in the consolidated statement of financial position in respect of employees' end-of-service benefits is the present value of the employees' end-of-service benefit obligation at the end of the reporting period. The employees' end-of-service benefit obligation is calculated annually by independent actuaries using the projected unit credit method.

The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid, in accordance with terms approximating to the terms of the related obligation. Since there is no deep market in the Kingdom of Saudi Arabia for high-quality corporate bonds, the market return rate on governmental bonds in the Kingdom of Saudi Arabia was used to reach the present value of employees' end-of-service benefit obligation by adjusting for estimated future cash flows.

The net interest cost is calculated by using the discount rate to the net balance of the employees' end-of-service benefit obligation. This cost is included in employees' benefit expenses in the consolidated statement of income.

Remeasurement profits and losses arising from experience adjustments and changes in actuarial assumptions are recognized in the period in which they occur, directly in the consolidated statement of comprehensive income. They are included in retained earnings in the consolidated statement of changes in shareholders' equity and in the consolidated statement of financial position.

Changes in the present value of the employees' end-of-service benefit obligation arising from adjustments or a curtailment in the plan are recognized directly in the consolidated statement of income as past service costs.

For defined contribution plans, the Group pays contributions to publicly or privately administered pension insurance plans on a mandatory, contractual or voluntary basis. The Group has no further payment obligations once the contributions have been paid. The contributions are recognized as an employee benefit expense when they are due. Prepaid contributions are recognized as an asset to the extent that a cash refund or a reduction in the future payments is available.

2 Summary of material accounting policy information (continued)

2.14 Employee benefit obligations (continued)

Profit sharing and bonus plans

The Group recognizes a liability and an expense for bonuses, that takes into consideration the profit attributable to the Company's shareholders. The Group recognizes a provision where contractually obliged or where there is a past practice that has created a constructive obligation.

2.15 Trade payables

These amounts represent liabilities for goods and services provided to the Group prior to the end of the year which are unpaid. The amounts are unsecured and are usually paid within 30 to 90 days of recognition. Trade and other payables are presented as current liabilities unless payment is not due within 12 months after the reporting date. They are recognized initially at fair value and subsequently measured at amortized cost using the effective interest rate method.

2.16 Credit facilities

Borrowings are initially calculated at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortized cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognized in the consolidated statement of income over the period of the borrowings using the effective interest rate method. Fees paid on the establishment of borrowing facilities are recognized as transaction costs of the loan to the extent that it is probable that some or all of the facilities will be drawn down. In this case, the fees are deferred until the draw down occurs. To the extent that there is no evidence that it is probable that some or all of the facilities will be drawn down, the fees are amortized over the period of the facilities to which they relate.

2.17 Provisions

Provisions are recognized when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. Provisions are not made for future operating losses. Provisions are measured at the present value of management's best estimate of the expenditure required to settle the obligation at the end of the reporting period. The discount rate used to determine the present value reflects current market assessments of the time value of money and the risks specific to the liability. The increase in the provision due to the passage of time is recognized as an interest expense.

2.18 Dividends

A provision is made for the amount of any dividend declared, being appropriately authorized and no longer at the discretion of the entity, on or before the end of the reporting period but not distributed at the end of the reporting period. As per the Regulations for Companies in the Kingdom of Saudi Arabia, a distribution is authorized when it is approved by the shareholders. A corresponding amount is recognized directly in shareholders' equity.

2.19 Earnings per share

The Group presents information on basic and diluted earnings per share, if any. Basic earnings per share is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company, excluding any costs of servicing equity other than ordinary shares, by the weighted average number of ordinary shares outstanding during the year, adjusted for bonus elements, in ordinary shares issued during the year, and excluding treasury shares, if any. Diluted earnings per share, if any, adjusts the figures used in the determination of basic earnings per share to take into account the interest and other financing costs associated with dilutive potential ordinary shares, and the weighted average number of additional ordinary shares that would have been outstanding assuming the conversion of all dilutive potential ordinary shares.

2.20 Revenue

Sales revenues are measured based on the consideration defined in the contract with the customer, excluding the amounts collected on behalf of any third parties, if any. The Group recognizes revenues when it transfers control of the goods to the customer, which occurs when the product is delivered to the customer. Sales revenues do not include the value-added tax collected. Sales are included in the consolidated statement of income net of returns and any granted discounts.

2 Summary of material accounting policy information (continued)

2.20 Revenue (continued)

The Group recognizes revenue from contracts with customers based on a five-step model as set out in IFRS (15) as follows:

Step 1.Identify the contract(s) with a customer: A contract is defined as an agreement between two or more parties that creates enforceable rights and obligations and sets out the criteria for every contract that must be met.

Step 2. Identify performance obligations in the contract: A performance obligation is a promise in a contract with a customer to transfer a good or service to the customer.

Step 3. Determine the transaction price: The transaction price is the amount of consideration to which the Group expects to be entitled in exchange for transferring promised goods or services to a customer, excluding amounts collected on behalf of third parties.

Step 4. Allocate the transaction price to the performance obligations in the contract: For a contract that has more than one performance obligation, the Group allocates the transaction price to each performance obligation in an amount that depicts the amount of consideration to which the Group expects to be entitled in exchange for satisfying each performance obligation.

Step 5. Recognize revenue when (or as) the Group satisfies a performance obligation.

