



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

**CONDENSED CONSOLIDATED INTERIM
FINANCIAL STATEMENTS (UNAUDITED)
AND REVIEW REPORT FOR THE THREE-MONTH
AND NINE-MONTH PERIODS ENDED
30 September 2024**

Thob Al Aseel Company
(A Saudi Joint Stock Company)
Condensed consolidated interim financial statements for the three-month and nine-month
periods ended 30 September 2024 (Unaudited)

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Report on review of condensed consolidated interim financial statements

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

Introduction

We have reviewed the accompanying condensed consolidated interim statement of financial position of Thob Al Aseel Company (the "Company") and its subsidiaries (collectively referred to as the "Group") as of 30 September 2024 and the related condensed consolidated interim statements of profit or loss, comprehensive income for the three-month and nine-month periods ended 30 September 2024 and the condensed consolidated interim statements of changes in shareholders' equity and cash flows for the nine-month period then ended and other explanatory notes. Management is responsible for the preparation and presentation of these condensed consolidated interim financial statements in accordance with International Accounting Standard 34 - "Interim Financial Reporting" ("IAS 34"), as endorsed in the Kingdom of Saudi Arabia. Our responsibility is to express a conclusion on these condensed consolidated interim financial statements based on our review.

Scope of review

We conducted our review in accordance with International Standard on Review Engagements 2410, "Review of interim financial information performed by the independent auditor of the entity", as endorsed in the Kingdom of Saudi Arabia. A review of the condensed consolidated interim financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing, as endorsed in the Kingdom of Saudi Arabia, and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed consolidated interim financial statements are not prepared, in all material respects, in accordance with IAS 34, as endorsed in the Kingdom of Saudi Arabia.

PricewaterhouseCoopers

A blue ink signature, appearing to read "Khalid A. Mahdhar", written over a horizontal line.

Khalid A. Mahdhar
License No. 368

26 Rabi' al-Akhir 1446H
29 October 2024

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

		As at 30 September 2024 (Unaudited)	As at 31 December 2023 (Audited)
	Note		
Assets			
Non-current assets			
Property and equipment		23,068,568	23,550,249
Right-of-use assets		28,998,315	23,313,074
Intangible assets		740,196	549,955
Total non-current assets		52,807,079	47,413,278
Current assets			
Inventory		279,348,287	298,373,210
Trade receivables	14	234,462,396	194,644,467
Prepayments and other receivables		36,345,977	16,196,019
Financial assets at fair value through profit or loss	6	290,383	10,444,025
Cash and cash equivalents		91,040,565	130,711,135
Total current assets		641,487,608	650,368,856
Total assets		694,294,687	697,782,134
Shareholders' equity and liabilities			
Shareholders' equity			
Share capital	9	400,000,000	400,000,000
Statutory reserve	10	-	77,317,791
Retained earnings		181,702,912	107,381,428
Total shareholders' equity		581,702,912	584,699,219
Liabilities			
Non-current liabilities			
Lease liabilities		12,553,176	8,182,886
Employees' end of service benefits		16,462,907	15,796,387
Total non-current liabilities		29,016,083	23,979,273
Current liabilities			
Trade payables		13,672,187	18,511,955
Lease liabilities		18,789,000	15,639,044
Accrued expenses and other liabilities		35,394,925	36,811,000
Provision for zakat		15,719,580	18,141,643
Total current liabilities		83,575,692	89,103,642
Total liabilities		112,591,775	113,082,915
Total shareholders' equity and liabilities		694,294,687	697,782,134

Notes from 1 to 17 form an integral part of these condensed consolidated interim financial statements.

