Offering Period: three (3) days

Starting from	And ending on
Sunday, 8 Thul-Qi'dah 1444H corresponding to 28 May 2023G	Tuesday, 10 Thul-Qi'dah 1444H corresponding to 30 May 2023G

Almawarid Manpower Company Prospectus

A Saudi closed joint stock company pursuant to Ministry of Commerce Resolution No. 336/Q, dated 7 Sha'ban 1433H (corresponding 27 June 2012G), and with commercial registration No. 1010343697, dated 12 Sha'ban 1433H (corresponding to 2 July 2012G).

Offering of four million, five hundred thousand (4,500,000) ordinary shares representing thirty per cent. (30%) of the share capital of Almawarid Manpower Company through an initial public offering at an offer price of Sixty-four Saudi Arabian Riyals (SAR 64) per Share.

Almawarid Manpower Company (hereinafter referred to as the "**Company**" or "**Issuer**" is a Saudi closed joint stock company incorporated by virtue of Ministry of Commerce Resolution No. 336/Q, dated 7 Sha'ban 1433H (corresponding 27 June 2012G), and registered under Commercial Registration 1010343697, dated 12 Sha'ban 1433H (corresponding to 2 July 2012G) issued in Riyadh, Kingdom of Saudi Arabia (the "**Kingdom**"). The Company's head and registered office is located in Ibn Warqaa Street, ar-Rawdah District, P.O. Box 10370, Riyadh 13211, Kingdom of Saudi Arabia. As of the date of this Prospectus, the share capital of the Company is one hundred and fifty million Saudi Arabian Riyals (SAR 150,000,000), divided into fifteen million (15,000,000) ordinary shares, with a fully paid nominal value of ten Saudi Arabian Riyals (SAR 10) per share (the "**Shares**"). The Company was established as a closed joint stock company on 12 Sha'aban 1433H (corresponding to 2 July 2012G) under the name "Almawarid Recruitment Company" and registered under Commercial Registration No. 1010343697, dated 12 Sha'ban 1433H (corresponding to 2 July 2012G), with a capital of one hundred million Saudi Arabian Riyals (SAR 100,000,000), divided into ten million (10,000,000) shares with a nominal value of ten Saudi Arabian Riyals (SAR 10) per share. Pursuant to the Extraordinary General Assembly resolution dated 8 Jumada al-Akhirah 1441H (corresponding to 2 February 2020G), the Company changed its name from "Almawarid Recruitment Company" to "Almawarid Manpower Company". Pursuant to the Extraordinary General Assembly resolution dated 29 Shawwal 1443H (corresponding to 30 May 2022G), the Company's capital increased from one hundred million Saudi Arabian Riyals (SAR 100,000,000), divided into ten million (10,000,000) shares with a nominal value of ten Saudi Arabian Riyals (SAR 10) per share to one hundred and fifty million Saudi Arabian Riyals (SAR 150,000,000)divided into fifteen million (15,000,000) Shares with a nominal value of ten Saudi Arabian Riyals (SAR 10) per Share, through the capitalisation of thirty million Saudi Arabian Riyals (SAR 30,000,000) from the retained earnings account and twenty million Saudi Arabian Riyals (SAR 20,000,000) from the consensual reserve account. For further details, see Section 4.7 (*Evolution of Capital*).

As the date of this Prospectus the Company's share capital is one hundred and fifty million Saudi Arabian Riyals (SAR 150,000,000), divided into fifteen million (15,000,000) ordinary Shares with a fully paid nominal value of ten Saudi Arabian Riyals (SAR 10) per Share.

The initial public offering of the Company's Shares (the "**Offering**") will consist of four million five hundred thousand (4,500,000) Shares (collectively, the "**Offer Shares**" and each an "**Offer Share**"). The Offering price will be Sixty-four Saudi Arabian Riyals (SAR 64) per Offer Share (the "**Offer Price**"), with each Offer Share carrying a fully paid nominal value of ten Saudi Arabian Riyals (SAR 10) per Offer Share. The Offer Shares represent thirty per cent. (30%) of the issued share capital of the Company.

The Offering shall be restricted to the following two groups of investors (collectively, the "**Investors**"):

Tranche (A) Participating Parties: Comprising the parties permitted to participate in the book-building process as specified under the Book-Building Instructions (as defined in Section 1 (**Definitions and Abbreviations**)). issued by the Capital Market Authority (the "**CMA**") (collectively referred to as the "**Participating Parties**" and each a "**Participating Party**") (for further details, see Section 1 (*Definitions and Abbreviations*)). The number of Offer Shares to be provisionally allocated to the Participating Parties (collectively, the "**Participating Entities**" and each a "**Participating Entity**") is four million, five hundred thousand (4,500,000) Offer Shares, representing one hundred per cent. (100%) of the Offer Shares. The final allocation will be made after the end of the Individual Investors' subscription (as defined in Tranche (B) below), using the discretionary allocation mechanism by the Bookrunner (as defined in Section 1 (*Definitions and Abbreviations*)) in coordination with the Company. As a result, some of the Participating Entities may not be allocated any Offer Shares. The Bookrunner shall have the right, if there is sufficient demand by Individual Investors and in coordination with the Company, to reduce the number of Offer Shares allocated to Participating Entities to four million and fifty thousand (4,050,000) Offer Shares, representing ninety per cent. (90%) of the Offer Shares.

Tranche (B) Individual Investors: Comprising Saudi Arabian natural persons, including any Saudi female divorcee or widow with minor children from a marriage to a non-Saudi person who can subscribe for her own benefit or in the names of her minor children, on the condition that she proves that she is a divorcee or widow and the mother of her minor Saudi Arabian children, as well as any non-Saudi natural persons resident in the Kingdom or GCC natural persons, in each case who have a bank account with one of the Receiving Agents and are entitled to open an investment account with a Capital Market Institution (the "**Individual Investors**" and each an "**Individual Investor**", and any such Individual Investor participating in the Offering together with the Participating Entities, the "**Subscribers**"). A subscription for Offer Shares made by a person in the name of his divorced wife shall be deemed invalid and the applicant shall be subject to the sanctions prescribed by law. If a duplicate subscription is made, the second subscription will be considered void and only the first subscription will be accepted. A maximum of four hundred and fifty thousand (450,000) Offer Shares representing ten per cent. (10%) of the total Offer Shares shall be allocated to Individual Investors. If the Individual Investors do not subscribe in full to the Offer Shares allocated to them, the Bookrunner may in coordination with the Company reduce the number of Offer Shares allocated to Individual Investors in proportion to the number of Offer Shares subscribed by them.

Prior to the Offering, the Company's current shareholders (the "**Selling Shareholders**"), whose names are stated on page (ix), own all of the Shares of the Company. The Selling Shareholders will sell the Offer Shares in accordance with Table 5 (*Direct Ownership Structure of the Company Pre- and Post-Offering*)). Upon the completion of the Offering, the Selling Shareholders will collectively own seventy per cent. (70%) of the Shares and will consequently retain a controlling interest in the Company. After deducting the Offering expenses (the "**Net Offering Proceeds**"), the Offering proceeds (the "**Offering Proceeds**") will be paid to the Selling Shareholders on a pro-rata basis according to the number of Shares owned by each Selling Shareholder. The Company will not receive any part of the Offering Proceeds (for further details, see Section 8 (*Use of Proceeds*)). The Offering is fully underwritten by the Underwriter (for further details, see Section 13 (*Underwriting*)). The Company has six substantial shareholders (i.e., those who own five per cent. (5%) or more of the Company's share capital prior to the Offering), namely Alomaier Trading and Contracting Company, Al-Ayuni Investment and Contracting Company, Saudi Edarah Company, Khalda Trading Group, Almawaridkm Trading Group and Alsaraya Investment Company (the "**Substantial Shareholders**"), as set out in Table 2 (*Substantial Shareholders and their Ownership in the Company Pre- and Post-Offering*), who will be subject to a lock-up period during which they will be prohibited from selling their Shares for a period of six (6) months from the first day of trading of the Company's Shares on the Saudi Exchange ("**Tadawul**" or the "**Exchange**") (the "**Lock-up Period**") as specified on page (xi). Following the end of the Lock-up Period, the Substantial Shareholders may dispose of their Shares.

The Offering for Individual Investors will commence on Sunday, 8 Thul-Qi'dah 1444H (corresponding to 28 May 2023G) and will remain open for a period of three (3) days up to and including the closing day on Tuesday, 10 Thul-Qi'dah 1444H (corresponding to 30 May 2023G) (the "**Offering Period**"). Subscription to the Offer Shares by the Individual Investors can be made during the Offering Period through the internet, automated teller machines ("**ATMs**"), or other electronic channels offered by the Receiving Agents (the "**Receiving Agents**") listed on page (vii) to its clients (for further details, see Section 17 (*Subscription Terms and Conditions*)). Participating Entities can bid for the Offer Shares through the Bookrunner within the book-building period before the Shares are offered to the Individual Investors.

Each Individual Investor who subscribes to the Offer Shares must apply for a minimum of ten (10) Offer Shares. The maximum number of Offer Shares that can be subscribed to is two hundred and fifty thousand (250,000) Offer Shares. The minimum number of allocated Offer Shares will be ten (10) Offer Shares per Individual Investor and the remaining balance of the Offer Shares, if any, will be allocated on a pro rata basis based on the number of Offer Shares applied for by each Individual Investor. If the number of Individual Investors exceeds forty-five thousand (45,000) Individual Investors, the Company will not guarantee the minimum allocation. The Offer Shares will be allocated at the discretion of the Lead Manager in coordination with the Company. Excess subscription monies, if any, will be refunded to the Individual Investors without any charge or withholding by the relevant Receiving Agent. The announcement of the final allocation shall be made no later than Monday, 16 Thul-Qi'dah 1444H (corresponding to 5 June 2023G) and the refund of excess subscription monies, if any, will be made no later than Tuesday, 17 Thul-Qi'dah 1444H (corresponding to 6 June 2023G) further details, see "*Key Dates and Subscription Procedures*" on page (xiii) and Section 17 (*Subscription Terms and Conditions*)).

The Company has one class of ordinary Shares. Each Share entitles its holder to one vote, and each shareholder (a "**Shareholder**") has the right to attend and vote at general assembly meetings of the Company (the "**General Assembly**"). No Shareholder benefits from any preferential voting rights. The Offer Shares will entitle their holders to receive dividends declared by the Company starting from the date of this Prospectus (the "**Prospectus**") and for the subsequent financial years (for further details, see Section 7 (*Dividend Distribution Policy*)).

Prior to the Offering, there has been no public market for the Shares in the Kingdom or elsewhere. The Company has submitted an application for the registration and offer of the Shares to the CMA, and an application for the listing of the Shares on Tadawul. This Prospectus has been approved and all required documents have been submitted to the relevant authorities. All of the requirements have been met and all of the relevant regulatory and corporate approvals for the Offering have been obtained. It is expected that trading in the Shares will commence on the Exchange shortly after the final allocation of the Offer Shares and the satisfaction of the necessary conditions and procedures (for further details, see "*Key Dates and Subscription Procedures*" on page (xiii)). Saudi natural persons, non-Saudi natural persons holding valid residence permits in the Kingdom, companies, banks, and investment funds established in the Kingdom or in countries of the Cooperation Council for the Arab States of the Gulf (the "**GCC**"), as well as GCC natural persons, will be permitted to trade in the Shares after the trading on the Exchange commences. Moreover, Qualified Foreign Investors will be permitted to trade in the Shares in accordance with the QFI Rules (all as defined in Section 1 (*Definitions and Abbreviations*)). Furthermore, non-GCC natural persons who are not residents in the Kingdom and non-GCC institutions incorporated outside the Kingdom (collectively, the "**Foreign Investors**" and each a "**Foreign Investor**") will be permitted to make indirect investments to acquire an economic interest in the Shares by entering into a swap agreement with a capital market institution licensed by the CMA to acquire, hold and trade the Shares on the Exchange on behalf of a Foreign Investor (the "**Capital Market Institution**"). Under such swap agreements, the Capital Market Institutions will be the registered legal owner of such Shares.

Investment in the Offer Shares involves certain risks and uncertainties. For a discussion of certain factors to be carefully considered before determining whether to subscribe for the Offer Shares, the "*Important Notice*" section on page (i) and Section 2 (*Risk Factors*) of this Prospectus should be considered.

Financial Advisor, Lead Manager, Bookrunner and Underwriter

Receiving Agents

This Prospectus includes information provided as part of the application for the registration and offer of securities in compliance with the Rules on the Offer of Securities and Continuing Obligations issued by the Capital Market Authority in the Kingdom of Saudi Arabia (the "CMA") and the application for listing of securities in compliance with the requirements of the Listing Rules of the Saudi Exchange. The Directors, whose names appear on page (vi), collectively and individually, accept full responsibility for the accuracy of the information contained in this Prospectus and confirm, having made all reasonable enquiries, that to the best of their knowledge and belief, there are no other facts the omission of which would make any statement herein misleading. The CMA and the Exchange do not take any responsibility for the contents of this Prospectus or make any representations as to its accuracy or completeness, and expressly disclaim any liability whatsoever for any loss arising from, or incurred in reliance upon, any part of this Prospectus.

This Prospectus is an unofficial English translation of the official Arabic Prospectus and is provided for information purposes only. The Arabic Prospectus published on the CMA's website (www.cma.org.sa) remains the only official, legally binding version and shall prevail in the event of any conflict between the two language versions.

This Prospectus is dated 2 Jumada al-Akhirah 1444H (corresponding to 26 December 2022G).

الموارد
للقوى البشرية
Al Mawarid
manpower

مساند
Musanid
Musanid almarafiq for O&M

سواعد
Sawaid
للتوظيف

همّة
hemah

mawarid.com.sa
920027202
@MawaridManpower

Local Source
Global Reach

مصدر محلي
امتداد عالمي

IMPORTANT NOTICE

This Prospectus contains detailed and accurate information related to the Company and the Offer Shares. When submitting an application for the Offer Shares, institutional and individual investors will be treated as applying solely on the basis of the information contained in this Prospectus, which is available at the websites of the Company (www.mawarid.com.sa), the CMA (www.cma.org.sa), the Exchange (www.saudiexchange.sa), and the Financial Advisor (www.aljaziracapital.com.sa).

With respect to the Offering, Aljazira Capital has been appointed by the Company as the financial advisor (the "**Financial Advisor**"), lead manager (the "**Lead Manager**"), bookrunner (the "**Bookrunner**") and underwriter (the "**Underwriter**"). For further details, see Section 13 (*Underwriting*).

This Prospectus includes information that has been presented in accordance with the Rules on the Offer of Securities and Continuing Obligations issued by the CMA. The Directors (as defined below), whose names appear on page (iv), collectively and individually, accept full responsibility for the accuracy of the information contained in this Prospectus, and they affirm that according to their knowledge and belief, and after undertaking all possible reasonable enquiries, there are no other facts the omissions of which would make any statement contained herein misleading.

While the Company has made all reasonable enquiries as to the accuracy of the information contained in this Prospectus as of the date hereof, a substantial portion of the information in this Prospectus relevant to the markets and industry in which the Company operates is derived from external sources. While neither the Company, the Selling Shareholders, the Financial Advisor nor any of the Company's other advisors, whose names appear on pages (vi) and Section 2 (*Risk Factor*)) of this Prospectus (together with the Financial Advisor, the "**Advisors**"), have any reason to believe that any of the market and industry information is materially inaccurate, neither the Company, the Selling Shareholders nor any of the Advisors has independently verified such information, and no representation or assurance is made with respect to the accuracy or completeness of any of this information.

The information contained in this Prospectus as of the date hereof is subject to change. In particular, the actual financial position of the Company and the value of the Offer Shares may be adversely affected by future developments, such as inflation, interest rates, taxation or other economic, political or other factors, over which the Company has no control (for further details, see Section 2 (*Risk Factors*)). Neither the delivery of this Prospectus nor any oral, written or printed information in relation to the Offer Shares is intended to be, or should be construed as, or relied upon in any way, as a promise, affirmation or representation as to future earnings, results or events.

This Prospectus is not to be regarded as a recommendation on the part of the Company, the Directors, the Selling Shareholders, the Receiving Agents or the Advisors to participate in the Offering. Moreover, the information provided in this Prospectus is of a general nature and has been prepared without taking into account individual investment objectives, the financial situation or the particular investment needs of the persons who intend to invest in the Offer Shares. Prior to making an investment decision, each recipient of this Prospectus is responsible for obtaining independent professional advice from a CMA licensed financial advisor in relation to the Offering and must rely on its own examination of the Company and the appropriateness of both the investment opportunity and the information herein with regard to the recipient's individual objectives, financial situation and needs, including the merits and risks involved in investing in the Offer Shares. An investment in the Offer Shares may be appropriate for some investors but not others, and prospective investors should not rely on another party's decision whether to invest as a basis for their own examination of the investment opportunity and such investor's individual circumstances.

The Offering is directed at, and may only be accepted by:

Tranche (A): Participating Parties comprising the parties permitted to participate in the book-building process as specified under the Book-Building Instructions, including investment funds, companies, Qualified Foreign Investors, GCC Corporate Investors and certain other Foreign Investors pursuant to swap agreements (for further details, see Section 1 (*Definitions and Abbreviations*)).

Tranche (B): Individual Investors comprising Saudi Arabian natural persons, including any Saudi female divorcee or widow with minor children from a marriage to a non-Saudi person who can subscribe for her own benefit or in the names of her minor children, on the condition that she proves that she is a divorcee or widow and the mother of her minor Saudi Arabian children, as well as any non-Saudi natural persons resident in the Kingdom or GCC natural persons, in each case who have a bank account with one of the Receiving Agents and who are entitled to open an investment account with a Capital Market Institution. A subscription for Offer Shares made by a person in the name of his divorced wife shall be deemed invalid and the applicant shall be subject to the sanctions prescribed by law. If a duplicate subscription is made, the second subscription will be considered void and only the first subscription will be accepted.

The distribution of this Prospectus and the sale of the Offer Shares in any country other than the Kingdom are expressly prohibited, except for certain GCC investors, Qualified Foreign Investors, and/or certain other Foreign Investors through swap agreements. The Offering does not constitute an offer to sell, or solicitation of an offer to buy, securities in any jurisdiction in which such offer or solicitation would be unlawful or prohibited. All of the recipients of this Prospectus must inform themselves of any legal restrictions relevant to the Offering and the sale of Offer Shares and observe all such restrictions. Both eligible Individual Investors and Participating Entities must read this Prospectus in full and seek advice from their attorneys, financial advisors, and any professional advisors regarding statutory, tax, regulatory, and economic considerations related to their investment in the Offer Shares, and they will personally bear the fees associated with that advice derived from their attorneys, accountants, and other advisors regarding all matters related to investment in the Offer Shares. There is no guarantee that any profits will be realised from an investment in the Offer Shares.

MARKET AND INDUSTRY DATA

Unless the source is otherwise stated, the market, economic and industry data in this Prospectus constitute the Company's estimates, using underlying data from independent third parties. Statistics, data and other information relating to markets, market sizes, market shares, market positions and other industry data pertaining to the Company's business and markets in this Prospectus are based on published and publicly available data obtained from multiple independent third-party sources.

In particular, unless otherwise specifically stated, the information in Section 3 (*Market and Industry Data*) is derived from public sources and the market study report dated June 2022G prepared by Arthur D. Little Saudi Arabia] (the "**Market Study Consultant**") exclusively for the Company. The Market Study Consultant is an independent third-party provider of strategic consulting services. For further details about the Market Study Consultant, visit its website (www.adlittle.com).

The Market Study Consultant has prepared this study in an independent and objective manner, and it has taken adequate care to ensure its accuracy and completeness. Research has been conducted with an overall industry perspective, and it may not necessarily reflect the performance of individual companies in the industry.

Neither the Market Study Consultant nor does any of its subsidiaries, affiliates, partners, shareholders, directors, managers or their relatives own any shares or any interest of any kind in the Company or its Subsidiaries. As of the date of this Prospectus, the Market Study Consultant has given, and not withdrawn, its written consent for the use of its name and logo and the market information and data supplied by it to the Company in the manner and format set out in this Prospectus.

The information provided in Section 3 (*Market and Industry Data*) by the Market Study Consultant is based on primary and secondary information available internally or in the public domain and should be read in conjunction with the same. Quantitative market information was sourced from interviews by way of primary research, and therefore, the information is subject to change due to possible changes in the business and industry climate. Market estimates and assumptions are based on varying levels of quantitative and qualitative analyses, and actual results and future events could differ materially from such estimates, predictions or statements.

In its role as market consultant, the Market Study Consultant is only providing market research and the information provided by the Market Study Consultant from public data sources is not to be construed as investment, legal or any other type of advice about the Company.

Whilst the Directors believe that the information and data from third party sources contained in this Prospectus, including those derived from public sources or provided by the Market Study Consultant, are reliable, such information and data have not been independently verified by the Company, the Directors, the Advisors or the Selling Shareholders, and thus none of them bears any liability for the accuracy or completeness of such information or data.

FINANCIAL AND STATISTICAL INFORMATION

The Company's audited consolidated financial statements for the financial years ended 31 December 2019G, 2020G and 2021G, and the reviewed consolidated financial statements for the six-month period ended 30 June 2022G have been prepared in accordance with International Financial Reporting Standards ("**IFRS**") as endorsed in the Kingdom and other standards and pronouncements issued by the Saudi Organisation for Chartered and Professional Accountants ("**SOCPA**"), and have been audited by KPMG Professional Services, for the financial years ended 31 December 2019G, 2020G and 2021G, and the reviewed consolidated financial statements for the six-month period ended 30 June 2022G (the "**Auditors**"), as set out in the audit reports on these statements. Such statements are contained in Section 19 (*Financial Statements and Auditors' Report*).

The Company prepares its financial statements in Saudi Arabian Riyals. Since the financial year ended 31 December 2018G, the Company has prepared its financial statements in accordance with IFRS endorsed in the Kingdom and other standards and pronouncements issued by SOCPA (for further details on the financial information of the Company, see Section 6 (*Management's Discussion and Analysis of Financial Position and Results of Operations*).

The financial and statistical information contained in this Prospectus is rounded off to the nearest integer. Accordingly, where numbers have been rounded up or down, there may be minor differences between the figures set out in this Prospectus and the financial statements and certain financial amounts presented in this Prospectus may not correspond or add up to the financial information included elsewhere in this Prospectus.

Unless otherwise expressly provided in this Prospectus, any references to "year" or "years" include references to Gregorian years.

FORECASTS AND FORWARD-LOOKING STATEMENTS

The forecasts set forth in this Prospectus have been prepared on the basis of assumptions based on the Company's information according to its market experience, as well as on publicly available market information. Future operating conditions may differ from the assumptions used and consequently no affirmation, representation, or warranty is made with respect to the accuracy or completeness of any of these forecasts. The Company confirms, to the best of its reasonable knowledge, that the statements were prepared with the necessary due diligence.

Certain statements in this Prospectus constitute, or may be deemed to constitute, "forward-looking statements". Such statements can generally be identified by their use of forward-looking words and terms, such as "intends", "plans", "estimates", "believes", "expects", "anticipates", "may", "will", "should", "expected", "would be" or the negatives thereof or other variations of such terms or comparable terminology. These forward-looking statements reflect the views of the Company as of the date of this Prospectus with respect to future events but are not a guarantee of future performance. Many factors could cause the actual results, performance or achievements of the Company to be significantly different from any future results, performance or achievements that may be expressed or implied. Some of the risks and factors that could have such an effect are described in more detail (for more details, see Section 2 (*Risk Factors*)). Should any of these risks or uncertainties materialise or any underlying assumptions prove to be incorrect or inaccurate, the Company's actual results may vary materially from those described as estimated, believed, expected or planned in this Prospectus.

Subject to the requirements of the Rules on the Offer of Securities and Continuing Obligations, the Company must submit a supplementary prospectus to the CMA if, at any time after the publication of this Prospectus and before the completion of the Offering, the Company becomes aware of: (i) a significant change in any material information contained in this Prospectus or any document required under the Rules on the Offer of Securities and Continuing Obligations; or (ii) the occurrence of additional significant matters which would have been required to be included in this Prospectus. Except for the aforementioned circumstances, the Company does not intend to update or otherwise revise any industry or market information or forward-looking statements in this Prospectus, whether as a result of new information, future events or otherwise. As a result of the aforementioned and other risks, uncertainties and assumptions, the expectations of future events and circumstances set forth in this Prospectus may not occur as expected by the Company or may not occur at all. Consequently, prospective investors should consider and review all forward-looking statements in light of these explanations and should not place undue reliance on them.

DEFINITIONS AND ABBREVIATIONS

For an explanation of certain defined terms and abbreviations used in this Prospectus, see Section 1 (*Definitions and Abbreviations*).

CORPORATE DIRECTORY

Company's Board of Directors

The Company is managed by a Board of Directors comprised of seven members in accordance with the Company's Bylaws, as is set out in the following table:

Table (1): Company's Board of Directors

Name	Position	Nationality	Status and Independence	Direct Share Ownership Pre-Offering	Direct Share Ownership Post-Offering	Indirect Share Ownership[1] Pre-Offering	Indirect Share Ownership[1] Post-Offering	Date of Appointment[2]
Ahmad Mohammed Othman Alrakban	Chairman	Saudi	Non-Executive / Independent	-	-	-	-	13 Rabi' al-Awwal 1444H (corresponding to 09 October 2022G)
Abdullah Ibrahim Mohammed Alomaier[3]	Vice Chairman	Saudi	Non-Executive / Non-Independent	-	-	3.15%	2.20%	13 Rabi' al-Awwal 1444H (corresponding to 09 October 2022G)
Riyadh Ibrahim Romaizan Alromaizan	Director and CEO	Saudi	Executive / Non-Independent	1.57 %	1.09%	-	-	13 Rabi' al-Awwal 1444H (corresponding to 09 October 2022G)
Tariq Ali Mohammed Alawaji[4]	Director	Saudi	Non-Executive / Non-Independent	-	-	1.11%	0.78%	13 Rabi' al-Awwal 1444H (corresponding to 09 October 2022G)
Yousef Abdullah Ibrahem Alolayan	Director	Saudi	Non-Executive / Independent	-	-	-	-	13 Rabi' al-Awwal 1444H (corresponding to 09 October 2022G)
Ahmad Mohammed Saleh Aleisa	Director	Saudi	Non- Executive / Non-Independent	-	-	-	-	13 Rabi' al-Awwal 1444H (corresponding to 09 October 2022G)
Abdulaziz Othman Mohammed Alnassir[4]	Director	Saudi	Non- Executive / Independent	-	-	-	-	13 Rabi' al-Awwal 1444H (corresponding to 09 October 2022G)

Source: The Company.

(1) For further details on the Company's ultimate individual owners and their indirect ownership stakes in the Company, see Section 4.8 (*Current Shareholding Structure*) of this Prospectus.

(2) The dates listed in this table are the dates of appointment to the current positions in the Board of Directors. Their biographies in Section 5.2.4 (*Biographies of the Directors and the Secretary*) describe the dates of their appointment to the Board of Directors and any other positions.

(3) Abdullah Ibrahim Mohammad Alomaier holds an indirect ownership stake in the Company of 3.15 per cent. prior to the Offering, as a result of holding an ownership stake of 8.95 per cent. in Alomaier Trading and Contracting Co. (which holds a direct ownership stake in the Company of 34.20 per cent.) and 4.99 per cent. in Wajehat Al Zulfi Real Estate Company, which holds 33 per cent. in Al Saraya Investment Company (which in turn holds a direct ownership stake in the Company of 5.20 per cent.).

(4) Tarek Ali Muhammad Al Awaji holds an indirect ownership stake in the Company of 1.11 per cent. prior to the Offering, as a result of holding an ownership stake of 15.39 per cent. in Khalda Trading Group (which holds a direct ownership stake in the Company of 7.21 per cent).

COMPANY'S REGISTERED ADDRESS, REPRESENTATIVES, BOARD SECRETARY

Company

Almawarid Manpower Company
Ibn Warqaa Street, Ar-Rawdah District
P.O. Box: 10370, Riyadh 13211
Kingdom of Saudi Arabia
Tel: + 966 (11) 289 9159
Fax: + 966 (11) 2541589
Website: www.mawarid.com.sa
E-mail: info@mawarid.com.sa

Company's Representatives

Ahmad Mohammed Othman Alrakban
Chairman of the Board
Almawarid Manpower Company
Ibn Warqaa Street, Ar-Rawdah District
P.O. Box: 10370, Riyadh 13211
Kingdom of Saudi Arabia
Tel: + 966 (11) 2899188
Fax: + 966 (11) 2541589
Website: www.mawarid.com.sa
E-mail: a.alrukban@mawarid.com.sa

Riyadh Ibrahim Romaizan Alromaizan
Director and Chief Executive Officer
Almawarid Manpower Company
Ibn Warqaa Street, Ar-Rawdah District
P.O. Box: 10370, Riyadh 13211
Kingdom of Saudi Arabia
Tel: + 966 (11) 2899188
Fax: + 966 (11) 2541589
Website: www.mawarid.com.sa
E-mail: riyadh@mawarid.com.sa

Secretary of the Board of Directors

FAISAL KHALED ALI ALROWIS
Secretary of the Board of Directors
Almawarid Manpower Company
Ibn Warqaa Street, Ar-Rawdah District
P.O. Box: 10370, Riyadh 13211
Kingdom of Saudi Arabia
Tel: + 966 966 (11) 2899188
Fax: + 966 (11) 2541589
Website: www.mawarid.com.sa
Email: boardsecertary@mawarid.com.sa

Stock Exchange

Saudi Exchange (Tadawul)
Tawuniya Towers, Northern Tower
King Fahad Road, Al Olaya 6897
Unit No. 15, Riyadh 12211-3388
Kingdom of Saudi Arabia
Tel: + 966 (11) 92000 1919
Fax: + 966 (11) 218 9133
Website: www.saudiexchange.sa
E-mail: sa.csc@saudiexchange.sa

Share Registrar

Securities Depository Centre Company (Edaa)
Tawuniya Towers
King Fahad Road, Al Olaya 6897
Unit No. 11, Riyadh 12211- 3388
Kingdom of Saudi Arabia
Tel: + 966 920026000
Website: www.edaa.com.sa
E-mail: cc@edaa.com.sa

ADVISORS

Financial Advisor, Lead Manager, Bookrunner and Underwriter
Aljazira Capital (Aljazira Capital) King Fahad Branch Road, Arrahmaniyyah P.O. Box 20438, Riyadh 11455 Kingdom of Saudi Arabia Tel: +966 (11) 225 6000 Fax: +966 (11) 225 6182 Website: www.aljaziracapital.com.sa Email: ipo@aljaziracapital.com.sa
Legal Advisor
Zeyad Yousef AlSalloum and Yazeed Abdulrahman AlToaimi Company for Legal Services and Consultation Sky Towers, North Tower, 2nd Floor 8899, King Fahd Road, Al Olaya P.O. Box 230020, Riyadh 11321 Kingdom of Saudi Arabia Tel: +966 (11) 272 0003 Fax: +966 (11) 237 0005 Website: www.statlawksa.com E-mail: capitalmarkets@statlawksa.com
Financial Due Diligence Advisor
PricewaterhouseCoopers Public Accountants (PwC) Kingdom Tower, twenty-first floor King Fahd Road P.O. Box 8282, Riyadh 11482 Kingdom of Saudi Arabia Tel: +966 (11) 211 0400 Fax: +966 (11) 211 0401 Website: www.pwc.com Email: imad.matar@pwc.com
Company's Auditors for the Years 2019G, 2020G and 2021G and the Six-Month Period Ended 30 June 2022G
KPMG Professional Services Riyadh Front, Airport Road P.O. Box 92876, Riyadh 11663 Kingdom of Saudi Arabia Tel: +966 (11) 874 8500 Fax: +966 (11) 874 8600 Website: www.kpmg.com.sa Email: marketingsa@kpmg.sa
Market Study Consultant
Arthur D. Little Saudi Arabia Office 502, fifth floor, Entrance D P.O Box 305005, Riyadh 11361 Kingdom of Saudi Arabia Tel: + 966 (11) 293 0023 Fax: + 966 (11) 293 0490 Website: www.adlittle.com.sa E-mail: gm_ksa@adlittle.com

Note: All of the above-mentioned Advisors and Auditors have given and, as of the date of this Prospectus, have not withdrawn their written consent to the inclusion of their respective names, addresses, logos and statements attributed to each of them in the context in which they appear in this Prospectus, and neither they, nor their employees (forming part of the engagement team serving the Company), or any of their employees' relatives have any shareholding or interest of any kind in the Company or its Subsidiaries as of the date of this Prospectus which would impair their independence.

Receiving Agents	
Bank AlJazira King Abdulaziz Road P.O. Box 6277, Jeddah 21442 Kingdom of Saudi Arabia Tel: +966 (12) 609 8888 Fax: +966 (12) 609 8881 Website: www.baj.com.sa Email: info@baj.com.sa	بنك الجزيرة BANK ALJAZIRA
Alrajhi Bank King Fahad Road P.O. Box 28, Riyadh 11411 Kingdom of Saudi Arabia Tel: +966 (11) 828 2515 Fax: +966 (11) 279 8190 Website: www.alrajhibank.com.sa Email: contactcenter1@alrajhibank.com.sa	مصرف الراجحي alrajhi bank

OFFERING SUMMARY

This Offering Summary is intended to provide a brief overview of the information contained in this Prospectus. As such, it does not contain all of the information that may be important to prospective investors. Accordingly, this summary must be read as an introduction to this Prospectus, and prospective investors should read this entire Prospectus in full. Any decision to invest in the Offer Shares by prospective investors should be based on a consideration of this Prospectus as a whole and not be based solely on this summary.

In particular, it is important to carefully consider the "*Important Notice*" section on page (i) and Section 2 (*Risk Factors*) prior to making any investment decision with respect to the Offer Shares.

Company Name, Description and Establishment Information	Almawarid Manpower Company is a Saudi closed joint stock company established pursuant to Ministry of Commerce Resolution No. 336/Q, dated 7 Sha'ban 1433H (corresponding to 27 June 2012G), registered under Commercial Register No. 1010343697, dated 8 Thul-Hijjah 1433H (corresponding to 2 July 2012G), issued in the city of Riyadh in the Kingdom. The Company's head office is located on Ibn Warqaa Street, Ar-Rawdah District, P.O. Box 10370, Riyadh 13211, Kingdom of Saudi Arabia. The Company was established as a closed joint stock company on 12 Sha'ban 1433H (corresponding to 2 July 2012G) under the name "Al Mawarid Recruitment Company" under Commercial Registration No. 1010343697, dated 12 Sha'ban 1433H (corresponding to 2 July 2012G) with a capital of one hundred million Saudi Riyals (SAR 100,000,000) divided into ten million (10,000,000) shares, with a nominal value of ten Saudi Riyals (SAR 10) per share. Pursuant to the Extraordinary General Assembly resolution dated 8 Jumada al-Akhirah 1441H (corresponding to 2 February 2020G), the Company's name was changed from "Almawarid Recruitment Company" to "Almawarid Manpower Company". Pursuant to the Extraordinary General Assembly resolution dated 29 Shawwal 1443H (corresponding to 30 May 2022G), the Company's capital increased from one hundred million Saudi Riyals (SAR 100,000,000), divided into ten million (10,000,000) shares with a nominal value of ten Saudi Riyals (SAR 10) per share, to one hundred and fifty million Saudi Riyals (SAR 150,000,000) divided into fifteen million (15,000,000) Shares with a nominal value of ten Saudi Riyals (SAR 10) per share, through the capitalisation of thirty million Saudi Riyals (SAR 30,000,000) from the retained earnings account and twenty million Saudi Riyals (SAR 20,000,000) from the consensual reserve account. (For further details about the Company's history, see Section 4.7 (*Evolution of Capital*)).
Company's Activities	In accordance with the Bylaws, the Company's activities consist of the following: – activities of providing employees for the client's business for limited periods in order to temporarily supplement or support the client's labour force; – recruitment services of daily labour; – recruitment services of Saudis; – recruitment services of temporary domestic labour; – temporary employment agency activities for home services; and – activities of households as employers of domestic personnel outside the home. In accordance with the main Commercial Registration certificate, the Company's activities consist of labour recruitment services. As of the date of this Prospectus, the Group's three principal business segments consist of the following (for more details, see Section 4.5 (*Overview of the Group's Business*)): – **Corporate Segment:** this segment represents revenue generated from corporate clients, mainly in connection with the following client industries: maintenance companies, restaurants, construction and contracting, transportation and hospitals. The contracts signed under the Corporate Segment have an average length of two years. The billing is on a monthly basis, and payments from clients are due within 60 days from the invoice date. There are no fixed prices for providing services to the Corporate Segment, as the price depends mainly on the salary of the workers, based on their profession, skills and competence; – **Individual Segment - Contractual:** this segment represents revenue generated from contracts signed with individual customers, mainly in connection with housemaids, cleaners and private drivers. The invoices are paid in advance (except for automatically renewed contracts with existing customers). In the six-month period ended 30 June 2022G, the average secondment service price ranged from SAR 2,000 to SAR 3,500 per month, based on the competence and salary of the worker; and – **Individual Segment - Hourly Rental:** this segment represents revenue generated from individual customers on an hourly basis, mainly in connection with housemaids and cleaners. In the three-month period ended 30 June 2022G, the average service price ranged from SAR 90 to SAR 140 per visit, based on the competence and salary of the worker and the timing of the visit (morning/evening).

Substantial Shareholders	The names of the Substantial Shareholders and their ownership in the Company pre- and post-Offering are provided in the table below:

Table (2): Substantial Shareholders and Their Ownership in the Company Pre- and Post-Offering

Shareholder	Pre-Offering			Post-Offering		
	Number of Shares	Ownership (%)[1]	Overall Nominal Value (SAR)	Number of Shares	Ownership (%)[1]	Overall Nominal Value (SAR)
Alomaier Trading and Contracting Company)	5,129,481	34.20%	51,294,810	3,590,637	23.94%	35,906,370
Al-Ayuni Investment and Contracting Company	5,129,481	34.20%	51,294,810	3,590,637	23.94%	35,906,370
Saudi Edarah Company[2]	1,418,625	9.46%	14,186,250	993,037	6.62%	9,930,370
Khalda Trading Group	1,082,250	7.21%	10,822,500	757,575	5.05%	7,575,750
Almawarid kom Trading Group	999,627	6.66%	9,996,270	699,739	4.66%	6,997,390
Alsaraya Investment Company	780,244	5.20%	7,802,440	546,171	3.64%	5,461,710
Total	**14,539,708**	**96.93%**	**145,397,080**	**10,177,796**	**67.85%**	**101,777,960**

Source: The Company.

(1) The ownership percentages are rounded.

(2) Saudi Edarah Company holds an ownership stake of 2,200 shares (22 per cent.) in Alsaraya Investment Company (which holds a direct ownership of 780,244 Shares in the Company). As a result, Saudi Edarah Company holds an indirect ownership stake of 171,653 shares (1.14 per cent.) in the Company.

Company's Share Capital	One hundred and fifty million Saudi Arabian Riyals (SAR 150,000,000).
Total Number of Company's Shares	The number of the Company's shares before the Offering is fifteen million (15,000,000) fully paid Shares.
Nominal Value per Share	SAR 10 per Share.
Offering	The initial public offering of the Company's Shares will consist of four million, five hundred thousand (4,500,000) Shares, representing 30 per cent. (30%) of the Company's capital and at an Offer Price of Sixty-four Riyals (SAR 64) per Offer Share.
Total Number of Offer Shares	Four million five hundred thousand (4,500,000) Shares.
Percentage of Offer Shares to the Total Number of Issued Shares	The Offer Shares represent 30 per cent. (30%) of the Company's share capital.
Offer Price	Sixty-four Riyals (SAR 64) per Offer Share.
Total Value of Offer Shares	Two hundred and eighty-eight million Riyals (SAR 288,000,000).
Use of Proceeds	The Net Offering Proceeds amounting to approximately Two hundred seventy-three million Riyals (SAR 273,000,000) (after deducting the Offering expenses estimated at Fifteen million Riyals (SAR 15,000,000)), will be paid to the Selling Shareholders on a pro rata basis according to the number of Offer Shares being sold by each Selling Shareholder. The Company will not receive any part of the Offering Proceeds (for further details, see Section 8 (*Use of Proceeds*)).
Total Number of Shares Underwritten	Four million five hundred thousand (4,500,000) ordinary Shares.
Total Offering Amount Underwritten	Two hundred and eighty-eight million Riyals (SAR 288,000,000).

Categories of Targeted Investors	Subscription to the Offer Shares is restricted to two groups of Investors, namely: – **Tranche (A)** Participating Parties: This tranche includes parties permitted to participate in the book-building process in accordance with the Book-Building Instructions, including investment funds, companies, Qualified Foreign Investors, GCC Corporate Investors and certain other Foreign Investors pursuant to swap agreements (for more details, see Section 1 (*Definitions and Abbreviations*)); and – **Tranche (B)** Individual Investors: This tranche includes Saudi Arabian natural persons, including any Saudi female divorcee or widow with minor children from a marriage to a non-Saudi person who can subscribe for her own benefit or in the names of her minor children, on the condition that she proves that she is a divorcee or widow and the mother of her minor Saudi Arabian children, as well as any non-Saudi natural persons resident in the Kingdom or GCC natural persons, in each case who have a bank account with one of the Receiving Agents and are entitled to open an investment account with a Capital Market Institution. A subscription for Offer Shares made by a person in the name of his divorced wife shall be deemed invalid and the applicant shall be subject to the sanctions prescribed by law. If a duplicate subscription is made, the second subscription will be considered void and only the first subscription will be accepted.
The Total Number of Shares Offered for Each Category of Targeted Investors	
The Number of Shares Offered for the Participating Parties	Four million five hundred thousand (4,500,000) Shares, representing 100 per cent. of the Offer Shares. If there is sufficient demand from Individual Investors and the Participating Entities subscribe to all of the Offer Shares allocated to them, the Bookrunner in coordination with the Company, have the right to reduce the number of Shares allocated to the Participating Entities to four million and fifty thousand (4,050,000) Offer Shares, representing 90 per cent. Of the Offer Shares.
Number of Offer Shares Available to Individual Investors	A maximum of four hundred and fifty thousand (450,000) Offer Shares, representing 10.0 per cent. of the Offer Shares.
Subscription Method for Each of the Targeted Investors' Categories:	
Subscription Method for Participating Parties	The Participating Parties as identified in Section 1 (*Definitions and Abbreviations*) may apply for participation in the book-building process by filling out a Bidding Participation Application that will be provided by the Bookrunner for the Participating Entities during the book-building process period. After the provisional allocation, the Participating Entities shall complete the Subscription Application Forms that will be made available to them by the Bookrunner in accordance with the instructions mentioned in Section 17 (*Subscription Terms and Conditions*).
Subscription Method for Individual Investors	Subscription Application Forms will be provided during the Offering Period by the Receiving Agents. They must be completed in accordance with the instructions mentioned in Section 17 (*Subscription Terms and Conditions*). Individual Investors can also subscribe through the Internet, ATMs or any other electronic channels offered by the Receiving Agents, provided that: (i) the Individual Investor has a bank account at a Receiving Agent which offers such services; (ii) there have been no changes in the personal information or data of the Individual Investor since his subscription in a recent initial public offering; and (iii) Individual Investors who are not Saudi or GCC natural persons have an account at one of the Capital Market Institutions which offer such services.
Minimum Number of Offer Shares to be Applied for by Each of the Targeted Investors' Categories:	
Minimum Number of Offer Shares to be Applied for by Participating Entities	One hundred thousand (100,000) Offer Shares.
Minimum Number of Offer Shares to be Applied for by Individual Investors	Ten (10) Offer Shares.
Minimum Subscription Amount for Each of the Targeted Investors' Categories:	
Minimum Subscription Amount for Participating Entities	Six million four hundred thousand Riyals (SAR 6,400,000).
Minimum Subscription Amount for Individual Investors	Six hundred forty Riyals (SAR 640).
Maximum Number of Offer Shares to be Applied for by Each of the Targeted Investors' Categories:	
Maximum Number of Offer Shares to be Applied for by Participating Entities	749,999 Offer Shares and, in relation to public funds only, no more than the maximum number of Offer Shares to be calculated for each participating public fund pursuant to the Book-Building Instructions.
Maximum Number of Offer Shares to be Applied for by Individual Investors	250,000 Offer Shares.

Maximum Subscription Amount for Each of the Targeted Investors' Categories:	
Maximum Subscription Amount for Participating Entities	Forty-seven million nine hundred ninety-nine thousand nine hundred thirty-six Riyals (SAR 47,999,936).
Maximum Subscription Amount for Individual Investors	Sixteen million Riyals (SAR 16,000,000).
Allocation and Refund of Excess Subscription Monies Method for Each of the Targeted Investors' Categories:	
Allocation of Offer Shares to Participating Entities	The final allocation of the Offer Shares to Participating Entities shall be made through the Bookrunner after the completion of the Individual Investors' subscription process as the Bookrunner deem appropriate in coordination with the Issuer, using the discretionary allocation mechanism. As a result, some of the Participating Entities may not be allocated any Offer Shares. The number of Offer Shares to be provisionally allocated to Participating Entities is four million five hundred thousand (4,500,000) Shares, representing 100 per cent. of the Offer Shares. If there is sufficient demand by Individual Investors for the Offer Shares, the Bookrunner, in coordination with the Issuer, shall have the right to reduce the number of Offer Shares allocated to Participating Entities to four million and fifty thousand (4,050,000) Offer Shares as a minimum, representing 90 per cent. of the Offer Shares.
Allocation of Offer Shares to Individual Investors	The allocation of the Offer Shares to Individual Investors is expected to be completed no later than Monday, 16 Thul-Qi'dah 1444H (corresponding to 5 June 2023G). The minimum allocation per Individual Investor is ten (10) Offer Shares, and the maximum allocation per Individual Investor is two hundred and fifty thousand (250,000) Offer Shares, with the remaining Offer Shares, if any, being allocated on a pro-rata basis of the number of Offer Shares applied for by that Individual Investor to the total Offer Shares. If the number of Individual Investors exceeds forty-five thousand (45,000) Individual Investors, the Company will not guarantee the minimum allocation of ten (10) Offer Shares for each Individual Investor. In this case, the Offer Shares will be allocated at the discretion of the Lead Manager in coordination with the Company.
Refund of Excess Subscription Monies	Excess subscription monies, if any, will be refunded to Subscribers without withholding any charge or commission by the Lead Manager or the Receiving Agents, as applicable. The announcement of the final allocation will be made no later than Monday, 16 Thul-Qi'dah 1444H (corresponding to 5 June 2023G). For further details, see "*Key Dates and Subscription Procedures*" on page (xiii) and Section 17 (*Subscription Terms and Conditions*).
Offering Period for Individual Investors	The Offering will commence on Sunday, 8 Thul-Qi'dah 1444H (corresponding to 28 May 2023G) and will remain open for a period of three (3) days up to and including the Offering closing date on Tuesday, 10 Thul-Qi'dah 1444H (corresponding to 30 May 2023G). For further details, see "*Key Dates and Subscription Procedures*" on page (xiii).
Entitlement to Dividends	The Offer Shares will entitle their holders to receive any dividends declared by the Company starting from the date of this Prospectus and for the subsequent financial years (for further details, see Section 7 (*Dividend Distribution Policy*)).
Voting Rights	The Company has one class of Shares only. None of the Shares carries any preferential voting rights. Each Share entitles its holder to one vote and each Shareholder has the right to attend and vote at the meetings of the General Assembly. A Shareholder has the right to delegate another person, but not a Director or employee of the Company, to attend the General Assembly meetings (for further details, see Section 12.13 (*Bylaws*) and Section 12.14 (*Share Description*)).
Restrictions on the Shares (Lock-up Period)	The Substantial Shareholders are subject to a Lock-up Period of six (6) months from the date on which trading of the Offer Shares on the Exchange commences. They may not dispose of any of their Shares during such period. Following the end of the Lock-up Period, the Substantial Shareholders may dispose of their Shares (for further details regarding Substantial Shareholders, see Table 2 (*Substantial Shareholders and their Ownership in the Company*).
Listing of Shares	Prior to the Offering, the Shares have not been listed in the Kingdom or elsewhere. An application has been made by the Company to the CMA for the registration and offer of the Shares in accordance with the Rules on the Offer of Securities and Continuing Obligations. The Company has also submitted an application to the Exchange for the listing of its Shares on the Exchange in accordance with the Listing Rules. All of the relevant approvals required to conduct the Offering have been granted, and all of the supporting documents requested by the CMA and Tadawul have been met. It is expected that the trading of the Shares on the Exchange will commence after the final allocation of the Offer Shares (for further details, see "*Key Dates and Subscription Procedures*" on page (xiii)).
Risk Factors	There are certain risks related to the investment in the Offer Shares. These risks can be categorised into: (i) risks related to the activities and operations of the Company; (ii) risks related to the market, industry and regulatory environment; and (iii) risks related to the Offer Shares. These risks are described in Section 2 (*Risk Factors*) and should be considered carefully prior to making an investment decision with respect to the Offer Shares.
Offering Expenses	The Selling Shareholders will bear all of the Offering expenses and costs estimated at around Fifteen million Riyals (SAR 15,000,000) on a pro rata basis according to the number of Offer Shares being sold by each Selling Shareholder. These expenses and costs will be deducted from the Offering Proceeds and include the fees of the Financial Advisor, the Lead Manager, the Bookrunner, the Underwriter, the Legal Advisor, the Financial Due Diligence Advisor, the Receiving Agents, the Market Study Consultant, the Board of Directors and the Employees working on the Offering project, as well as marketing, printing and distribution fees and other costs and expenses related to the Offering.

Underwriter	**Aljazira Capital (Aljazira Capital)** King Fahad Branch Road, Arrahmaniyyah P.O. Box 20438 Riyadh 11455 Kingdom of Saudi Arabia Tel: + 966 (11) 225 6000 Fax: +966 (11) 225 6182 Website: www.aljaziracapital.com.sa E-mail: ipo@aljaziracapital.com.sa

Note: The "*Important Notice*" section on page (i) and Section 2 (*Risk Factors*) should be read thoroughly prior to making an investment decision with respect to the Offer Shares under this Prospectus.

KEY DATES AND SUBSCRIPTION PROCEDURES

Table (3): Expected Offering Timetable

Expected Offering Timetable	Date
Bidding and Book-Building Period for Participating Entities	A period of five (5) days commencing on Tuesday, 19 Shawwal 1444H (corresponding to 9 May 2023G), until the end of Monday, 25 Shawwal 1444H (corresponding to 15 May 2023G)
Subscription Period for Individual Investors and Participating Entities	A period of three (3) days commencing on Sunday, 8 Thul-Qi'dah 1444H (corresponding to 28 May 2023G) until the end of Tuesday, 10 Thul-Qi'dah 1444H (corresponding to 30 May 2023G)
Deadline for Submission of Subscription Application Forms Based on the Number of the Offer Shares Provisionally Allocated for the Participating Entities	On Thursday, 5 Thul-Qi'dah 1444H (corresponding to 25 May 2023G)
Deadline for Payment of the Subscription Amount by Participating Entities Based on their Provisionally Allocated Offer Shares	On Thursday, 5 Thul-Qi'dah 1444H (corresponding to 25 May 2023G)
Deadline for Submission of Subscription Application Forms and Payment of the Subscription Amount by Individual Investors	On Tuesday, 10 Thul-Qi'dah 1444H (corresponding to 30 May 2023G)
Announcement of the Final Allocation of the Offer Shares	On or before Monday, 16 Thul-Qi'dah 1444H (corresponding to 5 June 2023G)
Refund of Excess Subscription Monies (if any)	On or before Tuesday, 17 Thul-Qi'dah 1444H (corresponding to 6 June 2023G)
Expected Commencement Date for Trading the Shares on the Exchange	Trading of the Company's Shares on the Exchange is expected to start after the completion of all of the relevant legal requirements and procedures. The trading commencement date of the Shares will be announced in local newspapers and Tadawul's website (www.saudiexchange.sa).

Note: The above timetable and dates therein are indicative and subject to change. Actual dates will be communicated on the websites of Tadawul (www.saudiexchange.sa), the Financial Advisor (www.aljaziracapital.com.sa), and the Company (www.mawarid.com.sa).

How to Apply for the Offer Shares

Subscription to the Offer Shares is restricted to the following two groups of Investors:

- **Tranche (A):** Participating Parties comprising the parties permitted to participate in the book-building process as specified under the Book-Building Instructions, including investment funds, companies, Qualified Foreign Investors, GCC Corporate Investors and certain other Foreign Investors pursuant to swap agreements (for further details, see Section 1 (*Definitions and Abbreviations*) and Section 17 (*Subscription Terms and Conditions*)). Participating Parties may apply for participation in the book-building process by filling out the Bidding Participation Application that will be provided by the Bookrunner during the book-building process period and obtain the Subscription Application Forms from the Bookrunner after provisional allocation. The Bookrunner shall, after the approval of the CMA, offer the Offer Shares to the Participating Parties only during the bookbuilding period. Subscriptions by the Participating Entities shall commence during the Offering Period, which also includes the Individual Investors, according to the terms and conditions detailed in the Subscription Application Forms. A signed Subscription Application Form must be submitted to the Bookrunner representing a legally binding agreement between the selling shareholders and the relevant Participating Entity submitting the same.
- **Tranche (B):** Individual Investors comprising Saudi Arabian natural persons, including any Saudi female divorcee or widow with minor children from a marriage to a non-Saudi person who can subscribe for her own benefit or in the names of her minor children, on the condition that she proves that she is a divorcee or widow and the mother of her minor Saudi Arabian children, as well as any non-Saudi natural persons resident in the Kingdom or GCC natural persons, in each case who have a bank account with one of the Receiving Agents and are entitled to open an investment account with a Capital Market Institution. A subscription for Offer Shares made by a person in the name of his divorced wife shall be deemed invalid and the applicant shall be subject to the sanctions prescribed by law. If a duplicate subscription is made, the second subscription will be considered void and only the first subscription will be accepted.

  Subscription Application Forms for Individual Investors will be provided during the Offering Period by the Receiving Agents. Individual Investors can also subscribe through the internet, ATMs or any other electronic channels of the Receiving Agents that provide some or all of these channels to Individual Investors, provided that:

  a. the Individual Investor has a bank account at a Receiving Agent which offers such services;
  b. there have been no changes in the personal information or data of the Individual Investor since his subscription in a recent initial public offering; and
  c. the Individual Investors who are not Saudi or GCC natural persons have an account at one of the Capital Market Institutions which offer such services.

All of the relevant sections in the Subscription Application Form must be completed by each individual applicant according to the instructions mentioned in Section 17 (*Subscription Terms and Conditions*). The Company reserves the right to reject any Subscription Application Form, in part or in whole, if any of the subscription terms and conditions is not met. After being submitted, the Subscription Application Form cannot be amended or withdrawn. If the Subscription Application Form is submitted twice, the second submission shall be considered null and void, and only the first submission shall be considered. Upon submission, the Subscription Application Form shall be considered to be a legally binding agreement by the relevant Subscriber and the Selling Shareholders (for further details, see Section 17 (*Subscription Terms and Conditions*)).

Excess subscription monies, if any, will be refunded to the primary Individual Investor's account held with the Receiving Agent from which the subscription amount has been debited in the first place, without withholding any charge or commission by the Lead Manager or the Receiving Agents. Excess subscription monies shall not be refunded in cash or to third-party accounts. For further details regarding subscription by Individual Investors and the Participating Entities, see Section 17 (*Subscription Terms and Conditions*).

SUMMARY OF KEY INFORMATION

This summary of key information is intended to give an overview of the information contained in this Prospectus. However, it does not contain all of the information that may be important to prospective investors. As a result, this summary must be treated as an introduction to this Prospectus, and persons wishing to subscribe for the Offer Shares are advised to read the entire Prospectus in full to ensure that any decision to invest in the Offer Shares by prospective investors is based on the consideration of this Prospectus as a whole and not be based solely on this summary. In particular, it is important for an investor to carefully consider the "*Important Notice*" section on page (i) and Section 2 (*Risk Factors*) prior to making an investment decision with respect to the Offer Shares.

OVERVIEW OF THE COMPANY

History of the Company

Almawarid Manpower Company is a Saudi closed joint stock company pursuant to Ministry of Commerce Resolution No. 336/Q, dated 7 Sha'ban 1433H (corresponding to 27 June 2012G), and registered under Commercial Registration No. 1010343697, dated 8 Thul-Hijjah 1433H (corresponding to 2 July 2012G), issued in Riyadh in the Kingdom. The Company's head office is located in Ibn Warqaa Street, Ar-Rawda District, P.O. 10370, Riyadh 13211, Kingdom of Saudi Arabia.

The Company was established as a closed joint stock company on 12 Sha'ban 1433H (corresponding to 2 July 2012G) under the name "Al Mawarid Recruitment Company" with Commercial Registration No. 1010343697, dated 12 Sha'ban 1433H (corresponding to 2 July 2012G) with a capital of one hundred million Saudi Riyals (SAR 100,000,000) divided into ten million (10,000,000) shares, with a nominal value of ten Saudi Riyals (SAR 10) per share. Pursuant to the Extraordinary General Assembly resolution dated 8 Jumada al-Akhirah 1441H (corresponding to 2 February 2020G), the Company's name was changed from "Almawarid Recruitment Company" to "Almawarid Manpower Company". Pursuant to the Extraordinary General Assembly resolution dated 29 Shawwal 1443H (corresponding to 30 May 2022G), the Company's capital was increased from one hundred million Saudi Riyals (SAR 100,000,000), divided into ten million (10,000,000) shares with a nominal value of ten Saudi Riyals (SAR 10) per share, to one hundred and fifty million Saudi Riyals (SAR 150,000,000) divided into fifteen million (15,000,000) Shares with a nominal value of ten Saudi Riyals (SAR 10) per Share, through the capitalisation of thirty million Saudi Riyals (SAR 30,000,000) from the retained earnings account and twenty million Saudi Riyals (SAR 20,000,000) from the consensual reserve account. (For further details about the Company's history, see Section 4.7 (*Evolution of Capital*)).

Overview of the Company's Business

Almawarid Manpower Company ("**The Company**") is a Saudi closed joint stock company established pursuant to Ministry of Commerce Resolution No. 336/Q, dated 7 Sha'ban 1433H (corresponding to 27 June 2012G), registered under Commercial Registration No. 1010343697, dated 12 Sha'ban 1433H (corresponding to 2 July 2012G), issued in the city of Riyadh in the Kingdom. The Company operates pursuant to the licence of the MHRSD No. (6 LLC) dated 5 Muharram 1434H (corresponding to 19 November 2012G). The Company's head and registered office is located on Ibn Warqaa Street, Ar-Rawdah District, P.O. Box 10370, Riyadh 13211, Kingdom of Saudi Arabia. As of the date of this Prospectus, the Company's capital is one hundred and fifty million Saudi Riyals (SAR 150,000,000), divided into fifteen million (15,000,000) ordinary Shares with a fully paid nominal value of ten Saudi Riyals (SAR 10) per Share. For more information on the evolution of the Company's capital and its legal structure, see Section 4.7 (*Evolution of Capital*).

Pursuant to the Company's main commercial registration, its main activity is the brokering of the recruitment of expatriate workers. The Company has two wholly owned Saudi subsidiaries, Musanid Al Marafiq for Maintenance and Cleaning, which is a sole proprietorship limited liability company whose main activities are to provide manpower services in the Corporate Segment for fixed periods in order to supplement the workforces of clients and general cleaning of buildings, and Sawaid Recruitment Company, a sole proprietorship limited liability company whose main activities are to search for Saudi employees to fill positions, either by introduction or audition, online recruitment agencies and the provision of human resources in the Corporate Segment (including the provision of human resources on a long-term or on-board basis) (each of them shall be referred to as a "Subsidiary" and together with the Company shall be referred to as "**the Group**"). For information about the Company's shareholders, see Section 4.8 (*Current Shareholding Structure*)).

The Group is engaged in labour recruitment activities and the provision of manpower services in the Kingdom to (i) corporate clients (in the public and private sectors) and (ii) individuals. Its client base is segmented in terms of number of clients with more than 500 clients in the Corporate Segment, and in terms of the sector in which the Company provides corporate services to more than 13 sectors. The Company's clients work in the following sectors: maintenance, restaurants, construction and contracting, transportation, hospitals, trade, manufacturing, services, banking and others. The Company provides its clients (both corporate and individuals) with employees in more than 20 temporary employment professions, such as nursing, hospitality, housekeeping and cleaning. As of 30 June 2022G, the Company has a large network and partnerships with more than 35 agencies supporting recruitment abroad in 24 different countries, whereas the majority of its manpower is recruited from six countries, namely Indonesia, the Philippines, Bangladesh, Uganda, Pakistan and India. As of 30 June 2022G, 93.8 per cent. of the group's foreign manpower resources were brought over from those countries, which gives the Company the advantage of cooperating with those agencies in those countries to obtain the specified minimum number of well-qualified workers.

The Group's three principal business segments consist of the following:

- **Corporate Segment:** this segment represents revenue generated from corporate clients, mainly in connection with the following client industries: maintenance companies, restaurants, construction and contracting, transportation and hospitals. The contracts signed under the Corporate Segment have an average length of two years. The billing is on a monthly basis, and payments from clients are due within 60 days from the invoice date. There are no fixed prices for providing services to the Corporate Segment, as the price depends mainly on the salary of the workers, based on their profession, skills and competence;

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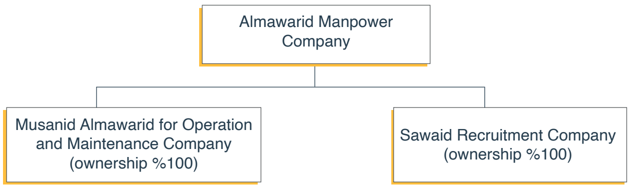
- **Individual Segment - Contractual:** this segment represents revenue generated from contracts signed with individual customers, mainly in connection with housemaids, cleaners and private drivers. The invoices are paid in advance (except for automatically renewed contracts with existing customers). In the six-month period ended 30 June 2022G, the average secondment service price ranged from SAR 2,000 to SAR 3,500 per month, based on the competence and salary of the worker; and
- **Individual Segment - Hourly Rental:** this segment represents revenue generated from individual customers on an hourly basis, mainly in connection with housemaids and cleaners. In the three-month period ended 30 June 2022G, the average service price ranged from SAR 90 to SAR 140 per visit, based on the competence and salary of the worker and the timing of the visit (morning/evening).

Ownership Structure

The following chart illustrates the ownership structure of the Group as of the date of this Prospectus:

Exhibit (1): The Ownership Structure of the Group as of the Date of this Prospectus



Source: The Company.

Overview of the Subsidiaries

Musanid Almawarid for Operation and Maintenance Company is a sole proprietorship limited liability company registered in Riyadh, Kingdom under Commercial Registration No. 1010995997, dated 12 Jumada al-Akhirah 1437H (corresponding to 21 March 2016G). The share capital of Musanid Almawarid for Operation and Maintenance Company is one million Saudi Arabian Riyals (SAR 1,000,000), divided into a thousand (1,000) ordinary shares, with a nominal value of a thousand Saudi Arabian Riyals (SAR 1,000) per share. Musanid Al Marafiq for Maintenance and Cleaning's main activities based on its Commercial Registration are facilities maintenance, general cleaning of buildings, administrative services and support, construction services and catering and food service activities. The total revenue of Musanid Almawarid for Operation and Maintenance Company from the total revenues of the Group accounted for 8.4 per cent., 7.6 per cent., 6.7 per cent., and 6.8 per cent. for the financial years ended 31 December 2019G, 2020G and 2021G, and the six-month period ended 30 June 2022G, respectively.

Sawaid Recruitment Company is a sole proprietorship limited liability company registered in Riyadh, Kingdom under Commercial Registration No. 1010601489, dated 29 Safar 1441H (corresponding to 28 October 2019G). The share capital of Sawaid Recruitment Company is five hundred thousand Saudi Arabian Riyals (SAR 500,000), divided into five hundred (500) ordinary shares, with a nominal value of a thousand Saudi Arabian Riyals (SAR 1,000) per share. Sawaid Recruitment Company's main activities are searching for employees to hold positions, either by introduction or audition, online recruitment agencies and the provision of human resources in the Corporate Segment.

The following table sets out the ownership structure of the Company's Subsidiaries, as well as the Company's shares in the Subsidiaries as of the date of this Prospectus:

Table (4): Details of the Company's Direct and Indirect Subsidiaries as of the Date of this Prospectus

Name of Subsidiary	Country of Incorporation	Direct Interest (%)	Indirect Interest (%)	Remaining Ownership
Musanid Almarafiq for Maintenance and Cleaning Company	Saudi Arabia	100.0%	-	-
Sawaid Recruitment Company	Saudi Arabia	100.0%	-	-

Source: The Company.

As of the date of this Prospectus, the share capital of the Company is one hundred and fifty million Saudi Arabian Riyals (SAR (150,000,000), consisting of fifteen million (15,000,000) ordinary shares, with a fully paid nominal value of ten Saudi Arabian Riyals (SAR 10) per share. The following table sets out the direct ownership structure of the Company pre- and post-Offering:

Table (5): Direct Ownership Structure of the Company Pre- and Post- Offering

Shareholder	Pre-Offering			Post-Offering		
	Number of Shares	Ownership (%)(1)	Overall Nominal Value (SAR)	Number of Shares	Ownership (%)(1)	Overall Nominal Value (SAR)
Alomaier Trading and Contracting Company	5,129,481	34.20%	51,294,810	3,590,637	23.94%	35,906,370
Al-Ayuni Investment and Contracting Company	5,129,481	34.20%	51,294,810	3,590,637	23.94%	35,906,370
Saudi Edarah Company(2)	1,418,625	9.46%	14,186,250	993,037	6.62%	9,930,370
Khalda Trading Group	1,082,250	7.21%	10,822,500	757,575	5.05%	7,575,750
Almawarid kom Trading Group	999,627	6.66%	9,996,270	699,739	4.66%	6,997,390
Alsaraya Investment Company	780,244	5.20%	7,802,440	546,171	3.64%	5,461,710
Riyadh Ibrahim Romaizan Alromaizan	235,292	1.57%	2,352,920	164,704	1.09%	1,647,040
Wathbah Investment Company	150,000	1.0%	1,500,000	105,000	0.7%	1,050,000
Ali Muhammad Ali Aljumaah	30,000	0.20%	300,000	21,000	0.14%	210,000
Abdullah Muhammad Ali Aljumaah	15,000	0.10%	150,000	10,500	0.07%	105,000
Abdulaziz Saleh Mohammed Alsowail	15,000	0.10%	150,000	10,500	0.07%	105,000
Sulaiman Abdullah Sulaiman Alomaier	7,500	0.05%	75,000	5,250	0.4%	52,500
Khalid Abdullah Rashid Alothman	7,500	0.05%	75,000	5,250	0.4%	52,500
Public				4,500,000	30.00%	45,000,000
Total	**15,000,000**	**100.00%**	**150,000,000**	**15,000,000**	**100.00%**	**150,000,000**

Source: The Company.

(1) The ownership percentages are rounded.

(2) Saudi Edarah Company holds 2,200 Shares (22.0 per cent.) in Alsaraya Investment Company (which holds a direct ownership stake of 780,244 shares in the Company). As a result, Saudi Edarah Company holds an indirect ownership stake of 171,653 shares (1.14 per cent.) in the Company.

Vision, Mission, and Strategy

Vision

The Company's vision is to be a leader in manpower solutions, building sustainable partnerships with its clients to enable them achieve their ambitions.

Mission

The Company's mission is to provide rapid manpower solutions by adapting the Company's services and technologies to the needs of its clients, enabling them to focus on their core business. The Company strives to be the preferred platform for candidates who ensure human well-being while pursuing exciting careers with their ideal organisations.

Strategy

The Company's strategy is based on the following five pillars:

- **Transformation into a manpower solutions company:** The Company realises the importance of providing comprehensive services and increased value-added services to its clients, in accordance with the Group's general vision to become a sustainable partner for its clients. This pillar aims to make the Company a comprehensive entity that provides all recruitment and manpower needs to its clients. The strategy also includes developing outsourcing services to execute manpower operations with a focus on outsourcing foreign entities to provide payroll and administrative and Government services over the short to medium term as potential value-added services, and seeking outsourcing to execute manpower operations over a longer term.
- **Support the transition to a client-based company:** The Company is aware of the role and importance of the client's experience in distinguishing the manpower solutions sector. As a result, the second pillar is based on creating a simple digital experience for users in order to facilitate their access to services and to simultaneously improve the experience of manpower services provided to the clients. The Company also plans to invest more in the development and promotion of its brand to raise awareness and improve its adoption by new and existing clients.
- **Enhancing workers' rights and adequate treatment of workers:** Via this pillar, the Company works to establish a department and a committee in the Company's organisational structure that aims to ensure that the working conditions and the needs and requirements of workers are met. This will contribute to improving the experience of workers in the Kingdom, preserving their rights, contributing to enhance the Company's brand image and increasing workers' loyalty. This is due to the belief that the rights of workers and favourable working conditions are essential factors when selecting and contracting a manpower company, and this is consistent with the increasing importance of workers' rights and corporate social responsibility in the corporate environment worldwide.
- **Transformation into a technology-driven company:** Through this pillar, the Company is working to increase the adoption of technologies through the use of data analyses and deep insight to prepare appropriate forecasts, as well as the use of artificial intelligence techniques in the search for competencies, including: Candidate screening, pre-selection procedures and communication management. This pillar also aims to increase the volume of the automation of workflow processes and procedures, and to enhance the integration of the client and the Company systems.
- **Creating a performance-focused company:** Through this pillar, the Company aims to make improvements to its organisational structure to streamline key functions such as sales, marketing, recruitment and human resources, as well as further enabling the automation and innovation functions. It also aims to improve the corporate governance model, key performance indicators and processes in order to improve performance, enhance accountability procedures, and develop human capabilities and a corporate culture. Finally, the Company will implement an employee retention plan to reduce employee turnover rates and maintain the Company's competencies.

Strengths and Competitive Advantages of the Company

The five pillars of the Company's strengths and competitive advantages include the following:

- **Business growth:** The Company was able to build a strong client base of corporate service providers which contributed to the growth of its business. The client base includes more than 500 clients in the Corporate Segment, and the Company provides its services to more than 13 sectors. Accordingly, the Company's client base and its business sectors are diverse and segmented. The retail services sector witnessed significant growth in terms of service volume and profit growth. Further, the revenue and hourly usage rates of services have increased.
- **Strong market position:** According to a report issued by the Market Study Consultant, the Company is one of the three largest manpower companies in the Kingdom, holding a market share of more than 10 per cent. of the Saudi market size. The Company has a strong presence in the manpower market through its presence in seven major cities with 13 branches throughout the Kingdom.
- **Strong and reliable network of external agencies:** The Company has a large network and partnerships with more than 35 recruitment support agencies abroad as of 30 June 2022G. These are located in more than ten countries worldwide, including Indonesia, India, the Philippines and Uganda, which gives the Company an advantage through cooperation with these agencies to ensure that a certain minimum skill level is obtained for well-qualified workers.
- **Diverse Portfolio:** The Company provides its clients (corporates and individuals) with workers in more than 20 professions for temporary employment, such as nursing, hospitality, housekeeping and cleaning. As of 30 June 2022G, the total number of the Company's available workforce exceeded 24,271 personnel.
- **Experienced Management:** The Executive Management team has vast experience in human resource solutions gained through extensive client interactions. In addition, the Executive Management team have previously held senior positions in the manpower and relevant marketing sectors.

Market Overview

The global staffing market was estimated to be valued at around USD 442 billion (SAR 1,657.5 billion) in 2020G. The market is expected to grow in the coming years, driven by several trends shaping the industry. These trends include:

- technology and artificial intelligence usage in manpower, sourcing and staffing;
- flexible employment;
- growth in available financial resources with global manpower players due to diversification and mergers and acquisitions;
- diversity and inclusion initiatives as emerging social priorities globally; and
- increased focus on data-driven recruiting and social recruiting.

Temporary staffing constitutes a major share of the overall staffing industry worldwide and is being driven by the growing need for flexibility and cost optimization amongst hiring organizations. Key global players involved in temporary staffing include Randstad NV, The Adecco Group, ManpowerGroup Inc., Recruit Holdings Co. and Allegis Group, and are estimated to account for around 18.0 per cent. of the total market in 2020G.

Demand for manpower services in the Kingdom is largely driven by economic activity and labour force participation, which are largely impacted by the Saudi-led programs under Vision 2030. The regulatory environment, technology adoption and market maturity also affect demand for manpower services.

Companies in the Kingdom are increasingly shifting towards procuring temporary staffing services from manpower companies as they seek cost-effective, agile and flexible hiring in order to adapt to fluctuating and seasonal demand. In addition, manpower services companies are able to provide labour-intensive (particularly blue-collar) industries with bulk recruiting at lower overall costs, while reducing workforce liabilities and legal/compliance requirements for their clients. Businesses in the Kingdom are also trending towards leveraging the technical and technological capabilities of manpower companies for better management of their staffing.

At a macroeconomic level, the outlook for manpower services in the Kingdom appears to be positive. Vision 2030 development programmes and initiatives target significant contributions to the GDP growth of the Kingdom, creating jobs for both Saudis and expatriates, thereby increasing the demand for labour. In the recent past, the Government has indicated commitments towards improving labour market policies and increasing the Kingdom's attractiveness for the employment of both local talent and expatriate manpower.

Rising labour market participation rates in addition to the unemployment rate recovery post-COVID are expected to increase demand for manpower services. With the rise of female labour force participation, the demand for household support jobs such as housekeeping and nannies will increase. In addition, the performance of manpower companies, especially temporary staffing services, have been directly affected by the fluctuations in the economy and unemployment levels. During periods of economic slowdown, temporary worker requirements tend to reduce as retrenchments are undertaken. However, with the macroeconomic recovery, companies tend to be more likely to turn towards temporary staffing service providers as uncertainties still prevail.

Manpower services as a sector in the Kingdom can be classified into two broad categories - corporate manpower services and individual manpower services (full time and hourly).

Corporate manpower services consist of seconding blue-collar and white-collar workers to businesses in the Kingdom, and is estimated to account for around 70.0 per cent. of market spend on external manpower sourcing. Construction and retail, being large volume businesses, constitute the largest two industries for the corporate manpower services business, given the industry requirements for large numbers of skilled and unskilled blue-collar labourers. Industries with a higher share of skilled labour, such as healthcare, banking and education, are presently serviced in more limited capacities in the Kingdom, representing an opportunity for manpower companies to expand their focus.

Individual manpower services are targeted at providing domestic workforce (on a permanent or hourly basis) for individuals and households, and account for the remaining 30.0 per cent. of the Saudi market.

It is worth noting that the total market for manpower services, including the Company, stood at approximately SAR 6.36 billion in 2021G.

As of the date of this Prospectus, around 40 manpower companies presently provide manpower services in the Kingdom out of which 25 companies are actively operational in the market. The Company is amongst the five largest players in the market. Other key players in the Kingdom include Saudi Manpower Solutions Co. (SMASCO), Maharah Human Resources Company, International Recruitment Company (IRC) and JawaHR. These top five players in the market combined command around 55 per cent. of the overall Saudi market for outsourced manpower services.

At present, the differentiation in the type of workers provided or sectoral emphasis among competitors appears to be limited. Historically, the top market players have largely concentrated on the non-Saudi blue-collar worker segment. Research also indicates that the key market players are targeting initiatives targeted at diversifying their portfolio by tapping into new industries which require higher skill levels, deepening industry specialization and correspondingly, targeting staffing of employees at greater value and offering higher growth opportunities.

SUMMARY OF FINANCIAL INFORMATION AND KEY PERFORMANCE INDICATORS

The Company's financial information set out below was derived from the audited consolidated financial statements for the financial years ended 31 December 2019G, 2020G and 2021G and the reviewed consolidated financial statements for the six-month period ended 30 June 2022G, which were prepared in accordance with the as endorsed in the Kingdom and other standards and pronouncements issued by SOCPA. The Group's selected financial information and key performance indicators set out below should be read together with the information provided in Section 2 (*Risk Factors*) and Section 6 (*Management's Discussion and Analysis of Financial Position and Results of Operations*) and the audited consolidated financial statements for the financial years ended 31 December 2019G, 2020G and 2021G and the reviewed consolidated financial statements for the six-month period ended 30 June 2022G as included in Section 19 (*Financial Statements and Auditors' Report*), as well as the financial information set out in any other part of this Prospectus.

Table (6): Summary of the Group's Financial Information for the Financial Years Ended 31 December 2019G, 2020G and 2021G and the Six-Month Period Ended 30 June 2022G

Currency: SAR'000	Financial Year Ended 31 December			Six-Month Period Ended 30 June 2022G	
	2019G Audited	2020G Audited	2021G Audited	2021G Audited	2022G Audited
Consolidated Statement of Profit or Loss and Other Comprehensive Income					
Revenues	716,005	686,656	663,723	324,980	421,841
Cost of revenue	(643,934)	(605,185)	(566,864)	(276,211)	(365,922)
Gross profit	**72,071**	**81,471**	**96,859**	**48,769**	**55,919**
Selling and marketing expenses	(8,077)	(7,081)	(6,804)	(3,160)	(5,500)
General and administrative expenses	(20,044)	(19,211)	(23,287)	(10,918)	(13,499)
Impairment loss on trade receivables and other current assets	(6,184)	(7,836)	(8,717)	(4,060)	(2,306)
Other revenue	5,178	5,167	4,398	1,015	836
Profit from operations before Zakat	**42,943**	**52,511**	**62,450**	**31,646**	**35,450**
Zakat expenses	(4,369)	(6,654)	(6,789)	(3,495)	(3,705)
Net Profit for the year after Zakat	**38,574**	**45,857**	**55,661**	**28,151**	**31,745**
Gain / (loss) on re-measurement of employee benefit liabilities	2,173	3,255	(2,043)	(1,064)	2,347
Total comprehensive income	**40,747**	**49,112**	**53,618**	**27,087**	**34,092**
Statement of financial position					
Total current assets	283,815	308,085	329,735	-	374,828
Total non-current assets	58,622	59,857	75,311	-	68,922
Total assets	**342,436**	**367,942**	**405,045**	**-**	**443,751**
Total current liabilities	137,562	131,166	135,968	-	160,196
Total non-current liabilities	34,580	37,369	36,053	-	36,438
Total liabilities	**172,142**	**168,536**	**172,021**	**-**	**196,635**
Total equity	170,294	199,406	233,024	-	247,116
Total liabilities and equity	342,436	367,942	405,045	-	443,751
Net cash generated from (utilised in) operating activities	14,840	97,156	(19,070)	3,612	24,802
Net cash generated from (utilised in) investing activities	(1,759)	(30,528)	13,127	4,378	14,060

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Currency: SAR'000	Financial Year Ended 31 December		Six-Month Period Ended 30 June 2022G		
	2019G Audited	2020G Audited	2021G Audited	2021G Audited	2022G Audited
Net cash generated from (utilised in) financing activities	(22,673)	(29,693)	(31,315)	(5,142)	(14,826)
Net currency exchange difference	-	-	-	-	-
Cash and cash equivalents disposed of on disposal of a subsidiary	-	-	-	-	-
Net change in cash and cash equivalents	(9,591)	36,935	(37,259)	2,847	24,035
Cash and cash equivalents at the beginning of the year / period	36,543	26,951	63,886	63,886	26,627
Cash and cash equivalents at the end of the year / period	**26,951**	**63,886**	**26,627**	**66,733**	**50,663**

Source: The audited consolidated financial statements for the financial years ended 31 December 2019G, 2020G and 2021G, and the reviewed consolidated financial statements for the six-month period ended 30 June 2022G.

Table (7): The Group's Key Performance Indicators for the Financial Years Ended 31 December 2019G, 2020G and 2021G, and the Six-Month Period Ended 30 June 2022G

	Year Ended 31 December			Six-Month Period Ended 30 June 2022G Audited
	2019G Audited	2020G Audited	2021G Audited	
Gross Profit Margin (%)	10.1%	11.9%	14.6%	13.3%
Net Profit Margin (%)	5.4%	6.7%	8.4%	7.5%
Return on Assets (%)	11.3%	12.5%	13.7%	14.3%
Return on Equity (%)	22.7%	23.0%	23.9%	25.7%
Current Assets to Current Liabilities	-	-	-	-
Liabilities to Equity	101.1%	84.5%	73.8%	74.9%

Source: The Group's information.

SUMMARY OF RISK FACTORS

Prior to making an investment decision with respect to the Offer Shares, prospective investors should carefully consider all the information contained in this Prospectus, particularly the risks stated below, which are described in detail in Section 2 (*Risk Factors*).

Risks Related to the Activities and Operations of the Company

- Risks Related to the Relatively Dynamic Regulatory Environment
- Risks Related to the Group's Inability to Obtain Work Visas Necessary for its Business
- Risks Related to the Group's Inability to Attract and Retain Clients
- Risks Related to Technological Advances and Their Negative Impact on the Labour Market and the Volume of Demand for Human Capital
- Risks Related to the Group's Reliance on Key Clients
- Risks Related to the Group's Contracts with Key Clients
- Risks Related to Framework Service Agreements
- Risks Related to the Concentration of Revenue in Top 20 Clients, and from Clients Operating in the Retail Sector
- Risks Related to the Default or Insolvency of Clients
- Risks Related to the Group's Reliance on Manpower Resources Recruited from Certain Countries
- Risks Related to the Group's Inability to Maintain its Relationship with Recruitment Agencies
- Risks Related to the Group's Inability to Recruit Qualified Manpower Resources
- Risks Related to the Group's Quality of Services and Positive Reputation
- Risks Related to the Accommodation of the Manpower Resources
- Risks Related to the Transportation of the Manpower Resources
- Risks Related to the Inability to Adequately Maintain the Confidentiality and Integrity of Client and Employee Data
- Risks Related to the Impact of Cybersecurity Attacks on the Security and Reliability of Technology Systems
- Risks Related to the Group's Inability to Expand and Develop
- Risks Related to Credit Card and Debit Card Payments
- Risks Related to Challenges from Expansion into New Markets and Ancillary Businesses
- Risks Related to the COVID-19 Pandemic
- Risks Related to Related Party Transactions and Agreements
- Risks Related to Engagement of Directors or Senior Executives in Businesses Competing with the Group's Business
- Risks Related to Dependence on Third Parties, Suppliers, Services Providers and Manufacturers
- Risks Related to Adverse Changes in Exchange Rates
- Risks Related to the Collection of Receivables
- Risks Related to the Bank Guarantee to MHRSD
- Risks Imposed by Financing
- Risks Related to Reliance on Executive Management and Key Personnel
- Risks Related to Employee Misconduct and Errors
- Risks Related to Employing and Sponsoring Non-Saudi Employees
- Risks Related to the Failure to Secure Adequate Insurance Coverage
- Risks Related to Litigation
- Risks Related to the Protection of Intellectual Property Rights
- Risks Related to Potential Zakat Liability and Tax Liabilities
- Risks Related to the Impact of Tax Disputes with ZATCA on the Company's Financial Statements
- Risks Related to the Use of Accounting Assumptions, Estimates and Judgements, and the Corresponding Errors
- Risks Related to Significant Working Capital Needs
- Risks Related to Potential Liabilities
- Risks Related to Licenses and Approvals

- Risks Related to Newly Implemented Corporate Governance Rules
- Risks Related to Failure by the Audit Committee, the Nomination and Remuneration Committee and the Executive Committee to Perform their Duties as Required
- Risks Related to the Lack of Experience in Managing a Listed Joint Stock Company

Risks Related to the Market, Sector and Regulatory Environment

- Risks Related to the General Economic Conditions and its Impact on the Group's Business
- Risks Related to Political Instability and Security Concerns in the Middle East Region
- Risks Related to the Manpower Industry Being Historically Competitive, Cyclical and Subject to Intense Price Competition
- Risks Related to Changes in the Regulatory Environment
- Risks Related to Changes in Government Policies
- Risks Related to Zakat and Income Tax Calculation Mechanism Changes
- Risks Related to Non-Compliance with Value Added Tax Regulations
- Risks Related to the Increase in Government Fees Applicable to Non-Saudi Employees
- Risks Related to Non-Compliance with the Saudization Requirements
- Risks Related to Compliance with the Companies Law, the Implementing Regulations and the Corporate Governance Regulations

Risks Related to the Share Offering

- Risks Related to the Effective Control by the Current Shareholders after the Offering
- Risks Related to the Absence of a Prior Market for the Offer Shares
- Risks Related to Selling a Large Number of Shares on the Exchange
- Risks Related to the Issuance of New Shares
- Risks Related to Fluctuations in the Market Price of the Shares
- Risks Related to the Distribution of Dividends

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EXHIBITS

1 DEFINITIONS AND ABBREVIATIONS

Admission	Admission of the Shares to full listing on the Exchange in accordance with the Listing Rules and, where the context requires, an application to the Exchange for listing of securities.
Advisors	The Advisors of the Company in relation to the Offering, whose names appear on page (vi) of this Prospectus.
Audit Committee	The Audit Committee of the Company.
Auditors	KPMG Professional Services, the external auditors of the Company and its Subsidiaries.
Banking Committee	The Committee for Settlement of Banking Disputes.
Bidding Participation Application	The application submitted by the Participating Entities to the Bookrunners for participation in the book-building process, to be submitted no later than the last day of the book-building process period. This term includes, when applicable, the appended applications when the price range is changed.
Board of Directors or Board	The Board of Directors of the Company.
Book-Building Instructions	The Instructions for Book-Building Process and Allocation Method in Initial Public Offerings, issued pursuant to CMA Board Resolution No. 2-94-2016, dated 15 Shawwal 1437H (corresponding to 20 July 2016G), as amended by CMA Board Resolution No. 1-103-2022, dated 02 Rabi al-Awwal 1444H (corresponding to 28 September 2022G).
Bookrunner	Aljazira Capital (Aljazira Capital)
Business Day	Any day (other than Fridays, Saturdays and official holidays) on which the Receiving Agents are open for business in the Kingdom.
Bylaws	The Bylaws of the Company, which are summarised in Section 12.13 (*Bylaws*).
Capital Market Institution	A Person authorised by the CMA to practice securities business.
Chairman	The Chairman of the Board of Directors.
Chief Executive Officer	The Chief Executive Officer of the Company.
Chief Financial Officer	The Chief Financial Officer of the Company.
CMA	The Capital Market Authority of the Kingdom.
CML	The Capital Market Law issued under Royal Decree M/30, dated 2 Jumada al-Akhirah 1424H (corresponding to 31 July 2003G), as amended.
Committees	The Audit Committee, the Nomination and Remuneration Committee, and the Executive Committee of the Company.
Companies Law	The Companies Law, issued under Royal Decree No. (M/3), dated 28 Muharram 1437H (corresponding to 10 November 2015G), as amended.
Company or Issuer	Almawarid Manpower Company.
Control	"Control" means the ability to, directly or indirectly, influence the acts or decisions of another person, individually or collectively with a relative or affiliate, through any of the following: (a) holding 30 per cent. or more of the voting rights in the Company, or (b) the right to appoint 30 per cent. or more of the administrative staff; and the word "controller" shall be construed accordingly.
Corporate Governance Regulations	The Corporate Governance Regulations, issued pursuant to CMA Board Resolution No. 8-16-2017, dated 16 Jumada al-Ula 1438H (corresponding to 13 February 2017G), and amended pursuant to CMA Board Resolution No. 1-94-2022, dated 24 Muharram 1444H (corresponding to 22 August 2022G), as may be amended.
Corporate Segment	This segment represents revenue generated from corporate clients, mainly in connection with the following client industries: maintenance companies, restaurants, construction and contracting, transportation and hospitals.
Directors (and each individually a Director)	The members of the Company's Board of Directors appointed by the General Assembly and whose names appear in Section 5 (*Organisational Structure and Corporate Governance*).
Exchange or Tadawul	The Saudi Exchange (Tadawul).
Executive Management	The Senior Executives of the Company.

Extraordinary General Assembly	An Extraordinary General Assembly of the Company's Shareholders convened in accordance with the Bylaws.
Financial Advisor	Aljazira Capital (Aljazira Capital).
Financial Due Diligence Advisor	PricewaterhouseCoopers Public Accountants.
Financial Institutions	Banks and financial services companies.
Financial Statements	The Company's audited consolidated financial statements for the financial years ended 31 December 2019G, 2020G and 2021G, the reviewed consolidated financial statements for the six-month period ended 30 June 2022G and the accompanying notes thereto, that have been prepared in accordance with IFRS endorsed in the Kingdom and other standards and pronouncements issued by SOCPA and audited by the Auditors in accordance with the audit report issued for them. Such statements are contained in Section 19 (*Financial Statements and Auditors' Report*).
Financial Year	The Company's financial year starting from 1 January to 31 December of each calendar year.
Foreign Investors	Non-GCC individuals living outside the Kingdom and non-GCC institutions incorporated outside the Kingdom who have the right to invest indirectly to acquire an economic benefit in the Offer Shares by entering into swap agreements with Capital Market Institutions to purchase shares listed on the Exchange.
G	The Gregorian calendar.
GCC	The Cooperation Council for the Arab States of the Gulf, consisting of the Kingdom of Bahrain, the State of Kuwait, the Sultanate of Oman, the State of Qatar, the Kingdom of Saudi Arabia and the United Arab Emirates.
GCC Corporate Investors	Any company with the majority of its share capital being owned by GCC natural persons or governments and having the nationality of a GCC State according to the definition mentioned in the Resolution of the Supreme Council of GCC issued in the 15th session and approved by the Council of Ministers' Resolution No. 16 dated 20 Muharram 1418H (corresponding to 26 May 1997G), as well as GCC funds with the majority of its capital being owned by GCC citizens or governments.
GCC Countries	The Gulf Cooperation Council countries.
GDP	Gross Domestic Product (the broadest quantitative measure of a nation's total economic activity, which represents the monetary value of all goods and services produced within a nation's geographical borders over a specified period of time).
GDP per Capita	GDP per capita is a measure of average income per person in a country (it divides the GDP by the population).
General Assembly	An Extraordinary General Assembly and/or an Ordinary General Assembly of the Company's Shareholders.
GOSI	The General Organisation of Social Insurance in the Kingdom.
Government	The Government of the Kingdom (and "Governmental" shall be interpreted accordingly).
Group	The Company and its Subsidiaries.
H	The Hijri calendar.
IASB	The International Accounting Standard Board.
IFRS	The International Financial Reporting Standards issued by the IASB as endorsed in the Kingdom and other standards and pronouncements issued by SOCPA.
Individual Investors	Individuals holding Saudi Arabian nationality, including any Saudi female divorcee or widow with minor children from a marriage to a non-Saudi person who can subscribe for her own benefit or in the names of her minor children, on the condition that she proves that she is a divorcee or widow and the mother of her minor children, as well as any non-Saudi natural persons resident in the Kingdom or GCC natural persons, in each case who have a bank account with one if the Receiving Agents and who are entitled to open an investment account with a Capital Market Institution.
Individual Segment – Contractual	This segment represents revenue generated from contracts signed with individual customers, mainly in connection with housemaids, cleaners and private drivers.
Individual Segment – Hourly Rental	This segment represents revenue generated from individual customers on an hourly basis, mainly in connection with housemaids and cleaners.
Investment Funds Regulations	The Investment Funds Regulations issued pursuant to CMA Board Resolution No. 1-219-2006, dated 3 Thul-Hijjah 1427H (corresponding to 24 December 2006G), based on the Capital Market Law promulgated by Royal Decree No. M/30, dated 2 Jumada al-Akhirah 1424H (corresponding to 31 July 2003G), as amended by CMA Board Resolution No. 2-22-2021 on 12 Rajab 1442H (corresponding to 24 February 2021G).
Investors	The Participating Parties and Individual Investors.
Kingdom	The Kingdom of Saudi Arabia.
Labour Law	Saudi Arabian Labour Law issued under Royal Decree No. M/51, dated 23 Sha'ban 1426H (corresponding to 27 September 2005G), as amended.

Lead Manager	Aljazira Capital (Aljazira Capital).
Legal Advisors	Zeyad Yousef AlSalloum and Yazeed Abdulrahman AlToaimi Company for Legal Services and Consultation.
Listing Rules	The Listing Rules approved by CMA Board Resolution No. 3-123-2017, dated 9 Rabi' al-Thani 1439H (corresponding to 27 December 2017G), as amended by CMA Board Resolution No. 3-96-2022 dated 10 Safar 1444H (corresponding to 6 September 2022G).
Lock-up Period	The six-month period from the date on which trading of the Shares commences on the Exchange during which the Substantial Shareholders may not dispose of any of their Shares.
Main Market	The market in which the registered and offered shares are traded under Part IV of the Rules on the Offer of Securities and Continuing Obligations.
Market Study Consultant	Arthur D. Little Saudi Arabia.
MHRSD	The Saudi Arabian Ministry of Human Resources and Social Development.
MoC	The Saudi Arabian Ministry of Commerce.
Net Offering Proceeds	The Offering Proceeds net of expenses related to the Offering.
Nominal Value	SAR 10 per share.
Nomination and Remuneration Committee	The Nomination and Remuneration Committee of the Company emanating from the Board of Directors.
Offer Price	Sixty-four Riyals (SAR 64) per Share.
Offer Shares	Four million five hundred thousand Shares, representing 30 per cent. (30%) of the Company's share capital.
Offering	The initial public offering of four million, five hundred thousand (4,500,000) ordinary Shares with a fully paid-up nominal value of ten Saudi Arabian Riyals (SAR 10) per Share, representing 30 per cent. of the Company's share capital, and at an Offer Price of Sixty-four Riyals (SAR 64) per Share.
Offering Period	A period of three (3) days starting from Sunday, 8 Thul-Qi'dah 1444H (corresponding to 28 May 2023G) until the end of Tuesday, 10 Thul-Qi'dah 1444H (corresponding to 30 May 2023G).
Offering Proceeds	The total value of the Shares subscribed for in the Offering.
Ordinary General Assembly	An Ordinary General Assembly of the Company's Shareholders convened in accordance with the Bylaws.
Participating Entities	Entities involved in the book-building process from amongst the Participating Parties.
Participating Parties	In accordance with the Book-Building Instructions, parties entitled to participate in the Book-Building Process, as follows: 1. public and private funds that invest in securities listed on the Exchange, if permissible under the terms and conditions of such funds, in compliance with the provisions and restrictions set forth in the Investment Funds Regulations and the Book-Building Instructions; 2. Capital Market Institutions authorised by the CMA to trade in securities as principals, in compliance with the provisions of the Prudential Rules upon the submission of a Subscription Application Form; 3. clients of a Capital Market Institution authorised by the CMA to conduct management activities in accordance with the provisions and restrictions set forth in the Book-Building Instructions; 4. legal persons allowed to open an investment account in the Kingdom, and an account with the Securities Depository Centre, including foreign legal persons who are allowed to invest on the Exchange, in accordance with the Controls on Investment by Listed Companies in Exchange-Listed Securities set forth in CMA Circular No. 6/05158, dated 11 Sha'ban 1435H (corresponding to 9 June 2014G), issued pursuant to CMA Board Resolution No. 9-28-2014, dated 20 Rajab 1435H (corresponding to 19 May 2014G); 5. Governmental entities, any supranational authority recognised by the CMA, the Exchange, or any other stock exchange recognised by the CMA or the Securities Depository Centre; 6. Government-owned companies, whether investing directly or through a portfolio manager; and 7. GCC companies, and GCC funds if permissible under the terms and conditions of such funds.
Person	A natural or a legal person under the laws of the Kingdom.
Prospectus	This document prepared by the Company in relation to the Offering.
Prudential Rules	The Prudential Rules issued pursuant to CMA Board Resolution No. 1-40-2012, dated 17 Safar 1434H (corresponding to 30 December 2012G), as amended.