Below is a description of the principal activities, from which the Group earns its revenues:

(a) Sales at the retail outlets

The Group has a chain of retail outlets under the "Al-Jedaie" brand, which sell men's fabrics. Sales revenues are recorded when the customer acquires the product sold by the Group. The transaction cost is paid directly upon the customer’s purchase of the product. The Group’s return policy gives customers the right to return within three days with certain requirements and some exceptions.

(b) Wholesale

The Group sells men's clothing and fabrics to other retailers. Sales are recognized when control of the products is transferred, that is, when the products are delivered to other retailers and there is no impermissible obligation that may affect other retailers' acceptance of the products. This type of sales includes a credit period of 30 to 180 days. Generally, wholesale sales are not returned, and merchandise returns may only be accepted at the management's discretion.

For all types of sales, historical experience indicates that the refund amounts are completely insignificant and therefore, at the time of sale, no liability is recognized against any expected refunds. The validity of this conclusion is evaluated at the date of each reporting period. If the pattern of returns changes, the Group recognizes a liability for any expected refunds and the corresponding asset (the right to return goods that are expected to be returned), with the related revenues and sales costs adjusted accordingly.

In all types of the sales mentioned above, the price mentioned is the transaction price. The Group does not have any contracts where the period between the transfer of the promised goods to the customer and the date of payment by the customer exceeds one year; therefore, the Group does not adjust the transaction prices to reflect the time value of the money.

2.21 General and administrative expenses

General and administrative expenses include direct and indirect costs that are not specifically part of the cost of sales as required under IFRS, that are endorsed in the Kingdom of Saudi Arabia. Allocations between general and administrative expenses and cost of sales, when required, are made on a consistent basis.

2.22 Selling and distribution expenses

Selling and marketing expenses principally consist of costs incurred in the distribution and sale of the Group’s products and services. All other expenses are classified as general and administrative expenses.

2 Summary of material accounting policy information (continued)

2.23 Zakat

Zakat is provided in accordance with the regulations of the Zakat, Tax and Customs Authority ("ZATCA") in the Kingdom of Saudi Arabia and on accruals basis. The zakat expense is charged to the consolidated statement of income. Differences, if any, resulting from the final assessments are adjusted in the reporting period in which the assessments are finalized.

2.24 Investments accounted for using the equity method

The Group's interests in investees accounted for using the equity method include interests in associates and a joint venture. Associates are entities over which the Group has significant influence on their financial and operating policies without having control or joint control.

Investments in associates are accounted for using the equity method. They are initially recognized at cost, which includes transaction costs. After initial recognition, the consolidated financial statements include the Group's share of the profit or loss and other comprehensive income of the investees accounted for using the equity method, until the date on which significant influence ceases.

3 Significant estimates and judgements

The preparation of the Group's consolidated financial statements requires the use of certain accounting estimates which, by definition, will seldom equal the actual results. Management also needs to exercise judgment in applying the Group's accounting policies.

The estimates and associated assumptions are constantly reviewed. Adjustments resulting from the revision of estimates are recognized prospectively. Information about uncertain assumptions and estimates that have a significant risk that of resulting in a material adjustment in the year ended 31 December 2024 is included in the following notes:

- Assessment of assumptions of employees' end-of-service benefits (Note 2.14).
- Estimate of impairment of trade receivables (Note 2.9 and 2.12).
- Estimate of lease term - Note (5-f).

(All amounts are in Saudi Riyals unless otherwise stated)

4 Property and equipment

	Land	Buildings	Motor vehicles	Computers	Office furniture and equipment	Decorations and fixtures	Total
Cost							
1 January 2024	**10,402,473**	**3,944,528**	**12,197,307**	**2,862,986**	**7,799,364**	**11,771,874**	**48,978,532**
Additions	**-**	**-**	**156,000**	**292,883**	**526,227**	**4,522,971**	**5,498,081**
Disposals	**(977,473)**	**(165,770)**	**(697,850)**	**(4,304)**	**(286,506)**	**(214,201)**	**(2,346,104)**
31 December 2024	**9,425,000**	**3,778,758**	**11,655,457**	**3,151,565**	**8,039,085**	**16,080,644**	**52,130,509**
Accumulated depreciation							
1 January 2024	**-**	**1,796,885**	**9,947,527**	**2,537,652**	**3,989,798**	**7,156,421**	**25,428,283**
Charged for the year	**-**	**117,340**	**853,674**	**199,060**	**1,107,975**	**1,836,021**	**4,114,070**
Disposals	**-**	**(25,117)**	**(697,849)**	**(4,304)**	**(286,506)**	**(214,200)**	**(1,227,976)**
31 December 2024	**-**	**1,889,108**	**10,103,352**	**2,732,408**	**4,811,267**	**8,778,242**	**28,314,377**
Net carrying amount							
31 December 2024	**9,425,000**	**1,889,650**	**1,552,105**	**419,157**	**3,227,818**	**7,302,402**	**23,816,132**
31 December 2023	10,402,473	2,147,643	2,249,780	325,334	3,809,566	4,615,453	23,550,249