Chief Financial Officer

Chief Executive Officer

Chairman of the Board

Thob Al Aseel Company
(A Saudi Joint Stock Company)
Condensed consolidated interim statement of profit or loss (Unaudited)
(All amounts are in Saudi Riyals unless otherwise stated)

		For the three-month period ended 30 September		For the nine-month period ended 30 September	
	Note	2024	2023	2024	2023
Sales	11	78,559,900	73,133,016	406,160,911	426,711,059
Cost of sales		(46,728,787)	(39,369,152)	(241,058,248)	(256,716,239)
Gross profit		31,831,113	33,763,864	165,102,663	169,994,820
General and administrative expenses		(8,270,907)	(9,373,992)	(30,742,500)	(28,606,566)
Selling and distribution expenses		(12,744,915)	(12,880,823)	(44,923,665)	(44,631,887)
Impairment losses on trade receivables	14	(3,290,390)	(1,098,033)	(4,575,421)	(15,677,689)
Realized and unrealized profit from remeasurement of financial assets at fair value through profit or loss, net		-	(460,133)	2,238,373	602,568
Other income		2,301,294	96,332	3,147,745	411,112
Operating profit		9,826,195	10,047,215	90,247,195	82,092,358
Finance cost		(1,080,384)	(739,452)	(3,176,431)	(1,897,040)
Profit for the period before zakat		8,745,811	9,307,763	87,070,764	80,195,318
Zakat expense		(3,158,393)	(4,152,298)	(14,760,644)	(14,752,298)
Profit for the period		5,587,418	5,155,465	72,310,120	65,443,020
Basic and diluted earnings per share of the period according to the profit attributable to the shareholders of the Group	12	0.01	0.01	0.18	0.16

Notes from 1 to 17 form an integral part of these condensed consolidated interim financial statements.

Chief Financial Officer

Chief Executive Officer

Chairman of the Board

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

	For the three-month period ended 30 September		For the nine-month period ended 30 September	
	2024	2023	2024	2023
Profit for the period	5,587,418	5,155,465	72,310,120	65,443,020
<i>Items that may not be reclassified subsequently in the statement of profit or loss:</i>				
Re-measurement of employees' end of service benefits	(135,330)	(132,720)	693,573	348,183
Total comprehensive income for the period	5,452,088	5,022,745	73,003,693	65,791,203

Notes from 1 to 17 form an integral part of these condensed consolidated interim financial statements.

Chief Financial Officer

Chief Executive Officer

Chairman of the Board

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

	Note	Share capital	Statutory reserve	Retained earnings	Total shareholders' equity
Balance as at 1 January 2023 (Audited)		400,000,000	69,626,212	102,882,776	572,508,988
Profit for the period		-	-	65,443,020	65,443,020
Other comprehensive income		-	-	348,183	348,183
Total comprehensive income for the period		-	-	65,791,203	65,791,203
Dividends	8	-	-	(65,000,000)	(65,000,000)
Balance as at 30 September 2023 (Unaudited)		400,000,000	69,626,212	103,673,979	573,300,191
Balance as at 1 January 2024 (Audited)		400,000,000	77,317,791	107,381,428	584,699,219
Profit for the period		-	-	72,310,120	72,310,120
Other comprehensive income		-	-	693,573	693,573
Total comprehensive income for the period		-	-	73,003,693	73,003,693
Transferred from the statutory reserve	10	-	(77,317,791)	77,317,791	-
Dividends	8	-	-	(76,000,000)	(76,000,000)
Balance as at 30 September 2024 (Unaudited)		400,000,000	-	181,702,912	581,702,912

Notes from 1 to 17 form an integral part of these condensed consolidated interim financial statements.