Public	Persons other than the following: 1. affiliates of the Issuer; 2. Substantial Shareholders of the Issuer; 3. Directors and Senior Executives of the Issuer; 4. directors and senior executives of the Issuer's affiliates; 5. directors and senior executives of the Issuer's Substantial Shareholders; 6. any relatives of the persons referred to in paragraphs 1, 2, 3, 4, or 5 above; 7. any company controlled by any person referred to in paragraphs 1, 2, 3, 4, 5 or 6 above; or 8. Persons acting in concert, with a collective shareholding of five per cent. or more of the class of shares to be listed.
QFI or Qualified Foreign Investor	A qualified foreign investor who is qualified in accordance with the QFI Rules to invest in listed securities. A qualification application must be submitted to a Capital Market Institution to evaluate and approve the application in accordance with the QFI Rules.
QFI Rules	The Rules for Qualified Foreign Financial Institutions Investment in Listed Securities issued pursuant to CMA Board Resolution No. 1-42-2015, dated 15 Rajab 1436H (corresponding to 4 May 2015G) and amended pursuant to CMA Board Resolution No. 3-65-2019, dated 14 Shawwal 1440H (corresponding to 17 June 2019G).
Receiving Agents	Bank AlJazira and Alrajhi Bank
Related Party	It includes, in this Prospectus, the term "**Related Party**" or "**Related Parties**" in accordance with the Glossary of Defined Terms Used in the Regulations and Rules of the Capital Market Authority issued by CMA Board Resolution No. 4-11-2004 dated 20 Sha'ban 1425H (corresponding to 4 October 2004G), as amended by CMA Board Resolution No. 1-94-2022 dated 24 Muharram 1444H (corresponding to 22 August 2022G) as follows: 1. affiliates of the Issuer; 2. Substantial Shareholders of the Issuer; 3. Directors and Senior Executives of the Issuer; 4. directors and senior executives of an affiliate of the Issuer; 5. directors and senior executives of the Issuer's Substantial Shareholders; 6. any relatives of the persons described in paragraphs 1, 2, 3, 4, or 5 above; or 7. any company controlled by any person described in paragraphs 1, 2, 3, 4, 5 or 6.
Relatives	Husbands, wives and minor children. For the purposes of the Corporate Governance Regulations: 1. fathers, mothers, grandfathers and grandmothers (and their ancestors); 2. children and grandchildren and their descendants; 3. siblings, maternal and paternal half-siblings; and 4. husbands and wives.
risk factors	A group of potential risks that should be understood and considered prior to making an investment decision in relation to the Offer Shares.
Rules on the Offer of Securities and Continuing Obligations	The Rules on the Offer of Securities and Continuing Obligations issued by CMA Board Resolution No. 3-123-2017 dated 9 Rabi' al-Thani 1439H (corresponding to 27 December 2017G) in accordance with the Capital Market Law promulgated by Royal Decree No. M/30 dated 2 Jumada al-Akhirah 1424H (corresponding to 31 July 2003G), and amended by CMA Board Resolution No. 194-2022 dated 24 Muharram 1444H (corresponding to 22 August 2022G).
SAR	The Saudi Arabian Riyal, which is the lawful currency of the Kingdom.
Saudi Central Bank (SAMA)	The Saudi Central Bank.
Secretary	The Secretary of the Board of Directors.
Selling Shareholders	The Shareholders whose names and shareholding percentages are set out in Table 5 (Direct Ownership Structure of the Company Pre- and Post-Offering) who will sell part of their Shares in the Offering.
Senior Executives	The members of the Company's senior management whose names appear in Table 5.6 (Details of Senior Executives).
Shareholder	Any holder of Shares in the Company.
Shares	Ordinary shares of the Company, with a fully paid nominal value of ten Saudi Arabian Riyals (SAR 10) per share in the Company's capital issued from time to time.
SMEs	Small and medium enterprises.
SOCPA	The Saudi Organisation for Chartered and Professional Accountants.
Subscribers	The Participating Entities and Individual Investors participating in the Offering.
Subscription Application Form	The subscription application form to be used by Participating Entities and Individual Investors (as the case may be) to subscribe for the Offer Shares.

Subsidiaries	The Company's subsidiaries, namely: 1. Musanid Almarafiq for Maintenance and Cleaning Company; and 2. Sawaid Recruitment Company.
Substantial Shareholder	Each Shareholder who individually owns five (5) per cent. or more of the Issuer's shares.
Underwriter	Aljazira Capital (Aljazira Capital)
Underwriting Agreement	The Underwriting Agreement entered into between the Company, the Selling Shareholders and the Underwriter in connection with the Offering.
Value Added Tax (VAT)	The Council of Ministers of the Kingdom resolved on 2 Jumada Al-Awwal 1438H (corresponding to 30 January 2017G) to approve the Unified GCC Value Added Tax Agreement, which came into effect on 1 January 2018G, as a new tax to be added to the system of taxes and other duties to be applied by specific sectors in the Kingdom and in the other GCC Countries. The amount of this tax was initially five per cent., and a number of products (such as basic food, health care and education services) are exempted from such tax. As of 1 July 2020G, VAT was further increased to 15 per cent. by the Ministry of Finance of the Kingdom.
ZATCA	Zakat, Tax and Customs Authority in the Kingdom.

2 RISK FACTORS

Prior to making an investment decision with respect to the Offer Shares, all prospective investors should carefully consider the following risk factors and the other information contained in this Prospectus. The risks and uncertainties described below are those that the Company currently believes could affect the Company and any investment in the Offer Shares. However, the risks listed below do not necessarily comprise all of the risks affecting the Company or associated with an investment in the Offer Shares. There may be additional risks and uncertainties that the Company is currently unaware of, or that the Company currently believes are immaterial. The occurrence of any such risks and uncertainties may materially and adversely affect the Company's business, financial position, results of operations and/or prospects. As a result, the price of the Company's Shares may decline, the Company's ability to pay dividends could be impaired and/or investors may lose all or part of their investments.

The Company's Directors also confirm that, to the best of their knowledge and belief, there are no other material risks as of the date of this Prospectus than those mentioned in this Section that may affect investors' decisions to invest in the Offer Shares. All prospective investors willing to subscribe to the Offer Shares should assess the risks related to the Offer Shares and the Offering in general, and the economic and regulatory environment in which the Group operates.

An investment in the Offer Shares is only suitable for investors who are able to evaluate the risks and benefits of such investment and who have sufficient resources to bear any loss resulting from such investment. Prospective investors who have doubts about which actions to take should refer to a financial adviser duly licensed by the CMA for advice about investing in the Offer Shares.

The risks described below are not presented in any assumed order of priority that can reflect their expected impact on the Group.

2.1 Risks Related to the Activities and Operations of the Company

2.1.1 Risks Related to the Relatively Dynamic Regulatory Environment

The rules regarding the licencing and regulation of manpower companies were first issued by the MHRSD in 2011G (for further information about the history of the regulatory environment for manpower companies, see Section 3.4.3 (*Overview of the Regulatory Environment*)). The Company was formed in July 2012G and has ten (10) years of operating history and operates in a fast-changing regulatory environment as it is subject to continuous reforms in line with regulatory developments as the manpower industry develops. Accordingly, the inability to respond to such developments in the manpower industry will affect the ability of the Group, including the Company, to conduct its business as required. For example, in 2015G, the MHRSD enforced its older regulations to require all licensed companies to allocate no less than 20 per cent. of its manpower resources to household manpower, of which 50 per cent. must be females, and restricted all licensed companies, including the Company, from obtaining new work visas for corporate clients until they complied with such requirement. As a result, the inability of the Company to promptly deal with significant changes in the regulations of manpower companies or licence requirements applicable to the Company will add additional operational or financial burdens on the Company, would have an adverse effect on the Company's business, financial condition, results of operations and/or prospects.

2.1.2 Risks Related to the Group's Inability to Obtain Work Visas Necessary for its Business

The Group's business heavily relies on work visas issued by the MHRSD. Currently, licensed manpower companies may request any number of visas they require to carry out their activities without being subject to any cap, subject to the relevant companies' compliance with the rules and regulations of the MHRSD. The MHRSD may, at its sole discretion, decrease the number of work visas issued to manpower companies or suspend issuance of work visas to manpower companies. The Group obtained 12,794, 6,243, 11,447 and 11,275 work visas in the financial years ended 31 December 2021G, 2020G, 2019G and the six-month period ended 30 June 2022G, respectively. The Group's inability to obtain the required number of work visas necessary for its business from the MHRSD would affect the size of its available workforce, which would have an adverse effect on its business, financial condition, results of operations and/or prospects.

2.1.3 Risks Related to the Group's Inability to Attract and Retain Clients

All of the Group's revenues are derived from payments made by its clients for its supply of manpower services. As a result, the Group may face a decline in revenues due to several factors, including changes in general economic conditions, market maturity or saturation, an increase in service fees due to inflation, value added tax or other Government taxes or fees, in addition to changes in the general Saudization policies and direct or indirect competition in the manpower industry. If the Group is unable to attract and retain clients, this would have an adverse effect on the Group's business, financial condition, results of operations and/or prospects.

2.1.4 Risks Related to Technological Advances and Their Negative Impact on the Labour Market and the Volume of Demand for Human Capital

The Group's success is directly dependent on its clients' need and demand for a highly qualified workforce. The replacement of humans by machines, robotics, machine learning, artificial intelligence and other technological advances to carry out actions and operations that were dependent or still depend on the human element will continue now and into the future, using advanced technologies outside the scope of the business and control of the Group. The manpower industry continues to be impacted by significant technological changes enabling companies to offer services competitive to those of the Group, as was previously the case. Such technological changes may: (i) reduce the demand for the Group's services; (ii) enable the development of competitive services; or (iii) enable the Group's current clients to reduce or bypass the use of its services, particularly for limited-skill job categories. The effort to gain technological expertise and develop new technologies in the Group's business may require it to incur significant expenses. If the Group is not successful in anticipating or responding to these changes or if demand for its services is reduced due to advanced technologies, this would have an adverse effect on the Group's business, financial condition, results of operations and/or prospects.

2.1.5 Risks Related to the Group's Reliance on Key Clients

Revenues generated from the Group's top five clients amounted to SAR 217.9 million, SAR 187.6 million, SAR 166.6 million, and SAR 102.8 million, which represented 30.4 per cent., 27.3 per cent., 25.1 per cent. and 24.4 per cent., of the Company's total revenues for the financial years ended 31 December 2019G, 2020G and 2021G, and the six-month period ended 30 June 2022G, respectively. Furthermore, the percentages of revenue generated by Related Party transactions from the total value of revenue generated by the top five clients accounted for 55.2 per cent., 54.5 per cent., 51.4 per cent., and 45.4 per cent. in the financial years ended 31 December 2019G, 2020G and 2021G, and the six-month period ended 30 June 2022G, respectively (for further information about the Company's top five clients, see Table 4.3 (*The Group's Top Five Clients by Revenue for the Financial Years Ended 31 December 2019G, 2020G and 2021G, and the Six-Month Period Ended 30 June 2022G*)). The Group may be exposed to increased risks arising from the possible loss of major clients in comparison to others. In addition, some of the Group's clients operate in industries that have experienced adverse business and financial developments during different phases of the economic cycle. The deterioration of the financial condition or business prospects of those clients could reduce their staffing needs and result in a significant decline in the revenues and earnings that the Group generates from them. This in turn would have an adverse effect on the Group's business, financial conditions, results of operations and/or prospects.

2.1.6 Risks Related to the Group's Contracts with Key Clients

The Group's contracts with its key corporate clients generally extend for a term of two years (for further information about these contracts, see Section 12.5 (*Material Agreements*)). In the event that one of the parties fails to meet its contractual obligations, the affected party may terminate the relevant contract and claim compensation from other party in the form of damages. In addition, for various reasons, the Company may not be able to renew its contracts with corporate clients upon their expiration, or it may not be able to renew its contracts on terms that are favourable to the Group. If the Group fails to maintain its relationships with its corporate clients in general, and key corporate clients in particular, it may lose a significant portion of its revenues, which may not be compensated through other client accounts which, in turn, would have an adverse effect on the Group's business, financial condition, results of operations and/or prospects. Moreover, any such contractual non-compliance could result in the Group being excluded from participating in Government contracts or contracts with major corporate entities.

2.1.7 Risks Related to Framework Service Agreements

All of the framework agreements concluded by the Group for the purpose of providing its services to its corporate clients include provisions allowing clients to request manpower services according to their needs. Under such agreements, the Group's clients often have little obligation to request its manpower services, if any. The Group may hire employees permanently to meet anticipated demand for its services under these agreements without requiring clients to make actual requests for such services. If the Group sees a significant decline in the manpower services orders under its master service agreements with corporate clients or if its existing corporate client agreements expire or lapse and the Group is unable to replace them with similar agreements, the Group's business, financial condition, results of operations and/or prospects would be materially adversely affected.

2.1.8 Risks Related to the Concentration of Revenue in Top 20 Clients and from Clients Operating in the Retail Sector

The Group's revenues from the top 20 clients amounted to SAR 408.7 million, SAR 354.1 million, SAR 305.9 million, and SAR 194.3 million, which represented an average of 57.1 per cent., 51.6 per cent., 46.1 per cent. and 46.0 per cent. of its total revenues, in the financial years ended 31 December 2019G, 2020G and 2021G, and the six-month period ended 30 June 2022G, respectively. Furthermore, the percentages of revenue generated by Related Party transactions from the total value of revenue generated by the top 20 clients accounted for 32.9 per cent., 30.2 per cent., 28.0 per cent., and 26.1 per cent. in the financial years ended 31 December 2019G, 2020G and 2021G, and the six-month period ended 30 June 2022G. Revenues generated from the Group's clients in the retail industry represented 16.5 per cent., 12.9 per cent., 14.1 per cent. and 11.8 per cent. of the Company's total revenues for the financial years ended 31 December 2019G, 2020G and

2021G, and the six-month period ended 30 June 2022G, respectively. Therefore, a deterioration in the financial condition or business prospects of the Group's top 20 clients or its clients operating in the retail industry could reduce their staffing needs and result in a decline in the revenues and earnings that the Group generates from such clients, which, in turn, would have an adverse effect on the Group's business, financial condition, results of operations and/or prospects.

2.1.9 Risks Related to the Default or Insolvency of Clients

The Group's revenues are generated by payments made by its clients. Some of the Group's clients, including its key clients, may in the future face financial and operational challenges due to economic downturns, market conditions or other client-specific factors. In the event of a material decline in the current financial position of any of the Group's clients, including its key clients, this may lead to a default by such client(s) on their obligations to the Group, insolvency or even bankruptcy, which, in turn, would have an adverse effect on the Group in its ability to collect all outstanding accounts receivables. Any such event would have an adverse effect on the Group's business, financial condition, results of operations and/or prospects.

2.1.10 Risks Related to the Group's Reliance on Manpower Resources Recruited from Certain Countries

The Group's success is substantially dependent on its ability to recruit and retain large numbers of qualified foreign workers who possess the skills and experience necessary to meet the staffing requirements of its clients. As of the date of this Prospectus, the Group relies on foreign manpower resources recruited from 24 different countries, with the majority of its manpower resources recruited from six countries, namely Indonesia, the Philippines, Bangladesh, Uganda, Pakistan and India. As of 30 June 2022G, 93.8 per cent. of the Group's foreign manpower resources were recruited from such countries, compared to 79.0 per cent., 89.0 per cent. and 78.0 per cent., as of 31 December 2019G, 2020G and 2021G, respectively. As a result, the Group's inability to recruit foreign manpower resources from any of the above countries, for any reasons, including but not limited to, a deterioration in the diplomatic relationships between the Kingdom and these countries, would adversely affect the Group's ability to recruit and supply manpower resources. This in turn would affect the Group's operations which would have an adverse effect on its business, financial condition, results of operations and/or prospects.

2.1.11 Risks Related to the Group's Inability to Maintain its Relationship with Recruitment Agencies

The Group recruits foreign manpower resources after search and selection processes via recruitment agencies located in 24 different countries. As of the date of this Prospectus, the Group has entered into contractual relationships with 45 recruitment agencies in a number of countries including Indonesia, the Philippines, Bangladesh, Uganda and India, for the purpose of recruiting qualified foreign manpower resources across a number of industries (for further information about these contracts, see Section 4.6.6 (*Recruitment and International Relation Department*). In the event that one of the parties to the agreements with foreign recruitment agencies fails to meet its contractual obligations, the affected party may terminate the relevant contract and request compensation from the other party by requiring them to pay damages. In addition, the Group may not be able to renew its contracts with recruitment agencies upon their expiration, or it may not be able to renew such contracts on terms that are advantageous to the Group. If the Group fails to maintain its relationships with recruitment agencies, it may not be able to recruit qualified foreign manpower resources, which would have an adverse effect on the Group's business, financial condition, results of operations and/or prospects.

2.1.12 Risks Related to the Group's Inability to Recruit Qualified Manpower Resources

The Group's success depends on its ability to attract, recruit and retain manpower resources with the skills and experience necessary to fulfil its clients' needs. The Group intends to increase the volume of its activity in the Kingdom by increasing the number of its workforce. However, qualified manpower may not be available to the Group in sufficient numbers or on acceptable employment terms. Additionally, the Group's clients may seek to recruit manpower resources from diverse backgrounds representing different age groups, geographical regions or skillsets. These needs may change due to business requirements or in response to geopolitical and societal trends. There is a risk that the Group may not be able to identify manpower resources with the required attributes or identify them in a timely manner. If the Company fails to recruit and retain qualified manpower resources who meet the needs of its clients, its reputation, business and/or financial results could be materially adversely affected.

Furthermore, governments in countries from where the Group recruits its manpower resources may seek to change the working conditions and/or terms of the employment agreements which may result in an increased cost to the Group making it economically unfeasible or unattractive to recruit manpower resources from such countries. It may also reduce the demand from clients for such manpower resources. If the Group is unable to attract and retain qualified manpower resources, or recruit foreign manpower resources continuously, this would have an adverse effect on its business, financial condition, results of operations and/or prospects.

2.1.13 Risks Related to the Group's Quality of Services and Positive Reputation

The major client groups to whom the Group believes its services will appeal may not continue to rely on its services. Demand for the Group's services depends on several factors, including cost, ease of use, familiarity of use, convenience, timeliness and strategic partnerships, in addition to the reliability and quality of services in general. If the Group is not able to adequately meet its clients' needs and expectations, its service offering may not be able to compete in the market and its ability to continuously generate revenues could be reduced. Additionally, the Group relies on its reputation in the market. The Group's reputation is potentially susceptible to material damage by events such as disputes with clients, mistreatment of manpower resources by the Group or its clients, information technology security system breaches, internal control deficiencies, delivery failures or compliance violations. Additionally, its reputation could be damaged by actions or statements of current or former clients, employees, competitors, vendors, adversaries in legal proceedings and government regulators, as well as the media. In particular, the inappropriate and/or unauthorised use of social media platforms, including online blogs, social media websites and other forms of Internet-based communication, which allow individuals access to a broad audience of consumers and other interested persons by the Group's clients or employees could increase its costs, cause damage to its brand, lead to litigation or result in information leakage, including the improper collection of personal data that may be used to identify or improperly disseminate personally identifiable information about candidates and clients. It is worth noting that there is a risk related to negative or inaccurate posts or comments about the Group on any social networking platforms, even if based on rumours or misunderstandings that could damage its reputation, value, brand image and goodwill. Damage to the Group's reputation could be difficult, expensive and time-consuming to repair or gain compensation for, and could make potential or existing clients reluctant to select the Group for new engagements, resulting in a loss of business, which would adversely affect its recruitment and retention efforts. Damages to the Group's reputation could also reduce the value and effectiveness of the Group's brand name, and influence investor and client confidence in the Group, which would have an adverse effect on its business, financial condition, results of operations and/or prospects.

2.1.14 Risk Related to the Accommodation of the Manpower Resources

Pursuant to the Recruitment Rules, the Group is obligated to secure housing for its manpower resources. All of the facilities used as housing for the Group's manpower resources are leased from third-parties (for further information about properties owned and leased by the Company, see Section 12.8 (*Real Estate*). During the financial years ended 31 December 2019G, 2020G and 2021G, and the six-month period ended 30 June 2022G, the Group's lease expenses amounted to SAR 3.9 million, SAR 4.1 million, SAR 5.3 million and SAR 3.4 million, respectively. Leases for such facilities are limited for a certain period of time and the landlord of any of such facilities may revise the terms of the lease or the rent amount during the lease term or at the term of renewal, in accordance with the relevant terms thereto. Any increase in the rent amount would result in additional costs to the Group, which would have an adverse effect on its business, financial condition, results of operations and/or prospects.

Moreover, the Group's ability to find suitable housing facilities at reasonable costs depends on a number of factors including, but not limited to, the general economic conditions in the real estate market. Therefore, the Group may not be able to find suitable housing facilities at reasonable costs or at all or it may not be able to renew its current leases on reasonable terms or at all. If the Group is unable to secure housing for its manpower resources, it will be in violation of the Recruitment Rules and, therefore, subject to fines and penalties imposed by the MHRSD. This in turn would have an adverse effect on the Group's business, financial condition, results of operations and/or prospects.

Furthermore, the Minister of Justice issued a ministerial circular on 4 Jumada al-Ula 1440H (corresponding to 10 January 2019G) (in accordance with Council of Ministers' decision No. 292 of 16 Jumada al-Ula 1438H (corresponding to 13 February 2017G) pursuant to which the lease agreements not registered on the electronic "Ejar" platform may be considered as non-enforceable administratively and judicially. As at the date of this Prospectus, the Company has one lease agreement that is not registered on the "Ejar" platform. Therefore, in the event of any dispute between the Group and the relevant lessors with respect to the agreement, the Company may have difficulties protecting its contractual rights. The Group may also face difficulties in issuing and renewing licences and permits for rented location through a lease agreement that is not registered on the "Ejar" platform.

Furthermore, the Group's housing facilities are subject to risks of accidents including fire incidents that may result in losses and/or injuries to occupants, furniture and fixtures. If the Group is liable for any of such accidents, whether intentionally or negligently, it may be liable for damage claims. This may result in incurring costs that are not covered by the Group's insurance documents, which would have an adverse effect on the Group's business, financial condition, results of operations and/or prospects.

2.1.15 Risks Related to the Transportation of Manpower Resources

Foreign manpower resources recruited by the Group generally arrive to the Kingdom by plane and the Group bears all costs related thereto, including airfare. Therefore, any increase in airfares or any decrease in the number of available flights to and from the Kingdom would have an impact on the Company's expenses and costs, due to an increase in airline operation costs, a decrease in the supply or demand for flights in the Kingdom for any reason and/or any other political or economic factors would affect the Group's ability to recruit foreign manpower resources from their countries in a timely manner and/or at a reasonable cost. This, in turn, would have an adverse effect on the Group's business, financial condition, results of operations and/or prospects.

In addition, the Group transports its manpower resources in the individual segments to and from its clients' places of business and/or residences within the Kingdom, especially with respect to the "Hemmah" Program, which makes use of the Group's rented transportation fleet (for further information about the Company's transportation fleet, see Section 4.5.3.1(d) (*Transportation Fleet*)). If transportation of the Group's manpower resources to its clients is interrupted for any reason or if any of its transportation vehicles are involved in traffic accidents, the Group may not be able to pick-up or drop-off the manpower resources to its clients in a timely manner, which may subject the Group to claims from its clients and/or additional costs. Additionally, the Group may not be able to increase the prices of its services due to increases in transportation costs, including increases in fuel prices, which would have an adverse effect on the Group's profitability. The occurrence of any of the above factors would have an adverse effect on the Group's business, financial condition, results of operations and/or prospects.

2.1.16 Risks Related to the Inability to Adequately Maintain the Confidentiality and Integrity of Client and Employee Data

In its ordinary course of business, the Group collects, transfers and treats client and employee information via the Company's own information systems or those outsourced or assigned to third parties with which the Company contracts to obtain its client and employee data, ID card numbers, birth dates and other private data. Some of this data is private and may be targeted by external parties, such as individual criminals, organised criminal groups, "cyber hackers" and others. The Group's inability to maintain the confidentiality and integrity of client and employee data may lead to a change in the behaviour of existing or potential clients in a manner that affects the Group's ability to retain its existing clients and attract new ones, which would have a material adverse effect on the Group's business, financial position, results of operations and/or prospects.

It is worth noting that the Personal Data Protection Law, which was promulgated under Royal Decree No. M/19, dated 9 Safar 1443H (corresponding to 16 September 2021G), was due to enter into force 180 days after the date of its publication in the Official Gazette (i.e., from 17 Safar 1443H (corresponding to 24 September 2021G)). This Law applies to any personal data processing by any means in the Kingdom, whether it relates to the data of a citizen or resident, it includes a number of requirements to protect the rights of personal data owners, which the Group must implement. On 19 Sha'ban 1443H (corresponding to 22 March 2022G), the Saudi Data and Artificial Intelligence Authority (SDAIA) announced that the competent authorities had decided to postpone the full enforcement of the Personal Data Protection Law until 25 Sha'ban 1444H (corresponding to 17 March 2023G). As a result, the Group has not assessed the impact of the Personal Data Protection Law on its operations, nor has it taken adequate steps to ensure compliance therewith. In the event that the impact of the Personal Data Protection Law and its implementing regulations would be significant, if the Group is required to change its operations to comply with the requirements of the Personal Data Protection Law, or if the Group incurs additional costs to take the necessary steps to ensure compliance therewith, this will adversely affect its business, financial position, results of operations and/or prospects.

The commitment to changing privacy and security laws may also lead to an increase in costs related to changing the Group's business models and developing new administrative processes due to the changes in the laws and the imposition of new restrictions or controls. These laws, conditions and regulations may impose further restrictions on the Group's collection of personal data in one or more of its databases, and their disclosure and utilisation. Failure to adhere to the privacy laws, general requirements of the sector or any security breach that involves theft, loss or disclosure of personal, sensitive or confidential data without permission may lead to fines, penalties and lawsuits against the Group, which would have a material adverse effect on its business, financial position, results of operations and/or prospects.

2.1.17 Risks Related to the Impact of Cybersecurity Attacks on the Security and Reliability of Technology Systems

The Group heavily depends on technology, systems and networks that are managed by the Group or third-party service providers and equipment vendors to conduct its business and operations. Cybersecurity risks and threats to such systems continue to grow in sophisticated ways and may be increasingly difficult to anticipate, detect or prevent. If any of the information security systems used by the Group for detecting and protecting against cybersecurity threats proves to be insufficient, the Group's business and/or financial systems could be compromised through confidential or proprietary information in the Group's possession being altered, lost or stolen, or the Group's (or its clients') business operations or information security could be disrupted, degraded or damaged. A cybersecurity breach or failure could also potentially result in losses (financial, operational or otherwise) to people, loss of control of, or damage to, the Group's (or its clients') assets, harm to the environment, reputational damage, breaches of laws or regulations, litigation and other legal liabilities. Moreover, the Group may incur significant costs to prevent, respond to or mitigate cybersecurity risks and to defend against any investigations, litigation or other proceedings that may follow such events. Any failure or breach of the Group's systems could materially adversely impact the Group's reputation, business, financial position, results of operation and cash flows, as well as the Group's ability to repay its indebtedness.

2.1.18 Risks Related to the Group's Inability to Expand and Develop

The Group's strategy includes plans to expand its services, client base and potentially its geographical reach in the Kingdom. However, the Group may not be able to implement such strategies effectively due to a number of factors beyond its control, such as a change in laws and regulation and/or local or international economic slowdowns. The Group's ability to successfully expand to new markets, or in existing markets in which it has a presence, is dependent on a number of factors, including the Group's ability to:

- establish definitive business strategies, goals and objectives;
- respond to trends in the manpower industry in an effective and timely manner;
- engage with current and new clients;
- identify new services and geographical markets, successfully compete in those services and markets and comply with relevant regulatory requirements;
- sustain the adequacy of the Company's financial resources; and/or
- hire, train and assimilate new employees.

Furthermore, new services launched by the Group may be unprofitable if the Group is not able to accurately evaluate all of the costs and risks in pricing its services and it may not even be able to recover or regain its initial investment. If the Group delays or fails to implement its strategies effectively, this would have an adverse effect on its business, financial condition, results of operations and/or prospects.

2.1.19 Risks Related to Credit Card and Debit Card Payments

The Group accepts payments and remittance via credit card and debit card transactions through point-of-sale processing systems. For credit card and debit card payments, the Group pays certain fees to financial institutions, which will increase over time. If the Group encounters problems with its point-of-sale hardware and software, or in its ability to process payments through any major credit or debit card payment system, this would impair its ability to collect its fees. The occurrence of any of the above factors would have an adverse effect on the Group's business, financial condition, results of operations and/or prospects.

2.1.20 Risks Related to Challenges from Expansion into New Markets and Ancillary Businesses

While the Group's main activity is the supply of manpower services, it envisions expanding its reach into services that are complementary to manpower services, such as the provision of administrative services and employee management services, customised ERP programs to companies engaged in the manpower industry, human resources advisory services (such as human resources consultancy, training and development, assisting companies to revamp and upgrade their management systems and practices, etc.) in addition to the possibility of expanding its current operations within the various regions in the Kingdom. The Group could face challenges when expanding into new markets and services, including its lack of familiarity with the cultural and economic conditions of new locations and markets, difficulties in the staffing, training and management of new employees, as well as its lack of recognition and reputation in such new markets, lower margins, its ability to secure new contracts with current and new clients, obtain additional financing to finance the new operations, integrate them into its existing operations, and in general manage larger overall operations efficiently, while at the same time continuing to operate the Group's existing service offerings with the necessary levels of efficiency. As a result, the Group's revenue growth rates in previous periods should not be taken as an indication of the Group's future growth rates. Further, if the Group lacks in a competitive advantage, this could expose it to unexpected market conditions and delays, financial losses or cash flow challenges. Moreover, the execution of the Group's business plan and growth strategy could create strains on its organisational, administrative and operational infrastructure. The Group's possible expansion of services offering in familiar sectors to support its existing business may lead to quality issues that may affect its reputation and impact its financials. Any expansion into new markets would be subject to certain location-specific restrictions, including applicable laws and regulations in connection with the localisation or nationalisation of certain jobs. The Group's failure to execute its business plan and growth strategy, or to properly manage the expansion would have a material adverse effect on its business, financial position, results of operations and/or prospects.

2.1.21 Risks Related to the COVID-19 Pandemic

An outbreak of infectious diseases or any public health threat or fear may have a material adverse effect on the Group's business. In December 2019G, a new strain of coronavirus (COVID-19) was discovered in Wuhan, Hubei Province, China. This disease spread to most of the countries worldwide, which led to several countries, including the Kingdom, taking multiple measures to curb the spread of the coronavirus. The COVID-19 pandemic has caused severe disruptions to supply chains, the business continuity and workforce availability as most countries have instituted, and may continue to institute, quarantine measures, lockdowns, travel restrictions or other measures aimed at limiting the spread of the pandemic. The COVID-19 pandemic has caused disruptions to businesses and economic activity globally, including a decline in demand for manpower services. Furthermore, it has had, and is reasonably likely to continue to have, a material adverse effect on the demand for the Group's services. Such effects have included, and may continue to include, adverse effects on revenue and net income, disruptions to operations, including restrictions on travel and transportation of manpower resources, decrease of client demand or termination of agreements, client activity disruptions; employee impacts from illness; school closures and other community response measures, which may lead to shortages of personnel and manpower who may be difficult or impossible to replace; and temporary closures of the Group's facilities or the facilities of clients and suppliers. In particular, the Group witnessed a reduction in the utilisation of its manpower resources under the "Hemmah" programme, primarily involving retail customers. Such utilisation rate decreased by 71.9 per cent. for the financial year ended 31 December 2020G and 86.7 per cent. for the financial year ended 31 December 2021G due to the suspension of "Hemma" program services from mid-March to June 2020G due to the COVID-19 pandemic and the weak operating rate after the resumption of the activities of the "Hemma" programme was permitted. The Company's sales from the Corporate Segment decreased by 13.9 per cent. and were significantly affected by the COVID-19 pandemic.

The extent to which the Group's operating and financial results are affected by COVID-19 will continue to depend on various factors and consequences beyond its control, such as the continuation of the pandemic, new waves of the coronavirus, new information that may appear regarding the severity of the coronavirus and additional actions by businesses and Governments in response to the pandemic, especially within the geographic locations where the Group operates in the Kingdom, and the speed and effectiveness of these responses to combat the virus, including the effectiveness and timeliness of vaccinations, which currently remain highly uncertain. COVID-19, and the volatile global economic conditions arising from the pandemic have aggravated and will continue to aggravate certain other risk factors included in this Section, and it has subjected the Group's operations and financial performance to a number of risks, including those discussed below, which may also re-occur as a result of any future pandemic:

- operations-related risks: the Group is facing increased operational challenges including a heightened need to protect employee health and safety, office shutdowns, workplace disruptions, cybersecurity risks, and restrictions on the movement of people, both at its own offices and at those of its clients and suppliers. In addition, it is facing additional employee health and safety concerns;
- client-related risks: the business of the Group's clients has and will continue to be disrupted, by quarantines, fluctuations in their financial condition, restrictions on employees' ability to work and office closures. Such disruptions have and may continue to restrict the Group's ability to provide services to its clients (or for clients to pay for such services) and may continue to reduce demand for its services;
- employee-related risks: the Group has experienced disturbances and disruptions to its operations resulting from quarantines, self-isolations, or other movements and restrictions on the ability of its employees to perform their jobs which may impact the ability of the Company to deliver its services in a timely manner and meet its agenda and client commitments; and
- liquidity- and funding-related risks: a prolonged period of generating lower revenue could adversely affect the Group's cash flow and liquidity. Conditions in the financial and credit markets may also limit its ability to draw on its credit facility, as well as the availability of additional funding or increases in the cost of funding, if needed.

The resurgence of the coronavirus in a number of countries, including new variants, and the continuation of the COVID-19 pandemic or another future disease could further negatively impact the global economy and financial markets. If further outbreaks of COVID-19 or other diseases occur or increase, and restrictions which are imposed to limit its spread, this could have a material adverse effect on the Group's business, financial position, results of operations and/or prospects.

2.1.22 Risks Related to Related Party Transactions and Agreements

In its ordinary course of business, the Company enters into agreements with certain Related Parties and/or affiliates, including Substantial Shareholders, its wholly owned Subsidiaries and companies where certain Directors are board members and/or senior executives (see Section 12.9 (*Related Party Contracts and Transactions*)). All such transactions are entered into pursuant to written agreements governing the contractual relationship between the parties. All of the Company's transactions and agreements with the Related Parties are concluded on an arm's length basis. Some Directors have a direct or indirect interest in some of these transactions and agreements with Related Parties currently in place, but which have been approved by the General Assembly at its meeting held on 29 Shawwal 1443H (corresponding to 30 May 2022G), as required.

Related Party transactions are reflected and recorded in the consolidated financial statements in accordance with IFRS and standards and pronouncements issued by SOCPA, as applicable (see Section 19 (*Financial Statements and Auditors' Report*)). The total amount payable to Related Parties by the Company was SAR 2.8 million in the financial year ended 31 December 2019G, comprising 1.6 per cent. of the Company's total liabilities in the same period, and SAR 0.7 million, SAR 0.7 million and SAR 0.9 million during the financial years ended 31 December 2020G and 2021G, and the six-month period ended 30 June 2022G, respectively, comprising 0.4 per cent., 0.4 per cent., and 0.46 per cent., of the Company's total liabilities in the same periods, respectively. The total amount of trade receivables from Related Parties by the Company were SAR 42.5 million, SAR 33.6 million, SAR 52.4 million and SAR 60,45 million during the financial years ended 31 December 2019G, 2020G and 2021G, and the six-month period ended 30 June 2022G, respectively, comprising 28.6 per cent., 29.4 per cent., 38.4 per cent. and 34.4 per cent. of the Company's total receivables in the same periods, respectively. The total value of revenues from transactions with Related Parties amounted to SAR 129.1 million, SAR 109.3 million, SAR 99.8 million and SAR 53.2 million during the financial years ended 31 December 2019G, 2020G and 2021G, and the six-month period ended 30 June 2022G, respectively, comprising 18.0 per cent., 15.9 per cent., 15.0 per cent. and 12.6 per cent. of total revenues of the Company in the same periods, respectively.

If contracts and transactions with Related Parties are not executed in accordance with written agreements, not concluded on an arm's length basis, or not approved by the General Assembly (to the extent that a Director has a direct or indirect interest), this may have an adverse effect on the Company's business, financial condition, results of operations and/or prospects.

2.1.23 Risks Related to Engagement of Directors or Senior Executives in Businesses Competing with the Group's Business

As of the date of this Prospectus, none of the Company's Directors or Senior Executives are participating in activities that compete with the Group. However, some of them may participate in activities that compete with the Group in the future through their membership in boards of directors or through ownership of businesses that fall within the scope of the Group's business, and that are similar to, or directly or indirectly compete with it. The Directors and Senior Executives can access the internal information of the Group and could use that information for their own interests or against the Group's interests and objectives. If the Directors and Senior Executives who have interests conflicting with those of the Group have a negative influence on the Group's decisions, or if they use the information available to them about the Group in a way that harms its interests, this will have a material adverse effect on the Group's business, results of operations, financial position and/or prospects.

As of the date of this Prospectus, none of the Directors or Senior Executives is a party to any agreement, arrangement or understanding under which they are subject to any obligation that prevents them from competing with the Group or any similar obligation in relation to the Group's business. However, in order to engage in businesses competing with the Group, the Directors must obtain approval from the General Assembly in accordance with Article 46 of the Corporate Governance Regulations and Article 72 of the Companies Law.

2.1.24 Risks Related to Dependence on Third Parties, Suppliers, Services Providers and Manufacturers

The Group relies on third party suppliers, service providers and manufacturers. In particular, it obtains and outsources certain support services and processes from third parties for technical services supplementary to its activities, licensing software for operating its systems, and travel services for its employees and manpower resources (most of whom are expatriates), among others. The Group's purchases from its top five suppliers, including suppliers of technical services, software, and travel services, amounted to SAR 50.0 million, SAR 40.4 million, 45.0 million and SAR 39.6 million, respectively, accounting for 52.0 per cent., 59.0 per cent., 44.0 per cent. and 59.1 per cent. of total Group's purchases in the financial years ended 31 December 2019G, 2020G and 2021G, and the six-month period ended 30 June 2022G, respectively. If supply operations from any such third parties are suspended or disrupted, or should there be regulatory restrictions or limits to the purchase and supply processes, the Group may face long delays in supplying required materials or growing its service offering or be required to suspend or terminate agreements and prioritise certain contracts or clients to fulfil its contractual obligations. This may have a negative impact on the supply of manpower and time needed to deploy resources to clients or would lead to increased costs associated with expanding and maintaining the Group's manpower and resources.

2.1.25 Risks Related to Adverse Changes in Exchange Rates

The Group's results of operations may be affected by volatility in currency exchange rates and the Group's ability to effectively manage its currency risks. In the financial years ended 31 December 2019G, 2020G and 2021G, and the six-month period ended 30 June 2022G, 42.7 per cent., 23.5 per cent., 42.3 per cent. and 58.8 per cent. respectively of the Group's purchases of software, equipment and services were in a foreign currency (the US dollar). As a result, if the Kingdom's policy of pegging the Saudi Arabian Riyal to the USD were to change in the future, the Group may experience a significant increase in the SAR denominated costs of its operations. As the Group has not concluded any hedging agreements to mitigate its currency risk exposure, changes in foreign exchange rates could have a material adverse effect on the Group's business, financial position, results of operations and/or prospects.

2.1.26 Risks Related to the Collection of Receivables

The total receivables due to the Group over 365 days past their due date amounted to SAR 15.7 million, SAR 22.4 million, SAR 38.3 million and SAR 40.8 million, for the financial years ended 31 December 2019G, 2020G and 2021G, and the six-month period ended 30 June 2022G, respectively, while the total receivables due to the Group 181 days past their due date and less than a year amounted to SAR 2.4 million, SAR 19.3 million, SAR 5.0 million and SAR 4.0 million, for the same period, respectively, and the total receivables due to the Group 91 days past their due date and less than 181 days amounted to SAR 3.2 million, SAR 4.8 million, SAR 3.5 million and SAR 2.8 million, for the same period, respectively. Furthermore, the total receivables due to the Group less than 91 days past their due date amounted to SAR 99.9 million, SAR 57.1 million, SAR 65.9 million and SAR 98.5 million, for the same period, respectively. Provisions for doubtful debts made against the total receivables due amounted to SAR 15.0 million, SAR 22.8 million, SAR 28.5 million and SAR 30.8 million, respectively, for the same periods. Should the Group's clients dispute the invoiced amounts by the Group or should they face any financial difficulties, it may lead to an increase in uncollected invoices and total receivables past their due dates. The clients' ability to perform their obligations under the contracts, including their ability to pay the Group or fulfil any indemnity obligations may also be impacted by economic or industry downturns or other adverse conditions (including repercussions of the recent COVID-19 pandemic) in the manpower industry, in addition to its clients' respective industries. Any failure to make payments when due could have a material adverse effect on the Group's business, financial position, results of operations and/or prospects.

2.1.27 Risks Related to the Bank Guarantee to MHRSD

Under the Recruitment Rules, the Company is required to provide the MHRSD with an irrevocable bank guarantee amounting to SAR 10.0 million from one of the local banks in the Kingdom pursuant to a form required by the MHRSD. The MHRSD may request that the amount of the bank guarantee be increased at any time and under its sole discretion. The Company has obtained a letter of guarantee from Riyad Bank dated 26 Jumada al-Ula 1441H (corresponding to 22 January 2020G) which is due to expire on 5 Muharram 1446H (corresponding to 11 July 2024G) (for further information about this letter of guarantee and the Company's agreement with Riyad Bank, see Section 12.6 (*Financing Agreements*)). If the Company violates the provisions of such letter of guarantee or its agreement with Riyad Bank, Riyad Bank may terminate its agreement with the Company and cancel the letter of guarantee which may result in the suspension of the Company's MHRSD licence. This in turn would have an adverse effect on the Company's business, financial condition, results of operations and/or prospects.

In addition, if the Company violates any provisions of the Recruitment Rules, the MHRSD may draw amounts from the bank guarantee to fulfil any obligations resulting from such violation. In such case, the Company would be obliged to top-up the bank guarantee within a period not exceeding 30 days to cover for any drawdowns. If the Company fails to top-up the bank guarantee to cover for any drawdowns, it may be subject to the suspension of services by the MHRSD, which would have an adverse effect on the Company's business, financial condition, results of operations and/or prospects.

2.1.28 Risks Imposed by Financing

The Group relies on cash flows generated from its operating activities primarily for the purpose of providing working capital for its operations. As of 31 December 2019G, 2022G and 2021G, and as of 30 June 2022G, respectively, the Group had an unused bank financing facility of SAR 26.0 million, SAR 26.0 million, SAR 26.0 million and SAR 26.0 million, respectively to manage short and long term liquidity requirements. In addition, the Group has obligations under guarantees amounting to SAR 5.0 million, SAR 10.0 million, SAR 10.0 million and SAR 10.0 million, as of 31 December 2019G, 2020G and 2021G, and as of 30 June 2022G, respectively, guaranteeing its obligations in connection with its financing agreement with Riyad Bank and MHRSD licences for recruitment companies. For further information, see Section 6 (*Management's Discussion and Analysis of Financial Position and Results of Operations*).

The Group's existing bank financing facility with Riyad Bank contains covenants that impose operating and financial restrictions on the Group. Such restrictions may affect the Group's flexibility in planning for, and reacting to, changes in its business or economic conditions and otherwise prevent or limit its ability to undertake certain business activities without the consent of its lenders. The Group's ability to comply with such covenants and restrictions may be affected by events beyond its control, and there is no guarantee that the Group would be able to obtain the lender's consent to waive or amend the covenants that are necessary or beneficial for the Group's business, which may have an impact on the Group's performance. Any request for waivers or amendments may result in increased costs to the Group or lead the lender to modify the terms of the existing financing arrangements or impose additional operating and financial restrictions. If the Group is unable to comply with any of the covenants in its current or future financing arrangements and/or obtain a waiver or amendment, a default could occur under the terms of such agreement, and could lead to the acceleration or enforcement of repayment of such financing arrangements or limit its ability to withdraw amounts under such financing. In such circumstances, there can be no assurance that the Group would be able to access sufficient alternative funding to meet all such repayments or to fund its operations. Further, the lender is provided with guarantees pursuant to the terms of the financing agreement, in addition to the right to demand further guarantees at-will, from time-to-time (for further details on collateral, undertakings and material terms of the Group's financing agreements, see Section 12.6 (*Financing Agreements*)). The Group's reliance on financing facilities to manage its short and long term liquidity requirements constitutes a risk in itself due to the possibility of their termination for violations of any of their conditions or the expiration of their respective terms, without the same being renewed. The occurrence of any of the above events would have a material adverse effect on the Group's business, financial position, results of operations and/or prospects.

In addition, there may be other significant negative consequences related to indebtedness, as well as a number of financial obligations, both current and future, in addition to some contractual obligations, including:

- allocation by the Group of a significant portion of the cash flow from operations to repay its debts resulting in a reduction of the amount of funds available to sustain its operations or achieve its planned rate of growth, including limiting its ability to make investments into more manpower or facilities to accommodate the same and support the growth of the business;
- an increase in the Group's vulnerability to adverse economic and manpower industry conditions, which could place it at a competitive disadvantage compared to its competitors that have relatively lower indebtedness;
- an increase in the Group's cost of borrowing, causing it to incur substantial fees from time to time in connection with debt restructuring or refinancing as the Group's external financing arrangements are greatly affected by interest rates, which are deemed highly sensitive to factors beyond the control of the Group, including Government, monetary and tax policies, as well as domestic and international economic and political circumstances. Higher interest rates and related finance charges may lead to reductions in the Group's cash flow. As a result, adverse fluctuations in interest rates would have a material adverse effect on the Group's business, financial position, results of operations and/or prospects; and
- limits to the Group's flexibility in planning for, or reacting to, changes in its business and the manpower industry.

The occurrence of any of the aforementioned factors could have a material adverse effect on the Group's business, financial position, results of operations and/or prospects.

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2.1.29 Risks Related to Reliance on Executive Management and Key Personnel

The Group relies on the efforts, diligence, skill, network of business contacts and close supervision of its Executive Management team and other key personnel for the implementation of its strategy and its day-to-day operations, such as corporate clients relationship managers and the heads of sales, research and development operations, marketing, sales, services, and general and administrative functions, as well as mission-critical individual contributors. It is expected that the operating complexity of the Group's business and the responsibility of its Executive Management will continue to increase in the future. Further, the competition to attract appropriately qualified personnel with the relevant expertise in the Kingdom is fierce. If one or more members of the Group's Executive Management team or key personnel were to resign, the loss of such personnel could result in, among other things, a disruption in organisational focus, poor execution of operations or a failure or delay in achieving some or all of its business strategies and may require the diversion of management resources. In addition, its future success as it expands its scope of operations will depend, in part, on its ability to attract, retain and motivate qualified personnel. The loss of services of an Executive Management member or key employee could prevent or delay the implementation and completion of its strategic objectives and divert the management's attention to seek qualified replacements. This could adversely affect the Group's ability to manage its business effectively. Moreover, any member of the Executive Management, as well as any of the key employees, may resign at any time. Losing the ability to hire and retain key executives and employees with high levels of skills in the relevant domains would have a material adverse effect on the Group's business, financial position, results of operations and/or prospects.

In addition, the demand for executives and management personnel is traditionally high and could exceed supply, in particular, this relates to skilled executives with experience in managing public joint stock companies, particularly in the manpower industry. As a result, the Group may need to invest significant financial and human resources to attract and retain new employees and it may not realise returns on these investments. Moreover, the demand for manpower services may cause shortages in qualified personnel globally, leading to higher wages and preventing the Group from attracting qualified individuals in a cost-efficient manner. Further, extended periods of remaining at home due to lockdowns, business closures, and other restrictions may impact the Group's ability to identify, hire, and train new personnel. Many of the companies which compete with the Group to attract experienced personnel benefit from greater resources compared to those of the Group.

The Group also relies on certain non-Saudi employees to provide technical and management expertise in its operations. Any changes in local laws and regulations which adversely impact expatriates could cause an outflux of workers from the Kingdom opting to work in other countries, thus enhancing the difficulty of the Group to retain the necessary non-Saudi employees and disrupting the operations of the Group. The Group also pays the costs for the required Government fees for non-Saudi employees for their work and residence permits and, in some cases, those of their dependents. Should such fees be increased in the future, the Group could be forced to bear the increased costs to retain the requisite non-Saudi employees for their technical and management expertise, resulting in an increase in the Group's costs and expenses, adversely affecting its business, financial position, results of operations and/or prospects.

While the Group's contracts with its clients are regularly reviewed, there can be no assurance that any or all of potential increases in employee costs as a result of labour shortage, wage inflation or increased Government fees would be passed on to the Group's clients. If such costs are not effectively passed on to its clients, the Group may experience increased costs or be unable to retain an adequate number of skilled personnel, which would adversely affect its business, financial position, results of operations and/or prospects.

2.1.30 Risks Related to Employee Misconduct and Errors

Employee misconduct or any errors which could lead to the Group being in violation of applicable laws and regulations, could result in regulatory sanctions being imposed on the Group by the competent regulatory authorities. Such sanctions would vary according to the misconduct or error and would result in significant financial liability to the Group and cause serious damage to its reputation. Such misconduct or errors related to non-compliance with applicable laws or internal controls and procedures, could include:

- culturally insensitive behaviour or behaviour that does not take into account the local customs;
- misuse of bank card information of the Group's clients, which would lead to fines imposed on the Group by the Saudi Central Bank (SAMA) and require the Group to indemnify whomever is affected thereby;
- engagement in misrepresentation or fraudulent, deceptive or otherwise improper activities while marketing the Group's services to current or potential clients;
- lack of compliance with applicable laws or internal controls and procedures, including the failure to document transactions in accordance with the Group's standardised documentation and processes (or the failure to take appropriate legal advice in relation to non-standard documentation, as required by the Group's internal policies) or to obtain proper internal authorisation;
- claims arising out of actions or inactions of the Group's contracted manpower resources;
- errors and omissions of the Group's contracted manpower resources, particularly in the case of professionals such as accountants; and
- claims asserted by the Group's clients related to the misuse of clients' proprietary information, misappropriation of funds or other criminal activity carried out by the Group's contracted manpower resources.

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The Group may also face claims and litigation for harm or other adverse effects caused by such errors (see also Section 2.1.33 (*Risks Related to Litigation*)). If employees commit any such misconduct or errors, it could have a material adverse effect on the Group's business, financial position, results of operations and/or prospects.

2.1.31 Risks Related to Employing and Sponsoring Non-Saudi Employees

MHRSD has officially announced the launch of its "Improving Contractual Relationships" initiative, which encompasses a number of policies and controls, including the replacement of the kafala (sponsorship) system with an employment contract system between the employer and expatriate worker, effective as of 14 March 2021G. Under this initiative, the Kingdom strives to improve and promote the efficiency of the work environment, enhance the flexibility, effectiveness and competitiveness of the labour market, raise its attractiveness in line with international best practices and activate contractual references in the employment relationship between employers and employees based on documented employment contracts between them through the contract documentation program. The job mobility service also allows expatriate workers to switch to another job upon the expiry of his/her employment contract without the employer's consent. Furthermore, the initiative also defines the mechanisms of mobility during the term of the contract, provided that the notice period and applicable controls are adhered to. The exit and return service allows expatriate workers to travel outside the Kingdom upon submitting an application, while notifying the employer electronically. The final exit service enables expatriate workers to leave the Kingdom immediately upon the expiry of the contract, while notifying the employer electronically, without the employer's consent. There is also the option to leave the Kingdom where the worker bears all of the consequences of the termination of the contract. All of these services are already available through Absher and MHRSD's Qiwa platform. As a result, the Company may be adversely affected if a large number of employees decide to switch to other companies, and the Company is unable to prevent them from doing so, except to the extent permitted under their employment contracts. Hence, the Company may face difficulties in contracting with new employees to replace them. Should the Company lose a large number of its employees in this manner and be unable to hire new employees to replace them, this would have a material adverse effect on the Company's business, financial position, results of operations and/or prospects.

2.1.32 Risks Related to the Failure to Secure Adequate Insurance Coverage

The Group maintains different insurance policies for the purpose of covering its operations, including motor comprehensive insurance, as well as medical insurance for its employees. As of the date of this Prospectus, all of the Group's insurance policies are valid (for further information on insurance policies, see Section 12.7 (*Insurance Policies*)). However, there is no guarantee that the Group's existing insurance policies will be sufficient to cover losses arising from certain events or will be renewed on equivalent, commercially reasonable terms or at all. In addition, the Group's insurance policies include exceptions or limitations to coverage, under which certain types of loss, damage and liability are not covered. In these cases, the Group could incur losses that would have an adverse effect on its business and results of operations. In addition, the Group's failure to renew its existing levels of coverage on commercially acceptable terms, or at all due to a lack or unavailability of adequate insurance for the various areas of its business, would have an adverse effect on the Group's business, financial condition, results of operations and/or prospects.

The occurrence of an uninsured or uninsurable loss could result in the loss of all or part of the invested capital, or unrecoverable costs incurred to rectify the loss or pay compensation and anticipated future revenues related to any operation that is damaged or destroyed. The Group may also remain liable for any debt or mortgage, indebtedness or other financial obligations related to the relevant operation or asset. The occurrence of any such event could have a material adverse effect on the Group's business, financial position, results of operations and/or prospects (for further details on insurance policies, see Section 12.7 (*Insurance Policies*)).

2.1.33 Risks Related to Litigation

The Group may become involved in lawsuits and regulatory actions (in relation to the business framework within which it operates) with various parties including clients, employees, regulatory authorities and owners of properties leased to the Company for its operations. As of the date of this Prospectus, the Company has more than 24,271 foreign workers for the purposes of its supply of manpower services, which makes it more prone to being subject to labour claims and disputes; on the other hand, it may also be the claimant in similar lawsuits or litigations. Any unfavourable outcome in litigations and regulatory proceedings would have an adverse effect on the Group's business, financial condition, results of operations and/or prospects.

In addition, regardless of the outcome of any litigation or regulatory proceedings, these proceedings could result in substantial costs to the Group, and may require the allocation of substantial resources to defend against such claims, which would have an adverse effect on the Group's business, financial condition, results of operations and/or prospects.

The Company also allocates the depreciation allowance of the receivables value for all client balances including litigation client balances according to the Company's approved expected credit losses model, in addition to creating additional allowances for clients' lawsuits that are unlikely to be collected, making the allocation equivalent to 100.0 per cent. of the case client's debt balance.

As of the date of this Prospectus, there are approximately 480 ongoing disputes between the Company (as plaintiff) and a number of parties, with an estimated value of SAR 20.3 million. The majority of the cases (463 lawsuits for a total amount of SAR 4.4 million) relate to non-material collection claims which occur in the normal course of business, and 17 material lawsuits initiated by the Company against its previous clients, with an estimated value of SAR 15.8 million. As of the date of this Prospectus, one lawsuit was brought by a client against the Musanid Al Marafiq for Maintenance and Cleaning Company (as the defendant) with potential liabilities amounting to SAR 0.1 million, in addition to 132 labour lawsuits against the Company with an estimated value of SAR 0.9 million. The Group did not allocate any allowance for labour lawsuits that are doubtful to be collected for the financial year ended 31 December 2021G, and the six-month period ended 30 June 2022G. If the Group is required to pay any of these amounts, it would have an adverse effect on its business, financial condition, results of operations and/or prospects (for further information on the Group's litigation, see Section 12.12 (*Litigation*)).

2.1.34 Risks Related to the Protection of Intellectual Property Rights

As of the date of this Prospectus, the "Al Mawarid", "Hemah" and "Hemmah" trademarks, which the Group depends on to conduct its business, are registered with the Saudi Authority for Intellectual Property. However, it is difficult to control the unauthorised use and other violations of the Group's intellectual property rights. If the Group fails to successfully protect its intellectual property rights for any reason, or if a third party misuses the Group's intellectual property or damages its reputation, the value of the Group's trademark may be harmed. Any damage to the Group's reputation could result in lower demand for its services, which could have an adverse effect on its business, results of operations, financial position and/or prospects.

In addition, from time to time, the Group may be required to renew the registration of the trademarks, register new trademarks or initiate litigation to protect its rights to trademarks and other intellectual property. Third parties may also claim that the Group has infringed or otherwise violated their intellectual property rights, which could lead to litigation. The outcomes of litigation to confirm the Group's rights with respect to its intellectual properties are uncertain and could result in substantial costs and the allocation of financial resources to cover the expenses of such litigation, which would negatively affect the Group's income and profitability regardless of whether the Group is able to successfully enforce or defend its intellectual property rights. The occurrence of any of the above would have a material adverse effect on the Group's business, financial position, results of operations and/or prospects.

2.1.35 Risks Related to Potential Zakat Liability and Tax Liabilities

The Group has submitted all of its Zakat returns, settled its Zakat charges payable, and obtained certificates from ZATCA for every year up to 31 December 2021G. It has also received Zakat assessments from 2015G to 2018G with claims for Zakat differences amounting to SAR 2.1 million. The total amount of around SAR 1.0 million has been approved and paid by the Group, and the Group objected to the rest of the claims. ZATCA accepted the claim related to certain items amounting to around SAR 0.5 million but rejected the objection to other items amounting to around SAR 0.6 million, which the Group appealed and escalated the decision to the General Secretariat of Zakat, Tax and Customs Committees. Such dispute has not been resolved as of the date of this Prospectus. ZATCA has not submitted the final assessments of Zakat or any additional requests or amendments regarding the assessment of tax liabilities of the Company for the financial years 2019G to 2021G. As a result, the final amount of potential Zakat liabilities of the Company for 2019G to 2021G remain uncertain (see Section 11 (*Declarations*)). It is also worth noting that ZATCA did not examine the Group's Zakat declarations for the years 2013G and 2014G. Where the final Zakat or tax outcome is different from the amounts that were initially recorded, such differences will impact the Zakat and tax provision in the year in which such determinations are recorded. These differences could result in an adverse effect on the Group's projected net income and retained earnings. The Group created a provision of SAR 0.2 million for potential Zakat liability but there is no guarantee that such provision will be sufficient to cover any such potential Zakat liability.

The Selling Shareholders made an undertaking dated 17 Rabi' al-Awwal 1444H (corresponding to 13 October 2022G) to bear any future additional amounts imposed by ZATCA on the Company in relation to previous years and up to the Admission. Should ZATCA issue Zakat assessments on the Company and require it to pay additional Zakat amounts for the years for which the Company did not receive the final assessment and should the Selling Shareholders default on their undertaking to pay such additional amounts, it would have a material adverse effect on the Company's business, financial position, results of operations and/or prospects.

2.1.36 Risks Related to the Impact of Tax Disputes with ZATCA on the Company's Financial Statements

The Company had a dispute with ZATCA resulting from ZATCA re-evaluating VAT returns submitted by the Company for the periods from May 2018G to December 2019G, with VAT discrepancies of SAR 22.0 million. The Company paid the total amount of tax discrepancies to benefit from ZATCA's initiative to exempt from the fines that existed at the time. In March 2021G, after ZATCA rejected all objections submitted by the Company, the Company amended the other declarations submitted for the periods from January 2020G to February 2021G and amended the calculation method to be applied on the total invoice from March 2021G and beyond until the determination of the dispute with ZATCA once and for all in order to spare the Group potential fines that may be imposed upon it when the declarations are checked by ZATCA in the future. Tax discrepancies resulting from the modification of these declarations amounted to SAR 26.5 million. Therefore, total VAT discrepancies for all periods from May 2018G to February 2021G amounted to SAR 48.4 million. As of the date of this Prospectus, the Company registered the amount of the cases with ZATCA as assets due from ZATCA. The General Secretariat of Zakat, Tax and Customs Committees ruled in favour of the Company that ZATCA's decision to re-evaluate the Company's VAT returns should be overturned. ZATCA appealed its sentence to the Appeal Committee for Tax Violations and

Disputes. On 26 Jumada al-Ula 1444H (corresponding to 20 December 2022G), the General Secretariat of Zakat, Tax and Customs Committees informed the Company's tax advisor that ZATCA has withdrawn its appeal to the General Secretariat of Zakat, Tax and Customs Committees' verdict. Accordingly, the ruling became final and the decision of ZATCA, which obliges the Company to pay the VAT discrepancies was overturned. As a result, the Company recovered part of the amounts of tax discrepancies paid to ZATCA with an amount of SAR 45.0 million, as the Company received from ZATCA an amount of SAR 18.5 million on 22 Rajab 1444H (corresponding to 13 February 2023G), and an amount of SAR 26.5 million on 24 Sha'ban 1444H (corresponding to 16 March 2023G), and the Group is in the process of recovering the remaining amount of SAR 3.4 million, noting that the Group has reversed the amounts collected from the customers (for more details on the Group's litigation, see Section 12.12 (*Litigation*)). In the event that the Company was unable to recover the rest of the amounts of tax discrepancies paid to ZATCA, this will result in potential losses, which could have a material adverse effect on the Group's business, financial condition, results of operations and/or prospects.

2.1.37 Risks in Connection with the Use of Accounting Assumptions, Estimates and Judgments, and the Corresponding Errors

In connection with the preparation of its financial statements, the Group uses certain accounting assumptions, estimates and judgments related to complex accounting matters, varying interpretations of which could significantly affect the Group's financial results. Generally accepted accounting principles and related accounting pronouncements, and the implementation guidelines and interpretations with regard to a wide range of matters that are relevant to the Group's business, including but not limited to, revenue recognition, intangible assets, taxes and litigation, or impairment on trade and other receivables, are highly complex and involve many subjective assumptions, estimates and judgments by the Group, creating room for errors. For example, revenue from manpower services is recognised over time and a point in time depending on when the performance obligations are satisfied as per the agreements with clients. This is dependent on the appropriate assessment of the respective agreements to assess whether the criteria to measure progress of revenue as per IFRS 15 "Revenue from Contracts with Customers" is met. Similarly, the Group's allowance for expected credit loss on trade receivables is based on the management's estimate of the lifetime expected credit losses to be incurred, which is estimated by taking into account the credit loss experience, ageing of trade receivables, clients' repayment history and clients' financial position and an assessment of both the current and forward looking factors specific to the debtors and the economic environment, all of which involves a significant degree of judgment and complexity. Also in testing for impairments, management applies one or more valuation techniques to estimate the fair values of the reporting units, individual assets or groups of individual assets, as required under the circumstances. These valuation techniques rely on assumptions and other factors, such as the estimated future cash flows, the discount rates used to determine the present value of associated cash flows, and the market comparable assumptions. Any changes in the underlying assumptions, estimates or judgments, as well as the corresponding errors, could have a material adverse effect on the Group's business, financial condition, results of operations and/or prospects.

2.1.38 Risks Related to Significant Working Capital Needs

The Group requires significant amounts of working capital to operate its business. It derives working capital for its operations primarily through cash generated by its operating activities. The working capital of the Group amounted to SAR 146.3 million, SAR 176.9 million, SAR 193.8 million and SAR 214.6 million as of 31 December 2019G, 2020G and 2021G and 30 June 2022G, respectively, with liquidity of 2.1X, 2.4X, 2.4X and 2.3X, for the same periods, respectively. If the Group experiences a significant and sustained drop in operating profits, or if there are unanticipated reductions in cash inflows or increases in cash outlays, it may be subject to cash shortfalls. If such a shortfall were to occur for even a brief period of time, it may have a significant adverse effect on its business. In particular, the Group is using working capital to pay expenses related to its temporary workers and to satisfy its workers' compensation liabilities. As a result, the Group must maintain sufficient cash availability to pay temporary workers and fund related liabilities prior to receiving payment from its clients. Moreover, if its working capital needs increase in the future, the Group may be forced to seek additional sources of capital, which may not be available on commercially reasonable terms or at all. The occurrence of the above could have a material adverse effect on the Group's business, financial condition, results of operations and/or prospects.

2.1.39 Risks Related to Potential Liabilities

The Company has potential liabilities in connection with employees' entitlements which represent the obligation of employees' benefits and leave and travel tickets allowances, that are borne by some clients on behalf of the Company in accordance with the terms of the contract entered into with them upon the expiry of the workers' contracts. Such balances amounted to SAR 48.5, SAR 44.5 million, SAR 45.4 million and SAR 40.9 as of 31 December 2019G, 2020G and 2021G, and as of 30 June 2022G, respectively. The responsibility for settling the workers' dues upon the expiry of their work contracts lies with the Company. The Company did not make any provisions for such potential liabilities because under the applicable accounting rules a provision cannot be established unless there is a claim and it is expected that it will result in an outflow of cash. If the Company's clients fail to reimburse it for such amounts pursuant to their contractual obligations, it would have a material adverse effect on the Company's business, financial position, results of operations and/or prospects. The Company may also be exposed to other risks because of the bank guarantee issued to MHRSD (for further information on risks related to the bank guarantee issued to MHRSD, see Section 2.1.27 (*Risks Related to the Bank Guarantee to MHRSD*)).

2.1.40 Risks Related to Licences and Approvals

The Group is subject to a number of laws and regulations that require it to obtain the necessary licences and permits from the competent regulatory authorities in the Kingdom to exercise its business activities. This includes obtaining licence certificates, permits and approvals from the MHRSD for the conduct of labour-related activities, the relevant municipalities for the conduct of commercial activities and civil defence for each of its branches in the Kingdom. The processes for obtaining these licences, certificates, permits and approvals are often lengthy and most of the licences, certificates, permits and approvals are subject to conditions under which the licences, certificates, permits and approvals can be suspended or terminated if the licencee fails to comply with certain requirements. As of the date of this Prospectus, the Company has one licence from the General Directorate of Civil Defense and one licence related to engaging in commercial activities from the Riyadh Municipality which are expired, and two licences that have not yet been obtained from the General Directorate of Civil Defense, out of a total 23 licences required to carry out its activities in the Kingdom. Two operating licences from the General Directorate of Civil Defense and the Riyadh Municipality which are required for Musanid Al Marafiq for Maintenance and Cleaning Company to carry out its activities in the Kingdom have expired, while Sawaid Recruitment Company has not yet obtained one of the two required licences from the General Directorate of Civil Defense (for more information see Section 12.4 (*Government Consents, Licences, and Certificates*)).

Furthermore, the relevant authority may not renew or modify a licence, certificate or permit, and may impose conditions that would adversely affect the Group's performance if it did renew or modify the relevant licence, certificate or permit. The Group's inability to maintain or obtain the relevant licences, permits and approvals could result in the suspension of the Company's business, which would have an adverse effect on the Group's business, financial condition, results of operations and/or prospects.

2.1.41 Risks Related to Newly Implemented Corporate Governance Rules

The Company was incorporated as a joint stock company as of 12 Sha'ban 1433H (corresponding to 2 July 2012G), while the Board of Directors approved the internal Corporate Governance Manual on 18 Shawwal 1443H (corresponding to 19 May 2022G). Such manual includes, among others, rules and procedures related to corporate governance derived from the Corporate Governance Regulations issued by the CMA. The Company's success in properly implementing corporate governance will depend on the understanding of such rules and their proper implementation by the Board of Directors, its Committees and Senior Executives, as well as the proper training of the Board and its Committees' members on corporate governance rules and procedures, independence requirements, rules related to conflicts of interest and Related Party transactions. The failure to comply with corporate governance rules, particularly the mandatory provisions of the Corporate Governance Regulations issued by the CMA, would subject the Company to regulatory penalties, which would have a material adverse effect on the Company's reputation, operations, financial position, results of operations and/or prospects.

2.1.42 Risks Related to Failure by the Audit Committee, the Nomination and Remuneration Committee and the Executive Committee to Perform their Duties as Required

The Audit Committee was formed by a resolution of the General Assembly on 26 Rabi' al-Awwal 1444H (corresponding to 20 October 2022G), and the Nomination and Remuneration Committee was formed by a resolution of the Board on 20 Rabi' al-Awwal 1444H (corresponding to 16 October 2022G). The charters of such Committees were adopted by resolutions of the General Assembly on 29 Shawwal 1443H (corresponding to 30 May 2022G), in accordance with the Corporate Governance Regulations and the Company's Corporate Governance Manual. The Company also formed an Executive Committee by a resolution of the Board on 20 Rabi' al-Awwal 1444H (corresponding to 16 October 2022G) and adopted its charter by resolutions of the Board of Directors on 18 Shawwal 1443H (corresponding to 19 May 2022G), in accordance with the Corporate Governance Regulations and the Company's Corporate Governance Manual (for further details, see Section 5.3 (*Company Committees*)). Any failure by members of these committees to perform their duties and adopt a work approach that ensures the protection of the interests of the Company and its Shareholders, may affect the Company's compliance with the Corporate Governance Regulations and continuous disclosure requirements issued by the CMA, and the Board of Directors' ability to monitor the Company's business through these committees, which would have a material adverse effect on the Company's business, financial position, results of operations and/or prospects.

2.1.43 Risks Related to the Lack of Experience in Managing a Listed Joint Stock Company

The Company has been operating as a closed joint stock company since its incorporation on 12 Sha'ban 1433H (corresponding to 2 July 2012G). As a result, the Senior Executives have limited or no experience in managing a publicly listed joint stock company and complying with the laws and regulations applicable to such companies. Once listed on the Exchange, pursuant to the laws and regulations applicable to companies listed on the Exchange, the Company will have to issue its annual consolidated financial statements within a period of three months from the end of each financial year and its quarterly consolidated financial statements within 30 days from the end of each relevant quarter. The Company's consolidated financial statements for the three financial years ended 31 December 2019G, 2020G and 2021G were issued more than 90 days after the end of the Company's financial year. Therefore, if the Company fails to issue its annual consolidated financial statements within 90 days from the end of the Company's financial year, if it fails to disclose and include material financial information in its consolidated financial statements or if it fails to comply in a timely manner with any of the other laws, regulations and disclosure requirements applicable to listed companies, it will subject the Company to regulatory penalties and fines, and which would result in decreased investor confidence, which would have a material adverse effect on the Company's business, financial position, results of operations and/or prospects.

2.2 Risks Related to the Market, Industry, and Regulatory Environment

2.2.1 Risks Related to General Economic Conditions and its Impact on the Group's Business

General economic conditions may have a material adverse effect on the Group's business, results of operations, financial condition and/or prospects. Declines in consumer confidence and consumer spending, changes in unemployment, significant inflationary or deflationary changes or disruptive regulatory or geopolitical events, including the on-going conflict in Ukraine, could contribute to increased volatility and diminished expectations for the economy, including the market for manpower services, leading to demand and cost pressures that could negatively and adversely impact the Group's business, results of operations, financial condition and/or prospects. The Saudi economy may be adversely affected by tightening global economic conditions and external shocks, including financial market volatility, trade disruptions and trade policies characterised by economic isolation or threats thereof. In particular, a global shift in policies, including policies towards protectionism, with lower global growth due to reduced trade, migration and cross-border investment flows, could slow non-oil growth in the Kingdom. These conditions could affect all of the Group's business segments. Examples of such conditions could include:

- a general or prolonged decline in, or shocks to, regional or broader macro-economies;
- regulatory changes that could impact the markets in which the Group operates; and
- deflationary economic pressures, which could hinder the Group's ability to operate profitably in view of the challenges inherent in making corresponding deflationary adjustments to its cost structure.

Spending by the Group's client base can also be impacted by the conditions in capital markets, as a result of the general level of commercial activity and economic conditions. Limitations on the availability of capital or higher costs of capital may cause companies to make additional reductions to their spending on human capital, recruitment or labour, even if countries' economies experience positive growth. Any such cuts in spending would limit demand for manpower, as well as discretionary spending on the supply of manpower services, which may result in a reduction in the demand for the Group's services, the rates the Group can charge and the utilisation of its manpower resources.

It is difficult for the Group to forecast future demand for its services due to the inherent difficulty in forecasting the direction and strength of economic cycles, and the size of the staffing requirements of its clients in the short term, even after periods of uncertainty and the absence of volatility have passed. This situation can be exacerbated by uncertain and volatile economic conditions, which could cause some clients to reduce or defer projects for which they utilise the Group's services, thereby negatively affecting demand. As a result, the Group may not be able to determine the optimal level of personnel and the optimal investment size necessary to profitably operate its business or take advantage of growth opportunities when it is difficult to accurately forecast future demand.

Furthermore, the Group's profitability is sensitive to reductions in the demand for its services. When demand drops or remains low, its profitability is negatively impacted because the Group may not be able to reduce its operating expenses as quickly. Additionally, during periods of uncertainty, there may be a decrease in the prices companies pay to suppliers, or they may become unable to settle their obligations. If the Group's clients become unable to pay amounts that they owe or pay them slowly, the Group's cash flow and profitability may suffer, which in turn would have an adverse effect on the Group's business, financial condition, results of operations and/or prospects.

The nature of these types of risks makes them unpredictable and difficult to plan for or otherwise mitigate, thus compounding their potential impact on the Group's business, results of operations, financial condition and/or prospects.

2.2.2 Risks Related to Political Instability and Security Concerns in the Middle East Region

The Group's assets, operations, and client base are situated in the Kingdom. The wider Middle East region is subject to several geopolitical and security risks that may impact the areas in which the Group operates. Moreover, as the political, economic and social environments in the Middle East region remain subject to continuing developments, investments in the Middle East region are characterised by uncertainty. Any unexpected changes in the political, social, economic or other conditions in the Middle East region may have a material adverse effect on the markets in which the Group operates, its ability to retain and attract clients in such regions, and investments that the Group has made and may make in the future, which in turn would have a material adverse effect on the Group's business, financial position, results of operations and/or prospects.

2.2.3 Risks Related to the Manpower Industry Being Historically Competitive, Cyclical and Subject to Intense Price Competition

The Group competes with other human resource services providers, recruitment companies and offices in the Kingdom. If the Group is unable to anticipate, identify and capitalise on emerging trends in the manpower industry by developing, marketing and delivering quality, well-priced and competitive offering of manpower services generally, and specifically in connection with the supply of manpower services, it may not be successful in attracting and retaining clients, and as a result, the Group's revenues could materially decline over time. In addition, the consolidation or amalgamation of competitors via mergers, acquisitions or joint ventures could make it more challenging for the Group to maintain business with, or obtain additional contracts from, certain clients.

Competitors may attempt to copy the Group's business model, or parts thereof, which could erode its market share and brand recognition and impair its growth and profitability. Other manpower companies, including international companies, may attempt to enter the Group's markets by providing better services, lowering prices, creating lower price alternatives, or introducing new methods for payment. Furthermore, due to the increasing number of low-cost human resources alternatives, the Group may face increased competition if it increases its fees. This competition would limit the Group's ability to retain existing clients and attract new clients, which in each case would have an adverse effect on its business, financial condition, results of operations and/or prospects.

Competition for the supply of manpower services predominantly takes place on a global basis, as the recruitment of manpower and labour are generally processes which involve employing expatriates for work to be performed in the Kingdom. The costs connected with relocating manpower for such purposes are sometimes substantial and are generally borne by the Group, prior to charging them back the relevant client, as applicable. In addition, the Group may enter into hourly arrangements or more flexible manpower contracts based on client preferences and requests, and in response to market conditions, such as changes and developments in household demographics and the COVID-19 pandemic, which would reduce the revenues the Group could earn from such contracts or arrangements, compared to long term contracts. If the Group is unable to compete successfully, its revenue and profitability may suffer.

The manpower industry has also historically been cyclical, with periods of high demand, limited supply and high margins as well as periods of low demand, excess supply and low margins. When conditions in the global economy deteriorate, or economic activity slows, many companies resort to cutting back on human resource programs, which negatively affects the Group's financial condition and results of operations. The Group also experiences more competitive pricing pressure during periods of economic decline as low demand and excess supply intensify competition in the manpower industry and may result in some manpower resources being underutilised or earning substantially lower or even nil revenues (for periods of no-activity) for longer periods of time. Such periods may persist for extended periods of time. For example, 3.4 per cent. of the Group's manpower resources were not utilised as of 30 June 2022G, compared to 4.8 per cent., 2.9 per cent. and 3.9 per cent., respectively, as of 31 December 2021G, 2020G and 31 December 2019G. Moreover, intense competition may result in price reductions and lower gross margins. Any period of low or declining economic activity may also result in consolidation among potential clients (resulting from a reduction in the number of independent players focused on activities with a higher marginal cost of production and the concentration of larger-scale operators capable of exploiting potential collaborations and synergies) and competitors (in manpower services). Any of these trends could result in the Group operating in a more competitive environment, which could have a material adverse effect on its business, financial position, results of operations and/or prospects.

2.2.4 Risks Related to Changes in the Regulatory Environment

The Group and its operations are subject to a wide range of laws and regulations, including those related to labour (including Saudization), recruitment, secondment of employees, tax and Zakat and health and safety. The compliance costs associated with these laws and regulations are substantial, and possible future laws and regulations and changes to existing laws and regulations could result in additional compliance expenses, potentially increased capital expenditure, and restrictions on, or suspensions of, certain of the Group's operations. Further, if any of these laws, regulations (including any change to the value added tax) or licence requirements were to change or were breached, violated or incorrectly implemented by the Group's management or employees, the operating costs of the Group would increase, it may be subject to fines or penalties, or it may suffer reputational harm, which would reduce the Group's competitive position and demand for its services, which in turn would have an adverse effect on the Group's business, financial condition, results of operations and/or prospects.

The Group's business is primarily subject to the supervision and regulations of the Labour Law issued pursuant to Royal Decree No. M/51 dated 23 Sha'ban 1426H (corresponding to 27 September 2005G), as amended, and its Implementing Regulations issued by MHRSD, including the Rules of Recruitment Activities and Provision of Labour Services (the "**Recruitment Rules**") appended thereto, issued pursuant to Ministerial Resolution number 70273 dated 11 Rabi' al-Thani 1440H (corresponding to 18 December 2018G), as amended, in addition to other regulations, rules, procedures and circulars issued by the MHRSD from time to time. Pursuant to the Recruitment Rules, a licence from the MHRSD is required for all activities that include the sourcing of foreign manpower resources to third parties as intermediaries and the sourcing of manpower resources to individuals and/or public and private entities (for further information about the current regulatory environment relating to the Company's activities including licensing terms and conditions and renewal conditions, see Section 3.4.3 (*Overview of the Regulatory Environment*)). The Company currently holds a licence from the MHRSD under number 6/SH.M.M, which is valid for ten years, and expires on 4 Muharram 1454H (corresponding to 14 April 2032G) (for further information about the licences obtained by the Group, see Section 12.4 (*Government Consents, Licences and Certificates*)). If the Group is unable to renew its MHRSD licence upon its expiry, or if the MHRSD suspends any of the Group's licensed activities, this would result in the complete or partial suspension of the Group's business, which would have an adverse effect on the Group's business, financial condition, results of operations and/or prospects.

In addition, the Company's failure to comply with any of the requirements imposed under the Recruitment Rules and/or the MHRSD's circulars, including conditions of the Wage Protection Program (which evaluates employer's compliance with respect to paying wages on time) may result in the imposition of fines or penalties by the MHRSD, including the suspension of the Group's business or services. If the Group fails to comply with any of the MHRSD's requirements resulting in fines and penalties imposed by the MHRSD, including the suspension of the Group's activities or suspension of services for the Group, this would have an adverse effect on the Group's business, financial condition, results of operations and/or prospects.

Additionally, new laws and regulations may limit the size and growth of the manpower services markets, as they may also include additional regulations that:

- prohibit or restrict the types of manpower services that the Group currently provides;
- require new or additional benefits to be paid to the Group's employees and manpower resources;
- require the Group to obtain additional licensing to provide manpower services; and/or
- increase the costs or taxes (such as value added tax) for the providers of manpower services.

Furthermore, while there are no minimum wage requirements for manpower resources in the Kingdom at present, a large portion of the Group's manpower resources are unskilled or semi-skilled. If any future minimum wage requirements are prescribed by governmental authorities, it is not clear whether the Group would be in compliance with such requirements, the time it would take the Group to be compliant with such requirements and whether or not clients would be able to absorb the increase in wages.

New laws and regulations, the Group's lack of understanding of existing laws and regulations or changes in their interpretation or application by the relevant authorities could materially affect the Group's business and operations or increase its administrative, legal and operational expenditure, forcing it to alter its commercial practices, legal organisation, ownership structure and corporate governance of subsidiaries or, more generally, reduce or limit its revenue in the future. The requirements to be met, as well as the technology and length of time available to meet those requirements, continue to develop and change. The Group may be subject to fines, penalties and/or the closure of its facilities and the suspension of its employees if it does not comply with those laws and regulations or if it does not comply with the permitting or licensing requirements, which may change from time to time. As a result, the Group may be unable to pursue activities, or it may face increased costs, which it may not be able to directly charge back to its clients, or which could harm its reputation; it could also be delayed or prevented from meeting clients' demand, providing its services, or implementing its growth plan, and more generally it may lead to the Group losing its competitive position and/or to a decreased demand for the Group's manpower services. This would have a material adverse effect on the Group's business, financial position, results of operations and/or prospects.

Moreover, the Law of Printed Materials and Publication, Electronic Publishing Regulations, and other laws and regulations governing the use of the social medial platforms used by the Company as marketing tools are rapidly evolving and the failure by the Company, its employees or third parties acting at its direction to abide by applicable laws and regulations in the use of these platforms would have an adverse effect on the Group's ability to use such platforms in addition to receiving penalties. This would have a material adverse effect on the Group's business, financial position, results of operations and/or prospects.

2.2.5 Risks Related to Changes in Government Policies

The Group's business is dependent on Saudization and other general policies adopted by the Government. If the Government changes its Saudization policies to further restrict certain industries to Saudi nationals only, demand for the Group's manpower services will decline. For example, manpower services offered to a number of clients have declined in the retail industry due to changing Saudization requirements in the industry. Additionally, changes in other Government policies may result in a decline in demand for the Company's services. For example, in 2017G, a Royal Decree was issued allowing women in the Kingdom to drive, which became effective on 10 Shawwal 1439H (corresponding to 24 June 2018G). Such change in the policy resulted in a decreased demand for private drivers from the Group's clients. Any change in the Government policies, including changes in Saudization policies, could result in a decline for some of the Group's manpower services and subsequently its revenues, which would have an adverse effect on the Company's business, financial condition, results of operations and/or prospects.

2.2.6 Risks Related to Zakat and Income Tax Calculation Mechanism Changes

ZATCA issued Circular No. 6768/16/1438 on 5 Rabi' al-Awwal 1438H (corresponding to 5 December 2016G) requiring Saudi companies listed on the Exchange to calculate income and Zakat on the basis of the nationality of shareholders and actual ownership of Saudi and GCC citizens and other nationals as described in the "Tadawulaty" platform at the end of the year. Prior to the issuance of this Circular, companies listed on the Exchange were generally subject to the payment of Zakat or tax on the basis of the ownership of their founders in accordance with their articles of association. The effect of listed shares in determining the base of Zakat was not taken into account. This Circular was to be applied in the financial year ended 31 December 2016G and subsequent years. However, ZATCA issued its Letter No. 12097/16/1438 on 19 Rabi' al-Thani 1438H (corresponding to 17 January 2017G), postponing the application of the Circular for the financial year ended 31 December 2017G and the coming years. Until ZATCA issues guidelines regarding the mechanics and the procedures for implementing the Circular, the implementation of such Circular in practice, including the final requirements to be met, remains under consideration; in particular, this relates to the rules subjecting all non-GCC residents who are shareholders in Saudi listed companies to income tax and applying withholding tax to dividend distributions to non-resident shareholders, regardless of their nationality. The Company has not assessed the financial impact of this Circular, nor did it take adequate steps to ensure compliance therewith. If the financial impact of this Circular, upon application, is significant, or if the Company incurs additional costs to take the necessary steps to ensure compliance therewith, it will adversely affect its business, the results of operations, financial position and/or prospects.

2.2.7 Risks Related to Non-Compliance with Value Added Tax Regulations

The VAT Law came into force on 1 January 2018G, imposing a 5 per cent. VAT on a number of products and services. The Ministry of Finance increased the VAT to 15 per cent. as of 1 July 2020G. Given the relatively recent application of the VAT Law and the recent increase in the VAT rate, it is possible that violations or mistakes in its application will be made by the Executive Management or the Group's employees. This could increase the operating costs and expenses borne by the Group, expose the Group to fines or penalties, or damage to its reputation. For example, the Group has an ongoing dispute in connection with ZATCA VAT on salaries and Government fees. The dispute mainly relates to the recalculation of ZATCA VAT on salaries and Government fees for workers outsourcing their services to the Group's clients. In December 2020G, ZATCA re-evaluated the VAT returns submitted by the Group for the periods from May 2018G to December 2019G and identified a VAT difference of SAR 22.0 million. The Group paid the total VAT differences of SAR 22.0 million in 2020G to benefit from ZATCA's initiative to exempt them from additional fines and submitted objections to all periods to ZATCA. In March 2021G, after the Group received ZATCA's decision to reject the objections, the Group's management took a decision to amend the VAT returns for the periods from January 2020G to February 2021G and pay the additional tax differences on workers' salaries of SAR 26.5 million in 2021G to avoid additional fines. The Group filed a grievance against ZATCA with the General Secretariat of Zakat, Tax and Customs Committees and issued debit notes to its clients and related parties for such VAT differences with a total amount of SAR 48.5 million and started calculating the VAT to include the salaries of seconded workers and any other items within the invoices as of March 2021G, until the dispute is settled. Certain clients have paid the VAT differences related to their labourers(noting that the Company returned these amounts to the relevant customers after a final verdict was issued in favor of the Company), and others have requested that the payment be postponed until the dispute is finally decided on by the General Secretariat of Zakat, Tax and Customs Committees, relying on the validity of the invoices received from the Group for the mentioned periods. In January and February 2022G, the Group received a formal decision from the General Secretariat of Zakat, Tax and Customs Committees for all of these cases (20 months) in its favour. ZATCA appealed the General Secretariat of Zakat, Tax and Customs Committees' decisions. On 26 Jumada al-Ula 1444H (corresponding to 20 December 2022G), the General Secretariat of Zakat, Tax and Customs Committees informed the Company's tax advisor that ZATCA has withdrawn its appeal to the General Secretariat of Zakat, Tax and Customs Committees' verdict. Accordingly, the ruling became final and the decision of ZATCA, which obliges the Company to pay the VAT discrepancies was overturned. As a result, the Company recovered part of the amounts of tax discrepancies paid to ZATCA with an amount of SAR 45.0 million, as the Company received from ZATCA an amount of SAR 18.5 million on 22 Rajab 1444H (corresponding to 13 February 2023G).

Moreover, if the Group is unable to increase its prices to offset any future increase in the VAT, the Group's margins will be negatively affected. If the VAT increase is passed on to the Company's customers, the demand for its products may decline. The Group is also subject to VAT in other jurisdictions where it operates where similar VAT-related risks exist. Any of the above risks would have a material adverse effect on the Group's business, financial position, results of operations and/or prospects.

2.2.8 Risks Related to the Increase in Government Fees Applicable to Non-Saudi Employees

The Government has approved several resolutions intended to implement comprehensive reforms in the Saudi labour market, with additional fees being imposed on each non-Saudi employee working for Saudi entities and companies as of 1 January 2018G, and on the residence permit issuance and renewal fees of non-Saudi employee families. Such annual fees have increased gradually from SAR 2,400 in 2017G to SAR 4,800 in 2018G and up to SAR 9,600 in 2020G for each employee. As a result, the Government fees paid by the Group for its non-Saudi employees were SAR 43.4 million, SAR 53.9 million, SAR 53.9 million and SAR 33.2 million, for the financial years ended 31 December 2019G, 2020G and 2021G, and the six-month period ended 30 June 2022G, respectively. As any further increase in residence permit issuance and renewal fees will increase the cost of living, non-Saudi employees may seek employment opportunities in other countries with a lower cost of living. In such cases, it may be difficult for the Group to retain its non-Saudi employees and if it is unable to replace them by properly qualified Saudi employees, the Group may be forced to incur additional Government fees related to the issuance and renewal of residence permits for non-Saudi employees and their family members. This could have a material adverse effect on the Group's operations, financial position, results of operations and/or prospects. See also Section 5.9 (*Employees*) for a discussion of the achieved Saudization by the Group.

2.2.9 Risks Related to Non-Compliance with the Saudization Requirements

Compliance with Saudization requirements is a Saudi regulatory requirement, under which all of the companies in the Kingdom, including the Company and the Subsidiaries, are required to employ and maintain a certain ratio of Saudi personnel among their staff. The percentage of Saudi workers varies on the basis of each company's activities. Moreover, the MHRSD approved a new amendment to the "Nitaqat" programme under the name of "Nitaqat Mawzon" (Balanced Nitaqat) in July 2016G to improve the market performance and development and to eliminate non-productive Saudization. While this amendment was expected to come into effect on 12 Rabi al-Awwal 1438H (corresponding to 11 December 2016G), the MHRSD postponed the programme until further notice in response to private sector demands for additional time to achieve the Saudization rate. As of the date of this Prospectus, no new implementation date has been set. Under the "Nitaqat Mawzon" programme, points are calculated based on five factors: (i) Saudization rate; (ii) average wage for Saudi workers; (iii) percentage of female Saudization; (iv) job sustainability for Saudi nationals; and (v) percentage of Saudi nationals with high wages. As of the date of this Prospectus, the existing framework of the "Nitaqat" programme remains in place, and entities continue to be ranked on the basis of a system of rolling averages which calculate average weekly "Saudization" over a 26-week period. The Company has not fully implemented the necessary measures to improve its

Saudization rating in anticipation of the formal implementation the "Nitaqat Mawzon" programme. Therefore, the Company may be unable to promptly respond to a new implementation deadline upon the implementation of the "Nitaqat Mawzon" programme, which would negatively affect the Company's ability to comply with Saudization requirements. This would have an adverse effect on the Company's financial position, result of operations and/or prospects. The Company was compliant with the Saudization requirements as of 31 December 2021G in the "Nitaqat" programme within the "Platinum" category (with Saudization percentage of 82.6 per cent.).

In the event of non-compliance with the applicable Saudization requirements, the Group would be subject to penalties by Governmental entities, such as the suspension of work visa requests and of transfers of sponsorship for non-Saudi employees, exclusion from Government loans and participation in Government tenders. As a result, the Group may not be able to continue to achieve or maintain the required percentage of Saudization. In addition, the Group may not be able to recruit the required number of Saudi nationals under favourable conditions. In particular, the Group relies on several qualified non-Saudi employees with relevant industry-specific experience to run the operations of the Company, including, without limitation, the CFO, the Executive Director of Corporate Sales, the Executive Director of Individuals Sales and Operations, and manpower professionals. Any changes in local regulations which adversely impact expatriates may cause the departures of these expatriate employees from the Kingdom and may result in a possible disruption in the Company's operations. Moreover, the Group is sensitive to the costs of total salaries and related benefits, which amounted to SAR 44.2 million, SAR 43.5 million, SAR 51.6 million and SAR 26.36 million for the financial years ended 31 December 2019G, 2020G and 2021G, and the six-month period ended 30 June 2022G, respectively, representing approximately 7.1 per cent., 6.6 per cent., 6.9 per cent., 8.6 per cent. and 6.65 per cent. of operating costs for the same periods. There may be a significant increase in the costs of salaries if the Group hires a larger number of Saudi employees. The occurrence of any of the above would have a material adverse effect on the Company's business, financial position, results of operations and/or prospects (for further details, see Section 5.9.2 (*Saudization*)).

2.2.10 Risks Related to Compliance with the Companies Law, the Implementing Regulations and the Corporate Governance Regulations

In its management and operations, the Company is subject to the provisions of the Companies Law, which came into force on 25 Rajab 1437H (corresponding to 2 May 2016G). On 16 Muharram 1438H (corresponding to 17 October 2016G), the CMA Board issued the Regulatory Rules and Procedures pursuant to the Companies Law related to Listed Joint Stock Companies. Additionally, on 16 Jumada al-Ula 1438H (corresponding to 13 February 2017G), the CMA Board issued the Corporate Governance Regulations, the various provisions of which became effective on 22 April 2017G, except for certain specific provisions that entered into force on 31 December 2017G, that were further amended on 24 Muharram 1444H (corresponding to 22 August 2022G). The Companies Law and the Corporate Governance Regulations impose certain procedures for the requirements to be met. In addition, the Companies Law introduced stricter penalties for non-compliance with its mandatory provisions and rules. As a result, the Company could also be subject to such stricter penalties in the event of non-compliance with such mandatory provisions and rules, which could have a material adverse effect on the Company's business, financial position, results of operations and/or prospects. Moreover, on 1 Thul-Hijjah 1443H (corresponding to 30 June 2022G), the Royal Decree No. M/132 was issued amending the Companies Law. The new law will enter into force on 7 Jumada al-Akhirah 1444H (corresponding to 31 December 2022G). The new law grants companies two years to modify their status to comply with its provisions. The new law contains further new requirements, the final extent of which is not yet known, and which may have a material impact on the Company and its future activities. Such new requirements include the obligation to formally register all corporations, including unincorporated joint ventures, the regulation and codification of share option arrangements, and the imposition of certain prerequisites for the distribution of dividends. The Company has not assessed the impact of the new Companies Law on its operations. If such impact is material or if the Company incurs additional costs to take the necessary steps to ensure compliance therewith, this will adversely affect its business, the results of operations, financial position and/or prospects.

2.3 Risks Related to Offer Shares

2.3.1 Risks Related to Effective Control by the Current Shareholders after the Offering

Following the Offering, the Current Shareholders will own 70 per cent. of the Company's Shares. As a result, they will have the ability to significantly influence the Company's business through their ability to control decisions and actions that require Shareholders' approval, including, without limitation, the election of directors, significant corporate transactions, dividend distributions and capital adjustments. In cases where the interests of the Current Shareholders conflict with the interests of minority Shareholders (including the Subscribers), the minority Shareholders may be disadvantaged and the Current Shareholders may otherwise exercise their control over the Company in a manner that will have a material adverse effect on the Company's business, financial position, results of operations and/or prospects.

2.3.2 Risks Related to the Absence of a Prior Market for the Offer Shares

Currently, there is no public market for the Company's Shares, and there is no guarantee or confirmation that an active and liquid market for the Shares after the Offering will exist and continue. If an active and liquid market is not developed, the price of the Shares could be adversely affected, leading to a complete or partial loss of Subscribers' funds in the Company, which would adversely and substantially affect expected returns for Subscribers.

2.3.3 Risks Related to Selling a Large Number of Shares on the Exchange

The sales of a substantial number of the Shares on the Exchange following the completion of the Offering, or the perception that these sales will occur, could adversely affect the market price of the Shares. Upon the successful completion of the Offering, the Substantial Shareholders will be subject to a Lock-up Period following the Offering, during which they may not dispose of any Shares. However, the sale of a substantial number of Shares by the Substantial Shareholders following the Lock-up Period, or the perception that such sales will occur, could have an adverse effect on the price of the Company's Shares on the Exchange.

2.3.4 Risks Related to the Issuance of New Shares

If the Company decides to raise additional capital by issuing new Shares, the newly issued Shares will adversely affect the share price in the market or dilute the Current Shareholders' ownership percentage in the Company, if they do not subscribe to such newly issued Shares.

2.3.5 Risks Related to Fluctuations in the Market Price of the Shares

The Offer Price has been determined based upon several factors, including the past performance of the Group, the prospects for the Group's businesses, the sector in which it operates, the markets in which it competes and an assessment of the Group's management, operations and financial results. The Subscribers may not be able to sell their Shares after the Offering at the Offer Price or at a higher price. The Company's share price may be highly volatile and may not be stable due to several factors, including the following:

- negative variations in the Group's operating performance and improved performance of its competitors;
- the impact of the COVID-19 pandemic on the Group's management, employees, partners, clients and operating results;
- actual or anticipated fluctuations in its quarterly or annual operating results;
- publication of negative research reports by securities analysts about the Group or its competitors or the manpower industry;
- the public's negative reaction to the Group's press releases and other public announcements;
- the resignation or retirement of key personnel;
- negative important and strategic decisions by the Group or its competitors, and negative changes in business strategy;
- changes in the regulatory environment affecting the Group or the manpower industry;
- changes in adopted accounting rules and policies;
- terrorist acts, acts of war or widespread civil unrest;
- natural and other disasters;
- litigation and Government investigations; and
- changes in general market and economic conditions.