	Land	Buildings	Motor vehicles	Computers	Office furniture and equipment	Decorations and fixtures	Total
Cost							
1 January 2023	10,402,473	3,944,528	12,614,553	2,882,968	5,001,102	9,093,205	43,938,829
Additions	-	-	1,229,704	220,661	3,353,946	3,168,502	7,972,813
Disposals	-	-	(1,646,950)	(240,643)	(555,684)	(489,833)	(2,933,110)
31 December 2023	10,402,473	3,944,528	12,197,307	2,862,986	7,799,364	11,771,874	48,978,532
Accumulated depreciation							
1 January 2023	-	1,677,870	10,616,192	2,635,530	3,907,429	6,778,583	25,615,604
Charged for the year	-	119,015	978,275	142,654	637,011	867,614	2,744,569
Disposals	-	-	(1,646,940)	(240,532)	(554,642)	(489,776)	(2,931,890)
31 December 2023	-	1,796,885	9,947,527	2,537,652	3,989,798	7,156,421	25,428,283
Net carrying amount							
31 December 2023	10,402,473	2,147,643	2,249,780	325,334	3,809,566	4,615,453	23,550,249
31 December 2022	10,402,473	2,266,658	1,998,361	247,438	1,093,673	2,314,622	18,323,225

(All amounts are in Saudi Riyals unless otherwise stated)

5 Right-of-use assets

The Group recognized right-of-use assets and related lease liabilities for operating lease contracts for warehouses, warehouse facilities, offices and branches rentals, and others.

a) Amounts recognized in the consolidated statement of financial position

Cost	**2024**	**2023**
1 January	**76,709,203**	68,661,623
Additions during the year	**19,681,373**	8,047,580
31 December	**96,390,576**	76,709,203
Accumulated depreciation		
1 January	**53,396,129**	44,957,871
Charged for the year	**13,215,406**	8,438,258
31 December	**66,611,535**	53,396,129
Net carrying amount		
31 December	**29,779,041**	23,313,074

b) Lease liabilities

	31 December 2024	**31 December 2023**
Current	**18,109,895**	15,639,044
Non-current	**12,772,113**	8,182,886
	30,882,008	23,821,930

Lease liabilities include amounts due to shareholders amounting to SAR 2.42 million as at 31 December 2024 (31 December 2023: SAR 3.4 million) (Note 11).

c) The following table shows the movement in lease liabilities during the year:

	2024	**2023**
1 January	**23,821,930**	24,106,891
Additions during the year	**19,681,373**	8,047,580
Interest during the year	**4,097,022**	6,074,861
Payments during the year	**(16,718,317)**	(14,407,402)
31 December	**30,882,008**	23,821,930

d) Maturity profile

Minimum lease payments falling due during the following years:

	31 December 2024	**31 December 2023**
2024	**-**	15,833,828
2025	**18,423,903**	7,988,102
2026 and beyond	**12,458,105**	-
Total	**30,882,008**	23,821,930

e) Amounts recognized in the consolidated statement of income

	2024	**2023**
Depreciation expense on right-of-use assets	**13,215,406**	8,438,258
Finance cost	**4,097,022**	6.074.861

(All amounts are in Saudi Riyals unless otherwise stated)

5 Right-of-use assets (continued)

f) Key estimates: estimate of lease term

In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise an extension option, or not exercise a termination option. Extension options (or periods after termination options) are only included in the lease term if the lease is reasonably certain to be extended (or not terminated) taking into consideration other factors such as:

- Significant leasehold improvements undertaken (or expected to be undertaken) over the term of the contract that are expected to have significant economic benefits for the Group.
- Costs relating to the termination of the lease, such as negotiation costs, relocation costs, costs of identifying another underlying asset suitable for the Group's needs.
- The importance of that underlying asset to the Group's operations.

6 Intangible assets

	2024	2023
Cost		
1 January	**2,342,682**	2,263,982
Additions during the year	**287,298**	79,000
Disposals during the year	**-**	(300)
31 December	**2,629,980**	2,342,682
Accumulated amortization		
Opening balance	**1,792,727**	1,665,634
Charged for the year	**135,283**	127,253
Disposals during the year	**-**	(160)
31 December	**1,928,010**	1,792,727
Net carrying amount		
31 December	**701,970**	549,955

Intangible assets primarily consist of computer software and their implementation cost.

7 Inventory

	31 December 2024	31 December 2023
Finished goods	**280,750,179**	299,295,393
Raw materials under processing	**18,576,772**	25,525,764
Goods in-transit	**3,967,638**	4,172,785
Less: provision for slow-moving inventory	**(28,901,349)**	(30,620,732)
	274,393,240	298,373,210

Movement in provision for slow-moving inventory is as follows:

	2024	2023
1 January	**30,620,732**	20,167,849
Utilized during the year	**(6,463,812)**	(627,539)
Provided during the year	**4,744,429**	11,080,422
31 December	**28,901,349**	30,620,732

8 Financial instruments

8.1 Financial assets at amortized cost

	Note	31 December 2024	31 December 2023
Trade receivables	9	**174,041,494**	194,644,467
Other financial assets at amortized cost		**976,726**	937,804
Cash and cash equivalents	12	**190,468,452**	130,711,135
		365,486,672	326,293,406

(All amounts are in Saudi Riyals unless otherwise stated)

8 Financial instruments (continued)

8.2 Financial liabilities at amortized cost

	Note	31 December 2024	31 December 2023
Trade payables		**22,891,072**	18,511,955
Lease liabilities	5	**30,882,008**	23,821,930
		53,773,080	42,333,885

9 Trade receivables

	31 December 2024	31 December 2023
Trade receivables *	**250,162,930**	256,225,399
Less: Impairment losses on trade receivables	**(76,121,436)**	(61,580,932)
	174,041,494	194,644,467

* Due to the short-term nature of trade receivables, their carrying value is expected to approximate their fair value.