Chief Financial Officer

Chief Executive Officer

Chairman of the Board

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

	Note	Nine-month period ended 30 September	
		2024	2023
Cash flows from operating activities			
Profit for the period before zakat		87,070,764	80,195,318
Adjustments for:			
Depreciation of property and equipment		2,955,562	1,817,824
Amortisation of intangible assets		97,057	95,444
Depreciation of the right-of-use assets		9,901,709	8,306,921
Provision for obsolescence inventory		9,737,795	7,424,086
Gains on disposal of property and equipment		(2,057,972)	(245,040)
Realized and unrealized profit from remeasurement of financial assets at fair value through profit or loss		(2,238,373)	(602,568)
Impairment losses on trade receivables		4,575,421	15,677,689
Provision for employees' end of service benefits		1,872,314	2,709,485
Finance cost		3,176,431	1,897,040
Change in working capital			
Inventories		9,287,128	37,620,891
Trade receivables		(44,393,350)	(60,925,223)
Prepayments and other receivables		(20,149,958)	291,112
Trade payables		(4,839,768)	(28,795,766)
Accrued expenses and other liabilities		(1,416,075)	13,760,837
Zakat paid		(17,182,707)	(21,646,268)
Employees' end of service benefits paid		(512,221)	(879,461)
Net cash generated from operating activities		35,883,757	56,702,321
Cash flows from investing activities			
Purchase of property and equipment		(3,592,007)	(6,299,390)
Purchase of intangible assets		(287,298)	(79,000)
Proceeds from disposal of property and equipment		3,176,098	246,391
Proceeds from disposal of financial assets at fair value through profit or loss		12,392,015	-
Net cash generated from / (used in) investing activities		11,688,808	(6,131,999)
Cash flows from financing activities			
Lease payments		(11,243,135)	(10,467,566)
Dividends paid	8	(76,000,000)	(65,000,000)
Net cash used in financing activities		(87,243,135)	(75,467,566)
Net change in cash and cash equivalents		(39,670,570)	(24,897,244)
Cash and cash equivalents at the beginning of the period		130,711,135	94,551,373
Cash and cash equivalents at the end of the period		91,040,565	69,654,129
Significant non-cash transactions:			
Additions to right-of-use assets and lease liabilities		15,586,950	7,617,796
Trade receivables write off		-	(14,242,706)
Change in re-measurement of employees' end of service benefits		693,573	348,183

Notes from 1 to 17 form an integral part of these condensed consolidated interim financial statements.

Chief Financial Officer

Chief Executive Officer

Chairman of the Board

Thob Al Aseel Company
(A Saudi Joint Stock Company)
Notes to the condensed consolidated interim financial statements
For the three-month and nine-month periods ended 30 September 2024
(All amounts are in Saudi Riyals unless otherwise stated)

1 General information

Thob Al Aseel Company (the “Company”) is a Saudi Joint Stock Company registered in the Kingdom of Saudi Arabia under Commercial Registration number 1010071301 on 1 Dhu Al-hijah 1437H (corresponding to 5 September 2016). The Company’s registered address is Kingdom of Saudi Arabia, Riyadh, King Fahad Road, opposite to the Insurance Complex, Postal code: 11426, P.O. Box: 23236. The primary activities of the Company are to import, export, wholesale and retail of fabrics and ready-made clothes.

The Company practices its activities through 26 branches (31 December 2023: 26 branches).

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

Subsidiary	Country of incorporation	Ownership percentage as of	
		30 September 2024	31 December 2023
Al Jedaie Fabrics Company	Kingdom of Saudi Arabia	100%	100%
Qiwa Al Aseel Contracting 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 in the Kingdom of Saudi Arabia under commercial registration number 1010048637 dated 22 Jumada Al-Awal 1438H (corresponding to 19 February 2017). The subsidiary is mainly engaged in sale of textiles, clothing and wholesale of men's fabrics and sale of textiles and fabrics of all kinds (wearables) for fabrics and men’s clothing.

The subsidiary practices its activities through 51 branches (31 December 2023: 51 branches).

Qiwa Al Aseel Contracting Company (the “Subsidiary”) was incorporated as a limited liability Company in Riyadh in the Kingdom of Saudi Arabia under commercial registration number 1010910044 dated 21 Muharram 1445H (corresponding to 8 August 2023) with a share capital amounting to Saudi Riyals 5,000. The subsidiary is mainly engaged in construction of all types of residential buildings, renovating residential and non-residential buildings and general cleaning of buildings.

Aseelah Trade Company (the “Subsidiary”) was incorporated as a limited liability Company in Riyadh in the Kingdom of Saudi Arabia under commercial registration number 10109384400 dated 2 Rabi’ al-Akhir 1445H (corresponding to 17 October 2023) with a share capital amounting to Saudi Riyals 5,000. The capital was increased to Saudi Riyals 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 6 branches (31 December 2023: Nil).