The occurrence of any of these risks or other factors could cause the market price of the Shares to decline significantly.

From time-to-time, stock markets experience extreme price and volume fluctuations. Periodic and constant market fluctuations could result in the extreme volatility in the price of the Shares, which could cause a decline in the value of the Shares and higher price volatility if the trading volume of the Shares is low, which would have an adverse effect on the Subscribers' investments in the Company's Shares.

2.3.6 Risks Related to the Distribution of Dividends

The future distribution of dividends will depend on future earnings, financial position, cash flows, working capital requirements, capital expenditures and distributable reserves of the Company, among others. Moreover, the Company may not be able to pay dividends, and the Board of Directors may not recommend, and the Shareholders may not approve, the payment of dividends. The Company may become subject to the terms of its future credit financing agreements, thus further restricting dividend payments. The Company may incur expenses or liabilities that would reduce or eliminate the cash available for dividend distribution. If the Company does not pay dividends on the Shares, the Shareholders may not receive any return on their investment in the Shares, unless they sell the Shares at a price higher than the price at the time of purchase. For further details regarding the dividend policy of the Company, see Section 7 (*Dividend Distribution Policy*).

3 MARKET AND INDUSTRY DATA

3.1 Introduction

The information contained in this Prospectus is based on an independent market study developed by Arthur D. Little Saudi Arabia (hereinafter referred to as the "**Market Study Consultant**") exclusively for the Company on 29 Sha'ban 1443H (corresponding to 31 March 2022G). The Company contracted the Market Study Consultant to develop a market study covering the manpower services sector in the Kingdom. The Market Study Consultant, an independent company established in Riyadh in 2010G, provides strategic advisory services and market research. It started its operations in the Kingdom in the 1950Gs (for further information about the Market Study Consultant, see www.adlittle.com).

The Market Study Consultant has prepared the Market Study Report in an independent and objective manner, and has taken adequate care to ensure its accuracy and completeness. Research has been conducted with an overall industry perspective, and it may not necessarily reflect the performance of individual companies in the industry.

It should be noted that neither the Market Study Consultant nor any of its subsidiaries, affiliates or sister companies, partners, shareholders, members of its board of directors, directors or their relatives, own any kind of share or interest in the Company or its Subsidiaries. As of the date of this Prospectus, the Market Study Consultant has given, and not withdrawn, its written consent for the use of its name and logo, and statements in the manner and format set out in this Prospectus.

Whilst the Board of Directors believes that the information and data from third party sources contained in this Prospectus, including those derived from public sources or provided by the Market Study Consultant, are reliable, such information and data have not been independently verified by the Company, the Directors, the Advisors or the Selling Shareholders, and thus none of them bears any liability for the accuracy or completeness of such information or data. The conclusions contained in this section are the results of the exercise of the best professional judgement at the Market Study Consultant, based in part upon materials and information collected by it through primary research with sectoral experts, and by secondary research of third party sources, government agencies and other agencies.

In addition, while the market data included in this Prospectus represents the Market Study Consultant's current view of the market size, growth and dynamics, the actual realization of forecasts is contingent upon several factors. These include but are not limited to the timely and effective implementation of policy initiatives, global evolution or changes, extraordinary developments that impact regional or global economies, technological progress and maturity, regulatory changes and developments, and industry trends and movements.

3.2 Research and Information Collection Methodology

The analyses outlined in this section are a product of comprehensive research conducted by the Market Study Consultant from February to March 2022G, which includes the following:

i. secondary research of publicly available sources such as government entities, academic reports, publicly available documents reported by market participants, and industry reports from reputed sources ;

ii. analysis of financial and commercial information provided by the Company, including but not limited to revenue and profitability and other internal research reports on the Manpower Services market the firm operates in as available from 2013G to 2021G;

iii. primary research with subject matter experts;

iv. information available within the best judgement and expertise of the Market Study Consultant's team members; and

v. analysis of data collected from multiple sources, cross referencing and comparison order to arrive at estimates representative of market realities in the best judgement of the Market Study Consultant.

Examples of the sources of data utilized for developing the report include: the General Authority for Statistics (GASTAT), Statista, the Saudi Central Bank (SAMA), the International Monetary Fund (IMF), Ministry of Finance budget reports and analyses, Saudi Vision 2030 documents and other publicly available resources.

3.3 Global Market Overview

Pursuant to Statista, the global staffing market was estimated to be valued at around USD 442 billion (SAR 1,657.5 billion) in 2020G. The global staffing industry revenues have grown at a CAGR of around 5.9 per cent. during 10 years from 2009G to 2019G. In 2020G, the global revenue of the sector declined by about 16.0 per cent. due to the COVID-19 pandemic outbreak. However, the market is expected to rebound in the coming years with the vaccination pace and ease of restrictions.

Staffing services can be categorized into two broad services - Direct Staffing, a model where employees are recruited by either the company or a staffing agency and are on the client organization's payroll and benefits packages. On the other hand, temporary staffing is a model where employees are recruited for a special duration or on project-basis. Employees work with the clients' organizations but remain on the payroll of the staffing firm. The staffing firm remains legally liable for the employee and extends its necessary regulatory coverages and protections (such as visas, health insurance, end of services benefits etc.).

The global temporary staffing market is driven by the growing need for flexibility and cost optimization. The rising number of smart city projects being launched by various governments is also increasing demand for temporary labour. Manufacturing has historically constituted the largest industry sector for temporary staffing. This sector includes manufacturing of apparel, chemicals, electrical equipment, fabricated metals, and furniture. Manufacturing is anticipated to continue leading the temporary labour market, driven by fluctuating demand for manpower during peak periods. Experts believe that healthcare, a sector requiring higher skill levels and training, will be the fastest growing sector. The rise of home care globally, largely driven by COVID-19 is expected to drive demand for temporary nurses, allied health staff and other medical staff.

The job market for temporary staffing can be segmented into five labour types: unskilled, clerical, management, skilled, and professional. Clerical jobs comprise the largest segment of staff recruitments, and include receptionists, typists, office clerks, secretaries and computer operators. These segments tend to be non-critical for businesses, and require similar skill sets, and thus are most relevant for temporary staffing / contractual staffing. While management jobs belong to the fastest growing segment, pursuant to Grandview Research, it tends to be more challenging for staffing companies to service due to the greater degree of staff capabilities required and their criticality to client organizations' businesses. Staffing companies tend to service a broad spectrum of clients from established international firms to small and medium enterprises (SMEs) and Governmental bodies.

The key global players involved in temporary staffing include Randstad NV, The Adecco Group, ManpowerGroup Inc., Recruit Holdings Co. and Allegis Group, and are estimated to account for around 18 per cent. of the total market in 2020G, pursuant to Statista. In addition to permanent and temporary staffing services, the top players also offer adjacent human resources services which include:

- **business process outsourcing,** such as recruiting process outsourcing and payroll outsourcing;
- **advisory and talent management** services, such as human resources consultancy, talent development, outplacement services, career support; and
- **human resources technology solutions, such as job boards, applicant tracking systems,** vendor management systems.

The staffing industry is witnessing a large volume of mergers and acquisitions transactions. From 2016G to 2020G, an average of 132 staffing industry firms have been involved in mergers and acquisitions deals each year, mostly for talent acquisition technology but also to diversify across industries.

Several trends are expected to shape the industry in the near future, requiring manpower companies to be agile enough to adapt to changes. These trends include:

- **technology adoption and artificial intelligence:** it helps staffing firms hire smarter, faster, and without bias, and offer numerous benefits from screening to pre-selection to communication management;
- **diversification and mergers and acquisitions:** in 2021G, the staffing industry witnessed a high number of mergers and acquisitions transactions, as manpower companies seek to strengthen their position in the market by becoming more digitally and technologically oriented and adapt to the rapidly changing dynamics of the labour market;
- **rising preference for flexible employment:** the need for temporary workers to offset labour demand has increased significantly, particularly during the COVID-19 pandemic. Staffing firms play a key role in providing businesses with talent for short-term projects or temporary replacements;
- **Diversity and inclusion initiatives as emerging social priorities globally:** Businesses are striving for a well-diversified and inclusive workplace and require access to a broader pool of talent that manpower companies can provide; and
- **Increased focus on data-driven recruiting and social recruiting:** Leveraging data analysis and in-depth insights about prospective candidates can help staffing firms streamline the recruitment process and make better sourcing decisions. Staffing firms are also strengthening their digital and social media presence to advertise for jobs, recruit higher quality candidates, shorten time to hire and increase brand visibility

3.4 Macroeconomic Analysis

The demand for manpower services in the Kingdom is largely driven by four main factors:

- economic activity and Government-led programs which create jobs and increase demand for labour, thereby stimulating demand for manpower services;
- labour force participation which has a direct impact on labour supply and demand;
- a regulatory environment which influences labour market attractiveness for expatriates and Saudi Nationals; and
- technology adoption and market maturity which affect market penetration.

3.4.1 Economic Activity and Government-led Programs

The Kingdom experienced economic contraction in 2020G due to low oil prices and the COVID-19 pandemic. However, the GDP of the Kingdom is expected to grow in line with the global economic recovery as vaccination programs continue, the COVID-19 pandemic abates and restrictions on travel and businesses are withdrawn. The Kingdom's economic recovery and future growth is also underpinned by various macroeconomic initiatives undertaken by the Kingdom's policy makers. The Vision 2030 reflects an ambitious yet achievable blueprint expressing the Kingdom's aspirations, strengths and capabilities. It aims to transform the structure of the Saudi economy into a diversified and sustainable economy and reduce dependence on oil.

Global geopolitical pressures such as the Russia-Ukraine conflict, the resulting economic sanctions on Russia and corresponding uncertainty in energy markets have also resulted in significant upward trajectory of oil and gas products globally, despite inflationary pressures prevalent globally and especially in western economies.

As a result of these trends, economic activity in the Kingdom has seen a significant uptick with real GDP growth in the first half of 2022G registering an 11.0 per cent. growth over the same period in 2021G. Consensus estimates on the growth forecast for the entire calendar year of 2022G indicate that the Kingdom is slated to be among the fastest growing countries in the world, with the Economist Intelligence Unit forecasting it to expect growth at about 7.5 per cent. compared with 2021G and the International Monetary Fund forecasting the highest growth in a decade, at about 7.6 per cent.

The following table shows the Saudi real GDP from 2016G to 2022G in SAR trillion:

Table No. (3.1): Saudi Real GDP (2016G-2022G, trillion SAR)

	2016G	2017G	2018G	2019G	2020G	2021G	2022G (H1)	CAGR (2016G-2019G)	CAGR (2019G-2020G)	CAGR (2020G-2021G)	CAGR (H1 2021G – H1 2022G)
GDP (trillion SAR)	2.59	2.57	2.63	2.64	2.53	2.61	1.38	1%	-4%	3%	11%

Source: General Authority of Statistics, Fitch, Oxford Economics.

With the Kingdom diversifying away from oil as the macroeconomic mainstay, its contribution to the economic output from non-oil sectors has been steadily increasing since 2016G. While many industries have been negatively impacted by the COVID-19 pandemic in 2020G, consensus expectations point towards a recovery post-pandemic – driven by pent up demand in the market, diversification and job creation measures showing tangible impact and increasing investment across sectors.

The construction sector was significantly impacted during the pandemic as large projects were suspended. However, as the same come back online, Mega Projects such as NEOM, Al Widyan, and Al-qiddiya, AlUla, Riyadh Metro, and Amaala, among others, are expected to contribute to the recovery of the construction sector, and create new job opportunities. Developing and operating Mega Projects and Smart City Clusters is highly labour-intensive, requiring significant numbers of blue-collar and skilled workers across a broad range of industries, creating jobs for both Saudi nationals and expatriates.

Restaurants and hotels were also negatively affected by the pandemic as social activities halted. However, the Kingdom's efforts to promote tourism, such as the Tourism Development Fund launched to finance and support the sector, are expected to boost the growth of tourism and increase its contribution to economic growth and employment creation.

The National Industrial Development and Logistics Program (NIDLP) is expected to contribute to the recovery and growth of the manufacturing and transport & storage sectors, creating additional jobs. The NIDLP aims to transform the Kingdom into a leading industrial powerhouse and a global logistics hub. It focuses on localizing promising manufacturing industries, increasing the local content of non-oil sectors, and improving the local, regional and international connectivity of trade and transport networks.

The following table shows the Saudi real GDP per sector from 2017G to 2022G in SAR trillion:

Table No. (3.2): Saudi Real GDP Per Sector (2017G-2022G, trillion SAR)

	2017G	2018G	2019G	2020G	2021G	H1 2022G
Mining & Quarrying	655.8	972.4	855.3	535.7	802.5	720.6
Manufacturing	332.9	371.7	363.5	319.6	408.1	279.4
Construction	154.6	145.9	155.7	161.1	170.7	89.0
Wholesale & Retail Trade, Restaurants & hotels	275.0	271.4	288.3	267.0	287.6	152.7
Transport, Storage & Communication	165.2	166.0	175.3	162.6	171.3	90.9
Finance, Insurance, Real Estate & Business Services	342.7	347.5	359.0	363.5	272.8	191.6
Products of Government Services	491.1	556.9	580.3	578.0	581.0	290.3
Other	164.5	230.4	236.2	250.3	431.8	369.8

Source: General Authority of Statistics.

From a sectoral perspective, the growth trajectory in the first half of 2022G as compared to the first half of 2021G has largely been observed not just for the mining and quarrying sector (which largely includes oil and gas extraction), but in other key sectors as well, including sectors such as manufacturing (ex-petroleum refining) indicated to grow at about 21.0 per cent., construction growing at 11.0 per cent., wholesale and retail trade growing at 14 per cent., and transport storage and communication growing at 15.0 per cent. This is despite GDP contribution from Governmental services growing at 2.0 per cent.

The Government's efforts to grow SMEs and support public sector participation initiatives also contribute to job creation, especially in the private sector. The General Authority for SMEs in the Kingdom (Monshaat) has been continuously targeting policy interventions to support the development of the SME sector. Pursuant to information on Monshaat's website, as a result of policy interventions, the number of SMEs operational in the Kingdom grew from around 447,000 in 2015G to around 614,000 in 2020G and the share of SMEs obtaining bank loans increased from 2.0 per cent. to 8.0 per cent. between 2016G and 2018G. Monshaat expects that the contribution of SMEs to GDP will reach 35.0 per cent. in 2030G.

Similarly, the Privatization Program aims to strengthen the role of the private sector by releasing state-owned assets for investment and attracting foreign direct investment. This is supported by the Ease of Doing business policies which create an enabling business environment for local entrepreneurs and for foreign investors looking to do business in the Kingdom. All of these factors point to a shift in the Kingdom's economic makeup towards the greater involvement of the private sector.

3.4.2 Labour Force Participation

Vision 2030 has defined the development of the Saudi labour market as a key objective, which is likely to create a positive impetus for manpower service providers. Government-led programs such as The Human Capital Development Program also aim to improve education, raise the percentage of higher education graduates in employment, increase the percentage of vocational and technical education graduates among total employed persons, and provide continuous training to increase the availability of high quality local manpower in the Kingdom.

Ensuring the diversity of labour resources is a priority. Vision 2030 aims to increase the women's share of the labour market from 21.0 per cent. in 2017G to 30.0 per cent. in 2025G. This can be achieved through training and awareness programmes, by encouraging flexible and remote work and improving employment mechanisms. Vision 2030 also aims to improve the labour participation of the disabled. A target is set to raise the share of participation of the disabled who can work from 8.0 per cent. in 2016G to 13.0 per cent. in 2025G by delivering enabling programs and ensuring that employers provide adequate working conditions.

Vision 2030 initiatives also aim to accelerate the reintegration of the unemployed population into the labour market. A target is set to increase the number of employed graduates who find jobs in less than 12 months from 62.0 per cent. in 2020G to 70.0 per cent. in 2025G. This target can be further enabled by raising the localization share in high-skilled jobs.

The impact of the labour force development initiatives can already be observed in the Kingdom. The labour force participation rate for Saudis has increased from 41.9 per cent. in 2017G to 51.8 per cent. in the second quarter of 2022G (see Table 3.3 (*The Kingdom's Labour Force Participation Rate: Saudi v. non-Saudi (Q4 2017G – Q2 2022G, %)*), also driven by Saudization policies. Despite the fact that the labour force participation rate in the Kingdom is currently lower than in the OECD region (75.0 per cent. in the third quarter of 2021G), the gap is expected to narrow. The female labour force participation rate has increased from 19.4 per cent. in 2017G to 35.6 per cent. in in the second quarter of 2022G (see Table 3.4 (*The Kingdom's Labour Force Participation Rate: Saudi Men v. Saudi Women (Q4 2017G – Q2 2022G, %)*), exceeding the Vision 2030 goal of 30.0 per cent. The increase in labour force participation requires higher job placement efforts. With the rise of female labour participation, the demand for household support jobs such as housekeeping and nannies is expected to increase, creating a growth opportunity for manpower service companies.

The following tables show the Saudi labour force participation rate, divided among Saudi and non-Saudi and among Saudi men and Saudi women, from 2017G to 2022G (second quarter) in percentage:

Table No. (3.3): Saudi Labour Force Participation Rate: Saudi vs Non-Saudi, (Q4 2017G – Q2 2022G, %)

	Q4 2017G	Q4 2018G	Q4 2019G	Q4 2020G	Q4 2021G	Q2 2022G
Total Labour participation	55.6%	55.9%	58.8%	61.0%	61.5%	60.8%
Saudi	41.9%	42.0%	46.7%	51.2%	51.5%	51.8%
Non-Saudi	74.2%	74.5%	75.2%	74.5%	75.4%	73.8%

Source: General Authority of Statistics.

Table No. (3.4): Saudi Labour Force Participation Rate: Saudi Men vs Saudi Women, (Q4 2017G- Q2 2022G, %)

	Q4 2017G	Q4 2018G	Q4 2019G	Q4 2020G	Q4 2021G	Q2 2022G
Saudi men	63.4%	63.0%	66.6%	68.5%	66.8%	67.5%
Saudi women	19.4%	20.2%	26.0%	33.2%	35.6%	35.6%

Source: General Authority of Statistics.

The impact of the Government-led initiatives on the unemployment rate can also be observed. The unemployment rate recovered in 2021G following the COVID-19 pandemic, especially among Saudi nationals, for both men and women. Over the past 5 years, the unemployment rate for Saudi women has improved significantly from 31.0 per cent. in 2017G to 22.5 per cent. in 2021G to about 19.3 per cent. by Q2 of 2022G (see Table 3.6 (*The Kingdom's Unemployment Rate Saudi Men vs Saudi Women, (2017G-2021G, Q4 %)*).

The performance of manpower companies, especially temporary staffing services, is directly affected by the fluctuations in the economy and unemployment levels. During an economic slowdown, temporary worker requirements tend to reduce as retrenchments are undertaken. However, as the economy starts to recover, companies are more likely to turn to temporary staffing as uncertainties prevail.

The following tables show the Saudi unemployment rate, divided among Saudi and non-Saudi and Saudi mena and Saudi women, from 2017G to 2022G (second quarter) in percentage:

Table No. (3.5): Saudi Unemployment Rate: Saudi vs Non-Saudi, (Q4 2017G- Q2 2022G, %)

	Q4 2017G	Q4 2018G	Q4 2019G	Q4 2020G	Q4 2021G	Q2 2022G
Total Unemployment	6.0%	6.0%	5.7%	7.4%	6.9%	5.8%
Saudi	12.8%	12.7%	12.0%	12.6%	11.0%	9.7%
Non-Saudi	0.7%	1.0%	0.4%	2.6%	2.9%	1.9%

Source: General Authority of Statistics.

Table No. (3.6): Saudi Unemployment Rate: Saudi Men vs Saudi Women, (2017G-2021G, Q4 %)

	Q4 2017G	Q4 2018G	Q4 2019G	Q4 2020G	Q4 2021G	Q2 2022G
Saudi men	7.5%	6.6%	4.9%	7.1%	5.2%	4.7%
Saudi women	31.0%	32.5%	30.8%	24.4%	22.5%	19.3%

Source: General Authority of Statistics.

More than 80.0 per cent. of the unemployed Saudi workforce is medium- to low-skilled, which constitutes a potential target segment for manpower services, and a potential to increase Saudization in medium- to low-skilled jobs.

The following table shows the Saudi unemployment rate by educational level as of the second quarter of 2022G:

Table No. (3.7): Saudi Unemployment Rate by Educational Level (Q2 2022G, %)

	Saudi Men	Saudi Women
Doctoral or equivalent level	0.5%	5.7%
Master's or equivalent level	1.2%	10.8%
Bachelor's or equivalent level	4.9%	24.7%
Short Cycle Tertiary Education	3.7%	14.2%
Post-secondary non-tertiary education	2.7%	13.3%
Upper secondary education	5.7%	16.7%
Lower secondary education	5%	11.4%
Primary education	4.3%	9.1%
Early childhood education	5.5%	8.7%
No schooling	2.5%	6.5%

Source: General Authority of Statistics.

3.4.3 Overview of the Regulatory Environment

The regulatory environment in the Kingdom, specifically the labour market policies and regulations, closely impacts the manpower services industry in the Kingdom. Key policies influencing the human resources market in the Kingdom include:

- **"Ajeer"** - introduced as part of the employment and immigration reforms which aim to regulate and document the temporary work of expatriates in the Kingdom;
- **"Nitaqat"** - introduced to reduce the Saudi unemployment rate by requiring Saudi companies to hire Saudi nationals on a quota basis, and supporting the employment of educated and skilled Saudi nationals in relevant sectors; and
- the **"Contractual Relationship Improvement"** initiative, which allows expatriates to flexibly transfer jobs between private sector companies after one year, creating an attractive labour market, promoting talent development, and improving the working environment for expatriates.

3.4.4 Technology Adoption and Market

The adoption of cloud and other technologies has gained significant momentum with the Kingdom's efforts to become a regional and global hub for innovation and entrepreneurship. The adoption was accelerated by the COVID-19 pandemic. In the coming years, the private sector will play an important role in investing in and implementing these technologies and attracting best talents nationally and internationally, which in turn will stimulate the labour market.

International trends in the staffing industry, such as data-driven recruiting, social recruiting and technology & AI, are slowly being adopted in the Saudi market with international players entering the manpower services market.

3.5 Market Size

Manpower services in the Kingdom can be classified into corporate manpower services and individual manpower services (full time and hourly). Corporate manpower services consist of seconding blue-collar and white-collar workers to businesses. Individual manpower services provide domestic workforce (on a permanent or hourly basis) for individuals and households. The corporate manpower services accounts for around 70.0 per cent. of market, while the individual manpower services accounts for the remaining 30.0 per cent.

3.5.1 Corporate Manpower Services Market Maturity

The rate to which organizations would procure their workforce from manpower companies varies by segment, industry and requirement. The total possible outsourceable corporate workforce (addressable market) in 2021G was estimated to be around SAR 139 billion.

Primary research indicates that organisations are increasingly considering the outsourcing of selected manpower categories in order to become more efficient. As a result, they may actively consider replacing between 3.0 per cent. to 5.0 per cent. of their non-Saudi staff with outsourced manpower. In the case of Saudi staff replacement, this number is naturally low, and hovers at less than 1.0 per cent. Considering these ranges, the total realizable market for outsourced manpower is estimated to be around SAR 10 billion in 2021G (see Table 3.8 (*The Kingdom's Realizable Corporate Manpower Services Market Per Industry (2019G-2021G, BN SAR)*).

The corporate manpower services market in the Kingdom captured by all players was around SAR 4.8 billion in 2021G, accounting for around 50.0 per cent. of the realizable market, which indicates that a large share of the market is still untapped. This is mainly due to the relatively nascent nature of manpower services in the Kingdom, resulting in the limited awareness and adoption rate amongst organizations.

The following table shows the Saudi realizable corporate manpower services market per industry from 2019G to 2021G in SAR billion:

Table No. (3.8): Saudi Realizable Corporate Manpower Services Market Per Industry (2019G-2021G, SAR billion)

	2019G	2020G	2021G
Construction	2.3	2.6	2.8
Wholesale and retail trade; repair of motor vehicles and motorcycles	2.0	2.4	2.5
Administrative and support service activities	1.2	1.4	1.4
Manufacturing	0.8	0.9	1.1
Human health and social work activities	0.3	0.4	0.5
Transportation and storage	0.2	0.3	0.3
Accommodation and food service activities	0.4	0.5	0.5
Education	0.1	0.2	0.2
Mining and quarrying	0.1	0.2	0.2
Agriculture, forestry and fishing	0.1	0.1	0.1
Information and communication	0.1	0.1	0.1
Other	0.7	0.9	0.9
Total realizable corporate manpower services market	**8.3**	**10.0**	**10.6**

Source: General Authority for Statistics, Statista, Vision 2030, subject matter experts, the Market Study Consultant analysis.

Given the current economic and development trajectory in the Kingdom (discussed above), the corporate manpower services market is expected to grow in the coming years, presenting opportunities for current and new entrants.

Agriculture, healthcare, and information and communications technology are expected to be the fastest growing industries. Healthcare is particularly large due to its labour-intensive nature. These industries offer great opportunities for competitors to diversify into white-collar segments to meet the increasing labour demand.

Construction and retail, despite being the sectors most affected by the COVID-19 pandemic, require the largest volume of blue-collar labour. They are also expected to continue to grow due to the ambitious objectives of Vision 2030 and the Mega Projects in the Kingdom, which creates growth opportunities in the blue collar segment.

The following table shows the Saudi realizable corporate manpower services market per segment from 2019G to 2021G, SAR billion):

Table No. (3.9): Saudi Realizable Corporate Manpower Services Market Per Segment (2019G-2021G, SAR billion)

	2019G	2020G	2021G
Saudis - Corporate Blue collars	0.6	0.6	0.7
Saudis- Corporate White collars	0.5	0.5	0.5
Non-Saudis: Corporate Blue collars	5.1	6.0	6.8
Non-Saudis: Corporate White collars	2.1	2.7	2.7

Source: General Authority for Statistics, Statista, Vision 2030, subject matter experts, the Market Study Consultant analysis.

The segment of non-Saudi workers is the largest and is expected to grow going forward. It was the most severely affected by the COVID-19 pandemic given that large numbers of these workers were employed in the construction industry. The Saudi nationals market although smaller, is expected to grow faster, largely due to the Saudization program.

The white-collar segment is growing at a slightly faster rate than the blue-collar segment, driven by the government efforts to grow SMEs, diversify away from oil, and localize talent and knowledge.

3.5.2 Full-time Individual Manpower Services Market

The total possible outsourceable full-time individual workforce (addressable market) in 2021G was estimated to be around SAR 96 billion. Primary research indicates that the realizable market size in 2021G was around SAR 3.7 billion (see Table 3.10 (*The Kingdom's Realizable Full-Time Individual Manpower Services Market per Occupation (2019G-2021G, BN SAR)*).

The full-time individual manpower services market in the Kingdom captured by all players was around SAR 1.06 billion in 2021G, accounting for around 30.0 per cent. of the realizable market, which indicates that a large share of the market is still untapped.

The full-time individual manpower services market is expected to grow in the coming years, offering growth opportunities for both current and new entrants. This growth is further driven by Government regulations, population growth, and increasing female labour force participation.

All of the current players in the market are active in the full-time individual manpower services market in compliance with the Government requirement of ensuring at least 20.0 per cent. of the business is generated by the individual segments.

The following table shows the Saudi realizable full-time individual manpower services market per occupation from 2019G to 2021G in SAR billion:

Table No. (3.10): Saudi Realizable Full-time Individual Manpower Services Market Per Occupation, (2019G-2021G, SAR billion)

	2019G	2020G	2021G
Drivers	1.77	2.02	2.10
Housekeepers (servants, house cleaners, etc.)	1.09	1.32	1.44
Cookers and food providers	0.04	0.05	0.05
House guards	0.05	0.06	0.06
Total realizable full-time individual manpower services market	**2.95**	**3.5**	**3.7**

Source: General Authority for Statistics, Statista, Vision 2030, subject matter experts, the Market Study Consultant analysis.

Drivers and housekeepers remain the largest two occupations in demand. However, the demand for Drivers is expected to increase at a slower rate as women have been allowed to drive and the MHRSD initiative to impose fees on individuals who have more than four domestic workers.

3.5.3 Hourly Individual Manpower Services Market

The value of the total possible outsourceable hourly individual workforce (addressable market) in 2021G was estimated to be around SAR 16 billion. Primary research indicates that in 2021G, the value of the realizable market size was around SAR 1 billion (see Table 3.11 (*The Kingdom's Realizable Individual Hourly Manpower Services Market, (2019G-2021G, BN SAR)*).

The value of the hourly individual manpower services market in the Kingdom captured by all players was around SAR 500.0 million in 2021G, accounting for around 50.0 per cent. of the realizable market, which indicates that a large share of the market is still untapped. The market is expected to grow the fastest, offering a competitive advantage to early adopters.

Housekeepers (servants, house cleaners, etc.) still make up the largest share of the hourly individual manpower services segment and are expected to grow in the coming years. Home care initiatives driven by the Ministry of Health will increase demand for home visits by nurses and health professionals. As a result of the increasing popularity of Hourly services, the demand for private teachers and nannies services is expected to increase. However, a considerable investment must be made in technology and marketing to increase customer reach.

The following table shows the Saudi realizable individual hourly manpower services market from 2019G to 2021G in SAR billion:

Table No. (3.11): Saudi Realizable Individual Hourly Manpower Services Market, (2019G-2021G, SAR billion)

	2019G	2020G	2021G
Housekeepers (servants, house cleaners, etc.)	0.73	0.91	1.02
Nurses and health professionals at homes	0.007	0.008	0.01
Private teachers and Nannies at homes	0.014	0.018	0.02
Total realizable Hourly Individual Manpower Services market	**0.75**	**0.94**	**1.05**

Source: General Authority for Statistics, Statista, Vision 2030, subject matter experts, the Market Study Consultant analysis.

3.6 Competitive Landscape

3.6.1 Competitors and Services

There are currently around 40 licensed manpower services companies in the Kingdom, of which around 25 are operational. The Company is amongst the five largest players within the space. Other key players in the Kingdom include Saudi Manpower Solutions Co. (SMASCO), Maharah Human Resources Co., International Recruitment Company (IRC) and JawaHR, all of which were established between 2012G and 2014G. All of the top players offer corporate manpower service, full-time individual manpower services and hourly individual manpower services.

The following table shows the market share as a percentage of total headcount in 2021G:

Table No. (3.12): Market Share as a Percentage of Total Headcount, 2021G

	Al Mawarid Manpower Company	Saudi Manpower Solutions Co (SMASCO)	Maharah Human Resources Company	International Recruitment Company (IRC)	Jawa HR
Market Share	9-11%	17-19%	14-16%	5-7%	5-7%

Source: General Authority for Statistics, Statista, Vision 2030, subject matter experts, the Market Study Consultant analysis.

The top five players in the market together are estimated to hold around 50.0 - 60.0 per cent. of the share of the current outsourceable manpower market in the Kingdom. Regulatory requirements vis-à-vis scale and minimum manpower distribution in difficult to serve segments play a role in preventing smaller competitors from competing. Regulations presently require 20.0 per cent. of the manpower company workforce to be from the full-time individual services in order to cater to the increasing need for domestic workers such as cleaners, nannies etc. This requirement is challenging for players with smaller scale because the business line is limited by diseconomies of scale. Compared with the corporate manpower services where large volumes of workers are procured by few clients, individual manpower services involves a significantly higher number of clients which can create operational complexity which is harder to manage for smaller service providers. Legal and reputational risks associated with individual manpower services are also higher. This creates a barrier to entry and helps top players sustain their advantage.

At present, differentiation in the type of workers provided and sectoral distribution appears to be limited amongst the key competitors. All of the top players focus on providing a large, non-Saudi workforce, particularly in low-skilled jobs. Expert interactions and market research indicates that key competitors largely service similar industries, the largest being the construction, maintenance and operations, retail and hospitality sectors.

Research also indicates that the key market players are presently targeting diversification in their portfolios by tapping into new industries such as healthcare, banking and education, which require higher skill levels, specialization and correspondingly, greater value and growth opportunities.

The Saudi nationals segment is a nascent segment with untapped opportunity. The top players are starting to enter the segment by creating subsidiary entities. The Company and Maharah Human Resources Company were the first to enter the Saudi nationals' segment through their respective subsidiaries, Sawaid Recruitment Company and Esnad Mahara, launched in conjunction with the launch of the Ajeer programme to support Saudis. Serving the Saudi nationals segment will help address some of the current challenges associated with Saudization.

Saudi Manpower Solutions Co. (SMASCO), which provides hourly domestic services, has a significant market share in the construction sector.

Maharah Human Resources Company, a publicly listed company since 2019G, is the second largest player in the Kingdom. Musaned Cleaning Services Company, its branch in the United Arab Emirates which was established in 2015G, contributed to around 3.0 per cent. of the revenues in 2021G. Maharah Human Resources Company is key player in the skilled labour space, in particular, the healthcare industry, which constituted around 15.0 per cent. of its corporate manpower business in 2021G.

JawaHR (previously Eastern Human Resources Company EHRC) and the **International Recruitment Company (IRC)** rank 4th after the Company. Both provide corporate and individual services. In addition to housekeeping services, JawaHR provides hospitality services and home care as part of its hourly individual services, which constitutes a key differentiating factor for JawaHR. The differentiating factor for International Recruitment Company (IRC) is its presence in the Saudi nationals segment, which other competitors are still trying to penetrate.

3.6.2 Market Dynamics and Success Factors

Government regulations requiring 20.0 per cent. of workers to be from the individual services may be a deterrent for new entrants given the operational complexity and high risks associated with it.

The countries of origin of expatriate workers play an important role in the market dynamics in the Kingdom, as they can exert pressure through regulations and hiring requirements (such as minimum required wage), which affect labour supply and salaries.

Clients, especially those with large hiring needs exercise their strong bargaining power, given the slight service differentiation between manpower companies and low switching costs to negotiate lower prices and better deals.

The Government is currently considering the possibility of granting manpower services companies exclusivity to hire expatriates, which would ultimately boost demand for corporate and individual manpower services focused on this space.

To succeed in the Saudi Arabian manpower services market, four critical success factors have been identified which help players improve their competitiveness:

- diversification and specialization, which can be achieved by either diversifying into new segments where higher skill levels are required, such as the healthcare and information and communication sectors, or by offering human resources solutions that are adjacent to staffing services, such as recruiting process outsourcing, payroll outsourcing, human resources advisory, or human resources technology;
- strong client relationships, by strengthening geographical reach, digital communication channels and client services;
- a strong and reliable network of overseas agencies and partnerships worldwide for effective recruiting of expatriates; and
- integration of technology throughout the value chain in both the business-to-business and business-to-customer segments to better meet the needs of the business and the clients.

4 BUSINESS DESCRIPTION

4.1 Overview

Almawarid Manpower Company is a Saudi closed joint stock company incorporated by virtue of Ministry of Commerce No. 336/Q, dated 7 Rajab 1433H (corresponding 27 June 2012G), and registered under Commercial Registration No. 1010343697, dated 12 Sha'ban 1433H (corresponding to 2 July 2012G) issued in Riyadh, Kingdom of Saudi Arabia. The Company operates in accordance with the MHRSD licence number (6 MM-SH) dated 5 Muharram 1434H (corresponding to 19 November 2012G). The Company's head and registered office is located in Ibn Warqaa Street, ar-Rawdah District, P.O. Box 10370, Riyadh 13211, Kingdom of Saudi Arabia. As of the date of this Prospectus, the share capital of the Company is one hundred and fifty million Saudi Arabian Riyals (SAR 150,000,000), divided into fifteen million (15,000,000) ordinary shares, with a fully paid nominal value of ten Saudi Arabian Riyals (SAR 10) per share. For further information on the evolution of the Company's share capital and legal structure, see Section 4.7 (*Evolution of Capital*).

As per the main Commercial Registration, the main activity of the Company is mediation in the recruitment of expatriate workers. The Company has two wholly-owned Saudi Arabian subsidiaries, Musanid Al Marafiq for Maintenance and Cleaning Company, a sole proprietorship limited liability company with its principal activities being the provision of manpower services in the Corporate Segment for limited periods in order to supplement client workforces and for the general cleaning of buildings, and Sawaid Recruitment Company, a sole proprietorship limited liability company with its principal activities being searching for positions for Saudi employees, whether by induction or testing, online recruitment agencies and the provision of human resources in the Corporate Segment (including providing human resources on a long-term or permanent basis). For information on the shareholders of the Company, see Section 4.8 (*Current Shareholding Structure*).

The Group is engaged in the activities of labour recruitment and providing manpower services in the Kingdom for: (i) corporate clients (in the public and private sectors); and (ii) individuals. Its client base is fragmented in terms of number, exceeding 500 clients in the Corporate Segment, and in terms of industry, where the Company provides its corporate services to over 13 sectors. The Company's clients operate in the maintenance, restaurants, construction and contracting, transportation, hospitals, trading, manufacturing, services, banks and other industries. It provides its clients (corporate and individual) with employees in more than 20 temporary staffing professions, such as nursing, hospitality, housekeeping and cleaning. As of 30 June 2022G, the Company had a sizable network and partnerships with more than 35 supporting agencies for overseas recruitment based in 24 different countries, with a majority of the Group's foreign manpower resources being recruited from six countries, namely Indonesia, the Philippines, Bangladesh, Uganda, Pakistan and India. As of 30 June 2022G, 93.8 per cent. of the Group's foreign manpower resources were from such countries, giving the Company the privilege to collaborate with such agencies to secure a certain minimum level of highly qualified workers.

The Group's three principal business segments consist of the following:

- **Corporate Segment:** this segment represents revenue generated from corporate clients, mainly in connection with the following client industries: maintenance companies, restaurants, construction and contracting, transportation and hospitals. The contracts signed under the Corporate Segment have an average length of two years. The billing is on a monthly basis, and payments from clients are due within 60 days from the invoice date. There are no fixed prices for providing services to the Corporate Segment, as the price depends mainly on the salary of the workers, based on their profession, skills and competence;
- **Individual Segment – Contractual:** this segment represents revenue generated from contracts signed with individual customers, mainly in connection with housemaids, cleaners and private drivers. The invoices are paid in advance (except for automatically renewed contracts with existing customers). In the three-month period ended 31 March 2022G, the average secondment service price ranged from SAR 2,000 to SAR 3,500 per month, based on the competence and salary of the worker; and
- **Individual Segment – Hourly Rental:** this segment represents revenue generated from individual customers on an hourly basis, mainly in connection with housemaids and cleaners. In the three-month period ended 31 March 2022G, the average service price ranged from SAR 90 to SAR 140 per visit, based on the competence and salary of the worker and the timing of the visit (morning/evening).

As estimated by the Market Study Consultant, the Company is considered among the top three manpower companies in the Kingdom with a market share exceeding 10.0 per cent. It enjoys a strong presence in the manpower market covering seven major cities with 13 branches across the Kingdom as of 30 June 2022G.

As of 30 June 2022G, the Group had 281 employees in the Kingdom (for more details, see Section 5.9 (*Employees*) and 24,271 available workers.

The Group generated revenue of SAR 716.0 million, SAR 685.7 million, SAR 663.7 million and SAR 421.8 million in the financial years ended 31 December 2019G, 2020G and 2021G, and the six-month period ended 30 June 2022G, respectively. The net income was SAR 38.6 million, SAR 45.9 million, SAR 55.7 million and SAR 31.7 in the financial years ended 31 December

2019G, 2020G and 2021G, and the six-month period ended 30 June 2022G, respectively. The total value of the Company's assets as of 31 December 2019G, 2020G and 2021G, and as of 30 June 2022G, was SAR 342.4 million, SAR 367.9 million, SAR 405.0 million and SAR 443.8 million, respectively. Total liabilities of the Company amounted to SAR 172.1 million, SAR 168.5 million, SAR 172.0 million and SAR 196.6 million as of 31 December 2019G, 2020G and 2021G, and the six-month period ended 30 June 2022G, respectively. See Section 6 (*Management's Discussion and Analysis of Financial Position and Results of Operations*) for more detailed discussions regarding the financial performance of the Company.

4.2 Group History and Structure

The Group has ten years of experience in the manpower industry, providing its clients with cost-effective manpower supply services through a well-trained workforce.

The Company started its operations in 2012G by providing manpower solutions in the Corporate Segment for companies in the public and private sectors, including the provision of manpower solutions in all types of professions, such as cleaners, restaurant workers (waiters and chefs), doctors, nurses, drivers, IT specialists, accounting specialists, programmers, engineers, salesperson, amongst others. In the same year, the Company started to provide manpower solutions to the Individual Segment - Contractual for housemaids and cleaners, adding specialised workers for the Individual Segment – Contractual in 2019G. In 2017G, the Company started providing manpower solutions in the Individual Segment – Hourly Rental based on the "Hemma" hourly rental rate, including the provision of housemaids and cleaners. In order to make the process of requesting labourers more convenient for clients, the Group developed and launched its smartphone application for "Hemma" services in 2018G. The Group is constantly working on developing and improving the manpower services that it offers.

The following table illustrates certain key milestones in the Group's history since its formation until the date of this Prospectus:

Table No. (4.1): Key Historical Changes and Events

Date	Change
2012G	– The Company was established as a joint stock company under the name "Almawarid Recruitment Company" and started to provide services in the Corporate Segment and Individual Segment – Contractual for housemaids and cleaners.
2014G	– The number of available workers exceeded 10,000.
2016G	– The Company established with a partner a subsidiary under the name "Musanid Al Marafiq for Maintenance and Cleaning Company", with a 95 per cent. ownership stake.
2017G	– The Company started to provide Individual Segment– Hourly Rental. – The Company became the single shareholder in Musanid Al Marafiq for Maintenance and Cleaning Company.
2018G	– The Company launched its smartphone application.
2019G	– The number of available workers exceeded 20,000. – The Company established its subsidiary, Sawaid Recruitment Company. – The Company started to provide services in the Individual Segment – Contractual for specialised workers.
2020G	– The name of the Company was changed to "Almawarid Manpower Company".
2022G	– The Company's capital increased from SAR 100,000,000 to SAR 150,000,000 through the capitalisation of the entire voluntary reserve balance of SAR 20.0 million, in addition to SAR 30.0 million from the retained earnings account. – The name of the Company's Subsidiary "Musanid Al Mawarid for Operations and Maintenance" was changed to "Musanid Al Marafiq for Maintenance and Cleaning Company".

Source: The Company.

The Company has two fully owned Subsidiaries. This section provides details for each of the Subsidiaries and their share of the Group's total revenue:

4.2.1 Musanid Almawarid for Operation and Maintenance Company

Musanid Almawarid for Operation and Maintenance Company is a sole proprietorship limited liability company registered in Riyadh, Kingdom of Saudi Arabia, under Commercial Registration No. 1010995997, dated 12 Jumada al-Akhirah 1437H (corresponding to 21 March 2016G). The share capital of Musanid Almawarid for Operation and Maintenance Company is one million Saudi Arabian Riyals (SAR 1,000,000), divided into a thousand (1,000) ordinary shares, with a nominal value of a thousand Saudi Arabian Riyals (SAR 1,000) per share. Musanid Al Marafiq for Maintenance and Cleaning's main activities based on its Commercial Registration are facilities maintenance, general cleaning of buildings, administrative services and support, construction services and catering and food service activities. The total sales of Musanid Almawarid for Operation and Maintenance Company from the total sales of the Group accounted for 8.4 per cent., 7.6 per cent., 6.7 per cent., and 6.8 per cent. for the financial years ended 31 December 2019G, 2020G and 2021G, and the six-month period ended 30 June 2022G, respectively.

4.2.2 Sawaid Recruitment Company

Sawaid Recruitment Company is a sole proprietorship limited liability company registered in Riyadh, Kingdom of Saudi Arabia, under Commercial Registration No. 1010601489, dated 29 Safar 1441H (corresponding to 28 October 2019G). The share capital of Sawaid Recruitment Company is five hundred thousand Saudi Arabian Riyals (SAR 500,000), divided into five hundred (500) ordinary shares, with a nominal value of a thousand Saudi Arabian Riyals (SAR 1,000) per share. Sawaid Recruitment Company's main activities are searching for employees to hold positions, either by introduction or audition, online recruitment agencies and the provision of human resources in the Corporate Segment (human resources provided on a long-term or permanent basis in general). The total sales of Sawaid Recruitment Company from the total sales of the Group accounted for 0 per cent., 0 per cent., 0.1 per cent., and 0.1 per cent. for the financial years ended 31 December 2019G, 2020G and 2021G, and the six-month period ended 30 June 2022G, respectively.

4.3 Vision, Mission and Strategy

4.3.1 Vision

The Company's vision is to be a leading manpower solutions company, building sustainable partnerships with its clients to enable them to achieve their ambitions.

4.3.2 Mission

The Company's mission is to deliver agile manpower solutions by adapting its services and technology to its clients' needs, thus enabling them to focus on their core business. The Company endeavours to be the preferred platform for candidates, guaranteeing human welfare while pursuing exciting careers with their ideal organisations.

4.3.3 Strategy

Globally, manpower services organisations are increasingly trending towards providing greater value-added services to their clients. The service profiles for manpower services organisations worldwide are diversifying away from servicing needs for cost effective recruitment and towards enabling greater flexibility in hiring, and supporting clients in more intensive, integrated and consistent hiring, especially in terms of high-volume labour-intensive recruitments, with a sharp focus on efficiency from a workforce liability perspective.

These trends are also appearing in the Kingdom, where manpower services organisations are increasingly starting to focus on creating a differentiated proposition, and exploring multiple strategic initiatives targeted at diversification and client relationship enhancement. The main issue in the Kingdom remains a lack of competitive differentiation, since most companies tend to focus on blue-collar expatriate workers, which lends itself to a lack of opportunity for competitive differentiation in general, and specifically within the blue-collar expatriate sourcing segment. This has led some players in the Kingdom to consider diversification into alternative segments to develop and sustain their market positioning. Pursuant to the Market Study Consultant's research, the major market players are also focusing on expanding their presence to newer industries, requiring greater skill levels and specialisations.

Beyond blue-collar labour recruitment, the white-collar segment is evolving and becoming interesting for the players in the manpower industry. Multiple industry verticals are emerging, of which healthcare appears to represent significant opportunities, largely due to the increasing emphasis by the Government on healthcare delivery and filling in major specialty and provision gaps. Pursuant to the Market Study Consultant's interviews with the relevant experts, the Company, Maharah Human Resources Company and Saudi Manpower Solutions Co. (SMASCO) are marquee players in the manpower healthcare sector.

Financial services and administration is another emerging sector, in particular, the expansion of banking and insurance, which requires largely low-level resources (within accounting/clerical/administrative domains, etc.). This vertical is also emerging as an area of interest for the manpower companies that plan to venture into the white-collar segment given the high concentration of desk/clerical jobs (this sector is considered to be the largest labour sector globally). The Company is currently the most prominent player in the manpower banking sector amongst its local competitors.

Information and communication technology and education, which are driven by the increase in technology adoption and privatisation initiatives, are also growing. However, there is little to no presence of local manpower industry players in these sectors due to high Saudization requirements. Given that social infrastructure development is high on the Government's agenda and is expected to remain so for the foreseeable future, these manpower sectors will continue to remain interesting and in demand.

Due to the emphasis of the Government on catalysing and increasing the Saudi workforce, major manpower industry players are also considering entry into the Saudi nationals segment, which is expected to grow to address the need of Saudization. In fact, as an example, the MHRSD announced in April 2022G the start of the implementation of Saudization in the healthcare sector, where 60.0 per cent. of the jobs in health specialisation professions are required to be performed by Saudi nationals.

In view of the above market evolution, the Company has defined five strategic pillars that will help it to achieve its vision and mission, as well as to create a solid, unique and highly differentiated positioning going forward. The main thrust of the strategy will be to consolidate the Company's position in its areas of strength and expand and diversify into alternative segments that will provide significant growth in the future. The Company's strategy is based on the following five pillars:

- shifting from only hiring to a full-scale manpower solutions company;
- adopting a proactive focus on developing a client-centric organisation;
- becoming the preferred company for job-seekers by promoting workers' rights and favourable treatment of workers;
- rapidly adopting and becoming a technology-enabled company; and
- focusing on efficiencies and creating a performance-driven organisation.

4.3.3.1 Developing into a Manpower Solution Company

The global manpower services providers are increasingly moving towards providing holistic manpower solutions, including process outsourcing, advisory and technology solutions. The Company recognises the importance of providing holistic manpower services and providing increasingly more value-added services to its clients. In line with the overall vision of the organisation to become a sustainable partner for its client organisations, the Company is targeting a gradual transition from its current standing as a largely manpower subcontracting organisation towards becoming a more integrated manpower solutions organisation. This strategic pillar is targeted at increasing the Company's market share in its current manpower industry segments, particularly the corporate blue-collar and individual segments, and supporting growth within the relatively nascent but growth-oriented corporate white-collar and Saudi nationals segments.

The targeted outcome for this pillar is to establish the Company as a one-stop-shop for all staffing and manpower requirements for client organisations. This strategy also includes the development of manpower process outsourcing services with a focus on payroll, administrative and Government services outsourcing in the short to medium term as potential value added services, with a longer term ambition to expand outsourcing capabilities to cover all manpower processes outsourcing.

4.3.3.2 Promoting a Client-Centric Organisation

Companies with a product-centric approach today are at a critical competitive disadvantage. They are under pressure from a variety of factors, including smarter and more selective consumers, and are shifting their mindset to become more client-centric by focusing on understanding the clients' needs. In the Kingdom, expert interviews conducted by the Market Study Consultant indicate that client experience is a key differentiator within the manpower solutions industry. The management is cognizant of this aspect and is targeting enhancements in the client centricity aspects of its business.

Therefore, this second pillar consists of creating a seamless and automated user experience to facilitate access to services while optimising the manpower services provided to clients. The Company is planning to develop a "Voice of the Client" structured process to gather client feedback in a formalised manner, coupled with detailed and deep action plans to ensure that the highest quality of service is provided to its clients.

The Company is also taking steps to create a deeply ingrained client experience-oriented culture by training front-line teams on ensuring client satisfaction. Independence of client feedback / client relations from commercial (sales, marketing etc.) activities has also been maintained at the organisational structure level to ensure that feedback from clients is received and actioned effectively. In addition, the Company plans to invest more deeply in developing and promoting the organisational brand to increase awareness and improve adoption amongst its current and new clients.

4.3.3.3 Promoting Workers' Rights and Favourable Treatment of Workers

Workers' rights are critical, in particular for the blue-collar workers segment, as they give workers a voice. They offer moral space for the most vulnerable of groups, such as low-skilled labour. With workers' rights to back them, workers are able to refuse exploitation in the name of efficiency. Specific rights related to the workplace include health and safety, reasonable working hours and the right to privacy, amongst others.

In the Saudi Arabian manpower industry context, client interviews conducted by the Market Study Consultant indicate that workers' rights and favourable employment conditions are essential criteria when selecting a partner manpower company. This is in line with the increasing importance of workers' rights and corporate social responsibility globally in the corporate environment.

As such, this third pillar focuses on dedicating a department and a committee within the Company's organisation that will ensure working condition standards are met, and workers' needs and demands are addressed. This will enhance workers' experience in the Kingdom and help preserve their rights. It will also improve the Company's brand image and increase worker loyalty.

4.3.3.4 Becoming a Technology-Enabled Company

Technology advancements are shaping the manpower industry where advances in human resource technology are helping human resources leaders to become more engaged in their Company's overall strategic objectives. From enhancements in artificial intelligence to a new generation of employee self-service and continued learning tools, human resources technology is helping businesses improve operational efficiency and maintain their competitive advantage. In the manpower space, artificial intelligence-enabled programs can streamline the recruiting process and speed up the review and filtering of job applicants from vast numbers of resumes. Artificial intelligence can also facilitate an analysis of the labour market, match skills and accelerate employee training and development through augmented reality and virtual reality. The manpower industry is also witnessing a large number of merger and acquisition transactions, most notably in talent acquisition technology to keep up with the technology leap that was further brought on by the Covid-19 pandemic. Therefore, it is imperative for manpower companies to adopt technology innovation to remain competitive.

This fourth pillar therefore consists of increasing technology adoption by incorporating data analytics and in-depth insights for better forecasting, and applying artificial intelligence to the talent acquisition process, from screening to pre-selection to communication management. This pillar also focuses on increasing processes and workflow automation, as well as developing a system-to-system integration between the Company and its clients.

4.3.3.5 Creating a Performance-Driven Organisation

Agile and ambidextrous skills are key enablers of growth. Organisations are required to quickly respond to the evolving market environment, adapt to global trends that shape the industry, and be more responsive to clients' needs. They also have to build the right corporate environment and value proposition to attract and retain the best talent.

This fifth pillar therefore is focused on optimising the Company's organisation structure to streamline core functions, such as sales, marketing, staffing operations and human resources, and to better enable digital and innovation functions. This pillar also focuses on optimising the Company's corporate governance model, key performance indicators and processes to enhance performance, as well as to strengthen accountability, human capabilities and corporate culture. Lastly, the Company will carry out a retention plan to reduce turnover and retain the Company's internal talent.

The above strategy pillars will allow the Company to fuel its growth and differentiate itself by growing its current manpower business, and by diversifying into new adjacencies such as process outsourcing, enabling the Company to become an integrated manpower solutions organisation in line with its aspirations.

4.4 Strengths and Competitive Advantages

4.4.1 Growing Business

The Company has developed a strong corporate services client base, which contributed to more than 77.0 per cent., 69.0 per cent., 65.0 per cent. and 64.9 per cent., of the Company's revenue for the financial years ended 31 December, 2019G, 2020G and 2021G, and the six-month period ended 30 June 2022G, respectively. The client base is fragmented in terms of number, exceeding 500 clients in the Corporate Segment, and in terms of industry, where the Company provides corporate services to over 13 industries. The Company's clients operate in maintenance, restaurants, construction and contracting, transportation, hospitals, trading, manufacturing, services, banks and other industries.

The Individual Segment – Contractual has significantly grown and is highly profitable. Revenue has increased by a CAGR of 18 per cent. between 2019G and 2021G, while the utilisation rate of the Individual Segment - Hourly Rental has increased from 50.0 per cent. in 2019G to 85.0 per cent. in 2021G.

4.4.2 Strong Market Position

Pursuant to the Market Study Consultant's report, the Company is considered one of the top three manpower companies in the Kingdom with a market share exceeding 10.0 per cent. It enjoys a strong presence in the manpower market covering seven major cities with 13 branches across the Kingdom as of 30 June 2022G.

4.4.3 Strong and Reliable Network of Overseas Agencies

As of 30 June 2022G, the Company had a sizable network and partnerships with more than 35 supporting agencies for overseas recruitment based in more than 24 different countries, such as Indonesia, the Philippines, Bangladesh, Uganda, Pakistan and India; this gives the Company the privilege of cooperating with such agencies to secure a certain minimum level of highly qualified workers.

4.4.4 Diversified Portfolio

The Company provides its clients (corporate and individual) with employees in more than 20 temporary staffing professions, in the nursing, hospitality, housekeeping and cleaning sectors. As of 30 June 2022G, the Company had 24,271 available workers.

4.4.5 Experienced Management

The Company's Executive Management team has significant experience in human resources solutions gained through extensive interaction with clients. In addition, it has previously held senior positions in the manpower and related marketing industries.

4.5 Overview of the Group's Business

The Group provides manpower services to both the corporate and individual segments of the market by sourcing professional, skilled and unskilled foreign manpower resources.

4.5.1 The Group's Services

The Group provides a wide range of manpower services to both its corporate clients and individual customers by sourcing manpower resources with the requisite skills. Typically, the Group bears all of the costs and fees related to the recruitment process as well as the manpower resources' salaries, work and residence permits fees, medical examinations and medical insurance costs, professional malpractice insurance costs (for medical professionals only) and airfare costs, depending on the contractual arrangement with the clients.

In the financial years ended 31 December 2019G, 2020G and 2021G, and the six-month period ended 30 June 2022G, the revenue from the Corporate Segment represented 77.2 per cent., 69.4 per cent., 65.3 per cent. and 64.9 per cent., respectively, of the Group's total revenue for the same period, the revenue from the Individual Segment – Contractual represented 16.0 per cent., 22.2 per cent., 19.1 per cent. and 21.4 per cent., respectively, of the Group's total revenue for the same period, and the revenue from the Individuals Segment – Hourly Rental represented 6.7 per cent., 8.5 per cent., 15.5 per cent. and 13.7 per cent., respectively, of the Group's total revenue for the same period.

4.5.1.1 Corporate Segment

The Group serves the Corporate Segment through providing manpower resources services for professional, skilled and unskilled manpower resources. Typically, the Group deploys manpower resources to its clients for two-year periods. Further, in exceptional circumstances and subject to availability, the Group is able to deploy manpower resources on a short-term basis to its clients for negotiated premium fees, to cater for seasonal needs. In the financial years ended 31 December 2019G, 2020G and 2021G, and the six-month period ended 30 June 2022G, the revenue from the Corporate Segment represented 77.2 per cent., 69.4 per cent., 65.3 per cent. and 64.9 per cent., respectively, of the Group's total revenue for the same period. As of 30 June 2022G, there were 15,511 workers working for clients from the Corporate Segment (for more information about the Group's manpower resources by specialisation, see Section 4.5.2 (*Manpower Resources*)).

The following table sets out details of the main industries that the Group serves within the Corporate Segment, the annual revenues of the Group from each industry and the number of manpower resources deployed therein in the financial years ended 31 December 2019G, 2020G and 2021G, and the six-month period ended 30 June 2022G:

Table No. (4.2): The Group's Corporate Revenues by Industry in the Financial Years Ended 31 December 2019G, 2020G and 2021G, and the six-Month Period Ended 30 June 2022G

#	Industry	Financial Year Ended 31 December						Six-Month Period Ended 30 June	
		2019G		2020G		2021G		2022G	
		Total Revenues (SAR '000)	Monthly Average Number of Utilised Workers	Total Revenues (SAR '000)	Monthly Average Number of Utilised Workers	Total Revenues (SAR '000)	Monthly Average Number of Workers	Total Revenues (SAR '000)	Monthly Average Number of Utilised Workers
1	Maintenance and operations	119,158	3,089	119,807	2,791	96,593	2,374	47,334	2,277
2	Hospitality	165,281	2,951	88,759	2,714	93,391	3,259	53,676	2,735
3	Construction	118,137	5,503	109,137	2,332	62,270	1,837	78,895	5,118
4	Transportation	27,748	625	30,603	568	29,684	458	14,142	521
5	Healthcare	21,170	135	21,685	132	32,374	481	24,693	585
6	Commercial and Services	63,715	766	55,453	797	60,132	1,058	34,943	784
7	Manufacturing	11,072	436	21,368	490	24,006	498	19,135	766

#	Industry	Financial Year Ended 31 December						Six-Month Period Ended 30 June	
		2019G		2020G		2021G		2022G	
		Total Revenues (SAR '000)	Monthly Average Number of Utilised Workers	Total Revenues (SAR '000)	Monthly Average Number of Utilised Workers	Total Revenues (SAR '000)	Monthly Average Number of Workers	Total Revenues (SAR '000)	Monthly Average Number of Utilised Workers
8	Other	26,690	931	29,462	672	35,229	1,386	959	40
	Total [1]	**552,971**	**14,436**	**476,274**	**10,496**	**433,679**	**11,351**	**273,777**	**12,827**

Source: The Company.

Note: [1] These numbers have been rounded up to the nearest whole number, thus the total may not match the sum of the items listed in the table.

(a) Corporate Clients

The corporate client base is comprised of various entities from the public and private sectors requiring manpower services. In the financial years ended 31 December 2019G, 2020G and 2021G, and the six-month period ended 30 June 2022G, corporate clients constituted 324, 289, 303 and 252 of the Group's total clients, respectively.

The following table sets out the details of the Group's top five clients in terms of revenue, within the Corporate Segment in the financial years ended 31 December 2019G, 2020G and 2021G, and the six-month period ended 30 June 2022G:

Table No. (4.3): The Group's Top Five Clients in Terms of Revenue in the Financial Years Ended 31 December 2019G, 2020G and 2021G, and the six-Month Period Ended 30 June 2022G

#	Client [1]	Financial Year Ended 31 December						Six-Month Period Ended 30 June	
		2019G		2020G		2021G		2022G	
		Total Revenues (SAR '000)	Percentage (%)	Total Revenues (SAR '000)	Percentage (%)	Total Revenues (SAR '000)	Percentage (%)	Total Revenues (SAR '000)	Percentage (%)
1	Client 1	92,236.1	12.9%	81,203.2	11.8%	64,458.2	9.7%	31,752.5	7.5%
2	Client 2	39,627.5	5.5%	30,402.6	4.4%	29,645.1	4.5%	25,216.3	6.0%
3	Client 3	29,075.7	4.1%	27,689.5	4.0%	26,399.0	4.0%	21,423.5	5.1%
4	Client 4	28,996.1	4.0%	27,345.4	4.0%	24,878.0	3.7%	12,504.0	3.0%
5	Client 5	27,975.4	3.9%	20,935.6	3.0%	21,176.7	3.2%	11,925.2	2.8%
	Total	**217,910.8**	**30.4%**	**187,576.3**	**27.3%**	**166,557.0**	**25.1%**	**102,821.5**	**24.4%**

Source: The Company.

Note: [1] The names of Group's clients have not been disclosed, due to the sensitive nature of that information and to uphold the confidentiality obligation provided in the agreements. The top five clients for each year which were provided, are not the same for each year.

(b) Corporate Manpower Resources Recruitment Process in the Kingdom

The Group's recruiting and staffing of manpower resources from various countries is as follows:

(i) Contracting

The Group first receives requests from potential clients for their staffing needs, including details of the number of manpower resources requested, their nationalities, gender, professions, qualifications, salaries and allowances, and type of services that the Group will cover (e.g., accommodation, catering and transportation). The Group then determines the cost of the services based on the clients' requests and provides them with a price quotation. At this stage, the Group also inspects the clients' proposed accommodation for female manpower resources.

After the negotiation and approval of the price quotation, the Group enters into a service contract with each client, according to what was agreed upon. Typically, clients are required to pay a refundable deposit at the beginning of the contractual relationship.

(ii) Visas

The Group maintains an inventory of visas whereby it regularly requests visa quotas from the MHRSD due to its constant need for the same. As of 30 June 2022G, the number of visas available to the Group in the Corporate Segment was 5,102. The Group determines the number, nationalities, professions and genders for visas based on a number of factors including macroeconomic data, marketing forecasts, current and forecasted sales, historical data, Saudization requirements and Government policies. The Group's sales department analyses such data and then creates a request for the allocation of additional visas. These requests are reviewed by the manpower resources department for availability and then sent to the authorised individual in the sales and operations department for approval. Once approved, requests for the allocation of visas are submitted through the MHRSD system. The requests state the number of visas required, together with the required professions and the gender. Once allocated, these visas become available to be requested for reservation after specifying the nationalities required by the Group.

Once a service contract is entered into with a client, the Group reviews the details of the manpower resources (number, professions and gender) against its visa inventory. If the Group has the required number of visas in its inventory, it will apply to reserve them for its clients in accordance with their needs after providing the nationalities of the manpower resources requested through the Company's ERP system. If the Group does not have the required number of visas in its inventory, it submits a request to the MHRSD for the allocation of additional visas based on the clients' needs and pays the visa fee of SAR 2,000 per visa (as of 30 June 2022G). The request for reservation through the MHRSD system is approved by the Ministry of Interior. It should be noted that the maximum number of visa applications is 10.0 per cent. of the Group's manpower on the date of application.

Afterwards, the Group selects manpower resources for each client and obtains client approvals on the selected manpower resources, which typically takes an average of 30 days to arrive in the Kingdom.

(iii) Selection and Recruitment

In parallel with the visa process, the Group utilises its wide network of foreign recruitment agencies to select and recruit manpower resources. The Group contacts the relevant foreign recruitment agency and requests the recruitment of manpower resources as per the details provided by the client. Foreign recruitment agencies then identify suitable manpower resources based on the clients' needs. The Group conducts a vetting process of the identified manpower resources including interviews with them. In certain cases, clients may request to interview the selected manpower resources either in person or through video conferencing facilities, which is facilitated by the Group. For the healthcare industry, the Group has an in-house medical licensing team which evaluates the healthcare professionals' credentials with a view to matching them with clients' needs. After the suggested manpower resources are accepted by the clients, foreign recruitment agencies negotiate terms of their employment and supervise medical examinations. As soon as the selected manpower resources pass their medical examinations, foreign recruitment agencies notify the Group and the Group initiates their recruitment and arrival process.

After obtaining the client's approval of the suggested manpower resources and assigning their visas, the Group issues flight tickets to the manpower resources or asks the client to do so (depending on the service contract terms). Typically, the selection and recruitment process takes an average of 50 days to complete.

(iv) Arrival and Post-Arrival

The manpower resources are met at the airport in the Kingdom and taken to the Group's transit housing facility, and the client is informed of their arrival by the relevant client relationship manager. The Group helps manpower resources to complete their arrival procedures, which includes undergoing medical examinations, obtaining residence permits (*Iqamas*) and medical insurance and opening bank accounts; the Group also provides them with ATM and SIM cards.

In addition, the Group conducts a mandatory orientation for all manpower resources upon their arrival to the Kingdom, introducing them to the legal requirements, cultural aspects and services available to them while being deployed.

(v) Deployment

Upon completion of all post-arrival procedures, the relevant client relationship manager coordinates with the relevant client to arrange the transfer of the manpower resources to the clients' premises. At the time of deployment, the Group provides clients with detailed procedures, such as, submitting monthly time sheets and arranging for vacations and the exit and re-entry visas for the manpower resources.

(vi) Post-Deployment Support

The Group is responsible for making payroll payments to its manpower resources after their deployment to the clients at the end of each month. Clients are required to provide the Group with daily timesheets which show the times of attendance and departure of the manpower resources. The clients must pay the invoiced amounts within 60 days on average, depending on the terms agreed with the clients. The Group will in turn transfer the salaries of the manpower resources within five days of the next month. On 25 Ramadan 1434H (corresponding to 1 August 2013G), the Group adopted a clear policy for the salaries, entitlements and benefits of its manpower resources working in the Corporate Segment, in addition to details regarding the procedures for the payment and transfer of wages to deployed and un-deployed manpower resources for the Individual Segment – Hourly Rental in a timely manner, in accordance the policies of the MHRSD and the Wage Protection Program. As of the date of this Prospectus, the Group is in compliance with this policy and the requirements of the MHRSD in relation to the timely payment of salaries (including the requirements of the Wage Protection Program). The Group also supports its full-time and part-time deployed manpower resources by providing them with the information and services they need and ensuring that they work in a safe environment by conducting regular visits to the clients' premises to check on working conditions.

(c) Pricing Strategy

There are no fixed prices for services in the Corporate Segment, as the price mainly depends on the salary of the workers, based on their profession, skills and competences, in addition to a number of other factors such as the allowances or benefits they will receive, Government fees such as visa and permit fees, work permits and other Government fees, medical insurance costs and, in some cases, insurance against medical malpractice, recruitment fees, such as foreign recruitment agency fees, medical check-ups, travel tickets, job-specific risks, and other costs such as return ticket costs, the Group's margin of profits, which the Group adds to the manpower resources monthly costs, and the size of the client.

4.5.1.2 Individual Segment Services

Individual segment services include the provision of individual manpower resources such as housekeepers, drivers, cooks and technicians as well as homecare through certified nurses with relevant credentials. Individual manpower services consist of the following two segments:

- **Individual Segment – Contractual:** this segment represents revenue generated from contracts signed with individual customers, mainly in connection with housemaids, cleaners, and private drivers. The invoices for services provided in this sub-segment are paid in advance (except for automatically renewed contracts with existing customers). As of 30 June 2022G, the number of the Group's manpower resources in the Individual – Contractual Segment was 6,748 (for more information about the Group's manpower resources by specialisation, see Section 4.5.2 (*Manpower Resources*)).
- **Individual Segment – Hourly Rental:** this segment represents revenue generated from individual customers on an hourly basis, mainly in connection with housemaids and cleaners. As of 30 June 2022G, the number of the Group's manpower resources in the Individual Segment – Hourly Rental was 2,012 (for more information about the Group's manpower resources by specialisation, see Section 4.5.2 (*Manpower Resources*)).

In the financial years ended 31 December 2019G, 2020G and 2021G, and the six-month period ended 30 June 2022G, the revenue from the Individual Segment – Contractual represented 16.0 per cent., 22.2 per cent., 19.1 per cent. and 21.4 per cent., respectively, of the Group's total revenue for the same period, and the revenue from the Individual Segment – Hourly Rental represented 6.7 per cent., 8.5 per cent., 15.5 per cent. and 13.7 per cent., respectively, of the Group's total revenue for the same period.

(a) Individual Customers

Individual customers are private individuals requiring manpower services. In the financial years ended 31 December 2019G, 2020G and 2021G, and the six-month period ended 30 June 2022G, the Group served 6,611, 7,132, 7,422 and 8,364 individual customers from the Individual Segment.

(b) Individual Manpower Resources Recruitment Process in the Kingdom

The recruitment and staffing of manpower resources from various countries by the Group to its individual customers includes the following:

(i) Procurement and Management of Visas

The Group maintains an inventory of visas for Individual manpower resources such as housekeepers, cooks, drivers, nurses and personal care assistants, and requests visa quotas from the MHRSD when required. As of 30 June 2022G, the number of visas available to the Group in Individual Segment – Contractual and Individual Segment – Hourly Rental were 4,073 and 649, respectively. The inventory of visas for the Individual Segment – Contractual and Individual Segment – Hourly Rental is distinct from the inventory for the Corporate Segment.

The Group determines the number, nationalities, professions and gender for visas based on a number of factors including macroeconomic data, current and forecasted sales, historical data gathered through customers' requests via the Group's web portal and mobile application and Government policies. The Group's sales and operations department and manpower department analyse such data and create a request for the allocation of additional visas to the authorised individual in the sales and operations department. Once approved, the sales and operations team then requests the allocation of visas through the MHRSD system. The requests state the number of visas required together with the required professions and gender. Once allocated, these visas become available to be requested for reservation after specifying the nationalities required by the Group. It should be noted that the maximum number of visa applications is 10.0 per cent of the Group's manpower resources on the date of application.

The Group periodically reviews the details of its manpower resources required by individual customers (number, professions and gender) against its visa inventory. If the Group has the required number of visas available in its inventory, it will apply to reserve such visas for its customers in accordance with their needs through the Company's ERP system. If the Group does not have the required number of visas in its inventory, it asks the MHRSD for the allocation of additional visas based on demand and pays the visa fee of SAR 2,000 per visa. The request for reservation through the MHRSD system is approved by the Ministry of Interior. After the Group identifies manpower resources, it then requests the issuance of visas from the MHRSD, which typically takes an average of three days.

(ii) Selection and Recruitment

The selection and recruitment of individual manpower resources process varies according to the manpower resources recruited for the Group's Individual Segment – Contractual and Individual Segment – Hourly Rental as follows:

- **Individual Segment – Contractual:** in parallel with the visa process, the Group utilises its network of foreign recruitment agencies to select and recruit manpower resources. The Group contacts the relevant foreign recruitment agencies and requests the recruitment of manpower resources. The foreign recruitment agencies select suitable manpower resources, negotiate terms of their employment and supervise medical examinations. After the selected manpower resources pass their medical examinations, foreign recruitment agencies notify the Group; and
- **Individual Segment – Hourly Rental:** for this segment, the Group follows a process similar to that for the selection and recruitment of manpower resources for the Individual Segment – Contractual. However, for manpower resources dedicated to the Individual Segment – Contractual, the Group also interviews the manpower resources after their short listing by the foreign recruitment agency and negotiates the terms of their employment directly. These interviews can be conducted over video conferencing or through periodic visits by the Group's "Hemma" services operational team.

After the issuance of the visas, the Group issues flight tickets to the full-time and part-time manpower resources or asks agencies to issue to do so. Typically, the selection and recruitment process takes an average of forty-five (45) days to complete.

(iii) Arrival and Post-Arrival

The arrival and post-arrival of individual manpower resources process varies according to the manpower resources recruited for the Individual Segment – Contractual and Individual Segment – Hourly Rental as follows:

- **Individual Segment – Contractual:** once manpower resources arrive in the Kingdom, they are met at the airport and transferred to the Group's housing. The Group helps them to complete all of their arrival processes, including undergoing the medical examination, obtaining residence permits (Iqamas) and medical insurance, opening bank accounts and issuing them ATM cards and SIM cards. Further, the Group conducts a mandatory orientation for manpower resources upon their arrival in the Kingdom, during which they are informed of legal requirements, cultural aspects as well as the services available to them while being deployed. After completion of the arrival procedures and orientation, the manpower resources are deployed to the customers' premises as per the procedure set out below; and
- **Individual Segment – Hourly Rental:** once the manpower resources arrive in the Kingdom, they are transferred to the Group's dedicated housing for manpower resources working in the "Hemma" services. The Group helps them to complete all of their arrival procedures including the medical examination, obtaining residence permits (Iqamas) and medical insurance, opening bank accounts and issuing them ATM cards and SIM cards. In addition, the Group conducts a mandatory orientation for manpower resources upon their arrival in the Kingdom, during which they are informed of legal requirements, cultural aspects as well as services available to them while being deployed.

(iv) Training

The Group conducts training sessions for its manpower resources to assist them in acquiring and/or improving their skill-sets. There is a special focus on training cooks regarding the local cuisine and training housekeepers on general individual hygiene and safety matters; the training period lasts around five days.

(v) Deployment

The deployment of individual manpower resources varies according to the manpower resources recruited for the Group's Individual Segment – Contractual and Individual Segment – Hourly Rental as follows:

- **Individual Segment – Contractual:** Once a customer requests full-time services in the individual segment, the Group first ensures that the customer is a family household and not a single individual. The Group then enters into a contract with each customer and the customer pays the full amount.

  Depending on availability, the Group then either assigns manpower resources to the customer immediately from its human capital management system or places the customer on its waitlist and informs it of the waiting period which can be from to two to three weeks. During this waiting period, the Group expects new manpower resources to arrive in the Kingdom.

On-boarded manpower resources are allocated to the respective regions based on the waitlist on a "first-come first-serve" basis. The customer is contacted by the relevant branch staff to arrange for the transfer from the Group's housing to the customer's premises. For certain VIP customers, the Group provides a door step service where deployment, contract execution and payment are performed at the customer's premises.

- **Individual Segment – Hourly Rental:** Customers request "Hemma" services through the Group's mobile application, web portal or the Group's branches specifying the type of service (housekeeping), timing and frequency of visits as well as the nationality of the manpower resource. The Group's system will reject any request if it is beyond the geographical area covered. However, reports will be analysed by the Group for such non-covered geographical areas for future expansion.

  The Group first verifies that the customer is a family household and not an individual. The customer then executes a contract and pays the full amount in advance. The manpower resources are then transported according to the schedule from the Group's housing to the customers' premises in the Group's dedicated fleet.

  Individual manpower resources can be deployed in two daily shifts of four hours each. Home care nurses work for shifts of 12 hours. At the end of the scheduled visit, the manpower resources are picked-up by the Group's fleet and transferred back to the Group's housing dedicated for manpower resources working in the "Hemma" services. The customer evaluates the manpower resources through the supervisor who visits the customer at the time of pick-up.

(vi) Post-Deployment Support

The post-deployment support of individual manpower resources varies according to the manpower resources recruited for the Individual Segment – Contractual and Individual Segment – Hourly Rental as follows:

- **Individual Segment – Contractual:** at the end of each month, the Group is responsible for making payroll payments directly into the bank accounts of its full-time manpower resources after their deployment to customers. If the customers are not satisfied with the manpower resources provided to them, the Group will work with them to find solutions, including replacing such manpower resources. For example, if a customer is dissatisfied for any reason at any point of the contract, the Group arranges for a replacement manpower resource and suspends the contract immediately upon request until such replacement becomes available. The Group commits to replacing manpower resources within 30 days; and
- **Individual Segment – Hourly Rental:** at the end of each month, the Group is responsible for making payroll payments directly into the bank accounts of its part-time manpower resources. Payroll comprises the monthly salary and overtime payments. Under the MHRSD regulations, the regular monthly working hours for manpower resources working in the "Hemma" services is 208 hours (i.e., eight hours a day for 26 days a month with one weekly holiday). Manpower resources working in the "Hemma" services are allowed to work over-time for a maximum of two extra hours a day. The monthly working hours that exceed 208 are paid for separately as overtime payments. Working hours are recorded per each manpower resource's schedule and overtime is compensated at 1.5x the average regular hourly rate.

On 25 Ramadan 1434H (corresponding to 1 August 2013G), the Group adopted a clear policy for the salaries, entitlements and benefits of its manpower resources in the individual segment, which stipulates the procedures for the timely payment of wages to deployed and un-deployed manpower resources in the Individual Segment – Contractual and the Individual Segment – Hourly Rental and prohibits any act that violates the policies of the MHRSD and the Wage Protection Program. As of the date of this Prospectus, the Group is in compliance with this policy and the requirements of the MHRSD in relation to the timely payment of the salaries (including the requirements of the Wage Protection Program). The Group also supports its full-time and part-time deployed manpower resources by providing them with all of the information and services they need and ensuring that they work in a safe environment.

(c) Pricing Strategy

As of 30 June 2022G, the Individual Segment – Contractual and Individual Segment – Hourly Rental had the following prince ranges:

- **Individual Segment – Contractual:** the average secondment service price ranged from SAR 2,000 to SAR 3,500 per month, depending on the competence and salary of the worker; and
- **Individual Segment – Hourly Rental:** the average service price ranged from SAR 90 to SAR 140 per visit, depending on the competence and salary of the worker and the timing of the visit (morning/evening).

4.5.2 Manpower Resources

As of 30 June 2022G, the Group had 24,271 manpower resources from different countries. This headcount does not include employees working for the Group (281 employees as of 30 June 2022G) and is limited to manpower resources recruited for the purposes of providing manpower resources services to third parties. The following table sets out the details of the Group's manpower resources by nationality as of 31 December 2019G, 2020G and 2021G, and as of 30 June 2022G:

Table No. (4.4): The Group's Manpower Resources by Nationality as of 31 December 2019G, 2020G and 2021G, and as of 30 June 2022G.

Nationality	As of 31 December		As of 30 June	
	2019G	2020G	2021G	2022G
India	6,111	4,383	4,009	6,144
Philippines	4,012	3,520	3,793	3,226
Indonesia	3,789	3,238	3,150	3,477
Bangladesh	1,539	1,015	1,819	1,938
Uganda	695	662	2,201	2,701
Nepal	1,665	1,104	1,286	1,468
Pakistan	1,755	837	753	3,107
Others	1,342	1,237	1,673	2,210
Total	**20,908**	**15,996**	**18,684**	**24,271**

Source: The Company.

The following table shows the Group's average manpower resources by profession as of 31 December 2019G, 2020G and 2021G, and as of 30 June 2022G:

Table No. (4.5): The Group's Average Manpower Resources by Profession as of 31 December 2019G, 2020G and 2021G, and as of 30 June 2022G.

Segment and profession	As of 31 December		As of 30 June	
	2019G	2020G	2021G	2022G
Corporate Segment				
Ordinary worker	3,150	2,401	3,838	9,522
Worker	4,137	2,074	1,301	1,221
Restaurant worker	2,196	1,622	1,354	1,281
General vehicle driver	831	700	979	984
General nurse	265	284	624	765
General cleaning worker	324	400	587	684
Restaurant waiter	358	260	307	327
Marketing Specialist	199	184	137	123
General chef	81	73	95	141
General Accountant	113	93	65	63
Others	1,719	1,418	1,010	400
Corporate Segment Total	**13,373**	**9,509**	**10,297**	**15,511**
Individuals Segment (Contractual and Hourly Rental Combined)				
General Cleaner	2,084	1,812	4,671	4,729
Housemaid	4,613	3,964	2,993	3,672
Private Driver	403	314	280	211
House worker	110	94	82	81

Segment and profession	As of 31 December		As of 30 June	
	2019G	2020G	2021G	2022G
Babysitter	39	42	28	40
Others	29	22	72	27
Individuals Segment Total	**7,278**	**6,248**	**8,126**	**8,760**
Total	**20,651**	**15,757**	**18,423**	**24,271**

Source: The Company.

4.5.3 Manpower Resources Relations

The Group has a dedicated team that caters to the needs of its manpower resources, including providing them with all of the information and services they need and ensuring that they work in a safe environment.

4.5.3.1 Recruitment Agencies

The Group recruits manpower resources from over 24 different countries for all of its business segments, with 93.8 per cent of the Group's foreign manpower resources recruited from six countries, namely Indonesia, the Philippines, Bangladesh, Uganda, Pakistan and India as of 30 June 2022G.

Recruitment agencies are the main source for manpower resources from different nationalities, backgrounds and levels of expertise. The Group use such agencies to search for and select qualified foreign manpower resources for both the corporate and individual segments in a systematic way that includes interviewing and testing. The Group has strong relationships with more than 45 supporting agencies for overseas recruitment, and it updates its list of approved foreign recruitment agencies on a regular basis. The Group evaluates such agencies based on criteria such as references from clients, previous experience, quality of manpower resources previously recruited, ease of communication, quality of service, processing times, quality of facilities and their registration with the Kingdom's embassy and consulates in the relevant countries. Furthermore, the Group relies on client feedback regarding previous experience, quality of resumes received and the interviewing process. In addition, the Group conducts regular visits to foreign recruitment agencies to ensure the quality of services provided and to maintain strong relationships.

(a) Manpower Resources Care Centre

In an effort to ensure that its manpower resources have all of the necessary resources available to them, the Group launched a manpower resources care centre in 2021G, which as of 30 June 2022G, had a dedicated team of 20 employees. The centre is responsible for processing all manpower resources complaints and makes sure that all of their rights are respected. This care centre is accessible through its call centre and mobile application and on a walk-in basis.

(b) Medical Care

The Group ensures medical insurance for all of its manpower resources with comprehensive coverage. The Group's care centre team is responsible for coordinating medical care for all manpower resources. For example, if manpower resources who have work-related injuries and/or are unable to perform their duties because of their medical condition, the team ensures that they are provided with the necessary care and follows-up on their progress on a regular basis. In addition, the Group has contracted a number of healthcare providers who visit the Group's housing complexes regularly to conduct medical examinations and ensure the safety of living conditions.

(c) Housing

Prior to their deployment to the Corporate Segment or Individual Segment – Contractual for training and orientation, the Group provides housing facilities to its manpower resources, including the manpower resources working in the "Hemma" services, as well as other manpower resources. The Group has the following three (3) types of housing facilities:

(i) Corporate Segment Housing

The Group has one facility dedicated to corporate manpower resources comprised of two buildings in Riyadh with a capacity of 600 individuals. The facility is equipped with a reception area, dining area, orientation room and a medical clinic. The rooms are fully furnished and equipped with internet access. All meals are provided by the Group. The facility serves as a transit facility until the manpower resources complete their post-arrival procedures and orientation programme prior to their deployment to clients. The facility is also used to provide accommodation to manpower resources who have completed their contracts and await new deployment or are exiting the Kingdom.

(ii) Housing for Individual Segment – Contractual

The Group has one facility in Riyadh with a capacity of 700 individuals dedicated to manpower resources working in the Individual Segment – Contractual. The facility is equipped with a reception area, dining area, orientation room and a medical clinic. The rooms are fully furnished and equipped with internet access. All meals are provided by the Group. The facility serves as a transit facility until the manpower resources complete their post-arrival procedures and orientation programme prior to their deployment to customers. The facility is also used to provide accommodation to manpower resources who have completed their contracts and await new deployment or are exiting the Kingdom. Additionally, the Group utilises the facility for manpower resources working in the "Hemma" services depending on availability.

(iii) Housing for Individual Segment – Hourly Rental

The Group has multiple facilities throughout the Kingdom with a capacity of 3,000 individuals dedicated to manpower resources in the Individual Segment – Hourly Rental. Each room is fully furnished, has an attached kitchen and is equipped with internet access.

(d) Transportation Fleet

The Group currently operates a fleet of over 200 vehicles, of which 190 are dedicated to the transportation of manpower resources working in the "Hemma" services and ten are dedicated to support the transportation of manpower resources working in the Individual Segment – Contractual. The vehicles used for the transportation of manpower resources working in the "Hemma" services are equipped with a real-time tracking system providing instant information to the Group. Such tracking system automatically calculates the route based on the proximity of the assigned clients' locations; this provides the Group with an efficient tool to monitor vehicles, drivers and costs. The Group also has emergency vehicles that on stand-by in the event that another vehicle is involved in a traffic accident or any other circumstances that may delay the service to the clients.

(e) Safety and Security

The safety and security of manpower resources are among the top priorities for the Group and several protective measures against abuse are in place to ensure that manpower resources work in safe environments. The Group has adopted policies that are acknowledged by its clients, which allow it to intervene in the event of cases of physical abuse, workplace safety and health hazards and poor treatment. In such cases, the Group will recall its manpower resources and notify the competent authorities in the Kingdom of such abuses. The Group will add such clients to a black-list and will not deploy any of its manpower resources to them in the future.

4.5.4 Information Technology

The Group has the following information technology systems and applications.

4.5.4.1 Enterprise Resource Planning and Management (ERP) System

The ERP system provides a full-fledged enterprise resource planning and management solution that covers all of the functional areas of a human resource company and optimises its core internal processes and procedures. The purpose of the ERP system is to enhance productivity, enable new business and growth strategies, eliminate costs and inefficiencies, expand knowledge of key business data, and build the flexibility, control and automation of the workflow. It consists of several integrated software modules.

4.5.4.2 Hemma Application

The Group developed a smartphone application in 2018G to serve its clients remotely and thus eliminating the need for them to visit a branch. This application has multiple features that allow clients to request services, enter into service contracts, pay fees, renew contracts, download account statements and finalise all of the necessary procedures electronically. The Group regularly updates the application to include new service offerings and enhance its features.

4.5.4.3 Web Portals

The Group has following four web portals:

(a) Clients' Web Portal

The Group's website provides a platform to connect the Group with its clients where all requests can be submitted, all fees can be paid and all procedures can be finalised including timesheets, submitting financial claims and selecting manpower resources. The website is user-friendly and allows the corporate client to contact the Group directly without the need to visit any of its locations.

(b) Recruitment Agencies Web Portal

The Group developed a web-based portal that connects it with its approved recruitment agencies where all requests for international requirement can be submitted and tracked and the candidates' selection process can be completed.

(c) Employee Service Web Portal

The Group developed a web-based portal for its employees to provide them with an efficient communication tool with the Group.

(d) Workers' Web Portal

The Group developed a web-based portal for its workers who are seconded to clients to provide them with an efficient communication tool with the Group.

Since the Group manages a large database containing customer data, data protection and IT security are a major priority. All of the services are provided in the Group's own secure data centre. In order to ensure that all systems and data are sufficiently protected from viruses, spamming and other forms of hacking or attack, the Group continuously invests in the upgrade and development of systems, infrastructure, and security protocols to protect its data from being subject to destruction, theft, fraud or abuse. See also Sections 2.1.16 (*Risks Related to Inability to Adequately Maintain the Confidentiality and Integrity of Client and Employee Data*) and 2.1.17 (*Risks Related to Impact of Cybersecurity Attacks on the Security and Reliability of Technology Systems*).

4.5.5 Quality of Services

The demand for services depends on several factors, including cost, ease of use, familiarity of use of the platforms, convenience, timeliness, strategic partnerships, reliability and quality of services in general. To maintain the required quality, the Group has put in place the following initiatives:

4.5.5.1 Client Care

(a) Corporate Segment

The Group has a client relationship team comprised of 31 employees as of 30 June 2022G, arranged into groups by industry and geographical region, with a separate specialised team for the healthcare industry. Relationship managers are assigned to each client. Each relationship manager is responsible for catering to its clients' needs, requests and complaints. Depending on the client type and portfolio size, the Group may allocate a supervisor at the clients' premises who is responsible for any issues or concerns with respect to the manpower resources deployed to such client. The relationship managers are supervised by their respective industry directors and regional directors.

(b) Individual Segment – Contractual and Individual Segment – Hourly Rental

For the convenience of its customers in those segments, the Group developed a mobile application in 2018G whose purpose is to serve the Group's customers remotely without the need to visit a branch (see Section 4.5.4.2 (*Hemma Application*) above for further details.

Furthermore, the Group has a team consisting of 24 employees as of 30 June 2022G that is dedicated to evaluating customer care employees and the customer satisfaction rate. Reports are submitted to the Executive Management periodically to assess, utilise and improve strengths and weaknesses to achieve the maximum level of customer satisfaction.

4.5.5.2 Service Manuals

The Group has developed internal manuals and procedures related to the provision of services to the clients. It has also developed a manual for its clients that includes communication methods and procedures and key performance indicators for each service.

4.5.6 Geographic Locations and Operations

The Group's headquarters are located in Riyadh, the Kingdom and it has 13 branches in seven major cities across the Kingdom. No business or assets of the Group exist outside the Kingdom.

Branch locations are identified by the Group based on a number of factors, including population, income rates and consumer information using data gathered through clients' requests via the Group's web portal and smartphone application. The branches provide the following services:

- act as sale points for the individual segment customers and referral points for the corporate sales team for Corporate Segment clients; and
- provide post-deployment services, including contract renewals and other client services.

The following table shows the locations of the Group's branches as of the date of this Prospectus:

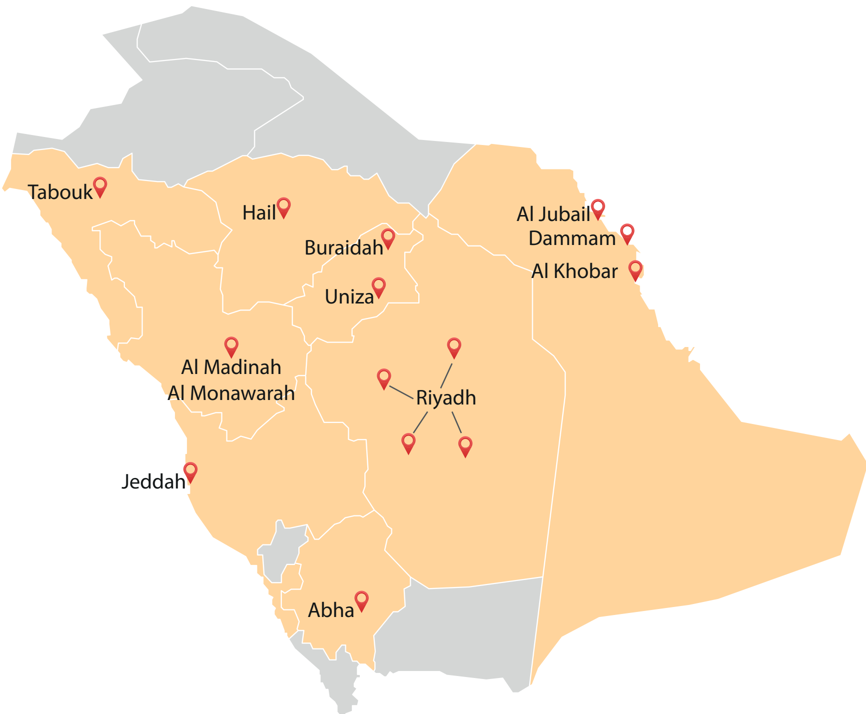
Table No. (4.6): Details of the Group's Geographical Presence as of the Date of this Prospectus

Branch	CR No.	Opening Date
Riyadh - Individual Segment	1010369956	27 Jumada al-Ula 1434H (corresponding 8 April 2013G)
Riyadh - Corporate Segment	1010369960	25 Jumada al-Ula 1434H (corresponding to 6 April 2013G)
Khobar	2051060639	2 Sha'ban 1436H (corresponding to 20 May 2015G)
Buraidah	1131056623	21 Rabi' al-Thani 1437H (corresponding to 31 January 2016G)
Al Jubail	2055024837	20 Jumada al-Ula 1437H (corresponding to 29 February 2016G)
Hail	3350044313	3 Thul-Hijjah 1437H (corresponding to 4 September 2016G)
Jeddah	4030292526	22 Rabi' al-Awwal 1438H (corresponding to 21 December 2016G)
Riyadh - Al Taawun	1010466766	29 Rabi' al-Awwal 1438H (corresponding to 28 December 2016G)
Al Madinah Al Monawarah	4650081885	3 Rabi' al-Thani 1438H (corresponding to 1 January 2017G)
Riyadh - Al Rawda	1010638704	26 Shawwal 1441H (corresponding to 18 June 2020G)
Onayzah	1128184335	26 Shawwal 1441H (corresponding to 17 June 2021G)
Abha	5850129737	22 Rabi' al-Thani 1442H (corresponding to 7 December 2020G)
Tabouk	3550143539	28 Raiab 1443H (corresponding to 1 March 2022G)

Source: The Company.

The following map shows the geographic location of the Group as of the date of this Prospectus:

Exhibit (4.1): Geographic Location of the Group as of the Date of this Prospectus



Source: The Company.

4.5.7 Sales and Marketing

Sales operations are managed from the Riyadh headquarters, with support from branch offices which also act as sale points. As of 30 June 2022G, the sales team consisted of 13 individuals. Its role is to help shape and implement the Group's strategy for achieving the sales and operational objectives set for the particular business segments by analysing regional sales information, identifying new clients/opportunities and forecasting market trends in order to make projections, and setting sales plans and quotas. Having a local presence through multiple branch offices allows the development and maintenance of rapport with key clients, which allows the Group to provide a better service by understanding their changing needs and requirements, thus ensuring that service expectations are met.

The Group relies on its reputation in the market, and continues to maintain its position as one of the top three manpower companies in the Kingdom. The Company's marketing activities cover search engine optimisation, social media marketing, influencer marketing, online advertising and partnership marketing to promote its brand and to drive clients and customers. A comprehensive marketing strategy is developed annually to attract target customer and client segments. In addition, the Group participates in various events and exhibitions.

See also Section 2.1.13 (*Risks Relating to Quality of Service and Positive Reputation*) for a discussion of certain risks in connection with the Group's reputation.

4.5.8 Awards and Operational Achievements

The Group has received several awards by major clients for its contribution to achieving their planned objectives. It has also obtained the ISO 45001:2018 certification by INTERCERT in 2019G.

4.5.9 Social Responsibility

The Company conducts its activities and business operations based on principles and foundations that are consistent with its values, taking into account the interests of society. In addition to the Company's commitment to conduct its operations pursuant to the applicable law, it takes additional steps to improve the living standards of its employees and their families and to contribute to the well-being of the local communities where it operates, thus contributing to sustainable economic and social development.

These efforts include active participation in the following initiatives and institutions:

- the National Centre for Social Responsibility;
- contributions to the activities of combating human trafficking crimes; and
- contributions to the activities of the Gulf Human Capital Society.

4.5.10 Overview of Musanid Al Marafiq for Maintenance and Cleaning Company

Musanid Al Marafiq for Operation and Maintenance Company is a sole proprietorship limited liability company fully owned by the Company, and registered under Commercial Registration No. 1010995997, dated 12 Jumada al-Akhirah 1437H (corresponding to 21 March 2016G) in Riyadh, Kingdom of Saudi Arabia. As of the date of this Prospectus, the share capital of Musanid Al Marafiq for Operation and Maintenance Company is one million Saudi Arabian Riyals (SAR 1,000,000), divided into a thousand (1,000) ordinary shares, with a nominal value of a thousand Saudi Arabian Riyals (SAR 1,000) per share.

Musanid Al Marafiq for Maintenance and Cleaning Company's main activities based on its Commercial Registration are facilities maintenance, general cleaning of buildings, administrative services and support, construction services and catering and food service activities.