Movement in impairment losses on trade receivables is as follows:

	2024	2023
1 January	**61,580,932**	94,167,477
Write off during the year	**-**	(57,206,520)
Provided during the year	**14,540,504**	24,619,975
31 December	**76,121,436**	61,580,932

10 Prepayments and other receivables

	31 December 2024	31 December 2023
Advances to suppliers	**27,134,107**	14,861,071
Employees' advances and receivables	**948,263**	1,335,645
Prepaid insurance	**1,261,746**	1,155,134
Other receivables	**28,463**	358,096
Others	**547,246**	368,286
	29,919,825	18,078,232
Provision for impairment of other receivables	**(298,063)**	(1,882,213)
	29,621,762	16,196,019

Movement in the provision for impairment of other receivables is as follows:

	2024	2023
1 January	**1,882,213**	1,820,577
Write off during the year	**(1,644,363)**	-
Provided during the year	**60,213**	61,636
31 December	**298,063**	1,882,213

11 Related parties

a) Transactions with key management personnel:

The following table describes the compensations of key management personnel:

	2024	2023
Remuneration of key management personnel	**1,300,000**	3,209,716
Short term employee benefits	**2,662,656**	2,799,902
Employees' end-of-service benefits	**32,899**	173,071
	3,995,555	6,182,689

(All amounts are in Saudi Riyals unless otherwise stated)

11 Related parties (continued)

b) Significant transactions with related parties

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

	Nature of transaction	2024	2023
Shareholders	Leases	**1,700,847**	2,093,459

c) Due to related parties

	Note	Nature of relationship	31 December 2024	31 December 2023
Shareholders	5	Shareholders	**2,420,026**	3,397,892
Jadet al harir	14	Associate	**16,363,636**	-

12 Cash and cash equivalents

	31 December 2024	31 December 2023
Bank balances	**190,096,068**	128,836,348
Cash in hand	**372,384**	1,874,787
	190,468,452	130,711,135

13 Financial assets at fair value through profit or loss

During the year ended 31 December 2022, the Group invested an amount of SAR 10.3 million in a private investment portfolio for the purpose of trading in various investment categories. The investment was classified as a financial asset at fair value through profit or loss, and the unrealized losses and profits from remeasurement have been included in the consolidated statement of income.

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

	2024	2023
1 January	**10,444,025**	8,692,709
Disposal during the year	**(12,392,015)**	-
Realized profits	**2,238,373**	1,751,316
31 December	**290,383**	10,444,025

(All amounts are in Saudi Riyals unless otherwise stated)

13 Financial assets at fair value through profit or loss (continued)

The following table shows the carrying amounts and fair values of financial assets, including their levels in the fair value hierarchy:

			Fair value			
31 December 2024	**Assets at fair value through profit or loss**	**Total**	**Level 1**	**Level 2**	**Level 3**	**Total**
Securities	**290,383**	**290,383**	**-**	**-**	**290,383**	**290,383**

			Fair value			
31 December 2023	**Assets at fair value through profit or loss**	**Total**	**Level 1**	**Level 2**	**Level 3**	**Total**
Securities	10,444,025	10,444,025	10,153,642	-	290,383	10,444,025

(All amounts are in Saudi Riyals unless otherwise stated)

14 Investments accounted for using the equity method

On 30 October 2024 (corresponding to 27 Rabi' Al-Thani 1446H), Aseelah Trade Company, a wholly-owned subsidiary of Thobe Al Aseel Company, established Jadeh Al Hareer Trading Company with a share capital of SAR 36,363,636. Aseelah Trade holds a 45% ownership stake in the company, while the remaining 55% is owned by Ipekyol Giyim Sanayi Pazarlama ve Ticaret, a Turkish entity specializing in the retail of international fashion brands.

15 Accrued expenses and other liabilities

	31 December 2024	31 December 2023
Contract liabilities	**20,397,168**	15,333,858
Value added tax, net	**6,351,826**	4,969,454
Accrued bonuses	**5,268,600**	4,614,947
Commissions payable	**3,588,747**	3,308,948
Accrued salaries	**2,193,368**	3,277,663
Meeting attendance allowance	**1,930,000**	2,000,000
Advances from customers	**1,011,024**	1,386,439
Others	**1,733,974**	1,919,691
	42,474,707	36,811,000

16 Zakat

16.1 Zakat status

The Group is subject to zakat according to the regulations of ZATCA in the Kingdom of Saudi Arabia. The Group files its zakat returns on a consolidated basis, starting from the financial year ended 31 December 2018 and thereafter. Zakat returns were submitted up to 2023 to ZATCA. The Group also obtained a certificate of zakat valid until 2 Dhul-Qi'dah 1446H (corresponding to 30 April 2025).

The Group has finalized its zakat status and zakat assessments until 2022.

For the year 2023, the Group received a notice from ZATCA requesting additional information on the zakat returns submitted for the year. The assessments are still currently under review by ZATCA.