2 Basis of preparation

2.1 Statement of compliance

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

These condensed consolidated interim financial statements do not include all required information and disclosures in the annual consolidated financial statements and should be read in conjunction with the Group’s annual consolidated financial statements for the year ended 31 December 2023. However, the accounting policies and explanatory notes of important events and transactions have been included to understand the changes in the Group’s financial position and performance since the last annual consolidated financial statements which were prepared in accordance with International Financial Reporting Standards that are endorsed in the Kingdom of Saudi Arabia and other standards, interpretations and pronouncements that are issued by SOCPA.

2 Basis of preparation (continued)

2.2 Preparation of the condensed consolidated interim financial statements

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

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

2.3 Use of estimates, assumptions and judgments

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

3 Basis of consolidation

These condensed consolidated interim financial statements comprise those of the Group as at 30 September 2024.

Subsidiary

Subsidiary is an entity (including structured entities) over which the Group has control. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if and only if the Group has:

- Control over the investee (i.e. existing rights that give the Group current ability to direct the relevant activities of the investee);
- Exposure, or rights, to variable returns from its involvement with the investee; and
- The ability to use its power over the investee to affect its returns.

Generally, there is a presumption that majority of voting rights results in control. To support this presumption and when the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has control over an investee, including:

- The contractual arrangement with the other votes holders of the investee; and
- Rights result from other contractual arrangements; the Group's voting rights and potential voting rights.

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary.

All intra-Group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation. Unrealised gains and losses are also eliminated unless the transaction provides evidence of an impairment of the transferred asset.

4 Functional and presentation currency

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

5 New Standards, Amendment to Standards and Interpretations

No new standards have been issued. However, various amendments to the standards are effective from 1 January 2024 as explained in the Group's annual consolidated financial statements but do not have material impact on the Group's condensed consolidated interim financial statements.

Thob Al Aseel Company
(A Saudi Joint Stock Company)
Notes to the condensed consolidated interim financial statements
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(All amounts are in Saudi Riyals unless otherwise stated)

6 Financial assets at fair value through profit or loss

During 2022, the Group invested Saudi Riyals 10.3 million in a private investment portfolio for the purpose of trading in various investment categories. The investment was classified as a financial asset at fair value through profit or loss and the unrealized losses and gains from remeasurement are included in the condensed consolidated interim statement of profit or loss.

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

	Nine-month period ended 30 September 2024 (Unaudited)	For the year ended 31 December 2023 (Audited)
Balance at the beginning of period / year	10,444,025	8,692,709
Disposal during the period	(12,392,015)	-
Realized and unrealized gains from remeasurement, net	2,238,373	1,751,316
Balance at the end of the period / year	290,383	10,444,025

7 Transactions with related parties

a Transactions with key management personnel

The following table describes compensation of key management personnel:

	Nine-month period ended 30 September (Unaudited) 2024	2023
Employees' end of service benefits	2,104,220	2,113,916
Short-term employees' benefits	78,092	136,869
	2,182,312	2,250,785

b Due to related parties

	30 September 2024 (Unaudited)	31 December 2023 (Audited)
Shareholders – lease liabilities	2,102,795	3,397,892

c Transactions with shareholders

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

	Nine-month period ended 30 September (Unaudited) 2024	2023
Shareholders	1,104,629	1,463,279

8 Dividends

The final dividends are recorded in the period approved by the shareholders during the General Assembly meeting. The Board of Directors decided on its meeting dated 20 February 2024 to distribute Saudi Riyals 40 million (Saudi Riyals 10 per share) as dividends for the second half of the financial year 2023 in accordance with an authorization of the Extraordinary General Assembly held on 20 June 2023 for the Board to distribute interim dividends for the year 2023. The Board of Directors decided on its meeting dated 24 July 2024 to distribute Saudi Riyals 36 million (Saudi Riyals 0.09 per share) as dividends for the first half of the financial year 2024 in accordance with an authorization of the Extraordinary General Assembly held on 27 June 2024 for the Board to distribute interim dividends for the year 2024.