The total revenues of Musanid Al Marafiq for Operation and Maintenance Company from the total revenues of the Group accounted for 8.4 per cent., 7.6 per cent., 6.7 per cent., and 6.8 per cent. for the financial years ended 31 December 2019G, 2020G and 2021G, and the six-month period ended 30 June 2022G, respectively.

4.5.10.1 Clients

Musanid Al Marafiq for Operation and Maintenance Company provides its services to 61 clients in the sectors of construction, health services, restaurants, transportation, trade, manufacturing, operation, maintenance and other sectors. Contracts signed with clients are of one to two years' duration. Invoices are prepared on a monthly basis, and payments from clients are due within 60 days from the date of invoice issuance. There are no fixed prices for service delivery as the price depends mainly on the nature and type of services provided.

The following table details the five largest clients of Musanid Al Marafiq for Operation and Maintenance Company in terms of revenue as of 31 December 2019G, 2020G and 2021G, and as of 30 June 2022G:

Table No. (4.7): Details of the Five Largest Clients of Musanid Al Marafiq for Operation and Maintenance Company in Terms of Revenue as of 31 December 2019G, 2020G and 2021G, and as of 30 June 2022G

No.	Client[1]	The Financial Year Ended 31 December						Six Months Period Ended 30 June 2022G	
		2019G		2020G		2021G			
		Total Revenues ('SAR'000)	Percentage (%)	Total Revenues ('SAR'000)	Percentage (%)	Total Revenues ('SAR'000)	Percentage (%)	Total Revenues ('SAR'000)	Percentage (%)
1	Client 1	11,443	19.1%	11,913	22.9%	4,516	10.2%	2,814	9.8%
2	Client 2	6,119	10.2%	6,064	11.7%	3,662	8.3%	1,996	7.0%
3	Client 3	4,881	8.1%	3,751	7.2%	2,645	6.0%	1,737	6.1%
4	Client 4	4,109	6.9%	3,042	5.8%	2,511	5.7%	1,556	5.4%
5	Client 5	3,699	6.2%	2,883	5.5%	2,226	5.0%	1,491	5.2%
	Total	**30,251**	**50.5%**	**27,653**	**53.1%**	**15,560**	**35.1%**	**9,594**	**33.4%**
	Total Revenues	**59,930**		**52,028**		**44,375**		**28,710**	

Source: The Company.

(1) **Note:** The names of clients have not been disclosed, due to the sensitive nature of that information and to uphold the confidentiality obligation provided in the agreements. The top five clients are not the same for each year.

4.5.10.2 Musanid Al Marafiq for Maintenance and Cleaning Company Activities

Musanid Al Marafiq for Maintenance and Cleaning Company operates in one business sector only. Its activities include support and cleaning services for a number of companies operating in different operational sectors. Musanid Al Marafiq for Maintenance and Cleaning Company provides support and cleaning services to its business clients by providing manpower services for the purpose of supporting and operating client facilities and projects in different regions of the Kingdom.

The following table details the main business sectors serviced by Musanid Al Marafiq for Operation and Maintenance Company, the annual revenues of Musanid Al Marafiq for Operation and Maintenance Company from each of its sectors, and the number of workforce loaned to it in the financial years ended 31 December 2019G, 2020G and 2021G, and the six months period ended 30 June 2022G:

Table No. (4.8): Business Sector Revenues of Musanid Al Marafiq for Operation and Maintenance Company per sector for the Financial Years Ended 31 December 2019G, 2020G and 2021G, and the six month period ended 30 June 2022G

No.	Sector	The Financial Year Ended 31 December						Six Months Period Ended	
		2019G		2020G		2021G		30 June 2022G	
		Total Revenues ('SAR'000)	Average monthly number of workers employed	Total Revenues ('SAR'000)	Average monthly number of workers employed	Total Revenues ('SAR'000)	Average monthly number of workers employed	Total Revenues ('SAR'000)	Average monthly number of workers employed
1	Hospitality	17,996	356	7,553	150	7,410	171	4,644	189
2	Banks and Services	5,197	42	3,796	54	4,462	178	4,604	269
3	Trade	2,901	32	4,058	38	8,139	106	4,576	98

No.	Sector	The Financial Year Ended 31 December						Six Months Period Ended	
		2019G		2020G		2021G		30 June 2022G	
		Total Revenues ('SAR'000)	Average monthly number of workers employed	Total Revenues ('SAR'000)	Average monthly number of workers employed	Total Revenues ('SAR'000)	Average monthly number of workers employed	Total Revenues ('SAR'000)	Average monthly number of workers employed
4	Construction	16,936	409	16,967	296	8,142	491	6,318	1,146
5	Health Services	10,856	127	14,118	189	9,672	150	3,757	115
6	Others	6,044	83	5,536	102	6,531	109	4,811	231
Total[1]		**59,930**	**1,049**	**52,028**	**829**	**44,356**	**1,205**	**28,710**	**2,048**

Source: The Company.

(1) **Note:** These numbers have been rounded up to the nearest whole number, thus the total may not match the sum of the items listed in the table.

Musanid Al Marafiq for Maintenance and Cleaning Company first receives requests from potential clients for their support and cleaning service requirements including details of the required services, the number of required workforce, nationality and sex, the type of services to be covered and the costs to be determined based on the agreement with the client. Musanid Al Marafiq for Maintenance and Cleaning Company then determines the cost of services based on clients' requests and offers them a quote. Once the negotiation process has been completed with clients and their approval of the quotation has been obtained, a service contract is concluded with each client as agreed. Typically, clients are required to pay a refundable deposit at the beginning of the contractual relationship.

4.5.10.3 Pricing Strategy

The pricing strategy adopted by Musanid Al Marafiq for Maintenance and Cleaning Company is focused on the cost of human resources and materials expected to be used in the execution of client contracts, as well as the contract's share of administrative expenses and profit margin. There are no fixed prices for service delivery, as the price depends mainly on the nature and type of service provided.

4.6 Overview of Company Departments

The Company has a number of administrative departments that support its various activities and business. Set out below is a brief description of the activities of the Company's departments:

4.6.1 Human Resources Department

The Human Resources Department is, in general, responsible for recruiting and hiring, appointing, developing, and retaining employees assisting them in achieving their objectives, determining their compensation and managing employee relations. In particular, this includes:

- managing employee salaries and entitlements, commissions, incentives, and bonuses;
- managing the performance appraisal process by applying best practices to evaluate, motivate and promote employees' performances based on annual evaluation of individual performance indicators and goals;
- managing the recruitment process and procedures;
- identifying areas for improvement of employees by evaluating and studying gaps in their performance due to insufficient practical skills or knowledge;
- implementing and following best practices in managing the services and relations of employees and workers in connection with their accommodation, through employee self-service and automation of services;
- managing the internal organisational process for managing the Company's quality operations and setting regulations, policies, and procedures; and
- creating a work environment consistent with the Company's values and vision.

4.6.2 Finance Department

The Finance Department is responsible for providing the Company with accurate financial reporting and business information in an appropriate and timely manner to support the decision-making process, such as capital expenditure investment, bids and tenders and capital structure. In addition to the accuracy and timeliness of financial reporting, the Finance Department is responsible for the following activities:

- preparing monthly internal financial reports by the eleventh business day of the following month;
- compliance with statutory financial requirements and IFRS;
- compliance with internal policies and procedures in order to ensure a robust internal control framework;
- developing and tracking KPIs and preparing reports in relation to them, in addition to other periodic management reports;
- working to ensure proper cash management and debt servicing, financing needs, and the availability of funds and liquidity to meet the Group's cash obligations;
- preparing and filing Zakat and income and other indirect tax returns such as value-added tax and withholding tax;
- preparing and reporting on the business outlook in the form of budgets, quarterly forecasts and 5-year plans;
- managing the financial aspects of different transaction cycles, such as bill to collect, procure to pay, payroll management, asset management and inventory management cycles;
- providing ad-hoc financial analysis as required by Executive Management;
- managing the financial aspects of the Group's relationship with third parties such as external auditors, financial institution and suppliers;
- monitoring financial performance against set targets and providing bridge analyses when required;
- preparing the business case to support bidding strategy and capital expenditure investment;
- reporting on a regular basis to the Audit Committee and the Board on the above;
- promoting a cost control culture by identifying and tracking cost avoidance/ reduction initiatives; and
- contributing to identifying, planning and executing business process improvements such as integrated business ERP solutions, digitalisations and eliminating low value-added tasks.

The Finance Department is structured into five sub-departments (Budgeting and Reporting, Business Accounting, General Accounting, Cash and Treasury, and Zakat and Tax), each of which has specific roles and responsibilities to achieve the objectives outlined above.

4.6.3 Customer Care Department

The Customer Care Department seeks to meet the needs of customers and deal with current and former customers. In particular this includes:

- resolving complaints and responding to inquiries and keep the Company's clients informed of the latest developments (for example, in relation to marketing events and promotions);
- analysing customer data for the purposes of improving services; and
- conducting customer surveys via phone and email to follow market trends, identify opportunities and shortcomings, obtain customer suggestions and monitor satisfaction levels.

4.6.4 Operations Department

The Operations Department is responsible for overseeing the operations of the Group, including:

- issuing residence permits and working to mitigate fines related to the expiry of residence permits and passports, renewal of residence permits for workers and the management of requests and applications by employees and clients;
- issuing of work permit payment numbers and following-up on financial payments;
- managing requests for the transfer of guarantees and approvals in the MHRSD system and notifying the concerned departments of the related procedures;
- issuing and managing work visas for the Individual Segments and Corporate Segment, updating and following up their validity, determining the type of issuance of exit and return visas;
- notifying Company departments about the Government regulations and the latest regulatory developments;
- managing manpower projects;
- communicating with the clients and the workers to solve concerns and issues;

- managing all operational procedures related to collections in coordination with the Finance Department; and
- managing contract renewals for workers and clients.

4.6.5 Marketing Department

The Marketing and Consumer Sales Department is responsible for developing the Company's marketing strategies, with a view to enhancing the Company's brand and reputation and increasing client and customer numbers. In particular, this includes:

- conducting market research, identifying trends and market forecasting and targeted market research, through the monitoring of social media and by analysing consumer behaviour and service use frequency;
- managing the Company's website, including press releases, event coverage, and customer service portals;
- planning and implementing marketing campaigns, through promotional offers, seminars and event participation, and the evaluation of previous marketing campaigns;
- appointing thirdparty marketing agencies with a view to ensuring cost, quality and an adequate return on investment; and
- managing the Company's branding and promotional materials and ensuring and protecting correct usage of the Company's identity, designs and intellectual property, and arranging for revenuegeneration through the use of Company property for the display of advertisements as well as other promotional activities.

4.6.6 Recruitment and International Relations Department

The Overseas Recruitment Department is responsible for recruitment of the foreign workforce. In particular, this includes:

- coordinating with overseas recruitment agencies regarding all worker-related tasks and procedures related to foreign labour recruitment;
- coordinating with the Sales and Marketing Department regarding the recruitment plan;
- managing all documentation related to foreign labour recruitment;
- managing data related to all recruitment tasks via the ERP system, as well as the issuance of various reports as per the needs of management;
- managing procedures related to the issuance and processing of permits, visas, visa authorisation, arrivals, blockage, and expired visas;
- handling all foreign labour-related issues through coordination with the relevant departments and by visiting the relevant embassies;
- training newly arrived foreign workers and retraining workers after the expiry of their employment periods with clients; and
- providing support and facilitating transportation.

4.6.7 Information Technology Department

The Information Technology Department is responsible for managing and developing the Company's current and future IT systems consistent with its overall vision. In particular, this includes:

- developing technological capabilities to strengthen the Company's attractiveness to its clients and customers;
- developing a long-term strategy based on the Company's current and future business objectives;
- maintaining facilities with the latest technological architecture that supports various internal services related to information technology;
- managing the Company's network to provide secure and reliable connectivity to all regional offices across the Kingdom;
- automating manual business processes with implemented ERPs to rationalise costs, and increase efficiency of use and productivity;
- integrating systems to provide a comprehensive unified system to enable detailed data analysis, accurate management reporting and the avoidance of related risks;
- providing support services to business users related to applications, infrastructure, network, and the repair and upgrading of hardware;
- managing system security, controls, preparing and implementing business continuity and disaster recovery plans to provide alternatives in the event of an interception in main facility;
- ensuring that IT projects are implemented as per the Company's business requirements and within the stipulated timeline and budget; and
- developing in-house modules and reports to handle the customised or occasional data analysis requirements of business users.

4.6.8 Internal Audit Department

The Internal Audit Department performs independent and objective auditing and consulting activities designed to add value and improve the Company's operations. It helps the Company to accomplish its objectives by bringing a systematic, disciplined approach to evaluating and improving the effectiveness of risk management, control and governance processes.

The Internal Audit Department reports functionally to the Audit Committee and administratively to the Chief Executive Officer. It deals, communicates and interacts directly with the Board, including the possibility of holding meetings with the Board without the presence of Executive Management.

The purpose, authorities and responsibilities of the internal audit function are described in the Audit Committee Charter that was approved by the General Assembly of Shareholders. The charter contains the general framework of the internal audit functions in the Company. The Internal Audit Department adheres to both the Audit Committee Charter and the internal audit standards issued by the Association of Internal Auditors.

The Internal Audit Department's responsibilities include:

- establishing policies for internal audit activity and directing its technical and administrative functions;
- developing and submitting detailed work plans to the Audit Committee for the internal audit activities on an annual basis;
- reviewing and evaluating the adequacy, effectiveness and performance of internal controls;
- reviewing the efficiency and effectiveness of the Company's processes and identifying opportunities to improve operating performance;
- reviewing the reliability and integrity of the financial and operating information;
- reviewing procedures and records for their adequacy in accomplishing the intended objectives, and appraising policies and plans related to the activity or function under review;
- recommending improvements to management controls designed to safeguard the Company's assets, and achieve the general objectives of the Company, and ensuring compliance with laws and regulations;
- issuing periodic reports to the Audit Committee and summarising the results of audited or reviewed activities;
- appraising the adequacy of action taken by the management to correct reported deficiencies, reviewing action that the Internal Audit Manager considers inadequate on an ongoing basis with appropriate Management personnel until satisfactory resolutions have been achieved;
- coordinating activities with the Company's independent auditor to avoid duplication of efforts, maximise the total benefits from audit activities, and provide the Company with adequate audit services;
- being an advocate of risk awareness and having an awareness of monitoring methods to promote a strong risk and monitoring culture; and
- conducting special examinations requested by the management when deemed necessary.

4.6.9 Legal Department

The Legal Department is responsible for implementing the laws, regulations, and instructions pertaining to the Company's business, and ensuring compliance with the highest standards to protect and preserve the Company's rights. In particular, this includes:

- reviewing legal, constitutional and contractual documents, and providing legal advice to the Board of Directors, Executive Management and administrative departments in connection with the legal affairs of the Company;
- preparing and negotiating contracts and agreements;
- representing the Company before judicial bodies, and filing and pursuing lawsuits against other parties;
- reviewing laws, regulations, circulars and directives relevant to the Company's business; and
- supervising the holding of the General Assembly meetings and liaising with the relevant Government authorities.

4.7 Evolution of Capital

The Company was established as a closed joint stock company on 12 Sha'aban 1433H (corresponding 2 July 2012G under the name "Almawarid Recruitment Company" under Commercial Registration No. 1010343697, dated 12 Sha'ban 1433H (corresponding to 2 July 2012G), with a capital of one hundred million Saudi Arabian Riyals (SAR 100,000,000), divided into ten million (10,000,000) shares with a nominal value of ten Saudi Arabian Riyals (SAR 10) per share. The shares of the Company upon incorporation were distributed as follows:

Table No. (4.9): The Shareholders of the Company as of 12 Sha'aban 1433H (corresponding 2 July 2012G)

Shareholder	Number of Shares	Ownership Percentage (%) [1]
Alomaier Trading and Contracting Company	2,796,316	27.96%
Al-Ayuni Investment and Contracting Company	2,796,316	27.96%
Abdullah Sulaiman Alnugair Recruitment Office	1,750,000	17.50%
Cherry Trading Company	770,000	7.70%
Alsaraya Investment Company	770,000	7.70%
Khalda Establishments Group[2]	367,368	3.67%
Mohammed Sulaiman Alnugair Recruitment Office	250,000	2.50%
Bass Gulf Trading Establishment [3]	200,000	2.00%
Khalda Manpower Recruitment Office	200,000	2.00%
Abdulrahman Sulaiman Alnugair Recruitment Office	50,000	0.50%
Global Manpower Recruitment Office	40,000	0.40%
Mohammed Hamad Al-Muzaini Recruitment Office	10,000	0.10%
Total	**10,000,000**	**100.00%**

Source: The Company.

(1) The ownership percentages are rounded.

(2) Khalda Establishment Group is currently known as Khalda Trading Group.

(3) Bass Gulf Trading Establishment is currently known as Almawarid kom Trading Group.

On 12 Ramadan 1434H (corresponding to 20 July 2013G) a transfer of shares agreement was executed between the Company's shareholders, whereas Alomaier Trading and Contracting Company and Al-Ayuni Investment and Contracting Company transferred one thousand two hundred and sixteen (1,216) shares each to Khalda Establishments Group.

The ownership of the Company after the transfer of shares was as follows:

Table No. (4.10): The Shareholders of the Company as of 12 Ramadan 1434H (corresponding to 20 July 2013G)

Shareholder	Number of Shares	Ownership Percentage (%) [1]
Alomaier Trading and Contracting Company	2,795,100	27.95%
Al-Ayuni Investment and Contracting Company	2,795,100	27.95%
Abdullah Sulaiman Alnugair Recruitment Office	1,750,000	17.50%
Cherry Trading Company	770,000	7.70%
Alsaraya Investment Company	770,000	7.70%
Khalda Establishments Group(2)	369,800	3.70%
Mohammed Sulaiman Alnugair Recruitment Office	250,000	2.50%
Bass Gulf Trading Establishment (3)	200,000	2.00%
Khalda Manpower Recruitment Office	200,000	2.00%
Abdulrahman Sulaiman Alnugair Recruitment Office	50,000	0.50%
Global Manpower Recruitment Office	40,000	0.40%
Mohammed Hamad Al-Muzaini Recruitment Office	10,000	0.10%
Total	**10,000,000**	**100.00%**

Source: The Company.

(1) The ownership percentages are rounded.

(2) Khalda Establishment Group is currently known as Khalda Trading Group.

(3) Bass Gulf Trading Establishment is currently known as Almawarid kom Trading Group.

On 14 Ramadan 1434H (corresponding to 22 July 2013G), a transfer of shares agreement was executed between the shareholders of the Company, whereby Abdullah Sulaiman Alnugair Recruitment Office sold and transferred all of its shares in the Company (representing 17.5 percent. Of the total shares of the Company at that time) to the following Company shareholders: one hundred and eighty-one thousand five hundred (181,500) shares were sold to Alomaier Trading and Contracting Company, one hundred and eighty-one thousand five hundred (181,500) shares were sold to Al-Ayuni Investment and Contracting Company, thirty-seven thousand (37,000) shares were sold to Khalda Establishments Group, fifty thousand (50,000) shares were sold to Cherry Trading Group and fifty thousand (50,000) shares were sold to Alsaraya Investment Company. Abdullah Sulaiman Alnugair Recruitment Office also transferred 8 per cent. of its shares in the Company to the following Company shareholders: two hundred and ninety thousand four hundred (290,400) shares were transferred to Alomaier Trading and Contracting Company, two hundred and ninety thousand four hundred (290,400) shares were transferred to Al-Ayuni Investment and Contracting Company, fifty-nine thousand two hundred (59,200) shares were transferred to Khalda Establishments Group, eighty thousand (80,000) shares were transferred to Cherry Trading Group and eighty thousand (80,000) shares were transferred to Alsaraya Investment Company. Abdullah Sulaiman Alnugair Recruitment Office also transferred 4.5 per cent. of its shares in the Company by transferring one hundred and sixty-three thousand three hundred and fifty (163,350) shares to Alomaier Trading and Contracting Company, one hundred and sixty-three thousand three hundred and fifty (163,350) shares to Al-Ayuni Investment and Contracting Company, thirty-three thousand three hundred (33,300) shares to Khalda Establishments Group, forty-five thousand (45,000) shares to Cherry Trading Group and forty-five thousand (45,000) shares to Alsaraya Investment Company.

Mohammed Sulaiman Alnugair Recruitment Office transferred all of its shares (representing 2.5 per cent. of the total shares of the Company at that time) to the following Company shareholders: ninety thousand seven hundred and fifty (90,750) shares were transferred to Alomaier Trading and Contracting Company, ninety thousand seven hundred and fifty (90,750) shares were transferred to Al-Ayuni Investment and Contracting Company, eighteen thousand five hundred (18,500) shares were transferred to Khalda Establishments Group, twenty-five thousand (25,000) shares were transferred to Cherry Trading Group and twenty-five thousand (25,000) shares were transferred to Alsaraya Investment Company.

Abdulrahman Sulaiman Alnugair Recruitment Office has transferred all his shares (representing 0.5 per cent. of the total shares of the Company) to the following Company shareholders: eighteen thousand one hundred and fifty (18,150) shares were transferred to Alomaier Trading and Contracting Company, eighteen thousand one hundred and fifty (18,150) shares were transferred to Al-Ayuni Investment and Contracting Company, three thousand seven hundred (3,700) shares were transferred to Khalda Establishments Group, five thousand (5,000) shares were transferred to Cherry Trading Group and five thousand (5,000) shares were transferred to Alsaraya Investment Company.

The ownership of the Company after the transfer of shares was as follows:

Table No. (4.11): The Shareholders of the Company as of 14 Ramadan 1434H (corresponding to 22 July 2013G)

Shareholder	Number of Shares	Ownership Percentage (%) [1]
Alomaier Trading and Contracting Company	3,539,250	35.39%
Al-Ayuni Investment and Contracting Company	3,539,250	35.39%
Cherry Trading Company	975,000	9.75%
Alsaraya Investment Company	975,000	9.75%
Khalda Establishments Group[2]	521,500	5.21%
Bass Gulf Trading Establishment [3]	200,000	2.00%
Khalda Manpower Recruitment Office	200,000	2.00%
Global Manpower Recruitment Office	40,000	0.40%
Mohammed Hamad Al-Muzaini Recruitment Office	10,000	0.10%
Total	**10,000,000**	**100.00%**

Source: The Company.

(1) The ownership percentages are rounded.

(2) Khalda Establishment Group is currently known as Khalda Trading Group.

(3) Bass Gulf Trading Establishment is currently known as Almawarid kom Trading Group.

On 26 Safar 1436H (corresponding to 18 December 2014G), a transfer of shares agreement was executed between the Company's shareholders, whereas Alomaier Trading and Contracting Company and Al-Ayuni Investment and Contracting Company sold two hundred thirty-three thousand two hundred and nine (233,209) shares each to Bass Gulf Trading Establishment.

The ownership of the Company after the transfer of shares was as follows:

Table No. (4.12): The Shareholders of the Company as of 26 Safar 1436H (corresponding to 18 December 2014G)

Shareholder	Number of Shares	Ownership Percentage (%) (1)
Alomaier Trading and Contracting Company	3,306,041	33.06%
Al-Ayuni Investment and Contracting Company	3,306,041	33.06%
Cherry Trading Company	975,000	9.75%
Alsaraya Investment Company	975,000	9.75%
Bass Gulf Trading Establishment (2)	666,418	6.66%
Khalda Establishments Group(3)	521,500	5.21%
Khalda Manpower Recruitment Office	200,000	2.00%
Global Manpower Recruitment Office	40,000	0.40%
Mohammed Hamad Al-Muzaini Recruitment Office	10,000	0.10%
Total	**10,000,000**	**100.00%**

Source: The Company.

(1) The ownership percentages are rounded.

(2) Bass Gulf Trading Establishment is currently known as Almawarid kom Trading Group.

(3) Khalda Establishment Group is currently known as Khalda Trading Group.

On 29 Safar 1436H (corresponding to 21 December 2014G), a transfer of shares agreement was executed between the Company's shareholders, whereas Alsaraya Investment Company sold two hundred and nineteen thousand and three hundred and seventy-five (219,375) shares to Alomaier Trading and Contracting Company and two hundred and nineteen thousand three hundred and seventy-five (219,375) shares to Al-Ayuni Investment and Contracting Company.

The ownership of the Company after the transfer of shares was as follows:

Table No. (4.13): The Shareholders of the Company as of 29 Safar 1436H (corresponding to 21 December 2014G)

Shareholder	Number of Shares	Ownership Percentage (%) (1)
Alomaier Trading and Contracting Company	3,525,416	35.25%
Al-Ayuni Investment and Contracting Company	3,525,416	35.25%
Cherry Trading Company	975,000	9.75%
Bass Gulf Trading Establishment (2)	666,418	6.66%
Alsaraya Investment Company	536,250	5.36%
Khalda Establishments Group(3)	521,500	5.21%
Khalda Manpower Recruitment Office	200,000	2.00%
Global Manpower Recruitment Office	40,000	0.40%
Mohammed Hamad Al-Muzaini Recruitment Office	10,000	0.10%
Total	**10,000,000**	**100.00%**

Source: The Company.

(1) The ownership percentages are rounded.

(2) Bass Gulf Trading Establishment is currently known as Almawarid kom Trading Group.

(3) Khalda Establishment Group is currently known as Khalda Trading Group.

On 30 Safar 1436H (corresponding to 22 December 2014G), a transfer of shares agreement was executed between the Company's shareholders, whereas Khalda Manpower Recruitment Office transferred all of its shares in the Company amounting to two hundred thousand (200,000) shares to Khalda Establishments Group.

The ownership of the Company after the transfer of shares was as follows:

Table No. (4.14): The Shareholders of the Company as of 30 Safar 1436H (corresponding to 22 December 2014G)

Shareholder	Number of Shares	Ownership Percentage (%) (1)
Alomaier Trading and Contracting Company	3,525,416	35.25%
Al-Ayuni Investment and Contracting Company	3,525,416	35.25%
Cherry Trading Company	975,000	9.75%
Khalda Establishments Group(2)	721,500	7.22%
Bass Gulf Trading Establishment (3)	666,418	6.66%
Alsaraya Investment Company	536,250	5.36%
Global Manpower Recruitment Office	40,000	0.40%
Mohammed Hamad Al-Muzaini Recruitment Office	10,000	0.10%
Total	**10,000,000**	**100.00%**

Source: The Company.

(1) The ownership percentages are rounded.

(2) Khalda Establishment Group is currently known as Khalda Trading Group.

(3) Bass Gulf Trading Establishment is currently known as Almawarid kom Trading Group.

On 4 Thul-Hijjah 1436H (corresponding to 17 September 2015G), a transfer of shares agreement was executed between the Company's shareholders, whereby Cherry Trading Group transferred all of its shares in the Company amounting to nine hundred and seventy-five thousand (975,000) shares to the new shareholder, Khaled Alouda and Sons Holding Company.

The ownership of the Company after the transfer of shares was as follows:

Table No. (4.15): The Shareholders of the Company as of 4 Thul-Hijjah 1436H (corresponding to 17 September 2015G)

Shareholder	Number of Shares	Ownership Percentage (%) (1)
Alomaier Trading and Contracting Company	3,525,416	35.25%
Al-Ayuni Investment and Contracting Company	3,525,416	35.25%
Khaled Alouda and Sons Holding Company	975,000	9.75%
Khalda Establishments Group(2)	721,500	7.22%
Bass Gulf Trading Establishment (3)	666,418	6.66%
Alsaraya Investment Company	536,250	5.36%
Global Manpower Recruitment Office	40,000	0.40%
Mohammed Hamad Al-Muzaini Recruitment Office	10,000	0.10%
Total	**10,000,000**	**100.00%**

Source: The Company.

(1) The ownership percentages are rounded.

(2) Khalda Establishment Group is currently known as Khalda Trading Group.

(3) Bass Gulf Trading Establishment is currently known as Almawarid kom Trading Group.

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On 21 Rajab 1437H (corresponding to 28 April 2016G), a transfer of shares agreement was executed between the Company's shareholders, whereby Khaled Alouda and Sons Holding Company transferred all of its shares in the Company amounting to nine hundred and seventy-five thousand (975,000) shares to Cherry Trading Group.

The ownership of the Company after the transfer of shares was as follows:

Table No. (4.16): The Shareholders of the Company as of 21 Rajab 1437H (corresponding to 28 April 2016G)

Shareholder	Number of Shares	Ownership Percentage (%) [1]
Alomaier Trading and Contracting Company	3,525,416	35.25%
Al-Ayuni Investment and Contracting Company	3,525,416	35.25%
Cherry Trading Company	975,000	9.75%
Khalda Establishments Group[2]	721,500	7.22%
Bass Gulf Trading Establishment [3]	666,418	6.66%
Alsaraya Investment Company	536,250	5.36%
Global Manpower Recruitment Office	40,000	0.40%
Mohammed Hamad Al-Muzaini Recruitment Office	10,000	0.10%
Total	**10,000,000**	**100.00%**

Source: The Company.

(1) The ownership percentages are rounded.

(2) Khalda Establishment Group is currently known as Khalda Trading Group.

(3) Bass Gulf Trading Establishment is currently known as Almawarid kom Trading Group.

On 19 Safar 1440H (corresponding to 28 October 2018G), a transfer of shares agreement was executed between the Company's shareholders, whereby Alomaier Trading and Contracting Company, Al-Ayuni Investment and Contracting Company, Cherry Trading Company and Alsaraya Investment Company transferred 3.0 per cent. of their shares in the Company amounting to two hundred and fifty-six thousand eight hundred and sixty-one shares (256,861) to the new shareholder Riyadh Ibrahim Romaizan Alromaizan, on the condition that the new shareholder shall work in the Company for four consecutive years.

The ownership of the Company after the transfer of shares was as follows:

Table No. (4.17): The Shareholders of the Company as of 19 Safar 1440H (corresponding to 28 October 2018G)

Shareholder	Number of Shares	Ownership Percentage (%) [1]
Alomaier Trading and Contracting Company	3,419,654	34.197%
Al-Ayuni Investment and Contracting Company	3,419,654	34.197%
Cherry Trading Company	945,750	9.458%
Khalda Establishments Group	721,500	7.21%
Almawarid Trading Group [2]	666,418	6.66%
Alsaraya Investment Company	520,163	5.202%
Riyadh Ibrahim Romaizan Alromaizan	256,861	2.569%
Global Manpower Recruitment Office	40,000	0.40%
Mohammed Hamad Al-Muzaini Recruitment Office	10,000	0.10%
Total	**10,000,000**	**100.00%**

Source: The Company.

(1) The ownership percentages are rounded.

(2) Almawarid Trading Group has been known previously as Bass Gulf Trading Establishment and is currently known as Almawarid kom Trading Group.

On 20 Jumada al-Ula 1442H (corresponding to 4 January 2021G), a transfer of shares agreement was executed between the Company's shareholders, whereby Global Manpower Recruitment Office transferred all of its shares in the Company amounting to forty thousand (40,000) shares to Ali Mohammed Aljumaah.

The ownership of the Company after the transfer of shares was as follows:

Table No. (4.18): The Shareholders of the Company as of 20 Jumada al-Ula 1442H (corresponding to 4 January 2021G)

Shareholder	Number of Shares	Ownership Percentage (%) (1)
Alomaier Trading and Contracting Company	3,419,654	34.20%
Al-Ayuni Investment and Contracting Company	3,419,654	34.20%
Cherry Trading Company	945,750	9.46%
Khalda Establishments Group	721,500	7.21%
Almawarid Trading Group (2)	666,418	6.66%
Alsaraya Investment Company	520,163	5.20%
Riyadh Ibrahim Romaizan Alromaizan	256,861	2.57%
Ali Mohammed Aljumaah.	40,000	0.40%
Mohammed Hamad Al-Muzaini Recruitment Office	10,000	0.10%
Total	**10,000,000**	**100.00%**

Source: The Company.

(1) The ownership percentages are rounded.

(2) Almawarid Trading Group is currently known as Almawarid kom Trading Group.

On 26 Jumada al-Ula 1443H (corresponding to 30 December 2021G), a transfer of shares agreement was executed between the Company's shareholders, whereby Mohammed Hamad Al-Muzaini Recruitment Office transferred all of its shares in the Company amounting to ten thousand (10,000) shares to Abdulaziz Saleh Mohammed Alsowail.

The ownership of the Company after the transfer of shares was as follows:

Table No. (4.19): The Shareholders of the Company as of 26 Jumada al-Ula 1443H (corresponding to 30 December 2021G)

Shareholder	Number of Shares	Ownership Percentage (%) (1)
Alomaier Trading and Contracting Company	3,419,654	34.20%
Al-Ayuni Investment and Contracting Company	3,419,654	34.20%
Cherry Trading Company	945,750	9.46%
Khalda Trading Group (2)	721,500	7.21%
Almawarid kom Trading Group (3)	666,418	6.66%
Alsaraya Investment Company	520,163	5.20%
Riyadh Ibrahim Romaizan Alromaizan	256,861	2.57%
Ali Mohammed Aljumaah.	40,000	0.40%
Abdulaziz Saleh Mohammed Alsowail	10,000	0.10%
Total	**10,000,000**	**100.00%**

Source: The Company.

(1) The ownership percentages are rounded.

(2) Khalda Trading Group has been known previously as Khalda Establishments Group.

(3) Almawarid kom Trading Group has been known previously as Almawarid Trading Group.

On 27 Jumada al-Alkhirah 1443H (corresponding to 30 January 2022G), a transfer of shares agreement executed between the Company's shareholders, whereby Ali Mohammed Aljumaah transferred twenty thousand (20,000) shares to Abdullah Mohammed Ali Aljumaah.

The ownership of the Company after the transfer of shares was as follows:

Table No. (4.20): The Shareholders of the Company as of 27 Jumada al-Alkhirah 1443H (corresponding to 30 January 2022G)

Shareholder	Number of Shares	Ownership Percentage (%) (1)
Alomaier Trading and Contracting Company	3,419,654	34.20%
Al-Ayuni Investment and Contracting Company	3,419,654	34.20%
Cherry Trading Company	945,750	9.46%
Khalda Trading Group	721,500	7.21%
Almawarid kom Trading Group	666,418	6.66%
Alsaraya Investment Company	520,163	5.20%
Riyadh Ibrahim Romaizan Alromaizan	256,861	2.57%
Ali Mohammed Aljumaah.	20,000	0.20%
Abdullah Mohammed Ali Aljumaah	20,000	0.20%
Abdulaziz Saleh Mohammed Alsowail	10,000	0.10%
Total	**10,000,000**	**100.00%**

Source: The Company.

(1) The ownership percentages are rounded.

Pursuant to the Extraordinary General Assembly resolution dated 29 Shawwal 1443H (corresponding to 30 May 2022G), the Company's capital increased from one hundred million Saudi Arabian Riyals (SAR 100,000,000), divided into ten million (10,000,000) shares with a nominal value of ten Saudi Arabian Riyals (SAR 10) per share to one hundred and fifty million Saudi Arabian Riyals (SAR 150,000,000) Saudi Arabian Riyals divided into fifteen million (15,000,000) Shares with a nominal value of ten Saudi Arabian Riyals (SAR 10) per Share, through the capitalisation of thirty million Saudi Arabian Riyals (SAR 30,000,000) from the retained earnings account and the amount of twenty million Saudi Arabian Riyals (SAR 20,000,000) from the voluntary reserve account.

The ownership of the Company after the capital increase was as follows:

Table No. (4.21): The Shareholders of the Company as of 29 Shawwal 1443H (corresponding to 30 May 2022G)

Shareholder	Number of Shares	Ownership Percentage (%) (1)
Alomaier Trading and Contracting Company	5,129,481	34.20%
Al-Ayuni Investment and Contracting Company	5,129,481	34.20%
Cherry Trading Company	1,418,625	9.46%
Khalda Trading Group	1,082,250	7.21%
Almawarid kom Trading Group	999,627	6.66%
Alsaraya Investment Company	780,244	5.20%
Riyadh Ibrahim Romaizan Alromaizan	385,292	2.57%
Ali Mohammed Ali Aljumaah	30,000	0.20%
Abdullah Muhammad Ali Aljumaah	30,000	0.20%
Abdulaziz Saleh Mohammed Alsowail	15,000	0.10%
Total	**15,000,000**	**100.00%**

Source: The Company.

(1) The ownership percentages are rounded.

On 6 Muharram 1444H (corresponding to 4 August 2022G), a transfer of shares agreement has been executed between the Company's shareholders, whereby Abdullah Mohammed Ali Aljumaah has transferred seven thousand and five hundred (7,500) shares to Sulaiman Abdullah Sulaiman Alomaier, and seven thousand and five hundred (7,500) shares to Khalid Abdullah Rashid AlOthman.

The ownership of the Company after the transfer of shares was as follows:

Table No. (4.22): The Shareholders of the Company as of 6 Muharram 1444H (corresponding to 4 August 2022G)

Shareholder	Number of Shares	Ownership Percentage (%) [1]
Alomaier Trading and Contracting Company	5,129,481	34.20%
Al-Ayuni Investment and Contracting Company	5,129,481	34.20%
Cherry Trading Company	1,418,625	9.46%
Khalda Trading Group	1,082,250	7.21%
Almawarid kom Trading Group	999,627	6.66%
Alsaraya Investment Company	780,244	5.20%
Riyadh Ibrahim Romaizan Alromaizan	385,292	2.57%
Ali Mohammed Ali Aljumaah	30,000	0.20%
Abdullah Muhammad Ali Aljumaah	15,000	0.10%
Abdulaziz Saleh Mohammed Alsowail	15,000	0.10%
Sulaiman Abdullah Sulaiman Alomaier	7,500	0.05%
Khalid Abdullah Rashid AlOthman	7,500	0.05%
Total	**15,000,000**	**100.00%**

Source: The Company.

[1] The ownership percentages are rounded.

On 4 Safar 1444H (corresponding to 31 August 2022G), a transfer of shares agreement has been executed between the Company's shareholders, whereby Cherry Trading Company has transferred all of its shares in the Company, which amounted to one million four hundred and eighteen thousands and six hundred and twenty five (1,418,625) shares, to Saudi Edarah Company.

The ownership of the Company after the transfer of shares was as follows:

Table No. (4.23): The Shareholders of the Company as of 4 Safar 1444H (corresponding to 31 August 2022G)

Shareholder	Number of Shares	Ownership Percentage (%) [1]
Alomaier Trading and Contracting Company	5,129,481	34.20%
Al-Ayuni Investment and Contracting Company	5,129,481	34.20%
Saudi Edarah Company	1,418,625	9.46%
Khalda Trading Group	1,082,250	7.21%
Almawarid kom Trading Group	999,627	6.66%
Alsaraya Investment Company	780,244	5.20%
Riyadh Ibrahim Romaizan Alromaizan	385,292	2.57%
Ali Mohammed Ali Aljumaah	30,000	0.20%
Abdullah Muhammad Ali Aljumaah	15,000	0.10%
Abdulaziz Saleh Mohammed Alsowail	15,000	0.10%
Sulaiman Abdullah Sulaiman Alomaier	7,500	0.05%
Khalid Abdullah Rashid AlOthman	7,500	0.05%
Total	**15,000,000**	**100.00%**

Source: The Company.

[1] The ownership percentages are rounded.

On 14 Rabi' al-Awwal 1444H (corresponding to 10 October 2022G), a transfer of shares agreement has been executed between the Company's shareholders, whereby Riyadh Ibrahim Romaizan Alromaizan has transferred one hundered and fifty thousand (150,000) shares to Wathbah Investment Company.

The ownership of the Company after the transfer of shares was as follows:

Table No. (4.24): The Shareholders of the Company as of 14 Rabi' al-Awwal 1444H (corresponding to 10 October 2022G)

Shareholder	Number of Shares	Ownership Percentage (%) [1]
Alomaier Trading and Contracting Company	5,129,481	34.20%
Al-Ayuni Investment and Contracting Company	5,129,481	34.20%
Saudi Edarah Company	1,418,625	9.46%
Khalda Trading Group	1,082,250	7.21%
Almawarid kom Trading Group	999,627	6.66%
Alsaraya Investment Company	780,244	5.20%
Riyadh Ibrahim Romaizan Alromaizan	235,292	1.57%
Wathbah Investment Company	150,000	1.00%
Ali Mohammed Ali Aljumaah	30,000	0.20%
Abdullah Muhammad Ali Aljumaah	15,000	0.10%
Abdulaziz Saleh Mohammed Alsowail	15,000	0.10%
Sulaiman Abdullah Sulaiman Alomaier	7,500	0.05%
Khalid Abdullah Rashid AlOthman	7,500	0.05%
Total	**15,000,000**	**100.00%**

Source: The Company.

[1] The ownership percentages are rounded.

4.8 Current Shareholding Structure

4.8.1 Overview

The current capital of the Company is one hundred and fifty million Saudi Arabian Riyals (SAR 150,000,000) divided into fifteen million (15,000,000) ordinary Shares with a fully paid nominal value of ten Saudi Arabian Riyals (SAR 10) per share.

The following table sets out the direct ownership and capital structure of the Company before and after the Offering:

Table No. (4.25): Direct Ownership Structure of the Company Pre- and Post-Offering

Shareholder	Shareholding (Pre-Offering)			Shareholding (Post-Offering)		
	Number of Shares	Ownership Percentage (%) [1]	Nominal Value (SAR)	Number of Shares	Ownership (%)[1]	Overall Nominal Value (SAR)
Alomaier Trading and Contracting Company	5,129,481	34.20%	51,294,810	3,590,637	23.94%	35,906,370
Al-Ayuni Investment and Contracting Company	5,129,481	34.20%	51,294,810	3,590,637	23.94%	35,906,370
Saudi Edarah Company[2]	1,418,625	9.46%	14,186,250	993,037	6.62%	9,930,370
Khalda Trading Group	1,082,250	7.21%	10,822,500	757,575	5.05%	7,575,750
Almawarid kom Trading Group	999,627	6.66%	9,996,270	699,739	4.66%	6,997,390
Alsaraya Investment Company	780,244	5.20%	7,802,440	546,171	3.64%	5,461,710
Riyadh Ibrahim Romaizan Alromaizan	235,292	1.57%	2,352,920	164,704	1.09%	1,647,044
Wathbah Investment Company	150,000	1.00%	1,500,000	105,000	0.70%	1,050,000
Ali Mohammed Ali Aljumaah	30,000	0.20%	300,000	21,000	0.14%	210,000

Shareholder	Shareholding (Pre-Offering)			Shareholding (Post-Offering)		
	Number of Shares	Ownership Percentage (%) [1]	Nominal Value (SAR)	Number of Shares	Ownership (%)[1]	Overall Nominal Value (SAR)
Abdullah Muhammad Ali Aljumaah	15,000	0.10%	150,000	10,500	0.07%	105,000
Abdulaziz Saleh Mohammed Alsowail	15,000	0.10%	150,000	10,500	0.07%	105,000
Sulaiman Abdullah Sulaiman Alomaier	7,500	0.05%	75,000	5,250	0.04%	52,500
Khalid Abdullah Rashid Alothman	7,500	0.05%	75,000	5,250	0.04%	52,500
Public	-	-	-	4,500,000	30.00%	45,000,000
Total	**15,000,000**	**100.00%**	**150,000,000**	**15,000,000**	**100.00%**	**150,000,000**

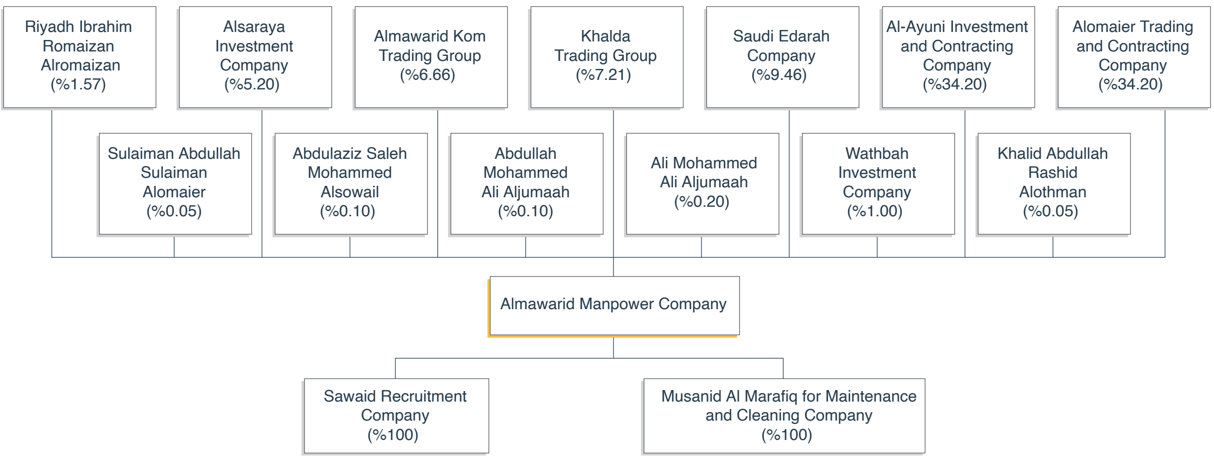
Source: The Company.

(1) The ownership percentages are rounded.

(2) Saudi Edarah Company holds 2,200 Shares (22.0 per cent.) in Alsaraya Investment Company (which holds a direct ownership stake of 780,244 shares in the Company). As a result, Saudi Edarah Company holds an indirect ownership stake of 171,653 shares (1.14 per cent.) in the Company.

The following chart shows the Company's ownership structure as of the date of this Prospectus:

Exhibit (4.2): The Company's Ownership Structure as of the Date of this Prospectus



Source: The Company.

(1) The ownership percentages are rounded.

The following tables set out the details of Shareholders who directly hold five per cent. or more of the ordinary Shares in the Company as of the date of this Prospectus:

Table No. (4.26): Details of Shareholders Directly Holding Five per cent. or More of the Ordinary Shares in the Company as of the Date of this Prospectus

Shareholder	Shareholding (Pre-Offering)			Shareholding (Post-Offering)		
	Number of Shares	Ownership Percentage (%) (1)	Nominal Value (SAR)	Number of Shares	Ownership Percentage (%)(1)	Overall Nominal Value (SAR)
Alomaier Trading and Contracting Company	5,129,481	34.20%	51,294,810	3,590,637	23.94%	35,906,370
Al-Ayuni Investment and Contracting Company	5,129,481	34.20%	51,294,810	3,590,637	23.94%	35,906,370
Saudi Edarah Company(2)	1,418,625	9.46%	14,186,250	993,037	6.62%	9,930,370
Khalda Trading Group	1,082,250	7.21%	10,822,500	757,575	5.05%	7,575,750
Almawarid kom Trading Group	999,627	6.66%	9,996,270	699,739	4.66%	6,997,390
Alsaraya Investment Company	780,244	5.20%	7,802,440	546,171	3.64%	5,461,710
Total	**14,539,708**	**96.93%**	**145,397,080**	**10,177,796**	**67.85%**	**101,777,960**

Source: The Company.

(1) The ownership percentages are rounded.

(2) Saudi Edarah Company holds 2,200 Shares (22.0 per cent.) in Alsaraya Investment Company (which holds a direct ownership stake of 780,244 shares in the Company). As a result, Saudi Edarah Company holds an indirect ownership stake of 171,653 shares (1.14 per cent.) in the Company.

The following tables set out the details of Shareholders who indirectly hold five per cent. or more of the ordinary Shares in the Company as of the date of this Prospectus:

Table No. (4.27): Details of Shareholders Indirectly Holding Five per cent. or More of the Ordinary Shares in the Company as of the Date of this Prospectus

Shareholder	Shareholding (Pre-Offering)			Shareholding (Post-Offering)		
	Number of Shares	Ownership Percentage (%) (1)	Nominal Value (SAR)	Number of Shares	Ownership (%)(1)	Overall Nominal Value (SAR)
Fuhaid Hamad Abdullah Al-Ayuni	1,101,812	7.34%	11,018,120	771,268	5.14%	7,712,680
Fahad Naif Muteb Alonazi	999,627	6.66%	9,996,270	699,739	4.66%	6,997,390
Nasser Ibrahim Mohammed Alomaier	878,211	5.85%	8,782,110	614,747	13.89%	6,147,470
Total	**2,979,650**	**19.85%**	**29,796,500**	**2,085,754**	**13.84%**	**20,857,540**

Source: The Company.

(1) The ownership percentages are rounded.

4.8.2 Overview of Corporate Shareholders

This Section sets out the details of the corporate shareholders as of the date of this Prospectus.

4.8.2.1 Alomaier Trading and Contracting Company

Alomaier Trading and Contracting Company is a Saudi closed joint stock company incorporated by virtue of the Ministry of Commerce Resolution No 257/S, dated 3 Sha'aban 1429H (corresponding to 4 August 2008G), and registered under Commercial Registration No. 1123000085 dated 17 Ramadan 1398H (corresponding to 22 August 1978G). Its head office and registered office is located at Az Zulfi Main Road, P.O. Box 117, Az Zulfi 11932, Kingdom of Saudi Arabia. The current capital of Alomaier Trading and Contracting Company is five hundred million Saudi Arabian Riyals (SAR 500,000,000) divided into fifty million (50,000,000) ordinary shares with a fully paid nominal value of ten Saudi Arabian Riyals (SAR 10) per share.

Its main activities consist of the construction of residential buildings, motorways, streets, roads, other vehicular and pedestrian ways, bridges and tunnels, railways and subways, main lines and stations of water distribution, and dams.

The following table sets out the ownership structure of Alomaier Trading and Contracting Company as of the date of this Prospectus:

Table No. (4.28): Ownership Structure of Alomaier Trading and Contracting Company as of the date of this Prospectus

Shareholder	Number of Shares	Nominal value per Share (SAR)	Overall Nominal Value (SAR)	Shareholding (%)(1)
Abdullah Ibrahim Mohammed Alomaier	4,475,506	10	44,755,060	8.95%
Majed Ibrahim Mohammed Alomaier	4,235,513	10	42,355,130	8.47%
Hamad Ibrahim Mohammed Alomaier	4,188,608	10	41,886,080	8.38%
Mishari Ibrahim Mohammed Alomaier	4,100,513	10	41,005,130	8.20%
Mohammed Ibrahim Mohammed Alomaier	4,100,513	10	41,005,130	8.20%
Rakan Ibrahim Mohammed Alomaier	4,100,513	10	41,005,130	8.20%
Turki Ibrahim Mohammed Alomaier	4,100,513	10	41,005,130	8.20%
Nasser Ibrahim Mohammed Alomaier	1,592,163	10	15,921,630	3.18%
Fatima Abdulkareem Mohammed Albader	1,326,816	10	13,268,160	2.65%
Muneera Nasser Mashut Al Kahtani	1,326,816	10	13,268,160	2.65%
Noura Mohammed Obaid Al Otaibi	1,326,816	10	13,268,160	2.65%
Thabha Ibrahim Mohammed Alomaier	796,090	10	7,960,900	1.59%
Majeda Ibrahim Mohammed Alomaier	796,090	10	7,960,900	1.59%
Amal Ibrahim Mohammed Alomaier	796,090	10	7,960,900	1.59%
Maha Ibrahim Mohammed Alomaier	796,090	10	7,960,900	1.59%
Faten Ibrahim Mohammed Alomaier	796,090	10	7,960,900	1.59%
Fahda Ibrahim Mohammed Alomaier	796,090	10	7,960,900	1.59%
Radwa Ibrahim Mohammed Alomaier	796,090	10	7,960,900	1.59%
Noura Ibrahim Mohammed Alomaier	796,090	10	7,960,900	1.59%
Haya Ibrahim Mohammed Alomaier	796,090	10	7,960,900	1.59%
Hala Ibrahim Mohammed Alomaier	796,090	10	7,960,900	1.59%
Madawi Ibrahim Mohammed Alomaier	796,090	10	7,960,900	1.59%
Abrar Ibrahim Mohammed Alomaier	796,090	10	7,960,900	1.59%
Ameera Ibrahim Mohammed Alomaier	796,090	10	7,960,900	1.59%
Rana Ibrahim Mohammed Alomaier	796,090	10	7,960,900	1.59%
Ghala Ibrahim Mohammed Alomaier	796,090	10	7,960,900	1.59%
Najd Ibrahim Mohammed Alomaier	796,090	10	7,960,900	1.59%
Munwa Ibrahim Mohammed Alomaier	796,090	10	7,960,900	1.59%
Mashael Ibrahim Mohammed Alomaier	796,090	10	7,960,900	1.59%
Layan Ibrahim Mohammed Alomaier	796,090	10	7,960,900	1.59%
Total	**50,000,000**	**10**	**500,000,000**	**100.00%**

Source: The Company.

(1) The ownership percentages are rounded.

4.8.2.2 Al-Ayuni Investment and Contracting Company

Al-Ayuni Investment and Contracting Company is a Saudi closed joint stock company incorporated by virtue of the Ministry of Commerce Resolution No 311/M, dated 1 Thul-Hijjah 1428H (corresponding to 11 December 2007G), and registered under Commercial Registration No. 1010066115 dated 13 Shawwal 1407H (corresponding to 10 June 1987G). Its head office and registered office is located at Alrabi District, P.O. Box 4727, Riyadh 11412, Kingdom of Saudi Arabia. The current capital of Al-Ayuni Investment and Contracting Company is seventy-seven million five hundred thousand Saudi Arabian Riyals (SAR 77,500,000) divided into seven million seven hundred and fifty thousand (7,750,000) ordinary shares with a fully paid nominal value of ten Saudi Arabian Riyals (SAR 10) per share.

Its main activities consist of the construction of residential buildings, motorways, streets, roads, other vehicular and pedestrian ways, bridges and tunnels, railways and subways, sewer systems, sewage disposal plants and pumping stations, the construction and establishment of electrical power stations and transformers, and the construction of dams.

The following table sets out the ownership structure of Al-Ayuni Investment and Contracting Company as of the date of this Prospectus:

Table No. (4.29): Ownership Structure of Al-Ayuni Investment and Contracting Company as of the date of this Prospectus

Shareholder	Number of Shares	Nominal value per Share (SAR)	Overall Nominal Value (SAR)	Shareholding (%)(1)
Fuhaid Hamad Abdullah Al-Ayuni	1,664,682	10	16,646,820	21.48%
Abdulkareem Hamad Abdullah Al-Ayuni	884,709	10	8,847,090	11.42%
Abdullah Hamad Abdullah Al-Ayuni	841,479	10	8,414,790	10.86%
Ali Hamad Abdullah Al-Ayuni	599,338	10	5,993,380	7.74%
Ahmad Hamad Abdullah Al-Ayuni	593,762	10	5,937,620	7.67%
Sulaiman Hamad Abdullah Al-Ayuni	394,439	10	3,944,390	5.09%
Abdulaziz Hamad Abdullah Al-Ayuni	363,171	10	3,631,710	4.69%
Abdulaziz Ali Abdullah Al-Ayuni	333,358	10	3,333,580	4.31%
Abdulilah Hamad Abdullah Al-Ayuni	194,102	10	1,941,020	2.51%
Nizar Mohammed Hamad Al-Ayuni	146,592	10	1,465,920	1.90%
Ali Mohammed Hamad Al-Ayuni	142,551	10	1,425,510	1.84%
Hamad Mohammed Hamad Al-Ayuni	118,823	10	1,188,230	1.54%
Muneerah Abdullah Mohammed Alfayze	103,315	10	1,033,150	1.34%
Abdulmohsen Hamad Abdullah Al-Ayuni	85,630	10	856,300	1.11%
Khalid Hamad Abdullah Al-Ayuni	83,076	10	830,760	1.08%
Abdulrahman Hamad Abdullah Al-Ayuni	80,307	10	803,070	1.04%
Azzam Hamad Abdullah Al-Ayuni	75,623	10	756,230	0.98%
Deema Mohammed Hamad Al-Ayuni	72,530	10	725,300	0.94%
Ghaida Mohammed Hamad Al-Ayuni	72,530	10	725,300	0.94%
Shaden Mohammed Hamad Al-Ayuni	72,529	10	725,290	0.94%
Lamees Mohammed Hamad Al-Ayuni	72,414	10	724,140	0.94%
Ashwaq Mohammed Hamad Al-Ayuni	72,391	10	723,910	0.94%
Saleh Hamad Abdullah Al-Ayuni	71,036	10	710,360	0.92%
Yousef Hamad Abdullah Al-Ayuni	67,979	10	679,790	0.88%
Ayuni Hamad Abdullah Al-Ayuni	56,584	10	565,840	0.73%
Reema Hamad Abdullah Al-Ayuni	43,992	10	439,920	0.57%

Shareholder	Number of Shares	Nominal value per Share (SAR)	Overall Nominal Value (SAR)	Shareholding (%)[1]
Lubna Hamad Abdullah Al-Ayuni	42,613	10	426,130	0.55%
Haila Hamad Abdullah Al-Ayuni	40,364	10	403,640	0.52%
Ruqaiah Hamad Abdullah Al-Ayuni	39,665	10	396,650	0.52%
Najla Hamad Abdullah Al-Ayuni	37,628	10	376,280	0.49%
Noura Hamad Abdullah Al-Ayuni	36,051	10	360,510	0.47%
Aisha Hamad Abdullah Al-Ayuni	33,705	10	337,050	0.44%
Thuraya Hamad Abdullah Al-Ayuni	32,657	10	326,570	0.43%
Fatima Hamad Abdullah Al-Ayuni	32,240	10	322,400	0.42%
Alia Hamad Abdullah Al-Ayuni	30,398	10	303,980	0.40%
May Hamad Abdullah Al-Ayuni	29,608	10	296,080	0.39%
Mishari Othman Hamad Al-Ayuni	11,734	10	117,340	0.16%
Talal Othman Hamad Al-Ayuni	11,734	10	117,340	0.16%
Sultan Othman Hamad Al-Ayuni	11,734	10	117,340	0.16%
Waleed Othman Hamad Al-Ayuni	11,733	10	117,330	0.16%
Hessah Abdullah Saleh Alawwad	8,381	10	83,810	0.11%
Rawabi Othman Hamad Al-Ayuni	5,867	10	58,670	0.08%
Joud Othman Hamad Al-Ayuni	5,867	10	58,670	0.08%
Abdullah Eid Dhuwaihi Al-dehmashi Alonazi	5,269	10	52,690	0.07%
Faiz Abdullah Eid Dhuwaihi Al-dehmashi	3,162	10	31,620	0.04%
Abdulsalam Abdullah Eid Dhuwaihi Al-dehmashi	3,162	10	31,620	0.04%
Ibrahim Abdullah Eid Dhuwaihi Al-dehmashi	3,162	10	31,620	0.04%
Ahmad Abdullah Eid Dhuwaihi Al-dehmashi	3,162	10	31,620	0.04%
Zainab Abdullah Eid Dhuwaihi Al-dehmashi	1,581	10	15,810	0.02%
Ghada Abdullah Eid Dhuwaihi Al-dehmashi	1,581	10	15,810	0.02%
Total	**7,750,000**	**10**	**77,500,000**	**100.00%**

Source: The Company.

[1] Percentages are rounded.

4.8.2.3 Saudi Edarah Company

Saudi Edarah Company is a Saudi closed joint stock company incorporated by virtue of the Ministry of Commerce Resolution No. 5297/G, dated 11 Muharram 1442H (corresponding to 30 August 2020G), registered under Commercial Registration No. 1010659287 dated 21 Safar 1442H (corresponding to 8 October 2020G). Its head office and registered office is located at Alrabwa District, P.O. Box 8656, Riyadh 12822, Kingdom of Saudi Arabia. The current capital of Saudi Edarah Company is five hundred thousand Saudi Arabian Riyals (SAR 500,000) divided into fifty thousand (50,000) ordinary shares with a fully paid nominal value of ten Saudi Arabian Riyals (SAR 10) per share.

Its main activities consist of the construction of all types of residential buildings, hotel apartments, resorts, the management and leasing of real estate with owned or leased property (residential), and the management and leasing of real estate with owned or leased property (non-residential).

The following table sets out the ownership structure of Saudi Edarah Company as of the date of this Prospectus:

Table No. (4.30): Ownership Structure of Saudi Edarah Company as of the date of this Prospectus

Shareholder	Number of Shares	Nominal value per Share (SAR)	Overall Nominal Value (SAR)	Shareholding (%)
Nasser Ibrahim Mohammed Alomaier	45,000	10	450,000	90%
Ibrahim Nasser Ibrahim Alomaier	440	10	4,400	0.880%
Abdullah Nasser Ibrahim Alomaier	440	10	4,400	0.880%
Mishari Nasser Ibrahim Alomaier	440	10	4,400	0.880%
Turki Nasser Ibrahim Alomaier	440	10	4,400	0.880%
Nawaf Nasser Ibrahim Alomaier	440	10	4,400	0.880%
Hathal Nasser Ibrahim Alomaier	440	10	4,400	0.880%
Laila Mishari Mohammed Alomaier	300	10	3,000	0.600%
Athari Saleh Suwaileh Almulafekh	300	10	3,000	0.600%
Ghada Nasser Ibrahim Alomaier	220	10	2,200	0.440%
Alia Nasser Ibrahim Alomaier	220	10	2,200	0.440%
Sara Nasser Ibrahim Alomaier	220	10	2,200	0.440%
Ghalia Nasser Ibrahim Alomaier	220	10	2,200	0.440%
Rahaf Nasser Ibrahim Alomaier	220	10	2,200	0.440%
Nora Nasser Ibrahim Alomaier	220	10	2,200	0.440%
Moug Nasser Ibrahim Alomaier	220	10	2,200	0.440%
Ghuyodh Nasser Ibrahim Alomaier	220	10	2,200	0.440%
Total	**50,000**	**10**	**500,000**	**100.00%**

Source: The Company.

4.8.2.4 Khalda Trading Group

Khalda Trading Group is a Saudi limited liability company registered under Commercial Registration No. 1010019717 dated 16 Safar 1399H (corresponding to 15 January 1979G). Its head office and registered office is located at Alkhaleej District, P.O. Box 99, Riyadh 11411, Kingdom of Saudi Arabia. The current capital of Khalda Trading Group is sixty-five thousand Saudi Arabian Riyals (SAR 65,000) divided into sixty-five thousand (65,000) shares with a fully paid nominal value of one Saudi Arabian Riyals (SAR 1) per share.

Its main activities consist of the construction of all types of residential buildings, the general construction of non-residential buildings (such as schools, hospitals and hotels), Government buildings, remodelling and renovating existing residential and non-residential structures, and renovating historical, heritage and archaeological buildings.

The following table sets out the ownership structure of Khalda Trading Group as of the date of this Prospectus:

Table No. (4.31): Ownership Structure of Khalda Trading Group as of the Date of this Prospectus

Shareholder	Number of Shares	Nominal value per Share (SAR)	Overall Nominal Value (SAR)	Shareholding (%)[1]
Khalid Ali Mohammed Alawaji	10,000	1	10,000	15.39%
Ahmad Ali Mohammed Alawaji	10,000	1	10,000	15.39%
Mohammed Ali Mohammed Alawaji	10,000	1	10,000	15.39%
Tariq Ali Mohammed Alawaji	10,000	1	10,000	15.39%
Majed Ali Mohammed Alawaji	10,000	1	10,000	15.39%
Talal Ali Mohammed Alawaji	10,000	1	10,000	15.39%
Khalda Ali Mohammed Alawaji	5,000	1	5,000	7.70%
Total	**65,000**	**1**	**65,000**	**100.00%**

Source: The Company.

[1] Percentages are rounded.

4.8.2.5 Almawarid kom Trading Group

Almawarid kom Trading is a single shareholder Saudi limited liability company, registered under Commercial Registration No. 1010202062 dated 15 Sha'aban 1425H (corresponding to 29 September 2004G). Its head office and registered office is located at Almogharrazat District, P.O. Box 22502, Riyadh 11324, Kingdom of Saudi Arabia. The current capital of Almawarid kom Trading is eight hundred and ninety-five thousand Saudi Arabian Riyals (SAR 895,000) divided into one thousand (1,000) shares with a fully paid nominal value of eight hundred and ninety-five Saudi Arabian Riyals (SAR 895) per share.

Its main activities consist of the construction of all types of residential buildings, network wiring, higher management of consulting services, advertising agencies and institutions, mediation in the importing of expatriate workers, provision of maintenance services within facilities, the organisation and management of exhibitions and conferences, and home services medical centres.

The following table sets out the ownership structure of Almawarid kom Trading Group as of the date of this Prospectus:

Table No. (4.32): Ownership Structure of Almawarid kom Trading Group as of the Date of this Prospectus

Shareholder	Number of Shares	Nominal value per Share (SAR)	Overall Nominal Value (SAR)	Shareholding (%)
Fahad Naif Muteb Alonazi	1,000	895	895,000	100.00%
Total	**1,000**	**895**	**895,000**	**100.00%**

Source: The Company.

4.8.2.6 Alsaraya Investment Company

Alsaraya Investment Company is a Saudi limited liability company registered under Commercial Registration No. 1010300381 dated 4 Safar 1432H (corresponding to 8 January 2011G). Its head office and registered office is located at Ash Shuhada District, P.O. Box 10671, Riyadh, 11646 Kingdom of Saudi Arabia. The current capital of Alsaraya Investment Company is one million Saudi Arabian Riyals (SAR 1,000,000) divided into ten thousand (10,000) shares with a fully paid nominal value of one hundred Saudi Arabian Riyals (SAR 100) per share.

Its main activities consist of the construction of residential buildings, the general construction of non-residential buildings (such as schools, hospitals and hotels), school transport, operating independent schools (kindergarten education) with an international curriculum, operating independent schools (primary education) with an international curriculum, operating independent schools (intermediate education) with an international curriculum and operating independent schools (secondary education) with an international curriculum.

The following table sets out the ownership structure of Alsaraya Investment Company as of the date of this Prospectus:

Table No. (4.33): Ownership Structure of Alsaraya Investment Company as of the Date of this Prospectus

Shareholder	Number of Shares	Nominal value per Share (SAR)	Overall Nominal Value (SAR)	Shareholding (%)
Wajehat Alzelfe Real Estate Company	3,300	100	330,000	33.00%
Faisal Abdulrahman Ibrahim Almoammar	3,000	100	300,000	30.00%
Saudi Edarah Holding Company	2,200	100	220,000	22.00%
Abdullah Abdulrahman Ibrahim Almoammar	1,000	100	100,000	10.00%
Redha Humood Ibrahim Alhamza	500	100	50,000	5.00%
Total	**10,000**	**100**	**1,000,000**	**100.00%**

Source: The Company.

A description of Alsaraya Investment Company's corporate shareholder is set out below:

(a) Wajehat Alzelfe Real Estate Company

Wajehat Alzelfe Real Estate Company is a closed joint stock company incorporated by virtue of the Ministry of Commerce Resolution No. 11569/G, dated 30 Jumada al-Ula 1442H (corresponding to 14 January 2021G), and registered under Commercial Registration No. 10100665997 dated 12 Rabi' al-Awwal 1442H (corresponding to 29 October 2020G). Its registered office is located at Az Zulfi Main Road, P.O. Box 117, Az Zulfi 11932, Kingdom of Saudi Arabia. The current capital of the company is five hundred thousand Saudi Arabian Riyals (SAR 500,000) divided into fifty thousand (50,000) ordinary shares with a fully paid nominal value of ten Saudi Arabian Riyals (SAR 10) per share.

Its main activities consist of the construction of all types of residential buildings, buying, selling and subdividing land and real estate, and on-the-map selling activities, the management and leasing of real estate with owned or leased property (residential), the management and leasing of real estate with owned or leased property (non-residential), the management and leasing of self-storage units, intermediation in real estate management and real property registration services.

The following table sets out the ownership structure of Wajehat Alzelfe Real Estate Company as of the date of this Prospectus:

Table No. (4.34): Ownership Structure of Wajehat Alzelfe Real Estate Company as of the date of this Prospectus

Shareholder	Number of Shares	Nominal value per Share (SAR)	Overall Nominal Value (SAR)	Shareholding (%)
Majed Ibrahim Mohammed Alomaier	2,500	10	25,000	5%
Hamad Ibrahim Mohammed Alomaier	2,500	10	25,000	5%
Mishari Ibrahim Mohammed Alomaier	2,500	10	25,000	5%
Mohammed Ibrahim Mohammed Alomaier	2,500	10	25,000	5%
Rakan Ibrahim Mohammed Alomaier	2,500	10	25,000	5%
Turki Ibrahim Mohammed Alomaier	2,500	10	25,000	5%
Nasser Ibrahim Mohammed Alomaier	2,500	10	25,000	5%
Abdullah Ibrahim Mohammed Alomaier	2,498	10	24,980	4.996%
Fatima Abdulkareem Mohammed Albader	2,084	10	20,840	4.168%

Shareholder	Number of Shares	Nominal value per Share (SAR)	Overall Nominal Value (SAR)	Shareholding (%)
Muneera Nasser Mashut Al Kahtani	2,084	10	20,840	4.168%
Noura Mohammed Obaid Al Otaibi	2,084	10	20,840	4.168%
Thabha Ibrahim Mohammed Alomaier	1,250	10	12,500	2.5%
Majeda Ibrahim Mohammed Alomaier	1,250	10	12,500	2.5%
Amal Ibrahim Mohammed Alomaier	1,250	10	12,500	2.5%
Maha Ibrahim Mohammed Alomaier	1,250	10	12,500	2.5%
Faten Ibrahim Mohammed Alomaier	1,250	10	12,500	2.5%
Fahda Ibrahim Mohammed Alomaier	1,250	10	12,500	2.5%
Radwa Ibrahim Mohammed Alomaier	1,250	10	12,500	2.5%
Noura Ibrahim Mohammed Alomaier	1,250	10	12,500	2.5%
Haya Ibrahim Mohammed Alomaier	1,250	10	12,500	2.5%
Hala Ibrahim Mohammed Alomaier	1,250	10	12,500	2.5%
Madawi Ibrahim Mohammed Alomaier	1,250	10	12,500	2.5%
Abrar Ibrahim Mohammed Alomaier	1,250	10	12,500	2.5%
Ameera Ibrahim Mohammed Alomaier	1,250	10	12,500	2.5%
Rana Ibrahim Mohammed Alomaier	1,250	10	12,500	2.5%
Ghala Ibrahim Mohammed Alomaier	1,250	10	12,500	2.5%
Najd Ibrahim Mohammed Alomaier	1,250	10	12,500	2.5%
Munwa Ibrahim Mohammed Alomaier	1,250	10	12,500	2.5%
Mashael Ibrahim Mohammed Alomaier	1,250	10	12,500	2.5%
Layan Ibrahim Mohammed Alomaier	1,250	10	12,500	2.5%
Total	**50,000**	**10**	**500,000**	**100.00%**

Source: The Company.

(b) Saudi Edarah Holding Company

See Section 4.8.2.3 for more information regarding Saudi Edarah Company.

4.8.2.7 Wathbah Investment Company

Wathbah Investment Company is a Saudi limited liability company registered under Commercial Registration No. 1010952079 dated 18 Rajab 1439H (corresponding to 4 April 2018G). Its head office and registered office is located at Al Rabie District, Riyadh 13315, Kingdom of Saudi Arabia. The current capital of Wathbah Investment Company is fifty thousand Saudi Arabian Riyals (SAR 50,000) divided into five thousand (5,000) shares with a fully paid nominal value of ten Saudi Arabian Riyals (SAR 10).

Its main activities consist of real estate activities in owned or leased property, engineering architectural activities and related technical advisory services, as well as construction of buildings and short-term accommodation activities.

The following table sets out the ownership structure of Wathbah Investment Company as of the date of this Prospectus:

Table No. (4.35): Ownership Structure of Wathbah Investment Company as of the date of this Prospectus

Shareholder	Number of Shares	Nominal value per Share (SAR)	Overall Nominal Value (SAR)	Shareholding (%)
Saqr Nasser Abdullah Saqr	2,500	10	25,000	50%
Mohammed Nasser Ibrahim Alfouzan	2,500	10	25,000	50%
Total	**5,000**	**-**	**50,000**	**100.00%**

Source: The Company.

4.9 Business Continuity

The members of the Board of Directors declare that there has been no suspension or interruption in the Group's business during the twelvemonth period preceding the date of this Prospectus, which would affect or have a significant impact on its financial position, and no material change in the nature of its business has occurred.

The Group's management has continually assessed the impact of COVID-19 on its operations and has taken a series of proactive and preventive measures to ensure the health and safety of its employees and workforce, the sustainability of its operations and the accommodation of its workforce. As a result, the Group has maintained business continuity and operational capabilities throughout the pandemic. In particular, the Company was able to maintain appropriate staffing levels in all of its operations, ensuring business continuity, despite multiple restrictions, including travel restrictions.

Nevertheless, the Group experienced a negative impact of the pandemic. For example, during the first quarter of 2021G, it faced difficulties in recruiting workers as planned, mainly due to the continued travel restrictions from certain countries and Government decisions that obligated those coming to the Kingdom to undergo institutional quarantine in the surveyed countries before entering the Kingdom. This negatively impacted the anticipated growth of the Group, and increased the cost of the recruitment of labour. As a result, revenue decreased by 4.1 per cent. from SAR 716.0 million in the financial year ended 31 December 2019G to SAR 686.7 million in the financial year ended 31 December 2020G, mainly driven by the drop in Corporate Segment revenue (decrease of SAR 76.7 million) in line with the decrease in the average number of labourers invoiced by 8.3 per cent. from 12,578 in the financial year ended 31 December 2019G to 11,539 in the financial year ended 31 December 2020G, following the exceptional events that occurred due to COVID-19, which included disruptions to business and economic activity. This had a major impact on the manpower services offered to corporate clients, as: (i) several industries were directly affected by the lockdowns and restrictions imposed by COVID-19, including restrictions related to construction and restaurants; and (ii) exceptional discounts of SAR 1.8 million in the financial year ended 31 December 2020G were granted to corporate clients. The decrease in revenue from the Corporate Segment was partly offset by the increase in revenue generated from the Individual Segment - Contractual (increase of SAR37.4 million in the same period), as a result of the high market demand for contractual housemaids and cleaners despite the COVID-19 pandemic.

In the financial year ended 31 December 2021G, revenue further decreased by 3.3 per cent. to SAR 663.7 million, as a result of: (i) the decrease in the Corporate Segment (decrease of SAR 42.6 million) following the drop in the average number of workers invoiced (from 11,539 in the financial year ended 31 December 2020G to 9,258 in the financial year ended 31 December 2021G) as a result of COVID-19 travel restrictions; and (ii) a decrease in the Individual Segment – Contractual (decrease of SAR 25.2 million), following the decrease in the utilisation rate by 3.2 per cent. from 95.1 per cent. in the financial year ended 31 December 2020G to 91.9 per cent. in the financial year ended 31 December 2021G in line with the decrease in the number of workers invoiced, as a result of the suspension of flights from COVID-19 impacted countries. This was partly offset by the increase in revenue from the Individual Segment - Hourly Rental (increase of SAR 44.9 million), following: (i) an increase in the utilisation rate by 14.7 per cent. from 71.9 per cent. in the financial year ended 31 December 2020G to 86.7 per cent. in the financial year ended 31 December 2021G in line with the increase in the number of hours executed by labourers due to high market demand; and (ii) an increase in the average price per visit (around four hours) from around SAR 75 per visit in the financial year ended 31 December 2020G to around SAR 95 per visit in the financial year ended 31 December 2021G.

See also Section 6.7 (*Results of Operations for the Financial Years Ended 31 December 2019G, 2020G and 2021G*) for a discussion of the COVID-19 impact on the financial results of the Group and Section 2.1.21 (*Risks Relating to the COVID-19 Pandemic*) for a discussion of the risks related to infectious diseases or any public health threats.

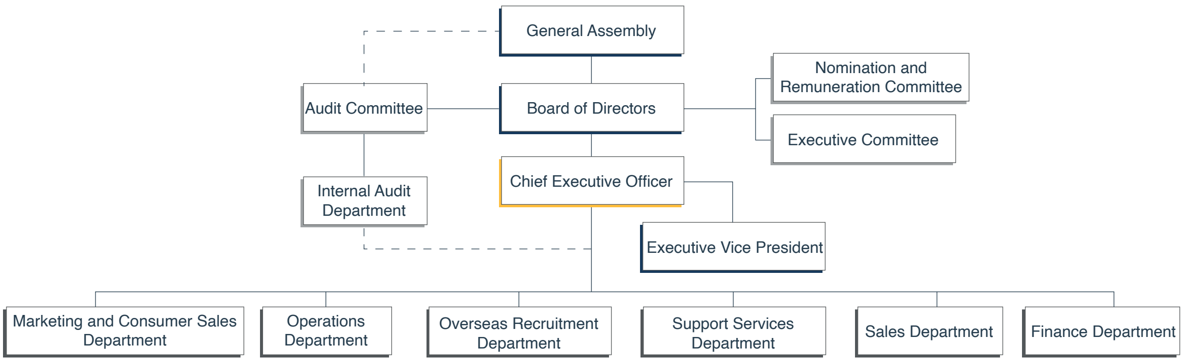
5 ORGANISATIONAL STRUCTURE AND CORPORATE GOVERNANCE

5.1 Organisational Structure

The Shareholders of the Company delegate responsibility to the Board of Directors for the overall direction, supervision and control of the Company. The Board of Directors delegates responsibility for overall day-today management of the Company to the Executive Management of the Company and, in particular, the Chief Executive Officer.

The following chart sets out the organisational structure of the Company:

Exhibit (5.1): Organisational Structure of the Company



Source: The Company.

The following table summarises the direct ownership structure of the Company pre- and post-Offering:

Table No. (5.1): Direct Ownership Structure of the Company Pre- and Post-Offering

Shareholder	Shareholding (Pre-Offering)			Shareholding (Post-Offering)		
	Number of Shares	Direct Ownership (%)[1]	Nominal Value (SAR)	Number of Shares	Direct Ownership (%)[1]	Nominal Value (SAR)
Alomaier Trading and Contracting Company	5,129,481	34.20%	51,294,810	3,590,637	23.94%	35,906,370
Al-Ayuni Investment and Contracting Company	5,129,481	34.20%	51,294,810	3,590,637	23.94%	35,906,370
Saudi Edarah Company[2]	1,418,625	9.46%	14,186,250	993,037	6.62%	9,930,370
Khalda Trading Group	1,082,250	7.21%	10,822,500	757,575	5.05%	7,575,750
Almawaridkom Trading Group	999,627	6.66%	9,996,270	699,739	4.66%	6,997,390
Alsaraya Investment Company	780,244	5.20%	7,802,440	546,171	3.64%	5,461,710
Riyadh Ibrahim Romaizan Alromaizan	235,292	1.57%	2,352,920	164,704	1.09%	1,647,044
Wathbah Investment Company	150,000	1.00%	1,500,000	105,000	0.7%	1,050,000
Ali Mohammed Ali Aljumaah	30,000	0.20%	300,000	21,000	0.14%	210,000
Abdullah Muhammad Ali Aljumaah	15,000	0.10%	150,000	10,500	0.07%	105,000
Abdulaziz Saleh Mohammed Alsowail	15,000	0.10%	150,000	10,500	0.07%	105,000
Sulaiman Abdullah Sulaiman Alomaier	7,500	0.05%	75,000	5,250	0.04%	52,500
Khalid Abdullah Rashid Alothman	7,500	0.05%	75,000	5,250	0.04%	52,500
The Public	-	-	-	4,500,000	30.0%	45,000,000
Total	**15,000,000**	**100.00%**	**150,000,000**	**15,000,000**	**100.00%**	**150,000,000**

Source: The Company.

(1) The ownership percentages are rounded.

(2) Saudi Edarah Company holds 2,200 Shares (22.0 per cent.) in Alsaraya Investment Company (which holds a direct ownership stake of 780,244 shares in the Company). As a result, Saudi Edarah Company holds an indirect ownership stake of 171,653 shares (1.14 per cent.) in the Company.

5.2 Board of Directors and Secretary of the Board of Directors

5.2.1 Composition of the Board of Directors

The Board of Directors consists of seven Directors who are appointed by the General Assembly by means of a cumulative vote (for further details, see Section 12.13 (*Bylaws*). The Companies Law, the Corporate Governance Regulations, the Bylaws, and the internal corporate governance regulations of the Company determine the duties and responsibilities of the Board of Directors. The term of office for the members of the Board of Directors, including the Chairman, is three years for each term.

The following table sets out the Directors as of the date of this Prospectus:

Table No. (5.2): The Company's Board of Directors as of the Date of this Prospectus

Name	Position	Nationality	Status and Independence	Direct Share Ownership[1]		Indirect Share Ownership [2]		Date of Appointment[3]
				Pre-Offering	Post-Offering	Pre-Offering	Post-Offering	
Ahmad Mohammed Othman Alrakban	Chairman	Saudi	Non-executive/ Independent	-	-	-	-	13 Rabi' al-Awwal 1444H (corresponding to 09 October 2022G)
Abdullah Ibrahim Mohammed Alomaier[4]	Vice Chairman	Saudi	Non- Executive / Non-Independent	-	-	3.15%	2.20%	13 Rabi' al-Awwal 1444H (corresponding to 09 October 2022G)
Riyadh Ibrahim Romaizan Alromaizan	Member and CEO	Saudi	Executive / Non-Independent	1.57%	1.09%	-	-	13 Rabi' al-Awwal 1444H (corresponding to 09 October 2022G)
Tariq Ali Mohammed Alawaji[5]	Member	Saudi	Non-Executive/ Non-Independent	-	-	1.11%	0.78%	13 Rabi' al-Awwal 1444H (corresponding to 09 October 2022G)
Yousef Abdullah Ibrahem Alolayan	Member	Saudi	Non-executive / Independent	-	-	-	-	13 Rabi' al-Awwal 1444H (corresponding to 09 October 2022G)
Ahmad Mohammed Saleh Aleisa	Member	Saudi	Non- Executive / Non-Independent	-	-	-	-	13 Rabi' al-Awwal 1444H (corresponding to 09 October 2022G)
Abdulaziz Othman Mohammed Alnasser	Member	Saudi	Non- Executive / Independent	-	-	-	-	13 Rabi' al-Awwal 1444H (corresponding to 09 October 2022G)

Source: The Company.

(1) The ownership percentages are rounded.

(2) For further details on the Company's ultimate individual owners and their indirect ownership stakes in the Company, see Section 4.8 (*Current Shareholding Structure*).

(3) Dates listed in this table are the dates of appointment to the current positions in the Board of Directors. Their respective biographies in Section 5.2.4 (*Biographies of the Directors and the Secretary*) describe the dates of their appointment, to the Board of Directors or other positions

(4) Abdullah Ibrahim Mohammad Alomaier holds an indirect ownership stake in the company amounting to 3.15 per cent. prior to the Offering, as a result of holding an ownership interest of 8.95 per cent. in Alomaier Trading and Contracting Co. (which holds a direct ownership percentage in the Company amounting to 34.20 per cent.) and 4.99 per cent. in Wajehat Al Zulfi Real Estate company, which holds 33 per cent. in Al Saraya Investment Company (which in turn holds a direct ownership stake in the Company of 5.20 per cent. an indirect shareholder in the Company).

(5) Tarek Ali Muhammad Al Awaji holds an indirect ownership stake in the company of 1.11 per cent. prior to the Offering, as a result of holding ownership percentages of 15.39 per cent. in Khalda Trading Group (which holds a direct ownership stake in the Company of 7.21 per cent.).

The Secretary of the Board of Directors is Faisal Khaled Ali Alrowis, who was appointed pursuant to a resolution by the Board of Directors dated 17 Rabi' al-Awwal 1444H (corresponding to 13 October 2022G), the Secretary of the Board does not hold any direct or indirect ownership shares in the company (for a summary of his biography, see Section 5.2.4 (*Biographies of the Directors and the Secretary*)).

5.2.2 Responsibilities of the Board of Directors

The Company is supervised by a Board of Directors consisting of professional and highly experienced persons. Further to the powers set by the General Assembly in the Companies Law and its Executive Regulations, as well as the Company's Bylaws, the Board of Directors is vested with full powers to manage the business of the Company and supervise its affairs. The Board of Directors delegates responsibility for the overall day-to-day management of the Company to the Company's Executive Management.

Some powers are delegated to the committees of the Board of Directors, consisting of the Audit Committee, the Nomination and Remuneration Committee and the Executive Committee (collectively, the "**Committees**"), and a number of administrative departments with responsibility for dealing with a range of operational and business matters (for further details, see Section 4.6 (*Overview of the Company Departments*)). In addition, the Board of Directors has the power to form any number of Committees it considers necessary for the effective governance, oversight and operations of the Company or to delegate some of its powers to one or more of the Directors or to third parties. However, despite any delegation, the ultimate responsibility for the Company rests with the Board of Directors.

The responsibilities of the Board of Directors, the Chairman and the Secretary can be summarised as follows:

5.2.2.1 Board of Directors

The responsibilities of the Board of Directors include the following:

- participating in the overall direction and management of the Company;
- acting on behalf of the Company in an agent-like capacity;
- overseeing the Committees in line with the policies and objectives of the Company;
- approving the appointment of the Chief Executive Officer, the Chief Financial Officer and the Head of Internal Audit Department;
- laying down a comprehensive strategy for the Company, the main work plans and the policy related to risk management;
- determining the appropriate capital structure of the Company, its strategies and financial objectives and approving its annual budgets;
- supervising the main capital expenditures of the Company and the acquisition/disposal of assets;
- determining the performance objectives to be achieved and supervising their implementation;
- monitoring the overall performance of the Company;
- reviewing and approving the organisational and functional structures of the Company;
- developing a written policy regulating conflicts of interest and the remedy of any possible cases of conflict by the Directors, Executive Management and Shareholders;
- developing written policies regulating the Company's relationship with the Shareholders, including policies in connection with the indemnification of Shareholders and the settlement of complaints or disputes between the Company and Shareholders;
- developing policies in connection with maintaining relationships with clients, customers and suppliers and protecting the confidentiality of information in relation thereto;
- establishing a code of conduct for the Executive Management and employees in line with the proper professional and ethical standards;
- developing policies in connection with the Company's social contributions;
- establishing policies and procedures to ensure the Company's compliance with the relevant laws and regulations and the Company's continuous obligation to disclose material information to the Shareholders and other relevant parties;
- laying down policies, standards and procedures in connection with the membership of the Board of Directors and the implementation thereof;
- ensuring the alignment of strategies and plans with the Company's existing resources, risks, economic and market conditions and growth;
- entering into financial transactions on behalf of the Company;
- ensuring the integrity of the financial and accounting procedures including procedures related to the preparation of the financial reports;

- ensuring the implementation of control procedures appropriate for risk management by forecasting the risks that the Company could encounter and disclosing them with transparency;
- holding a meeting in the last quarter of each year to approve the budget for the following year;
- except for the Audit Committee, which is appointed by a resolution of the Ordinary General Assembly, establishing Committees of the Board of Directors with specific mandates, approving their charters and appointing their members;
- evaluating the performance of the Company's Senior Executives in connection with the achievement of strategy;
- ensuring that a sound internal control system (supported by the Audit Committee) is established, implemented and maintained at all levels;
- reviewing the effectiveness of the Company's internal control systems;
- ensuring compliance with the Company's corporate governance regulations and its policies and procedures;
- approving the delegation of authority matrix, budgets and financial statements;
- determining the powers to be delegated to the Company's Senior Executives;
- approving new business initiatives and business closures;
- reviewing the performance of the Committees established by the Board of Directors;
- reviewing compliance with the authority matrix;
- ensuring the disclosure of key business transactions and Related Party transactions in the Board of Directors' annual report;
- calling for a meeting of the General Assembly at least once a year within the six months following the end of the Company's financial year;
- reviewing the Company's corporate governance regulations periodically, evaluating whether any changes are required in light of updated regulations and changes in practices, and communicating such changes to the Secretary; and
- providing recommendations to the Shareholders for the dividends to be distributed in accordance with the Company's dividend distribution policy and for any retention of profits.

5.2.2.2 Chairman

The Chairman shall assume the following responsibilities:

- promoting constructive relationships between the Board of Directors and the Senior Executives, and between the executive Directors and the non-executive Directors;
- ensuring that the Board of Directors agenda is focused on the Company's strategy, performance and value creation for Shareholders and accountability at all levels;
- promoting a culture in the boardroom that supports constructive criticism and alternative views on issues under consideration, and encourages discussion and voting on these issues;
- ensuring that both the Directors and the Shareholders receive adequate and timely information;
- delegating tasks to individual Directors and following up on their progress; and
- ensuring that the Directors disclose their business activities and conflicts of interest in any matter discussed in Board of Directors meetings.

5.2.2.3 Secretary

The responsibilities of the Secretary include the following:

- managing the administrative, technical and logistics related to the affairs of the Board of Directors and the General Assembly meetings;
- managing and coordinating the meeting agendas of the Board of Directors and the Committees;
- attending the meetings of the Board of Directors;
- preparing visual presentations, preparing and distributing minutes of meetings, archiving all data, information and records related to the Board of Directors and the Committees and monitoring the implementation of resolutions of the Board of Directors and the Committees;
- ensuring the flow of information within the Board of Directors and between the Board of Directors and the Company's Executive Management;
- preparing and maintaining a register of proceedings and resolutions of the Board of Directors and the Committees and safekeeping the Company's official records;
- acting as a liaison officer with the CMA and other official entities and ensuring compliance with the Corporate Governance Regulations and other related regulations;

- assisting in the modernisation and implementation of the Company's corporate governance;
- assisting the Nomination and Remuneration Committee in preparing and implementing the orientation programme for incoming Directors;
- preparing status reports on the resolutions of the Board of Directors and their implementation;
- ensuring that the procedures, rules and regulations applicable to the Board of Directors are followed by the Directors;
- maintaining and updating the Company's Corporate Governance Manual as per the instructions of the Board of Directors; and
- performing other tasks as delegated by the Board of Directors.

5.2.3 Service Contracts with Directors

Except for the employment contract with Riyadh Ibrahim Romaizan Alromaizan, no service or employment contracts have been concluded between the Directors and the Company. For a summary of the employment contract with Riyadh Ibrahim Romaizan Alromaizan, see Section 5.4.4 (*Employment Contracts with Chief Executive Officer and Chief Financial Officer*).

5.2.4 Biographies of the Directors and the Secretary

The experience, qualifications and the current and other positions of each of the Directors and the Secretary are set out below:

5.2.4.1 Ahmad Mohammed Othman Alrakban, Chairman

Nationality:	Saudi
Age:	66 years
Position	Chairman of the Board of Directors.
Capacity	Non-Executive/ Independent
Academic and Professional Qualifications:	Bachelor's Degree in Business Administration, Heritage University, Toppenish, Washington, United States of America, 1983G.
Appointment Date	13 Rabi' al-Awwal 1444H (corresponding to 9 October 2022G).
Membership in Boards of Directors:	Chairman of the Board of Directors, since 2019G and until the date of this Prospectus.
Past Professional Experience:	– Executive Director of Administration, Ministry of the National Guard, a government ministry, from 1994G to 2017G; – Director of Administrative Affairs, Ministry of the National Guard, a government ministry, from 1986G to 1994G; and – Manpower Manager, King Fahd National Guard Hospital, a governmental entity operating in the medical sector, from 1984G to 1986G.

5.2.4.2 Abdullah Ibrahim Mohammed Alomaier, Vice Chairman

Nationality:	Saudi
Age:	57 years
Position	Vice Chairman of the Board of Directors.
Capacity	Non-Executive / Non-Independent
Academic and Professional Qualifications:	High School Diploma, Al Yarmouk Alshamla High School, Riyadh, Kingdom of Saudi Arabia, 1989G.
Appointment Date	13 Rabi' al-Awwal 1444H (corresponding to 9 October 2022G).
Memberships in Boards of Directors:	– Director, since 2020G and until the date of this Prospectus; – Chairman of the Board of Directors, Alomaier Trading and Contracting Company, a closed joint stock company, contracting sector, since 2019G and until the date of this Prospectus.
Professional Experience:	– Executive Committee member, since 2022G and until the date of this Prospectus; – Nomination and Renumeration Committee member, since 2020G and until the date of this Prospectus; – General Director, Cherry Trading Company, a closed joint stock company, car rental service sector, from 2016G to 2020G; – General Director, Washm Company, a limited liability company, logistics services sector, from 2000G to 2016G; and – Sales Center Manager, National Agricultural Development Company, a public joint stock company, agriculture sector, from 1990G to 1999G.

5.2.4.3 Riyadh Ibrahim Romaizan Alromaizan, Director

Nationality:	Saudi
Age:	53 years
Position	Director.
Capacity	Executive / Non-Independent
Academic and Professional Qualifications:	Bachelor's Degree in Mechanical Engineering, King Saud University, Riyadh, Kingdom of Saudi Arabia, 1993G.
Appointment Date	13 Rabi' al-Awwal 1444H (corresponding to 9 October 2022G).
Memberships in Boards of Directors:	Director, since 2020G and until the date of this Prospectus.
Professional Experience:	– Chief Executive Officer, since 2016G and until the date of this Prospectus; – Executive Committee member, since 2022G and until the date of this Prospectus; – Chairman of the Executive Council, the Coordination Council for Recruitment Companies in the Kingdom of Saudi Arabia, an institution operating under the supervision of the Ministry of Human Resources and Social Development, since 2017G and until the date of this Prospectus ; – Vice Chairman of the National Committee for Human Resources Companies, a committee affiliated with the Federation of Saudi Chambers of Commerce, since 2021G and until the date of this Prospectus; – General Manager, Saudi Basic Industries Corporation (SABIC), a public joint stock company, chemicals and metals sector, from 2013G to 2016G; – High Density Polyethylene Business Director, Saudi Basic Industries Corporation (SABIC), a public joint stock company, chemicals and metals sector, from 2011G to 2013G; and – Key Account Sales Manager, Saudi Basic Industries Corporation (SABIC), a public joint stock company, chemicals and metals sector, from 2009G to 2011G.

5.2.4.4 Tariq Ali Mohammed Alawaji, Director

Nationality:	Saudi
Age:	52 years
Position	Company Director.
Capacity	Non-Executive / Non-Independent
Academic and Professional Qualifications:	– Bachelor's Degree in Politics and Economics, Ain Shams University, Cairo, the Arab Republic of Egypt, 1997G; and – Master's Degree in Public Administration, Clayton State University, Georgia, United States of America, 2001G.
Appointment Date	13 Rabi' al-Awwal 1444H (corresponding to 9 October 2022G).
Memberships in Boards of Directors:	Director, since 2012G and until the date of this Prospectus.
Professional Experience:	– Executive Director, Anmar Limited Company, a limited liability company, installation sector, since 2019G and until the date of this Prospectus; – General Manager, Khalda Group, a limited liability company, human resources sector, since 2018G and until the date of this Prospectus; – General Director, Khalda Trading Group, a limited liability company, trading and contracting sector, since 2018G and until the date of this Prospectus; – General Director, Khalda Security Guards Company, a limited liability company, security sector, since 2016G and until the date of this Prospectus; – Chief Executive Officer, Metro File Saudi Company, a limited liability company, information storage and management solutions sector, from 2013G to 2016G; – Deputy Manager, Khalda Group, a limited liability company, human resources sector, from 2004G to 2012G; and – Secretary, Ministry of Interior, a government ministry, from 1993G to 2004G.

5.2.4.5 Yousef Abdullah Ibrahem Alolayan, Director

Nationality:	Saudi
Age:	53 years
Position:	Director.
Capacity:	Non-Executive / Independent
Appointment Date:	13 Rabi' al-Awwal 1444H (corresponding to 9 October 2022G).
Academic and Professional Qualifications:	– Bachelor's Degree in Mechanical Engineering, King Saud University, Riyadh, Kingdom of Saudi Arabia, 1991G; – Master's Degree in Metallurgy, University of Sheffield, Sheffield, United Kingdom, 1999G; and – Ph.D in Engineering, University of Florida, Florida, United States of America, 2003G.
Memberships in Boards of Directors:	Director, since 2016G and until the date of this Prospectus.
Professional Experience:	– Chairman of Company Nomination and Remuneration Committee, since 2022G and until the date of this Prospectus; – Chairman of Company Executive Committee, since 2022G and until the date of this Prospectus; – Business Development General Manager, Ministry of Investment, a Government ministry, since 2017G and until the date of this Prospectus. – Chief Executive Officer, SEVEN Automotive Company, a limited liability company, automotive sector, from 2014G to 2017G; – Director, Corporate Strategy Development, Saudi Basic Industries Corporation (SABIC), a public joint stock company, chemicals and metals sector, from 2007G to 2013G; and – Senior Researcher, Saudi Basic Industries Corporation (SABIC), a public joint stock company, chemicals and metals sector, from 1993G to 2006G.