16.2 Components of zakat base

	2024	2023
Share capital	**400,000,000**	400,000,000
Retained earnings	**192,983,600**	107,381,428
Provisions	**16,556,573**	112,225,520
Reserves	**-**	77,317,791
Liabilities and equivelant	**68,603,690**	15,978,062
Non-current assets	**(54,297,143)**	(24,100,204)
Zakat base	**623,846,720**	688,802,597
Zakat expense	**16,124,852**	17,651,743

16.3 Zakat provision

The movement in the zakat provision of the Group is as follows:

	2024	2023
1 January	**18,141,643**	21,711,261
Charged for the year	**15,597,637**	18,076,650
Payments during the year	**(17,182,707)**	(21,646,268)
31 December	**16,556,573**	18,141,643

(All amounts are in Saudi Riyals unless otherwise stated)

17 Employees' end-of-service benefits

Employees' end-of-service benefits - Defined benefit plan

The Group operates a defined benefit plan in line with the Labor Law requirements in the Kingdom of Saudi Arabia. The end-of-service benefit payments under the plan are based on the employees' final salaries and allowances and their cumulative years of service as at the date of their termination of employment, as defined by the conditions stated in the Labor Law of the Kingdom of Saudi Arabia. Employees' end-of-service benefit plans are unfunded plans, and the benefit payment obligations are met when they are due.

Amounts recognized in the consolidated statement of financial position

The amounts recognized in the consolidated statement of financial position and the movements in the net defined benefit obligation during the year are as follows:

	2024	**2023**
1 January	**15,796,387**	15,807,740
Current service cost	**1,797,826**	1,644,664
Interest expense	**720,238**	716,487
Total amounts recognized in the consolidated statement of income	**2,518,064**	2,361,151
Re-measurement		
(Profit) / loss from change in financial assumptions	**(404,926)**	30,099
Loss from change in experience	**24,194**	188,816
Profit from change in demographic assumptions	**-**	(493,360)
Total amount recognized in other comprehensive income	**(380,732)**	(274,445)
Paid during the year	**(609,205)**	(2,098,059)
31 December	**17,324,514**	15,796,387

Significant actuarial assumptions

The significant actuarial assumptions were as follows:

	2024	**2023**
Discount rate	**5.30%**	**4.60%**
Salary increase rate	**5.00%**	**5.00%**

Sensitivity analysis

The sensitivity of the defined benefit obligation to changes in the weighted principal assumptions is as follows:

2024	**Movement**	**Decrease SAR**	**%**	**Increase SAR**	**%**
Discount rate	**0.5%**	**363,523**	**2.10%**	**(346,664)**	**(2.00%)**
Salary increase	**0.5%**	**(239,128)**	**(1.38%)**	**249,176**	**1.44%**

2023	**Movement**	**Decrease SAR**	**%**	**Increase SAR**	**%**
Discount rate	0,5%	375,819	2,38%	(357,055)	(2,26%)
Salary increase	0,5%	(321,697)	(2,04%)	335,475	2,12%

The above sensitivity analyses are based on a change in an assumption while holding all other assumptions constant. In practice, this is unlikely to occur, and changes in some of the assumptions may be correlated.

When calculating the sensitivity of the defined benefit obligation to significant actuarial assumptions, the same method (present value of the defined benefit obligation calculated with the projected unit credit method at the end of the reporting period) has been applied when calculating the defined benefit obligation recognized in the consolidated statement of financial position. The methods and types of assumptions used in preparing the sensitivity analysis did not change compared to the prior year.

(All amounts are in Saudi Riyals unless otherwise stated)

17 Employees' end-of-service benefits (continued)

Effect of the defined benefit plan on the Group's future cash flows

The weighted average duration of the defined benefit obligation is 4.10 years. The expected maturity analysis of the undiscounted defined benefit obligation is as follows:

	2024
2025	2,191,058
2026	7,373,929
2027	2,099,900
2028 and beyond	13,855,717
Total	**25,520,604**

18 Share capital

The Company's share capital as at 31 December 2024 consists of 400 million shares with a nominal value of SAR 1 per share (31 December 2023: 400 million shares with a nominal value of SAR 1 per share).

19 Statutory reserve

During the Extraordinary General Assembly meeting held on 27 June 2024, corresponding to 21 Dhu al-Hijjah 1445H, it was voted to transfer the entire statutory reserve in the amount of SAR 77,317,791 to the retained earnings account.

20 Dividends

Final dividends are recorded in the period in which they are approved by the shareholders during the General Assembly meeting. The Board of Directors decided in its meeting held on 20 February 2024 to distribute SAR 40 million (10 halalas per share) as dividends for the second half of the financial year 2023 pursuant to the authorization of the Extraordinary General Assembly held on 20 June 2023 to the Board of Directors to distribute interim dividends for 2023. The Board of Directors also decided in its meeting held on 24 July 2024 to distribute SAR 36 million (0,09 halalas per share) as dividends for the first half of the financial year 2024 pursuant to the authorization of the Extraordinary General Assembly held on 27 June 2024 to the Board of Directors to distribute interim dividends for 2024.

The Board of Directors decided in its meeting held on 27 February 2023 to distribute SAR 30 million (SAR 0,75 per share) as dividends for the second half of the financial year 2022 pursuant to the authorization of the Ordinary General Assembly on 26 June 2022 to the Board of Directors to distribute interim dividends for 2022. The Board of Directors also decided in its meeting held on 19 July 2023 to distribute SAR 35 million (0,0875 halalas per share) as dividends for the first half of the financial year 2023 pursuant to the authorization of the Extraordinary General Assembly held on 20 June 2023 to the Board of Directors to distribute interim dividends for 2024.