Thob Al Aseel Company
(A Saudi Joint Stock Company)
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For the three-month and nine-month periods ended 30 September 2024
(All amounts are in Saudi Riyals unless otherwise stated)

8 Dividends (continued)

In its meeting held on 27 February 2023, the Board of Directors decided to distribute Saudi Riyals 30 million (Saudi Riyals 0.75 per share) as interim dividends for the second half of the financial year 2022 in accordance with the authorization of the Ordinary General Assembly held on 26 June 2022 for the Board to distribute interim dividends for 2022. The Board of Directors decided on its meeting dated 19 July 2023 to distribute Saudi Riyals 35 million (Saudi Riyals 0.0875 per share) as dividends for the first half of the financial year 2023 in accordance with an authorization of the Extraordinary General Assembly held on 30 June 2023 for the Board to distribute interim dividends for the year 2023.

9 Share capital

The Company's capital as of 30 September 2024 consists of 400 million shares with a nominal value of Saudi Riyal 1 per share (31 December 2023: 400 million shares with a nominal value of Saudi Riyals 1 per share).

10 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 total statutory reserve amounting to Saudi Riyals 77,317,791 to the retained earnings. Such transfer was completed during the nine-month period ended 30 September 2024.

11 Segment information

11.1 Description of segments and principal activities

The Group manages its operations by business segments. Management treats the operations of these segments separately for the purposes of monitoring, decision making and performance assessment. The Group mainly trades in fabrics and thobs where all activities are carried out in the Kingdom of Saudi Arabia. All of the Group's business segments are located in the Kingdom of Saudi Arabia. The CEO is the primary responsible for making operational decisions. The following is a statement of the main activities of these segments:

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

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Notes to the condensed consolidated interim financial statements
For the three-month and nine-month periods ended 30 September 2024
(All amounts are in Saudi Riyals unless otherwise stated)

11 Segment information (continued)

11.2 Segments financial information's (unaudited)

	Three-month period ended 30 September 2024			Three-month period ended 30 September 2023		
	Thobs	Fabrics	Total	Thobs	Fabrics	Total
Segment sales	57,748,694	20,811,206	78,559,900	53,260,290	19,872,726	73,133,016
Inter-segment sales	-	-	-	-	-	-
Total sales to external customers	57,748,694	20,811,206	78,559,900	53,260,290	19,872,726	73,133,016
	Nine-month period ended 30 September 2024			Nine-month period ended 30 September 2023		
	Thobs	Fabrics	Total	Thobs	Fabrics	Total
Segment sales	314,243,254	91,917,657	406,160,911	337,896,207	88,814,852	426,711,059
Inter-segment sales	-	-	-	-	-	-
Total sales to external customers	314,243,254	91,917,657	406,160,911	337,896,207	88,814,852	426,711,059

Timing of revenues recognition

	Three-month period ended 30 September 2024			Three-month period ended 30 September 2023		
	Thobs	Fabrics	Total	Thobs	Fabrics	Total
At a point of time	57,748,694	20,811,206	78,559,900	53,260,290	19,872,726	73,133,016
Over a period of time	-	-	-	-	-	-
Gross revenue	57,748,694	20,811,206	78,559,900	53,260,290	19,872,726	73,133,016
EBITDA	9,388,717	4,816,963	14,205,680	9,799,389	3,820,889	13,620,278
	Nine-month period ended 30 September 2024			Nine-month period ended 30 September 2023		
	Thobs	Fabrics	Total	Thobs	Fabrics	Total
At a point of time	314,243,254	91,917,657	406,160,911	337,896,207	88,814,852	426,711,059
Over a period of time	-	-	-	-	-	-
Gross revenue	314,243,254	91,917,657	406,160,911	337,896,207	88,814,852	426,711,059
EBITDA	75,796,780	27,404,743	103,201,523	66,198,662	26,113,885	92,312,547