5.2.4.6 Ahmad Mohammed Saleh Aleisa, Director

Nationality:	Saudi
Age:	62 years
Position	Director.
Capacity	Non-Executive / Non-Independent
Academic and Professional Qualifications:	Bachelor's Degree in Civil Engineering, King Saud University, Riyadh, Kingdom of Saudi Arabia, 1984G.
Appointment Date	13 Rabi' al-Awwal 1444H (corresponding to 9 October 2022G).
Memberships of Boards of Directors:	– Director, since 2019G and until the date of this Prospectus; and – Board Member, Al-Ayuni Investment and Contracting Company, a closed joint stock company, contracting sector, since 2019G and until the date of this Prospectus.
Professional Experience:	– Nomination and Remuneration Committee member, since 2022G and until the date of this Prospectus; – Executive Director of the Comprehensive Development Programme for Tourism and Investment, Ministry of Tourism, a government ministry, from 2005G to 2015G; – General Manager of Passenger Transport, Ministry of Transport, a government ministry, from 1999G to 2003G; and – Director of the Department of Road Planning, Ministry of Transport, a government ministry, from 1983G to 1987G.

5.2.4.7 Abdulaziz Othman Mohammed Alnasser, Director

Nationality:	Saudi
Age:	60 years
Position	Director
Capacity	Non-Executive / Independent
Academic and Professional Qualifications:	– Bachelor's Degree in Business Administration, Imam Muhammad Ibn Saud Islamic University, Qassim, Kingdom of Saudi Arabia, in 1987G. – Diploma in Financial Control, Institute of Public Administration, Riyadh, Kingdom of Saudi Arabia, 1990G.
Appointment Date	13 Rabi' al-Awwal 1444H (corresponding to 9 October 2022G).
Memberships in Boards of Directors:	– Director, since 2022G and until the date of this Prospectus; – Audit Committee member, since 2022G and until the date of this Prospectus.
Past Professional Experience:	– Executive Vice President of Finance, Second Riyadh Health Cluster, Saudi Government entity, since 2021G and until the date of this Prospectus; – Executive Director of Finance and Accounts, King Fahad Medical City, Saudi Government entity, since 2017G and until the date of this Prospectus; – Chief Financial Officer, Second Riyadh Health Cluster, Saudi Government entity, from 2019G to 2021G; – Executive Director of Finance and Accounts, King Fahad Medical City, Saudi Government entity, from 2019G to 2021G; – Director of Finance, King Fahad Medical City, Saudi Government entity, from 2003G to 2017G; – Financial Accountant, Ministry of Health, Saudi Government entity, from 2002G to 2003G; – Charged with the functions of Director of Financial Management, General Directorate of Health Affairs, Saudi Government entity, in 2022G; – Charged with the functions of Assistant Director of Financial Management and Head of Accounting Department, General Directorate of Health Affairs, Saudi Government entity, in 1994G; – Director of Financial Management, General Directorate of Health Affairs, Saudi Government entity, in 1993G; – Director of Department of Tenders, General Directorate of Health Affairs, Saudi Government entity, from 1992G to 1993G; – Financial Inspector, General Directorate of Health Affairs, Saudi Government entity, from 1991G to 1997G; – Accountant, General Directorate of Health Affairs, Saudi Government entity, from 1990G to 1991G; and – Accountant, General Directorate of Health Affairs, Saudi Government entity, from 1987G to 1988G.

5.2.4.8 Faisal Khaled Ali Alrowis, Board Secretary

Nationality:	Saudi
Age:	35 years
Position	Board Secretary
Academic and Professional Qualifications:	Bachelor's Degree in Law, King Saud University, Riyadh, Kingdom of Saudi Arabia, in 2011G.
Appointment Date:	13 Rabi' al-Awwal 1444H (corresponding to 9 October 2022G).
Memberships in Boards of Directors:	None.
Past Professional Experience:	– Board of Director's Secretary, since 2022G and until the date of this Prospectus; – Lawyer, Alrowis Law Firm, a professional company, legal advisory services sector, since 2016G and until the date of this Prospectus; – Notary, Ministry of Justice, a government ministry, since 2014G and until the date of this Prospectus; – Legal adviser, Salvatore Trifone and Sons S.P.A., an Italian public joint stock company, investment sector, from 2015G to 2017G; and – Investigator and Public Prosecutor, Control and Investigation Board, a governmental entity, from 2013G to 2015G.

5.3 Company Committees

The has various committees established by its General Assembly and Board of Directors to optimise the management of the Company and to meet relevant regulatory requirements. Each Committee is required to have clear rules identifying their role, powers and responsibilities. Minutes must be prepared for each meeting of each Committee (which are submitted to the Board of Directors for review).

The following is a summary of the structure, responsibilities and current members of each permanent Committee:

5.3.1 Audit Committee

5.3.1.1 Responsibilities of the Audit Committee

The Audit Committee assists the Board with oversight of: (i) the integrity, effectiveness and accuracy of the Company's financial statements, reports, and internal control system; (ii) the Company's compliance with legal and regulatory requirements, and the rules of professional conduct; (iii) the qualifications and independence of the Company's external auditors; (iv) the performance of the Company's internal audit and external auditors; and (v) the evaluation and supervision of the risk management system in the Company and the relevant procedures in this regard. The charter for the Audit Committee was approved and adopted by the General Assembly resolution dated 29 Shawwal 1443H (corresponding to 30 May 2022G). The responsibilities of the Audit Committee further include the following:

(a) Financial Statements and Reports:

- Reviewing significant issues related to accounting and reporting matters, including complex and unusual transactions, critical discretionary areas and emerging professional and organisational announcements, and assessing their impact on the financial statements;
- reviewing material and unusual issues included in the Company's financial statements and reports, and reviewing issues raised by the Chief Financial Officer (or his/her delegate), compliance officer or the external auditor;
- reviewing the results of the external audit, along with the management and the external auditor, including any difficulties encountered;
- studying and commenting on the Company's interim and annual financial statements, and making recommendations in this regard to the Board prior to their submission to the Board to ensure the validity, integrity and transparency thereof; and considering whether they are complete and consistent with the information that the members are aware of and whether they reflect appropriate accounting principles and policies;
- reviewing other sections of the annual report and related organisational files before they are issued, and considering the accuracy and completeness of the information;
- reviewing all of the issues that must be referred to the Committee in light of the generally accepted auditing standards, in cooperation with the management and the external auditor;
- considering and commenting on the accounting policies followed by the Company, and making recommendations to the Board in respect of the same;

- identifying how the management develops preliminary financial information, and the nature and extent of involvement of the Internal Audit Department and the external auditor;
- providing a technical opinion, at the request of the Board, on whether the Board's report and Company's financial statements are fair, balanced and understandable and contain information that enables the Shareholders and investors to assess the Company's financial position, performance, business model and strategy; and
- examining accounting estimates with regard to significant matters contained in the Company's financial statements and reports.

(b) Internal Control:

- Considering and reviewing the Company's internal and financial control and risk management systems and the effectiveness thereof, including IT security and controls; and
- understanding the scope of the internal audit of financial reports by the Internal Audit Department, and obtaining reports that include important findings and recommendations, and management's observations and comments.

(c) Internal Audit:

- Adopting the internal audit charter;
- reviewing the performance and activities of the Head of the Internal Audit Department, and ensuring that there are no unjustified restrictions on his/her activities, and making recommendations to the Board with respect to his/her appointment, dismissal, annual remuneration and salary;
- overseeing and supervising the performance and activities of the Company's Internal Audit Department to verify the availability of the necessary resources and the effectiveness thereof in performing the tasks and duties assigned thereto in accordance with appropriate professional standards;
- approving the annual audit plan and all of the changes to it, and reviewing the performance and activities of the Internal Audit Department compared to the plan set for it;
- working with the Head of the Internal Audit Department to review the internal audit budget, resource plan, activities and organisational structure for the internal audit duties;
- reviewing the Company's internal audit procedures;
- considering internal audit reports, and following up on the implementation of corrective measures with regard to the observations contained therein; and
- meeting separately with the Head of the Internal Audit Department on a regular basis to discuss any matters that the Committee or Internal Audit Department deem necessary to be discussed in private sessions.

(d) External Auditors:

- Reviewing the external auditors' proposed audit scope, approach and plan, and providing an opinion thereon, including coordinating audit efforts with internal audit activities;
- recommending that the Board nominate, dismiss and determine the fees of the external auditor, and reviewing the scope of the work thereof and the terms of contract with the same, provided that the recommendation takes into account the independence of the external auditor;
- reviewing the performance of the external auditor, supervising the activities thereof, and approving any activity outside the scope of audit work assigned thereto during the performance of the duties thereof;
- studying the external auditor's report, observations and reservations on the Company's financial statements, and following up on the relevant actions;
- verifying the independence, objectivity and fairness of the external auditor, and the effectiveness of auditing, taking into account the relevant rules and standards, and making recommendations to the Board in this regard;
- verifying that the external auditor is not providing technical or management services outside the scope of the audit work, and making recommendations to the Board in this regard;
- meeting separately with the external auditor on a regular basis to discuss any matters that the Committee or external auditor deems necessary to be discussed in private sessions;
- responding to the inquiries of the external auditor; and
- settling any disputes that arise between the management and the external auditor regarding financial reporting.

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(e) Compliance:

- Verifying and monitoring the Company's compliance with the applicable laws, regulations, policies and instructions;
- reviewing the effectiveness of the control system, ensuring compliance with laws and regulations, the results of investigations conducted by management, and following up on any non-compliance (including taking disciplinary action);
- reviewing reports and results of investigations conducted by competent auditors and supervisors in addition to any remarks made by the external auditor or internal auditors, and guaranteeing that the Company is taking the required measures in this regard.
- reviewing the process of communicating the rules of professional conduct to the Company's employees and observing compliance with the same;
- reviewing the contracts and transactions to be entered into by the Company with related parties, and making recommendations to the Board in relation to the same;
- ensuring that appropriate arrangements are put in place and implemented to allow for the confidential and anonymous submission by the Company's employees of concerns regarding financial, accounting or auditing matters or cases of non-compliance through a reasonable mechanism; and
- obtaining regular updates from the Company's management and legal advisor regarding compliance issues.

(f) Risk Management

- Reviewing, adopting and overseeing the risk management strategy and policies in light of the nature and size of the Company's activities, and updating such strategy and policies based on the internal and external changes and developments related to the Company;
- reviewing and recommending to the Board the appropriate and acceptable degree of risk that the Company may undertake, and ensuring that it does not exceed such degree;
- overseeing the Company's risk management system and evaluating the effectiveness of the systems and procedures used to identify and control risks which the Company is exposed to in order to identify areas of deficiencies;
- submitting recommendations to the Board with regard to matters related to risk management;
- ensuring the adequacy of resources and systems for risk management;
- reviewing the Company's organizational structure for risk management and submitting recommendations related thereto, prior to its adoption by the Board; and
- verifying the independence of risk management personnel from activities that may expose the Company to risks.

(g) Reporting:

- Submitting periodic reports to the Board regarding the Committee's identified activities and issues and providing recommendations to the Board that it deems appropriate in any matter within its competencies, as necessary;
- providing an open avenue of communication amongst the Internal Audit Management, the external auditor and the Board;
- providing an annual report to the Shareholders describing the Committee's formation, duties and performance of such duties in addition to such other information as may be required by applicable rules, including approving services outside the auditing scope;
- reviewing any other reports on the Committee's responsibilities issued by the Company;
- preparing an annual written report assessing the adequacy and efficiency of the Company's internal control, financial and risk management systems, including information technology security and controls, and its recommendations in respect thereof, as well as the tasks undertaken by the Committee within its competence. Copies of the report should be made available for collection by the Company's Shareholders at the Company's head office and published on the website of the Company and the Exchange at the time of publishing the invitation to convene the relevant annual General Assembly meeting. A copy of the report should be read out at that meeting; and
- preparing a written report to the Board regarding the Company's internal audit procedures and the Committee's recommendations in this regard.

(h) Miscellaneous:

- Performing such other activities related to the Audit Committee Charter, as requested by the Board;
- instituting and overseeing special investigations as needed;
- reviewing and assessing the adequacy and propriety of the Audit Committee Charter on a yearly basis, providing recommendations to the Board in this regard, and guaranteeing that necessary disclosures are made according to relevant laws and regulations.
- Confirming, on a yearly basis, that all of the responsibilities set forth in the Audit Committee Charter are performed; and
- Regularly assessing the performance of the Committee and its member.

5.3.1.2 Audit Committee Members Remuneration

Any remuneration awarded to members of the Audit Committee shall be in the form and amount determined by the General Assembly on the recommendation of the Board, in accordance with applicable regulations and best market practices.

5.3.1.3 Audit Committee Members

The Audit Committee shall be formed by an Ordinary General Assembly resolution and shall consist of at least three and no more than five members from among the Shareholders or others; provided that (i) at least one member is an Independent Director; (ii) no Executive Director is a member or Chairman; (iii) there are not less than three members and not more than five members; (iv) one of its members is specialised in finance and accounting; and (v) it does not include a person who worked during the two previous years in the executive or financial management of the Company or who has audited the Company's accounts. The Audit Committee convenes periodically, but at least four meetings are held during the Company's financial year. The internal auditor and the external auditor may call for a meeting with the Audit Committee at any time as may be necessary.

The Audit Committee was formed, and its members were appointed according to the Company's Ordinary General Assembly resolution dated 26 Rabi' al-Awwal 1444H (corresponding to 20 October 2022G), for a term of three years. The Audit Committee is comprised of the following members as of the date of this Prospectus:

Table No. (5.3): Audit Committee Members

Name	Role
Sulaiman Abdullah Mohammed Alnuwasier	Chairman
Abdulaziz Othman Mohammed Alnasser	Member
Abdullah Ahmed Mohammed Alghamdi	Member

Source: The Company.

5.3.1.4 Biographies of the Members of the Audit Committee

The experience, qualifications and current and other positions of the members of the Audit Committee are set out below:

(a) Sulaiman Abdullah Mohammed Alnuwasier, Audit Committee Chairman

Nationality:	Saudi
Age:	60 years
Position	Audit Committee Chairman.
Academic and Professional Qualifications:	Bachelor's Degree in Administrative Sciences- Accounting, King Saud University, Riyadh, Kingdom of Saudi Arabia, 1983G.
Appointment Date	24 July 2017G
Current Positions:	– Audit Committee Chairman, since 2017G; – Member of the Board of Directors, Al-Ayuni Investment and Contracting Company, a closed joint stock company, investments and contracting sector, since 2016G; and – Member of the Supervisory Board, the SABIC Employees Charitable Fund, a charitable fund, since 2019G.
Past Professional Experience:	– Head of Internal Audit, National Industrialization Company, a public joint stock company, industrial investments sector, from 2010G to 2013G; – General Manager of Internal Audit, Saudi Basic Industries Corporation (SABIC), a public joint stock company, chemicals and metals sector, from 2002G to 2010G; and – General Manager of Accounting, Saudi Basic Industries Corporation, a public joint stock company, chemicals and metals sector, from 1998G to 2002G.

(b) Abdulaziz Othman Mohammed Alnasser, Audit Committee Member

See Section 5.2.4.7 (*Abdulaziz Othman Mohammad Alnasser, Director*) for further details regarding experience, qualifications and the current and previous positions of Abdulaziz Othman Mohammed Alnasser.

(c) Abdullah Ahmed Mohammed Alghamdi, Audit Committee member

Nationality:	Saudi
Age:	52 years
Position	Audit Committee Member.
Academic and Professional Qualifications:	Bachelor's Degree in Accounting, King Abdulaziz University, Jeddah, Kingdom of Saudi Arabia, 1992G.
Appointment Date	2 February 2020G.
Current Positions:	– Audit Committee member, since 2020G; and – Advisor, SABIC Agri-Nutrients Company, a public joint stock company, manufacturing sector, since 2020G.
Past Professional Experience:	– Finance and Planning Director, SABIC Agri-Nutrient Company, a public joint stock company, manufacturing sector, from 2013G to 2019G; – Financial Controller, Maaden Aluminium Company, a limited liability company, manufacturing sector, from 2009G to 2012G; and – Manager of Controlling Department, Saudi Basic Industries Corporation, a public joint stock company, chemicals and metals sector, from 1997G to 2008G.

5.3.2 Nomination and Remuneration Committee

5.3.2.1 Responsibilities of the Nomination and Remuneration Committee

The Nomination and Remuneration Committee oversees the nomination of Directors to the Board of Directors and the remuneration of the Directors and Senior Executives. The charter for the Nomination and Remuneration Committee was approved and adopted by the General Assembly resolution dated 29 Shawwal 1443H (corresponding to 30 May 2022G). The duties and responsibilities of the Nomination and Remuneration Committee are mainly to: (i) lead the process of nominating and evaluating the Directors, Senior Executives and employees of the Company; (ii) ensuring the effectiveness and soundness of the Company's Board and Executive Management structures and the relevant internal policies and procedures; and (iii) assisting the Board in the review and determination of the remuneration of Directors, members of the committees of the Company, Senior Executives and employees of the Company. The responsibilities of the Nomination and Remuneration Committee further include the following:

(a) Nomination

- Preparing, recommending to the Board, and overseeing policies and criteria in relation to the appointment of Directors and members of the Company's Executive Management (the "**Nomination Policy**");
- ensuring that all necessary and appropriate inquiries are made into the backgrounds and qualifications of such candidates before recommending them to the Board for nomination;
- recommending to the Board candidates for nomination (or re-nomination) to the Board in accordance with the applicable law and the Nomination and Remuneration Committee Charter;
- at least annually reviewing, assessing and recommending to the Board the skills, qualifications and credentials required for membership in the Board and the Company's Executive Management, including setting the time commitment required for such membership and the job specifications for executive, non-executive, and independent Directors and members of the Company's Executive Management;
- verifying on an annual basis the independence of each independent Director in accordance with the applicable law and the absence of any conflicts of interest, in the event that a Director also serves as a member of the board of directors of another company;
- periodically reviewing and making recommendations to the Board concerning the succession plans for Directors and Senior Executives, taking into account the challenges and opportunities facing the Company, as well as the skills and expertise required in the future;
- evaluating and recommending to the Board potential candidates for Executive Management positions in the Company and, in particular, assisting the Board in selecting, developing, and evaluating potential candidates for the position of Chief Executive Officer; and
- developing and periodically reviewing procedures for filling vacancies in the Board and the Company's Executive Management, and making recommendations to the Board regarding the selection and approval of candidates to fill such vacancies.

(b) Review and Assessment

- Regularly reviewing the structure, size, composition, strengths and weaknesses of the Board (including their skills, knowledge and experience) and the Company's Executive Management and making appropriate recommendations to the Board that are compatible with the interests of the Company;
- developing and overseeing an orientation programme for new Directors; and
- developing, recommending and overseeing an annual self-evaluation process for the Directors and certain Senior Executives of the Company.

(c) Remuneration

- Preparing, recommending and overseeing the implementation and disclosure of a policy for the remuneration of Directors, executives of the Company, and members of the committees of the Board (the "Remuneration Policy"), which shall be presented before the General Assembly for approval;
- preparing an annual report on the remuneration and other payments (in cash or in kind) received by the Directors, Executive Management and members of the Board committees, and the basis for the remuneration received with respect to the Remuneration Policy (including a description of any significant departures from the Remuneration Policy) (the "Annual Report on Remuneration"), for presentation before the Board for consideration;
- regularly reviewing and assessing the effectiveness and appropriateness of the Remuneration Policy and making recommendations to the Board in relation to the same;
- recommending to the Board the form and amount of remuneration to be granted to the Directors, Senior Executives of the Company, and members of the Board committees, in accordance with the approved Remuneration Policy;
- reviewing and making recommendations to the Board regarding the Company's incentive plans for Directors and employees, including in relation to adopting, amending and terminating such plans;
- preparing and overseeing a career progression framework for the Company's employees, detailing, among other things, the general range of professional ranks and levels, salary scale, benefits and allowances (in cash or in kind) for the relevant professional rank and level; and
- preparing all disclosures required under the policies of the Company and any laws, regulations, or rules to which the Company is subject, including, at a minimum, disclosures related to the Remuneration Policy and the Annual Report on Remuneration, and disclosures regarding remuneration in the annual report of the Board.

(d) Miscellaneous

- Performing such other related activities as requested by the Board.

5.3.2.2 Nomination and Remuneration Committee Members Remuneration

Any remuneration awarded to members of the Nomination and Remuneration Committee shall be in the form and amount determined by the General Assembly on the recommendation of the Board, in accordance with applicable regulations and best market practices.

5.3.2.3 Nomination and Remuneration Committee Members

The Nomination and Remuneration Committee consists of at least three and no more than five members. Members of the Nomination and Remuneration Committee may not be executive members of the Board of Directors, and there shall be at least one Independent Director among them. The Chairman of the Nomination and Remuneration Committee must be an Independent Director. The Nomination and Remuneration Committee shall convene periodically, but at least twice every financial year. Additional meetings may be held from time to time at the request of the Board or any of the members.

The Nomination and Remuneration Committee was formed, and its members were appointed pursuant to the Board of Directors' resolution dated 20 Rabi' al-Awwal 1444H (corresponding to 16 October 2022G). Their membership shall start from the day of their appointment and last for a term of three years. The Nomination and Remuneration Committee is comprised of the following members as of the date of this Prospectus:

Table No. (5.4): Nomination and Remuneration Committee Members

Name	Role
Yousef Abdullah Ibrahem Alolayan	Chairman
Abdullah Ibrahim Mohammed Alomaier	Member
Ahmad Mohammed Saleh Aleisa	Member

Source: The Company.

5.3.2.4 Biographies of the Members of the Nomination and Remuneration Committee

The experience, qualifications and the current and other positions of the members of the Nomination and Remuneration Committee are set out below:

(a) Yousef Abdullah Ibrahem Alolayan, Chairman of the Nomination and Remuneration Committee

See Section 5.2.4.5 (*Yousef Abdullah Ibrahem Alolayan, Director*) for further details regarding experience, qualifications and the current and previous positions of Yousef Abdullah Ibrahem Alolayan.

(b) Abdullah Ibrahim Mohammed Alomaier, Member of the Nomination and Remuneration Committee

See Section 5.2.4.2 (*Abdullah Ibrahim Mohammed Alomaier, Vice Chairman*) for further details regarding experience, qualifications and the current and previous positions of Abdullah Ibrahim Mohammed Alomaier.

(c) Ahmad Mohammed Saleh Aleisa, Member of the Nomination and Remuneration Committee

See Section 5.2.4.6 (*Ahmad Mohammed Saleh Aleisa Director*) for further details regarding experience, qualifications and the current and previous positions of Ahmad Mohammed Saleh Aleisa.

5.3.3 Executive Committee

5.3.3.1 Responsibilities of the Executive Committee

The Executive Committee shall have the right to exercise all the authorities delegated to it by the Board and shall supplement the role of the Board within the set limits in the interim period between meetings of the Board. The exercise of such authorities by the Committee shall not prejudice the authority reserved for the Board. The charter for the Executive Committee was approved and adopted by the General Assembly resolution dated 18 Shawwal 1443H (corresponding to 19 May 2022G). The responsibilities of the Executive Committee further include the following:

(a) Review and Assessment

- Reviewing and providing recommendations on the following matters where applicable:
  - (i) annual operating plans, and capital expenditure budgets and any material changes to them;
  - (ii) interim and annual declarations and the distribution of dividends;
  - (iii) changes in the Company's share capital and/or equity;
  - (iv) approval of the Company's investor relations website framework and content (through which the Company communicates with its shareholders);
  - (v) the Company's investment plans and strategies, including expansion into new business sectors or new geographic areas;
  - (vi) any decision to cease to operate all, or any material part, of the Company's business operations;
  - (vii) joint-ventures, acquisitions and divestments in line with long term business, financial and operating plans;
  - (viii) financing agreements and related security arrangements; and
  - (ix) changes in delegation levels as specified in the Company's authority matrix.

(b) Miscellaneous

- Performing such other tasks as delegated to it by the Board of Directors from time-to-time.

5.3.3.2 Executive Committee Members

The Executive Committee consists of at least three and no more than five members. Members of the Executive Committee may be executive and/or non-executive members of the Board of Directors. The Executive Committee shall convene periodically, but at least four times every financial year. Additional meetings may be held from time to time at the request of the chairman of the Executive Committee or any of its members.

The Executive Committee was formed, and its members were appointed pursuant to the Board of Directors' resolution dated 20 Rabi-al-Awwal 1444H (corresponding to 16 October 2022G). Their membership shall start from the day of their appointment and last for a term of three years. The Executive Committee consists of the following members, whose names are as of the date of this Prospectus:

Table No. (5.5): Executive Committee Members

Name	Role
Yousef Abdullah Ibrahem Alolayan	Chairman
Abdullah Ibrahim Mohammed Alomaier	Member
Riyadh Ibrahim Romaizan Alromaizan	Member

Source: The Company.

5.3.3.3 Biographies of the Members of the Executive Committee

The experience, qualifications and the current and other positions of the members of the Executive Committee are set out below:

(a) Yousef Abdullah Ibrahem Alolayan

See Section 5.2.4.5 (*Yousef Abdullah Ibrahem Alolayan, Director*) for further details regarding experience, qualifications and the current and previous positions of Yousef Abdullah Ibrahem Alolayan.

(b) Abdullah Ibrahim Mohammed Alomaier

See Section 5.2.4.2 (*Abdullah Ibrahim Mohammed Alomaier, Vice Chairman*) for further details regarding experience, qualifications and the current and previous positions of Abdullah Ibrahim Mohammed Alomaier.

(c) Riyadh Ibrahim Romaizan Alromaizan

See Section 5.2.4.3 (*Riyadh Ibrahim Romaizan Alromaizan, Director*) for further details regarding experience, qualifications and the current and previous positions of Riyadh Ibrahim Romaizan Alromaizan.

5.4 Executive Management

5.4.1 Overview of Executive Management

The Executive Management of the Company is comprised of qualified and experienced members with the necessary knowledge and expertise to run the Company's business in line with the objectives and directives of the Board of Directors and the Shareholders. The Company has been successful in recruiting and retaining its Executive Management team, developing qualified employees and promoting them to senior positions in the Company.

5.4.2 Senior Executives of the Company

The experience, qualifications and the current and other positions of each Senior Executive as of the date of this Prospectus are set out below:

Table No. (5.6): Details of Senior Executives

Name	Position	Appointment Date	Nationality	Age (Years)	Number of Shares Held Pre-Offering	Number of Shares Held Post-Offering
Riyadh Ibrahim Romaizan Alromaizan[1]	Chief Executive Officer	29 Sha'ban1437H (corresponding to 5 June 2016G)	Saudi	53	235,292	164,704
Abdulaziz Saleh Mohammed Alsowail	Executive Vice President	9 Shawwal 1441H (corresponding to 1 June2020G)	Saudi	44	15,000	10,500
Tarek Fouad Mahmoud	Chief Financial Officer	4 Rabi' al-Awwal 1435H (corresponding to 5 January 2014G)	Egyptian	55	-	-
Fahd Turki Ahmed Alturki	Chief Operation Officer	21 Rabi' al-Thani 1437H (corresponding to 31 January 2016G)	Saudi	59	-	-
Mohammed Sammer Haj	Executive Director of Corporate Sales	19 Ramadan 1439H (corresponding to 3 June 2018G)	Syrian	39	-	-
Anas Sameer Alhaj	Executive Director of Individuals Sales and Operation	4 Muharram 1441H (corresponding to 1 September 2019G)	Syrian	40	-	-
Essam Faheed Saad Alorabi	Chief Human Resources Officer	21 Rabi' al-Thani 1437H (corresponding to 1 February 2016G)	Saudi	45	-	-
Khaled Hussain Fatani	Acting Executive Director of Recruitment and International Relations	11 Sha'ban 1443H (corresponding to 14 March 2022G)	Saudi	37	-	-

Source: The Company.

(1) Riyadh Ibrahim Romaizan Alromaizan was appointed as Director for the previous Board of Directors session on 11 Safar 1441H (corresponding to 10 October 2019G) and the current session on 13 Rabi' al-Awwal 1444H (corresponding to 9 October 2022G).

5.4.3 Biographies of Senior Executives

The experience, qualifications and the current and other positions of each Senior Executive as of the date of this Prospectus are set out below:

5.4.3.1 Riyadh Ibrahim Romaizan Alromaizan, Chief Executive Officer

See section 5.2.4.3 (*Riyadh Ibrahim Romaizan Alromaizan, Director*) for further details regarding experience, qualifications and the current and previous positions of Riyadh Ibrahim Romaizan Alromaizan.

5.4.3.2 Abdulaziz Saleh Mohammed Alsowail, Executive Vice President

Nationality:	Saudi
Age:	44 years
Academic and Professional Qualifications:	– Bachelor's Degree in Quantitative Methods, King Saud University, Al Qassim, Kingdom of Saudi Arabia, 2000G; and – Master's Degree in Business Administration, University of Hull, Hull, United Kingdom, 2007G.
Appointment Date	1 June 2020G.
Current Positions:	Executive Vice President, since 2020G.
Past Professional Experience:	– Chief Executive Officer, Own Financing Company, a closed joint stock, financing sector, from 2018G to 2020G; – Head of Banking Inspection, Saudi Central Bank, a governmental entity, from 2015G to 2018G; – Team Leader of Banking Inspection, Saudi Central Bank, a governmental entity, from 2012G to 2014G; and – Banking Inspector, Saudi Central Bank, a governmental entity, from 2001G to 2011G.

5.4.3.3 Tarek Fouad Mahmoud, Chief Financial Officer

Nationality:	Egyptian
Age:	55 years
Academic and Professional Qualifications:	– Bachelor's Degree in Commerce, Cairo University, Cairo, the Arab Republic of Egypt, 1988G; – Certified Public Accountant, Egyptian Society of Accountants and Auditors (ESAA), Cairo, the Arab Republic of Egypt, 1993G; – Fellow of the Egyptian Society of Accountants and Auditors (ESAA), Cairo, the Arab Republic of Egypt, 1993G; and – Member of the Egyptian Tax Association, Cairo, the Arab Republic of Egypt, 1992G.
Appointment Date	5 January 2014G.
Current Positions:	Chief Financial Officer, since 2014G.
Past Professional Experience:	– Executive Director, BDO- Dr. Mohamed AL-Amri & Co., BDO, a limited liability company, financial and administrative consultancy sector, from 1996G to 2013G; and – Senior Auditor, KPMG- Hazem Hassan & Co., Egyptian partnership, financial and tax advisory services sector, from 1990G to 1995G.

5.4.3.4 Fahd Turki Ahmed Alturki, Chief Operation Officer

Nationality:	Saudi
Age:	59 years
Academic and Professional Qualifications:	Bachelor's Degree in Business Administration, King Saud University, Riyadh, Kingdom of Saudi Arabia, 1985G.
Appointment Date	31 January 2016G
Current Positions:	Chief Operation Officer, since 2016G.
Past Professional Experience:	– Human Resources and Support Service Director, Alessa Industries Company, a closed joint stock company, home appliances and electronics manufacturing sector, from 2013G to 2016G; – Executive Manager of Human Resources and Administration, Aljeri Transportation Company, a closed joint stock company, transportation services sector, from 2010G to 2013G; – General Manager of Human Resources and Administration, Elajou Group, a closed joint stock company, office and medical equipment sector, from 2008G to 2010G; – Human Resources Director of the Central Region, Siemens Company, a closed joint stock company, energy, medical, building technology, and telecommunications sector, from 2005G to 2008G; – Assistant Director for Human Resources and Administration, Alwatania Poultry, a closed joint stock company, food production sector, from 2002G to 2005G; – Office Manager, NAN Food Distribution, a closed joint stock company, food distribution sector, from 1991G to 2001G; and – Human Resources Specialist, Ministry of Health, a governmental ministry, from 1985G to 1990G.

5.4.3.5 Mohammed Sammer Haj, Executive Director of Corporate Sales

Nationality:	Syrian
Age:	39 years
Academic and Professional Qualifications:	Pharmaceutical Diploma, Tishreen University, Latakia, the Syrian Arab Republic, 2001G.
Appointment Date	3 June 2018G.
Current Positions:	Executive Director of Corporate Sales, since 2018G.
Past Professional Experience:	– Regional Sales Manager, Tamer Group, a closed joint stock company, healthcare and pharmaceutical sector, from 2009G to 2018G; – Sales Manager, Tamer Group, a closed joint stock company, healthcare and pharmaceutical sector, from 2008G to 2009G; – Marketing supervisor, Tamer Group, a closed joint stock company, healthcare and pharmaceutical sector, from 2006G to 2007G; and – Sales Representative, Tamer Group, a closed joint stock company, healthcare and pharmaceutical sector, from 2003G to 2005G.

5.4.3.6 Anas Sameer Alhaj, Executive Director of Individuals Sales and Operation

Nationality:	Syrian
Age:	40 years
Academic and Professional Qualifications:	Bachelor's Degree in Business Administration and Economics, Damascus University, Damascus, the Syrian Arab Republic, 2006G.
Appointment Date	1 September 2019G.
Current Positions:	Executive Director of Individuals Sales and Operation, since 2019G.
Past Professional Experience:	Regional Manager, Aldaham Company, a limited liability company, retail sector, from 2016G to 2019G; General Manager, Holoul Afna IT Company, a sole proprietorship, technology sector, from 2013G to 2016G; and Area Manager, Kamal Osman Jamjoom Company, a limited liability company, retail sector, from 2002G to 2013G

5.4.3.7 Essam Faheed Saad Alorabi, Chief Human Resources Officer

Nationality:	Saudi
Age:	45 years
Academic and Professional Qualifications:	Bachelor's Degree in Business Administration, Imam Mohammad Ibn Saud Islamic University, Riyadh, Kingdom of Saudi Arabia, 2014G.
Appointment Date	1 February 2016G
Current Positions:	Chief Human Resources Officer, since 2016G.
Past Professional Experience:	– Human Resources Manager, Al Rajhi Bank, a public joint stock company, banking sector, from 2013G to 2016G; – Payroll Manager, STC Channels, a closed joint stock company, telecommunications services sector, from 2009G to 2014G; – Riyadh City Supervisor, Arabian Oud, a closed joint stock company, retail sector, from 2005G to 2008G; and – Customer Services Representative, Jarir Marketing Company, a public joint stock company, from 2003G to 2004G.

5.4.3.8 Khaled Hussain Fatani, Acting Executive Director of Recruitment and International Relations

Nationality:	Saudi
Age:	37 years
Academic and Professional Qualifications:	Bachelor's Degree in General Management, King Abdulaziz University, Jeddah, Kingdom of Saudi Arabia, 2010G.
Appointment Date	14 March 2022G
Current Positions:	Acting Executive Director of Recruitment and International Relations, since 2022G.
Past Professional Experience:	– Company's Overseas Recruitment Director, from 2018G to 2022G; – Company's Customer Service Manager, from 2016G to 2018G; – Company's Client Relations and Call Center Manager, from 2015G to 2016G; – Company's Branches Network Officer, from 2014G to 2015G; – Manager of Compliance Department, Phone Banking and Customer Service, Samba Financial Group (currently merged with Saudi National Bank), a public joint stock company, banking and financial services sector, from 2010G to 2014G; – Supervisor of Talent Management Unit, Phone Banking and Customer Service, Samba Financial Group (currently merged with Saudi National Bank), a public joint stock company, banking and financial services sector, from 2009G to 2010G; – Supervisor of Quality Assurance, Phone Banking and Customer Service, Samba Financial Group (currently merged with Saudi National Bank), a public joint stock company, banking and financial services sector, from 2008G to 2009G; – Customer Service Team Supervisor, Phone Banking and Customer Service, Samba Financial Group (currently merged with Saudi National Bank), a public joint stock company, banking and financial services sector, from 2007G to 2008G; – Customer Service Representative, Phone Banking and Customer Service, Samba Financial Group (currently merged with Saudi National Bank), a public joint-stock company engaged in the banking and financial services, from 2006G until 2007G; and – Coordinator of Human Resources and Joint Units, Phone Banking and Customer Service, Samba Financial Group (currently merged with Saudi National Bank), a public joint stock company, banking and financial services sector, from 2004G to 2006G.

5.4.4 Employment Contracts with Chief Executive Officer and Chief Financial Officer

The following table shows a summary of the Company's contracts with the Chief Executive Officer and Chief Financial Officer:

Table No. (5.7): Summary of Employment Contracts Concluded with the Chief Executive Officer and Chief Financial Officer

Name	Title	Appointment Dated	Date of Contract Conclusion	Term of Contract
Riyadh Ibrahim Romaizan Alromaizan	Chief Executive Officer	29 Sha'ban1437H (corresponding to 5 June 2016G)	7 Thul-Qi'dah 1443H (corresponding to 6 June 2022G)	two years, renewed upon the execution of a new contract.
Tarek Fouad Mahmoud	Chief Financial Officer	4 Rabi' al-Awwal 1435H (corresponding to 5 January 2014G)	4 Rabi' al-Awaal 1435H (corresponding to 5 January 2014G)	Two years, automatically renewable unless either party notifies the other party 30 days prior to the expiration of the contract.

Source: The Company.

The duties and responsibilities of the Chief Executive Officer can be summarised as follows:

- managing the day-to-day affairs and business of the Company;
- proposing and developing the Company's short- and long-term strategy and overall commercial objectives, in close consultation with the Board of Directors;
- implementing the resolutions of the Board of Directors and the Committees;
- providing input to the Chairman on the Board of Directors meeting agenda;
- ensuring the provision of accurate and clear information to the Board of Directors in a timely manner; and
- ensuring that all material matters affecting the Company are brought to the attention of the Board of Directors.

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The duties and responsibilities of the Chief Financial Officer can be summarised as follows:

- assisting in the formulation of the Company's objectives and leading the Company's financial planning process;
- leading the financial reporting process and strengthening the Company's internal control systems;
- optimizing the Company's cash flow, liquidity and working capital facilities; and
- managing the financial forecast and budget processes and supervising the preparation of the Company's financial statements.

5.5 Remuneration of Directors and Senior Executives

Pursuant to the Company's Bylaws, the remuneration of Directors shall be determined in accordance with the Ministry of Commerce's relevant official resolutions and instructions, the provisions of the Companies Law, any other complementary laws thereto and the Company's Bylaws and Remuneration Policy. In addition, attendance and transportation allowances shall be determined by the Board of Directors in accordance with the applicable laws, resolutions and instructions in the Kingdom as passed by the concerned authorities.

In accordance with Article 76 of the Companies Law, the maximum annual remuneration for each Director shall be SAR 500,000.

The following table sets out the remuneration of the Directors and top five Senior Executives (including the Chief Executive Officer and the Chief Financial Officer) granted by the Company and its Subsidiaries for the financial years ended 31 December 2019G, 2020G and 2021G, and the six-month period ended 30 June 2022G. Neither the Directors, nor Committee Members, nor Senior Executives received any benefits in-kind.

Table No. (5.8): Directors and Top Five Senior Executives Remuneration in the Financial Years Ended 31 December 2019G, 2020G and 2021G, and the Six-Month Period Ended 30 June 2022G.

	Financial Year Ended 31 December			Six-Month Period Ended 30 June 2022G
	2019G	2020G	2021G	
	(SAR Million)			
Directors	1.18	1.20	1.30	0.65
Members of the Committees	0.17	0.22	0.22	0.18
Top Five Senior Executives (including CEO and CFO)	4.78	5.21	6.15	3.5
Total	**6.13**	**6.57**	**7.85**	**4.33**

Source: The Company.

5.6 Corporate Governance

The Company's policy is to adopt high standards of corporate governance, and the Company's Board of Directors undertakes to comply with the Corporate Governance Regulations issued by the CMA on 16 Jumada al-Ula 1438H (corresponding to 13 February 2017G), as amended on 24 Muharram 1444H (corresponding to 22 August 2022G).

The Corporate Governance Regulations set out the rules and standards that regulate the management of the Company to ensure compliance with the best corporate governance practices to protect the rights of the Shareholders and other stakeholders. The provisions of the Corporate Governance Regulations are mandatory, except for certain provisions that are designated as guiding provisions.

The Company's internal Corporate Governance Manual, which was adopted by the Board of Directors on 18 Shawwal 1443H (corresponding to 19 May 2022G), includes provisions in relation to the following:

- the rights of the Shareholders;
- the Board of Directors (including the Board's formation, membership, meetings, working procedures, competencies, duties and powers, development, support, evaluation and remuneration);
- committees of the Board of Directors;
- management;
- internal control and audit; and
- internal policies.

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As of the date of this Prospectus, the Company complies with the mandatory provisions of the Corporate Governance Regulations, except for the following articles:

- Article 8(a) on the requirement to provide information about the nominees for the membership in the Board of Directors on the Exchange's website upon the invitation or calling for the General Assembly;
- Article 8(c) on limiting the General Assembly voting to candidates whose information was announced according to Article 8(a);
- Article 13(d) on publishing the invitation to the General Assembly on the websites of the Exchange and the Company;
- Article 14(c) on making information related to the General Assembly's agenda available to the Shareholders through the websites of the Exchange and the Company;
- Article 15(e) on announcing to the public and notifying the CMA and Exchange of the results of the General Assembly as soon as it ends;
- Article 17(d) on notifying the CMA of the names of the members of the Board of Directors, a description of their memberships, as well as any changes in their memberships;
- Article 19(b) on promptly notifying the CMA and the Exchange upon the termination of the membership of a Board member, specifying the reasons for such termination;
- Article 20(b) on the requirement that the Board of Directors annually evaluate the extent of the Board members' independence and ensure that there are no relationships or circumstances that affect or may affect their independence; and
- Article 68 on the requirement that the Company publish the Board membership nomination announcement on the websites of the Company and the Exchange to invite those interested in being nominated for Board membership, provided that the nomination period shall remain open for at least a month from the date of the announcement.

The Company is currently not complying with the above requirements of the Corporate Governance Regulations applicable to listed companies because it is not a listed company as of the date of this Prospectus. The Directors undertake to comply with such requirements, with effect from Admission, as soon as the approval is issued for the listing of the Shares. In addition, the Directors confirm that the Company is currently in compliance with all of the other provisions of the Corporate Governance Regulations and the Companies Law.

The Company has three Committees (the Audit Committee, the Nomination and Remuneration Committee, and the Executive Committee), which are responsible for reviewing the Company's operations within their particular areas of expertise and presenting their findings and recommendations to the Board of Directors (for further details, see Section 5.3 (*Company Committees*)).

The Company's Board of Directors consists of seven Directors, most of whom are non-executive Directors, including three independent Directors in accordance with the provisions of the Corporate Governance Regulations. The Board of Directors ensures, among other things, that:

- all of the Committees have clear competencies and that the roles and responsibilities of each Committee shall be detailed; and
- the minutes of all meetings will be prepared, reviewed and signed by the Board of Directors in accordance with the Bylaws.

In accordance with Article 95(1) of the Companies Law and Article 8(b) of the Corporate Governance Regulations, the Shareholders have adopted the cumulative voting method in relation to the appointment of Directors as reflected in the Company's Bylaws (for further details, see Section 12.13 (*Bylaws*)). This method of voting gives each Shareholder voting rights equivalent to the number of Shares he/she holds. Each Shareholder has the right to use all of his/her voting rights for one nominee or to divide such voting rights between his/her selected nominees without any duplication of such votes. This method increases the chances for minority Shareholders to be represented in the Board of Directors through the right to accumulate votes for one nominee.

5.7 Conflicts of Interest

Neither the Company's Bylaws nor the Company's internal regulations and policies grant a Director the power to vote on any contract or transaction in which he/she has a direct or indirect interest. This is in compliance with Article 71 of the Companies Law. The Directors confirm that:

- they will comply with the Articles 71 and 72 of the Companies Law and the Articles 44 and 46 of the Corporate Governance Regulations;
- they will not vote on General Assembly resolutions that relate to any Related Party transaction or contract in which the Directors have a direct or indirect interest; and
- they will not compete with the Company's business without the approval of the Ordinary General Assembly in accordance with the Article 72 of the Companies Law.

As of the date of this Prospectus, none of the Directors, Senior Executives, Board Secretary or any of their relatives have any direct or indirect interest in the Shares of the Company or the shares in its Subsidiaries or any matter that may in any way affect the business of the Company, except for the following:

Table No. (5.9): Summary of Interests of the Directors, Senior Executives and Board Secretary in the Shares of the Company and its Subsidiaries as of the Date of this Prospectus

Conflicting Party	Interest in	Position	Ownership Percentage	Description
Tariq Ali Mohammed Alawaji	The Company	Director	1.1%	As of the date of this Prospectus, Tariq Ali Mohammed Alawaji, indirectly owns 1.1 per cent. of the Shares in the Company, as a result of holding 15.39 pr cent. in Khalda Trading Group (which holds a direct ownership stake in the Company of 7.21 per cent.).
Abdullah Ibrahim Mohammed Alomaier	The Company	Director	3.15%	As of the date of this Prospectus, Abdullah Ibrahim Mohammed Alomaier, indirectly owns 15.3 per cent. of the Shares in the Company, as a result of holding 8.95 per cent. in Alomaier Trading and Contracting Co. (which holds a direct ownership stake in the Company of 34.20 per cent.) and 4.99 per cent. in Wajehat Al Zulfi Real Estate Company, which holds 33 per cent. in Al Saraya Investment Company (which in turn holds a direct ownership stake in the Company of 5.20 per cent.).
Riyadh Ibrahim Romaizan Alromaizan	The Company	Director	1.57%	As of the date of this Prospectus, Riyadh Ibrahim Romaizan Alromaizan, directly owns 1.57 per cent. of the Shares in the Company.
Abdulaziz Saleh Mohammed Alsowail	The Company	Executive Vice President	0.10%	As of the date of this Prospectus, Abdulaziz Saleh Mohammed Alsowail, directly owns 0.10 per cent. of the Shares in the Company.

Source: The Company.

As of the date of this Prospectus, none of the Directors, Senior Executives or the Current Shareholders is a party to any agreement, arrangement or understanding under which they are subject to any obligation that prevents them from competing with the Company or any similar obligation in relation to the Company's business. To engage in businesses competing with the Company, the Directors must obtain approval from the General Assembly in accordance with Article 46 of the Corporate Governance Regulations and Article 72 of the Companies Law.

The following table provides a summary of the contracts and arrangements in effect or contemplated with any member of the Group in which a Director or Senior Executive or any of their relatives have a direct or indirect interest as of the date of this Prospectus:

Table No. (5.10): Summary of Contracts and Transactions in Which a Director or Senior Executive or any of Their Relatives Have a Direct or Indirect Interest as of the Date of this Prospectus

Parties	Nature of the Contract or Transaction	Total Revenue from the Contract/Transaction		Direct or Indirect Interest	Date of General Assembly Approval of Contracts and Transactions
		For the Financial Year Ended 31 December 2021G	Six Month Period Ended 30 June 2022G		
The Company (as a service provider) with Al-Ayuni Investment and Contracting Company (as the client)	Provision of labor services to Al-Ayuni Investment and Contracting Company	SAR 16,297,501	SAR 15,997,854	Ahmed Mohammed Saleh Aleisa, a Director, is a board member in Al-Ayuni Investment and Contracting Company.	29 Shawwal 1443H (corresponding to 30 May 2022G)
The Company (as the service provider) with Al Ayuni Investments & Contracting Co. (as the client)	Providing employment services to Al Ayuni Investments & Contracting Co.	SAR 5,170,211	SAR 5,425,651	Ahmed Muhammad Saleh Al Eissa, a Director, is a member of the Board of Directors of Al Ayuni Investments & Contracting Co.	29 Shawwal 1443H (corresponding to 30 May 2022G)
The Company (as the service provider) with Alomaier Trading and Contracting Co. (as the client)	Providing employment services to Alomaier Trading and Contracting Co.	SAR 79,603	SAR 27,930	Abdullah Ibrahim Mohammad Alomaier, Vice Chairman, is the Chairman of the Board of Directors and shareholder at Alomaier Trading and Contracting Co.	29 Shawwal 1443H (corresponding to 30 May 2022G)
The Company (as a service provider) with Alomaier Trading and Contracting Company (as the client)	Provision of labour services to Alomaier Trading and Contracting Company	SAR 3,679,478	SAR 1,384,638	Abdullah Ibrahim Mohammed Alomaier, Vice Chairman, is the chairman of the board of directors and a shareholder in Alomaier Trading and Contracting Company.	29 Shawwal 1443H (corresponding to 30 May 2022G)
The Company (as a service provider) with Manar Al-Tarbia Operation and Maintenance Company (as the client)	Provision of labour services to Manar Al-Tarbia Operation and Maintenance Company	SAR 225,226	SAR 136,426	Manar Al-Tarbia Operation and Maintenance Company is a subsidiary of Alsaraya Investment Company that Abdullah Ibrahim Mohammed Alomaier, Vice Chairman, holds shares in.	29 Shawwal 1443H (corresponding to 30 May 2022G)
The Company (as a service provider) with Address Gulf Real Estate Investment Company (as the client)	Provision of labour services to Address Gulf Real Estate Investment Company.	SAR 124,559	N/A	Abdullah Ibrahim Mohammed Alomaier, Vice Chairman, is a major shareholder in Address Gulf Real Estate Investment Company.	29 Shawwal 1443H (corresponding to 30 May 2022G)
The Company (as service provider) with Cherry Trading Company (as the client)	Provision of labour services to Cherry Trading Company.	SAR 48,707	SAR 32,002	Vice Chairman Abdullah Ibrahim Mohammed Alomaier's brother is the Chief Executive Officer in Cherry Trading Company.	29 Shawwal 1443H (corresponding to 30 May 2022G)

Parties	Nature of the Contract or Transaction	Total Revenue from the Contract/Transaction		Direct or Indirect Interest	Date of General Assembly Approval of Contracts and Transactions
		For the Financial Year Ended 31 December 2021G	Six Month Period Ended 30 June 2022G		
The Company (as a service provider) with Safwat Al-Itqan for Trading and Contracting Company, a branch of Rekaz International Commercial Investment Company (as the client)	Provision of labour services to Rekaz Stone Factory, a branch of Rekaz International Commercial Investment Company	SAR 402,116	SAR 57,131	Safwat Al-Itqan for Trading and Contracting Company is a subsidiary of Rekaz Stone Factory, a branch of Rekaz International Commercial Investment Company that Vice Chairman Abdullah Ibrahim Mohammed Alomaier's brother holds shares in.	29 Shawwal 1443H (corresponding to 30 May 2022G)
The Company (as a service provider) with Safwat Al-Itqan for Trading and Contracting Company (as the client)	Provision of labour services to Safwat Al-Itqan for Trading and Contracting Company	SAR 610,922	SAR 219,196	Vice Chairman Abdullah Ibrahim Mohammed Alomaier's brother is a shareholder in Rekaz Stone Factory.	29 Shawwal 1443H (corresponding to 30 May 2022G)
The Company (as a service provider) with Khalda Trading Group (as the client)	Provision of labour services to Khalda Trading Group	SAR 216,802	SAR 107,100	Tariq Ali Mohammed Alawaji, a Director, is a shareholder and the general manager in Khalda Trading Group	29 Shawwal 1443H (corresponding to 30 May 2022G)
The Company (as a service provider) with Khalda Trading Group (as the client)	Provision of labour services to Khalda Trading Group	SAR 88,939	SAR 30,618	Tariq Ali Mohammed Alawaji, a Director, is a shareholder and the general manager in Khalda Trading Group.	29 Shawwal 1443H (corresponding to 30 May 2022G)
The Company (as the service provider) with Khalda Trading Group (as the client)	Provision of labour services to Khalda Trading Group	SAR 63,389	SAR 16,684	Tarek Ali Muhammad Al Awaji, a Director, is a shareholder and General Manager at Khalda Trading Group.	The Company (as the service provider) with Khalda Trading Group (as the client)

Source: The Company.

As of the date of this Prospectus, the Directors are not engaged in any activities competing with the Company's activities.

5.8 Bankruptcy/Insolvency

None of the Directors, Senior Executives or the Secretary has at any time been declared bankrupt or been subject to bankruptcy proceedings.

None of the companies in which any of the Directors, Senior Executives or Secretary have been employed in a managerial or supervisory capacity, was declared insolvent or bankrupt during the past five years preceding the date of this Prospectus.

5.9 Employees

The Company adopted an employment policy aimed at building and enhancing relations between the Company and its employees. This policy covers all aspects of recruitment, work schedules, healthcare, social insurance benefits, salaries and other allowances, including accommodation and transportation allowances and rewards.

5.9.1 Number of Employees

As of 30 June 2022G, the Company employed 188 employees (87 per cent. of whom were Saudi nationals) and the Group employed in total 281 employees (74.7 per cent. of whom were Saudi nationals).

The following table shows the number of employees of the Company and its Subsidiaries by department as of 31 December 2019G, 2020G and 2021G and the six-month period ended 30 June 2022G.

Table No. (5.11): Number of Employees of the Company and its Subsidiaries by Department as of 31 December 2019G, 2020G and 2021G and the Six-Month Period Ended 30 June 2022G.

Department	31 December												Six Month Period Ended 30 June 2022G			
	2019G				2020G				2021G							
	Saudi	Non-Saudi	Total	Saudization Percentage	Saudi	Non-Saudi	Total	Saudization Percentage	Saudi	Non-Saudi	Total	Saudization Percentage	Saudi	Non-Saudi	Ttoal	Saudization Percentage
CEO Office	1	-	1	100.00%	1	-	1	100.00%	1	-	1	100.00%	1	-	1	100.00%
Internal Audit	-	1	1	-	-	1	1	-	-	1	1	-	-	1	1	0%
Legal Affairs	2	-	2	100.00%	2	-	2	100.00%	2	-	2	100.00%	2	-	2	100.00%
Corporate Sales	7	2	9	77.78%	4	2	6	66.67%	7	2	9	77.78%	8	2	10	80%
Corporate Operation	14	1	15	93.33%	13	3	16	81.25%	13	3	16	81.25%	17	3	20	85%
Individuals Sales and Operations	25	3	28	89.29%	18	3	21	85.71%	22	3	25	88%	37	1	38	97.37%
Manpower Services	7	-	7	100.00%	5	-	5	100.00%	7	-	7	100.00%	5	-	5	100.00%
Human Resources	20	4	24	83.33%	19	5	24	79.17%	19	5	24	79.17%	14	5	19	73.69%
Financial Management	13	8	21	61.90%	12	10	22	54.55%	12	10	22	54.55%	14	9	23	60.87%
Recruitment and International Relations	14	2	16	78.50%	13	2	15	86.67%	13	2	15	86.67%	14	2	16	87.50%
Support Services	25	1	26	96.15%	21	1	22	95.45%	25	1	26	96.15%	33	1	34	97%
Information and Communication Technology	4	2	6	66.67%	2	2	4	50%	2	2	4	50%	2	2	4	50%
Marketing and Customer Services	1	-	1	100.00%	1	-	1	100.00%	15	-	15	100.00%	15	-	15	100.00%
Total	**133**	**24**	**157**	**84.71%**	**111**	**29**	**140**	**79.0%**	**138**	**29**	**167**	**82.63%**	**157**	**29**	**186**	**84.62%**

Source: The Company.

The table below shows the number of employees of the Company and its Subsidiaries and the achieved Saudization percentages as of 31 December 2019G, 2020G and 2021G and the six-month period ended 30 June 2022G.

Table No. (5.12): Number of Employees of the Company and its Subsidiaries and the Achieved Saudization Percentages as of 31 December 2019G, 2020G and 2021G and the Six-Month Period Ended 30 June 2022G:

Entity	31 December												30 June 2022G			
	2019G				2020G				2021G							
	Saudi	Non-Saudi	Total	Saudization Percentage / Category	Saudi	Non-Saudi	Total	Saudization Percentage / Category	Saudi	Non-Saudi	Total	Saudization Percentage / Category	Saudi	Non-Saudi	Total	Saudization Percentage / Category
Al Mawarid Manpower Company	133	24	157	84.71%/ High Green	111	29	140	79%/ Mid Green	138	29	167	82.63%/ Platinum	162	26	188	87% Platinum
Musanid Facilities for Operation & Maintenance	33	49	82	40.24%/ High Green	33	49	82	40.24%/ High Green	37	48	85	43.53%/ High Green	41	45	86	47.98% High Green
Sawaid Recruitment Company	-	-	-	-	1	-	1	100%/ Platinum	1	-	1	100%/ Platinum	7	-	(7)	100% Platinum
Total	**166**	**73**	**239**	**69.45%**	**145**	**78**	**223**	**65.02%**	**176**	**77**	**253**	**69.56%**	**199**	**77**	**276**	**72.10%**

Source: The Company.

The number of the Company's employees was 157 as of 31 December 2019G. It decreased by 10.8 per cent. to 140 employees as of 31 December 2020G, then increased by 19.3 per cent. to 167 by 31 December 2021G, and further increased by 12.5 per cent. to 188 by 30 June 2022G. The decrease of employees in 2020G was primarily due to the resignation of employees due to the impact of the COVID-19, and the increase of employees in 2021G and the first half of 2022G was due to the expansion of the Company's activities.

5.9.2 Saudization

The "Nitaqat" Saudization Programme was approved pursuant to Resolution No. 4040 of the Minister of Human Resources and Social Development (formerly Minister of Labour) issued on 12/10/1432H (corresponding to 10 September 2011G), based on the Council of Ministers Resolution No. 50 issued on 21/5/1415H (corresponding to 27 October 1994G), which was applied as of 12/10/1432H (corresponding to 10 September 2011G). The MHRSD established the "Nitaqat" programme to provide establishments with incentives to hire Saudi nationals. The programme assesses an establishment's performance based on the following ranges: platinum and green (which is further divided into three categories low green, middle green and high green), yellow and red. Establishments that are classified within the platinum and green categories are deemed to be compliant with the Saudization requirements and receive certain benefits, such as the ability to obtain and renew work visas for foreign employees or the ability to change the profession of foreign employees (except for professions reserved exclusively for Saudi nationals). Establishments that are classified as yellow or red (depending on the extent to which they are noncompliant) are deemed to be noncompliant with the Saudization requirements and are subject to certain punitive measures, such as the limited ability to renew work visas for foreign employees or the complete inability to obtain or renew work visas for foreign employees.

For the Nitaqat classification of the Company and its Subsidiaries, see Table 5.12 (*Number of Employees of the Company and its Subsidiaries and the Achieved Saudization Percentages as of 31 December 2019G, 2020G and 2021G and the six-month period ended 30 June 2022G*) above.

6 MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL POSITION AND RESULTS OF OPERATIONS

6.1 Introduction

This Section presents an analytical review of the operational performance and financial position of the Group for the financial years ended 31 December 2019G, 2020G and 2021G, in addition to the six-month periods ended 30 June 2021G and 30 June 2022G, based on the Group's audited consolidated financial statements for the financial years ended 31 December 2019G, 2020G and 2021G and the reviewed consolidated interim financial statements for the six-month period ended 30 June 2022G and the accompanying notes thereto. This Section should be read in conjunction with the financial statements referred to above.

The Group has applied the IFRS as endorsed in the Kingdom and other standards and pronouncements issued by SOCPA for the financial years ended 31 December 2019G, 2020G and 2021G.

The Group has also applied IAS 34 "Interim Financial Reporting" which is endorsed in the Kingdom for the preparation of the reviewed consolidated interim financial statements for the sixmonth period ended 30 June 2022G.

The financial information presented in this discussion is derived from the financial information prepared by the Group which has been audited in accordance with international audit standards endorsed in the Kingdom for the financial years ended 31 December 2019G, 2020G and 2021G and examined in accordance with the International Standard for Review Engagements (ISRE) 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" endorsed in the Kingdom for the six-month period ended 30 June 2022G, by the Auditors.

It should be noted that the Group reclassified some accounts in its financial statements for the financial year ended 31 December 2021G. The balance of the prepaid recruitment expenses in relation to the amount that will be amortised within one calendar year from the date of the financial statements (less than 12 calendar months), was presented within the current assets, and the remaining balance, which will be amortised after more than one calendar year from the date of the financial statements (more than 12 calendar months) was presented within non-current assets. The reclassification was carried out due to fact that the nature of this prepaid expense was similar to the nature of the visa prepaid expense. The value of the visa and recruitment fees are paid, then they are amortised over a period of 24 calendar months, which is the duration of the employee's contract, and which necessitated a reclassification of the comparison figures for 2020G. In addition, part of "due from Related Parties" amounting to SAR 724.2 thousand was reclassified to "due to Related Parties" as of 31 December 2020G due to the fact that some of the projects related to Khalda Trading Group (a Related Party) were transferred along with their relevant obligations to Almawarid kom Trading Group (a Related Party). Accordingly, the balances due from both companies were re-presented to comply with their respective obligations towards the Group.

Neither the Auditors nor any of their subsidiaries have any stake or interest of any kind in the Group. Their written consent has been given, and has not been withdrawn, regarding the use of their name, logo and statement in this Prospectus as auditors of the Group for the aforementioned periods.

The Financial Statements are an integral part of this Section and should be read in conjunction with such Financial Statements and the accompanying notes thereto. The Financial Statements are contained in Section 19 (*Financial Statements and Auditor's Report*).

All of the financial information in this Section is presented in SAR thousands unless otherwise stated. Amounts and percentages have been rounded to the nearest decimal; as a result, the sums mentioned in the tables may not correspond to the sums mentioned in the Group's financial statements.

This Section may contain forward-looking statements related to the Group's future capabilities, based on management's plans and expectations as to its growth, results of operations and financial position that could involve potential risks and uncertainties. The Group's actual results could differ materially from those anticipated as a result of numerous factors, risks, and future events, including those discussed in this Section of this Prospectus or elsewhere, particularly in Section 2 (*Risk Factors*).

6.2 Directors' Declarations Regarding the Financial Statements

The members of the Board of Directors declare that the financial information presented in this Section has been extracted without material adjustment from, and in line with the Group's consolidated financial statements for the financial years ended 31 December 2019G, 2020G and 2021G and the accompanying notes which were prepared in accordance with the International Financial Reporting Standards ("**IFRS**") issued by the International Accounting Standards Board (IASB) endorsed in the Kingdom, and other issuances issued by the Saudi Organisation for Chartered and Professional Accountants ("**SOCPA**"), as well as the reviewed consolidated interim financial statements for the sixmonth period ended 30 June 2022G and the accompanying notes which were prepared by the Group in accordance with IAS 34 "Interim Financial Reporting" endorsed in the Kingdom and were audited by the Group's independent auditors, KMPG, for the financial years ended 31 December 2019G, 2020G and 2021G and reviewed for the six-month period ended 30 June 2022G.

The members of the Board of Directors declare that the Group has sufficient working capital for a period of at least 12 months from the date of this Prospectus.

The members of the Board of Directors declare that there were no reservations in the Auditors' report on the Company's financial statements for any of the three financial years immediately preceding the date of the application for the registration and offer of securities that are the subject of this Prospectus.

The members of the Board of Directors declare that there have been no material changes in the accounting policies adopted by the Company during the three financial years directly preceding the date of the application for the registration and offer of securities that are the subject of this Prospectus.

The members of the Board of Directors declare that there have been no material adverse changes in the Group's financial or business position in the three financial years immediately preceding the date of the application for the registration and offer of securities that are the subject of this Prospectus, in addition to the period included in the Auditors' report until the date of approval of this Prospectus. The members of the Board of Directors declare that all material facts related to the Group and its financial performance have been disclosed in this Prospectus, and that there are no other facts, documents, or information, the omission of which would make any statement therein misleading.

The members of the Board of Directors declare that there have been no structural changes to the Company during the three financial years directly preceding the date of the application for the registration and offer of securities that are the subject of this Prospectus.

The members of the Board of Directors declare that there is no intention to make any material changes to the Group's activities.

The members of the Board of Directors declare that there are no seasonal factors or economic cycles related to the Group's activities that may have an impact on its business or financial position.

The members of the Board of Directors declare that the Group's operations have not ceased in a way that could have a noticeable impact or that have actually affected the Group's financial position over the past 12 months.

The members of the Board of Directors declare that the Group has provided comprehensive details in this Section of all fixed assets and investments, including contractual financial securities and other assets, which may be subject to fluctuations in value or may be difficult to estimate.

The members of the Board of Directors declare that no commissions, discounts, brokerage fees or other non-cash compensation have been granted by the Company or any of its Subsidiaries during the three years immediately preceding the date of the application for the registration and offer of securities that are the subject of this Prospectus in connection with the issuance or offering of any securities.

The members of the Board of Directors declare that the capital of the Company and its Subsidiaries is not under option.

The members of the Board of Directors declare that, to the best of their knowledge, the Group's property is not subject to any mortgages, rights, encumbrances or fees as of the date of this Prospectus.

The members of the Board of Directors declare that there are no significant fixed assets to be purchased or leased by the Company or its Subsidiaries as of the date of this Prospectus and as of 30 June 2022G, except as disclosed in this Section under the contingent liabilities and commitments subsection within the Group's statement of financial position.

The members of the Board of Directors declare that the Group has not issued any debt instruments, term loans, or secured or unsecured mortgages, whether existing or approved but not issued, and that the Group does not have any borrowing or indebtedness, including bank overdrafts, liabilities under acceptance, acceptance credits or hire purchase commitments. In addition, there are no mortgages, rights, encumbrances or costs on the property of the Group as of the date of this Prospectus.

The members of the Board of Directors declare that the Group does not have any contingent liabilities or guarantees except as disclosed in this Section under the contingent liabilities and commitments subsection within the Group's statement of financial position.

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The members of the Board of Directors declare that the Company and its Subsidiaries have not undergone any capital adjustments within the three years immediately preceding the date of the application for the registration and offer of securities that are the subject of this Prospectus, except for the capital increase on 30 May 2022G, where the General Assembly approved an increase in the capital of Almawarid Manpower Company from SAR 100 million to SAR 150 million, an increase of SAR 50 million, by transferring SAR 20 million from the consensual reserve account and SAR 30 million from the retained earnings account. Accordingly, the Company's capital consists of 15 million shares with a nominal value of SAR 10 per share as of 30 June 2022G.

The members of the Board of Directors declare that the Group has no information about any governmental, economic, financial, monetary, or political policies or any other factors that have affected or could materially affect (directly or indirectly) the operations of the Group, except as disclosed in Section 2 (*Risk Factors*) of this Prospectus.

6.3 Group Overview

Almawarid Manpower Company (formerly known as Almawarid Recruitment Company), since the Company's name was modified on 08 Jumada al Akhirah 1441H (corresponding to 02 February 2020G), is a Saudi Closed Joint Stock Company registered in the Kingdom under Commercial Registration No. 1010343697 issued in the city of Riyadh on 12 Sha'ban 1433H (corresponding to 2 July 2012G).

The principal activities of the Group are to provide recruitment services for domestic workers, temporary employment agencies for domestic services and temporary expatriate labour in order to compensate or supplement customer workforces, pursuant to MHRSD licence No. 6/UM dated 5 Muharram 1434H (corresponding to 19 November 2012G). See Section 4.5.1 (*The Group's Services*) for further details.

The Group's headquarters are located in the city of Riyadh, Al-Rawda District, P.O. Box 10370, Riyadh 13211, Kingdom of Saudi Arabia.

The accompanying consolidated financial statements include the activities of the Group's branches as listed below, which operate under the following sub-commercial registrations:

Table No. (6.1): Branches of the Group as of 30 June 2022G

Branch	Commercial Registration No.	Date
Riyadh - Domestic Workers	1010369956	7 Jumada' al-Ula 1434H (corresponding to 8 April 2013G)
Riyadh - Expatriate Workers	1010369960	25 Jumada' al-Ula 1434H (corresponding to 6 April 2013G)
Al Khobar	2051060639	2 Sha'ban 1436H (corresponding to 20 May 2015G)
Buraidah	1131056623	21 Rabi' al-Thani 1437H (corresponding to 31 January 2016G)
Al Jubail	2055024837	20 Jumada' al-Ula 1437H (corresponding to 29 February 2016G)
Hail	3350044313	3 Thul-Hijjah 1437H (corresponding to 4 September 2016G)
Jeddah	4030292526	22 Rabi' al-Awwal 1438H (corresponding to 21 December 2016G)
Riyadh - Al Taawun	1010466766	29 Rabi' al-Awwal 1438H (corresponding to 28 December 2016G)
Al Madinah Al Munawwarah	4650081885	3 Rabi' al-Thani 1438H (corresponding to 21 December 2017G)
Riyadh - Al Rawda	1010638704	26 Shawwal 1441H (corresponding to 17 June 2020G)
Unaizah	1128184335	26 Shawwal 1441H (corresponding to 17 June 2020G)
Abha	5850129737	22 Rabi' al-Thani 1442H (corresponding to 7 December 2020G)
Tabuk	3550143539	28 Rajab 1443H (corresponding to 1 March 2022G)

Source: The Group's audited consolidated financial statements for the financial years ended 31 December 2019G, 2020G and 2021G and the reviewed consolidated interim financial statements for the six-month period ended 30 June 2022G.

6.3.1 Subsidiaries

The following table shows the Subsidiaries as of 31 December 2019G, 2020G and 2021G, and 30 June 2022G:

Table No. (6.2): The Subsidiaries as of 31 December 2019G, 2020G and 2021G, and 30 June 2022G

Name of Subsidiary	Legal Entity	Ownership % as of 31 December			Ownership % as of 30 June
		2019G	2020G	2021G	2022G
Musanid Al Marafiq for Maintenance and Cleaning Company	A sole proprietorship limited liability company	100%	100%	100%	100%
Sawaid Recruitment Company	A sole proprietorship limited liability company	100%	100%	100%	100%

Source: The Group's audited consolidated financial statements for the financial years ended 31 December 2019G, 2020G and 2021G and the reviewed consolidated interim financial statements for the six-month period ended 30 June 2022G.

The following table shows the assets, liabilities and revenue of Musanid Al Marafiq for Maintenance and Cleaning Company as of/for the period ended 31 December 2019G, 2020G and 2021G, and 30 June 2022G:

Table No. (6.3): The assets, liabilities and revenue of Musanid Al Marafiq for Maintenance and Cleaning Company as of/for the period ended 31 December 2019G, 2020G and 2021G, and 30 June 2022G

	As of/For the Period Ended 31 December						As of/For the Period Ended 30 June	
	2019G		2020G		2021G		2022G	
	SAR '000	As a Percentage of the Group Total	SAR '000	As a Percentage of the Group Total	SAR '000	As a Percentage of the Group Total	SAR '000	As a Percentage of the Group Total
Assets	15,861	4.6%	16,758	4.6%	18,030	4.5%	21,859	4.9%
Liabilities	8,094	4.7%	6,832	4.1%	8,331	4.9%	8,605	4.4%
Revenue	59,930	8.4%	52,028	7.6%	44,357	6.7%	28,710	6.8%

The following table shows the assets, liabilities and revenue of Sawaid Recruitment Company as of/for the period ended 31 December 2019G, 2020G and 2021G, and 30 June 2022G:

Table No. (6.4): The assets, liabilities and revenue of Sawaid Recruitment Company as of/for the period ended 31 December 2019G, 2020G and 2021G, and 30 June 2022G

	As of/For the Period Ended 31 December						As of/For the Period Ended 30 June	
	2019G		2020G		2021G		2022G	
	SAR '000	As a Percentage of the Group Total	SAR '000	As a Percentage of the Group Total	SAR '000	As a Percentage of the Group Total	SAR '000	As a Percentage of the Group Total
Assets	310	0.1%	580	0.2%	560	0.1%	586	0.1%
Liabilities	10	0.0%	33	0.0%	228	0.1%	301	0.2%
Revenue	0	0.0%	275	0.0%	343	0.1%	347	0.1%

*Source:*The Group's audited consolidated financial statements for the financial years ended 31 December 2019G, 2020G and 2021G and the reviewed consolidated interim financial statements for the six-month period ended 30 June 2022G.

6.3.1.1 Musanid Al Marafiq for Maintenance and Cleaning Company

Musanid Al Marafiq for Maintenance and Cleaning Company is a sole proprietorship limited liability company registered in Riyadh in the Kingdom under Commercial Registration No. 1010995997 dated 12 Jumada' al-Akhirah 1437H (corresponding to 21 March 2016G).

The company was wholly owned by the Company as of 31 December 2019G, 2020G and 2021G, and 30 June 2022G.

The principal activities of the company are the temporary provision of workers for client businesses in order to compensate or supplement the client's workforce and general cleaning of buildings.

6.3.1.2 Sawaid Recruitment Company

Sawaid Recruitment Company is a sole proprietorship limited liability company registered in Riyadh in the Kingdom under Commercial Registration No. 1010601489 dated 29 Safar 1441H (corresponding to 28 October 2019G).

The company was wholly owned by the Company as of 31 December 2019G, 2020G and 2021G, and 30 June 2022G.

The principal activities of the company include searching for employees for positions, whether by orientation or testing, online recruitment agencies, and the provision of other human resources (including providing human resources on a long-term or permanent basis in general).

As of 31 December 2021G, the Group's' share capital consisted of 10 million shares with a nominal value of SAR 10 per share. A capital increase occurred on 30 May 2022G, where the General Assembly approved an increase in the capital of Almawarid Manpower Company from SAR 100 million to SAR 150 million, representing an increase of SAR 50 million by transferring SAR 20 million from the consensual reserve account and SAR 30 million from the retained earnings account. Accordingly, the Company's capital consisted of 15 million shares with a nominal value of SAR 10 per share as of 30 June 2022G.

6.3.2 Company's Shareholders

The following table shows the Company's shareholders as of 31 December 2019G, 2020G and 2021G, and 30 June 2022G:

Table No. (6.5): Ownership of the Company as of 31 December 2019G, 2020G and 2021G, and 30 June 2022G (SAR '000)

Name of Shareholder	As of 31 December									As of 30 June		
	2019G Audited			2020G Audited			2021G Audited			2022G Management Information		
	Number of shares ('000)	Shareholding	Value (SAR '000)	Number of shares ('000)	Shareholding	Value (SAR '000)	Number of shares ('000)	Shareholding	Value (SAR '000)	Number of shares ('000)	Shareholding	Value (SAR '000)
Alomaier Trading and Contracting Company	3,420	34.2%	34,197	3,420	34.2%	34,197	3,420	34.2%	34,197	5,129	34.2%	51,295
Al-Ayuni Investment and Contracting Company	3,420	34.2%	34,197	3,420	34.2%	34,197	3,420	34.2%	34,197	5,129	34.2%	51,295
Cherry Trading Company	946	9.5%	9,458	946	9.5%	9,458	946	9.5%	9,458	1,419	9.5%	14,186
Khalda Trading Group	722	7.2%	7,215	722	7.2%	7,215	722	7.2%	7,215	1,082	7.2%	10,823
Almawarid kom Trading Group	666	6.7%	6,664	666	6.7%	6,664	666	6.7%	6,664	1,000	6.7%	9,996
Alsaraya Investment Company	520	5.2%	5,202	520	5.2%	5,202	520	5.2%	5,202	780	5.2%	7,802
Riyadh Ibrahim Alromaizan	257	2.6%	2,569	257	2.6%	2,569	257	2.6%	2,569	385	2.6%	3,853

Name of Shareholder	As of 31 December									As of 30 June		
	2019G Audited			2020G Audited			2021G Audited			2022G Management Information		
	Number of shares ('000)	Shareholding	Value (SAR '000)	Number of shares ('000)	Shareholding	Value (SAR '000)	Number of shares ('000)	Shareholding	Value (SAR '000)	Number of shares ('000)	Shareholding	Value (SAR '000)
Global Manpower Recruitment Office	40	0.4%	400	40	0.4%	400	-	-	-	-	-	-
Ali Mohammed Ali Aljumaah	-	-	-	-	-	-	40	0.4%	400	30	0.2%	300
Abdullah Muhammad Ali Aljumaah	-	-	-	-	-	-	-	-	-	30	0.2%	300
Abdulaziz Saleh Alsowail	-	-	-	-	-	-	10	0.1%	100	15	0.1%	150
Mohammed Hamad Al-Muzaini Recruitment Office	10	0.1%	100	10	0.1%	100	-	-	-	-	-	-
Total	**10,000**	**100%**	**100,000**	**10,000**	**100%**	**100,000**	**10,000**	**100%**	**100,000**	**15,000**	**100%**	**150,000**

Source: The Group's audited consolidated financial statements for the financial years ended 31 December 2019G, 2020G and 2021G and management information for the six-month period ended 30 June 2022G.

6.4 Basis of Preparation

6.4.1 Statement of Compliance

The consolidated financial statements of the Group for the financial years ended 31 December 2019G, 2020G and 2021G were prepared in accordance with the IFRS as endorsed in the Kingdom and other standards and pronouncements issued by SOCPA. The principal accounting policies applied in the preparation of these consolidated financial statements were consistently applied to all periods presented.

The reviewed consolidated interim financial statements for the six-month period ended 30 June 2022G were prepared in accordance with IAS 34 "Interim Financial Reporting" as endorsed in the Kingdom and other standards and pronouncements issued by SOCPA.

The reviewed consolidated interim financial statements for the six-month period ended 30 June 2022G should be read in conjunction with the annual consolidated financial statements of the Group as of 31 December 2021G. The reviewed consolidated interim financial statements do not include all of the information and disclosures required to prepare a complete copy of the financial statements prepared in accordance with IFRS. However, select accounting policies and explanatory notes have been included to explain events and transactions that are essential in understanding the changes in the Group's financial position and performance since the latest annual financial statements.

These reviewed consolidated interim financial statements were approved for issuance by the Board of Directors on 26 Muharram 1444H (corresponding to 24 August 2022G).

6.4.2 Basis of Measurement

The reviewed consolidated interim financial statements for the six-month period ended 30 June 2022G and the consolidated financial statements of the Group for the financial years ended 31 December 2019G, 2020G and 2021G were prepared according to the historical cost principle, with the exception of employee benefit liabilities, which are measured at the present value of future liabilities using the expected credit unit method, and financial investments, which are measured at fair value. In addition, the reviewed consolidated interim financial statements were prepared using the accrual basis of accounting and the concept of going concern.

6.4.3 Functional and Presentation Currency

The reviewed consolidated interim financial statements for the six-month period ended 30 June 2022G and the consolidated financial statements of the Group for the financial years ended 31 December 2019G, 2020G and 2021G are presented in Saudi Riyals, which is the functional and presentation currency of the Group.

In preparing the reviewed consolidated interim financial statements for the six-month period ended 30 June 2022G, management made judgments, estimates and assumptions that affect the application of accounting policies and the amounts included for revenue, costs, assets and liabilities. Actual results may differ from such estimates.

Significant estimates made by management when applying the Group's accounting policies and significant sources of estimation uncertainty correspond to those shown in the Group's latest annual consolidated financial statements.

6.4.4 Segment Information

The operating segment is a component of the Group that:

- performs activities from which revenue can be realised and expenses may be incurred;
- the results of its operations are constantly analysed by management in order to make decisions regarding resource allocation and performance evaluation; and
- for which financial information is available.

The Group has the following three strategic segments which represent its operating segments. These segments provide services for various types of customer sectors and are managed with different strategies. Below is a summary showing the operations of each segment:

- **Corporate Segment:** This segment represents revenue generated from corporate clients, mainly in connection with the following client industries: maintenance companies, restaurants, construction and contracting, transportation and hospitals.
- **Individual Segment – Contractual:** This segment represents revenue generated from contracts signed with individual customers, mainly in connection with housemaids, cleaners and private drivers.
- **Individual Segment – Hourly Rental:** This segment represents revenue generated from individual customers on an hourly basis, mainly in connection with housemaids and cleaners.

The following table shows the revenue by segment for the financial years ended 31 December 2019G, 2020G and 2021G:

Table No. (6.6): Revenue by Segment for the Financial Years Ended 31 December 2019G, 2020G and 2021G

SAR '000	Financial Years Ended 31 December											
	2019G Management Information				2020G Audited				2021G Audited			
	Corporate	Individual Segment – Contractual	Individual Segment – Hourly Rental	Total	Corporate	Individual Segment – Contractual	Individual Segment – Hourly Rental	Total	Corporate	Individual Segment – Contractual	Individual Segment – Hourly Rental	Total
Revenue	552,971	114,733	48,301	716,005	476,274	152,099	58,284	686,656	433,679	126,900	103,144	663,723
Cost of revenue	(490,211)	(100,119)	(53,604)	(643,934)	(417,612)	(123,384)	(64,189)	(605,185)	(387,749)	(104,993)	(74,122)	(566,864)
Gross profit/ (loss)	**62,760**	**14,614**	**(5,303)**	**72,071**	**58,662**	**28,714**	**(5,905)**	**81,471**	**45,930**	**21,907**	**29,022**	**96,859**

Source: Management information for the financial year ended 31 December 2019G and the Group's audited consolidated financial statements 2020G and 2021G.

The following table shows the revenue by segment for the six-month period ended 30 June 2021G and 30 June 2022G:

Table No. (6.7): Revenue by Segment for the Six-Month Periods Ended 30 June 2021G and 30 June 2022G

SAR '000	Six-Month Periods Ended 30 June							
	2021G Reviewed				2022G Reviewed			
	Corporate	Individual Segment – Contractual	Individual Segment – Hourly Rental	Total	Corporate	Individual Segment – Contractual	Individual Segment – Hourly Rental	Total
Revenue	209,235	63,792	51,952	324,980	273,777	90,175	57,889	421,841
Cost of revenue	(187,864)	(52,829)	(35,519)	(276,211)	(244,909)	(78,375)	(42,638)	(365,922)
Gross Profit	**21,372**	**10,964**	**16,433**	**48,769**	**28,868**	**11,799**	**15,251**	**55,919**

Source: The Group's reviewed consolidated interim financial statements for the six-month period ended 30 June 2022G.

The following table shows the key performance indicators of the Group for the financial years ended 31 December 2019G, 2020G and 2021G:

Table No. (6.8): Key Performance Indicators of the Group for the Financial Years Ended 31 December 2019G, 2020G and 2021G

SAR '000	Financial Years Ended 31 December			Annual Change		CAGR
	2019G Management Information	2020G Management Information	2021G Management Information	2019G-2020G	2020G-2021G	2019G-2021G
Average number of workers invoiced						
Corporate Segment	12,578	11,539	9,258	(8.3%)	(19.8%)	(14.2%)
Individual Segment – Contractual	3,793	4,726	4,028	24.6%	(14.8%)	3.1%
Individual Segment – Hourly Rental	1,282	1,589	1,866	23.9%	17.4%	20.6%
Total	**17,653**	**17,854**	**15,152**	**1.1%**	**(15.1%)**	**(7.4%)**
Average number of workers available						
Corporate Segment	13,096	12,096	9,662	(7.6%)	(20.1%)	(14.1%)
Individual Segment – Contractual	4,213	4,970	4,382	18.0%	(11.8%)	2.0%
Individual Segment – Hourly Rental	1,493	2,092	1,904	40.1%	(9.0%)	12.9%
Total	**18,802**	**19,158**	**15,948**	**1.9%**	**(16.8%)**	**(7.9%)**
Utilisation rate						
Corporate Segment	96.0%	95.4%	95.8%	(0.6)	0.4	(0.2)
Individual Segment – Contractual	90.0%	95.1%	91.9%	5.1	(3.2)	1.9
Individual Segment – Hourly Rental	50.2%	71.9%	86.7%	21.7	14.8	36.5
Total	**93.9%**	**93.2%**	**95.0%**	**(0.7)**	**1.8**	**1.1**
Average revenue per worker invoiced (SAR)						
Corporate Segment	43,963	41,275	46,844	(6.1%)	13.5%	3.2%
Individual Segment – Contractual	30,249	32,183	31,504	6.4%	(2.1%)	2.1%
Individual Segment – Hourly Rental	37,677	36,680	55,276	(2.6%)	50.7%	21.1%
Total	**40,560**	**38,460**	**43,804**	**(5.2%)**	**13.9%**	**3.9%**

Source: Management information for the financial years ended 31 December 2019G, 2020G and 2021G.

The following table shows the key performance indicators of the Group for the six-month period ended 30 June 2021G and 30 June 2022G:

Table No. (6.9): Key Performance Indicators of the Group for the Six-Month Periods Ended 30 June 2021G and 30 June 2022G

SAR '000	Six-Month Periods Ended 30 June		Annual Change 30 June
	2021G Management Information	2022G Management Information	2021G - 2022G
Average number of workers invoiced			
Corporate Segment	9,222	12,827	39.1%
Individual Segment – Contractual	3,976	5,935	49.3%
Individual Segment – Hourly Rental	1,817	2,009	10.6%
Total	**15,015**	**20,771**	**38.3%**
Average number of workers available			
Corporate Segment	9,655	13,284	37.6%
Individual Segment – Contractual	4,171	6,374	52.8%
Individual Segment – Hourly Rental	1,852	2,026	9.4%
Total	**15,678**	**21,685**	**38.3%**
Utilisation rate			
Corporate Segment	95.5%	96.6%	(1.0)
Individual Segment – Contractual	95.3%	93.1%	(2.2)
Individual Segment – Hourly Rental	88.6%	91.9%	3.3
Total	**95.8%**	**95.8%**	**0.0**
Average revenue per worker invoiced (SAR) annually			
Corporate Segment	45,378	42,688	(5.9%)
Individual Segment – Contractual	32,091	30,387	(5.3%)
Individual Segment – Hourly Rental	57,174	57,621	0.8%
Total	**43,288**	**40,618**	**(6.2%)**

Source: Management information for the six-month periods ended 30 June 2021G and 2022G.

6.4.4.1 Revenue

Revenue is generated through three segments, the Corporate Segment (SAR 433.7 million or 65.3 per cent. of the total revenue in the financial year ended 31 December 2021G), the Individual Segment – Contractual (SAR 126.9 million or 19.1 per cent. of the total revenue in the financial year ended 31 December 2021G), and the Individual Segment – Hourly Rental (SAR 103.1 million or 15.5 per cent. of the total revenue in the financial year ended 31 December 2021G).

For the six-month period ended 30 June 2022G, the Corporate Segment generated SAR 273.8 million (amounting to 64.9 per cent. of the total revenue in the six-month period ended 30 June 2022G), while the Individual Segment – Contractual generated SAR 90.2 million (amounting to 21.4 per cent. of the total revenue in the six-month period ended 30 June 2022G), and the Individual Segment – Hourly Rental generated SAR 57.9 million (amounting to 13.7 per cent. of the total revenue in the six-month period ended 30 June 2022G).

6.4.4.2 Cost of Revenue

Cost of revenue mainly comprises employee salaries, Government costs and indirect overhead costs (employee costs). Costs are monitored on a gross basis and then allocated between cost of revenue, selling and marketing expenses, and general and administrative expenses, in accordance with the cost allocation model.

6.4.4.3 Key Performance Indicators

The key performance indicators include the following:

- the **average number of workers invoiced:** it represents the average number of workers utilised and invoiced over the financial period in exchange for their services;
- the **average number of workers available:** it represents the average number of workers in the Kingdom available and ready to be utilised upon customer request; and
- the **utilisation rate:**
  - in the Corporate Segment and Individual Segment – Contractual: it represents the average number of workers invoiced as a percentage of the average number of workers available;
  - in the Individual Segment – Hourly Rental: it represents the average number of hours invoiced as a percentage of total number of hours available; and
- the **average revenue per worker invoiced:** it represents the total revenue of a segment divided by the average number of workers invoiced.

6.4.5 Risks Affecting the Group's Operations

The Group's business, financial position, results of operations and future prospects are subject to adverse effects from the business, market, sectoral, financial, monetary, regulatory, legal, political and governmental risks mentioned in Section 2 (*Risk Factors*), which include the risks arising from the Group's use of financial instruments as follows:

- market risk;
- credit risk; and
- liquidity risk.

Risk management is carried out under policies approved by the Board of Directors. The Executive Management identifies and evaluates, as appropriate, financial risks in close co-operation with the Group's operating units.

The amounts of financial assets and liabilities are offset and reported net in the reviewed consolidated interim financial statements only when the Group has a legally enforceable right to offset the recognised amounts or when the Group intends to settle them on a net basis, or to realise the asset and settle the liability simultaneously.

6.4.5.1 Market Risk

Market risk is the risk of the potential effect of changes in market prices such as selling prices of products, profit rates and equity prices on the Company's revenue or the value of its financial instruments. Market risk management aims to manage and control risk exposures within acceptable parameters, while achieving optimum return.

6.4.5.2 Currency Risk

Currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates. The Group's transactions are primarily denominated in Saudi Riyals. Management believes that currency risk is immaterial, as the exchange rate of the US dollar is fixed against the Saudi Riyal, and therefore, the currency exchange risk is immaterial.

6.4.5.3 Interest Rate Risk

Interest rate risk is the exposure to various risks associated with the effect of fluctuations in the prevailing interest rates on the Group's financial position and cash flows. The Group manages interest rate risk by regularly monitoring the interest rate levels of its interest-bearing financial instruments. Accordingly, the Group is not exposed to significant interest sensitivity risk.

6.4.5.4 Credit Risk

Credit risk represents the inability of one party meeting its obligations under a financial instrument, which leads to the other party incurring financial losses. The Group does not consider that there is a significant risk from balances due from Related Parties.

Financial assets that are subject to credit risk are limited to cash and cash equivalents, trade receivables and other current assets.

The cash and cash equivalents of the Group are deposited in public accounts with local banks with good credit ratings.

The Group deals only with high credit rating financial institutions to limit its exposure to credit risk.

The Group has established approval procedures through which credit limits are applied to customers.

Management also continuously monitors exposure to credit risks towards customers and creates a provision against doubtful balances which is based on customer information and previous payment dates. Existing customer receivables are monitored on a regular basis.

The following table shows the exposure to credit risk for trade receivables as of 31 December 2019G, 2020G and 2021G, and 30 June 2022G:

The exposure to credit risk for trade receivables was as follows:

Table No. (6.10): Exposure to Credit Risk for Trade Receivables as of 31 December 2019G, 2020G and 2021G, and 30 June 2022G

SAR '000	As of 31 December			As of 30 June
	2019G Audited	2020G Audited	2021G Audited	2022G Reviewed
Trade receivables	121,225	103,587	112,684	146,103
Less: provision for expected credit losses	(14,991)	(22,827)	(28,520)	(30,826)
Trade receivables net	**106,233**	**80,760**	**84,164**	**115,278**

Source: The Group's audited consolidated financial statements for the financial years ended 31 December 2019G, 2020G and 2021G and the reviewed consolidated interim financial statements for the six-month period ended 30 June 2022G.

The following table shows the exposure to credit risk and expected credit losses for trade receivables as of 30 June 2022G:

Table No. (6.11): Exposure to Credit Risk and Expected Credit Losses for Trade Receivables as of 30 June 2022G

SAR '000	Weighted Average Loss Rate	Total Book Value	Loss Provision
Current (not past due)	1.97%	86,941	1,717
1-30 days past due	3.45%	8,020	277
31-60 days past due	5.01%	2,334	117
61-90 days past due	6.82%	1,176	80
91-180 days past due	13.62%	2,774	378
181-360 days past due	30.62%	4,040	1,237
More than 360 days past due	61.76%	40,818	25,208
Specific loss provision	-	-	1,813
Total		**146,103**	**30,826**

Source: The Group's reviewed consolidated interim financial statements for the six-month period ended 30 June 2022G.

The following table shows maximum exposure to credit risk in the Group as of 31 December 2019G, 2020G and 2021G, and 30 June 2022G:

Table No. (6.12): Total Maximum Exposure to Credit Risk in the Group as of 31 December 2019G, 2020G and 2021G, and 30 June 2022G

SAR '000	As of 31 December			As of 30 June
	2019G Audited	2020G Audited	2021G Audited	2022G Reviewed
Investments at FVTPL	16,019	45,098	30,388	15,407
Cash and cash equivalents	26,951	63,886	26,627	50,663
Due from Related Parties	42,518	33,607	52,390	60,451
Prepaid expenses and other current assets	91,088	82,999	133,608	128,786
Total	**176,576**	**225,590**	**243,013**	**255,307**

Source: The Group's audited consolidated financial statements for the financial years ended 31 December 2019G, 2020G and 2021G and the reviewed consolidated interim financial statements for the six-month period ended 30 June 2022G.

6.4.5.5 Commission Rate Risk

Commission rate risk is the exposure to various risks associated with the effect of fluctuations in the prevailing interest rates on the Group's financial position and cash flows.

The Group's commission rate risk arises principally from loans and investments at fair value through profit or loss which are at variable commission rates and are subject to regular re-pricing. The Group monitors such changes in commission rates.

The Group periodically analyses the currency rate risk, taking into account any rescheduling of loans. It also calculates the financial impact on profits and losses by increasing/decreasing the commission rate by a certain percentage. This analysis is performed on commission-bearing liabilities.

6.4.5.6 Liquidity Risk

Liquidity risk is the risk that an entity will encounter difficulty in securing the required liquidity to meet commitments related to financial instruments.

Liquidity risk may result from the inability to sell a financial asset quickly and for an amount close to its fair value.

Liquidity risk is managed by periodically ensuring that sufficient liquidity is available, through available banking facilities, to meet any future liabilities.

The Group's approach is to manage liquidity risk by ensuring, as far as possible, that it will have sufficient liquidity to meet its obligations as and when they fall due under both normal and abnormal conditions, without incurring unacceptable losses or being exposed to risks which damage the Group's reputation.

For this purpose, the Group has maintained credit limits with various commercial banks in order to meet its liquidity requirements. As of 30 June 2022G and 31 December 2021G, the Group has an unused bank financing facility of SAR 26 million to manage short- and long-term liquidity requirements.

The contractual maturities of the remaining financial liabilities as of 31 December 2019G, 2020G and 2021G, and 30 June 2022G are shown in the table below. These amounts are total and undiscounted and include contractual payments, excluding the effect of set-off agreements:

Table No. (6.13): Financial Liabilities as of 31 December 2019G, 2020G and 2021G, and 30 June 2022G

SAR '000	As of 31 December			As of 30 June
	2019G Audited	2020G Audited	2021G Audited	2022G Reviewed
Retained deposits	10,021	8,705	7,752	7,998
Trade payables and other current liabilities	31,262	30,285	29,286	29,880
Due to Related Parties	-	-	728	908
Lease liabilities	22,076	24,838	19,511	16,477
Total financial liabilities (less than a year)	**63,358**	**63,828**	**57,277**	**55,263**

Source: The Group's audited consolidated financial statements for the financial years ended 31 December 2019G, 2020G and 2021G and the reviewed consolidated interim financial statements for the six-month period ended 30 June 2022G.

Fair Value Measurement of Financial Instruments

Fair value represents the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at a measurement date. As the accompanying consolidated financial statements are prepared on the historical cost basis, differences may arise between the book values and fair value estimates. The fair values of the Group's financial assets and liabilities are not materially different from their carrying values.

The following table shows the financial assets at amortised cost as of 31 December 2019G, 2020G and 2021G, and as of 30 June 2022G:

Table No. (6.14): Financial Assets at Amortised Cost as of 31 December 2019G, 2020G and 2021G and 30 June 2022G

SAR '000	As of 31 December			As of 30 June
	2019G Audited	2020G Audited	2021G Audited	2022G Reviewed
Financial assets at amortised cost:				
Trade receivables and other current assets	106,233	80,760	84,164	115,278
Cash and cash equivalents	26,951	63,886	26,627	50,663
Total financial assets at amortised cost	**133,185**	**144,646**	**110,791**	**165,941**

Source: The Group's audited consolidated financial statements for the financial years ended 31 December 2019G, 2020G and 2021G and the reviewed consolidated interim financial statements for the six-month period ended 30 June 2022G.