21 Segment information

21.1 Description of segments and principal activities

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

Sector	**Principal activity**
Thobs	Principal activities include the sale of ready-made clothes.
Fabrics	Principal activities include the sale of fabrics.

The Group's Chief Operating Decision Makers (CODM) are the executive directors, who monitor net profit to evaluate the performance of each operating segment reported above:

(All amounts are in Saudi Riyals unless otherwise stated)

21 Segment information (continued)

21.2 Segments' financial information

	31 December 2024			31 December 2023		
	Thobs	Fabrics	Total	Thobs	Fabrics	Total
Segments' sales	**398,765,994**	**123,697,963**	**522,463,957**	414,675,908	117,546,459	532,222,367
Inter-segment sales	-	-	-	-	-	-
Gross sales to external customers	**398,765,994**	**123,697,963**	**522,463,957**	414,675,908	117,546,459	532,222,367

Time of revenue recognition

	31 December 2024			31 December 2023		
	Thobs	Fabrics	Total	Thobs	Fabrics	Total
At a point in time	**398,765,994**	**123,697,963**	**522,463,957**	414,675,908	117,546,459	532,222,367
Over time	-	-	-	-	-	-
Gross revenue	**398,765,994**	**123,697,963**	**522,463,957**	414,675,908	117,546,459	532,222,367
Cost of sales	**(246,438,358)**	**(61,062,404)**	**(307,500,762)**	(259,083,675)	(56,354,315)	(315,437,990)
General and administrative expenses	**(26,736,683)**	**(9,554,335)**	**(36,291,018)**	(24,432,852)	(10,044,365)	(34,477,217)
Selling and distribution expenses	**(31,133,850)**	**(18,298,448)**	**(49,432,298)**	(29,815,984)	(18,378,410)	(48,194,394)
Impairment losses on trade receivables	**(14,402,109)**	**(138,395)**	**(14,540,504)**	(25,314,127)	694,152	(24,619,975)
Depreciation and amortization	**(2,160,280)**	**(2,089,073)**	**(4,249,353)**	(1,453,430)	(1,418,392)	(2,871,822)
Amortization expense of right-of-use assets	**(7,441,668)**	**(5,773,738)**	**(13,215,406)**	(3,667,109)	(4,771,149)	(8,438,258)
Realized and unrealized profits from remeasurement of financial assets at fair value through profit or loss, net	**-**	**2,238,373**	**2,238,373**	-	1,751,316	1,751,316
Other income	**4,086,277**	**39,042**	**4,125,319**	578,310	554,960	1,133,270
Finance cost	**(1,586,854)**	**(2,510,168)**	**(4,097,022)**	(2,548,398)	(3,526,463)	(6,074,861)
Zakat expense	**(14,247,637)**	**(1,350,000)**	**(15,597,637)**	(16,776,650)	(1,300,000)	(18,076,650)
Profit for the year	**58,704,832**	**25,198,817**	**83,903,649**	52,161,993	24,753,793	76,915,786

(All amounts are in Saudi Riyals unless otherwise stated)

21 Segment information (continued)

21.2 Segments' financial information (continued)

Total segments' assets

	Thobs segment	Fabrics segment	Disposals	Total
31 December 2024	**703,009,840**	**144,393,485**	**(107,927,215)**	**739.476.110**
31 December 2023	657,956,669	119,700,739	(79,875,274)	697,782,134

Total segments' liabilities

	Thobs segment	Fabrics segment	Disposals	Total
31 December 2024	**111,353,794**	**87,427,888**	**(52,289,172)**	**146,492,510**
31 December 2023	73,191,401	72,005,910	(32,114,396)	113,082,915

22 Earnings per share

Earnings per share has been calculated by dividing the net profit for the years ended 31 December 2024 and 2023 by 400 million shares.

23 Revenue

	For the year ended 31 December	
	2024	**2023**
Wholesale	**434,523,481**	465,760,592
Retail	**87,940,476**	66,461,775
	522,463,957	532,222,367

24 General and administrative expenses

	Note	For the year ended 31 December	
		2024	**2023**
Employees' salaries and benefits		**20,960,898**	20,001,769
Employees' other expenses		**5,239,301**	5,118,660
Amortization expense of right-of-use assets	5	**2,573,014**	2,140,936
Depreciation and amortization	4, 6	**1,963,541**	1,077,676
Professional and legal consultancy fees		**1,523,886**	1,544,855
Directors' remuneration and allowances		**1,930,000**	2,000,000
Maintenance expenses		**2,201,805**	1,538,026
Insurance		**878,518**	651,210
Printings, cleaning and hospitality		**581,552**	625,845
Post, telephone and internet		**485,913**	401,335
Business travel		**410,149**	784,248
Others		**2,078,996**	1,811,268
		40,827,573	37,695,828

The auditor's fees for the regular audit and quarterly review of the Group's consolidated financial statements for the year ended 31 December 2024 amounted to SAR 695,000 (2023: SAR 695,000), and other related services amounted to SAR 100,000 (2023: SAR 70,000).