Thob Al Aseel Company
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Notes to the condensed consolidated interim financial statements
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(All amounts are in Saudi Riyals unless otherwise stated)

11 Segment information (continued)

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

Total segment assets

	Thobs	Fabrics	Eliminated transactions	Total
30 September 2024 (Unaudited)	662,944,610	144,285,218	(112,935,141)	694,294,687
31 December 2023 (Audited)	657,956,669	119,700,739	(79,875,274)	697,782,134

Total segment liabilities

	Thobs	Fabrics	Eliminated transactions	Total
30 September 2024 (Unaudited)	81,507,003	77,620,152	(46,535,380)	112,591,775
31 December 2023 (Audited)	73,191,401	72,005,910	(32,114,396)	113,082,915

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

	Three-month period ended 30 September		Nine-month period ended 30 September	
	2024	2023	2024	2023
EBITDA	14,205,680	13,620,278	103,201,523	92,312,547
Depreciation and amortisation	(4,379,485)	(3,573,063)	(12,954,328)	(10,220,189)
Finance costs	(1,080,384)	(739,452)	(3,176,431)	(1,897,040)
Profit for the period before zakat	8,745,811	9,307,763	87,070,764	80,195,318

12 Earnings per share (EPS)

Earnings per share has been calculated by dividing the net profit for the periods ending on 30 September 2024 and 2023 by 400 million shares.

13 Seasonality of activity

The Group's activity and revenues are influenced by seasonal factors during the year due to the different purchasing patterns, and these changes are reflected in the financial results of the Group's business during the period. The period results are not an accurate indicator about the Group's annual results.

14 Credit Risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and will cause the other party to incur a financial loss. The Group seeks to manage its credit risk with respect to customers by setting credit limits for individual customers and by monitoring outstanding receivables.

The table below shows the maximum exposure to credit risk for significant components of the condensed consolidated interim statement of financial position:

	30 September 2024 (Unaudited)	31 December 2023 (Audited)
Bank balances	90,356,549	128,836,348
Trade and other receivables	235,546,864	195,580,995
	325,903,413	324,417,343

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(A Saudi Joint Stock Company)
Notes to the condensed consolidated interim financial statements
For the three-month and nine-month periods ended 30 September 2024
(All amounts are in Saudi Riyals unless otherwise stated)

14 Credit Risk (continued)

Credit risk on trade receivables and bank balances is limited to the following:

Bank balances

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

Trade receivables

The Group applies the simplified approach in calculating its expected credit losses as prescribed by IFRS 9 which uses the lifetime expected loss provision on such exposures. The loss provision as at 30 September 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 existence of previous financial difficulties. As at 30 September 2024, the exposure to credit risks for trade receivables by types of customers was as follows:

Trade receivables as at 30 September 2024 (unaudited)

1 *Thobs segment:*

Debt status	Expected loss rate	Total Carrying amount	Expected credit losses
Current	2.03%	19,760,543	400,974
Past due > 30 days	2.30%	14,488,657	333,548
Past due > 60 days	2.54%	11,531,751	293,284
Past due > 90 days	2.86%	20,606,653	589,415
Past due > 120 days	3.58%	62,018,376	2,221,097
Past due > 180 days	5.49%	87,289,132	4,792,369
Past due > 270 days till 1 year	10.21%	2,191,515	223,832
Past due > 1 year till 2 years	25.04%	985,529	246,774
Default customers and others that are past due for more than two years	99.91%	54,078,593	54,032,108
		272,950,749	63,133,401

2 *Fabrics segment:*

Debt status	Expected loss rate	Total Carrying amount	Expected credit losses
Current	0.66%	2,301,744	15,213
Past due > 30 days	0.81%	2,118,695	17,169
Past due > 60 days	0.88%	1,675,136	14,699
Past due > 90 days	0.98%	1,371,422	13,462
Past due > 120 days	1.27%	4,915,492	62,390
Past due > 180 days	2.09%	10,790,387	225,076
Past due > 270 days till 1 year	4.68%	730,481	34,173
Past due > 1 year till 2 years	14.08%	1,183,787	166,720
Default customers and others that are past due for more than two years	95.86%	2,580,856	2,474,050
		27,668,000	3,022,952
Total		300,618,749	66,156,353