The following table shows the financial assets at fair value through profit or loss as of 31 December 2019G, 2020G and 2021G, and as of 30 June 2022G:

Table No. (6.15): Financial Assets at Fair Value through Profit or Loss as of 31 December 2019G, 2020G and 2021G, and 30 June 2022G

SAR '000	As of 31 December			As of 30 June
	2019G Audited	2020G Audited	2021G Audited	2022G Reviewed
Financial assets at FVTPL:				
Investments at FVTPL	16,019	45,098	30,388	15,407
Total financial assets at FVTPL	**16,019**	**45,098**	**30,388**	**15,407**

Source: The Group's audited consolidated financial statements for the financial years ended 31 December 2019G, 2020G and 2021G and the reviewed consolidated interim financial statements for the six-month period ended 30 June 2022G.

The following table shows the financial liabilities at amortised cost as of 31 December 2019G, 2020G and 2021G, and as of 30 June 2022G:

Table No. (6.16): Financial Liabilities at Amortised Cost as of 31 December 2019G, 2020G and 2021G, and 30 June 2022G

SAR '000	As of 31 December			As of 30 June
	2019G Audited	2020G Audited	2021G Audited	2022G Reviewed
Financial liabilities at amortised cost:				
Retained deposits	10,021	8,705	7,752	7,998
Trade payables and other current liabilities	31,262	31,262	29,286	29,880
Lease liabilities	-	-	19,511	16,477
Total financial liabilities at amortised cost	**41,282**	**39,967**	**56,549**	**54,355**

Source: The Group's audited consolidated financial statements for the financial years ended 31 December 2019G, 2020G and 2021G and the reviewed consolidated interim financial statements for the six-month period ended 30 June 2022G.

The following table shows the financial liabilities as of 31 December 2019G, 2020G and 2021G, and as of 30 June 2022G:

Table No. (6.17): Financial Liabilities as of 31 December 2019G, 2020G and 2021G, and 30 June 2022G

SAR '000	As of 31 December			As of 30 June
	2019G Audited	2020G Audited	2021G Audited	2022G Reviewed
Current portion of financial liabilities	41,282	39,967	49,254	48,094
Non-current portion of financial liabilities	-	-	7,295	6,261
Total financial liabilities	**41,282**	**39,967**	**56,549**	**54,355**

Source: The Group's audited consolidated financial statements for the financial years ended 31 December 2019G, 2020G and 2021G and the reviewed consolidated interim financial statements for the six-month period ended 30 June 2022G.

6.4.5.7 Capital Management Risk

When managing capital, the Group aims to ensure its ability to continue on the principle of going concern in order to be able to continue to provide returns to shareholders and maintain a strong core capital to support the sustainable development of its business.

The Group manages its capital structure by monitoring returns on net assets and makes adjustments to them in light of changes that arise from economic conditions. For the purpose of maintaining or adjusting capital structure, the Group may adjust the amount of dividends paid to shareholders or may issue new shares.

6.4.6 Significant Events

The coronavirus (COVID-19) pandemic continues to disrupt global markets with many geographies experiencing issues due to the identification of multiple new variants of these infections, despite having previously controlled the outbreak through strict precautionary measures. Despite this, the Government, has managed to successfully control the outbreak to date.

As with any forecast, projections and likelihoods of occurrence are underpinned by significant judgement and uncertainty and therefore, predicted and actual outcomes may differ.

The Group's management is currently monitoring the impact of the coronavirus on its operations, cash flow and financial position.

Based on its assessment, the Group has sufficient liquidity available to continue to meet its financial commitments as and when they fall due.

6.4.7 Offering of the Company's Shares

At its meeting on 30 May 2022G, the General Assembly agreed to offer 30.0 per cent. of the Company's shares in an initial public offering by submitting an application for the registration and offering of securities to the CMA and an application for listing to the Exchange.

On 5 July 2022G, the Group's Prospectus file was uploaded to the CMA and Exchange portals.

6.4.8 Going Concern Basis

The consolidated financial statements were prepared on a going concern basis which management considers to be appropriate for the following reasons:

Management has prepared cash flow forecasts for a period of not less than 12 months from the date of such consolidated financial statements, which indicates that, given a reasonable expectation, the Group will have sufficient cash, through cash generation, to meet its liabilities as they fall due for that period. The Group's cash flow forecast implies that profitability and cash flow will continue to increase in line with previous years as a result of revenue from operations. The Group's revenue includes revenue from contracts with customers, a significant proportion of which is generated from existing customers.

Taking the above into consideration, along with the Group's forecasted profitability, cash flow from existing contracts, anticipated future growth and the Group's current cash balance, management is confident that the Group will have sufficient funds to continue meeting its liabilities as they fall due for at least 12 months from the date of these consolidated financial statements, and therefore, the consolidated financial statements were prepared on a going concern basis.

6.5 Summary of Significant Accounting Policies

6.5.1 Basis of Consolidation

6.5.1.1 Business Combinations

The Group accounts for business combinations using the acquisition method when acquiring a set of activities and assets that meets the definition of a business and control is transferred to the Group.

When determining whether a specific set of activities and assets meets the definition of a business, the Group assesses whether the set of assets and activities acquired includes, at a minimum, significant inputs and processes and has the ability to produce outputs.

The Group applies a "concentration test" that allows for a simplified assessment of whether the acquired set of activities and assets does not meet the definition of a business. The test is satisfied if the fair values of the total assets acquired are materially concentrated in a single identifiable asset or a set of similar identifiable assets. The consideration transferred upon acquisition is generally measured at the fair value of the identifiable net assets acquired. Any goodwill is tested for impairment loss annually.

Any gain from purchasing at a preferential rate is recognised in profit or loss immediately.

Transaction costs are expensed when incurred, unless they relate to the issuance of debt instruments or equity.

The consideration transferred does not include amounts related to the settlement of transactions arising from prior relationships. These amounts are usually recognised in profit and loss.

Any contingent consideration is measured at fair value at the date of acquisition. If an obligation to pay a contingent consideration which meets the definition of a financial instrument is classified as equity, it is not remeasured and the settlement is recognised in equity.

Otherwise, any other contingent consideration is measured at fair value at the reporting date and subsequent changes in fair value are recognised in profit or loss.

6.5.1.2 Subsidiaries

Subsidiaries are companies over which the Group has control. The Group controls an entity when it has an obligation towards, or rights to, variable returns arising from its involvement with the entity and has the ability to affect those returns through its authority over such entity.

The financial statements of the Subsidiaries are included in the consolidated financial statements of the Group from the effective date of commencement of control until the date of cessation of such control.

6.5.1.3 Non- Controlling Interests

Non-controlling interests are measured based on their share of the acquirer's identifiable net assets at the date of acquisition.

Changes in the Group's equity in a Subsidiary that do not entail loss of control are recognised as equity transactions.

6.5.1.4 Loss of Control

Upon loss of control, the Group derecognises the assets and liabilities of the Subsidiary, any non- controlling interests and other components of equity relating to the Subsidiary.

Any profit or loss arising from loss of control is recognised in the consolidated statement of profit or loss. If the Group retains any interest in the former subsidiary, such interest is measured at fair value at the date on which control is lost.

6.5.1.5 Transactions Eliminated on Consolidation

Intra-group balances and transactions as well as any unrealised income and expenses arising from intra-group transactions are eliminated in preparing the consolidated financial statements.

Unrealised profits arising from transactions with equity-accounted investees are eliminated to the extent of the Group's interest in the investee.

Unrealised losses are eliminated in the same way as unrealised profits, but only to the extent that there is no evidence of impairment.

6.5.2 Current and Non-Current Assets and Liabilities

The Group presents assets and liabilities in the consolidated statement of financial position based on current/non-current classification.

An asset is current when:

- it is expected to be realised or intended to be sold or consumed in the normal operating cycle;
- it is held primarily for the purpose of trading;
- it is expected to be realised within 12 months after the reporting period; and
- it is cash or cash equivalent unless restricted as a result of being transferred or used to settle a liability for at least 12 months after the reporting period.

The Group classifies all other assets as non-current.

A liability is current when:

- it is expected to be settled in the normal operating cycle;
- it is held primarily for the purpose of trading;
- it is due to be settled within 12 months after the reporting period; and
- there is no unconditional right to defer the settlement of the liability for at least 12 months after the reporting period.

The Group classifies all other liabilities as non-current.

6.5.3 Fair Value Measurement

A number of the Group's accounting policies require the measurement of the fair values of financial and non-financial assets and liabilities.

The Group has a consistent control framework for the measurement of fair values. This includes a valuation team that bears overall responsibility for overseeing all significant fair value measurements, including Level 3 fair values.

The valuation team regularly reviews significant unobservable inputs and adjustments to the valuation. If third party information, such as broker prices or pricing services, is used to measure fair values, the valuation team assesses the evidence obtained from other parties to support the conclusion indicating that these valuations meet IFRS requirements, including the level in the fair value hierarchy at which such valuations should be classified.

The Group uses observable market data as much as possible when measuring the fair value of assets or liabilities. Fair values are classified at different levels in the fair value hierarchy based on the inputs used in the valuation techniques as per the following:

Level 1: Quoted prices (unadjusted) in active markets for assets or liabilities;

Level 2: Inputs other than quoted prices included within Level 1, which are observable inputs for assets or liabilities, either directly (such as prices) or indirectly (derived from prices); and

Level 3: Inputs for assets or liabilities that are not based on observable market data (unobservable inputs).

If the inputs used to measure the fair value of assets or liabilities fall within different levels of the fair value hierarchy, the fair value is classified in its entirety using the lowest level of the fair value hierarchy that is significant to the measurement as a whole.

The Group recognises transfers between levels of the fair value hierarchy at the end of the reporting period in which the change has occurred.

6.5.4 Visas and Recruitment Costs

Purchased visas represent the amounts paid to Government agencies for issuing workforce visas and are recorded at cost as available visas. Cost comprises all of the purchase cost paid to Government agencies to secure the workforce visas. The validity period of these visas is two years, and if they are not used during such period, they are then reimbursed by the Government agencies to the Group's accounts.

Upon the arrival of the recruited worker, the visa is transferred from the unused visas account to the used visas account.

The visa fees used are amortised in the consolidated statement of profit or loss on a straight-line basis over the contract period of the employee, estimated at two years. The balance that pertains to the next year is recorded under advance visa expenses within current assets, and anything exceeding the year is recorded under non-current assets.

Recruitment costs represent the amount paid to recruitment agencies in connection with services obtained. These costs are amortised at the time of visa activation in the consolidated statement of profit or loss over a period of two years in line with the employment contract period.

The amount of the unamortised balance of used visas and recruitment costs is written off directly in the consolidated statement of profit or loss in the event of the termination of the contract or the occurrence of anything that prevents the continuation of the service.

6.5.5 Residence and Work Permit Fees

Residence and work permit fees are amortised in the consolidated statement of profit or loss over one year in line with the validity of such permits.

6.5.6 Intangible Assets

Intangible assets acquired separately are measured on initial recognition at cost. Intangible assets acquired in a business combination are recognised at their fair values. Intangible assets under development are stated at cost. After initial recognition, intangible assets are stated at cost less any accumulated amortisation and any impairment losses. The useful lives of intangible assets are assessed and classified as either finite or indefinite.

Intangible assets with finite useful lives are amortised over their economic useful lives and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for intangible assets with finite useful lives are reviewed at least at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are taken into account to modify the amortisation period or method, as appropriate, and are treated as changes in accounting estimates. The amortisation expense on intangible assets with finite lives is recognised in profit or loss under expenses in line with the function of the intangible assets.

Intangible assets with finite useful lives, represented in computer software, are amortised using the straight-line method over their estimated useful lives of four years.

Gains or losses arising from the disposal of an intangible asset are measured as the difference between the net disposal proceeds and book value of the asset and are recognised in profit or loss upon the disposal of such asset.

6.5.7 Property and Equipment

Property and equipment are stated at historical cost, net of accumulated depreciation and accumulated impairment losses, if any. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised 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 can be reliably measured. The carrying amount of any component accounted for as a separate asset is derecognised when replaced. Other repairs and maintenance costs are charged to profit or loss during the financial period in which they are incurred. Land is not depreciated as it does not have a finite life.

Depreciation of property and equipment is calculated less its estimated residual value to allocate its cost on a straight-line basis over the estimated useful lives of the assets.

Depreciation is charged to the consolidated statement of profit or loss over the following estimated useful lives:

Category	Estimated Useful Life (Years)
Building	20 years
Leasehold improvements	4 years, or the lease term, whichever is shorter
Vehicles	4 years
Office equipment and supplies	4 years
Furniture and fixtures	8 years

The residual values and useful lives of assets are reviewed, and adjusted if appropriate, at the end of each annual reporting period. The carrying amount of an asset is immediately written down to its recoverable amount if the carrying amount of an asset is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amounts and are included in profit or loss.

6.5.8 Leases

Upon the inception of a contract, the Group assesses whether a contract is or contains a lease. A contract is or contains a lease, if it conveys the right to control the use of an identified asset for a period in exchange for a specified consideration. To assess whether a contract conveys control of the use of an identified asset, the Group assesses whether:

- the contract involves the use of an identified asset - this may be explicitly or implicitly specified and should be physically distinct or represent substantially all of the capacity of a physically distinct asset. If the supplier has a substantive substitution right, the asset is not identified;
- the Group has the right to obtain substantially all of the economic benefits from the use of the asset throughout the period of use; and
- the Group has the right to direct the use of the asset. The Group has this right when it has the decision-making rights that are most relevant to changing how and for what purpose the asset is used. In rare cases where the decision about how and for what purpose the asset is used is predetermined, the Group has the right to direct the use of the asset if:
- the Group has the right to operate the asset; or
- the Group designed the asset in a way that predetermines how and for what purpose it will be used.

6.5.9 Right-of-Use Assets

The Group recognises a right-of-use asset and a lease liability at the lease commencement date. Right-of-use assets are initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made on or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date of the lease until the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The estimated useful lives of right-of-use assets are determined on the same basis as those of property and equipment. In addition, right-of-use assets are periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

6.5.10 Lease Liabilities

Lease liabilities are initially measured at the present value of the lease payments that have not been paid at the commencement date, discounted using the interest rate implicit in the lease or if that rate cannot be readily determined.

Lease payments included in the measurement of lease liabilities consist of the following:

- fixed payments, including in-substance fixed payments;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as of the commencement date;
- amounts expected to be paid under a residual value guarantee; and
- the exercise price under a purchase option that the Group is reasonably certain to exercise, lease payments within an optional renewal period if the Group is reasonably certain to exercise an extension option, and penalties for the early termination of a lease unless the Group is reasonably certain not to terminate early.

Lease liabilities are measured at amortised cost using the effective interest method. Remeasurement is carried out when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee or if the Company changes its assessment of whether it will exercise a purchase, extension or termination option.

When a lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset or recorded in profit or loss if the carrying amount of the right-of-use asset is reduced to nil.

The Group has separately presented right-of-use assets and lease liabilities in the consolidated statement of financial position.

6.5.11 Trade Receivables

Trade receivables are amounts due from customers for services provided in the ordinary course of business. If these receivables are expected to be collected within one year or less, they are classified as current assets; otherwise they are presented as non-current assets. Trade receivables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest rate method, less provision for impairment.

6.5.12 Cash and Cash Equivalents

Cash and cash equivalents include cash-in-hand and demand deposits with banks, as well as other short-term, highly liquid investments with original maturities of three months or less that are ready for conversion into known amounts of cash and that are not significantly affected by the risk of change in value. Since cash and cash equivalents are also subject to IFRS 9 impairment requirements, the impairment loss is not significant.

6.5.13 Impairment of Non-Financial Assets

At each reporting date, the Group assesses whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Group estimates the asset's recoverable amount. An asset's recoverable amount is the higher of the fair value of an asset or cash generating unit less costs of disposal or its value in use. The recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or group of assets. When the carrying amount of an asset or cash generating unit exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pretax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs of disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used.

Impairment losses from continuing operations are recognised in the consolidated statement of profit or loss in expense categories consistent with the function of the impaired asset.

For assets excluding goodwill, an assessment is made at each reporting date to determine whether there is an indication that previously recognised impairment losses no longer exist or have decreased. If such indication exists, the Group estimates the recoverable amount of the asset or cash generating unit. The reversal is limited to ensure that the carrying amount of the asset does not exceed its recoverable amount or the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in the consolidated statement of profit or loss.

6.5.14 Dividends

Dividends are recorded in the consolidated financial statements in the period in which they are approved by the shareholders of the Group.

At its meetings on 28 July 2020G, 27 June 2021G and 30 May 2022G, the General Assembly, agreed to pay cash dividends to shareholders for the financial years ended 31 December 2019G, 2020G and 2021G, respectively, at an annual amount of SAR 20 million, representing SAR 2 per Share.

6.5.15 Foreign Currency Transactions - Reporting and Functional Currency

Transactions denominated in foreign currencies are translated to Saudi Riyals at the exchange rates prevailing at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated into Saudi Riyals according to the exchange rates prevailing at the date of the consolidated statement of financial position. Profit or loss on the exchange rate differences are included in the consolidated statement of profit or loss for the year.

6.5.16 Employee Benefit Liabilities

The Group has a defined employee end-of-service benefits scheme in accordance with the Labour Law in the Kingdom based on the employee's last salary and the number of years of service.

The amounts paid at the end of service under the scheme are calculated on the basis of the employees' last salaries and allowances and the number of their cumulative years of service as of the date of their end of service, as specified in the Labour Law in force in the Kingdom.

End-of-service benefit schemes are not funded. Obligations to pay benefits are met as they fall due and, consequently, the liability valuations under the plans are carried out by an independent actuary based on the projected credit unit method. The costs of such plans initially include the current value of benefits obtained equally for each year of service and the interest resulting from this obligation related to the employee's service in previous years.

Current and past service costs related to post-employment benefits are recognised immediately in the consolidated statement of profit or loss, while the reversal of the liability at the discount rates used are recorded in the consolidated statement of profit or loss. Any changes in net liability due to the actuarial valuation and changes in assumptions are considered as a re-measurement in the statement of other comprehensive income.

The remeasurement of gains and losses arising from adjustments to experience and changes in actuarial assumptions are recognised in the period in which they occur directly in other comprehensive income. They are transferred to retained earnings in the consolidated statement of changes in equity in the period in which they occur.

Changes in the present value of the defined benefit obligation resulting from amendments or curtailments in the scheme are immediately recognised in profit or loss as past service costs. End-of-service payments are based primarily on employees' final salaries, allowances and accumulated years of service, as defined in the Labour Law in the Kingdom.

6.5.17 Retained Deposits

Retained deposits are stated less any amounts due in accordance with the terms of the contract under current liabilities in the consolidated statement of financial position.

6.5.18 Trade Payables

Trade payables are liabilities for the payment of services obtained from suppliers in the ordinary course of business. Trade payables are classified as current liabilities if these payables are due within one year or less; otherwise they are presented as non-current liabilities. Trade payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest rate method.

6.5.19 Recruitment Agent Guarantees

Recruitment agent guarantees represent the amounts collected in advance from recruitment agents as cash security in order to comply with the terms and conditions of contracts signed with them. The net retained guarantees are recovered after deducting the amounts due from the supplier upon the termination of the contract with the recruitment agent.

6.5.20 Contract Liabilities

Contract liabilities represent amounts collected in advance from customers when signing contracts for the provision of manpower services. These amounts are recognised as revenue in the Group's consolidated statement of profit or loss when incurred.

6.5.21 Provisions

Provisions are recognised when the Group has a legal obligation (current or constructive) as a result of past events, and it is probable that the matter will require incurring resources to settle the obligation and the value of this obligation can be reliably estimated. If there are a number of similar liabilities, the likelihood that an outflow will be required to settle these liabilities is determined by considering the classification of liabilities as a whole. A provision is recognised even if the probability of an outflow for one of the items included in the same classification is minimal. If the effect of the time value of money is significant, provisions are discounted using the current pre-tax discount rate that reflects current market assessments of the time value of money and the risks associated with the liability.

6.5.22 Revenue Recognition

The Group recognises revenue by providing manpower services to public and private sector customers and individuals in line with IFRS requirements.

Revenue is measured based on the consideration specified in a contract with a customer, excluding amounts collected on behalf of third parties. Contract revenue is recognised based on manpower services provided to a customer (the services represent the performance obligations of the contract) over the terms of such agreements.

6.5.23 Contract Costs

Contract costs are recognised as an expense unless the Group has a reasonable expectation of recovering these costs from its customers and in cases where these costs are recoverable from customers. The Group amortises these costs, if any, on a systematic basis, consistent with the transfer of services to the customer.

The Group recognises contract costs if:

- the costs relate directly to a contract or to an anticipated contract that the Group can specifically identify;
- the costs generate or enhance resources of the Group that will be used in satisfying (or in continuing to satisfy) performance obligations in the future;
- the additional costs of obtaining a contract with a customer are expected to be recovered;
- such costs would not have been incurred if the contract had not been obtained or if the contract had not been identified by the Group; and
- they directly relate to a contract (or a specific anticipated contract), including:
  - direct labour costs;
  - allocation costs that directly relate to the contract or to contract activities;
  - costs that are explicitly chargeable to the customer under the contract; and
  - other costs that are incurred only because the entity entered into the contract.

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6.5.23.1 Measuring Progress Towards Satisfaction of Performance Obligations

Type of Service	Nature and Timing of Satisfaction of Performance Obligations, Including Significant Payment Terms	Revenue Recognition Policies
Corporate Segment Revenue	Corporate revenue relates to providing manpower services to corporate clients. Customers obtain control of services when such services are rendered and have been accepted. Invoices are generated and the performance obligation (rendering of services) is satisfied over the term of the contractual arrangement.	Revenue is recognised over time when the services are provided.
Individual Segment – Contractual Revenue	Manpower services provided to individual customers are covered under this stream. Customers obtain control of services when they are rendered and have been accepted. Invoices are generated and the performance obligation (rendering of services) is satisfied over the term of the contractual arrangement.	Revenue is recognised over time when the services are provided.
Individual Segment – Hourly Rental Revenue	Such revenue stream relates to the provision of manpower services for a few hours on a given day. Customers obtain control of services when such services are rendered and have been accepted. The performance obligation (rendering of services) is satisfied at that particular point of time.	Revenue is recognised at a point in time when the services are provided.

6.5.23.2 Contract Assets and Liabilities

If either party to a contract performs under it, the entity shall present the contract in the consolidated statement of financial position as a contract asset or a contract liability, depending on the relationship between the entity's performance and the customer's payment. A contract asset is an entity's right to consideration in exchange for services that the entity has transferred to a customer. A contract liability is an entity's obligation to transfer services to a customer for which the entity has received consideration (or an amount of consideration is due) from the customer.

6.5.24 Presentation and Disclosure Requirements

The Group disaggregated revenue recognised from contracts with customers into categories that depict how the nature, amount, timing and uncertainty of revenue and cash flows are affected by economic factors.

6.5.25 Other Income

Other income is recognised when earned.

6.5.26 Zakat and Tax

The Group is subject to Zakat in accordance with the regulations of the ZATCA. Zakat is calculated for each company within the Group separately on the basis of the higher of the approximate Zakat base or adjusted profit and charged to profit or loss. Any additional amounts are recognised when they are determined for payment.

The Company and its Subsidiaries withhold taxes on certain transactions with non-resident parties in the Kingdom, if any, as required under the Saudi Income Tax Law.

6.5.27 Financial Instruments

6.5.27.1 Classification and Measurement of Financial Assets and Financial Liabilities

On initial recognition, a financial asset is classified as measured at: amortised cost; fair value through other comprehensive income – investments in debt instruments; fair value through other comprehensive income - investments in equity instruments; or fair value through profit or loss.

A financial asset is measured at amortised cost if it meets both of the following conditions and is not classified at fair value through profit or loss:

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- on specified dates its contractual terms give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding.

An investment in a debt instrument is measured at fair value through other comprehensive income only if it meets both of the following conditions and is not designated at fair value through profit or loss:

- it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- on specified dates its contractual terms give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding.

On initial recognition of an investment in an equity instrument that is not held for trading, the Group may irrevocably elect to present subsequent changes in the fair value of the investment in other comprehensive income. This election is made on an investment-by-investment basis.

All financial assets not classified as measured at amortised cost or fair value through other comprehensive income as described above are measured at fair value through profit or loss. This includes all derivative financial assets.

On initial recognition, the Group may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at fair value through other comprehensive income as financial assets at fair value through profit or loss, if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

A financial asset (unless it is a trade receivable without a significant financial component that is initially measured at the transaction price) is initially measured at fair value plus, for an item not at fair value through profit or loss, transaction costs that are directly attributable to its acquisition.

The following accounting policies apply to the subsequent measurement of financial assets.

Financial assets at fair value through profit or loss	These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognised in profit or loss.
Financial assets at amortised cost	These assets are subsequently measured at amortised cost using the effective interest method. Amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss is recognised in profit or loss.
Investments in debt instruments at fair value through other comprehensive income	These assets are subsequently measured at fair value. Interest income calculated using the effective interest method, foreign exchange gains and losses and impairment are recognised in profit or loss. Other net gains and losses are recognised in other comprehensive income. On derecognition, gains and losses accumulated in other comprehensive income are reclassified to profit or loss.
Investments in equity instruments at fair value through other comprehensive income	These assets are subsequently measured at fair value. Dividends are recognised as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other gains and losses are recognised in other comprehensive income and are never reclassified to profit or loss.

The Group has no investments in debt instruments at fair value through comprehensive income or investments in equity instruments at fair value through comprehensive income.

6.5.27.2 Derecognition of Financial Assets

A financial asset (or part of a group of similar financial assets) is mainly derecognised (excluded from the Group's consolidated statement of financial position) in the following cases:

- the rights to receive cash flows from the asset have expired; or
- the Group has transferred its tights to receive cash flows from the asset or assumed an obligation to pay cash flows received in full without delay to a third party under a "pass-through" arrangement, and (i) has substantially transferred all of the risks and rewards of the asset or (ii) transferred control over the asset and the Group has neither transferred nor retained substantially the risks and rewards of the financial asset.

6.5.27.3 Financial Liabilities

The Group derecognises financial liabilities when its contractual obligations are discharged, cancelled or expire.

The Group also derecognises financial liabilities when the terms and cash flows of the modified obligation are substantially modified, in which case a new financial liability is recognised based on the modified terms at fair value.

Upon the disposal of a financial liability, the difference between the amortised carrying amount and the amount paid (including any non-cash assets transferred or charged liabilities) is recognised in the consolidated statement of profit or loss.

6.5.27.4 Impairment of Financial Assets

Financial assets at amortised cost consist of trade receivables and cash and cash equivalents.

Loss provisions are measured on the basis of expected credit losses over the lifetime of a financial instrument: these are expected credit losses that result from all possible default events over the expected life of a financial instrument.

The Group measures loss allowances at an amount equal to lifetime expected credit losses.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating expected credit losses, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort.

This includes both quantitative and qualitative information and analysis, based on the Group's historical experience and informed credit assessment and including forward-looking information.

6.5.27.5 Expected Credit Loss Assessment for Accounts Receivable

The Group applies the IFRS 9 simplified approach for measuring expected credit losses, which uses a lifetime expected loss allowance. The method is applied for assessing an allowance against:

- financial assets measured at amortised cost; and
- contract assets.

Expected loss rates are based on the payment profiles of receivables before each reported period and corresponding historical credit losses experienced within this period. Historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle receivables. The Group has determined the GDP of the Kingdom (the country in which it renders its services) to be the most relevant factor, and accordingly adjusts the historical loss rates based on expected changes in these factors.

The expected loss approach breaks down the total loss amount modelling into the following parts: probability of default, loss given default and exposure at default. These are briefly described below:

- **loss given default:** this is an estimate of the loss arising on default. It is based on the difference between the contractual cash flows due and those that the lender expects to receive, including from any collateral. It is usually expressed as a percentage of exposure at default;
- **probability of default:** the likelihood of a default over a particular time horizon; and
- **exposure at default:** this is an estimate of the exposure at a future default date, taking into account expected changes in exposure after the reporting date, including repayments of principal and interest, and expected drawdowns on committed facilities.

6.5.27.6 Credit-Impaired Financial Assets

At each reporting date, the Group assesses whether financial assets carried at amortised cost are credit impaired. A financial asset is "credit impaired" when one or more events that have a detrimental impact on the estimated future cash flows of the financial assets have occurred.

Evidence that a financial asset is a credit impaired includes:

- significant financial difficulties faced by the Group's customers;
- a breach of contract such as a default or past due event;
- rescheduling of financing by the Group on terms that are not favourable to it;
- imminent bankruptcy or another financial reorganisation of the customer; and
- the absence of an active market for that financial instrument due to financial difficulties.

6.5.27.7 Presentation of the Provision for Expected Credit Losses in the Consolidated Statement of Financial Position

Impairment losses on financial assets measured at amortised cost are deducted from the gross carrying amount of the assets.

6.5.27.8 Write-Off

Financial assets are written off (either partially or in full) when the Group has no reasonable expectations of recovery. The Group also performs an individual assessment of each customer in order to determine the value and timing of write-offs, based on whether there are reasonable expectations of recovery.

However, financial assets that are written off are still subject to enforcement activities in order to comply with the Group's procedures for recovery of amounts due.

In the event that the amount to be written off exceeds the accumulated loss allowance, the difference is initially considered as an addition to the provision that is applied to the gross carrying amount.

Subsequent recoveries are credited to other income.

6.5.27.9 Impaired Financial Assets

At each reporting date, the Group assesses whether financial assets carried at amortised cost and debt securities at fair value through other comprehensive income are impaired. A financial asset is impaired when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

6.5.27.10 Presentation of Impairment

Loss provisions for financial assets are deducted from the carrying amount of the assets.

Impairment losses related to trade receivables, if any, are presented in the consolidated statement of profit or loss under a separate item.

6.5.28 Financial Liabilities

Financial liabilities are classified as measured at amortised cost or fair value through profit or loss. A financial liability is classified at fair value through profit or loss if it is classified as held-for-trading, it is a derivative, or it is designated as such on initial recognition. Financial liabilities at fair value through profit or loss are measured at fair value and net gains and losses, including any interest expense, are recognised in profit or loss. Other financial liabilities are subsequently measured at amortised cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognised in profit or loss. Any gain or loss on derecognition is also recognised in profit or loss.

6.5.29 Contingent Liabilities

Contingent liabilities are liabilities that may arise from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group, or a current obligation not recorded because it is not probable that an outflow of resources will be required to settle it. In the event that the amount of the obligation cannot be measured with sufficient reliability, it is not recognised as a contingent liability but disclosed in the consolidated financial statements.

6.5.30 New Standards or Amendments Effective in 2022G and Subsequent Years

The following are a number of standards, amendments and interpretations of standards that were issued by the International Accounting Standards Board (IASB) on 20 March 2022G.

6.5.31 New requirements currently in effect:

Effective Date	New Standards and Amendments
1 April 2021G	Covid-19-Related Rent Concessions beyond 30 June 2021G (Amendment to IFRS 16).
1 January 2022G	Onerous Contracts - Cost of fulfilling a Contract (Amendments to IAS 37). Annual Improvements to IFRSs (2018G-2020G). Property, Plant and Equipment: Proceeds before Intended Use (Amendments to IAS 16). Reference to the Conceptual Framework (Amendments to IFRS 3).

Management conducted a financial impact assessment and found that there was no impact on the reviewed consolidated interim financial statements for the six-month period ended 30 June 2022G.

New requirements that will be applied subsequently:

Effective Date	New Standards and Amendments
1 January 2023G	Classification of Liabilities as Current/Non-current (Amendments to IAS 1). IFRS 17 - Insurance Contracts. Definition of Accounting Estimates – (Amendments to IAS 8). Disclosure of Accounting Policies – (Amendments to IAS 1 and IFRS Practice Statement 2). Deferred Tax Related to Assets and Liabilities arising from a Single Transaction (Amendments to IAS 12).
Available for optional adoption/Effective date deferred indefinitely	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendments to IFRS 10 and IAS 28).

Management will evaluate the financial impact of the new standards and amendments but it expects that they will not have an impact on the Group's financial statements.

6.6 Significant Accounting Estimates and Assumptions

The Group applied the IFRS as endorsed in the Kingdom and other standards and pronouncements issued by SOCPA to prepare the financial statements for the financial years ended 31 December 2019G, 2020G and 2021G, which reflect the conditions on the date of transition to IFRS and at the end of the most recent reporting period presented.

The Group also applied IAS 34 "Interim Financial Reporting" as endorsed in the Kingdom to prepare the reviewed consolidated interim financial statements for the six-month period ended 30 June 2022G. The accounting policies used in preparing the reviewed consolidated interim financial statements are in line with what is stated in the notes to the Group's consolidated financial statements for the financial year ended 31 December 2021G, except for the application of amendments and interpretations in effect as of 1 January 2022G.

The main accounting policies applied in the preparation of the reviewed consolidated interim financial statements were consistently applied to all of the periods presented.

The preparation of the Group's consolidated financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts of revenue, expenses, assets and liabilities, and the accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about such assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in future periods.

The key assumptions concerning future and other key sources of estimation uncertainty at the reporting date that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are described below. The Group bases its estimates on information available during the preparation of the consolidated financial statements. However, existing circumstances and assumptions about future developments may change due to market changes or circumstances arising beyond the control of the Group. These changes are reflected in the assumptions when they occur.

6.6.1 Measurement of Expected Credit Losses

Expected credit losses are a probability-weighted estimate of credit losses. They are measured as follows:

- **financial assets that are not credit-impaired at the reporting date:** as the present value of all cash shortfalls (the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Group expects to receive); and
- **financial assets that are credit-impaired at the reporting date:** as the difference between the gross carrying amount and the present value of estimated future cash flows.

6.6.2 Defined Benefit Plans

The cost of defined benefits and the present value of the related obligations are determined using actuarial valuations. An actuarial valuation involves making various assumptions which may differ from actual developments in the future. These include the determination of the discount rate, future salary increases and mortality rates. Due to the complexity of the valuation, the underlying assumptions and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.

The parameter most subject to change is the discount rate. In determining the appropriate discount rate, management considers the interest rates of corporate bonds in currencies consistent with the currencies of the post-employment benefit obligation with at least an 'AA' rating or above, as set by an internationally acknowledged rating agency, to correspond with the expected term of the defined benefit obligation. The underlying bonds are further reviewed for quality. Those having excessive credit spreads are removed from the analysis of bonds on which the discount rate is based, as they do not represent high quality bonds. The mortality rate is based on publicly available mortality tables for the specific countries. Such mortality tables tend to change only at intervals in response to demographic changes. Future salary increases are based on expected future inflation rates for the respective countries.

6.7 Results of Operations for the Financial Years Ended 31 December 2019G, 2020G and 2021G

6.7.1 Summary of the Group's Financial Information and Key Performance Indicators for the Financial Years Ended 31 December 2019G, 2020G and 2021G

The following table shows the summary of the Group's financial information and key performance indicators for the financial years ended 31 December 2019G, 2020G and 2021G:

Table No. (6.18): Summary of the Group's Financial Information and Key Performance Indicators for the Financial Years Ended 31 December 2019G, 2020G and 2021G

SAR '000	Financial Years Ended 31 December		
	2019G Audited	2020G Audited	2021G Audited
Statement of comprehensive income			
Revenue	716,005	686,656	663,723
Cost of revenue	(643,934)	(605,185)	(566,864)
Gross profit	**72,071**	**81,471**	**96,859**
Selling and marketing expenses	(8,077)	(7,081)	(6,804)
General and administrative expenses	(20,044)	(19,211)	(23,287)
Impairment loss on trade and other current assets	(6,184)	(7,836)	(8,717)
Other income	5,178	5,167	4,398
Profit from operations before Zakat	**42,943**	**52,511**	**62,450**
Zakat expense	(4,369)	(6,654)	(6,789)
Net profit for the year after Zakat	**38,574**	**45,857**	**55,661**
Gain/(loss) on remeasurement of employee benefit liabilities	2,173	3,255	(2,043)
Total comprehensive income for the year	**40,747**	**49,112**	**53,618**
Statement of financial position			
Total non-current assets	58,622	59,857	75,311
Total current assets	283,815	308,085	329,735
Total assets	**342,436**	**367,942**	**405,045**
Total equity	170,294	199,406	233,024
Total non-current liabilities	34,580	37,369	36,053
Total current liabilities	137,562	131,166	135,968
Total liabilities	**172,142**	**168,536**	**172,021**
Total liabilities and equity	**342,436**	**367,942**	**405,045**
Cash flow statement summary			
Net cash flows generated from / (used in) operating activities	14,840	97,156	(19,070)
Net cash flows generated from / (used in) investing activities	(1,759)	(30,528)	13,127
Net cash flows used in financing activities	(22,673)	(29,693)	(31,315)
Net change in cash and cash equivalents	**(9,591)**	**36,934**	**(37,259)**
Cash and cash equivalents at the beginning of the year	36,543	26,951	63,886
Cash and cash equivalents at the end of the year	26,951	63,886	26,627
KPIs			
Gross profit margin for the year	10.1%	11.9%	14.6%

SAR '000	Financial Years Ended 31 December		
	2019G Audited	2020G Audited	2021G Audited
Net profit margin for the year	5.4%	6.7%	8.4%
Return on assets	11.3%	12.5%	13.7%
Return on equity	22.7%	23.0%	23.9%

Source: The Group's audited consolidated financial statements for the financial years ended 31 December 2019G, 2020G and 2021G.

6.7.2 Consolidated Statement of Comprehensive Income of the Group for the Financial Years Ended 31 December 2019G, 2020G and 2021G

The following table shows the consolidated statement of comprehensive income of the Group for the financial years ended 31 December 2019G, 2020G and 2021G:

Table No. (6.19): Consolidated Statement of Comprehensive Income of the Group for the Financial Years Ended 31 December 2019G, 2020G and 2021G

SAR '000	Financial Years Ended 31 December			Var.		CAGR
	2019G Audited	2020G Audited	2021G Audited	2019G-020G	2020G-021G	2019G-2021G
Revenue	716,005	686,656	663,723	(4.1%)	(3.3%)	(3.7%)
Cost of revenue	(643,934)	(605,185)	(566,864)	(6.0%)	(6.3%)	(6.2%)
Gross profit	**72,071**	**81,471**	**96,859**	**13.0%**	**18.9%**	**15.9%**
Selling and marketing expenses	(8,077)	(7,081)	(6,804)	(12.3%)	(3.9%)	(8.2%)
General and administrative expenses	(20,044)	(19,211)	(23,287)	(4.2%)	21.2%	7.8%
Impairment loss on trade receivables and other current assets	(6,184)	(7,836)	(8,717)	26.7%	11.2%	18.7%
Other income	5,178	5,167	4,398	(0.2%)	(14.9%)	(7.8%)
Profit from operations before Zakat	**42,943**	**52,511**	**62,450**	**22.3%**	**18.9%**	**20.6%**
Zakat expense	(4,369)	(6,654)	(6,789)	52.3%	2.0%	24.7%
Net profit for the year after Zakat	38,574	45,857	55,661	18.9%	21.4%	20.1%
Other comprehensive income						
Items that will not be reclassified subsequently to profit or loss:						
Gain/(loss) on remeasurement of employee benefit liabilities	2,173	3,255	(2,043)	49.8%	(162.8%)	N/A
Total comprehensive income for the year	**40,747**	**49,112**	**53,618**	**20.5%**	**9.2%**	**14.7%**

Source: The Group's audited consolidated financial statements for the financial years ended 31 December 2019G, 2020G and 2021G.

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The following table shows the key performance indicators of the Group for the financial years ended 31 December 2019G, 2020G and 2021G:

Table No. (6.20): Key Performance Indicators of the Group for the Financial Years Ended 31 December 2019G, 2020G and 2021G

As a % of revenue	Financial Years Ended 31 December			Annual Change		CAGR
	2019G Management Information	2020G Management Information	2021G Management Information	2019G-020G	2020G-021G	2019G-021G
Gross profit margin	10.1%	11.9%	14.6%	0.2	0.2	0.2
Selling and marketing expenses	1.1%	1.0%	1.0%	(0.1)	(0.0)	(0.1)
General and administrative expenses	2.8%	2.8%	3.5%	(0.0)	0.3	0.1
Profit from operations before Zakat	6.0%	7.6%	9.4%	0.3	0.2	0.3
Net profit for the year after Zakat	5.4%	6.7%	8.4%	0.2	0.3	0.2
Total comprehensive income for the year	**5.7%**	**7.2%**	**8.1%**	**0.3**	**0.1**	**0.2**

Source: Management information for the financial years ended 31 December 2019G, 2020G and 2021G.

6.7.2.1 Revenue

Revenue is generated from three segments, Corporate (amounting to SAR 433.7 million, representing 65.3 per cent. of total revenue in 2021G), Individual Segment – Contractual (amounting to SAR 126.9 million, representing 19.1 per cent. of total revenue in 2021G), and Individual Segment – Hourly Rental (amounting to SAR 103.1 million, representing 15.5 per cent. of total revenue in 2021G).

Revenue decreased by 4.1 per cent. from SAR 716.0 million in the financial year ended 31 December 2019G to SAR 686.7 million in the financial year ended 31 December 2020G, mainly driven by a drop in the Corporate Segment revenue (SAR 76.7 million) in line with a decrease in the average number of workers invoiced by 8.3 per cent., from 12,578 in the financial year ended 31 December 2019G to 11,539 in the financial year ended 31 December 2020G, as a result of exceptional events that occurred due to the COVID-19 pandemic, which resulted in a decrease in the number of arrivals of new workers due to travel restrictions imposed in the Kingdom. This had a major impact on the manpower services offered to Corporate Segment customers, which resulted in the following:

- several industries were directly affected by the lockdowns and restrictions imposed due to the COVID-19 pandemic, including the restaurant and construction and contracting sectors; and
- exceptional discounts granted to corporate clients amounting to SAR 1.8 million in the financial year ended 31 December 2020G.

This decrease was partly offset by an increase in revenue generated from the Individual Segment – Contractual (SAR 37.4 million), as a result of high market demand for contract maids and cleaners, which resulted in the following:

- an increase in the utilisation rate of Individual Segment – Contractual workers from 90.0 per cent. in the financial year ended 31 December 2019G to 95.1 per cent. in the financial year ended 31 December 2020G, in line with an increase in the average number of workers invoiced from 3,793 in the financial year ended 31 December 2019G to 4,726 in the financial year ended 31 December 2020G; and
- a slight increase in the average revenue per worker in the Individual Segment – Contractual of 6.4 per cent., from SAR 30.2 thousand in the financial year ended 31 December 2019G to SAR 32.2 thousand in the financial year ended 31 December 2020G due to the increase in prices.

In the financial year ended 31 December 2021G, revenue decreased further by 3.3 per cent. to reach SAR 663.7 million, as a result of:

- a decrease in Corporate Segment revenue (SAR 42.6 million) following a drop in the average number of workers invoiced (from 11,539 in the financial year ended 31 December 2020G to 9,258 in the financial year ended 31 December 2021G) and available workers (from 12,096 in the financial year ended 31 December 2020G to 9,662 in the financial year ended 31 December 2021G) as a result of travel restrictions imposed by the COVID-19 pandemic; and
- a decrease in Individual Segment – Contractual revenue (SAR 25.2 million) following a decrease in the utilisation rate of workers by 3.2 percentage points, from 95.1 per cent. in the financial year ended 31 December 2020G to 91.9 per cent. in the financial year ended 31 December 2021G, in line with a decrease in the number of workers invoiced, as a result of the suspension of flights imposed by the COVID-19 pandemic.

This decrease was partly offset by an increase in revenue from the Individual Segment – Hourly Rental (SAR 44.9 million), as a result of:

- a significant increase in the utilisation rate of workers by 14.7 percentage points, from 71.9 per cent. in the financial year ended 31 December 2020G to 86.7 per cent. in the financial year ended 31 December 2021G, in line with an increase in the number of hours invoiced by workers, from approximately 1.9 million hours in the financial year ended 31 December 2020G to approximately 3.7 million hours in the financial year ended 31 December 2021G, due to high market demand; and
- an increase in the average price per visit (approximately four hours) from SAR 75 per visit in the financial year ended 31 December 2020G to SAR 95 per visit in the financial year ended 31 December 2021G.

6.7.2.2 Cost of Revenue

Cost of revenue comprises employee salaries, Government costs and other indirect overhead costs (employee costs). Costs are monitored on an aggregate basis and then allocated between cost of revenue, selling and marketing expenses, and general and administrative expenses, based on the cost allocation model.

Cost of revenue decreased by 6.0 per cent., from SAR 643.9 million in the financial year ended 31 December 2019G to SAR 605.2 million in the financial year ended 31 December 2020G and then further to SAR 566.9 million in FY2021G, mainly driven by a drop in employee salaries as a result of measures taken by management and the Government to overcome the COVID-19 pandemic. Labour costs decreased by 7.2 per cent., from SAR 592.6 million in the financial year ended 31 December 2019G to SAR 550.1 million in the financial year ended 31 December 2020G, mainly driven by the exemption from paying basic salaries to unutilised workers between April 2020G and September 2020G, based on the circular of the MHRSD, whereby initiatives were taken to support the private sector and mitigate the effects of the COVID-19 pandemic.

Labour costs decreased further to SAR 500.6 million in the financial year ended 31 December 2021G in line with a decrease in the average number of workers available from 19,158 in the financial year ended 31 December 2020G to 15,948 in FY2021G, mainly due to the COVID-19 pandemic, which led to lockdowns and travel restrictions.

6.7.2.3 Gross Profit

Gross profit increased by 13.0 per cent., from SAR 72.1 million in the financial year ended 31 December 2019G to SAR 81.5 million in the financial year ended 31 December 2020G, due to:

- a decrease in the cost of revenue by 6.0 per cent., from SAR 643.9 million in the financial year ended 31 December 2019G to SAR 605.2 million in the financial year ended 31 December 2020G, mainly driven by a decrease in workers' salaries as a result of measures taken by management and the Government to overcome the COVID-19 pandemic, in addition to the extension/renewal of licences and work permits free of charge, during the three-month period from 30 March to 30 June, throughout the Kingdom. Labour costs decreased by 7.1 per cent., from SAR 592.6 million in the financial year ended 31 December 2019G to SAR 550.1 million in the financial year ended 31 December 2020G, mainly driven by the exemption from paying basic salaries to unutilised workers between April 2020G and September 2020G, based on the circular of the MHRSD, whereby initiatives were taken to support the private sector and mitigate the effects of the COVID-19 pandemic; and
- an increase in gross profit from the Individual Segment – Contractual (SAR 14.1 million), mainly driven by an increase in the average revenue per worker invoiced, from SAR 30.2 thousand in the financial year ended 31 December 2019G to SAR 32.2 thousand in the financial year ended 31 December 2020G, and an increase in the utilisation rate of workers from this segment, from 90.0 per cent. in the financial year ended 31 December 2019G to 95.1 per cent. in the financial year ended 31 December 2020G, in line with an increase in the average number of workers invoiced, from 3,793 in the financial year ended 31 December 2019G to 4,726 in the financial year ended 31 December 2020G.

Gross profit subsequently increased by 18.9 per cent., to SAR 96.9 million in the financial year ended 31 December 2021G, mainly driven by:

- an increase in gross profit from the Individual Segment – Hourly Rental, following a significant increase in the utilisation rate of workers, from 71.9 per cent. in the financial year ended 31 December 2020G to 86.7 per cent. in the financial year ended 31 December 2021G, as well as an increase in the average price per visit; and
- a decrease in employee salaries and benefits, from SAR 432.6 million in the financial year ended 31 December 2020G to SAR 399.5 million in the financial year ended 31 December 2021G, Government costs and other direct overhead costs, from SAR 117.5 million in the financial year ended 31 December 2020G to SAR 101.0 million in the financial year ended 31 December 2021G, mainly due to a decrease in the average number of workers available, from 19,158 in the financial year ended 31 December 2020G to 15,948 in the financial year ended 31 December 2021G, as a result of the suspension of flights due to the COVID-19 pandemic.

This increase was partly offset by a decrease in gross profit from:

- the Corporate Segment, by 21.7 per cent., from SAR 58.7 million in the financial year ended 31 December 2020G to SAR 45.9 million in the financial year ended 31 December 2021G, as a result of additional labour costs due to the COVID-19 pandemic (such as medical tests and quarantine costs); and
- the Individual Segment – Contractual, from SAR 28.7 million in the financial year ended 31 December 2020G to SAR 21.9 million in the financial year ended 31 December 2021G following a decrease in the number of workers invoiced and average revenue per worker invoiced.

6.7.2.4 General and Administrative Expenses

General and administrative expenses include general management employee salaries and benefits, remuneration and allowances for board committees, depreciation and amortisation, professional and consultancy fees, technical services, and other general and administrative expenses.

General and administrative expenses decreased by 4.2 per cent., from SAR 20.0 million in the financial year ended 31 December 2019G to SAR 19.2 million in the financial year ended 31 December 2020G, mainly due to:

- exceptional provisions for financial claims recorded in the financial year ended 31 December 2019G, amounting to SAR 750 thousand (nil in the financial year ended 31 December 2020G) in relation to an old building rented by the Group. The Group settled the outstanding balance in the financial year ended 31 December 2020G; and
- a decrease in employee salaries and benefits (SAR 250 thousand) in line with a decrease in the headcount, from 95 in the financial year ended 31 December 2019G to 86 in the financial year ended 31 December 2020G.

General and administrative expenses increased by 21.2 per cent. to SAR 23.3 million in the financial year ended 31 December 2021G, mainly due to:

- an increase in employee salaries and benefits (SAR 2.8 million), in line with an increase in the headcount, from 86 in the financial year ended 31 December 2020G to 111 in the financial year ended 31 December 2021G; and
- an increase in professional and consultancy fees (SAR 1.3 million) mainly resulting from exceptional tax consulting fees and charges.

6.7.2.5 Impairment Losses on Trade and Other Receivables

Impairment losses on trade and other receivables increased from SAR 6.2 million in the financial year ended 31 December 2019G to SAR 7.8 million in the financial year ended 31 December 2020G, and then to SAR 8.7 million in the financial year ended 31 December 2021G due to a slowdown in the collection of receivables, as trade receivables outstanding for more than 420 days increased from 13.1 per cent. as of 31 December 2019G to 21.6 per cent. as of 31 December 2020G, and then to 34.0 per cent. of as of 31 December 2021G.

6.7.2.6 Selling and Marketing Expenses

Selling and marketing expenses mainly comprise employee salaries and benefits, advertising and publicity expenses, sales and marketing services, depreciation of property and equipment, and other selling and marketing expenses.

Selling and marketing expenses decreased by 12.3 per cent., from SAR 8.1 million in the financial year ended 31 December 2019G to SAR 7.1 million in the financial year ended 31 December 2020G, primarily driven by a decrease in employee salaries and benefits (SAR 1.1 million).

Selling and marketing expenses decreased by 3.9 per cent. to SAR 6.8 million in the financial year ended 31 December 2021G, mainly due to a decrease in advertising and publicity expenses (SAR 939 thousand). This was partly offset by an increase in employee salaries and benefits (SAR 671 thousand), in line with an increase in the headcount, from 27 in the financial year ended 31 December 2020G to 43 in the financial year ended 31 December 2021G.

6.7.2.7 Other Income

Other income consists of refunded Government fees, provisions and entitlements no longer required, revenue from worker accommodation canteens, and other income.

Other income remained stable at SAR 5.2 million in the financial year ended 31 December 2019G and 2020G.

Other income decreased to SAR 4.4 million in the financial year ended 31 December 2021G, mainly due to a decrease in refunded Government fees (SAR 567 thousand).

6.7.2.8 Profit from Operations before Zakat

Profit from operations before Zakat increased by 22.3 per cent., from SAR 42.9 million in the financial year ended 31 December 2019G to SAR 52.5 million in the financial year ended 31 December 2020G, and then further to SAR 62.5 million in the financial year ended 31 December 2021G, mainly driven by an increase in gross profit during the same period.

6.7.2.9 Zakat Charge

Zakat charge increased by 52.3 per cent., from SAR 4.4 million in the financial year ended 31 December 2019G to SAR 6.7 million in the financial year ended 31 December 2020G, and then to SAR 6.8 million in the financial year ended 31 December 2021G, in line with an increase in the Group's profit from operations before Zakat during the same period.

6.7.2.10 Net Profit for the Year after Zakat

Net profit for the year after Zakat increased by 18.9 per cent., from SAR 38.6 million in the financial year ended 31 December 2019G to SAR 45.9 million in the financial year ended 31 December 2020G, and subsequently by 21.4 per cent. to SAR 55.7 million in the financial year ended 31 December 2021G, mainly driven by an increase in gross profit during the same period.

6.7.2.11 Gain/(loss) on Remeasurement of Employee Benefit Liabilities

The remeasurement of employee benefit liabilities resulted in gains of SAR 2.2 million in the financial year ended 31 December 2019G, gains of SAR 3.3 million in the financial year ended 31 December 2020G, and losses of SAR 2.0 million in the financial year ended 31 December 2021G. The remeasurement of employee benefit liabilities relates to actuarial gains or losses resulting from the remeasurement of employee benefits liabilities by independent actuaries using the projected credit method, in accordance with IAS 19 requirements, and taking into account the provisions of Saudi Labour Law and the Group's policy.

In order to calculate the balance as of 31 December 2021G, a discount rate of 2.3 per cent. was applied, with a salary growth rate of 1.3 per cent., and a high employee turnover/resignation rate given the nature of the Group's activities (the period of employee contracts is two years and the renewal rates for a further period / periods is around 50 per cent.).

6.7.2.12 Total Comprehensive Income for the Year

Total comprehensive income for the year increased by 20.5 per cent., from SAR 40.7 million in the financial year ended 31 December 2019G to SAR 49.1 million in the financial year ended 31 December 2020G, and subsequently by 9.2 per cent., to SAR 53.6 million in the financial year ended 31 December 2021G, mainly driven by an increase in gross profit during the same period.

6.7.3 Revenue by Segment in the Financial Years Ended 31 December 2019G, 2020G and 2021G

The following table shows the revenue by segment in the financial years ended 31 December 2019G, 2020G and 2021G:

Table No. (6.21): Revenue by Segment in the Financial Years Ended 31 December 2019G, 2020G and 2021G

SAR '000	Financial Years Ended 31 December			Annual Change		CAGR
	2019G Management Information	2020G Audited	2021G Audited	2019G-2020G	2020G-2021G	2019G-2021G
Corporate Segment	552,971	476,274	433,679	(13.9%)	(8.9%)	(11.4%)
Individual Segment – Contractual	114,733	152,099	126,900	32.6%	(16.6%)	5.2%
Individual Segment – Hourly Rental	48,301	58,284	103,144	20.7%	77.0%	46.1%
Total	**716,005**	**686,656**	**663,723**	**(4.1%)**	**(3.3%)**	**(3.7%)**
As a % of total revenue						
Corporate Segment	77.2%	69.4%	65.3%	(7.8)	(4.1)	(11.9)
Individual Segment – Contractual	16.0%	22.2%	19.1%	6.2	(3.1)	3.1
Individual Segment – Hourly Rental	6.7%	8.5%	15.5%	1.8	7.0	8.8
Average number of workers invoiced						
Corporate Segment	12,578	11,539	9,258	(8.3%)	(19.8%)	(14.2%)
Individual Segment – Contractual	3,793	4,726	4,028	24.6%	(14.8%)	3.1%

SAR '000	Financial Years Ended 31 December			Annual Change		CAGR
	2019G Management Information	2020G Audited	2021G Audited	2019G-2020G	2020G-2021G	2019G-2021G
Individual Segment – Hourly Rental	1,282	1,589	1,866	23.9%	17.4%	20.6%
Total	**17,653**	**17,854**	**15,152**	**1.1%**	**(15.1%)**	**(7.4%)**
Average number of workers available						
Corporate Segment	13,096	12,096	9,662	(7.6%)	(20.1%)	(14.1%)
Individual Segment – Contractual	4,213	4,970	4,382	18.0%	(11.8%)	2.0%
Individual Segment – Hourly Rental	1,493	2,092	1,904	40.1%	(9.0%)	12.9%
Total	**18,802**	**19,158**	**15,948**	**1.9%**	**(16.8%)**	**(7.9%)**
Utilisation rate						
Corporate Segment	96.0%	95.4%	95.8%	(0.6)	0.4	(0.2)
Individual Segment – Contractual	90.0%	95.1%	91.9%	5.1	(3.2)	1.9
Individual Segment – Hourly Rental	50.2%	71.9%	86.7%	21.7	14.8	36.5
Total	**93.9%**	**93.2%**	**95.0%**	**(0.7)**	**1.8**	**1.1**
Average revenue per worker invoiced (SAR)						
Corporate Segment	43,963	41,275	46,844	(6.1%)	13.5%	3.2%
Individual Segment – Contractual	30,249	32,183	31,504	6.4%	(2.1%)	2.1%
Individual Segment – Hourly Rental	37,677	36,680	55,276	(2.6%)	50.7%	21.1%
Total	**40,560**	**38,460**	**43,804**	**(5.2%)**	**13.9%**	**3.9%**

Source: Management information for the financial year ended 31 December 2019G and the Group's audited consolidated financial statements for the financial years ended 2020G and 2021G.

6.7.3.1 Corporate Segment

Corporate Segment revenue is generated from contracts signed with corporate clients in the form of a business-to-business relationship and consists mainly of the following customer industries: maintenance companies, restaurants, construction and contracting, transportation, and hospitals. Contracts signed under the Corporate Segment have an average term of two years. Billing occurs on a monthly basis and payments from customers are due within 60 days from the invoice date. There are no fixed prices for service provision to the Corporate Segment, as the price depends mainly on employee salaries, based on the worker's profession, skills and competency.

Corporate Segment revenue decreased by 13.9 per cent., from SAR 553.0 million in the financial year ended 31 December 2019G to SAR 476.3 million in the financial year ended 31 December 2020G, mainly due to:

- a decrease in the average number of invoiced workers (from 12,578 in the financial year ended 31 December 2019G to 11,539 in the financial year ended 31 December 2020G) and average number of available workers (from 13,096 in the financial year ended 31 December 2019G to 12,096 in the financial year ended 31 December 2020G) due to the exceptional events resulting from the COVID-19 pandemic;
- a decrease in the average revenue per worker invoiced, from SAR 44 thousand in the financial year ended 31 December 2019G to SAR 41.3 thousand in FY2020G following a decrease in the prices of new contracts signed with customers, as a result of competition in the market;
- the Government measure providing an exemption from paying basic salaries to unutilised workers during the COVID-19 period, which aimed to support the private sector and mitigate the effects of the pandemic. Accordingly, such salaries were not invoiced for some corporate clients in the six-month period between April 2020G and September 2020G; and
- exceptional discounts granted to corporate clients who were significantly affected by the COVID-19 pandemic, amounting to SAR 1.8 million for a period of three months, from April 2020G to June 2020G.

Despite the high market demand in the financial year ended 31 December 2021G, Corporate Segment revenue decreased from SAR 476.3 million in the financial year ended 31 December 2020G to SAR 433.7 million in the financial year ended 31 December 2021G, mainly due to a decrease in the average number of workers invoiced (from 11,539 in the financial year ended 31 December 2020G to 9,258 in the financial year ended 31 December 2021G) and the average number of workers available (from 12,096 in the financial year ended 31 December 2020G to 9,662 in the financial year ended 31 December 2021G), mainly due to the COVID-19 pandemic, which resulted in travel restrictions to and from India, Pakistan, Indonesia, and other countries. This decrease was partly offset by an increase in average revenue per worker invoiced.

6.7.3.2 Individual Segment – Contractual

Individual Segment – Contractual revenue is generated from contracts signed with individual customers, in the form of a business-to-consumer relationship Individual Segment – Contractual primarily consists of services provided by cleaners, maids and private drivers. Invoices are paid in advance (except for automatically renewed contracts with existing customers) and the average monthly worker price ranges between SAR 2 thousand to SAR 3.5 thousand, depending on the worker's salary, recruitment cost, competency and skills.

Individual Segment – Contractual revenue increased by 32.6 per cent., from SAR 114.7 million in the financial year ended 31 December 2019G to SAR 152.1 million in the financial year ended 31 December 2020G, mainly due to:

- an increase in the utilisation rate from 90.0 per cent. in the financial year ended 31 December 2019G to 95.1 per cent. in the financial year ended 31 December 2020G, in line with an increase in the average number of workers invoiced (from 3,793 in the financial year ended 31 December 2019G to 4,726 in the financial year ended 31 December 2020G) as a result of high market demand; and
- an increase in the average revenue per worker invoiced by 6.4 per cent., from SAR 30.2 thousand in the financial year ended 31 December 2019G to SAR 32.2 thousand in the financial year ended 31 December 2020G, as a result of an increase in price of services.

Revenue from the Individual Segment – Contractual decreased by 16.6 per cent., from SAR 152.1 million in the financial year ended 31 December 2020G to SAR 126.9 million in the financial year ended 31 December 2021G, mainly due to:

- a decrease in the utilisation rate by 3.2 percentage points, from 95.1 per cent. in the financial year ended 31 December 2020G to 91.9 per cent. in the financial year ended 31 December 2021G, in line with a decrease in the average number of workers invoiced from 4,726 in the financial year ended 31 December 2020G to 4,028 in the financial year ended 31 December 2021G;
- a decrease in the average number of available workers, from 4,970 in the financial year ended 31 December 2020G to 4,382 in the financial year ended 31 December 2021G, mainly due to the suspension of flights from Indonesia, the home country of most domestic workers and cleaners; and
- a decrease in the average revenue per worker invoiced of 2.1 per cent., from SAR 32.2 thousand in the financial year ended 31 December 2020G to SAR 31.5 thousand in the financial year ended 31 December 2021G, as a result of the replacement of some Indonesian workers (with a relatively high average revenue of SAR 3.5 thousand per month) with African workers (with a relatively lower average salary of SAR 2.0 thousand per month) due to travel restrictions.

6.7.3.3 Individual Segment – Hourly Rental

Individual Segment – Hourly Rental revenue represents revenue generated from individual customers and is recognised on the basis of scheduled cleaning visits (each visit consists of four hours), under a business-to-consumer relationship. Revenue generated from the Individual Segment – Hourly Rental mainly consists of services provided by cleaners and maids. Invoices are paid in advance and prices range from SAR 90 to SAR 140 per visit, depending on the competency and salary of the worker and the timing of the visit (morning/evening). The utilisation rate in this segment represents the average number of hours invoiced as a percentage of the total number of hours available.

Individual Segment – Hourly Rental revenue increased by 20.7 per cent., from SAR 48.3 million in the financial year ended 31 December 2019G to SAR 58.3 million in the financial year ended 31 December 2020G as a result of a significant increase in the utilisation rate, from 50.2 per cent. in the financial year ended 31 December 2019G to 71.9 per cent. in the financial year ended 31 December 2020G, on the back of an increase in the number of hours invoiced, from 1.1 million hours in the financial year ended 31 December 2019G to 1.9 million hours in the financial year ended 31 December 2020G, due to high market demand.

Revenue from the Individual Segment – Hourly Rental would have been higher (by approximately SAR 36 million in the financial year ended 31 December 2020G); however this segment was negatively impacted by the COVID-19 pandemic, following the lockdown measures and restrictions imposed by the Government on maids and cleaners' visits from mid-March 2020G to June 2020G, and partially from July 2020G to mid-September 2020G.

Revenue from the Individual Segment – Hourly Rental increased by 77.0 per cent., from SAR 58.3 million in the financial year ended 31 December 2020G to SAR 103.1 million in the financial year ended 31 December 2021G, following:

- a significant increase in the utilisation rate from 71.9 per cent. in the financial year ended 31 December 2020G to 86.7 per cent. in the financial year ended 31 December 2021G following an increase in the number of hours invoiced, from 1.9 million hours in the financial year ended 31 December 2020G to 3.7 million hours in the financial year ended 31 December 2021G, due to high market demand; and
- a significant increase in the average revenue per worker invoiced, from SAR 36.7 thousand in the financial year ended 31 December 2020G to SAR 55.3 thousand in the financial year ended 31 December 2021G, resulting from an increase in the average visit price (approximately four hours), from SAR 65 per visit in the financial year ended 31 December 2020G to SAR 95 per visit in the financial year ended 31 December 2021G, due to high market demand.

6.7.4 Corporate Revenue by Industry in the Financial Years Ended 31 December 2019G, 2020G and 2021G

The following table shows the corporate revenue by industry in the financial years ended 31 December 2019G, 2020G and 2021G:

Table No. (6.22): Corporate Revenue by Industry in the Financial Years Ended 31 December 2019G, 2020G and 2021G

SAR '000	Financial Years Ended 31 December			Annual Change		CAGR
	2019G Management Information	2020G Management Information	2021G Management Information	2019G-2020G	2020G-2021G	2019G-2021G
Maintenance companies	150,773	146,061	118,585	(3.1%)	(18.8%)	(11.3%)
Restaurants	100,141	81,206	86,051	(18.9%)	6.0%	(7.3%)
Construction and contracting companies	148,346	92,170	56,369	(37.9%)	(38.8%)	(38.4%)
Transportation companies	25,865	30,603	29,684	18.3%	(3.0%)	7.1%
Hospitals	4,235	7,567	22,702	78.7%	200.0%	131.5%
Trading companies	18,269	19,890	18,544	8.9%	(6.8%)	0.7%
Manufacturing companies	14,688	16,568	17,932	12.8%	8.2%	10.5%
Service companies	9,983	12,637	16,834	26.6%	33.2%	29.9%
Banks	20,654	9,750	5,948	(52.8%)	(39.0%)	(46.3%)
Other	32,375	34,509	39,076	6.6%	13.2%	9.9%
Mawarid total	**525,329**	**450,961**	**411,724**	**(14.2%)**	**(8.7%)**	**(11.5%)**
Musanid Almarafiq for Maintenance and Cleaning Company	27,642	25,038	21,611	(9.4%)	(13.7%)	(11.6%)
Sawaid Recruitment Company	-	275	343	N/A	25.0%	N/A
Total	**552,971**	**476,274**	**433,679**	**(13.9%)**	**(8.9%)**	**(11.4%)**
Average numbers of workers invoiced						
Maintenance companies	3,089	2,791	2,374	(9.6%)	(14.9%)	(12.3%)
Restaurants	2,951	2,714	3,259	(8.0%)	20.1%	5.1%
Construction and contracting companies	5,503	2,332	1,837	(57.6%)	(21.2%)	(42.2%)
Transportation companies	625	568	458	(9.1%)	(19.4%)	(14.4%)
Hospitals	135	132	481	(2.2%)	264.4%	88.8%
Trading companies	218	191	338	(12.4%)	77.0%	24.5%
Manufacturing companies	436	490	498	12.4%	1.6%	6.9%

SAR '000	Financial Years Ended 31 December			Annual Change		CAGR
	2019G Management Information	2020G Management Information	2021G Management Information	2019G-2020G	2020G-2021G	2019G-2021G
Service companies	333	434	578	30.3%	33.2%	31.7%
Banks	112	63	55	(43.8%)	(12.7%)	(29.9%)
Other	1,034	781	1,473	(24.5%)	88.6%	19.4%
Average revenue per worker invoiced (SAR)						
Maintenance companies	48,810	52,333	49,952	7.2%	(4.5%)	1.2%
Restaurants	33,935	29,921	26,404	(11.8%)	(11.8%)	(11.8%)
Construction and contracting companies	26,957	39,524	30,685	46.6%	(22.4%)	6.7%
Transportation companies	41,384	53,879	64,813	30.2%	20.3%	25.1%
Hospitals	31,369	57,323	47,197	82.7%	(17.7%)	22.7%
Trading companies	83,802	104,137	54,863	24.3%	(47.3%)	(19.1%)
Manufacturing companies	33,688	33,812	36,007	0.4%	6.5%	3.4%
Service companies	29,979	29,119	29,125	(2.9%)	0.0%	(1.4%)
Banks	184,415	154,766	108,146	(16.1%)	(30.1%)	(23.4%)
Other	31,311	44,186	26,528	41.1%	(40.0%)	(8.0%)

Source: Management information for the financial years ended 31 December 2019G, 2020G and 2021G.

6.7.4.1 Maintenance Companies

Revenue from maintenance companies is generated from contracts signed with corporate clients who work in the field of operation and maintenance. Revenue from maintenance companies decreased by 3.1 per cent., from SAR 150.8 million in the financial year ended 31 December 2019G to SAR 146.1 million in the financial year ended 31 December 2020G, and by 18.8 per cent., to SAR 118.6 million in the financial year ended 31 December 2021G, mainly due to:

- a decrease in revenue generated from ten customers, including Almawarid kom Trading Group (a Related Party) and Musanid Almarafiq for Maintenance and Cleaning Company (a Related Party), from SAR 131.5 million in the financial year ended 31 December 2019G to SAR 108.5 million in the financial year ended 31 December 2020G and SAR 83.5 million in the financial year ended 31 December 2021G, as a result of the expiry of some projects for these customers, which resulted in a decrease in the number of workers invoiced, from 2,339 in the financial year ended 31 December 2019G to 1,712 in the financial year ended 31 December 2020G and 1,430 in the financial year ended 31 December 2021G; and
- this decrease was partly offset by an increase in revenue from Almajal Service Master Company (SAR 20.7 million) in the financial year ended 31 December 2020G in connection with a new project won with Tatweer Building Co., which resulted in an increase in the number of workers invoiced, from 549 in the financial year ended 31 December 2019G to 871 in the financial year ended 31 December 2020G.

6.7.4.2 Restaurants

Restaurant revenue is generated from contracts signed with restaurant and food establishment customers. Revenue from restaurants decreased by 18.9 per cent., from SAR 100.1 million in the financial year ended 31 December 2019G to SAR 81.2 million in the financial year ended 31 December 2020G, mainly due to the lockdowns and restrictions imposed by the Government due to the COVID-19 pandemic, which resulted in a decrease in the average number of workers invoiced, from 2,951 in the financial year ended 31 December 2019G to 2,714 in the financial year ended 31 December 2020G. The lockdowns and restrictions resulted in the closure of all restaurants across the Kingdom as follows:

- complete lockdown from March 2020G till August 2020G, and partial lockdown in November and December 2020G;
- restaurants opened in July 2020G for delivery only; and
- restaurants opened at 30 per cent. capacity for the period from August 2020G to October 2020G.

Restaurant revenue subsequently increased by 6.0 per cent. to reach SAR 86.1 million in the financial year ended 31 December 2021G as a result of easing lockdown restrictions and the expected economic recovery in the wake of the COVID-19 pandemic, which resulted in the opening of restaurants for a full year in the financial year ended 31 December 2021G, leading to an increase in the average number of workers invoiced from 2,714 in the financial year ended 31 December 2020G to 3,259 in the financial year ended 31 December 2021G.

6.7.4.3 Construction and Contracting Companies

Revenue from construction and contracting companies is generated from contracts with construction and contracting company customers. Revenue from construction and contracting companies decreased by 37.9 per cent., from SAR 148.3 million in the financial year ended 31 December 2019G to SAR 92.2 million in the financial year ended 31 December 2020G, and then further to SAR 56.4 million in the financial year ended 31 December 2021G, mainly due to the slowdown in major construction projects of the Group's customers, as well as some projects reaching their final stages, coupled with lockdowns and restrictions imposed by the Government due to the COVID-19 pandemic, which resulted in a decrease in the average number of workers invoiced, from 5,503 in the financial year ended 31 December 2019G to 1,837 in the financial year ended 31 December 2021G.

Construction and contracting revenue was generated from the following major contracts:

- a contract with Al-Ayuni Investment and Contracting Company (decreased from SAR 28.0 million in the financial year ended 31 December 2019G to SAR 21 million in the financial year ended 31 December 2020G and SAR 21.2 million in the financial year ended 31 December 2021G);
- a contract with Nasser Saeed Al-Hajri & Partners Contracting Company (decreased from SAR 29.0 million in the financial year ended 31 December 2019G to SAR 14.0 million in the financial year ended 31 December 2020G and SAR 7.4 million in the financial year ended 31 December 2021G);
- a contract with Al Rashid Abetong Company, a closed joint stock company (decreased from SAR 16 million in the financial year ended 31 December 2019G to SAR 9.0 million in the financial year ended 31 December 2020G and SAR 7.4 million in the financial year ended 31 December 2021G); and
- a contract with El Seif Engineering Contracting Company (decreased from SAR 39.6 million in the financial year ended 31 December 2019G to SAR 14.8 million in the financial year ended 31 December 2020G and SAR 2.8 million in the financial year ended 31 December 2021G).

6.7.4.4 Transportation Companies

Transportation company revenue increased by 18.3 per cent., from SAR 25.9 million in the financial year ended 31 December 2019G to SAR 30.6 million in the financial year ended 31 December 2020G, mainly due to an increase in revenue from two contracts signed with Naqel (SAR 6.1 million), as a result of the latter signing a new contract with the MHRSD to start delivering medication throughout the Kingdom. Transportation revenue decreased slightly by 3.0 per cent. to reach SAR 29.7 million in the financial year ended 31 December 2021G, as a result of a slight decrease in revenue from Naqel (SAR 758 thousand).

6.7.4.5 Hospitals

The Group started providing services to customers operating in the medical field commencing the financial year ended 31 December 2019G, following the Saudi Vision to strengthen the healthcare sector in the Kingdom. According to management, the Group plans to reclassify the hospitals industry as a separate segment in the coming years, after expanding operations and increasing the number of workers.

Revenue from hospitals increased significantly, from SAR 4.2 million in the financial year ended 31 December 2019G to SAR 7.6 million in the financial year ended 31 December 2020G, and further to SAR 22.7 million in the financial year ended 31 December 2021G, following the expansion of the healthcare sector in the Kingdom during the COVID-19 pandemic period, thus resulting in an increase in the average number of workers invoiced from 135 in the financial year ended 31 December 2019G to 481 in the financial year ended 31 December 2021G.

6.7.4.6 Trading Companies

Trading company revenue increased by 8.9 per cent., from SAR 18.3 million in the financial year ended 31 December 2019G to SAR 19.9 million in the financial year ended 31 December 2020G, mainly due to an increase in revenue from two projects signed with Salisa International, a closed joint stock company (SAR 1.3 million) and Yanal Finance Company (SAR 1.1 million).

Revenue from trading companies decreased slightly, by 6.8 per cent., reaching SAR 18.5 million in the financial year ended 31 December 2021G, as a result of a decrease in revenue generated from a project signed with Salisa International, a closed joint stock company (SAR 2.3 million). This decrease was partly offset by an increase in revenue from one new project signed with Al Kayan Advanced Trading Company (SAR 1.2 million).

6.7.4.7 Manufacturing Companies

Manufacturing company revenue increased by 12.8 per cent., from SAR 14.7 million in the financial year ended 31 December 2019G to SAR 16.6 million in the financial year ended 31 December 2020G and then by 8.2 per cent. to SAR 17.9 million in the financial year ended 31 December 2021G, mainly due an increase in the average number of workers invoiced from 436 in the financial year ended 31 December 2019G to 490 in the financial year ended 31 December 2020G and 498 in the financial year ended 31 December 2021G.

6.7.4.8 Service Companies

Service company revenue increased by 26.6 per cent., from SAR 10.0 million in the financial year ended 31 December 2019G to SAR 12.6 million in the financial year ended 31 December 2020G, and subsequently to SAR 16.8 million in the financial year ended 31 December 2021G, in line with an increase in the average number of workers invoiced, from 333 in the financial year ended 31 December 2019G to 578 in the financial year ended 31 December 2021G, as a result of commencing a new project with Leejam Sports Company in September 2020G, which led to an increase in revenue by SAR 1.4 million and SAR 4.1 million in the financial year ended 31 December 2020G and 2021G, respectively.

6.7.4.9 Banks

Revenue from banks decreased by 52.8 per cent., from SAR 20.7 million in the financial year ended 31 December 2019G to SAR 9.8 million in the financial year ended 31 December 2020G, and subsequently to SAR 5.9 million in the financial year ended 31 December 2021G, as a result of a decision taken by the financial sector in the Kingdom to increase the Saudization rate by replacing expats with Saudis, which resulted in a decrease in the average number of workers invoiced, from 112 in the financial year ended 31 December 2019G to 55 in the financial year ended 31 December 2021G.

6.7.4.10 Other

Other revenue represents revenue generated from rent, schools and agriculture, et cetera. Other revenue increased by 6.6 per cent., from SAR 32.4 million in the financial year ended 31 December 2019G to SAR 34.5 million in the financial year ended 31 December 2020G, as result of an increase in rental income (SAR 1.5 million). Other revenue subsequently increased by 13.2 per cent., to SAR 39.1 million in the financial year ended 31 December 2021G, mainly due an increase in the average number of workers invoiced, from 781 in the financial year ended 31 December 2020G to 1,473 in the financial year ended 31 December 2021G.

6.7.5 Cost of Revenue in the Financial Years Ended 31 December 2019G, 2020G and 2021G

The following table shows the cost of revenue in the financial years ended 31 December 2019G, 2020G and 2021G:

Table No. (6.23): Cost of Revenue in the Financial Years Ended 31 December 2019G, 2020G and 2021G

SAR ‘000	Financial Years Ended 31 December			Annual Change		CAGR
	2019G Management Information	2020G Management Information	2021G Management Information	2019G-2020G	2020G-2021G	2019G-2021G
Employee salaries and benefits	487,739	432,564	399,547	(11.3%)	(7.6%)	(9.5%)
Government and other direct costs	104,862	117,542	101,032	12.1%	(14.0%)	(1.8%)
Indirect overhead costs	51,333	55,080	66,284	7.3%	20.3%	13.6%
Total	**643,934**	**605,185**	**566,864**	**(6.0%)**	**(6.3%)**	**(6.2%)**
As a % of total revenue						
Employee salaries and benefits	68.1%	63.0%	60.2%	(5.1)	(2.8)	(7.9)
Government and other directs costs	14.6%	17.1%	15.2%	2.5	(1.9)	0.6
Indirect overhead costs	7.2%	8.0%	10.0%	0.8	2	2.8
Total	**89.9%**	**88.1%**	**85.4%**	**(1.8)**	**(2.7)**	**(4.5)**
Key Performance Indicators						
Average number of workers available	**18,802**	**19,158**	**15,948**	**1.9%**	**(16.8%)**	**(7.9%)**
Average monthly cost per available worker (SAR)	**2,162**	**1,882**	**2,088**	**(13.0%)**	**11.0%**	**(1.7%)**
Average headcount	**202**	**188**	**203**	**(6.9%)**	**8.0%**	**0.2%**

SAR '000	Financial Years Ended 31 December			Annual Change		CAGR
	2019G Management Information	2020G Management Information	2021G Management Information	2019G-2020G	2020G-2021G	2019G-2021G
Average basic monthly salary per employee (SAR)	4,332	4,294	5,015	(0.9%)	16.8%	7.6%
Average monthly cost per employee (SAR)	9,127	9,694	10,326	6.2%	6.5%	6.4%

Source: Management information for the financial years ended 31 December 2019G, 2020G and 2021G.

6.7.5.1 Employee Salaries and Benefits

Employee salaries and benefits include workers' wages, housing, transportation, vacation expenses, airfares, end of service benefits and social security fees.

Employee salaries and benefits decreased from SAR 487.7 million in the financial year ended 31 December 2019G to SAR 432.6 million in the financial year ended 31 December 2020G, mainly driven by a decrease in salaries and wages and related costs amounting to SAR 44.6 million, as a result of the circular issued by the MHRSD regarding initiatives aimed at supporting the private sector and mitigating the effects of the COVID-19 pandemic.

Employee salaries and benefits then decreased further to SAR 399.5 million in the financial year ended 31 December 2021G, mainly driven by a decrease in salaries and wages amounting to SAR 33.0 million, in line with a decrease in the average number of available workers, from 19,158 in the financial year ended 31 December 2020G to 15,948 in the financial year ended 31 December 2021G, mainly as a result of the COVID-19 pandemic, which led to lockdowns and travel restrictions.

6.7.5.2 Government and Other Direct Costs

Government and other direct costs pertain mainly to amortised work permit fees, amortised recruitment fees, amortised residency expenses, medical expenses, amortised visa costs and net unused labour costs (cost less compensation received from recruitment agents and customers).

Government and other direct costs increased from SAR 104.9 million in the financial year ended 31 December 2019G to SAR 117.5 million in the financial year ended 31 December 2020G, mainly due to:

- an increase in amortised work permit issuance fees (SAR 10.0 million), on the back of an increase in permit fees from SAR 600 per permit in the financial year ended 31 December 2019G to SAR 800 per permit in the financial year ended 31 December 2020G; and
- an increase in amortised recruitment fees (SAR 4.9 million), in line with an increase in the recruitment fee rate (for example, but not limited to, the recruitment fees for Indonesian workers increased from USD 3.5 thousand (SAR 13 thousand) in the financial year ended 31 December 2019G to USD 4 thousand (SAR 15 thousand) in the financial year ended 31 December 2020G).

Government and other direct costs decreased from SAR 117.5 million in the financial year ended 31 December 2020G to SAR 101.0 million in the financial year ended 31 December 2021G, mainly driven by a decrease in the average number of workers available, from 19,158 in the financial year ended 31 December 2020G to 15,948 in the financial year ended 31 December 2021G, as a result of the suspension of flights due to the COVID-19 pandemic.

6.7.5.3 Indirect Overhead Costs

Indirect overhead costs pertain mainly to the salaries and benefits of employees of the operating departments, depreciation and amortisation, electricity and water expenses, catering expenses, building rent, and financing costs on lease liabilities.

Indirect overhead costs increased from SAR 51.3 million in the financial year ended 31 December 2019G to SAR 55.1 million in the financial year ended 31 December 2020G, mainly due to:

- an increase in the depreciation on right-of-use assets (SAR 3.5 million), due to the addition of six accommodation buildings, five new buildings and 55 new vehicles in the financial year ended 31 December 2020G; and
- an increase in the salaries and benefits of employees, from SAR 26.0 million in the financial year ended 31 December 2019G to SAR 26.7 million in 2020G, mainly due to an increase in salaries and benefits for "Hemma" drivers and supervisors, from SAR 3.9 million in the financial year ended 31 December 2019G to SAR 4.9 million in the financial year ended 31 December 2020G, on the back of an increase in the average number of drivers and supervisors, from 141 in the financial year ended 31 December 2019G to 200 in the financial year ended 31 December 2020G, in addition to increases in their salaries, bonuses and incentives. This was partly offset by a decrease in security guard expenses, amounting SAR 1.1 million.

Overhead costs increased further to SAR 66.3 million in the financial year ended 31 December 2021G, mainly due to:

- an increase in salaries and wages of SAR 12.2 million in the financial year ended 31 December 2021G, in line with an increase in the average headcount of 8.0 per cent., from 188 in the financial year ended 31 December 2020G to 203 in the financial year ended 31 December 2021G, following the recruitment of several additional project managers (with an average monthly salary ranging between SAR 10 thousand and SAR 12 thousand), in addition to replacing non-Saudi employees with Saudi employees and appointing new employees to ensure compliance with the Group's Saudization rate in the financial year ended 31 December 2021G. Accordingly, the average basic monthly salary per employee increased from SAR 4.3 thousand in the financial year ended 31 December 2019G and 2020G to SAR 5 thousand in the financial year ended 31 December 2021G; and
- an increase in the salaries and benefits of "Hemma" drivers and supervisors to SAR 6.2 million in the financial year ended 31 December 2021G, in line with an increase in the average number of drivers and supervisors to 218 in the financial year ended 31 December 2021G, in addition to salary increments, bonuses and incentives.

6.7.6 Gross Profit by Segment in the Financial Years Ended 31 December 2019G, 2020G and 2021G

The following table shows the gross profit by segment in the financial years ended 31 December 2019G, 2020G and 2021G:

Table No. (6.24): Gross Profit by Segment in the Financial Years Ended 31 December 2019G, 2020G and 2021G

SAR '000	Financial Years Ended 31 December			Annual Change		CAGR
	2019G Management Information	2020G Management Information	2021G Management Information	2019G-2020G	2020G-2021G	2019G-2021G
Corporate Segment	62,760	58,662	45,930	(6.5%)	(21.7%)	(14.5%)
Individual Segment – Contractual	14,614	28,714	21,907	96.5%	(23.7%)	22.4%
Individual Segment – Hourly Rental	(5,303)	(5,905)	29,022	11.4%	(591.5%)	-
Total	**72,071**	**81,471**	**96,859**	**13.0%**	**18.9%**	**15.9%**
Gross profit/(loss) margin - as a % of revenue						
Corporate	11.3%	12.3%	10.6%	1.0	(1.7)	(0.7)
Individual Segment – Contractual	12.7%	18.9%	17.3%	6.2	(1.6)	4.5
Individual Segment – Hourly Rental	(11.0%)	(10.1%)	28.1%	0.9	38.2	39.1
Total	**10.1%**	**11.9%**	**14.6%**	**1.8**	**2.7**	**4.5**

Source: Management information for the financial years ended 31 December 2019G, 2020G and 2021G.

6.7.6.1 Corporate Segment

The gross profit margin increased by 1.0 percentage point, from 11.3 per cent. in the financial year ended 31 December 2019G to 12.3 per cent. in the financial year ended 31 December 2020G, mainly driven by actions taken by management and the Government to overcome COVID-19 challenges, which are summarised as follows:

- the Group imposed a one-month annual vacation on all employees in 2020G, while they were still working; and
- the extension/renewal of licences and work permits of workers was provided by the Government free of charge during the three-month period from March 2020G to June 2020G.

Gross profit decreased by 1.7 percentage points, from 12.3 per cent. in the financial year ended 31 December 2020G to 10.6 per cent. in the financial year ended 31 December 2021G, mainly due to:

- a decrease in revenue from corporate clients, mainly driven by a decrease in the average number of invoiced and available workers, as a result of travel restrictions imposed by the COVID-19 pandemic; and
- an increase in Corporate Segment employee salaries and benefits due to the COVID-19 pandemic, stemming from additional costs incurred due to the workers' quarantine (cost of mandatory quarantine for all non-Saudi nationals, for a period of seven days, in a hotel or shelter approved by the Saudi Ministry of Tourism upon arrival in the Kingdom) and medical tests (cost of PCR tests for all non-Saudi nationals, before boarding the plane to the Kingdom and post-quarantine), and the additional cost of self-isolation (for a period of 15 days for workers who tested positive for COVID-19).

6.7.6.2 Individual Segment – Contractual

The gross profit margin increased by 6.2 percentage points, from 12.7 per cent. in the financial year ended 31 December 2019G to 18.9 per cent. in the financial year ended 31 December 2020G, mainly due to:

- an increase in the average revenue per worker invoiced of 6.4 per cent., from SAR 30.2 thousand in the financial year ended 31 December 2019G to SAR 32.2 thousand in the financial year ended 31 December 2020G, due to the increase in contract prices with customers from the Individual Segment – Contractual; and
- an increase in the utilisation rate by 5.1 percentage points, from 90.0 per cent. in the financial year ended 31 December 2019G to 95.1 per cent. in the financial year ended 31 December 2020G, in line with an increase in the average number of workers invoiced (from 3,793 in the financial year ended 31 December 2019G to 4,726 in the financial year ended 31 December 2020G), as a result of high market demand.

The gross profit margin decreased by 1.6 percentage points, from 18.9 per cent. in the financial year ended 31 December 2020G to 17.3 per cent. in the financial year ended 31 December 2021G, mainly due to:

- a decrease in the average revenue per worker invoiced of 2.1 per cent., from SAR 32.2 thousand in the financial year ended 31 December 2020G to SAR 31.5 thousand in the financial year ended 31 December 2021G as a result of replacing some Indonesian workers (with relatively high average incomes of SAR 3.5 thousand per month) with African workers (with relatively lower average incomes of SAR 2.0 thousand per month) due to travel restrictions resulting from the COVID-19 pandemic; and
- a decrease in the utilisation rate of workers of 3.2 percentage points, from 95.1 per cent. in the financial year ended 31 December 2020G to 91.9 per cent. in the financial year ended 31 December 2021G, in line with a decrease in the average number of workers invoiced, from 4,726 in the financial year ended 31 December 2020G to 4,028 in the financial year ended 31 December 2021G.

6.7.6.3 Individual Segment – Hourly Rental

During the financial year ended 31 December 2018G, the Group launched this segment under the name "Hemma Programme" for domestic services on an hourly basis. The financial year ended 31 December 2019G was a test and trial period, and the price of the service per visit (approximately four hours) was set at SAR 65 to SAR 70 per worker, with a relatively low operating rate due to the segment being newly introduced, but which was not enough to cover the costs incurred. This resulted in recording a negative gross profit margin of 11.0 per cent. in the financial year ended 31 December 2019G.

The gross margin decreased by 0.9 percentage points, from negative 11.0 per cent. in the financial year ended 31 December 2019G to negative 10.1 per cent. in the financial year ended 31 December 2020G, following an increase in the price per visit (approximately four hours) to an average of SAR 75 per visit in the financial year ended 31 December 2020G.

The gross margin improved significantly, from negative 10.1 per cent. in the financial year ended 31 December 2020G to 28.1 per cent. in the financial year ended 31 December 2021G, mainly due to:

- an increase in the average service price per visit (approximately four hours), from SAR 75 per visit in the financial year ended 31 December 2020G to SAR 95 per visit in the financial year ended 31 December 2021G; and
- an increase in the utilisation rate, from 71.9 per cent. in the financial year ended 31 December 2020G to 86.7 per cent. in the financial year ended 31 December 2021G, as a result of an increase in the number of invoiced hours from 1.9 million in the financial year ended 31 December 2020G to 3.7 million hours executed in the financial year ended 31 December 2021G due to high market demand.

6.7.7 Selling and Marketing Expenses in the Financial Years Ended 31 December 2019G, 2020G and 2021G

The following table shows the selling and marketing expenses in the financial years ended 31 December 2019G, 2020G and 2021G:

Table No. (6.25): Selling and Marketing Expenses in the Financial Years Ended 31 December 2019G, 2020G and 2021G

SAR '000	Financial Years Ended 31 December			Annual Change		CAGR
	2019G Audited	2020G Audited	2021G Audited	2019G-2020G	2020G-2021G	2019G-2021G
Employee salaries and benefits	5,444	4,351	5,022	(20.1%)	15.4%	(4.0%)
Advertising and publicity	1,758	1,488	549	(15.4%)	(63.1%)	(44.1%)
Selling and marketing services	602	1,070	838	77.7%	(21.7%)	18.0%
Depreciation and amortisation	108	98	271	(9.3%)	176.5%	58.4%
Travel and transport	94	45	17	(52.1%)	(62.2%)	(57.5%)
Utilities	25	14	43	(44.0%)	207.1%	31.1%
Other	47	14	65	(70.2%)	364.3%	17.6%
Total	**8,077**	**7,081**	**6,804**	**(12.3%)**	**(3.9%)**	**(8.2%)**
Selling and marketing expenses as a % of revenue						
Employee salaries and benefits	0.8%	0.6%	0.8%	(0.2)	0.2	0.0
Advertising and publicity	0.2%	0.2%	0.1%	0.0	(0.1)	(0.1)
Selling and marketing services	0.1%	0.2%	0.1%	0.1	(0.1)	0.0
Depreciation	0.0%	0.0%	0.0%	0.0	0.0	0.0
Travel and transport	0.0%	0.0%	0.0%	0.0	0.0	0.0
Utilities	0.0%	0.0%	0.0%	0.0	0.0	0.0
Other	0.0%	0.0%	0.0%	0.0	0.0	0.0
Total	**1.1%**	**1.0%**	**1.0%**	**(0.1)**	**0.0**	**(0.1)**

Source: The Group's audited consolidated financial statements for the financial years ended 31 December 2019G, 2020G and 2021G.

6.7.7.1 Employee Salaries and Benefits

Employee salaries and benefits consist of salaries, wages, sales commissions, housing allowances, vacation pay, medical insurance, transportation allowances, end of service benefits, bonuses, incentives and other expenses that are related mainly to sales, marketing and customer service employees.

Employee salaries and benefits decreased from SAR 5.4 million in the financial year ended 31 December 2019G to SAR 4.4 million in the financial year ended 31 December 2020G, mainly due to a decrease in:

- salaries and wages (decreased by SAR 529 thousand), mainly due to measures taken by management and the Government in order to overcome the challenges of COVID-19 (elaborated in detail in the Section 6.7.6 (*Gross Profit by Segment in the Financial Years Ended 31 December 2019G, 2020G and 2021G*); and
- sales commissions (decreased by SAR 302 thousand), following the termination of the contract with the medical sector sales manager in the financial year ended 31 December 2020G, with an average basic monthly salary of SAR 30 thousand. Sales commissions includes the commissions that selling and marketing employees receive based on the commission list. The commission rate is based on a set target level according to the objectives of the Group, whereby sales representatives receive SAR 50 per month per Individual Segment – Contractual contract and between SAR 200 and SAR 300 per Corporate Segment contract for each new worker who arrives in the Kingdom; this fee is paid on a one-time basis.

Employee salaries and benefits increased to SAR 5.0 million in the financial year ended 31 December 2021G, following an increase in salaries and wages (SAR 679 thousand), in line with an increase in the average headcount, from 27 employees in the financial year ended 31 December 2020G to 43 employees in the financial year ended 31 December 2021G, including the recruitment of five new sales representatives. This was partially offset by a decrease in sales commissions amounting to SAR 292 thousand.

6.7.7.2 Advertising and Publicity

Advertising and publicity includes social media, printing and advertising expenses, "Hemma" car stickers (car logos for the Individual Segment – Hourly Rental), exhibitions and other selling and marketing expenses. The Group utilises several advertising and publicity tools to promote its services to the Corporate and Individual Segment – Contractual, including celebrity accounts on social media (mainly for the Individual Segment – Contractual) and through exhibitions (mainly for the Corporate Segment).

Advertising and publicity expenses decreased from SAR 1.8 million in the financial year ended 31 December 2019G to SAR 1.5 million in the financial year ended 31 December 2020G, mainly due to:

- a decrease in SMS phone charges in connection with the Individual Segment – Contractual (SAR 240 thousand), whereby the customer is notified through SMS when the worker arrives and when invoices are due. This cost has been reclassified to cost of revenue in the financial year ended 31 December 2020G onwards;
- a decrease in printing costs (SAR 128 thousand), partially offset by;
- an increase in exhibition costs (SAR 157 thousand), following the Group's enrolment in a large exhibition of recruitment companies.

Advertising and publicity expenses decreased significantly to SAR 549 thousand in 2021G, mainly due to a decrease in social media expenses (SAR 482 thousand), exhibitions (SAR 422 thousand) and "Hemma" car stickers (SAR 182 thousand), partially offset by an exceptional advertising video production cost incurred (SAR 130 thousand) to promote the Group's activities on National Day in the Kingdom.

6.7.7.3 Selling and Marketing Services

Selling and marketing services mainly include the expenses of call centre services that handle customer complaints and requests. Historically, call centre services were provided internally by the Group's employees.

Starting from the financial year ended 31 December 2020G onwards, the Group started outsourcing call centre services to a professional company, which resulted in an increase in selling and marketing services from SAR 602 thousand in the financial year ended 31 December 2019G to SAR 1.1 million in the financial year ended 31 December 2020G.

In the financial year ended 31 December 2021G, management changed its strategy, as the Group outsourced most of the call centre services to a professional company, in addition to providing some call centre services internally by the Group's employees, which consequently resulted in a decrease in selling and marketing service expenses to SAR 838 thousand in the financial year ended 31 December 2021G.

6.7.7.4 Depreciation

Depreciation represents the depreciation of property and equipment and amortisation of intangible assets allocated to selling and marketing expenses, which decreased from SAR 108 thousand in the financial year ended 31 December 2019G to SAR 98 thousand in the financial year ended 31 December 2020G, before increasing to SAR 271 thousand in 2021G due to the amortisation charge during the year related to the Group's logo.