(All amounts are in Saudi Riyals unless otherwise stated)

25 Selling and distribution expenses

	Note	For the year ended 31 December 2024	2023
Employees' salaries and benefits		**28,153,145**	29,852,223
Amortization expense of right-of-use assets	5	**10,642,392**	6,297,322
Employees' other expenses		**5,390,481**	5,309,873
Marketing and advertising		**5,717,271**	4,338,339
Insurance		**1,345,600**	1,232,769
Vehicles' expenses		**1,321,445**	1,267,805
Printings, cleaning, hospitality and electricity		**1,375,561**	1,197,576
Loading, unloading, packing and packaging		**2,464,323**	1,935,348
Depreciation and amortization	4, 6	**2,285,812**	1,794,146
Banking expenses		**2,002,680**	1,530,081
Maintenance expenses		**668,664**	501,963
Post, telephone and internet		**296,910**	292,238
Others		**696,218**	736,180
		62,360,502	56,285,863

26 Other income

	For the year ended 31 December 2024	2023
Profits on disposal of property and equipment	**2,167,622**	420,988
Miscellaneous income	**1,957,697**	712,282
	4,125,319	1,133,270

27 Commitments and contingencies

	31 December 2024	31 December 2023
Letters of credit	**11,682,931**	12,099,061
Others - purchases contracts	**19,728,464**	27,326,873
	31,411,395	39,425,934

28 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 year.

29 Risk management

The Group's activities expose it to a variety of financial risks, including: credit risk, liquidity risk, and market risk (including currency risk, price risk, and interest rate risk). The Group's overall risk management program focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the Group's financial performance.

Risk management is carried out by the management under policies approved by the Board of Directors. The most significant risks are credit risks, liquidity risks, and market risks.

Financial instruments presented in the consolidated statement of financial position principally include cash and cash equivalents, receivables, and certain other assets, as well as payables, credit facilities, and certain other liabilities. The particular recognition methods adopted are disclosed in the individual accounting policy statements associated with each item.

(All amounts are in Saudi Riyals unless otherwise stated)

29 Risk management (continued)

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 the significant components of the consolidated statement of financial position:

	Note	31 December 2024	31 December 2023
Bank balances	12	**190,096,068**	128,836,348
Trade receivables, prepayments and other receivables		**175,018,220**	195,580,995
		365,114,288	324,417,343

Credit risks on trade receivables and bank balances are limited to the following:

Bank balances

Cash balances 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, which permits the use of the lifetime expected loss provision for all lifetime trade receivables. The loss provision as at 31 December 2024 and 31 December 2023 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 the existence of previous financial difficulties. As at 31 December 2024 and 2023, the exposure to credit risks for trade receivables by types of customers was as follows:

Trade receivables as at 31 December 2024

1. **Thobs segment:**

Debt status	Expected loss rate	Total carrying amount	Expected credit losses
Current	**1.79%**	**29,252,362**	**524,867**
Past due for more than 30 days	**2.04%**	**18,512,966**	**378,439**
Past due for more than 60 days	**2.25%**	**16,476,259**	**370,474**
Past due for more than 90 days	**2.51%**	**11,460,472**	**287,571**
Past due for more than 120 days	**3.11%**	**16,504,767**	**513,693**
Past due for more than 180 days	**4.67%**	**45,304,433**	**2,113,951**
Past due for more than 270 days up to 1 year	**8.70%**	**33,410,333**	**2,906,281**
Past due for 1 to 2 years	**21.89%**	**439,161**	**96,114**
Past due for more than 2 years and defaulters	**51.51% - 100%**	**65,936,310**	**65,891,864**
		237,297,063	**73,083,254**

2. **Fabrics segment:**

Debt status	Expected loss rate	Total carrying amount	Expected credit losses
Current	**0.71%**	**844,772**	**6,008**
Past due for more than 30 days	**0.87%**	**813,826**	**7,110**
Past due for more than 60 days	**0.94%**	**1,203,525**	**11,333**
Past due for more than 90 days	**1.04%**	**702,179**	**7,335**
Past due for more than 120 days	**1.34%**	**906,135**	**12,100**
Past due for more than 180 days	**2.16%**	**1,834,043**	**39,683**
Past due for more than 270 days up to 1 year	**4.77%**	**2,837,188**	**135,468**
Past due for 1 to 2 years	**14.16%**	**937,408**	**132,752**
Past due for more than 2 years and defaulters	**44.79% - 100%**	**2,786,791**	**2,686,393**
		12,865,867	**3,038,182**
Total		**250,162,930**	**76,121,436**

29 Risk management (continued)

Credit risk (continued)

Trade receivables as at 31 December 2023

1. Thobs segment:

Debt status	Expected loss rate	Total carrying amount	Expected credit losses
Current	1,64%	30,681,572	502,542
Past due for more than 30 days	1,94%	20,455,823	397,211
Past due for more than 60 days	2,35%	17,175,751	404,234
Past due for more than 90 days	2,98%	6,975,315	207,872
Past due for more than 120 days	4,31%	28,412,662	1,224,944
Past due for more than 180 days	7,65%	56,161,303	4,296,717
Past due for more than 270 days up to 1 year	14,93%	28,834,703	4,305,825
Past due for 1 to 2 years	35,71%	11,197,257	3,998,452
Past due for more than 2 years and defaulters	69,75% - 100%	43,825,774	43,343,348
		243,720,160	58,681,145