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14 Credit Risk (continued)

Trade receivables as at 31 December 2023 (Audited)

1 Thobs segment:

Debt status	Expected loss rate	Total Carrying amount	Expected credit losses
Current	1.64%	30,681,572	502,542
Past due > 30 days	1.94%	20,455,823	397,211
Past due > 60 days	2.35%	17,175,751	404,234
Past due > 90 days	2.98%	6,975,315	207,872
Past due > 120 days	4.31%	28,412,662	1,224,944
Past due > 180 days	7.65%	56,161,303	4,296,717
Past due > 270 days till 1 year	14.93%	28,834,703	4,305,825
Past due > 1 year till 2 years	35.71%	11,197,257	3,998,452
Default customers and others that are past due for more than two years	98.90%	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 > 30 days	1.54%	713,200	10,951
Past due > 60 days	1.69%	1,321,258	22,264
Past due > 90 days	1.94%	679,779	13,208
Past due > 120 days	2.57%	1,652,136	42,533
Past due > 180 days	4.21%	2,313,586	97,466
Past due > 270 days till 1 year	8.89%	1,820,409	161,836
Past due > 1 year till 2 years	23.36%	698,137	163,098
Default customers and others that are past due for more than two years	96.15%	2,472,679	2,377,558
		12,505,239	2,899,787
Total		256,225,399	61,580,932

Sensitivity analysis for future circumstances expectations as at 30 September 2024 (Unaudited)

	Value in SR
Basic value for impairment losses in trade receivables	66,156,353
If the expectations of future circumstances increased by 10%	66,193,866
If the expectations of future circumstances decreased by 10%	66,118,843

Sensitivity analysis for future circumstances expectations as at 31 December 2023 (Audited)

	Value in SR
Basic value for impairment losses in trade receivables	61,580,932
If the expectations of future circumstances increased by 10%	61,714,201
If the expectations of future circumstances decreased by 10%	61,447,663

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14 Credit Risk (continued)

Sensitivity analysis for future circumstances expectations as at 31 December 2023 (Audited)
(continued)

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

	Trade receivable	Other receivables	Total
At 1 January 2024 (Audited)	61,580,932	1,882,213	63,463,145
Charge for the period	4,575,421	-	4,575,421
At 30 September 2024 (Unaudited)	66,156,353	1,882,213	68,038,566
	Trade receivable	Other receivables	Total
At 1 January 2023 (Audited)	94,167,477	1,820,577	95,988,054
Charge for the period	15,677,689	-	15,677,689
Write off during the period	(14,242,706)	-	(14,242,706)
At 30 September 2023 (Unaudited)	95,602,460	1,820,577	97,423,037

15 Zakat related matters

Zakat status

The Group is subject to zakat according to the regulations of the Zakat, Tax and Customs Authority ("ZATCA") in the Kingdom of Saudi Arabia. The Group files its zakat returns on consolidated basis, starting from the financial year ended 31 December 2018 and thereafter. Zakat returns were submitted up to 2023 to ZATCA. The Group also obtained a certificate of zakat valid until 20 Dhul-Qi'dah 1446H (corresponding to 30 April 2025).

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

For year 2023, the Group received a notice from ZATCA requesting additional information on the zakat return submitted for the year. The assessment is still currently under examination by ZATCA.

16 Subsequent events

In management's view, there have been no significant subsequent events since 30 June 2024 till the approval date of these condensed consolidated interim financial statements that may have significant impact on the Group condensed consolidated interim financial statements or the disclosures.

17 Board of directors' approval

These condensed consolidated interim financial statements have been approved by the Board of Directors on 20 Rabi' al-Akhir 1446H (corresponding to 23 October 2024).