6.7.7.5 Travel and Transport

Travel and transport expenses decreased from SAR 94 thousand in the financial year ended 31 December 2019G to SAR 45 thousand in the financial year ended 31 December 2020G, and then further to SAR 17 thousand in the financial year ended 31 December 2021G as a result of travel restrictions imposed by the COVID-19 pandemic.

6.7.7.6 Utilities

Utilities decreased from SAR 25 thousand in the financial year ended 31 December 2019G to SAR 14 thousand in the financial year ended 31 December 2021G due to the Group's adoption of remote working as a result of the COVID-19 pandemic. Utilities subsequently increased to SAR 43 thousand in the financial year ended 31 December 2021G as a result of a Government increase in water and electricity prices.

6.7.7.7 Other

Other selling and marketing expenses represent immaterial miscellaneous expenses, which decreased from SAR 47 thousand in the financial year ended 31 December 2019G to SAR 14 thousand in the financial year ended 31 December 2020G and then increased to SAR 65 thousand in the financial year ended 31 December 2021G as a result of fluctuations in other expenses.

6.7.8 General and Administrative Expenses in the Financial Years Ended 31 December 2019G, 2020G and 2021G

The following table shows the general and administrative expenses in the financial years ended 31 December 2019G, 2020G and 2021G:

Table No. (6.26): General and Administrative Expenses in the Financial Years Ended 31 December 2019G, 2020G and 2021G

SAR '000	Financial Years Ended 31 December			Annual Change		CAGR
	2019G Audited	2020G Audited	2021G Audited	2019G-2020G	2020G-2021G	2019G-2021G
Employee salaries and benefits	12,707	12,457	15,260	(2.0%)	22.5%	9.6%
Board Committee remuneration and allowances	1,345	1,362	1,576	1.3%	15.7%	8.2%
Depreciation and amortisation	1,140	1,100	1,082	(3.5%)	(1.6%)	(2.6%)
Professional and consultancy fees	452	563	1,906	24.6%	238.5%	105.3%
Technical and other services	1,063	1,143	1,184	7.5%	3.6%	5.5%
Utilities	507	493	561	(2.8%)	13.8%	5.2%
Government fees and subscriptions	354	220	270	(37.9%)	22.7%	(12.7%)
Bank charges	166	385	137	131.9%	(64.4%)	(9.2%)
Repair and maintenance	146	154	101	5.5%	(34.4%)	(16.8%)
Stationery and printing	692	243	303	(64.9%)	24.7%	(33.8%)
Provision for financial claims	750	-	-	(100%)	-	(100%)
Other	723	1,092	907	51.0%	(16.9%)	12.0%
Total	**20,044**	**19,211**	**23,287**	**(4.2%)**	**21.2%**	**7.8%**
General and administrative expenses as a % of revenue						
Employee salaries and benefits	1.8%	1.8%	2.3%	0.0	0.5	0.5
Board Committee remuneration and allowances	0.2%	0.2%	0.2%	0.0	0.0	0.0
Depreciation and amortisation	0.2%	0.2%	0.2%	0.0	0.0	0.0
Professional and consultancy fees	0.1%	0.1%	0.3%	0.0	0.2	0.2
Technical and other services	0.1%	0.2%	0.2%	0.1	0.0	0.1
Utilities	0.1%	0.1%	0.1%	0.0	0.0	0.0
Government fees and subscriptions	0.0%	0.0%	0.0%	0.0	0.0	0.0
Bank charges	0.0%	0.1%	0.0%	0.1	(0.1)	0.0
Repair and maintenance	0.0%	0.0%	0.0%	0.0	0.0	0.0
Stationery and printing	0.1%	0.0%	0.0%	(0.1)	0.0	(0.1)
Provision for financial claims	0.1%	0.0%	0.0%	(0.1)	0.0	(0.1)
Other	0.1%	0.2%	0.1%	0.1	(0.1)	0.0
Total	**2.8%**	**2.8%**	**3.5%**	**0.0**	**0.7**	**0.7**

Source: The Group's audited consolidated financial statements for the financial years ended 31 December 2019G, 2020G and 2021G.

6.7.8.1 Employee Salaries and Benefits

Employee salaries and benefits consist of salaries, wages, housing allowances, bonuses, incentives, vacation pay, medical insurance, insurance fees, end of service benefits, transportation allowances, and other expenses, mainly related to head office administrative staff, which includes the office of the CEO, IT department, finance department, human resources, and support services.

Employee salaries and benefits decreased from SAR 12.7 million in the financial year ended 31 December 2019G to SAR 12.5 million in the financial year ended 31 December 2020G, mainly due to a decrease in salaries and wages (decrease by SAR 525 thousand), in line with a decrease in the average headcount, from 95 employees in the financial year ended 31 December 2019G to 86 employees in the financial year ended 31 December 2020G, in addition to the measures taken by management and the Government to overcome the COVID-19 pandemic (which were elaborated in detail in 6.7.6 (Gross Profit by Segment in the Financial Years Ended 31 December 2019G, 2020G and 2021G). This was partly offset by an increase in bonuses and incentives (SAR 250 thousand), as a result of an increase in bonuses granted to employees, which range from one to three basic monthly salaries for employees, and up to five basic monthly salaries for the general manager, depending on the yearly performance review of employees and the Group's bonus pool.

Employee salaries and benefits increased to SAR 15.3 million in the financial year ended 31 December 2021G, following an increase in salaries and wages (SAR 1.6 million), housing allowances (SAR 345 thousand), and bonuses and incentives (SAR 131 thousand), in line with an increase in the average headcount, from 86 employees in the financial year ended 31 December 2020G to 111 employees in the financial year ended 31 December 2021G, following the Group's appointment of a vice president in July 2020G, with an average salary of SAR 50 thousand per month, and an IT director in the fourth quarter of 2020G, with an average salary of SAR 30 thousand per month, whereby the full-year effect of their salaries was reflected in the financial year ended 31 December 2021G. The average basic monthly salary per employee remained relatively stable at SAR 5.3 thousand over the historical period.

6.7.8.2 Board Committee Remuneration and Allowances

Board Committee remuneration and allowances represents the remuneration of the Board of Directors and Board Committees and General Assembly meeting fees.

Board Committee remuneration and allowances increased slightly from SAR 1.3 million as of 31 December 2019G and 31 December 2020G to SAR 1.6 million as of 31 December 2021G, mainly due to:

- an increase in the remuneration of Audit Committee members from SAR 40 thousand per member in the financial year ended 31 December 2020G to SAR 60 thousand per member in the financial year ended 31 December 2021G; and
- the appointment of a new Board member in the financial year ended 31 December 2020G, who attended only two sessions out of the four sessions in the financial year ended 31 December 2020G and hence received a compensation of SAR 100 thousand in the financial year ended 31 December 2020G, compared to SAR 200 thousand in the financial year ended 31 December 2021G.

6.7.8.3 Depreciation and Amortisation

Depreciation and amortisation represents depreciation of property and equipment and amortisation of intangible assets allocated to general and administrative expenses, which remained relatively stable at approximately SAR 1.1 million over the historical period.

6.7.8.4 Professional and Consultancy Fees

Professional and consultancy fees represents a variety of professional services, including legal, financial, audit, information technology and tax services.

Professional and consultancy fees increased from SAR 452 thousand in the financial year ended 31 December 2019G to SAR 563 thousand in the financial year ended 31 December 2020G, mainly due to an increase in legal fees (SAR 41 thousand) and audit fees (SAR 45 thousand), as the Auditors began providing audit services to the new subsidiary, "Sawaid Recruitment Company", which was established in 2019G.

Professional and consultancy fees increased to reach SAR 1.9 million in the financial year ended 31 December 2021G, mainly due to:

- an increase in tax consultancy fees (SAR 1.1 million) as the Group appointed an external advisor in connection with a dispute with the ZATCA regarding the calculation of value-added-tax; and
- an increase in audit fees (SAR 115 thousand) due to the additional services provided by the auditors in connection with the initial public offering of the Company's shares.

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6.7.8.5 Technical and Other Services

Technical and other services mainly include services provided by third parties related to information technology and financial services which remained relatively stable at SAR 1.1 million in the financial year ended 31 December 2019G and 2020G before increasing slightly to SAR 1.2 million in the financial year ended 31 December 2021G.

6.7.8.6 Utilities

Utilities relate to telephone, internet, mobile, electricity and water expenses. Utilities decreased slightly from SAR 507 thousand in the financial year ended 31 December 2019G to SAR 493 thousand in the financial year ended 31 December 2020G due to the remote working environment adopted by the Group in the financial year ended 31 December 2020G following the COVID-19 pandemic. Utilities then increased to SAR 561 thousand in the financial year ended 31 December 2021G, as a result of the increased Government rates on water and electricity.

6.7.8.7 Government Fees and Subscriptions

Government fees and subscriptions mainly include subscription fees to the Coordination Council for Recruitment Companies (C.C.R.C.) and other Government fees. Government fees and subscriptions decreased from SAR 354 thousand in the financial year ended 31 December 2019G to SAR 220 thousand in the financial year ended 31 December 2020G and SAR 270 thousand in the financial year ended 31 December 2021G, mainly due to a decrease in the annual subscription fees for the Coordination Council for Recruitment Companies (C.C.R.C.) from SAR 300 thousand in the financial year ended 31 December 2019G to SAR 150 thousand in the financial year ended 31 December 2020G and 2021G, as support from the Council to mitigate the effects of COVID-19.

6.7.8.8 Bank Charges

Bank charges mainly relate to fees and commissions on banking transactions. Bank charges amounted to SAR 166 thousand in the financial year ended 31 December 2019G, SAR 385 thousand in the financial year ended 31 December 2020G, and SAR 137 thousand in the financial year ended 31 December 2021G. Bank charges were exceptionally high in the financial year ended 31 December 2020G, as they included exceptional charges related to the letter of guarantee obtained by the Group amounting to SAR 10.0 million. A commercial bank, under the facility agreement signed with it, issued a guarantee letter on behalf of the Group for the operating licence in favour of the MHRSD (valid until 2024G), without any cash in return.

6.7.8.9 Repair and Maintenance

Repair and maintenance represents costs for head office maintenance and repairs, air conditioning, elevators, machinery and equipment, et cetera. Repair and maintenance costs were relatively high at SAR 154 thousand in the financial year ended 31 December 2020G, due to exceptional building maintenance of SAR 65 thousand in March of the financial year ended 31 December 2020G. According to management, repair and maintenance decreased to the normal level of SAR 101 thousand in the financial year ended 31 December 2021G.

6.7.8.10 Stationery and Printing

Stationery and printing includes printing fees and other office stationery fees such as pens and paper. Stationery and printing expenses decreased from SAR 692 thousand in the financial year ended 31 December 2019G to SAR 243 thousand in the financial year ended 31 December 2020G, before increasing slightly to SAR 303 thousand in the financial year ended 31 December 2021G, as a result of an immaterial reclassification to other expenses.

6.7.8.11 Provision for Financial Claims

The provision for financial claims relates to the provision recorded by management for financial claims in connection with the building previously rented by the Group in the financial year ended 31 December 2019G. When the Group vacated the building in the financial year ended 31 December 2019G, the lessee raised a claim against the Group requesting payment of rent for the remainder of the year. Based on the legal advisor's recommendation, the Group recorded a provision of SAR 750 thousand in the financial year ended 31 December 2019G to cover any potential future claim. The outcome of the claim was not in the favour of the Group, as a preliminary ruling was issued in favour of the lessor amounting to SAR 479 thousand in 2020G, which resulted in a settlement of SAR 271 thousand at the end of the 2020G. An amount of SAR 443 thousand was paid to the lessor in 2021G and the remaining balance of SAR 36 thousand was settled by the end of 2021G. Accordingly, this expense decreased from SAR 750 thousand in the financial year ended 31 December 2019G to nil in the financial year ended 31 December 2020G and 2021G, as a result of the full settlement of the claim.

6.7.8.12 Other

Other includes other miscellaneous expenses incurred by the Group, including security guard expenses, cleaning supplies and consumables, et cetera. This amount increased from SAR 723 thousand in the financial year ended 31 December 2019G to SAR 1.1 million in the financial year ended 31 December 2020G as a result of an immaterial reclassification to other expenses. Other expenses subsequently decreased to SAR 907 thousand in the financial year ended 31 December 2021G, as a result of a decrease in the financing costs resulting from the payments of the Group's head office building, from SAR 226 thousand in the financial year ended 31 December 2020G to nil in the financial year ended 31 December 2021G.

6.7.9 Other Income in the Financial Years Ended 31 December 2019G, 2020G and 2021G

The following table shows the other income in the financial years ended 31 December 2019G, 2020G and 2021G:

Table No. (6.27): Other Income in the Financial Years Ended 31 December 2019G, 2020G and 2021G

SAR '000	Financial Years Ended 31 December			Annual Change		CAGR
	2019G Audited	2020G Audited	2021G Audited	2019G-2020G	2020G-2021G	2019G-2021G
Refunded Government fees	2,468	2,578	2,011	4.4%	(22.0%)	(9.7%)
Provisions and entitlements no longer required	755	1,165	1,071	54.3%	(8.1%)	19.1%
Revenue from worker accommodation canteens	-	483	490	N/A	1.6%	N/A
Gains from investments in mutual funds	474	317	388	(33.1%)	22.4%	(9.5%)
Support from the Human Resources Development Fund	-	301	409	N/A	35.6%	N/A
Refunded operating fines	1,261	-	-	(100%)	N/A	(100%)
(Losses)/gains on disposal of property and equipment	(24)	30	(2)	(225%)	(106.7%)	(71.1%)
Other	242	294	31	21.2%	(89.3%)	(64.0%)
Total	**5,178**	**5,167**	**4,398**	**(0.2%)**	**(14.9%)**	**(7.8%)**
As a % of revenuePoints						
Refunded Government fees	0.3%	0.4%	0.3%	0.1	(0.1)	0.0
Provisions and entitlements no longer required	0.1%	0.2%	0.2%	0.1	0.0	0.1
Revenue from worker accommodation canteens	0.0%	0.1%	0.1%	0.1	0.0	0.1
Gains from investments in mutual funds	0.0%	0.0%	0.1%	0.0	0.1	0.1
Support from the Human Resources Development Fund	0.1%	0.0%	0.1%	(0.1)	0.1	0.0
Refunded operating fines	0.2%	0.0%	0.0%	(0.2)	-	(0.2)
(Losses)/gains on disposal of property and equipment	(0.0%)	0.0%	(0.0%)	0.0	0.0	0.0
Other	0.0%	0.0%	0.0%	0.0	0.0	0.0
Total	**0.7%**	**0.8%**	**0.7%**	**0.1**	**(0.1)**	**0.0**

Source: The Group's audited consolidated financial statements for the financial years ended 31 December 2019G, 2020G and 2021G.

6.7.9.1 Refunded Government Fees

Refunded Government fees are realised by the reversal of the "financial consideration" provision in connection with the increase in expatriate fees effective as of January 2018G, whereby, on behalf of its customers, the Group paid these additional fees to the Government and claimed them back by recording them as receivables. In 2019G, after the Government announced that companies, including the Group, that complied with the laws and regulations of the MHRSD would be exempted from such fees, the Government refunded these fees, which were paid by Mawarid. As such, the remaining balance was written off by management where the amounts were settled upon the expiry of contracts with customers or upon obtaining confirmation of the validity of the balances between the Group and the customer by reversing the "financial consideration" (refunded Government fees) within other income. Refunded Government fees amounted to SAR 2.5 million in the financial year ended 31 December 2019G, SAR 2.6 million in the financial year ended 31 December 2020G, and SAR 2.0 million in the financial year ended 31 December 2021G.

6.7.9.2 Provisions and Entitlements No Longer Required

Provisions and entitlements no longer required relate to the write-off of monthly provisions that have been written-off in connection with workers' entitlements, in the event they left the country or terminated their work prior to the expiry of their contract. Provisions and entitlements no longer required increased from SAR 755 thousand in the financial year ended 31 December 2019G to SAR 1.2 million in the financial year ended 31 December 2020G, due to the return of many workers to their home countries in the financial year ended 31 December 2020G due to the coronavirus. This amount then decreased slightly to SAR 1.1 million in the financial year ended 31 December 2021G.

6.7.9.3 Revenue from Worker Accommodation Canteens

Revenue from worker accommodation canteens represents other income achieved by the Group through a new service of providing canteens for female workers, which commenced operation in the financial year ended 31 December 2020G. Revenue from canteens was relatively stable at an average of SAR 0.5 million in the financial year ended 31 December 2020G and 2021G, representing on average 0.1 per cent. of total revenue in the financial year ended 31 December 2020G and 2021G.

6.7.9.4 Gains from Investments in Mutual Funds

Gains from investments in mutual funds relates to gains from financial investments at fair value through profit or loss made by the Group, which represent investments in Al-Rajhi Commodities Mudaraba Funds. Gains from investments in mutual funds decreased from SAR 474 thousand in the financial year ended 31 December 2019G to SAR 317 thousand in the financial year ended 31 December 2020G due to a decrease in the return on investment from 2.96 per cent. in the financial year ended 31 December 2019G to 1.2 per cent. in the financial year ended 31 December 2020G. Gains then increased slightly, reaching SAR 388 thousand in the financial year ended 31 December 2021G, due to an increase in the fair value of the investments in the financial year ended 31 December 2021G.

6.7.9.5 Support from the Human Resources Development Fund

Support from the Human Resources Development Fund relates to exceptional support from the Government for Saudi employees of the Group, and mostly relates to Musanid Almarafiq for Maintenance and Cleaning Company, which has the highest Saudization rate. This amount increased from nil in the financial year ended 31 December 2019G to SAR 301 thousand in the financial year ended 31 December 2020G and then further to SAR 409 thousand in the financial year ended 31 December 2021G.

6.7.9.6 Refunded Operating Fines

Refunded operating fines include compensation that the Group receives from recruitment agents regarding runaway workers, as per the contractual agreements signed with them. Refunded operating fines decreased from SAR 1.3 million in the financial year ended 31 December 2019G to nil in the financial years ended 31 December 2020G and 2021G, as a result of the Group changing the method of recording these fines to be deducted from the cost of runaway workers or those who violate the terms of the contracts within cost of revenue.

6.7.9.7 Gains/(Losses) on Disposal of Property and Equipment

Gains/(losses) on disposal of property and equipment pertains to exceptional gains or losses on disposal of property and equipment, mainly in connection with vehicles, furniture, fixtures, appliances and office equipment. Gains/(losses) on disposal of property and equipment amounted to negative SAR 24 thousand, SAR 30 thousand and negative SAR 2 thousand in the financial years ended 31 December 2019G, 2020G and 2021G, respectively.

6.7.9.8 Other

Other pertains to other immaterial miscellaneous gains/losses, including foreign exchange gains or losses and gains or losses on the sale of right-of-use assets. Other gains increased slightly, from SAR 242 thousand in the financial year ended 31 December 2019G to SAR 294 thousand in the financial year ended 31 December 2020G, and then decreased to SAR 31 thousand in the financial year ended 31 December 2021G.

6.7.10 Other Comprehensive Income in the Financial Years Ended 31 December 2019G, 2020G and 2021G

The following table shows the other comprehensive income in the financial years ended 31 December 2019G, 2020G and 2021G:

Table No. (6.28): Other Comprehensive Income in the Financial Years Ended 31 December 2019G, 2020G and 2021G

SAR '000	Financial Years Ended 31 December			Annual Change		CAGR
	2019G Audited	2020G Audited	2021G Audited	2019G-2020G	2020G-2021G	2019G-2021G
Gain/(loss) on remeasurement of employee benefit liabilities	2,173	3,255	(2,043)	49.8%	(162.8%)	N/A
Total comprehensive income of the year	**40,747**	**49,112**	**53,618**	**20.5%**	**9.2%**	**14.7%**

Source: The Group's audited consolidated financial statements for the financial years ended 31 December 2019G, 2020G and 2021G.

The remeasurement of employee benefit liabilities resulted in a gain of SAR 2.2 million in the financial year ended 31 December 2019G and SAR 3.3 million in the financial year ended 31 December 2020G, and a loss of SAR 2.0 million in the financial year ended 31 December 2021G. Remeasurement of employee benefit liabilities relates to actuarial gains and losses as a result of the remeasurement of employee end-of-service benefit liabilities by independent actuaries using the Projected Unit Credit Method in accordance with the IAS 19 requirements, taking into account the provisions of Saudi Labour Law and Group policies.

In order to compute the balance as of 31 December 2021G, a discount rate of 2.3 per cent. was applied, with a salary growth rate of 1.3 per cent., and a high employee turnover rate.

6.8 Statement of Financial Position

The following table shows the consolidated statement of financial position of the Group as of 31 December 2019G, 2020G and 2021G:

Table No. (6.29): Consolidated Statement of Financial Position of the Group as of 31 December 2019G, 2020G and 2021G

SAR '000	As of 31 December		
	2019G Audited	2020G Audited	2021G Audited
Assets			
Non-current assets			
Used and unused visas and other non-current assets	15,779	20,534	41,444
Licence guarantee letter	5,000	-	-
Intangible assets	1,141	1,312	1,787
Property and equipment	13,317	12,560	11,635
Right-of-use assets	23,384	25,450	20,445
Total non-current assets	**58,622**	**59,857**	**75,311**
Current assets			
Due from Related Parties	42,518	33,607	52,390
Prepaid expenses and other current assets	92,094	84,735	136,165
Trade receivables	106,233	80,760	84,164
Investments at FVTPL	16,019	45,098	30,388
Cash and cash equivalents	26,951	63,886	26,627
Total current assets	**283,815**	**308,085**	**329,735**

SAR '000	As of 31 December		
	2019G Audited	2020G Audited	2021G Audited
Total assets	**342,436**	**367,942**	**405,045**
Equity and liabilities			
Equity			
Share capital	100,000	100,000	100,000
Statutory reserve	17,568	22,137	27,695
Consensual reserve	-	7,715	20,000
Retained earnings	52,726	69,555	85,329
Total equity	**170,294**	**199,406**	**233,024**
Liabilities			
Non-current liabilities			
Employee benefits liabilities	18,608	21,726	27,585
Lease liabilities	14,501	13,908	7,295
Recruitment agent guarantees	1,471	1,736	1,173
Total non-current liabilities	**34,580**	**37,369**	**36,053**
Current liabilities			
Trade payables and other current liabilities	112,823	104,182	108,484
Retained deposits	10,021	8,705	7,752
Lease liabilities	7,575	10,930	12,216
Due to Related Parties	2,774	724	728
Zakat provision	4,370	6,625	6,788
Total current liabilities	**137,562**	**131,166**	**135,968**
Total liabilities	**172,142**	**168,536**	**172,021**
Total equity and liabilities	**342,436**	**367,942**	**405,045**

Source: The Group's audited consolidated financial statements for the financial years ended 31 December 2019G, 2020G and 2021G.

6.8.1 Non-Current Assets

The following table shows the non-current assets as of 31 December 2019G, 2020G and 2021G:

Table No. (6.30): Non-Current Assets as of 31 December 2019G, 2020G and 2021G

SAR '000	As of 31 December		
	2019G Audited	2020G Audited	2021G Audited
Used and unused visas and other non-current assets	15,779	20,534	41,444
Licence guarantee letter	5,000	-	-
Intangible assets	1,141	1,312	1,787
Property and equipment	13,317	12,560	11,635
Right-of-use assets	23,384	25,450	20,445
Total non-current assets	**58,622**	**59,857**	**75,311**

Source: The Group's audited consolidated financial statements for the financial years ended 31 December 2019G, 2020G and 2021G.

Non-current assets amounted to SAR 58.6 million as of 31 December 2019G and mainly comprised of right-of-use assets on lease contracts for accommodation buildings and Company branches, as well as vehicles used under the "Hemma" programme (SAR 23.4 million), used and unused visas (SAR 15.8 million), property and equipment (SAR 13.3 million) mainly with respect to the land and head office building of the Group, furniture and fixtures, and a licence guarantee letter (SAR 5.0 million).

Non-current assets decreased to SAR 59.9 million as of 31 December 2020G, mainly due to a decrease in the licence guarantee letter to nil as of 31 December 2020G. This decrease was partly offset by an increase in used and unused visas and other non-current assets (SAR 4.8 million) and right-of-use assets (SAR 2.1 million).

Non-current assets increased to SAR 75.3 million as of 31 December 2021G, mainly due to an increase in used and unused visas (SAR 6.0 million), on the back of an increase in the number of purchased visas, in addition to an increase in recruitment fees (SAR 14.9 million), in line with an increase in the number of contracted workers, as well as additional charges imposed by recruitment agencies due to the newly established policies on travel.

This increase was partly offset by a decrease in right-of-use assets (SAR 5.0 million) on the back of depreciation during the year.

6.8.2 Used and Unused Visas and Other Non-Current Assets

The following table shows the used and unused visas and non-current assets as of 31 December 2019G, 2020G and 2021G:

Table No. (6.31): Used and Unused Visas and Non-Current Assets as of 31 December 2019G, 2020G and 2021G

SAR '000	As of 31 December		
	2019G Audited	2020G Audited	2021G Audited
At the beginning of the year	17,320	19,706	25,342
Visas purchased during the year	25,588	12,486	22,894
Expired visas refunded during the year	(2,192)	(986)	(2,996)
Transferred to used visas during the year	(21,010)	(5,864)	(17,456)
Unused visas at the end of the year	**19,706**	**25,342**	**27,784**
Add: used visa balance - non-current portion	3,415	1,377	6,731
Less: unused visa balance - current portion	(7,342)	(8,424)	(10,206)
Used and unused visas at the end of the year	**15,779**	**18,295**	**24,309**
Other non-current assets			
Recruitment fees - non-current portion	-	2,239	17,135
Total used and unused visas and other non-current assets	**15,779**	**20,534**	**41,444**

Source: The Group's audited consolidated financial statements for the financial years ended 31 December 2019G, 2020G and 2021G.

The following table shows the analysis of unused visas as of 31 December 2019G, 2020G and 2021G:

Table No. (6.32): Analysis of Unused Visas as of 31 December 2019G, 2020G and 2021G

SAR '000	As of 31 December		
	2019G Audited	2020G Audited	2021G Audited
Unused visas - current portion	7,342	8,424	10,206
Unused visas - non-current portion	12,364	16,918	17,578
Total unused visas at the end of the year	**19,706**	**25,342**	**27,784**

Source: The Group's audited consolidated financial statements for the financial years ended 31 December 2019G, 2020G and 2021G.

Used and unused visas pertain to work visas issued to expat workers recruited by the Group which allow them entrance to the Kingdom. Unused visas represent the value of the visas paid to Government entities that have not been used as of the date of the statement of financial position. Unused visa amounts are transferred to used visas when the recruited manpower arrives in the Kingdom. The visas are valid for a period of two years and the cost per visa is SAR 2,000 (in instances where the visa is not utilised during the two years, its value is refunded by the Government to the bank account of the Group). Used visas are amortised as an expense in the consolidated statement of profit or loss using the straight-line method over the employee's contract period of two years. The current portion that pertains to the following year is recorded as advance visas within prepaid expenses and other current assets, and the non-current portion is recorded under non-current assets.

The following table shows the current and non-current portion of used and unused visas as of 31 December 2019G, 2020G and 2021G:

Table No. (6.33): Current and Non-Current Portion of Used and Unused Visas as of 31 December 2019G, 2020G and 2021G

For analytical purposes, the current portion of the used and unused visas classified under prepaid expenses and other current assets has been added to the non-current portion as follows:

SAR '000	As of 31 December		
	2019G Audited	2020G Audited	2021G Audited
Used and unused visas - non-current portion	15,779	18,295	24,309
Used and unused visas - current portion	16,407	12,433	15,527
Used and unused visas at the end of the year	**32,186**	**30,728**	**39,836**

Source: The Group's audited consolidated financial statements for the financial years ended 31 December 2019G, 2020G and 2021G.

The total current and non-current portion of used and unused visas decreased from SAR 32.2 million as of 31 December 2019G to SAR 30.7 million as of 31 December 2020G, following a decrease in the number of visas purchased, from 12,794 in the financial year ended 31 December 2019G to 6,243 in the financial year ended 31 December 2020G, due to the travel restrictions imposed by the Government as a result of COVID-19 pandemic.

Used and unused visas subsequently increased to SAR 39.9 million as of 31 December 2021G, due to an increase in the number of visas purchased, from 6,243 in the financial year ended 31 December 2020G to 11,477 in the financial year ended 31 December 2021G, as a result of the easing of travel restrictions by the Government related to the COVID-19 pandemic.

6.8.3 Licence Guarantee Letter

The following table shows the licence guarantee letter as of 31 December 2019G, 2020G and 2021G:

Table No. (6.34): Licence Guarantee Letter as of 31 December 2019G, 2020G and 2021G

SAR '000	As of 31 December		
	2019G Audited	2020G Audited	2021G Audited
Licence guarantee letter	5,000	-	-

Source: The Group's audited consolidated financial statements for the financial years ended 31 December 2019G, 2020G and 2021G.

Upon its foundation 2012G, the Group submitted a letter of guarantee to the MHRSD (formerly the Ministry of Labour) for the issuance of a recruitment licence. The letter was issued upon establishment by the facilities of Al-Ayuni Investment and Contracting Company (a founding shareholder) with a total guarantee amount of SAR 10.0 million, through a cash deposit of SAR 5.0 million, settled by the Group with the bank issuing the guarantee.

In March 2020G, the guarantee letter issued by Al-Ayuni facilities was cancelled and replaced by the issuance of a new letter of guarantee in favour of the MHRSD from the facilities of the Group, without any cash in return (valid until 2024G). In April 2022G, it was extended for the purpose of renewing the Group's licence until 2034G. Accordingly, the licence guarantee letter decreased to nil balance as of 31 December 2020G and 31 December 2021G.

6.8.4 Intangible Assets

The following table shows the intangible assets as of 31 December 2019G, 2020G and 2021G:

Table No. (6.35): Intangible Assets as of 31 December 2019G, 2020G and 2021G

SAR '000	As of 31 December		
	2019G Audited	2020G Audited	2021G Audited
Cost			
On 1 January	3,055	3,274	4,009
Additions during the year	219	735	1,187
On 31 December	**3,274**	**4,009**	**5,196**
Amortisation			
On 1 January	1,544	2,133	2,697
Charged during the year	590	564	713
On 31 December	**2,133**	**2,697**	**3,410**
Net book value			
On 31 December	**1,141**	**1,312**	**1,787**

Source: The Group's audited consolidated financial statements for the financial years ended 31 December 2019G, 2020G and 2021G.

Intangible assets mainly relate to computer software and are stated at cost less accumulated amortisation. Amortisation is recognised on a straight-line basis over an estimated useful life of four years.

Intangible assets increased from SAR 1.1 million as of 31 December 2019G to SAR 1.3 million as of 31 December 2020G, mainly due to the updating of the Group's logo (SAR 544 thousand), coupled with the development of a new mobile phone application (SAR 123 thousand). This increase was partly offset by amortisation charges during the year (SAR 564 thousand), mainly in relation to the Group's ERP system.

Intangible assets increased to SAR 1.8 million as of 31 December 2021G, mainly due to the modernisation of the Group's ERP system and software (Microsoft AX365 at an amount of SAR 632 thousand and Microsoft CRM365 at an amount of SAR 248 thousand), in addition to the new approved logo for the Individual Segment – Hourly Rental (SAR 180 thousand). This increase was partially offset by amortisation charges during the year (SAR 713 thousand), mainly in connection with the Group's ERP system and logo.

As of 31 December 2021G, intangible assets amounted to SAR 1.8 million and were mainly comprised of:

- **AX software:** in connection with the ERP system implemented by the Group since 2016G (SAR 863 thousand), which includes additional features including AX365 and CRM365 added in the financial year ended 31 December 2020G and 2021G;
- **Logo:** The Group updated its logo on cars and publications (SAR 584 thousand);
- **Smartphone application:** A smartphone application was developed for the Individual Segment – Hourly Rental (SAR 183 thousand) in order to provide digital tools to customers in this segment, enabling them to request workers directly through the Group's smartphone application; and
- **Other systems and software**, including the SADAD programme (SAR 25 thousand), which is used to track the invoices of individual customers, and Avaya software (SAR 51 thousand), which is used as a communication tool by the Group.

6.8.5 Property and Equipment

The following table shows the property and equipment as of 31 December 2019G, 2020G and 2021G:

Table No. (6.36): Property and Equipment as of 31 December 2019G, 2020G and 2021G

SAR '000	Land	Buildings	Leasehold improvements	Furniture, fixtures and office equipment	Vehicles	Total
Cost						
As of 1 January 2019G	5,344	4,567	2,895	5,787	3,388	21,981
Additions during the year	-	-	281	1,387	-	1,668
Disposals during the year	-	-	(788)	(157)	-	(946)
As of 31 December 2019G	**5,344**	**4,567**	**2,387**	**7,017**	**3,388**	**22,703**
Additions during the year	-	-	108	607	345	1,060
Disposals during the year	-	-	-	-	(156)	(156)
As of 31 December 2020G	**5,344**	**4,567**	**2,495**	**7,624**	**3,578**	**23,608**
Additions during the year	-	-	86	705	-	791
Disposals during the year	-	-	-	(1,170)	(59)	(1,229)
As of 31 December 2021G	**5,344**	**4,567**	**2,581**	**7,160**	**3,519**	**23,170**
Accumulated depreciation						
As of 1 January 2019G	-	42	2,494	4,026	1,842	8,403
Charge for the year	-	216	280	792	592	1,880
Disposals during the year	-	-	(782)	(115)	-	(897)
As of 31 December 2019G	**-**	**258**	**1,992**	**4,703**	**2,433**	**9,386**
Charge for the year	-	216	169	874	558	1,818
Disposals during the year	-	-	-	-	(156)	(156)
As of 31 December 2020G	**-**	**474**	**2,161**	**5,577**	**2,836**	**11,048**
Charge for the year	-	226	146	836	498	1,706
Disposals during the year	-	-	-	(1,160)	(59)	(1,219)
As of 31 December 2021G	**-**	**700**	**2307**	**5,253**	**3,275**	**11,535**
Net book value						
As of 31 December 2019G	**5,344**	**4,309**	**396**	**2,314**	**955**	**13,317**
As of 31 December 2020G	**5,344**	**4,093**	**334**	**2,047**	**741**	**12,560**
As of 31 December 2021G	**5,344**	**3,867**	**274**	**1,907**	**243**	**11,635**

Source: The Group's audited consolidated financial statements for the financial years ended 31 December 2019G, 2020G and 2021G.

The following table shows the allocation of depreciation as of 31 December 2019G, 2020G and 2021G:

Table No. (6.37): Allocation of Depreciation as of 31 December 2019G, 2020G and 2021G

SAR '000	Financial Years Ended 31 December		
	2019G Audited	2020G Audited	2021G Audited
Cost of revenue	1,221	1,180	1,032
General and administrative expenses	551	540	639
Selling and marketing expenses	108	98	36
Total	**1,880**	**1,818**	**1,706**

Source: The Group's audited consolidated financial statements for the financial years ended 31 December 2019G, 2020G and 2021G.

Property and equipment are stated at cost less accumulated depreciation. Depreciation costs are calculated on a straight-line basis by category.

6.8.5.1 Land

The value of land amounted to SAR 5.3 million during the period from 2019G to 2021G, mainly in connection with the plot of land owned by the Group on which its head office building is located.

6.8.5.2 Buildings

Buildings relates primarily to the Group's head office buildings. The net book value of buildings decreased from SAR 4.3 million as of 31 December 2019G to SAR 4.1 million as of 31 December 2020G, and then to SAR 3.9 million as of 31 December 2021G, as a result of depreciation charged during these years (SAR 216 thousand in 2019G and 2020G and SAR 226 thousand in 2021G).

6.8.5.3 Leasehold Improvements

Leasehold improvements pertain to improvements and renovations to workers' accommodation as per the requirements set by the Ministry of Human Resources.

The net book value of leasehold improvements decreased from SAR 396 thousand as of 31 December 2019G to SAR 334 thousand as of 31 December 2020G as a result of depreciation charges of SAR 169 thousand. This was partly offset by additions of SAR 108 thousand in 2020G.

The net book value of leasehold improvements decreased from SAR 334 thousand as of 31 December 2020G to SAR 274 thousand as of 31 December 2021G, as a result of depreciation charges of SAR 146 thousand. This was partly offset by additions of SAR 86 thousand in 2021G.

6.8.5.4 Furniture, Fixtures and Office Equipment

Furniture, fixtures and office equipment includes furniture for the accommodation of workers as well as some office equipment in the head office and branches.

The net book value of furniture, fixtures and office equipment decreased from SAR 2.3 million as of 31 December 2019G to SAR 2.0 million as of 31 December 2020G, as a result of depreciation charges of SAR 874 thousand. This was partly offset by additions of SAR 607 thousand in connection with worker accommodations and the head office, mainly in relation to additions of washing machines, dryers, ovens and some laptops.

The net book value decreased from SAR 2.0 million as of 31 December 2020G to SAR 1.9 million as of 31 December 2021G as a result of depreciation charges of SAR 836 thousand. This was partly offset by additions to furniture and fixtures amounting to SAR 705 thousand, in connection with worker accommodation and the head office.

6.8.5.5 Vehicles

Vehicles relate to the vehicles owned by the Group, which are mainly used to transport workers employed in the Individual Segment – Hourly Rental to and from their accommodation and customer premises. The Group has changed its strategy over the past few years in terms of a shift from purchasing vehicles to leasing vehicles.

The net book value of vehicles decreased from SAR 955 thousand as of 31 December 2019G to SAR 741 thousand as of 31 December 2020G, as a result of depreciation charges amounting to SAR 558 thousand. This was partly offset by additions amounting to SAR 345 thousand, as a result of purchasing a new vehicle in addition to the disposal of a vehicle (SAR 156 thousand).

The net book value of vehicles decreased to SAR 243 thousand as of 31 December 2021G, as a result of depreciation charges of SAR 498 thousand, in relation to the 22 vehicles owned by the Group.

6.8.6 Right-of-Use Assets

The following table shows the right-of-use assets as of 31 December 2019G, 2020G and 2021G:

Table No. (6.38): Right-of-Use Assets as of 31 December 2019G, 2020G and 2021G

SAR '000	Right-of-Use Assets
Right-of-use	
As of 1 January 2019G	**11,006**
Additions for the year	17,819
As of 31 December 2019G	**28,825**
Additions for the year	12,694
Disposals for the year	(239)
As of 31 December 2020G	**41,281**
Additions for the year	6,730
Disposals for the year	(1,942)
As of 31 December 2021G	**46,068**
Depreciation	
As of 1 January 2019G	**-**
Depreciation for the year	(5,441)
As of 31 December 2019G	**(5,441)**
Depreciation for the year	(10,389)
As of 31 December 2020G	**(15,830)**
Depreciation for the year	(10,930)
Disposals for the year	1,137
As of 31 December 2021G	**(25,623)**
Net book value for right-of-use	
As of 31 December 2021G	**20,445**
As of 31 December 2020G	**25,450**
As of 31 December 2019G	**23,384**

Source: The Group's audited consolidated financial statements for the financial years ended 31 December 2019G, 2020G and 2021G.

Right-of-use assets pertain to the right-of-use of operating leases in compliance with IFRS 16. Right-of-use assets amounted to SAR 23.4 million as of 31 December 2019G, related to branch and worker accommodation buildings and vehicles used to transport workers. Right-of-use assets increased to SAR 25.5 million as of 31 December 2020G due to the addition of six accommodation buildings in Al Munsiyah, Abha, Al Rawdah, Dammam, Al Naseem and Al Qassim for workers deployed in the Individual Segment – Hourly Rental (SAR 4.1 million), five new buildings for the Unaizah, Dammam, Jubail and Jeddah branches (SAR 1.1 million), and 55 new vehicles (SAR 7.4 million). These additions were partly offset by depreciation charges amounting to SAR 10.4 million, mainly in relation to buildings (SAR 3.9 million) and vehicles (SAR 6.5 million).

Right-of-use assets subsequently decreased to SAR 20.4 million as of 31 December 2021G due to depreciation charges amounting to SAR 10.9 million in relation to buildings (SAR 4.6 million) and vehicles (SAR 6.3 million). This was partly offset by the addition of seven accommodation buildings in Al Rayyan, Dammam, Al Fayha, Wadi Laban, Madinah and Riyadh for workers deployed in the Individual Segment – Hourly Rental (SAR 3.6 million), one new building for the Khobar branch (SAR 462.5 thousand) and 24 new vehicles (SAR 2.7 million).

6.8.7 Current Assets

The following table shows the current assets as of 31 December 2019G, 2020G and 2021G:

Table No. (6.39): Current Assets as of 31 December 2019G, 2020G and 2021G

SAR '000	As of 31 December		
	2019G Audited	2020G Audited	2021G Audited
Due from Related Parties	42,518	33,607	52,390
Prepaid expenses and other current assets	92,094	84,735	136,165
Trade receivables	106,233	80,760	84,164
Investments at FVTPL	16,019	45,098	30,388
Cash and cash equivalents	26,951	63,886	26,627
Total current assets	**283,815**	**329,735**	**308,085**

Source: The Group's audited consolidated financial statements for the financial years ended 31 December 2019G, 2020G and 2021G.

Current assets increased from SAR 283.8 million as of 31 December 2019G to SAR 329.8 million as of 31 December 2020G, mainly due to:

- an increase in cash and cash equivalents, from SAR 27.0 million as of 31 December 2019G to SAR 63.9 million as of 31 December 2020G; and
- an increase in investments at fair value through profit or loss, from SAR 16.0 million as of 31 December 2019G to SAR 45.1 million as of 31 December 2020G, partly offset by;
- a decrease in trade receivables from SAR 106.2 million as of 31 December 2019G to SAR 80.8 million as of 31 December 2020G.

Current assets increased to SAR 308.1 million as of 31 December 2021G, mainly due to:

- an increase in prepaid expenses and other current assets, from SAR 84.7 million as of 31 December 2020G to SAR 136.1 million as of 31 December 2021G; and
- an increase in due from Related Parties of SAR 18.8 million, from SAR 33.6 million as of 31 December 2020G to SAR 52.4 million as of 31 December 2021G, partly offset by;
- a decrease in cash and cash equivalents, from SAR 63.9 million as of 31 December 2020G to SAR 26.6 million as of 31 December 2021G, and investments at fair value through profit or loss, from SAR 45.1 million as of 31 December 2020G to SAR 30.4 million as of 31 December 2021G.

6.8.8 Due from Related Parties

Related parties represent the Executive Management personnel, members of the Board of Directors, shareholders of the Company and their subsidiaries. Transactions with Related Parties are carried out in accordance with the terms and conditions approved by the Group's management or Board of Directors and relate to amounts due from Related Parties, mainly in relation to revenue generated in exchange for the provision of manpower services.

The following table shows the remuneration of Executive Management personnel as of 31 December 2019G, 2020G and 2021G:

Table No. (6.40): Remuneration of Executive Management Personnel as of 31 December 2019G, 2020G and 2021G

SAR '000	Financial Years Ended 31 December		
	2019G Audited	2020G Audited	2021G Audited
Employee salaries and other short-term benefits	4,607	5,730	7,354
Post-employment benefits	175	225	279
Total remuneration of Executive Management personnel	**4,783**	**5,955**	**7,633**

Source: The Group's audited consolidated financial statements for the financial years ended 31 December 2019G, 2020G and 2021G.

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The following table shows the remuneration and allowances of the Board of Directors as of 31 December 2019G, 2020G and 2021G:

Table No. (6.41): Remuneration and Allowances of the Board of Directors as of 31 December 2019G, 2020G and 2021G

SAR '000	Financial Years Ended 31 December		
	2019G Audited	2020G Audited	2021G Audited
Board remuneration	1,180	1,200	1,300
Allowances and remuneration of Board Committee members	165	55	92
Total remuneration and allowances of the Board of Directors	**1,345**	**1,255**	**1,392**

Source: The Group's audited consolidated financial statements for the financial years ended 31 December 2019G, 2020G and 2021G.

The following table shows the balances due from Related Parties as of 31 December 2019G, 2020G and 2021G:

Table No. (6.42): Balances Due from Related Parties as of 31 December 2019G, 2020G and 2021G

SAR '000	As of 31 December		
	2019G Audited	2020G Audited	2021G Audited
Almawarid kom Trading Group	26,914	21,048	31,600
Al-Ayuni Investment and Contracting Company	14,441	11,969	17,765
Other Related Parties	1,163	589	3,026
Total amounts due from Related Parties	**42,518**	**33,607**	**52,390**

Amounts due from Related Parties decreased from SAR 42.5 million as of 31 December 2019G to SAR 33.6 million as of 31 December 2020G, mainly due to a decrease in revenue generated from Related Parties due to the COVID-19 pandemic. Amounts due then increased to SAR 52.4 million as of 31 December 2021G, following a slowdown in cash collection and an increase in the ageing of Related Party balances.

6.8.8.1 Almawarid kom Trading Group (a shareholder)

Amounts due from Almawarid kom Trading Group (a shareholder) amounted to SAR 26.9 million as of 31 December 2019G. The outstanding balance decreased to SAR 21.0 million as of 31 December 2020G, as a result of payments made amounting to SAR 96.8 million, partly offset by new receivables stemming from revenue realised from the aforementioned company, amounting to SAR 80.5 million, coupled with Government fees paid on behalf of workers of the Related Party amounting to SAR 10.4 million in the financial year ended 31 December 2020G.

The balance subsequently increased to SAR 31.6 million as of 31 December 2021G, on the back of new revenue generated, amounting to SAR 70.1 million, coupled with Government fees paid on behalf of workers of the Related Party amounting to SAR 8.0 million. This was partly offset by payments received amounting to SAR 67.5 million in the financial year ended 31 December 2021G. It is worth noting that a total balance of SAR 2.7 million (8.5 per cent. of the total amounts owed from Related Parties) remained outstanding for Almawarid kom Trading Group for more than a year as of 31 December 2021G and represents outstanding balances for closed projects, noting that this balance was approved by the Related Party and is being paid.

6.8.8.2 Al-Ayuni Investment and Contracting Company (a shareholder)

Balances due from Al-Ayuni Investment and Contracting Company (a shareholder) amounted to SAR 14.4 million as of 31 December 2019G. Balances due decreased to SAR 12.0 million as of 31 December 2020G, on the back of payments made amounting to SAR 27.4 million. This was partly offset by new receivables arising from revenue realised from the aforementioned company amounting to SAR 20.7 million, coupled with Government fees paid on behalf of workers of the Related Party amounting to SAR 4.2 million in the financial year ended 31 December 2020G.

Balances due subsequently increased to SAR 17.8 million as of 31 December 2021G, as a result of new revenue generated amounting to SAR 21.5 million in the financial year ended 31 December 2021G, coupled with Government fees paid on behalf of workers of the Related Party amounting to SAR 6.5 million. This was partly offset by payments made amounting to SAR 22.1 million in the financial year ended 31 December 2021G.

6.8.8.3 Other Related Parties

Amounts due from other Related Parties amounted to SAR 3.0 million as of 31 December 2021G and represent balances of an operational nature arising from sales to Related Parties with a common shareholder.

6.8.9 Prepaid Expenses and Other Current Assets

The following table shows the prepaid expenses and other current assets as of 31 December 2019G, 2020G and 2021G:

Table No. (6.43): Prepaid Expenses and Other Current Assets as of 31 December 2019G, 2020G and 2021G

SAR '000	As of 31 December		
	2019G Audited	2020G Audited	2021G Audited
Due from the Zakat, Tax and Customs Authority	-	21,955	45,623
Recruitment fees -current portion	34,275	13,514	24,616
Residence and work permit fees	34,338	29,016	35,333
Unused visas - current portion	7,342	8,424	10,206
Used visas - current portion	9,065	4,009	5,321
Advances to employees	1,768	1,237	4,315
Prepayments to suppliers	4,301	5,058	3,409
Other prepaid expenses	104	1,736	2,557
Other	3,613	2,499	5,895
Total	**94,805**	**87,447**	**137,276**
Less: impairment of other current assets	(2,711)	(2,711)	(1,111)
Net prepaid expenses and other current assets	**92,094**	**84,735**	**136,165**

Source: The Group's audited consolidated financial statements for the financial years ended 31 December 2019G, 2020G and 2021G.

6.8.9.1 Due from the ZATCA

Due from the ZATCA represents amounts paid to the ZATCA amounting to SAR 22.0 million in the financial year ended 31 December 2020G (for the periods from May 2018G to December 2019G) and SAR 26.5 million in the financial year ended 31 December 2021G (for the periods from January 2019G to February 2021G), representing the value of VAT differences on salaries and Government fees for workers outsourcing their services to the Group's customers, as a result of ZATCA re-evaluating the tax returns submitted by the Company and calculating a tax on salaries and Government fees for workers outsourcing their services to the Group's customers in violation of the VAT law, its implementing regulations and the guidelines for applying VAT to employee benefits. The Company's management paid the total tax differences to benefit from ZATCA's initiative for exemption from fines that existed at that time.

The Group objected to this assessment in March 2021G. The Group received ZATCA's decision to reject the Group's objection to the final tax assessment, which prompted the Group to file a grievance against ZATCA's decision with the General Secretariat of Zakat, Tax and Customs Committees. It then issued debit notes to its customers and Related Parties to VAT differences related to the workers seconded to them throughout the historical period for a total amount of SAR 48.5 million. The amount mainly includes salaries and some Government costs, and these two items are not subject to tax as stated in the Tax Law and the implementing regulations. The customers were receiving invoices inclusive of salaries but excluding tax and fees including tax, and were recording purchases without tax (salaries) and purchases including tax (Company fees) in its accounts. Accordingly, it was only deducting the input tax for Company fees on its tax return.

In addition, the Group also decided to change the method of calculating VAT to include the salaries of seconded workers and any other items included in the invoices as of March 2021G until the dispute is settled. Certain clients have paid the VAT differences amounting to SAR 5.65 million at 31 December 2021G, while others have requested a deferment of payment until the dispute is finally settled by the General Secretariat of Zakat, Tax and Customs Committees.

In January and February 2022G, the Company received a formal decision from the General Secretariat of Zakat, Tax and Customs Committees for all cases filed with it (20 months), in which ZATCA's decision to re-evaluate the tax returns submitted by the Company was overturned.

ZATCA appealed the General Secretariat of Zakat, Tax and Customs Committees' decisions in March 2022G, and in April 2022G, the Company submitted a memorandum of response to ZATCA's appeal. On 26 Jumada al-Ula 1444H (corresponding to 20 December 2022G), the General Secretariat of Zakat, Tax and Customs Committees informed the Company's tax advisor that ZATCA has withdrawn its appeal to the General Secretariat of Zakat, Tax and Customs Committees' verdict.

Accordingly, the ruling became final and the decision of ZATCA, which obliges the Company to pay the VAT discrepancies was overturned. As a result, the Company recovered part of the amounts of tax discrepancies paid to ZATCA with an amount of SAR 45.0 million, as the Company received from ZATCA an amount of SAR 18.5 million on 22 Rajab 1444H (corresponding to 13 February 2023G), and an amount of SAR 26.5 million on 24 Sha'ban 1444H (corresponding to 16 March 2023G).

6.8.9.2 Recruitment Fees - Current Portion

Recruitment fees relate to fees paid in advance by the Group for overseas recruitment agencies to provide them with workers. Mawarid works with an average of five agents per country in approximately 12 countries worldwide. Such prepayments are usually related to workers coming from different countries, including Indonesia and African countries. Recruitment fees of 25.0 per cent. are usually paid in advance and the remaining 75.0 per cent. is settled once the worker arrives in the Kingdom. Recruitment fees paid in advance decreased from SAR 34.3 million in the financial year ended 31 December 2019G to SAR 13.5 million in the financial year ended 31 December 2020G as a result of travel restrictions imposed by the COVID-19 pandemic, which resulted in a decrease in the number of contracted workers, from 10,455 in the financial year ended 31 December 2019G to 3,130 in the financial year ended 31 December 2020G. Recruitment fees increased to SAR 24.6 million in the financial year ended 31 December 2021G, in line with an increase in the number of contracted workers to 8,584 in the financial year ended 31 December 2021G, coupled with additional charges imposed by recruitment agencies due to the newly established policies on travel.

6.8.9.3 Residence and Work Permit Fees

Residence and work permit fees include annual residence and work permit fees that are amortised over a 12-month period (the permit validity period). Residence and work permit fees for a worker in the Individual Segment are set at SAR 750 (residence permit fees of SAR 650 and SAR 100 for the work ID card), while fees for workers in the Corporate Segment amount to SAR 10,350 (approximately SAR 9,600 for a work permit, residence permit fees of SAR 650 and SAR 100 for a work ID card).

Residence and work permit fees decreased from SAR 34.3 million in the financial year ended 31 December 2019G to SAR 29.0 million in the financial year ended 31 December 2020G, mainly due to the Government granting a free extension for work permits that expired during the period from April until June 2020G for all workers in the Kingdom.

Residence and work permit fees subsequently increased to SAR 35.3 million in the financial year ended 31 December 2021G following an increase in the number of contracted workers, from 3,130 in the financial year ended 31 December 2020G to 8,584 in the financial year ended 31 December 2021G due to the easing of COVID-19 restrictions (it is worth noting that most workers were newly hired in the fourth quarter of the financial year ended 31 December 2021G), coupled with the exceptional Government exemption on permits and licences in the financial year ended 31 December 2020G.

6.8.9.4 Unused Visas - Current Portion

The following table shows the movement of unused visas as of 31 December 2019G, 2020G and 2021G:

Table No. (6.44): Movement of Unused Visas as of 31 December 2019G, 2020G and 2021G

SAR '000	As of 31 December		
	2019G Audited	2020G Audited	2021G Audited
At the start of the year	17,320	19,706	25,342
Visas purchased during the year	25,588	12,486	22,894
Expired visas refunded during the year	(2,192)	(986)	(2,996)
Transferred to used visas during the year	(21,010)	(5,864)	(17,456)
Unused visas at the end of the year	**19,706**	**25,342**	**27,784**
Less: unused visa balance - non-current portion	(12,364)	(16,918)	(17,578)
Unused visa balance - current portion	**7,342**	**8,424**	**10,206**

Source: The Group's audited consolidated financial statements for the financial years ended 31 December 2019G, 2020G and 2021G.

Unused visas pertain to work visas issued to expat workers recruited by the Group that allow them entry to the Kingdom. Unused visas represent the value of the visas paid to Government entities which have not been used as of the date of the statement of financial position. Unused visa amounts are transferred to used visas upon the arrival of the recruited manpower in the territory of the Kingdom. The visas are valid for a period of two years and are amortised as an expense in the consolidated statement of profit or loss using the straight-line method over the worker's contract period of two years. The non-current portion is recorded under non-current assets.

The total current portion of unused visas increased from SAR 7.3 million as of 31 December 2019G to SAR 8.4 million as of 31 December 2020G, and then to SAR 10.2 million as of 31 December 2021G.

6.8.9.5 Used Visas - Current Portion

The following table shows the movement of used visas as of 31 December 2019G, 2020G and 2021G:

Table No. (6.45): Movement of Used Visas as of 31 December 2019G, 2020G and 2021G

SAR '000	As of 31 December		
	2019G Audited	2020G Audited	2021G Audited
Balance as of 1 January	8,596	12,480	5,386
Used visas transferred during the year	15,599	5,916	17,901
Amortisation during the year	(11,715)	(13,011)	(11,235)
Balance as of 31 December	**12,480**	**5,386**	**12,052**
Less: used visas - non-current portion	(3,415)	(1,377)	(6,731)
Used visas - current portion	**9,065**	**4,009**	**5,321**

Source: The Group's audited consolidated financial statements for the financial years ended 31 December 2019G, 2020G and 2021G.

Used visas pertain to work visas issued to expat workers recruited by the Group which allow them entry to the Kingdom. Unused visas represent the value of visas paid to Government entities which have not been used as of the date of the statement of financial position. Unused visa amounts are transferred to used visas upon the arrival of the recruited manpower in the territory of the Kingdom. The visas are valid for a period of two years and are amortised as a cost in the consolidated statement of profit or loss using the straight-line method over the worker contract period of two years. The current portion that pertains to the next year is recorded as advance visas within prepaid expenses and other current assets.

The total current portion of used visas decreased from SAR 9.1 million as of 31 December 2019G to SAR 4.0 million as of 31 December 2020G, before increasing to SAR 5.3 million as of 31 December 2021G.

6.8.9.6 Advances to Employees

Advances to employees are comprised of:

- **staff loans** granted mainly to head office employees, at two months of their basic salary and repayable over a period of six months. Employees are entitled to loans at any time during their employment, based on specific conditions approved by the human resources regulations; and
- **workers' loans,** where each worker receives a balance of SAR 300 upon arrival in the Kingdom. This balance is repayable over a period of three months.

Advances to employees include loans to employees of the main entity of the Group, as well as loans to manpower workers.

Advances to employees decreased from SAR 1.8 million as of 31 December 2019G to SAR 1.2 million as of 31 December 2020G, mainly due to a decrease in workers' loans (SAR 629 thousand) as a result of a decrease in the number of contracted workers, due to travel restrictions resulting from the COVID-19 pandemic. This was partly offset by an increase in staff loans (SAR 98 thousand).

Advances to employees increased to SAR 4.3 million as of 31 December 2021G, as a result of an increase in workers' loans (SAR 2.9 million), in line with an increase in the number of contracted workers. It is worth noting that the Group had to purchase phones for workers in order to track their quarantine status on the "Tawakkalna" smartphone application. Accordingly, such phone balances were included within employee payables.

6.8.9.7 Prepayments to Suppliers

Prepayments to suppliers includes advances paid to local and overseas suppliers. Prepayments to suppliers increased from SAR 4.3 million as of 31 December 2019G to SAR 5.1 million as of 31 December 2020G, due to recruitment fee advances settled with two new Indonesian suppliers in compliance with the terms of the contracts signed with them (SAR 564 thousand) to arrange the travel of the workers. Prepayments to suppliers then decreased to SAR 3.4 million as of 31 December 2021G, as a result of a decrease in advances to a recruitment company in Kenya (SAR 862 thousand) and a recruitment company in Bangladesh (SAR 437 thousand).

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6.8.9.8 Other Prepaid Expenses

Other prepaid expenses include prepayments on medical certificates (mainly for nurses), prepaid insurance, Government fees, compliance fees and other prepaid expenses.

Other prepaid expenses increased from SAR 104 thousand as of 31 December 2019G to SAR 1.7 million as of 31 December 2020G, mainly due to:

- an increase in fees paid in advance for SMS services to the Individual Segment – Contractual (SAR 720 thousand) in order to update individual customers about the status of the workers (drop-off time, invoice due, etc.);
- an increase in prepaid fees to the Ministry of Human Resources (SAR 238 thousand); and
- an increase in prepaid medical insurance (SAR 218 thousand).

Other prepaid expenses increased to SAR 2.6 million as of 31 December 2021G, mainly due to:

- an increase in prepaid medical certificates for nurses (SAR 319 thousand); and
- an increase in prepaid subscriptions (SAR 253 thousand) in connection with the "Simah" application which is an electronic system used in the Kingdom to collect, preserve and classify customer credit information.

6.8.9.9 Other

Other current assets decreased from SAR 3.6 million as of 31 December 2019G to SAR 2.5 million as of 31 December 2020G, following a decrease in:

- prepaid medical insurance (SAR 424 thousand);
- prepaid Government fees (SAR 316 thousand); and
- prepaid fees to the Ministry of Human Resources (SAR 311 thousand).

Other current assets increased to SAR 5.9 million as of 31 December 2021G, mainly due to an increase in prepaid Government fees (SAR 3.6 million), as the Government introduced a new programme called "Ajeer" in the financial year ended 31 December 2021G, whereby companies register all of their workers whose services are seconded for an annual fee of SAR 240 per worker (SAR 20 per month). The Group records these fees under prepayments and then charges the amounts to the customers when the workers are linked to the Ajeer system.

6.8.9.10 Impairment of Other Current Assets

The following table shows the movement in impairment of prepaid expenses and other current assets as of 31 December 2019G, 2020G and 2021G:

Table No. (6.46): Movement in Impairment of Prepaid Expenses and Other Current Assets as of 31 December 2019G, 2020G and 2021G

SAR '000	As of 31 December		
	2019G Audited	2020G Audited	2021G Audited
Balance as of 1 January	2,666	2,711	2,711
Provided during the year	1,991	-	-
Receivables written-off during the year	(1,946)	-	(1,601)
Balance as of 31 December	**2,711**	**2,711**	**1,111**

Source: The Group's audited consolidated financial statements for the financial years ended 31 December 2019G, 2020G and 2021G.

Impairment of other current assets represents the provisions on other current assets in line with the IFRS 9 expected credit loss model. Impairment of other current assets remained stable at SAR 2.7 million as of 31 December 2019G and 31 December 2020G, as no additional provisions were recorded by management in the financial year ended 31 December 2020G. The value of other current assets then decreased to SAR 1.1 million as of 31 December 2021G, following the write-off of receivables amounting to SAR 1.6 million in the financial year ended 31 December 2021G, in connection with old debit notes from the financial year ended 31 December 2015G that were issued to some recruitment agencies the Group stopped working with, as they closed their offices in the countries where they used to operate.

6.8.10 Trade Receivables

The following table shows the trade receivables as of 31 December 2019G, 2020G and 2021G:

Table No. (6.47): Trade Receivables as of 31 December 2019G, 2020G and 2021G

SAR '000	As of 31 December		
	2019G Audited	2020G Audited	2021G Audited
Trade receivables	121,225	103,587	112,684
Less: provision for expected credit losses	(14,991)	(22,827)	(28,520)
Net trade receivables	**106,233**	**80,760**	**84,164**

Source: The Group's audited consolidated financial statements for the financial years ended 31 December 2019G, 2020G and 2021G.

6.8.10.1 Trade Receivables

The fair value of trade receivables equalled the book value of such receivables as of 31 December 2021G, 2020G and 2019G as they fall due within 12 months from the date of the consolidated statement of financial position.

Trade receivables represent receivables from corporate clients and individual customers for manpower services for which performance obligations have been fulfilled and invoices have been issued.

Trade receivables mainly include receivables from:

- **corporate clients,** who usually settle payments upon receipt of invoices as per the contractual agreement, which are typically due within 60 days of the issuance of the relevant invoice; and
- **individual customers,** who usually settle their payments to the Group in advance, except in the case of the automatic renewal/extension of the service when the customer is satisfied with the services provided by the Group, and accordingly the Group facilitates the repayment terms on such special occasions.

Days sales outstanding were in the range of 60 days on average as of 31 December 2020G and 31 December 2021G, in line with the average credit terms with corporate clients, who represent the bulk of receivables (approximately 61.0 per cent. of total accounts receivable as of 31 December 2020G and 31 December 2021G).

Trade receivables decreased from SAR 121.2 million as of 31 December 2019G to SAR 103.6 million as of 31 December 2020G, mainly due to:

- a decrease in the balance due from El Seif Engineering Contracting Company, from SAR 12.7 million as of 31 December 2019G to nil as of 31 December 2020G, as the contract with this customer ended and they did not have any new projects in the financial year ended 31 December 2020G and thus the demand for workers decreased; and
- a decrease in receivables due from Al Rashid Abetong Company (SAR 5.7 million), as the special project of this company ended in the financial year ended 31 December 2020G.

Trade receivables increased from SAR 103.6 million as of 31 December 2020G to SAR 112.7 million as of 31 December 2021G, due to:

- an increase in receivables due from Naqel Express, a transportation and logistics company and the Group's largest transportation customer, from nil as of 31 December 2020G to SAR 2.9 million as of 31 December 2021G, as the Company paid all its dues in the financial year ended 31 December 2020G on time, in contrast to the financial year ended 31 December 2021G whereby the end-of-year invoices were settled immediately at the start of the following year; and
- an increase in receivables due from El Seif Engineering Contracting Company, as their contract with the Group ended in the financial year ended 31 December 2020G. They signed a new contract with the Group in the financial year ended 31 December 2021G when they acquired new projects, including the "NEOM" project, which led to an increase in the receivables balance, from nil as of 31 December 2020G to SAR 2.3 million as of 31 December 2021G.

It is worth noting that gross trade receivables as of 31 December 2021G includes an amount of SAR 22.0 million secured by bank guarantees and promissory notes from customers (SAR 20.0 million as of 31 December 2020G).

6.8.10.2 Provision for Expected Credit Losses

The following table shows the movement in the provision for expected credit losses as of 31 December 2019G, 2020G and 2021G:

Table No. (6.48): Movement in the Provision for Expected Credit Losses as of 31 December 2019G, 2020G and 2021G

SAR '000	As of 31 December		
	2019G Audited	2020G Audited	2021G Audited
Balance as of 1 January	12,874	14,991	22,827
Provided during the year	4,193	7,836	8,717
Trade receivables written-off during the year	(2,076)	-	(3,024)
Balance as of 31 December	**14,991**	**22,827**	**28,520**

Source: The Group's audited consolidated financial statements for the financial years ended 31 December 2019G, 2020G and 2021G.

The following table shows the ageing of trade receivables as of 31 December 2019G, 2020G and 2021G:

Table No. (6.49): Ageing of Trade Receivables as of 31 December 2019G, 2020G and 2021G

SAR '000	Less than 60 days	61-90 days	91-120 days	121-150 days	151-240 days	241-420 days	More than 421 days	Total
31 December 2021G	52,957	6,917	3,105	2,892	3,490	4,983	38,341	112,684
31 December 2020G	47,863	5,198	2,550	1,484	4,818	19,285	22,388	103,587
31 December 2019G	81,671	11,151	5,120	1,980	3,009	2,431	15,863	121,225

Source: Management information.

The Group applies the simplified approach to measure expected credit losses under IFRS 9, which uses a lifetime expected loss allowance for all trade receivables.

Expected credit losses increased from SAR 15.0 million as of 31 December 2019G to SAR 22.8 million as of 31 December 2020G, as a result of additional provisions made on accounts receivable amounting to SAR 7.8 million in the financial year ended 31 December 2020G. Expected credit losses increased to SAR 28.5 million as of 31 December 2021G, due to the amount of SAR 8.7 million allocated in the financial year ended 31 December 2021G. This was partially offset by write-offs of SAR 3.0 million in the financial year ended 31 December 2021G, mainly in connection with a science and construction customer (a foreign investor who does not currently have a presence in the Kingdom) for indebtedness from 2015G.

Trade receivables are usually written-off when there is no reasonable expectation of recovery, and they have been outstanding for more than 720 days. As of 31 December 2021G, the majority of balances (approximately 53.1 per cent. of the total) were outstanding for less than 90 days.

It is worth noting that receivables due for more than 421 days amounted to SAR 38.3 million as of 31 December 2021G, mostly in connection with one major customer "Matic", a subsidiary of Rashed Al-Rashed and Brothers Trading Company (SAR 21.1 million), as they delayed their payments due to COVID-19 challenges.

It is worth noting that the Group hired external consultants to compute the provision for trade receivables, prepayments, and other current assets as of 31 December 2021G, as a result of which it recorded a provision for expected credit losses of SAR 28.5 million as of 31 December 2021G.

6.8.11 Investments at Fair Value through Profit or Loss

The following table shows the investments at fair value through profit or loss as of 31 December 2019G, 2020G and 2021G:

Table No. (6.50): Investments at Fair Value through Profit or Loss as of 31 December 2019G, 2020G and 2021G

SAR '000	As of 31 December		
	2019G Audited	2020G Audited	2021G Audited
Balance as of 1 January	15,648	16,019	45,098
Additions during the year	21,000	46,117	30,000
Disposals during the year	(21,104)	(17,354)	(45,098)
Change in fair value	474	317	388
Balance as of 31 December	**16,019**	**45,098**	**30,388**

Source: Management information.

Investments at fair value through profit or loss amounted to SAR 16.0 million as of 31 December 2019G and represented short-term investments in Al-Rajhi Commodities Mudaraba Saudi Riyal Fund. The balance increased to SAR 45.1 million as of 31 December 2020G, due to additions to investments amounting to SAR 46.1 million. This increase was partly offset by the disposal of some investments amounting to SAR 17.4 million in the financial year ended 31 December 2020G.

The balance decreased to SAR 30.4 million as of 31 December 2021G, due to the disposal of some investments at fair value through profit or loss amounting to SAR 45.1 million. This decrease was partly offset by additions to investments amounting to SAR 30.0 million.

6.8.12 Cash and Cash Equivalents

The following table shows the cash and cash equivalents as of 31 December 2019G, 2020G and 2021G:

Table No. (6.51): Cash and Cash Equivalents as of 31 December 2019G, 2020G and 2021G

SAR '000	As of 31 December		
	2019G Audited	2020G Audited	2021G Audited
Cash in banks	20,134	63,764	26,612
Cheques under collection	6,521	-	-
Cash on hand	296	122	15
Total	**26,951**	**63,886**	**26,627**

Source: The Group's audited consolidated financial statements for the financial years ended 31 December 2019G, 2020G and 2021G.

Cash and cash equivalents consist of cash deposited in banks in current accounts, cheques under collection, and cash on hand.

Cash and cash equivalents increased from SAR 27.0 million as of 31 December 2019G to SAR 63.9 million as of 31 December 2020G, mainly due to an increase in cash in banks, from SAR 20.1 million as of 31 December 2019G to SAR 63.8 million as of 31 December 2020G, mainly due to:

- an increase in cash flows generated from operating activities (SAR 83.8 million), following an increase in working capital changes, which was partly offset by; and
- a decrease in net cash flows used in investing activities (SAR 28.8 million), as a result of additions to investments at fair value through profit or loss, coupled with a decrease in net cash flows used in financing activities (SAR 8.5 million), due to dividends paid to shareholders and right-of-use assets payments.

Cash and cash equivalents decreased to SAR 26.6 million as of 31 December 2021G, mainly due to a decrease in cash in banks, from SAR 59.9 million as of 31 December 2020G to SAR 26.3 million as of 31 December 2021G, as a result of:

- a decrease in cash flows generated from operating activities (SAR 116.6 million), mainly due to a decrease in working capital changes, which was partly offset by; and
- an increase in net cash flows used in investing activities (SAR 43.7 million), as a result of the disposal of investments at fair value through profit or loss.

6.8.13 Equity

The following table shows the equity as of 31 December 2019G, 2020G and 2021G:

Table No. (6.52): Equity as of 31 December 2019G, 2020G and 2021G

SAR '000	As of 31 December		
	2019G Audited	2020G Audited	2021G Audited
Share capital	100,000	100,000	100,000
Statutory reserve	17,568	22,137	27,695
Consensual reserve	-	7,715	20,000
Retained earnings	52,726	69,555	85,329
Total equity	**170,294**	**199,406**	**233,024**

Source: The Group's audited consolidated financial statements for the financial years ended 31 December 2019G, 2020G and 2021G.

Equity increased from SAR 170.3 million as of 31 December 2019G to SAR 199.4 million as of 31 December 2020G, mainly driven by an increase in retained earnings from SAR 52.7 million to SAR 70.0 million, coupled with an increase in the consensual reserve from nil as of 31 December 2019G to SAR 7.7 million as of 31 December 2020G.

Shareholders' equity increased to SAR 233.0 million as of 31 December 2021G, as a result of an increase in retained earnings to SAR 85.3 million, coupled with an increase in the consensual reserve from SAR 7.7 million as of 31 December 2020G to SAR 20.0 million as of 31 December 2021G.

6.8.14 Share Capital

The following table shows the share capital as of 31 December 2019G, 2020G and 2021G:

Table No. (6.53): Share Capital as of 31 December 2019G, 2020G and 2021G

SAR '000	As of 31 December								
	2019G Audited			2020G Audited			2021G Audited		
Name of Shareholder	Number of Shares ('000)	Shareholding (%)	Value	Number of Shares ('000)	Shareholding (%)	Value	Number of Shares ('000)	Shareholding (%)	Value
Alomaier Trading and Contracting Company	3,420	34.2%	34,197	3,420	34.2%	34,197	3,420	34.2%	34,197
Al-Ayuni Investment and Contracting Company	3,420	34.2%	34,197	3,420	34.2%	34,197	3,420	34.2%	34,197
Cherry Trading Company	946	9.5%	9,458	946	9.5%	9,458	946	9.5%	9,458
Khalda Trading Group	722	7.2%	7,215	722	7.2%	7,215	722	7.2%	7,215
Almawarid kom Trading Group	666	6.7%	6,664	666	6.7%	6,664	666	6.7%	6,664
Alsaraya Investment Company	520	5.2%	5,202	520	5.2%	5,202	520	5.2%	5,202
Riyadh Ibrahim Alromaizan	257	2.6%	2,569	257	2.6%	2,569	257	2.6%	2,569
Global Manpower Recruitment Office	40	0.4%	400	40	0.4%	400			
Ali Mohammed Ali Aljumaah	-	-	-	-	-	-	40	0.4%	400
Abdulaziz Saleh Alsowail	-	-	-	-	-	-	10	0.1%	100
Mohammed Hamad Al-Muzaini Recruitment Office	10	0.1%	100	10	0.1%	100	-	-	-
Total	**10,000**	**100%**	**100,000**	**10,000**	**100%**	**100,000**	**10,000**	**100%**	**100,000**

Source: The Group's audited consolidated financial statements for the financial years ended 31 December 2019G, 2020G and 2021G and Management information.

Share capital amounted to SAR 100 million as of 31 December 2021G and represents 10 million shares at a nominal value of SAR 10 per share.

6.8.15 Statutory Reserve

The following table shows the statutory reserve as of 31 December 2019G, 2020G and 2021G:

Table No. (6.54): Statutory Reserve as of 31 December 2019G, 2020G and 2021G

SAR '000	As of 31 December		
	2019G Audited	2020G Audited	2021G Audited
Statutory reserve	17,568	22,137	27,695
Total statutory reserve	**17,568**	**22,137**	**27,695**

Source: The Group's audited consolidated financial statements for the financial years ended 31 December 2019G, 2020G and 2021G.

In accordance with the Group's Articles of Association and the Saudi Companies Law, the Group is required to transfer 10.0 per cent. of its annual net income to the statutory reserve, until the reserve reaches 30.0 per cent. of the capital, after obtaining approval at the annual General Assembly meeting. This reserve cannot be distributed to the Group's shareholders.

The statutory reserve amounted to SAR 17.6 million, SAR 22.1 million and SAR 27.7 million as of 31 December 2019G, 2020G and 2021G, respectively.

6.8.16 Consensual Reserve

The following table shows the contractual reserve as of 31 December 2019G, 2020G and 2021G:

Table No. (6.55): Contractual Reserve as of 31 December 2019G, 2020G and 2021G

SAR '000	As of 31 December		
	2019G Audited	2020G Audited	2021G Audited
Consensual reserve	-	7,715	20,000
Total consensual reserve	**-**	**7,715**	**20,000**

Source: The Group's audited consolidated financial statements for the financial years ended 31 December 2019G, 2020G and 2021G.

The consensual reserve was created by the Group's shareholders at the General Assembly meetings held on 28 July 2020G and 27 June 2021G, in which they agreed to set aside amounts of SAR 7.7 million and SAR 12.3 million from the net profits for the financial years ended 31 December 2019G and 2020G, respectively for the consensual reserve.

6.8.17 Retained Earnings

The following table shows the Retained Earnings as of 31 December 2019G, 2020G and 2021G:

Table No. (6.56): Retained Earnings as of 31 December 2019G, 2020G and 2021G

SAR '000	As of 31 December		
	2019G Audited	2020G Audited	2021G Audited
Retained earnings	52,726	69,555	85,329
Total retained earnings	**52,726**	**69,555**	**85,329**

Source: The Group's audited consolidated financial statements for the financial years ended 31 December 2019G, 2020G and 2021G.

Retained earnings increased from SAR 52.7 million as of 31 December 2019G to SAR 69.6 million as of 31 December 2020G, and then to SAR 85.3 million as of 31 December 2021G, driven by an increase in the Group's net profit which amounted to SAR 45.9 million and SAR 55.7 million in the financial year ended 31 December 2020G and 2021G, respectively. This was partly offset by dividends paid to shareholders amounting to SAR 20.0 million in the financial year ended 31 December 2020G and 2021G, and transfers made to the statutory and consensual reserves.

6.8.18 Non-Current Liabilities

The following table shows the Non-Current Liabilities as of 31 December 2019G, 2020G and 2021G:

Table No. (6.57): Non-Current Liabilities as of 31 December 2019G, 2020G and 2021G

SAR '000	As of 31 December		
	2019G Audited	2020G Audited	2021G Audited
Employee benefit liabilities	18,608	21,726	27,585
Lease liabilities	14,501	13,908	7,295
Recruitment agent guarantees	1,471	1,736	1,173
Total non-current liabilities	**34,580**	**37,369**	**36,053**

Source: The Group's audited consolidated financial statements for the financial years ended 31 December 2019G, 2020G and 2021G.

Non-current liabilities increased from SAR 34.6 million as of 31 December 2019G to SAR 37.4 million as of 31 December 2020G, mainly due to an increase in employee benefit liabilities, from SAR 18.6 million as of 31 December 2019G to SAR 21.7 million as of 31 December 2020G, based on the actuarial calculations carried out by an independent actuary.

Non-current liabilities decreased to SAR 36.1 million as of 31 December 2021G as a result of a decrease in lease liabilities from SAR 13.9 million as of 31 December 2020G to SAR 7.3 million as of 31 December 2021G. This was partly offset by an increase in employee benefit liabilities from SAR 21.7 million as of 31 December 2020G to SAR 27.6 million as of 31 December 2021G.

6.8.19 Employee Benefit Liabilities

The following table shows the movement in employee benefit liabilities as of 31 December 2019G, 2020G and 2021G:

Table No. (6.58): Movement in Employee Benefit Liabilities as of 31 December 2019G, 2020G and 2021G

SAR '000	As of 31 December		
	2019G Audited	2020G Audited	2021G Audited
Balance as of 1 January	14,368	18,608	21,726
Current service cost	10,377	11,248	10,208
Interest expense	507	524	242
Payments and settlements	(4,471)	(5,399)	(6,634)
Remeasurement loss (profit)	(2,173)	(3,255)	2,043
Balance as of 31 December	**18,608**	**21,726**	**27,585**

Source: The Group's audited consolidated financial statements for the financial years ended 31 December 2019G, 2020G and 2021G.

The following table shows the movement in amounts recognised in the consolidated statement of profit or loss and other comprehensive income related to employee benefit liabilities as of 31 December 2019G, 2020G and 2021G:

Table No. (6.59): Movement in Amounts Recognised in the Consolidated Statement of Profit or Loss and Other Comprehensive Income related to Employee Benefit Liabilities as of 31 December 2019G, 2020G and 2021G

SAR '000	As of 31 December		
	2019G Audited	2020G Audited	2021G Audited
Current service cost	(10,377)	(11,248)	(10,208)
Interest expense	(507)	(524)	(242)
Total amounts recognised in profit or loss	**(10,884)**	**(11,772)**	**(10,45)**
Remeasurement			
Gain/(loss) on remeasurement of employee benefit liabilities	2,173	3,255	(2,043)

Source: The Group's audited consolidated financial statements for the financial years ended 31 December 2019G, 2020G and 2021G.

The following table shows the key actuarial assumptions related to employee benefit liabilities as of 31 December 2019G, 2020G and 2021G:

Table No. (6.60): Key Actuarial Assumptions related to Employee Benefit Liabilities as of 31 December 2019G, 2020G and 2021G

SAR '000	Financial Years Ended 31 December		
	2019G Audited	2020G Audited	2021G Audited
Discount rate	2.9%	1.3%	2.3%
Salary growth rate	2.9%	1.3%	1.3%
Mortality rate	0.1%	0.1%	0.1%
Employee turnover/resignation rate	52%	50%	33%
Retirement age	60 years	60 years	60 years

Source: The Group's audited consolidated financial statements for the financial years ended 31 December 2019G, 2020G and 2021G.

The following table shows the sensitivity analysis of actuarial assumptions related to employee benefit liabilities as of 31 December 2019G, 2020G and 2021G:

Table No. (6.61): Sensitivity Analysis of Actuarial Assumptions related to Employee Benefit Liabilities as of 31 December 2019G, 2020G and 2021G

SAR '000	Financial Years Ended 31 December		
	2019G Audited	2020G Audited	2021G Audited
1% increase	17,926	20,827	24,920
1% decrease	19,351	22,462	28,056
Expected salary increase			
1% increase	19,437	22,563	28,196
1% decrease	17,833	20,717	24,768

Source: The Group's audited consolidated financial statements for the financial years ended 31 December 2019G, 2020G and 2021G.

The end-of-service gratuity calculation is based on the Group's policy as per IAS 19 requirements, assuming a future salary growth rate of 1.3 per cent. and using a discount rate of 2.3 per cent. with high employee turnover and a retirement age of 60 years. The actuarial valuations as of 31 December 2019G, 2020G and 2021G were performed by qualified actuarial specialists.

Employee benefit liabilities increased from SAR 18.6 million as of 31 December 2019G to SAR 21.7 million as of 31 December 2020G, and then to SAR 27.6 million as of 31 December 2021G, in line with an increase in headcount, coupled with an increase in the number of years of service of employees and changes in actuarial assumptions.

6.8.20 Lease Liabilities

The following table shows the lease liabilities as of 31 December 2019G, 2020G and 2021G:

Table No. (6.62): Lease Liabilities as of 31 December 2019G, 2020G and 2021G

SAR '000	Lease liabilities
Liabilities	
As of 1 January 2019G	**11,006**
Additions for the year	17,819
As of 31 December 2019G	**28,825**
Additions for the year	12,694
Disposals for the year	(239)
As of 31 December 2020G	**41,281**
Additions for the year	6,730
Disposals for the year	(741)
As of 31 December 2021G	**47,269**
Repayments	
As of 1 January 2019G	-
Finance costs during the year	924
Payments during the year	(7,673)
As of 31 December 2019G	**(6,749)**
Finance costs during the year	1,459
Payments during the year	(11,152)
As of 31 December 2020G	**(16,443)**
Finance costs during the year	1,070
Payments during the year	(12,385)
As of 31 December 2021G	**(27,758)**
Net book value of liabilities	
As of 31 December 2019G	**22,076**
As of 31 December 2020G	**24,838**
As of 31 December 2021G	**19,511**

Source: The Group's audited consolidated financial statements for the financial years ended 31 December 2019G, 2020G and 2021G.

The following table shows the lease liabilities as of 31 December 2019G, 2020G and 2021G:

Table No. (6.63): Lease Liabilities as of 31 December 2019G, 2020G and 2021G

SAR '000	As of 31 December		
	2019G Audited	2020G Audited	2021G Audited
Lease liabilities - current portion	7,575	10,930	12,216
Lease liabilities - non-current portion	14,501	13,908	7,295
Total	**22,076**	**24,838**	**19,511**

Source: The Group's audited consolidated financial statements for the financial years ended 31 December 2019G, 2020G and 2021G.

Lease liabilities relate to the right-of-use operating lease assets in accordance with IFRS 16, which is effective for annual periods beginning on or after 1 January 2019G.

Lease liabilities increased from SAR 22.1 million as of 31 December 2019G to SAR 24.8 million as of 31 December 2020G, due to the additions of six accommodation buildings in Al Munsiyah, Abha, Al Rawdah, Dammam, Al Naseem and Al Qaseem for workers employed in the Individual Segment – Hourly Rental (SAR 4.1 million), five new buildings for Unaizah, Dammam, Jubail and Jeddah branches (SAR 1.1 million), and 55 new vehicles (SAR 7.4 million), in addition to finance costs incurred in the financial year ended 31 December 2020G (SAR 1.5 million), partly offset by lease payments (SAR 11.2 million) in the financial year ended 31 December 2020G.

The balance decreased to SAR 19.5 million as of 31 December 2021G, mainly due to lease payments (SAR 12.4 million), partly offset by the additions of seven accommodation buildings in Al Rayyan, Dammam, Al Fayha, Wadi Laban, Madinah and Riyadh for workers employed in the Individual Segment – Hourly Rental (SAR 3.6 million), one new building for the Khobar branch (SAR 462.5 thousand) and 24 new vehicles (SAR 2.7 million).

6.8.21 Recruitment Agent Guarantees

The following table shows the recruitment agent guarantees as of 31 December 2019G, 2020G and 2021G:

Table No. (6.64): Recruitment Agent Guarantees as of 31 December 2019G, 2020G and 2021G

SAR '000	As of 31 December		
	2019G Audited	2020G Audited	2021G Audited
Recruitment agent guarantees	1,471	1,736	1,173

Source: The Group's audited consolidated financial statements for the financial years ended 31 December 2019G, 2020G and 2021G.

Recruitment agent guarantees amounted to SAR 1.5 million as of 31 December 2019G and represent the amounts paid in advance by the recruitment agencies to the Group, as a cash security, in compliance with the terms and conditions of contracts signed with them. Once the Group terminates the relationship with a recruitment agency, the unused portion of the recruitment agent's guarantee is reimbursed to the Group.

The balance increased to SAR 1.7 million as of 31 December 2020G, before decreasing to SAR 1.2 million as of 31 December 2021G due to changes in the number of recruitment agents and guarantee amounts agreed with them, in addition to the used portion from such guarantees over the historical period.

6.8.22 Current Liabilities

The following table shows the current liabilities as of 31 December 2019G, 2020G and 2021G:

Table No. (6.65): Current Liabilities as of 31 December 2019G, 2020G and 2021G

SAR '000	As of 31 December		
	2019G Audited	2020G Audited	2021G Audited
Trade payables and other current liabilities	112,823	104,182	108,484
Retained deposits	10,021	8,705	7,752
Lease liabilities	7,575	10,930	12,216
Due to Related Parties	2,774	724	728
Zakat provision	4,370	6,625	6,788
Total current liabilities	**137,562**	**131,166**	**135,968**

Source: The Group's audited consolidated financial statements for the financial years ended 31 December 2019G, 2020G and 2021G.

Current liabilities decreased from SAR 137.6 million as of 31 December 2019G to SAR 131.2 million as of 31 December 2020G, mainly due to a decrease in trade payables and other current liabilities from SAR 112.8 million as of 31 December 2019G to SAR 104.2 million as of 31 December 2020G, in addition to a decrease in balances due to Related Parties by SAR 2.0 million in the financial year ended 31 December 2020G. This was partially offset by an increase in lease liabilities from SAR 7.6 million as of 31 December 2019G to SAR 10.9 million as of 31 December 2020G.

Current liabilities increased to SAR 136.0 million as of 31 December 2021G as a result of an increase in trade payables and other current liabilities from SAR 104.2 million as of 31 December 2020G to SAR 108.5 million as of 31 December 2021G, coupled with an increase in lease liabilities from SAR 10.9 million as of 31 December 2020G to SAR 12.2 million as of 31 December 2021G. This was partly offset by a decrease in retained deposits of SAR 953 thousand in the financial year ended 31 December 2021G.

6.8.23 Trade Payables and Other Current Liabilities

The following table shows the trade payables and other current liabilities as of 31 December 2019G, 2020G and 2021G:

Table No. (6.66): Trade Payables and Other Current Liabilities as of 31 December 2019G, 2020G and 2021G

SAR '000	As of 31 December		
	2019G Audited	2020G Audited	2021G Audited
Vacation and air tickets	30,214	36,277	38,653
Accrued salaries and bonuses	30,615	21,728	23,523
Contract liabilities	20,092	21,487	18,706
Trade payables	11,169	8,798	10,580
Financial consideration	11,593	4,984	256
Value-added tax	2,022	4,072	8,377
Accrued commission	1,083	1,853	1,406
Remuneration and allowances of members and committees of the Board of Directors	1,345	1,362	1,516
Accrued social insurance	1,032	891	1,270
Provision for claims	750	479	-
Other	2,907	2,252	4,197
Total trade payables and other current liabilities	**112,823**	**104,182**	**108,484**

Source: The Group's audited consolidated financial statements for the financial years ended 31 December 2019G, 2020G and 2021G.

6.8.23.1 Vacation and Air Tickets

The employees of the Group's principal entity are entitled to paid vacation allowances of up to 30-35 days per year in accordance with Saudi Labour Law. Annual vacations range as follows:

- 15 to 21 days per year for regular employees based on their contracts;
- 30 days per year for head office employees; and
- 35 days per year for executive employees.

Air ticket allowance is computed based on the estimated average price per destination country for non-Saudi employees, multiplied by the number of workers estimated to travel to each of those countries once their contracts end. It should be noted that the ticket price is amortised over a period of two years depending on the duration of the contract.

Vacation and air tickets increased from SAR 30.2 million as of 31 December 2019G to SAR 36.3 million as of 31 December 2020G, before increasing to SAR 38.7 million as of 31 December 2021G, due to travel restrictions imposed on workers as a result of COVID-19.

6.8.23.2 Accrued Salaries and Bonuses

Accrued salaries and bonuses relate to the following:

- workers' salaries for the month of December that were submitted by corporate clients on timesheets in the first few days of January of the subsequent year; and
- employees' accrued bonuses, which are in the range of one to three times of the basic monthly salary for employees, and up to five months for the general manager, depending on the yearly performance review of employees. This calculation excludes selling and marketing employees who are entitled to monthly commissions, and any other employees who are subject to the commissions' regulations.

Accrued salaries and bonuses decreased from SAR 30.6 million as of 31 December 2019G to SAR 21.7 million as of 31 December 2020G, as a result of:

- an increase in the payment of workers' salaries as of 31 December 2020G, compared to 31 December 2019G, whereby an amount of SAR 15.6 million was paid out of a total balance of SAR 37.3 million, which resulted in accrued salaries and bonuses of SAR 21.7 million as of 31 December 2020G, compared to the paid-out balance of SAR 14.8 million of a total balance of SAR 45.4 million, which resulted in accrued salaries and bonuses of SAR 30.6 million as of 31 December 2019G; and
- a decrease in employee salaries and benefits in the financial year ended 31 December 2020G, as a result of the measures taken by management and the Government to overcome the COVID-19 pandemic (imposing

around a month of vacation leave on employees to be deducted from their leave balances while they continued to work), in addition to a decrease in the number of available workers in the Corporate Segment from 13,096 to 12,096.

This amount then increased to SAR 23.5 million as of 31 December 2021G, as a result of a decrease in the payment rate of workers' salaries as of 31 December 2021G, as compared to 31 December 2020G, whereby an amount of SAR 15.0 million was paid out of a total balance of SAR 38.5 million, which resulted in total accrued salaries and bonuses of SAR 23.5 million as of 31 December 2021G, compared to SAR 15.6 million paid out of a total balance of SAR 37.3 million, which resulted in total accrued salaries and bonuses of SAR 21.7 million as of 31 December 2020G.

6.8.23.3 Contract Liabilities

Contract liabilities pertain mainly to deferred revenue, amounts collected in advance from individual customers (contractual and hourly rental) when signing contracts for the provision of manpower services. Such balances are amortised over the duration of the contract.

Contract liabilities increased from SAR 20.1 million as of 31 December 2019G to SAR 21.5 million as of 31 December 2020G, in line with an increase in revenue generated from the Individual Segment – Contractual from SAR 114.7 million in the financial year ended 31 December 2019G to SAR 152.1 million in the financial year ended 31 December 2020G, following an increase in the number of workers invoiced from 3,793 in the financial year ended 31 December 2019G to 4,726 in the financial year ended 31 December 2020G.

Contract liabilities subsequently decreased to SAR 18.7 million as of 31 December 2021G, in line with a decrease in revenue generated from the Individual Segment – Contractual to SAR 126.9 million in the financial year ended 31 December 2021G, following a decrease in the number of workers invoiced to 4,028 in the financial year ended 31 December 2021G.

6.8.23.4 Trade Payables

Trade payables mainly pertain to outstanding payables to recruitment agencies, insurance companies, technology solution suppliers, ticket and travel agencies, car rental companies and uniform suppliers, et cetera. Credit terms with local suppliers usually fall in the average range of 30 to 45 days from receipt of the invoice. It is worth noting that the Group pays its overseas suppliers in advance, in order to secure certain workers. Accordingly, days payable outstanding remained relatively low at an average of 6 days over the historical period, as most trade payables with overseas suppliers were settled in advance.

Trade payables decreased from SAR 11.2 million as of 31 December 2019G to SAR 8.8 million as of 31 December 2020G, mainly due to a decrease in payments due to Medgulf (SAR 2.7 million) in relation to medical insurance services, as management decided to shift their insurance plan to Walaa Insurance Company instead.

Trade payables subsequently increased to SAR 10.6 million as of 31 December 2021G, on the back of:

- an increase in accounts payable to Walaa Insurance Company ("Walaa") (SAR 3.2 million), as the Group shifted its medical insurance provider from Medgulf (SAR 4.7 million) to Walaa as of the financial year ended 31 December 2021G onwards due to relatively better rates from the new supplier; and
- an increase in accounts payable to a new supplier, Alfaris International Travel & Tourism (SAR 1.1 million), for travel and quarantine services offered to new workers deployed in the financial year ended 31 December 2021G, as the Government began to ease COVID-19 travel restrictions in the financial year ended 31 December 2021G.

6.8.23.5 Financial Consideration

In the financial year ended 31 December 2017G, the Government announced an increase in expatriate fees effective as of January of the financial year ended 31 December 2018G. Accordingly, the Government issued invoices to the Group amounting to SAR 15.3 million to be paid in 3 instalments. The Group settled two instalments amounting to SAR 10.2 million and charged these fees to its customers and Related Parties through issuing debit notes. In the financial year ended 31 December 2019G, the Government announced an exemption from these fees for companies that were in compliance with the laws and regulations of the MHRSD, which included the Group. Fees already paid by the Group were refunded by the Government and recorded as a credit balance under settlement "refunded financial consideration" within trade payables and other current liabilities. The Group's management decided not to record these refunds in other revenue until after ensuring the settlement of all claims related to the Company's workforce seconded to clients of the Group, and accordingly, these amounts were settled at intervals upon the expiry of customers' contracts and the receipt of all dues by the Company in relation to said contract or upon the final approval of balances of continuing customers. As a result, financial consideration decreased from SAR 11.6 million as of 31 December 2019G to SAR 5.0 million as of 31 December 2020G, and then further to SAR 256 thousand as of 31 December 2021G. The remaining balance as of 31 December 2021G, amounting to SAR 256 thousand, relates to an increase in expatriate fees, and is a payable to the MHRSD.

6.8.23.6 Value-Added Tax

Value-added tax increased from SAR 2.0 million as of 31 December 2019G to SAR 4.1 million as of 31 December 2020G, mainly driven by an increase in the value-added tax rate in the Kingdom from 5.0 per cent. to 15.0 per cent. effective as of the beginning of July 2020G, in addition to facilitation measures taken by the Government to allow some delays in the settlement of VAT payments in an attempt to reduce the impact of the COVID-19 pandemic on companies.

Value-added tax increased to SAR 8.4 million as of 31 December 2021G, as a result of:

- the full-year impact of the increase in VAT from 5.0 per cent. to 15.0 per cent.; and
- a change in the calculation of VAT as of March 2021G, whereby the Group started calculating VAT to include salaries of seconded workers and any other items included in the invoice until the settlement of disputes in relation thereto, in particular with the ZATCA.

6.8.23.7 Accrued Commission

Accrued commission relates mainly to sale representatives' commissions for new contracts won by the Group in the Corporate Segment.

Accrued commission increased from SAR 1.1 million as of 31 December 2019G to SAR 1.9 million as of 31 December 2020G, due to delays in the payment of commissions to employees.

Accrued commission decreased to SAR 1.4 million as of 31 December 2021G, following a decrease in revenue generated from the Corporate Segment from SAR 476.3 million in the financial year ended 31 December 2020G to SAR 433.7 million in the financial year ended 31 December 2021G, mainly due to a decrease in the average number of workers invoiced in the Corporate Segment, from 11,539 in the financial year ended 31 December 2020G to 9,258 in the financial year ended 31 December 2021G.