2. Fabrics segment:

Debt status	Expected loss rate	Total carrying amount	Expected credit losses
Current	1,30%	834,055	10,873
Past due for more than 30 days	1,54%	713,200	10,951
Past due for more than 60 days	1,69%	1,321,258	22,264
Past due for more than 90 days	1,94%	679,779	13,208
Past due for more than 120 days	2,57%	1,652,136	42,533
Past due for more than 180 days	4,21%	2,313,586	97,466
Past due for more than 270 days up to 1 year	8,89%	1,820,409	161,836
Past due for 1 to 2 years	23,36%	698,137	163,098
Past due for more than 2 years and defaulters	63,29% - 100%	2,472,679	2,377,558
		12,505,239	2,899,787
Total		256,225,399	61,580,932

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

	Trade receivables	Prepayments and other receivables	Total
1 January 2024	**61,580,932**	**1,882,213**	**63,463,145**
Write off during the year	**-**	**(1,644,363)**	**(1,644,363)**
Charged for the year	**14,540,504**	**60,213**	**14,600,717**
31 December 2024	**76,121,436**	**298,063**	**76,419,499**

Sensitivity analysis for future circumstances expectations as at 31 December 2024

Unemployment rate is the most significant futuristic assumption affecting the ECL allowance. Set out below are the changes to the ECL as at 31 December 2024 that would result from reasonably possible changes in the Unemployment rate parameters from the actual assumptions used in the Group's economic variable assumption:

	Amount in Saudi Riyals
Basic value for impairment losses in trade receivables	**76,121,436**
If the expectations of future circumstances increased by 10%	**76,153,553**
If the expectations of future circumstances decreased by 10%	**76,089,318**

(All amounts are in Saudi Riyals unless otherwise stated)

29 Risk management (continued)

Liquidity risk

Liquidity risk is the risk that the Group will encounter inability to secure the required liquidity to meet commitments associated with financial instruments. The Group limits its liquidity risk by monitoring the collection of trade receivable, managing the payment of accounts payable, and ensuring the availability of bank facilities.

The Group's collection terms require trade receivables to be paid normally within 30 to 180 days of the date of the invoice. Trade payables are normally settled within 90 days of the date of the invoice.

The table below summarizes the maturity profiles of the Group's financial liabilities based on contractual undiscounted payments.

Contractual maturity profiles of financial liabilities

At 31 December 2024	**Less than 6 months**	**6 – 12 months**	**1 – 2 years**	**Total contractual cash flows**
Trade payables	**22,891,072**	**-**	**-**	**22,891,072**
Lease liabilities	**9,729,902**	**9,591,827**	**13,065,208**	**32,386,937**
Total	**32,620,974**	**9,591,827**	**13,065,208**	**55,278,009**

At 31 December 2023	**Less than 6 months**	**6 – 12 months**	**1 – 2 years**	**Total contractual cash flows**
Trade payables	18,511,955	-	-	18,511,955
Lease liabilities	8,819,589	7,686,910	8,327,461	24,833,960
Total	27,331,544	7,686,910	8,327,461	43,345,915

Market risk

- **Currency risk**

Currency risk is the risk that the value of financial instruments will fluctuate due to changes in foreign exchange rates. Saudi Riyal is the Company's functional currency.

The Group did not undertake significant transactions in currencies other than Saudi Riyals and US Dollars during the year. As Saudi Riyal is pegged to US Dollar, the Group is not exposed to significant currency risk.

- **Price risk**

The Group's exposure to equity securities price risk arises from investments held by the Group and classified in the consolidated statement of financial position at fair value through profit or loss.

To manage its price risk arising from investments in equity securities, the Group diversifies its portfolio.

Portfolio diversification is carried out within the limits established by the Group. The majority of the Group's equity investments are in publicly traded securities.

Sensitivity

The table below summarizes the impact of increase/decrease of the equity securities on the Group's profit for the year. The analysis is based on the assumption that the price would increase or decrease by 10%, with all other variables held constant, and that the Group's equity instruments moved in the same way.

Year ended	**Currency**	**Increase/ decrease in fair value**	**Effect on income for the year**
31 December 2024	**SAR**	+10%	**29,038**
	SAR	-10%	**(29,038)**
31 December 2023	SAR	+10%	1,044,403
	SAR	-10%	(1,044,403)

The Group was not exposed to commodity price risk.

29 Risk management (continued)

Market risk (continued)

Sensitivity (continued)

- **Interest rate risk**

Interest rate risk is the risk that the value of financial instruments will fluctuate due to changes in the market interest rates. The Group was not exposed to interest rate risk since it did not hold any instruments subject to floating interest rates.

Capital management

The Board of Directors' policy is to maintain an adequate capital base in order to sustain the confidence of investors, creditors, and the market, and to continue developing its future activities. The Board monitors the return on invested capital and the level of dividends for common shareholders. The Group aims, when managing capital, to:

1. Safeguard the Group's ability to continue as a going concern so that it can provide returns to the shareholders and benefits to other stakeholders.

2. Provide sufficient return to the shareholders.

30 Subsequent evaents

According to the meeting held on 27 February 2025, the Board of Directors decided to distribute SAR 40 million (10 halalas per share) as dividends for the second half of the financial year 2024 pursuant to the authorization of the Extraordinary General Assembly held on 27 June 2024 to the Board of Directors to distribute interim dividends for 2024.

Except as mentioned above, management believes that there are no significant subsequent events since 31 December 2024 until the date of approval of the consolidated financial statements that may have a material impact on the Group’s consolidated financial statements and disclosures as stated in these consolidated financial statements.

31 Board of Directors’ approval

These consolidated financial statements were approved by the Board of Directors on 28 Sha‘ban 1446H (corresponding to 27 February 2025).