6.8.23.8 Remuneration and Allowances of Members and Committees of the Board of Directors

Remuneration and allowances of members and committees of the Board of Directors are computed at a fixed fee of SAR 200 thousand per board member per year if they attend all of its sessions; otherwise, they are calculated pro-rata based on the total number of attended sessions per year. Remuneration of the Audit Committee was calculated at a fixed fee of SAR 40 thousand per member per year in the financial year ended 31 December 2019G and increased to SAR 60 thousand per member per year in the financial years ended 31 December 2020G and 2021G, based on the approval of the shareholders' assembly meeting held on 27 June 2021G (accordingly, changes in remuneration for the financial year ended 31 December 2020G were recorded within expenses and settled in 2021G), in addition to an attendance allowance of SAR 3 thousand per member per session.

Allowances increased slightly from SAR 1.3 million as of 31 December 2019G to SAR 1.4 million as of 31 December 2020G, and then to SAR 1.5 million as of 31 December 2021G, mainly as a result of:

- an increase in the Audit Committee remuneration fee per member per year; and
- the appointment of a new Board member in the financial year ended 31 December 2020G, who attended only two of the total four sessions in the financial year ended 31 December 2020G, and so received a compensation in the total amount of SAR 100 thousand in the financial year ended 31 December 2020G as compared to SAR 200 thousand in the financial year ended 31 December 2021G.

6.8.23.9 Accrued Social Insurance

Accrued social insurance relates to the General Organisation for Social Insurance and fluctuates depending on:

- changes in the number of employees of the Group; and
- changes in employee salaries.

Accrued social insurance decreased from SAR 1.0 million as of 31 December 2019G to SAR 891 thousand as of 31 December 2020G, following a decrease in the number of employees at the end of the financial year ended 31 December 2020G compared to the number of employees at the end of the financial year ended 31 December 2019G, before increasing to SAR 1.3 million as of 31 December 2021G following an increase in the number of employees at the end of the financial year ended 31 December 2021G, compared to the number of employees at the end of the financial year ended 31 December 2020G, in addition to the salary increments for employees in the financial year ended 31 December 2021G, which resulted in an increase in the monthly subscription fees.

6.8.23.10 Provision for Claims

The following table shows the movement in the provision for claims as of 31 December 2019G, 2020G and 2021G:

Table No. (6.67): Movement in the Provision for Claims as of 31 December 2019G, 2020G and 2021G

SAR '000	As of 31 December		
	2019G Audited	2020G Audited	2021G Audited
Balance as of 1 January	-	750	479
Provided during the year	750	-	(443)
Provisions no longer required	-	(271)	(36)
Balance as of 31 December	**750**	**479**	**-**

Source: The Group's audited consolidated financial statements for the financial years ended 31 December 2019G, 2020G and 2021G.

The provision for claims relates to the provision for claims in connection with a building previously rented in the financial year ended 31 December 2019G. When the Group vacated the building, the lessee filed a claim demanding that the Group pay rent for the remainder of the year. Based on the recommendation of the legal advisor, the Group recorded a provision of SAR 750 thousand in the financial year ended 31 December 2019G to cover any potential future claim. The outcome of the claim was not in the favour of the Group, and a preliminary verdict was issued in favour of the lessor amounting to SAR 479 thousand for 2020G, which resulted in a settlement of SAR 271 thousand at the end of 2020G. An amount of SAR 443 thousand was paid to the leaseholder in 2021G, and the remaining balance was settled with the payment of a total amount of SAR 36 thousand by the end of 2021G. Accordingly, this expense decreased from SAR 750 thousand in the financial year ended 31 December 2019G to a nil balance as of the financial years ended 31 December 2020G and 2021G, as a result of the full settlement of the claim.

6.8.23.11 Other

Other current liabilities decreased from SAR 2.9 million as of 31 December 2019G to SAR 2.3 million as of 31 December 2020G, as a result of a decrease in accrued recruitment fees (SAR 401 thousand) and a decrease in accrued utilities charges (SAR 294 thousand) as a result of COVID-19.

Other current liabilities increased to SAR 4.2 million as of 31 December 2021G, mainly due to an increase in accrued expenses related to professional fees (SAR 1.0 million) as the Group hired a lawyer to handle VAT claims, in addition to an increase in payables to previous workers (SAR 464 thousand) and an increase in utilities expenses (SAR 143 thousand) due to the higher fees imposed by the Government on water and electricity.

6.8.24 Retained Deposits

Retained deposits amounted to SAR 10.0 million as of 31 December 2019G and represents deposits paid by customers to the Group as a guarantee for the provision of workers. Once the Group terminates its relationship with a customer, the unused portion of the retained deposit is repaid.

Retained deposits decreased to SAR 8.7 million as of 31 December 2020G, and then to SAR 7.8 million as of 31 December 2021G, on the back of concessions granted to customers due to the difficult economic conditions imposed by the COVID-19 pandemic.

6.8.25 Due to Related Parties

The following table shows the due to Related Parties as of 31 December 2019G, 2020G and 2021G:

Table No. (6.68): Due to Related Parties as of 31 December 2019G, 2020G and 2021G

SAR '000	As of 31 December		
	2019G Audited	2020G Audited	2021G Audited
Mr. Ibrahim Alomaier and Mr. Nasser Alomaier	2,774	-	-
Khalda Trading Group	-	724	728
Total amounts due to Related Parties	**2,774**	**724**	**728**

Source: The Group's audited consolidated financial statements for the financial years ended 31 December 2019G, 2020G and 2021G.

Due to Related Parties amounted to SAR 728 thousand as of 31 December 2021G and mainly relates to fees paid for the management of the Group's projects.

6.8.25.1 Mr. Ibrahim Alomaier and Mr. Nasser Alomaier

Amounts due to Mr. Ibrahim Alomaier and Mr. Nasser Alomaier amounted to SAR 2.8 million as of 31 December 2019G, in connection with the Group's head office building that was purchased from the aforementioned Related Parties in the financial year ended 31 December 2018G. The balance then decreased to nil as of 31 December 2020G, resulting from the settlement of outstanding balances in the financial year ended 31 December 2020G by the Group.

6.8.25.2 Khalda Trading Group

Amounts due to a Related Party increased from nil as of 31 December 2019G to SAR 724 thousand as of 31 December 2020G, mainly in connection with accounts payable to Khalda Trading Group ("Khalda") for management fee services provided for the Group's projects. The balance then remained relatively stable at SAR 728 thousand as of 31 December 2021G.

6.8.26 Zakat Provision

The following table shows the Zakat provision as of 31 December 2019G, 2020G and 2021G:

Table No. (6.69): Zakat Provision as of 31 December 2019G, 2020G and 2021G

SAR '000	As of 31 December		
	2019G Audited	2020G Audited	2021G Audited
Balance as of 1 January	3,630	4,370	6,625
Previous year differences	-	30	194
Paid during the year	(3,629)	(4,399)	(6,626)
Provision for the year	4,369	5,627	6,595
Total	**4,370**	**5,628**	**6,788**
Zakat assessment differences	-	997	-
Balance as of 31 December	**4,370**	**6,625**	**6,788**

Source: The Group's audited consolidated financial statements for the financial years ended 31 December 2019G, 2020G and 2021G.

The Zakat provision increased from SAR 4.4 million as of 31 December 2019G to SAR 6.6 million as of 31 December 2020G, and then to SAR 6.8 million as of 31 December 2021G, in line with an increase in annual provisions in relation to ZATCA's assessments of the Group.

6.9 Contingent Liabilities and Commitments

The following table shows the contingent liabilities and commitments as of 31 December 2019G, 2020G and 2021G:

Table No. (6.70): Contingent Liabilities and Commitments as of 31 December 2019G, 2020G and 2021G

SAR '000	As of 31 December		
	2019G Audited	2020G Audited	2021G Audited
Employee entitlements	48,500	44,500	45,400
Licence guarantee letter	5,000	10,000	10,000
Total contingent liabilities and commitments	**53,500**	**54,500**	**55,400**

Source: The Group's audited consolidated financial statements for the financial years ended 31 December 2019G, 2020G and 2021G.

6.9.1 Employee Entitlements

Employee entitlements represent employee benefit obligations, vacation allowances and travel tickets that are borne by some customers on behalf of the Group in accordance with the terms of their contracts upon the expiry of the workers' contracts. Such balances amounted to SAR 48.5 million, SAR 44.5 million and SAR 45.4 million as of 31 December 2019G, 2020G and 2021G, respectively.

6.9.2 Licence Guarantee Letter

Upon its foundation in 2012G, the Group submitted a letter of guarantee to the MHRSD (formerly the Ministry of Labour) for the issuance of a recruitment licence. The letter was issued by Al-Ayuni Investment and Contracting Company (a shareholder) on behalf of the Group with a total guarantee amount of SAR 10.0 million, through a cash deposit of SAR 5.0 million, which was settled by the Group with the shareholder. Accordingly, there is a contingent liability of SAR 5 million as of 31 December 2019G, representing the difference between the value of the letter of guarantee submitted to the MHRSD and the deposit held by the bank.

In March 2020G, the letter of guarantee issued by the facilities of Al-Ayuni was cancelled and replaced by the issuance of a new letter of guarantee in favour of the MHRSD from the Group's facilities without any cash in return (valid until 2024G). Accordingly, there is a contingent liability of SAR 10 million as of 31 December 2020G and 2021G.

6.10 Statement of Cash Flows

The following table shows the statement of cash flows for the financial years ended 31 December 2019G, 2020G and 2021G:

Table No. (6.71): Statement of Cash Flows for the Financial Years Ended 31 December 2019G, 2020G and 2021G

SAR '000	Financial Years Ended 31 December		
	2019G Audited	2020G Audited	2021G Audited
Cash flows from operating activities			
Net profit before Zakat	42,943	52,511	62,450
Adjustments for non-cash items:			
Impairment loss on trade receivables and other current assets	6,184	7,836	8,717
Provision for financial claims	750	-	-
Depreciation of property and equipment	1,880	1,818	1,706
Depreciation of right-of-use assets	5,441	10,389	10,930
Finance expenses - leases	924	1,459	1,070
Amortisation of intangible assets	590	564	713
Gains on investments at FVTPL	(474)	(317)	(388)
Gains/(losses) on disposal of property and equipment	24	(30)	2
Gains/(losses) on disposal of right-of-use assets	-	-	64
Provision for employee benefit liabilities	10,884	11,772	10,450
Changes in working capital			
Trade receivables	(34,019)	17,638	(12,121)
Prepaid expenses and other current assets	(25,713)	5,119	(51,430)
Due from and to Related Parties	(316)	6,862	(18,780)
Used and unused visas and other non-current assets	(2,663)	(2,516)	(20,910)
Licence guarantee letter	-	5,000	-
Retained deposits	(3,485)	(1,315)	(953)
Trade payables and other current liabilities	20,104	(8,641)	4,302
Recruitment agent guarantees	(113)	265	(563)
Interest paid	-	(1,459)	(1,070)
Zakat paid	(3,629)	(4,399)	(6,626)
Paid employee benefit liabilities	(4,471)	(5,399)	(6,634)

SAR '000	Financial Years Ended 31 December		
	2019G Audited	2020G Audited	2021G Audited
Net cash flows generated from/(used in) operating activities	**14,840**	**97,156**	**(19,070)**
Cash flows from investing activities			
Acquisition of investments at FVTPL	(21,000)	(46,117)	(30,000)
Proceeds from the disposal of investments at FVTPL	21,104	17,354	45,098
Acquisition of property and equipment	(1,668)	(1,060)	(791)
Proceeds from the sale of property and equipment	25	30	8
Acquisition of intangible assets	(219)	(735)	(1,187)
Net cash flows (used in)/generated from investing activities	**(1,759)**	**(30,528)**	**13,127**
Cash flows from financing activities			
Dividends paid to shareholders	(15,000)	(20,000)	(20,000)
Payment of lease liabilities	(7,673)	(9,693)	(11,315)
Net cash flows used in financing activities	**(22,673)**	**(29,693)**	**(31,315)**
Net change in cash and cash equivalents	(9,591)	36,934	(37,259)
Cash and cash equivalents at the beginning of the year	36,543	26,951	63,886
Cash and cash equivalents at the end of the year	**26,951**	**63,886**	**26,627**
Additional non-cash information:			
Write-off of debts and customer settlements	2,076	-	4,624
Remeasurement of employee benefit liabilities	-	(3,255)	2,043
Additions of right-of-use assets against lease liabilities	28,825	12,694	6,730

Source: The Group's audited consolidated financial statements for the financial years ended 31 December 2019G, 2020G and 2021G.

6.10.1 Net Cash Flows Generated from/(used in) Operating Activities

Net cash flows from operating activities increased from SAR 14.8 million in the financial year ended 31 December 2019G to SAR 97.2 million in the financial year ended 31 December 2020G, mainly driven by an increase in working capital changes as a result of a decrease in trade receivables of SAR 51.7 million and prepaid expenses and other current assets of SAR 30.8 million, along with an increase in net profit before Zakat of SAR 9.6 million as a result of an increase in gross profit mainly from the Individual Segment – Contractual, following the measures taken by management and the Government to overcome the challenges of COVID-19.

Net cash flows generated from operating activities decreased to SAR 19.1 million in the financial year ended 31 December 2021G, due to a decrease in working capital changes as a result of an increase in prepaid expenses and other current assets of SAR 56.5 million, trade receivables of SAR 29.8 million and Related Party balances of SAR 25.6 million. This was partly offset by an increase in net profit before Zakat of SAR 9.9 million, mostly driven by an increase in gross profit, stemming mainly from the Individual Segment – Hourly Rental, on the back of an increase in the average service price per visit (approximately four hours), from SAR 75 per visit in the financial year ended 31 December 2020G to SAR 95 per visit in FY2021G, and an increase in the utilisation rate, from 71.9 per cent. in the financial year ended 31 December 2020G to 86.7 per cent. in the financial year ended 31 December 2021G as a result of high market demand.

6.10.2 Net Cash Flows (used in)/Generated from Investing Activities

Net cash used in investing activities decreased from negative SAR 1.8 million in the financial year ended 31 December 2019G to negative SAR 30.5 million in the financial year ended 31 December 2020G, mainly driven by an increase in the acquisition of investments at fair value through profit or loss amounting to SAR 25.1 million.

Net cash flows generated from investing activities increased to SAR 13.1 million in the financial year ended 31 December 2021G due to an increase in proceeds from the disposal of investments at fair value through profit or loss amounting to SAR 27.7 million, in addition to a decrease in the acquisition of investments at fair value through profit or loss amounting to SAR 16.1 million.

6.10.3 Net Cash Flows used in Financing Activities

Net cash used in financing activities decreased from negative SAR 22.7 million in the financial year ended 31 December 2019G to negative SAR 29.7 million in the financial year ended 31 December 2020G, mainly due to an increase in dividends paid to shareholders from negative SAR 15.0 million in the financial year ended 31 December 2019G to negative SAR 20.0 million in the financial year ended 31 December 2020G, and an increase in the payment of lease liabilities from negative SAR 7.7 million in the financial year ended 31 December 2019G to negative SAR 9.7 million in the financial year ended 31 December 2020G.

Net cash used in financing activities decreased to negative SAR 31.3 million in the financial year ended 31 December 2021G, primarily driven by an increase in payments from lease liabilities from negative SAR 9.7 million in the financial year ended 31 December 2020G to negative SAR 11.3 million in the financial year ended 31 December 2021G.

6.11 Results of Operations for the Six-Month Periods Ended 30 June 2021G and 2022G

6.11.1 Summary of the Group's Financial Information and Key Performance Indicators for the Six-Month Periods Ended 30 June 2021G and 30 June 2022G

The following table shows the summary of the Group's financial information and key performance indicators for the six-month periods ended 30 June 2021G and 30 June 2022G:

Table No. (6.72): Summary of the Group's Financial Information and Key Performance Indicators for the Six-Month Periods Ended 30 June 2021G and 30 June 2022G

SAR '000	Six-Month Periods Ended 30 June		Var. for the Period 30 June
	2021G Reviewed	2022G Reviewed	2021G - 2022G
Statement of comprehensive income			
Revenue	324,980	421,841	29.8%
Cost of revenue	(276,211)	(365,922)	32.5%
Gross profit	**48,769**	**55,919**	**14.7%**
Selling and marketing expenses	(3,160)	(5,500)	74.1%
General and administrative expenses	(10,918)	(13,499)	23.6%
Impairment loss on trade receivables	(4,060)	(2,306)	(43.2%)
Other income	1,015	836	(17.6%)
Profit from operations before Zakat	**31,646**	**35,450**	**12.0%**
Zakat expense	(3,495)	(3,705)	6.0%
Net profit for the period after Zakat	**28,151**	**31,745**	**12.8%**
Gains/(losses) on remeasurement of employee benefit liabilities	(1,064)	2,347	(320.6%)
Total comprehensive income for the period	**27,087**	**34,092**	**25.9%**
Gross profit margin for the period	15.0%	13.3%	(1.8)
Net profit margin for the period	8.7%	7.5%	(1.1)

SAR '000	As of 31 December 2021G Audited	As of 30 June 2022G Reviewed	Var. for the Period 31 December 2021G - 30 June 2022G
Statement of financial position			
Total non-current assets	75,311	68,923	(8.5%)
Total current assets	329,735	374,829	13.7%
Total assets	**405,045**	**443,751**	**9.6%**
Total equity	**233,024**	**247,116**	**6.0%**
Total non-current liabilities	36,053	36,439	1.1%
Total current liabilities	135,968	160,196	17.8%
Total liabilities	**172,021**	**196,635**	**14.3%**
Total liabilities and equity	**405,045**	**443,751**	**9.6%**
Return on assets	13.7%	14.3%	(1.7)
Return on equity	23.9%	25.7%	(2.9)
Statement of cash flows			
Net cash flows (used in) / generated from operating activities	3,612	24,802	586.7%
Net cash flows generated from investing activities	4,378	14,060	221.2%
Net cash flows used in financing activities	(5,142)	(14,826)	188.3%
Net change in cash and cash equivalents	2,847	24,036	744.3%
Cash and cash equivalents at the beginning of the period	63,886	26,627	(58.3%)
Cash and cash equivalents at the end of the period	66,733	50,663	(24.1%)

Source: The Group's audited consolidated financial statements for the financial years ended 31 December 2021G, the reviewed consolidated interim financial statements for the six-month period ended 30 June 2022G, and percentages based on management information.

6.11.2 Consolidated Statement of Comprehensive Income of the Group for the Six-Month Periods Ended 30 June 2021G and 2022G

The following table shows the consolidated statement of comprehensive income of the Group for the six-month periods ended 30 June 2021G and 2022G:

Table No. (6.73): Consolidated Statement of Comprehensive Income of the Group for the Six-Month Periods Ended 30 June 2021G and 2022G

SAR '000	Six-Month Periods Ended 30 June		Var. for the Period 30 June
	2021G Reviewed	2022G Reviewed	2021G –2022G
Revenue	324,980	421,841	29.8%
Cost of revenue	(276,211)	(365,922)	32.5%
Gross profit	**48,769**	**55,919**	**14.7**
Selling and marketing expenses	(3,160)	(5,500)	74.1%
General and administrative expenses	(10,918)	(13,500)	23.6%
Impairment loss on trade receivables and other current assets	(4,060)	(2,306)	(43.2%)
Other income	1,015	837	(17.6%)
Profit from operations before Zakat	**31,646**	**35,450**	**12.0%**

SAR '000	Six-Month Periods Ended 30 June		Var. for the Period 30 June
	2021G Reviewed	2022G Reviewed	2021G –2022G
Zakat expense	(3,495)	(3,705)	6.0%
Net profit for the period after Zakat	**28,151**	**31,745**	**12.8%**
Other comprehensive income			
Items that will not be subsequently reclassified to profit or loss:			
Gains/(losses) on remeasurement of employee benefit liabilities	(1,064)	2,347	(320.6%)
Total comprehensive income for the period	**27,087**	**34,092**	**25.9%**

Source: The Group's reviewed consolidated interim financial statements for the six-month period ended 30 June 2022G, and percentages based on management information.

The following table shows the key performance indicators of the Group for the six-month periods ended 30 June 2021G and 2022G:

Table No. (6.74): Key Performance Indicators of the Group for the Six-Month Periods Ended 30 June 2021G and 2022G

As a % of revenue	Six-Month Periods Ended 30 June		Var. for the Period 30 June
	2021G Management Information	2022G Management Information	2021G - 2022G
Gross profit	15.0%	13.3%	(1.8)
Selling and marketing expenses	(1.0%)	(1.3%)	(0.3)
General and administrative expenses	(3.4%)	(3.2%)	0.2
Profit from operations before Zakat	9.7%	8.4%	(1.3)
Profit for the period after Zakat	8.7%	7.5%	(1.1)
Total comprehensive income for the period	**8.3%**	**8.1%**	**(0.3)**

Source: Management information for the six-month periods ended 30 June 2021G and 2022G.

6.11.2.1 Revenue

Revenue is generated from three segments, the Corporate Segment, the Individual Segment – Contractual and the Individual Segment – Hourly Rental.

Revenue increased by 29.8 per cent., from SAR 325.0 million in the six-month period ended 30 June 2021G to SAR 421.8 million in the six-month period ended 30 June 2022G, mainly due to an increase in the revenue of all three segments: Corporate Segment (SAR 64.5 million), Individual Segment – Contractual (SAR 26.3 million) and Individual Segment – Hourly Rental (SAR 5.9 million), in line with an increase in the average number of workers invoiced of 38.3 per cent., from 15,015 in the six-month period ended 30 June 2021G to 20,771 in the six-month period ended 30 June 2022G, as a result of high market demand and the lifting of COVID-19 travel restrictions that were imposed in the financial year ended 31 December 2021G.

6.11.2.2 Cost of Revenue

Cost of revenue comprises mainly workers' salaries, Government costs, and indirect overhead costs (employee costs). Costs are monitored on an aggregate basis and then allocated between cost of revenue, selling and marketing expenses, and general and administrative expenses, based on the cost allocation model.

Cost of revenue increased by 32.5 per cent., from SAR 276.2 million in the six-month period ended 30 June 2021G to SAR 365.9 million in the six-month period ended 30 June 2022G, in line with an increase in revenue as a result of an increase in workers' salaries and related costs (SAR 47.6 million) and Government costs (SAR 32.5 million), due to an increase in the average number of workers available of 38.3 per cent., from 15,678 in the six-month period ended 30 June 2021G to 21,685 in the six-month period ended 30 June 2022G, as a result of high market demand and the lifting of travel restrictions that were imposed due to the COVID-19 pandemic in the financial year ended 31 December 2021G.

6.11.2.3 Gross Profit

Gross profit increased by 14.7 per cent., from SAR 48.8 million in the six-month period ended 30 June 2021G to SAR 55.9 million in the six-month period ended 30 June 2022G, mainly driven by gross profit from the Corporate Segment (SAR 7.5 million), as a result of the following:

- the average number of workers invoiced increased by 39.1 per cent., from 9,222 in the six-month period ended 30 June 2021G to 12,827 in the six-month period ended 30 June 2022G; and
- an increase in the utilisation rate of workers, from 95.5 per cent. in the six-month period ended 30 June 2021G to 96.6 per cent. in the six-month period ended 30 June 2022G, as a result of high market demand.

This increase was offset by a decrease in gross profit from the Individual Segment - Hourly Rental (SAR 1.2 million) due to an increase in the depreciation of right-of-use assets and administrative staff costs, alongside a decrease in the average price per visit (approximately four hours), from SAR 100.4 per visit in the six-month period ended 30 June 2021G to SAR 95.9 per visit in the six-month period ended 30 June 2022G.

6.11.2.4 General and Administrative Expenses

General and administrative expenses include head office employee salaries and benefits, remuneration and allowances for Board Committees, depreciation and amortisation, professional and consultancy fees, technical services, and other general and administrative expenses.

General and administrative expenses increased by 23.6 per cent., from SAR 10.9 million in the six-month period ended 30 June 2021G to SAR 13.5 million in the six-month period ended 30 June 2022G, mainly due to:

- an increase in employee salaries and benefits (SAR 1.3 million), in line with an increase in the headcount, from 82 in the six-month period ended 30 June 2021G to 95 in the six-month period ended 30 June 2022G; and
- an increase in technical and other services (SAR 621 thousand), following an increase in IT-related services provided by third parties (SAR 572 thousand).

6.11.2.5 Impairment Loss on Trade and Other Receivables

Impairment loss on trade and other receivables decreased by 43.2 per cent., from SAR 4.1 million in the six-month period ended 30 June 2021G to SAR 2.3 million in the six-month period ended 30 June 2022G due to the improved collection of receivables, as accounts receivable outstanding for more than 420 days decreased from 34.0 per cent. as of 31 December 2021G to 27.9 per cent. as of 30 June 2022G. It should be noted that the impairment losses in the value of trade receivables and other current assets will be adjusted at the end of FY 31 December 2022G.

6.11.2.6 Selling and Marketing Expenses

Selling and marketing expenses consist mainly of employee salaries and benefits, advertising and publicity expenses, selling and marketing expenses, depreciation of property and equipment, and other selling and marketing expenses.

Selling and marketing expenses increased by 74.1 per cent., from SAR 3.2 million in the six-month period ended 30 June 2021G to SAR 5.5 million in the six-month period ended 30 June 2022G, mainly due to:

- an increase in employee salaries and benefits amounting to SAR 1.6 million between the six-month period ended 30 June 2021G and the six-month period ended 30 June 2022G, in line with an increase in the headcount, from 24 in the six-month period ended 30 June 2021G to 37 in the six-month period ended 30 June 2022G; and
- an increase in advertisement and publicity expenses, amounting to SAR 718 thousand between the six-month period ended 30 June 2021G and the six-month period ended 30 June 2022G, as a result of an increase in social media costs (SAR 545 thousand) and the cost of "Hemma" car stickers (SAR 120 thousand) as the Group invested in advertising and publicity in the six-month period ended 30 June 2022G.

6.11.2.7 Other Income

Other income consists of provisions and entitlements no longer required, revenue from worker accommodation canteens, and other income.

Other income decreased by 17.6 per cent., from SAR 1.0 million in the six-month period ended 30 June 2021G to SAR 836 thousand in the six-month period ended 30 June 2022G, mainly due to:

- a decrease in provisions and entitlements no longer required, amounting to SAR 161 thousand in the six-month period ended 30 June 2022G; and
- a decrease in profits from investments in mutual funds (SAR 175 thousand) in the six-month period ended 30 June 2022G, in comparison with the six-month period ended 30 June 2021G, which was partially offset by;
- a discount obtained from certain suppliers amounting to SAR 220 thousand.

6.11.2.8 Profit from Operations before Zakat

Profit from operations before Zakat increased by 12.0 per cent., from SAR 31.6 million in the six-month period ended 30 June 2021G to SAR 35.5 million in the six-month period ended 30 June 2022G, mainly driven by an increase in gross profit in the same period.

6.11.2.9 Zakat Expense

Zakat expense remained relatively stable at SAR 3.5 million in the six-month period ended 30 June 2021G and SAR 3.7 million in the six-month period ended 30 June 2022G.

6.11.2.10 Profit for the Period after Zakat

Net profit for the period after Zakat increased by 12.8 per cent., from SAR 28.2 million in the six-month period ended 30 June 2021G to SAR 31.7 million in the six-month period ended 30 June 2022G, in line with an increase in gross profit in the same period.

6.11.2.11 Gain/(loss) on Remeasurement of Employee Benefit Liabilities

Remeasurement of employee benefit liabilities resulted in losses of SAR 1.1 million in the six-month period ended 30 June 2021G and gains of SAR 2.3 million in the six-month period ended 30 June 2022G. The remeasurement of employee benefit liabilities relates to actuarial gains or losses as a result of the re-measurement of employee benefit liabilities by independent actuaries using the projected credit method in accordance with IAS 19 requirements, taking into account the provisions of Saudi Labour Law and the Group's policy.

6.11.2.12 Total Comprehensive Income for the Period

Comprehensive income for the period increased by 25.9 per cent., from SAR 27.1 million in the six-month period ended 30 June 2021G to SAR 34.1 million in the six-month period ended 30 June 2022G, in line with an increase in net profit for the period after Zakat.

6.11.3 Revenue by Segment for the Six-Month Periods Ended 30 June 2021G and 2022G

The following table shows the revenue by segment for the six-month periods ended 30 June 2021G and 2022G:

Table No. (6.75): Revenue by Segment for the Six-Month Periods Ended 30 June 2021G and 2022G

SAR '000	Six-Month Periods Ended 30 June		Var. for the Period 30 June
	2021G Reviewed	2022G Reviewed	2021G –2022G
Corporate Segment	209,235	273,777	30.8%
Individual Segment – Contractual	63,792	90,175	41.4%
Individual Segment – Hourly Rental	51,952	57,889	11.4%
Total	**324,980**	**421,841**	**29.8%**
As a % of total revenue			
Corporate Segment	64.4%	64.9%	0.5
Individual Segment – Contractual	19.6%	21.4%	1.7
Individual Segment – Hourly Rental	16.0%	13.7%	(2.3)
Average number of workers invoiced			
Corporate Segment	9,222	12,827	39.1%
Individual Segment – Contractual	3,976	5,935	49.3%
Individual Segment – Hourly Rental	1,817	2,009	10.6%
Total	**15,015**	**20,771**	**38.3%**
Average number of workers available			
Corporate Segment	9,655	13,284	37.6%
Individual Segment – Contractual	4,171	6,374	52.8%
Individual Segment – Hourly Rental	1,852	2,026	9.4%
Total	**15,678**	**21,685**	**38.3%**

SAR '000	Six-Month Periods Ended 30 June		Var. for the Period 30 June
	2021G Reviewed	2022G Reviewed	2021G –2022G
Utilisation rate			
Corporate Segment	95.5%	96.6%	1.0
Individual Segment – Contractual	95.3%	93.1%	(2.2)
Individual Segment – Hourly Rental	88.6%	91.9%	3.3
Total	**95.8%**	**95.8%**	**0.0**
Average revenue per worker invoiced (SAR)			
Corporate Segment	45,378	42,688	(5.9%)
Individual Segment – Contractual	32,091	30,387	(5.3%)
Individual Segment – Hourly Rental	57,174	57,621	0.8%
Total	**43,288**	**40,618**	**(6.2%)**

Source: The Group's reviewed consolidated interim financial statements for the six-month period ended 30 June 2022G, and percentages based on management information for the six-month periods ended 30 June 2021G and 2022G.

6.11.3.1 Corporate Segment

Corporate Segment revenue is generated by contracts signed with corporate clients, in the form of a business-to-business relationship and consists mainly of the following customer industries: maintenance, restaurants, construction and contracting, transportation, and hospitals. Contracts signed under the Corporate Segment have an average period of two years. Billing occurs on a monthly basis and payments from customers are due within 60 days from the invoice date. There are no fixed prices for providing services to the Corporate Segment, as the price depends mainly on the workers' salaries, which are based on the worker's profession, skills and competency.

Corporate Segment revenue increased by 30.8 per cent., from SAR 209.2 million in the six-month period ended 30 June 2021G to SAR 273.8 million in the six-month period ended 30 June 2022G, mainly due to:

- an increase in the average number of workers invoiced by 39.1 per cent., from 9,222 in the six-month period ended 30 June 2021G to 12,827 in the six-month period ended 30 June 2022G, as a result of high market demand (for example, a new contract was signed with El Seif Engineering Contracting Company in connection with new projects);
- an increase of 37.6 per cent. in the average number of workers available, from 9,655 in the six-month period ended 30 June 2021G to 13,284 in the six-month period ended 30 June 2022G, as a result of high market demand, in addition to the lifting of travel restrictions that were imposed due to the COVID-19 pandemic in the financial year ended 31 December 2021G; and
- an increase in the utilisation rate of workers, from 95.5 per cent. in the six-month period ended 30 June 2021G to 96.6 per cent. in the six-month period ended 30 June 2022G, in line with an increase in the average number of workers invoiced.

6.11.3.2 Individual Segment – Contractual

Individual Segment – Contractual revenue is generated from contracts signed with individual customers, in the form of a business-to-consumer relationship and Individual Segment – Contractual primarily consists of services provided by cleaners, maids and private drivers. Invoices are paid in advance (except for automatically renewed contracts with existing customers) and the average monthly price of a worker falls in the range of SAR 2.5 thousand to SAR 3.5 thousand per month, depending on the worker's salary, recruitment cost, competency and skills.

Individual Segment – Contractual revenue increased by 41.4 per cent., from SAR 63.8 million in the six-month period ended 30 June 2021G to SAR 90.2 million in the six-month period ended 30 June 2022G, mainly due to:

- an increase in the average number of workers invoiced (from 3,976 in the six-month period ended 30 June 2021G to 5,935 in the six-month period ended 30 June 2022G);
- an increase in the average number of workers available, from 4,171 in the six-month period ended 30 June 2021G to 6,374 in the six-month period ended 30 June 2022G, as a result of the lifting of travel restrictions that were imposed due to the COVID-19 pandemic in the financial year ended 31 December 2021G, as well as high market demand. This increase was partially offset by; and
- a decrease in the utilisation rate, from 95.3 per cent. in the six-month period ended 30 June 2021G to 93.1 per cent. in the six-month period ended 30 June 2022G as a result of the high employment rate of domestic workers in the six-month period ended 30 June 2022G in preparation for the month of Ramadan in April

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2022G, which is considered a peak season. It is worth noting that these new maids who were recruited during the six-month period ended 30 June 2022G remained unutilised for a longer period compared to the usual processing period, due to the relatively high number of newly recruited workers.

6.11.3.3 Individual Segment – Hourly Rental

Individual Segment – Hourly Rental revenue is generated from individual customers and is recognised on the basis of scheduled cleaning visits (each visit consists of four hours), under a business-to-consumer relationship. The revenue generated from Individual Segment – Hourly Rental mainly consists of services provided by cleaners and maids. Invoices are paid in advance and prices range from SAR 90 to SAR 140 per visit, depending on the competency and salary of the worker and the timing of the visit (morning/evening). The utilisation rate in this segment represents the average number of hours executed as a percentage of the total number of hours available.

Individual Segment – Hourly Rental revenue increased by 11.4 per cent., from SAR 52.0 million in the six-month period ended 30 June 2021G to SAR 57.9 million in the six-month period ended 30 June 2022G, mainly due to:

- an increase in the number of billed hours, from 1.8 million hours in the six-month period ended 30 June 2021G to 2.2 million hours in the six-month period ended 30 June 2022G, which reflected an increase in the utilisation rate of workers from 88.6 per cent. in the six-month period ended 30 June 2021G to 91.9 per cent. in the six-month period ended 30 June 2022G;
- an increase in the average number of workers invoiced, from 1,817 in the six-month period ended 30 June 2021G to 2,009 in the six-month period ended 30 June 2022G, due to high market demand; and
- an increase in the average number of available workers, from 1,852 in the six-month period ended 30 June 2021G to 2,026 in the six-month period ended 30 June 2022G, as a result of the lifting of travel restrictions imposed due to the COVID-19 pandemic in the financial year ended 31 December 2021G.

6.11.4 Corporate Revenue by Industry for the Six-Month Periods Ended 30 June 2021G and 2022G

The following table shows the corporate revenue by industry for the six-month periods ended 30 June 2021G and 2022G:

Table No. (6.76): Corporate Revenue by Industry for the Six-Month Periods Ended 30 June 2021G and 2022G

As a % of revenue	Six-Month Periods Ended 30 June		Var. for the Period 30 June
	2021G Management Information	2022G Management Information	2021G -2022G
Maintenance companies	62,084	57,192	(7.9%)
Restaurants	43,889	48,764	11.1%
Construction and contracting companies	30,577	74,346	143.1%
Transportation companies	15,518	13,042	(16.0%)
Hospitals	7,433	20,936	181.7%
Trading companies	10,862	9,318	(14.2%)
Manufacturing companies	14,664	14,318	(2.4%)
Service companies	8,256	9,550	15.7%
Banks	3,047	4,101	34.6%
Other	2,538	3,407	34.2%
Total Almawarid	**198,867**	**254,975**	**28.2%**
Musanid Almarafiq for Maintenance and Cleaning Company	10,298	18,455	79.2%
Sawaid Recruitment Company	70	347	395.8%
Total	**209,235**	**273,777**	**30.8%**
Average numbers of workers invoiced			
Maintenance companies	2,498	2,277	(8.9%)
Restaurants	2,479	2,735	10.4%
Construction and contracting companies	1,794	5,076	183.0%
Transportation companies	580	521	(10.1%)
Hospitals	265	585	121.2%

As a % of revenue	Six-Month Periods Ended 30 June		Var. for the Period 30 June
	2021G Management Information	2022G Management Information	2021G –2022G
Trading companies	247	261	5.9%
Manufacturing companies	729	718	(1.5%)
Service companies	468	463	(1.1%)
Banks	59	58	(2.5%)
Other	104	132	27.3%
Average revenue per worker invoiced (SAR)			
Maintenance companies	24,850	25,117	1.1%
Restaurants	17,708	17,829	0.7%
Construction and contracting companies	17,046	14,647	(14.1%)
Transportation companies	26,754	25,017	(6.5%)
Hospitals	28,085	35,768	27.4%
Trading companies	44,066	35,702	(19.0%)
Manufacturing companies	20,119	19,936	(0.9%)
Service companies	17,628	20,620	17.0%
Banks	51,499	71,118	38.1%
Other	24,486	25,810	5.4%

Source: Management information for the six-month periods ended 30 June 2021G and 2022G.

6.11.4.1 Maintenance Companies

Revenue from maintenance companies is generated from operation and maintenance contracts with corporate clients working in the field of operation and maintenance.

Revenue from maintenance companies decreased by 7.9 per cent., from SAR 62.1 million in the six-month period ended 30 June 2021G to SAR 57.2 million in the six-month period ended 30 June 2022G, as a result of the completion of some Related Party projects (especially those related to Almawarid for Operation), which led to a decrease in the number of workers invoiced from 2,498 in the six-month period ended 30 June 2021G to 2,277 in the six-month period ended 30 June 2022G.

6.11.4.2 Restaurants

Restaurant revenue is generated from contracts signed with customers from restaurants and food establishments.

Restaurant revenue increased by 11.1 per cent., from SAR 43.9 million in the six-month period ended 30 June 2021G to SAR 48.8 million in the six-month period ended 30 June 2022G, as a result of the lifting of most of the restrictions what were imposed due to the COVID-19 pandemic, which led to an increase in the average number of workers invoiced from 2,479 in the six-month period ended 30 June 2021G to 2,735 in the six-month period ended 30 June 2022G.

6.11.4.3 Construction and Contracting Companies

Revenue from construction and contracting companies is generated from contracts with construction and contracting companies.

Revenue generated from construction and contracting companies increased significantly from SAR 30.6 million in the six-month period ended 30 June 2021G to SAR 74.3 million in the six-month period ended 30 June 2022G, mainly due to an increase in the average number of workers invoiced from 1,794 in the six-month period ended 30 June 2021G to 5,076 in the six-month period ended 30 June 2022G, as a result of signing a new contract with El Seif Engineering Contracting Company in connection with new projects (SAR 30.7 million).

6.11.4.4 Transportation Companies

Transportation company revenue decreased by 16.0 per cent., from SAR 15.5 million in the six-month period ended 30 June 2021G to SAR 13.0 million in the six-month period ended 30 June 2022G, mainly due to a decrease in the average number of workers invoiced, from 580 in the six-month period ended 30 June 2021G to 521 in the six-month period ended 30 June 2022G, as a result of a decrease in revenue from two contracts signed with Naqel (SAR 2.9 million).

6.11.4.5 Hospitals

The Group started providing manpower services to customers operating in the medical field commencing the financial year ended 31 December 2019G, following the Saudi Vision to strengthen the healthcare sector in the Kingdom. According to management, the Group plans to reclassify hospitals as a separate category in the coming years, after expanding the operations and increasing the number of workers in the healthcare sector.

Revenue from hospitals increased significantly by 181.7 per cent., from SAR 7.4 million in the six-month period ended 30 June 2021G to SAR 20.9 million in the six-month period ended 30 June 2022G, following an increase in the average number of workers invoiced from 265 in the six-month period ended 30 June 2021G to 585 in the six-month period ended 30 June 2022G, in line with the Saudi Vision to strengthen the healthcare sector in the Kingdom.

6.11.4.6 Trading Companies

Trading company revenue decreased by 14.2 per cent., from SAR 10.9 million in the six-month period ended 30 June 2021G to SAR 9.3 million in the six-month period ended 30 June 2022G, as a result of a decrease in revenue generated from a project with Yanal Finance Company of SAR 1.1 million and another project with Salisa International Closed Joint Stock Company of SAR 479 thousand.

6.11.4.7 Manufacturing Companies

Revenue generated from manufacturing companies decreased slightly by 2.4 per cent., from SAR 14.7 million in the six-month period ended 30 June 2021G to SAR 14.3 million in the six-month period ended 30 June 2022G, mainly due to a decrease in the average number of workers invoiced, from 729 in the six-month period ended 30 June 2021G to 718 in the six-month period ended 30 June 2022G.

6.11.4.8 Service Companies

Revenue generated from service companies increased by 15.7 per cent., from SAR 8.3 million in the six-month period ended 30 June 2021G to SAR 9.6 million in the six-month period ended 30 June 2022G, despite a decrease in the average number of workers invoiced from 468 in the six-month period ended 30 June 2021G to 463 in the six-month period ended 30 June 2022G, mainly due to an increase in revenue generated from a project signed with Leejam Sports Company (SAR 2.0 million).

6.11.4.9 Banks

Revenue generated from banks increased by 34.6 per cent., from SAR 3.0 million in the six-month period ended 30 June 2021G to SAR 4.1 million in the six-month period ended 30 June 2022G, as a result of an increase in revenue earned from Bank AlJazira (SAR 1.4 million).

6.11.4.10 Other

Other represents revenue generated from rent, schools and agriculture, et cetera.

Other income increased by 34.2 per cent., from SAR 2.5 million in the six-month period ended 30 June 2021G to SAR 3.4 million in the six-month period ended 30 June 2022G, mainly due to an increase in the average number of workers invoiced from 104 in the six-month period ended 30 June 2021G to 132 in the six-month period ended 30 June 2022G.

6.11.5 Cost of Revenue for the Six-Month Periods Ended 30 June 2021G and 2022G

The following table shows the cost of revenue for the six-month periods ended 30 June 2021G and 2022G:

Table No. (6.77): Cost of Revenue for the Six-Month Periods Ended 30 June 2021G and 2022G

SAR '000	Six-Month Periods Ended 30 June		Var. for the Period 30 June
	2021G Management Information	2022G Management Information	2021G –2022G
Employee salaries and benefits	197,503	245,093	24.1%
Government and other direct costs	47,765	80,297	68.1%
Indirect overhead costs	30,944	40,531	31.0%
Total	**276,211**	**365,922**	**32.5%**
As a % of total revenue			
Employee salaries and benefits	60.8%	58.1%	(2.7)
Government and other direct costs	14.7%	19.0%	4.3
Indirect overhead costs	9.5%	9.6%	0.1
Total	**85.0%**	**86.7%**	**1.8**
Key Performance Indicators			
Average number of workers available	15,678	21,685	38.3%
Average monthly cost per available worker (SAR)	2,100	1,884	(10.3%)
Average headcount	151	164	8.6%
Average basic monthly salary per employee (in SAR)	6,631	7,278	9.8%
Average monthly cost per employee (in SAR)	13,700	14,249	4.0%

Source: Management information for the six-month periods ended 30 June 2021G and 2022G.

6.11.5.1 Employee Salaries and Related Costs

Employee salaries and related costs pertain to workers' wages, housing, transportation, vacation pay, airfares, end of service benefits and social security fees.

Employee salaries and related costs increased by 24.1 per cent., from SAR 197.5 million in the six-month period ended 30 June 2021G to SAR 245.1 million in the six-month period ended 30 June 2022G, in line with an increase in the average number of workers available of 38.3 per cent., from 15,678 in the six-month period ended 30 June 2021G to 21,685 in the six-month period ended 30 June 2022G, as a result of the lifting of travel restrictions imposed due to the COVID-19 pandemic in the financial year ended 31 December 2021G and an increase in market demand. It should be noted that the average monthly cost for each available worker decreased from SAR 2.1 thousand in the six-month period ended 30 June 2021G to SAR 1.9 thousand in the six-month period ended 30 June 2022G, as a result of hiring an additional number of workers from African countries with relatively lower incomes.

6.11.5.2 Government and Other Direct Costs

Government and other direct costs pertain mainly to amortised work permit fees, amortised recruitment fees, amortised accommodation expenses, medical expenses, amortised visa costs and net unused labour costs.

Government and other direct costs increased from SAR 47.8 million in the six-month period ended 30 June 2021G to SAR 80.3 million in the six-month period ended 30 June 2022G, as a result of an increase in the cost associated with hiring 9,661 new workers in the six-month period ended 30 June 2022G and changes in laws related to the issuance of licences, in addition to an increase in compliance fees (SAR 9.5 million), recruitment fees (SAR 4.8 million) and medical expenses (SAR 1.7 million), in line with an increase in the average number of available workers, from 15,678 in the six-month period ended 30 June 2021G to 21,685 in the six-month period ended 30 June 2022G.

6.11.5.3 Indirect Overhead Costs

Indirect overhead costs pertain mainly to the salaries and benefits of employees of the operating departments, depreciation and amortisation, electricity and water expenses, catering expenses, building rent and financing costs on lease liabilities.

Indirect overhead costs increased from SAR 30.9 million in the six-month period ended 30 June 2021G to SAR 40.5 million in the six-month period ended 30 June 2022G, mainly due to an increase in salaries and wages (SAR 2.6 million) and other indirect costs (SAR 7.0 million), in line with an increase in the average headcount from 151 in the six-month period ended 30 June 2021G to 164 in the six-month period ended 30 June 2022G.

6.11.6 Gross Profit by Segment for the Six-Month Periods Ended 30 June 2021G and 2022G

The following table shows the gross profit by segment for the six-month periods ended 30 June 2021G and 2022G:

Table No. (6.78): Gross Profit by Segment for the Six-Month Periods Ended 30 June 2021G and 2022G

SAR '000	Six-Month Periods Ended 30 June		Var. for the Period 30 June
	2021G Reviewed	2022G Reviewed	2021G –2022G
Corporate Segment	21,372	28,868	35.1%
Individual Segment – Contractual	10,964	11,799	7.6%
Individual Segment – Hourly Rental	16,433	15,251	(7.2%)
Total	**48,769**	**55,919**	**14.7%**
Gross profit/(loss) margin - as a % of revenue			
Corporate	10.2%	10.5%	0.3
Individual Segment – Contractual	17.2%	13.1%	(4.1)
Individual Segment – Hourly Rental	31.6%	26.3%	(5.3)
Total	**15.0%**	**13.3%**	**(1.8)**

Source: The Group's reviewed consolidated interim financial statements for the six-month period ended 30 June 2022G, and percentages based on management information for the six-month periods ended 30 June 2021G and 2022G.

6.11.6.1 Corporate Segment

Gross profit margin increased by 0.3 percentage points, from 10.2 per cent. in the financial period ended 30 June 2021G to 10.5 per cent. in the six-month period ended 30 June 2022G, mainly as a result of:

- an increase in revenue, from SAR 209.9 million in the six-month period ended 30 June 2021G to SAR 273.8 million in the six-month period ended 30 June 2022G, as a result of an increase in the average number of workers invoiced from 9,222 to 12,827, due to increased market demand. This increase was partially offset by:
  - an increase in revenue and cost of revenue by the same amount as a result of Ajeer registration fees (new fees). It is worth noting that these fees were paid by the Group on behalf of customers, and then collected from customers through the invoices issued; and
  - the recruitment of foreign drivers who do not hold Saudi driving licences. These drivers remained unutilised in the financial period ended 30 June 2022G until the necessary driving licences were issued for them.

6.11.6.2 Individual Segment – Contractual

Gross profit margin decreased by 4.1 percentage points, from 17.2 per cent. in the financial period ended 30 June 2021G to 13.1 per cent. in the six-month period ended 30 June 2022G, mainly due to:

- a decrease in the utilisation rate, from 95.3 per cent. in the six-month period ended 30 June 2021G to 93.1 per cent. in the six-month period ended 30 June 2022G, as a result of the high employment rate of domestic workers in the six-month period ended 30 June 2022G, in preparation for the month of Ramadan in April 2022G, which is considered a peak season. It is worth noting that these new maids remained unutilised for a long period over the six-months ended 30 June 2022G; and
- a decrease in the average revenue per billed worker from SAR 32.1 thousand in the six-month period ended 30 June 2021G to SAR 30.4 thousand in the six-month period ended 30 June 2022G, as a result of a decrease in contracted worker prices of 5.3 per cent., due to intense competition in the market.

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6.11.6.3 Individual Segment – Hourly Rental

Gross profit margin decreased by 5.3 percentage points, from 31.6 per cent. in the financial period ended 30 June 2021G to 26.3 per cent. in the six-month period ended 30 June 2022G, mainly as a result of:

- an increase in the depreciation of right-of-use assets and administrative staff costs as a result of the addition of five new accommodation buildings;
- an increase in the depreciation of right-of-use assets and "Hemma" driver costs as result of the addition of 42 new cars; and
- a decrease in the average price per visit (approximately four hours), from SAR 100.4 per visit in the six-month period ended 30 June 2021G to SAR 95.9 per visit in the six-month period ended 30 June 2022G, to keep pace with the intense competition in the market and to achieve relatively high utilisation rates.

6.11.7 Selling and Marketing Expenses for the Six-Month Periods Ended 30 June 2021G and 2022G

The following table shows the selling and marketing expenses for the six-month periods ended 30 June 2021G and 2022G:

Table No. (6.79): Selling and Marketing Expenses for the Six-Month Periods Ended 30 June 2021G and 2022G

SAR '000	Six-Month Periods Ended 30 June		Var. for the Period 30 June
	2021G Management Information	2022G Management Information	2021G –2022G
Employee salaries and benefits	2,346	3,941	68.0%
Advertising and publicity	131	850	546.1%
Selling and marketing services	430	185	(56.9%)
Depreciation and amortisation	133	131	(1.3%)
Travel and transportation	14	10	(30.8%)
Utilities	13	28	113.7%
Other	92	355	285.5%
Total	**3,160**	**5,500**	**74.1%**
Selling and marketing expenses as a % of revenue			
Employee salaries and benefits	0.7%	0.9%	0.2
Advertising and publicity	0.0%	0.2%	0.2
Selling and marketing services	0.1%	0.0%	(0.1)
Depreciation and amortisation	0.0%	0.0%	(0.0)
Travel and transportation	0.0%	0.0%	(0.0)
Utilities	0.0%	0.0%	0.0
Other	0.0%	0.1%	0.1
Total	**1.0%**	**1.3%**	**0.3**

Source: Management information for the six-month periods ended 30 June 2021G and 2022G.

6.11.7.1 Employee Salaries and Benefits

Employee salaries and benefits consist of salaries, wages, sales commissions, housing allowances, vacation pay, medical insurance, transportation allowances, end of service benefits, bonuses, incentives, and other expenses and relate mainly to sales, marketing and customer service employees.

Employee salaries and benefits increased by 68.0 per cent., from SAR 2.3 million in the six-month period ended 30 June 2021G to SAR 3.9 million in the six-month period ended 30 June 2022G, mainly due to an increase in employee salaries and benefits (SAR 650 thousand), sales commissions (SAR 465 thousand) and housing allowances (SAR 161 thousand), in line with an increase in the average headcount from 24 employees in the six-month period ended 30 June 2021G to 37 employees in the six-month period ended 30 June 2022G, in addition to the salary increments of employees.

6.11.7.2 Advertising and Publicity

Advertising and publicity includes social media expenses, printing and advertisement expenses, "Hemma" car stickers (car logos used for the Individual Segment – Hourly Rental), exhibitions and other selling and marketing expenses. The Group utilises several advertising and publicity tools to promote its services to the Corporate Segment and Individual Segment, including celebrity accounts on social media (mainly used for the Individual Segment) and through exhibitions (mainly used for the Corporate Segment).

Advertising and publicity expenses increased by 546.1 per cent., from SAR 131 thousand in the six-month period ended 30 June 2021G to SAR 850 thousand in the six-month period ended 30 June 2022G, mainly due to an increase in social media expenses (SAR 545 thousand) and "Hemma" car stickers (SAR 120 thousand), as the Group invested in advertising and publicity in the six-month period ended 30 June 2022G.

6.11.7.3 Selling and Marketing Services

Selling and marketing services mainly include expenses associated with call centre services which handle customer complaints and requests.

Expenses of selling and marketing services decreased by 56.9 per cent., from SAR 430 thousand in the six-month period ended 30 June 2021G to SAR 185 thousand in the six-month period ended 30 June 2022G, mainly due to a decrease in the Group's reliance on professional call centre companies (SAR 223 thousand).

6.11.7.4 Depreciation

Depreciation represents the depreciation of property and equipment and the amortisation of intangible assets allocated to selling and marketing expenses, which remained relatively stable at SAR 133 thousand in the six-month period ended 30 June 2021G and SAR 131 thousand in the six-month period ended 30 June 2022G.

6.11.7.5 Travel and Transportation

Travel and transportation expenses decreased from SAR 14 thousand in the six-month period ended 30 June 2021G to SAR 10 thousand in the six-month period ended 30 June 2022G, as part of the normal operations of the Group, as travel and transport depend on the business operation needs for each period.

6.11.7.6 Utilities

Utilities increased from SAR 13 thousand in the six-month period ended 30 June 2021G to SAR 28 thousand in the six-month period ended 30 June 2022G, as a result of increased telephone and internet use.

6.11.7.7 Other

Other selling and marketing expenses represent other miscellaneous selling and marketing expenses deemed immaterial.

Other selling and marketing expenses increased by 285.5 per cent., from SAR 92 thousand in the six-month period ended 30 June 2021G to SAR 355 thousand in the six-month period ended 30 June 2022G, as a result of conducting a market study related to the NEOM project (SAR 225 thousand).

6.11.8 General and Administrative Expenses for the Six-Month Periods Ended 30 June 2021G and 2022G

The following table shows the general and administrative expenses for the six-month periods ended 30 June 2021G and 2022G:

Table No. (6.80): General and Administrative Expenses for the Six-Month Periods Ended 30 June 2021G and 2022G

SAR '000	Six-Month Periods Ended 30 June		Var. for the Period 30 June
	2021G Management Information	2022G Management Information	2021G –2022G
Employee salaries and benefits	7,173	8,450	17.8%
Board Committee remuneration and allowances	720	1,029	42.9%
Depreciation and amortisation	563	481	(14.6%)
Professional and consultancy fees	928	698	(24.8%)
Technical and other services	461	1,082	134.9%
Utilities	228	446	95.9%
Government fees and subscriptions	114	244	113.8%
Bank expenses	51	97	88.8%
Repair and maintenance	43	122	186.0%
Stationery and printing	137	296	115.2%
Other	500	555	10.8%
Total	**10,918**	**13,499**	**23.6%**
General and administrative expenses - as a % of revenue			
Employee salaries and benefits	2.2%	2.0%	(0.2)
Board Committee remuneration and allowances	0.2%	0.2%	0.0
Depreciation and amortisation	0.2%	0.1%	(0.1)
Professional and consultancy fees	0.3%	0.2%	(0.1)
Technical and other services	0.1%	0.3%	0.1
Utilities	0.1%	0.1%	0.0
Government fees and subscriptions	0.0%	0.1%	0.0
Bank expenses	0.0%	0.0%	0.0
Repair and maintenance	0.0%	0.0%	0.0
Stationery and printing	0.0%	0.1%	0.0
Other	0.2%	0.1%	(0.0)
Total	**3.4%**	**3.2%**	**(0.2)**

Source: Management information for the six-month periods ended 30 June 2021G and 2022G.

6.11.8.1 Employee Salaries and Benefits

Employee salaries and benefits consist of salaries, wages, housing allowances, bonuses, incentives, vacation pay, medical insurance, insurance fees, end of service benefits, transportation allowances and other expenses mainly in relation to the administrative staff in the head office, which includes the CEO's office, IT department, finance department, human resources, and support services.

Employee salaries and benefits increased from SAR 7.2 million in the six-month period ended 30 June 2021G to SAR 8.5 million in the six-month period ended 30 June 2022G, mainly driven by an increase in employee salaries and benefits (SAR 642 thousand), in line with an increase in the average headcount from 82 employees over the six-month period ended 30 June 2021G to 95 employees in the six-month period ended 30 June 2022G, in addition to an increase in the average basic monthly salary per employee from SAR 6.8 thousand in the six-month period ended 30 June 2021G to SAR 7.0 thousand in the six-month period ended 30 June 2022G, due to annual increases.

6.11.8.2 Board Committee Remuneration and Allowances

Remuneration and allowances of Board Committees represents the remuneration of members of the Board of Directors and its Committees and General Assembly meeting fees.

Board Committee remuneration and allowances increased from SAR 720 thousand in the six-month period ended 30 June 2021G to SAR 1.0 million in the six-month period ended 30 June 2022G, mainly due to the reactivation of the Executive Committee as of April 2022G. It consists of four members, and the annual compensation for each member is SAR 200 thousand.

6.11.8.3 Depreciation and Amortisation

Depreciation and amortisation represents depreciation on property and equipment and amortisation of intangible assets allocated to general and administrative expenses which remained relatively stable at SAR 563 thousand in the six-month period ended 30 June 2021G and SAR 481 thousand in the six-month period ended 30 June 2022G.

6.11.8.4 Professional and Consultancy Fees

Professional and consultancy fees represent a variety of professional services, including legal, financial, audit, information technology, and tax services.

Professional and consultancy fees decreased from SAR 928 thousand in the six-month period ended 30 June 2021G to SAR 698 thousand in the six-month period ended 30 June 2022G, mainly due to a decrease in tax consultancy fees (SAR 600 thousand), partly offset by an increase in audit fees (SAR 286 thousand), as the Auditors examined the financial statements of the Group on a quarterly basis as of 31 March 2022G.

6.11.8.5 Technical and Other Services

Technical and other services mainly include technical and other services provided by third parties related to information technology.

Technical and other services increased from SAR 461 thousand in the six-month period ended 30 June 2021G to SAR 1.1 million in the six-month period ended 30 June 2022G, as a result of an increase in outsourced information technology services (SAR 572 thousand), whereby the Group outsourced three IT consultants in order to maintain and improve their information technology systems and to accommodate an increase in the number of users.

6.11.8.6 Utilities

Utilities relate to telephone, internet, mobile, electricity and water expenses.

Utilities increased from SAR 228 thousand in the six-month period ended 30 June 2021G to SAR 446 thousand in the six-month period ended 30 June 2022G, as a result of an increase in telephone, internet and mobile phone use (SAR 194 thousand), in addition to an increase in electricity and water prices in the second half of the financial year ended 31 December 2021G.

6.11.8.7 Government Fees and Subscriptions

Government fees and subscriptions mainly include subscription fees to the Coordination Council for Recruitment Companies (C.C.R.C.), among other Government fees.

Government fees and subscriptions increased from SAR 114 thousand in the six-month period ended 30 June 2021G to SAR 244 thousand in the six-month period ended 30 June 2022G as a result of an increase in the monthly subscription fee to the Coordination Council for Recruitment Companies (C.C.R.C.) from SAR 12.5 thousand in the six-month period ended 30 June 2021G to SAR 25 thousand in the six-month period ended 30 June 2022G, coupled with an additional subscription fee of SAR 30 thousand related to Simah in the six-month period ended 30 June 2022G that was not incurred in the six-month period ended 30 June 2021G.

6.11.8.8 Bank Expenses

Bank expenses mainly relate to bank fees and commissions on banking transactions and amounted to SAR 51 thousand in the six-month period ended 30 June 2021G and SAR 97 thousand in the six-month period ended 30 June 2022G.

6.11.8.9 Repair and Maintenance

Repair and maintenance represents expenses for the maintenance and repair of the head office, air conditioning, elevators and machinery and equipment, et cetera. Repair and maintenance expenses increased from SAR 43 thousand in the six-month period ended 30 June 2021G to SAR 122 thousand in the six-month period ended 30 June 2022G, in line with an increase in building maintenance (SAR 37 thousand), supply and installation of equipment (SAR 27 thousand) and maintenance of equipment and vehicles (SAR 16 thousand).

6.11.8.10 Stationery and Printing

Stationery and printing includes printing expenses, among other office stationery expenses such as pens and paper, which increased from SAR 137 thousand in the six-month period ended 30 June 2021G to SAR 296 thousand in the six-month period ended 30 June 2022G, as a result of an increase in stationery and printing expenses.

6.11.8.11 Other

Other includes other miscellaneous expenses incurred by the Group, including security guard expenses, cleaning materials, consumables, and other expenses. Other expenses increased from SAR 500 thousand in the six-month period ended 30 June 2021G to SAR 555 thousand in the six-month period ended 30 June 2022G, following an increase in public relations costs (SAR 159 thousand), as the Group incurred additional fees during the Ramadan season and invested in many public relations activities in the six-month period ended 30 June 2022G. This was partially offset by a decrease in training costs (SAR 120 thousand).

6.11.9 Other Income for the Six-Month Periods Ended 30 June 2021G and 2022G

The following table shows the other income for the six-month periods ended 30 June 2021G and 2022G:

Table No. (6.81): Other Income for the Six-Month Periods Ended 30 June 2021G and 2022G

SAR '000	Six-Month Periods Ended 30 June		Var. for the Period 30 June
	2021G Management Information	2022G Management Information	2021G –2022G
Provisions and entitlements no longer required	345	161	(53.3%)
Revenue from worker accommodation canteens	348	324	(7.0%)
Gains from investments in mutual funds	194	19	(90.0%)
Support from the Human Resources Development Fund	167	120	(28.3%)
Gain on disposal of property and equipment	-	31	-
Other	(39)	181	(564.3%)
Total	**1,015**	**836**	**(17.6%)**
Points			
Provisions and entitlements no longer required	0.1%	0.0%	(0.1)
Revenue from worker accommodation canteens	0.1%	0.1%	(0.0)
Gains from investments in mutual funds	0.1%	0.0%	(0.1)
Support from the Human Resources Development Fund	0.1%	0.0%	(0.0)
Gain on disposal of property and equipment	0.0%	0.0%	0.0
Other	0.0%	0.0%	(0.0)
Total	**0.3%**	**0.2%**	**(0.1)**

Source: Management information for the six-month periods ended 30 June 2021G and 2022G.

6.11.9.1 Provisions and Entitlements No Longer Required

Provisions and entitlements no longer required relate to monthly provisions that have been written off in connection with workers' entitlements in the event that they leave the country or terminate their work prior to their contract end date, amounting to SAR 345 thousand in the six-month period ended 30 June 2021G and SAR 161 thousand in the six-month period ended 30 June 2022G.

6.11.9.2 Revenue from Worker Accommodation Canteens

Revenue from worker accommodation canteens represents other income generated by the Group through the provision of a new canteen service for female workers, which started operations in the financial year ended 31 December 2020G. Revenue from worker accommodation canteens decreased slightly from SAR 348 thousand in the six-month period ended 30 June 2021G to SAR 324 thousand in the six-month period ended 30 June 2022G, as a result of a reduction in the consumption of workers.

6.11.9.3 Gains from Investments in Mutual Funds

Gains from investments in mutual funds relate to gains from financial investments at fair value through profit or loss made by the Group. These investments represent investments in the Al-Rajhi Commodities Mudaraba Saudi Riyal Fund. Profits from investments in investment funds amounted to SAR 194 thousand in the six-month period ended 30 June 2021G, as a result of investments in the Al Rajhi Commodities Mudaraba Fund. Gains from investments in mutual funds decreased to SAR 19 thousand in the six-month period ended 30 June 2022G as a result of profits realised from the Al Rajhi Commodities Mudaraba Fund (SAR 84 thousand), which was partially offset by losses realised from investing in the Al-Rajhi Conservative Multi-Asset Fund (SAR 65 thousand) in the six-month period ended 30 June 2022G.

6.11.9.4 Support from the Human Resources Development Fund

Support from the Human Resources Development Fund relates to exceptional support from the Government for Saudi employees of the Group, mostly related to Musanid Almarafiq for Maintenance and Cleaning Company (a subsidiary), which has the highest Saudization rate. Support from the Human Resources Development Fund decreased by 28.3 per cent., from SAR 167 thousand in the six-month period ended 30 June 2021G to SAR 120 thousand in the six-month period ended 30 June 2022G.

6.11.9.5 Gain/(Loss) on Disposal of Property and Equipment

Gains/(losses) on disposal of property and equipment pertains to exceptional gains or losses on disposal of property and equipment, mainly in connection with vehicles, furniture, fixtures, appliances and office equipment. Gains on disposal of property and equipment amounted to SAR 31 thousand in the six-month period ended 30 June 2022G.

6.11.9.6 Other

Other gains pertains to various other miscellaneous gains/losses which are deemed immaterial, including foreign exchange gains or losses and gains or losses on disposal of right-of-use assets. Other gains increased from losses of negative SAR 39 thousand in the six-month period ended 30 June 2021G to profits of SAR 181 thousand in the six-month period ended 30 June 2022G, as a result of a loss on the disposal of right-of-use assets recorded in the six-month period ended 30 June 2021G, and a discount obtained from certain suppliers during the six-month period ended 30 June 2022G amounting to SAR 144 thousand.

6.11.10 Other Comprehensive Income for the Six-Month Periods ended 30 June 2021G and 2022G

The following table shows the other comprehensive income for the six-month periods ended 30 June 2021G and 2022G:

Table No. (6.82): Other Comprehensive Income for the Six-Month Periods Ended 30 June 2021G and 2022G

SAR '000	Six-Month Periods Ended 30 June	Var. for the Period 30 June	
	2021G Reviewed	2022G Reviewed	2021G –2022G
Gains/(losses) on remeasurement of employee benefit liabilities	(1,064)	2,347	(320.6%)
Total comprehensive income for the period	**27,087**	**34,092**	**25.9%**

Source: The Group's reviewed consolidated interim financial statements for the six-month period ended 30 June 2022G.

The remeasurement of employee benefit liabilities resulted in losses of negative SAR 1.1 million in the six-month period ended 30 June 2021G and gains of SAR 2.3 million over the six-month period ended 30 June 2022G. The remeasurement of employee benefit liabilities relates to actuarial gains and losses as a result of the remeasurement of employee benefit liabilities by independent actuaries by using the Projected Unit Credit Method as required under IAS 19, taking into account the provisions of Saudi Labour Law and Group policies.

6.12 Statement of Financial Position

The following table shows the consolidated statement of financial position of the Group as of 31 December 2021G and 30 June 2022G:

Table No. (6.83): Consolidated Statement of Financial Position of the Group as of 31 December 2021G and 30 June 2022G

SAR '000	As of 31 December	As of 30 June
	2021G Audited	2022G Reviewed
Assets		
Non-current assets		
Used and unused visas and other non-current assets	41,444	37,732
Intangible assets	1,787	1,664
Property and equipment	11,635	11,712
Right-of-use assets	20,445	17,815
Total non-current assets	**75,311**	**68,923**
Current assets		
Due from Related Parties	52,390	60,451
Prepaid expenses and other current assets	136,165	133,030
Trade receivables	84,164	115,278
Investments at FVTPL	30,388	15,407
Cash and cash equivalents	26,627	50,663
Total current assets	**329,735**	**374,829**
Total assets	**405,045**	**443,751**
Liabilities and Equity		
Equity		
Share capital	100,000	150,000
Statutory reserve	27,695	27,695
Consensual reserve	20,000	-
Retained earnings	85,329	69,422
Total equity	**233,024**	**247,116**
Liabilities		
Non-current liabilities		
Employee benefit liabilities	27,585	28,847
Lease liabilities	7,295	6,261
Recruitment agent guarantees	1,173	1,330
Total non-current liabilities	**36,053**	**36,439**
Current liabilities		
Trade payables and other current liabilities	108,484	137,166

SAR '000	As of 31 December	As of 30 June
	2021G Audited	2022G Reviewed
Retained deposits	7,752	7,998
Lease liabilities	12,216	10,216
Due to Related Parties	728	908
Zakat provision	6,788	3,909
Total current liabilities	**135,968**	**160,196**
Total liabilities	**172,021**	**196,635**
Total liabilities and equity	**405,045**	**443,751**

Source: The Group's audited consolidated financial statements for the financial year ended 31 December 2021G and the reviewed consolidated interim financial statements for the six-month period ended 30 June 2022G.

6.12.1 Non-Current Assets

The following table shows the non-current assets as of 31 December 2021G and 30 June 2022G:

Table No. (6.84): Non-Current Assets as of 31 December 2021G and 30 June 2022G

SAR '000	As of 31 December	As of 30 June
	2021G Audited	2022G Reviewed
Used and unused visas and other non-current assets	41,444	37,732
Intangible assets	1,787	1,664
Property and equipment	11,635	11,712
Right-of-use assets	20,445	17,815
Total non-current assets	**75,311**	**68,923**

Source: The Group's audited consolidated financial statements for the financial year ended 31 December 2021G and the reviewed consolidated interim financial statements for the six-month period ended 30 June 2022G.

Non-current assets mainly consist of right-of-use assets of leases contracts for workers' accommodation, Company branches, vehicles used for the "Hemma" programme, used and unused visas, property and equipment, mainly with respect to the land and head office building of the Group, and furniture and fixtures.

Non-current assets decreased from SAR 75.3 million as of 31 December 2021G to SAR 68.9 million as of 30 June 2022G, mainly due to a decrease in used and unused visas and other non-current assets of SAR 3.7 million, mainly due to expired and refunded visas during the period amounting to SAR 7.2 million as of 30 June 2022G, in addition to a decrease in right-of-use assets of SAR 2.6 million, as a result of depreciation incurred during the six-month period ended 30 June 2022G.

6.12.2 Used and Unused Visas and Other Non-Current Assets

The following table shows the used and unused visas and other non-current assets as of 31 December 2021G and 30 June 2022G:

Table No. (6.85): Used and Unused Visas and Other Non-Current Assets as of 31 December 2021G and 30 June 2022G

SAR '000	As of 31 December	As of 30 June
	2021G Audited	2022G Reviewed
At the beginning of the year/period	25,342	27,784
Visas purchased during the year/period	22,894	22,550
Expired visas refunded during the year/period	(2,996)	(7,214)
Transferred to used visas during the year/period	(17,456)	(18,656)
Unused visas at the end of the year/period	**27,784**	**24,464**
Add: used visa balance – non-current portion	6,731	4,000
Less: unused visas balance -current portion	(10,206)	(49,645)
Used and unused visas at the end of the year/period	**24,309**	**18,819**
Other non-current assets		
Recruitment fees - non-current portion	17,135	18,914
Total used and unused visas and other non-current assets	41,444	37,732

Source: The Group's audited consolidated financial statements for the financial year ended 31 December 2021G and the reviewed consolidated interim financial statements for the six-month period ended 30 June 2022G.

The following table shows the analysis of unused visas as of 31 December 2021G and 30 June 2022G:

Table No. (6.86): Analysis of Unused Visas as of 31 December 2021G and 30 June 2022G

Unused visas were analysed as follows:

SAR '000	As of 31 December	As of 30 June
	2021G Audited	2022G Reviewed
Unused visas - current portion	10,206	9,645
Unused visas - non-current portion	17,578	14,819
Unused visas at the end of the year/period	**27,784**	**24,464**

Source: The Group's audited consolidated financial statements for the financial year ended 31 December 2021G and the reviewed consolidated interim financial statements for the six-month period ended 30 June 2022G.

Used and unused visas pertain to work visas issued to expat workers recruited by the Group, which allow them entry to the Kingdom. Unused visas represent the value of the visas paid to Government entities that have not been used as of the date of the statement of financial position. Unused visa amounts are transferred to used visas upon the arrival of the recruited manpower in the territory of the Kingdom. The visas are valid for a period of two years at an amount to SAR 2,000 per visa, and are amortised in the consolidated statement of profit or loss using the straight-line method over the worker's contract period of two years. The current portion that pertains to the next year is recorded as advance visas within prepaid expenses and other current assets, while the non-current portion is recorded under non-current assets.

The following table shows the current and non-current portion of used and unused visas as of 31 December 2021G and 30 June 2022G:

For analytical purposes, the current portion of used and unused visas classified under prepaid expenses and other current assets was added to the non-current portion as follows:

Table No. (6.87): Current and Non-Current Portion of Used and Unused Visas as of 31 December 2021G and 30 June 2022G

SAR '000	As of 31 December	As of 30 June
	2021G Audited	2022G Reviewed
Used and unused visas - non-current portion	24,309	18,819
Used and unused visas - current portion	15,527	18,858
Total used and unused visas at the end of the year/period	**39,836**	**37,676**

Source: The Group's audited consolidated financial statements for the financial year ended 31 December 2021G and the reviewed consolidated interim financial statements for the six-month period ended 30 June 2022G.

The total current and non-current portion of used and unused visas decreased from SAR 39.8 million as of 31 December 2021G to SAR 37.7 million as of 30 June 2022G, following an increase in the number of expired visas that were refunded from 1,498 as of 31 December 2021G to 3,607 in the six-month period ended 30 June 2022G (of which 2,500 visas were registered and then refunded by the Government over the six-month period ended 30 June 2022G), as a result of a change in the policy applied by the Government, whereby the Group must register its visas in each commercial register separately as of the financial year ended 31 December 2020G. Such visas expired after two years. In parallel, the increase in visas converted to used visas from SAR 17.5 million as of 31 December 2021G to SAR 18.7 million as of 30 June 2022G, in line with an increase in the number of available workers from 15,948 as of 31 December 2021G to 21,685 as of 30 June 2022G, contributed to a decrease in the total current and non-current part of used and unused visas.

6.12.3 Intangible Assets

The following table shows the intangible assets as of 31 December 2021G and 30 June 2022G:

Table No. (6.88): Intangible Assets as of 31 December 2021G and 30 June 2022G

SAR '000	As of 31 December	As of 30 June
	2021G Audited	2022G Management Information
Cost		
At 1 January	4,009	5,196
Additions during the year/period	1,187	216
Balance at the end of the year/period	**5,196**	**5,412**
Amortisation		
At 1 January	2,697	3,410
Amortised during the year/period	713	339
Balance at the end of the year/period	**3,410**	**3,749**
Net book value		
Balance at the end of the year/period	**1,787**	**1,664**

Source: The Group's audited consolidated financial statements for the financial year ended 31 December 2021G and management information for the six-month period ended 30 June 2022G.

Intangible assets mainly relate to computer software and are stated at cost less accumulated amortisation. Amortisation is recognised on a straight-line basis over an estimated useful life of 4 years.

Intangible assets decreased slightly from SAR 1.8 million as of 31 December 2021G to SAR 1.7 million as of 30 June 2022G, mainly due to the amortisation charge during the period of SAR 339 thousand, mainly related to the Group's Enterprise Resource Planning System ("ERP system") (SAR 110 thousand) and the Group's logo (SAR 68 thousand), which was partly offset by additions to computer software (SAR 216 thousand).

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6.12.4 Property and Equipment

The following table shows the property and equipment as of 31 December 2021G and 30 June 2022G:

Table No. (6.89): Property and Equipment as of 31 December 2021G and 30 June 2022G

SAR '000	Land	Buildings	Leasehold improvements	Furniture, fixtures, and office equipment	Vehicles	Total
Costs						
As of 31 December 2020G	**5,344**	**4,567**	**2,495**	**7,624**	**3,578**	**23,608**
Additions during the year	-	-	86	705	-	791
Disposals during the year	-	-	-	(1,170)	(59)	(1,229)
As of 31 December 2021G	**5,344**	**4,567**	**2,581**	**7,160**	**3,519**	**23,170**
Additions during the period	-	-	265	492	-	757
Disposals during the period	-	-	(1,695)	(4)	(122)	(1,821)
As of 30 June 2022G	**5,344**	**4,567**	**1,151**	**7,648**	**3,397**	**22,107**
Accumulated depreciation						
As of 31 December 2020G	**-**	**474**	**2,161**	**5,577**	**2,836**	**11,048**
Charge for the year	-	226	146	836	498	1,706
Disposals during the year	-	-	-	(1,160)	(59)	(1,219)
As of 31 December 2021G	**-**	**700**	**2,307**	**5,253**	**3,275**	**11,535**
Additions during the period	-	114	84	436	44	678
Disposals during the period	-	-	(1,695)	(2)	(122)	(1,819)
As of 30 June 2022G	**-**	**814**	**697**	**5,687**	**3,197**	**10,395**
Net book value						
As of 31 December 2021G	**5,344**	**3,867**	**274**	**1,907**	**243**	**11,635**
As of 30 June 2022G	**5,344**	**3,752**	**455**	**1,961**	**200**	**11,712**

Source: The Group's audited consolidated financial statements for the financial year ended 31 December 2021G, the reviewed consolidated interim financial statements for the six-month period ended 30 June 2022G, and management information for the six-month period ended 30 June 2022G.

Property and equipment are stated at cost less accumulated depreciation. Depreciation costs are calculated on a straight-line basis by category.

6.12.4.1 Land

The value of land amounted to SAR 5.3 million over the period from 2019G to 30 June 2022G, mainly in connection with the land owned by the Group on which its head office building is located.

6.12.4.2 Buildings

The buildings relate primarily to the Group's head office buildings. The net book value of buildings decreased from SAR 3.9 million as of 31 December 2021G to SAR 3.8 million as of 30 June 2022G as a result of depreciation charges amounting to SAR 114 thousand during the six-month period ended 30 June 2022G.

6.12.4.3 Leasehold Improvements

Leasehold improvements pertain to improvements and renovations to worker accommodation buildings as per the requirements set by the Ministry of Human Resources.

The net book value of leasehold improvements increased from SAR 274 thousand as of 31 December 2021G to SAR 455 thousand as of 30 June 2022G as a result of additions to leasehold improvements amounting to SAR 265 thousand. This was partly offset by depreciation charges during the period amounting to SAR 84 thousand.

6.12.4.4 Furniture, Fixtures and Office Equipment

Furniture, fixtures and office equipment includes furniture for worker accommodation buildings as well as some office equipment for the head office and branches. The net book value increased slightly from SAR 1.9 million as of 31 December 2021G to SAR 2.0 million as of 30 June 2022G as a result of additions to furniture, fixtures and office equipment amounting to SAR 492 thousand. This was partially offset by depreciation charges during the period amounting to SAR 436 thousand.

6.12.4.5 Vehicles

Vehicles represents the vehicles owned by the Group, which are mainly used to transport workers in the Individual Segment – Hourly Rental to and from their accommodation to customer premises. The Group has changed its strategy over the past few years in terms of a shift from purchasing vehicles to leasing vehicles.

The net book value of vehicles decreased from SAR 243 thousand as of 31 December 2021G to SAR 200 thousand as of 30 June 2022G as a result of depreciation charges of SAR 44 thousand during the six-month period ended 30 June 2022G.

6.12.5 Right-of-Use Assets

The following table shows the right-of-use assets as of 31 December 2021G and 30 June 2022G:

Table No. (6.90): Right-of-Use Assets as of 31 December 2021G and 30 June 2022G

SAR '000	Right-of-Use Assets
Right-of-use	
As of 31 December 2020G	**41,281**
Additions during the year	6,730
Disposals during the year	(1,942)
As of 31 December 2021G	**46,068**
Additions during the period	3,621
Disposals during the period	(130)
As of 30 June 2022G	**49,559**
Depreciation	
As of 31 December 2020G	**(15,830)**
Depreciation during the year	(10,930)
Disposals during the year	1,137
As of 31 December 2021G	**(25,623)**
Depreciation during the period	(6,250)
Disposals during the period	130
As of 30 June 2022G	**(31,744)**
Net book value for right-of-use	
As of 31 December 2020G	**20,445**
As of 31 December 2021G	**17,815**

Source: The Group's audited consolidated financial statements for the financial year ended 31 December 2021G and management information for the six-month period ended 30 June 2022G.

Right-of-use assets pertain to the right-of-use of operating leases in compliance with IFRS 16. Right-of-use assets relate to branch and worker accommodation buildings and vehicles used for the transportation of workers.

Right-of-use assets decreased from SAR 20.4 million as of 31 December 2021G to SAR 17.8 million as of 30 June 2022G due to depreciation charges of SAR 6.3 million during the period, related to the depreciation of buildings (SAR 2.9 million) and vehicles (SAR 3.4 million). This was partly offset by additions (SAR 1.0 million) in relation to the two new buildings for the Tabuk branch and the Hemma Tabuk branch (SAR 762 thousand), the renovation of the Al Qaseem branch building (SAR 173 thousand), an accommodation building in Riyadh for the maintenance team (SAR 89 thousand), an accommodation building in Ar Rawdah for female workers (SAR 717 thousand) and 18 new vehicles (SAR 1.9 million).

6.12.6 Current Assets

The following table shows the current assets as of 31 December 2021G and 30 June 2022G:

Table No. (6.91): Current Assets as of 31 December 2021G and 30 June 2022G

SAR '000	As of 31 December	As of 30 June
	2021G Audited	2022G Reviewed
Due from Related Parties	52,390	60,451
Prepaid expenses and other current assets	136,165	133,030
Trade receivables	84,164	115,278
Investments at FVTPL	30,388	15,407
Cash and cash equivalents	26,627	50,663
Total current assets	**329,735**	**374,829**

Source: The Group's audited consolidated financial statements for the financial year ended 31 December 2021G and the reviewed consolidated interim financial statements for the six-month period ended 30 June 2022G.

Current assets increased from SAR 329.7 million as of 31 December 2021G to SAR 374.8 million as of 30 June 2022G, mainly due to:

- an increase in cash and cash equivalents, from SAR 26.6 million as of 31 December 2021G to SAR 50.7 million as of 30 June 2022G;
- an increase in trade receivables, from SAR 84.2 million as of 31 December 2021G to SAR 115.3 million as of 30 June 2022G; and
- an increase in dues from Related Parties, from SAR 52.4 million as of 31 December 2021G to SAR 60.5 million as of 30 June 2022G, which was partly offset by;
- a decrease in investments at fair value through profit or loss, from SAR 30.4 million as of 31 December 2021G to SAR 15.4 million as of 30 June 2022G.

6.12.7 Due from Related Parties

Related Parties represent Executive Management personnel, members of the Board of Directors, shareholders of the Group and their associates. Transactions with Related Parties are carried out in accordance with the terms and conditions approved by the Group's management or Board of Directors and relate to receivables from Related Parties mainly in relation to revenue generated from the provision of manpower services.

The following table shows the compensation of Executive Management personnel as of 31 December 2021G and 30 June 2022G:

Table No. (6.92): Compensation of Executive Management Personnel as of 31 December 2021G and 30 June 2022G

SAR '000	As of 31 December	As of 30 June
	2021G Audited	2022G Reviewed
Employee salaries and other short-term benefits	7,354	4,057
Post-employment benefits	279	160
Total compensation of Executive Management personnel	**7,633**	**4,218**

Source: The Group's audited consolidated financial statements for the financial year ended 31 December 2021G and the reviewed consolidated interim financial statements for the six-month period ended 30 June 2022G.

The following table shows the remuneration and allowances of members of the Board of Directors as of 31 December 2021G and 30 June 2022G:

Table No. (6.93): Remuneration and Allowances of Members of the Board of Directors as of 31 December 2021G and 30 June 2022G

SAR '000	As of 31 December	As of 30 June
	2021G Audited	2022G Reviewed
Board remuneration	1,300	650
Allowances and remuneration of Board Committee members	92	36
Total remuneration and allowances of Board members	**1,392**	**686**

Source: The Group's audited consolidated financial statements for the financial year ended 31 December 2021G and the reviewed consolidated interim financial statements for the six-month period ended 30 June 2022G.

The following table shows the amounts due from Related Parties as of 31 December 2021G and 30 June 2022G:

Table No. (6.94): Amounts Due from Related Parties as of 31 December 2021G and 30 June 2022G

SAR '000	As of 31 December	As of 30 June
	2021G Audited	2022G Reviewed
Almawarid kom Trading Group	31,600	35,080
Al-Ayuni Investment and Contracting Company	17,765	19,712
Other Related Parties	3,026	5,659
Total amounts due from Related Parties	**52,390**	**60,451**

Source: The Group's audited consolidated financial statements for the financial year ended 31 December 2021G and the reviewed consolidated interim financial statements for the six-month period ended 30 June 2022G.

Amounts due from Related Parties increased from SAR 52.4 million as of 31 December 2021G to SAR 60.5 million as of 30 June 2022G, in line with an increase in revenue from Related Parties, in addition to a slowdown in cash collection.

6.12.7.1 Almawarid kom Trading Group (a shareholder)

The balance due from Almawarid kom Trading Group (a shareholder) increased from SAR 31.6 million as of 31 December 2021G to SAR 35.1 million as of 30 June 2022G, due to an increase in receivables resulting from new revenue generated during the period amounting to SAR 25.5 million, in addition to an increase in balances paid on behalf of Related Parties with respect to the normal business activities of the Group. It should be noted that the total balance of SAR 2.7 million (approximately 8.5 per cent. of the total as of 31 December 2021G and 7.7 per cent. of the total as of 30 June 2022G) remains outstanding for more than one year as of 31 December 2021G and 30 June 2022G, however this balance was partially collected in the period subsequent to the six-month period ended 30 June 2022G.

6.12.7.2 Al-Ayuni Investment and Contracting Company (a shareholder)

The balance due from Al-Ayuni Investment and Contracting Company (a shareholder) increased from SAR 17.8 million as of 31 December 2021G to SAR 19.7 million as of 30 June 2022G as a result of new revenue generated during the period amounting to SAR 21.4 million, as the number of the Group's workers invoiced to Al-Ayuni Company increased from 464 as of 31 December 2021G to 864 as of 30 June 2022G.

6.12.7.3 Other Related Parties

Amounts due from other Related Parties increased from SAR 3.0 million as of 31 December 2021G to SAR 5.7 million as of 30 June 2022G, as a result of new revenue generated during the period amounting to SAR 6.0 million, in addition to Government fees paid on behalf of the Related Parties in connection with the workers working for them, which amounted to SAR 1.1 million. This was partially offset by payments during the period amounting to SAR 4.4 million in the financial period 2022G.

6.12.8 Prepaid Expenses and Other Current Assets

The following table shows the prepaid expenses and other current assets as of 31 December 2021G and 30 June 2022G:

Table No. (6.95): Prepaid Expenses and Other Current Assets as of 31 December 2021G and 30 June 2022G

SAR '000	As of 31 December	As of 30 June
	2021G Audited	2022G Reviewed
Due from the ZATCA	45,623	42,795
Recruitment fees - current portion	24,616	36,657
Residence and work permit fees	35,333	15,373
Unused visas - current portion	10,206	9,645
Used visas - current portion	5,321	9,213
Advances to employees	4,315	2,502
Prepayments to suppliers	3,409	5,310
Other prepaid expenses	2,557	4,244
Other	5,895	8,403
Total	**137,276**	**134,141**
Less: impairment of other current assets	(1,111)	(1,111)
Total prepaid expenses and other current assets	**136,165**	**133,030**

Source: The Group's audited consolidated financial statements for the financial year ended 31 December 2021G and the reviewed consolidated interim financial statements for the six-month period ended 30 June 2022G.

6.12.8.1 Due from the ZATCA

Due from the ZATCA represents balances paid to ZATCA in the amount of SAR 22.0 million in the financial year ended 31 December 2020G (for the periods from May 2018G to December 2019G) and SAR 26.5 million in the financial year ended 31 December 2021G (for the periods from January 2019G to February 2021G), and represents the value of VAT differences on salaries and Government fees for workers seconded to the Group's customers, as a result of ZATCA's re-evaluation of VAT returns submitted by the Company and the calculation of tax on salaries and Government fees for workers seconded by the Group to its customers, in violation of the value-added tax law, its implementing regulations and the guidelines for applying VAT to employee benefits. The Group's management paid the total tax differences to benefit from ZATCA's initiative of exemption from fines that existed at the time.

The Group filed objections to this assessment in March 2021G. However, ZATCA rejected the objections submitted against the final tax assessments, which prompted the Group to file a grievance against ZATCA's decision with the General Secretariat of Zakat, Tax and Customs Committees and issue debit notes to its customers and Related Parties for the VAT differences related to the workers seconded to them throughout the historical period in a total amount of SAR 48.5 million.

In addition, the Group decided to change the method of calculating VAT to include the salaries of seconded workers and any other items included in the invoices as of March 2021G until the dispute is settled.

Certain customers have paid the VAT differences related to their workers amounting to SAR 5.3 million, while others have requested a deferment of payment until the dispute is finally settled by the General Secretariat of Zakat, Tax and Customs Committees.

In January and February of 2022G, the Company received a formal decision from the General Secretariat of Zakat, Tax and Customs Committees for all cases filed with it (20 months), in which ZATCA's decision to re-evaluate the returns submitted by the Company was overturned. ZATCA appealed the decisions of the Tax Committee in March 2022G, and in April 2022G, the Company submitted a memorandum of response to ZATCA's appeal. On 26 Jumada al-Ula 1444H (corresponding to 20 December 2022G), the General Secretariat of Zakat, Tax and Customs Committees informed the Company's tax advisor that ZATCA has withdrawn its appeal to the General Secretariat of Zakat, Tax and Customs Committees' verdict. Accordingly, the ruling became final and the decision of ZATCA, which obliges the Company to pay the VAT discrepancies was overturned. As a result, the Company recovered part of the amounts of tax discrepancies paid to ZATCA with an amount of SAR 45.0 million, as the Company received from ZATCA an amount of SAR 18.5 million on 22 Rajab 1444H (corresponding to 13 February 2023G), and an amount of SAR 26.5 million on 24 Sha'ban 1444H (corresponding to 16 March 2023G).

6.12.8.2 Recruitment Fees - Current Portion

Recruitment fees - current portion relate to the fees paid in advance by the Group for recruitment agencies to provide it with workers. Mawarid operates in around 12 countries worldwide and works with around 5 agents per country. These prepayments are usually related to workers coming from various countries, including Indonesia and African countries. Recruitment fees of 25.0 per cent. are usually paid in advance and the remaining 75.0 per cent. is settled once the worker arrives in the Kingdom. Recruitment fees paid in advance increased from SAR 24.6 million as of 31 December 2021G to SAR 36.7 million as of 30 June 2022G, in line with an increase in the number of contracted workers to 9,661 in the six-month period ended 30 June 2022G, especially in relation to female Indonesian workers, in preparation for the peak Ramadan season.

6.12.8.3 Residence and Work Permit Fees

Residence and work permit fees include annual residence and work permit fees which are amortised over a period of 12 months (the permit validity period). Residence and work permit fees are set at SAR 750 per worker per year for the Individual Segment (SAR 650 for a residence permit and SAR 100 for a work ID card), while fees for workers in the Corporate Segment amount to SAR 10,350 (approximately SAR 9,600 for a work permit, SAR 650 for a residence permit and SAR 100 for a work ID card).

Prepaid residence and work permit fees decreased from SAR 35.3 million as of 31 December 2021G to SAR 15.4 million as of 30 June 2022G, following a change in the payment terms of the licence fees from an annual to a quarterly basis.

6.12.8.4 Unused Visas - Current Portion

The following table shows the unused visas - current portion as of 31 December 2021G and 30 June 2022G:

Table No. (6.96): Unused Visas - Current Portion as of 31 December 2021G and 30 June 2022G

SAR '000	As of 31 December	As of 30 June
	2021G Audited	2022G Reviewed
Beginning of the year/period	25,342	27,784
Visas purchased during the year/period	22,894	22,550
Expired visas refunded during the year/period	(2,996)	(7,214)
Transferred to used visas during the year/period	(17,456)	(18,656)
Unused visas at the end of the year/period	**27,784**	**24,464**
Less: unused visa balance - non-current portion	(17,578)	(14,819)
Unused visa balance - current portion	**10,206**	**9,645**

Source: The Group's audited consolidated financial statements for the financial year ended 31 December 2021G and the reviewed consolidated interim financial statements for the six-month period ended 30 June 2022G.

Unused visas pertain to work permits issued to expat workers recruited by the Group which allow them entry to the Kingdom. Unused visas represent the value of visas paid to Government entities that have not been used as of the date of the statement of financial position. Unused visa amounts are transferred to used visas upon the arrival of the recruited manpower in the Kingdom. The visas are valid for a period of two years, and are amortised as an expense in the consolidated statement of profit or loss using the straight-line method over the worker's two-year contract period. The non-current portion is recorded under non-current assets.

The total current portion of unused visas decreased from SAR 10.2 million as of 31 December 2021G to SAR 9.6 million as of 30 June 2022G.

6.12.8.5 Used Visas - Current Portion

The following table shows the movement in used visas as of 31 December 2021G and 30 June 2022G:

Table No. (6.97): Movement in Used Visas as of 31 December 2021G and 30 June 2022G

SAR '000	As of 31 December	As of 30 June
	2021G Audited	2022G Reviewed
Balance as of 1 January	5,386	12,052
Used visas transferred during the year/period	17,901	19,094
Amortisation during the year/period	(11,235)	(17,933)
Balance at the end of the year/period	**12,052**	**13,212**
Less: used visas - non-current portion	(6,731)	(4,000)
Used visas - current portion	**5,321**	**9,213**

Source: The Group's audited consolidated financial statements for the financial year ended 31 December 2021G and the reviewed consolidated interim financial statements for the six-month period ended 30 June 2022G.

Used visas pertain to work visas issued to expat workers recruited by the Group which allow them entry to the Kingdom. Unused visas represent the value of the visas paid to Government entities that have not been used as of the date of the statement of financial position. Unused visa amounts are transferred to used visas upon the arrival of the recruited manpower in the Kingdom. The visas are valid for a period of two years and are amortised as an expense in the consolidated statement of profit or loss using the straight-line method over the worker's two-year contract period. The current portion that pertains to the next year is recorded as advance visas within prepaid expenses and other current assets.

The total current portion of used visas increased from SAR 5.3 million as of 31 December 2021G to SAR 9.2 million as of 30 June 2022G.

6.12.8.6 Advances to Employees

Advances to employees include:

- **staff loans** granted mainly to head office employees, at two months of their basic salary and repayable over a period of six months. Employees are entitled to loans at any time during their employment, based on specific conditions in accordance with the approved human resources regulations; and
- **worker loans,** where each worker receives a balance of SAR 300 upon arrival in the Kingdom, and this balance is repayable over a period of three months.

Advances to employees include staff loans for the Group's main entity, as well as worker loans for manpower.

Advances to employees decreased from SAR 4.3 million as of 31 December 2021G to SAR 2.5 million as of 30 June 2022G, due to a decrease in worker loans following settlements from employees.

6.12.8.7 Prepayments to Suppliers

Prepayments to suppliers include advances paid to local and overseas suppliers in accordance with the terms of their contractual agreements. Advances to suppliers increased from SAR 3.4 million as of 31 December 2021G to SAR 5.3 million as of 30 June 2022G, due to an increase in advances paid to overseas suppliers (SAR 1.2 million), as the Group began dealing with new suppliers in the six-month period ended 30 June 2022G, following an increase in the number of available workers from 15,948 as of 31 December 2021G to 21,685 as of 30 June 2022G.

6.12.8.8 Other Prepaid Expenses

Other prepaid expenses include prepayments of medical licences (mainly for nurses), insurance, Government fees, compliance fees, and other expenses.

Other prepaid expenses increased from SAR 2.6 million as of 31 December 2021G to SAR 4.2 million as of 30 June 2022G, due to:

- an increase in the value of the prepaid letter of guarantee fees (SAR 716 thousand) as a result of extending the guarantee term for an additional ten years;
- an increase in the expenses of prepaid driving licences (SAR 547 thousand) following an increase in the cost of obtaining a licence for each driver from SAR 80 to SAR 350 per driver at the end of FY 31 December 2021G;
- an increase in the value of prepaid equipment and software maintenance (SAR 358 thousand); and
- an increase in the value of prepaid subscriptions (SAR 163 thousand) related to the "Simah" app to track the credit rating of customers.

6.12.8.9 Other

Other current assets increased from SAR 5.9 million as of 31 December 2021G to SAR 8.4 million as of 30 June 2022G, mainly in relation to prepayments for initial public offering expenses. This was offset by a decrease in unbilled costs (SAR 2.8 million).

6.12.8.10 Impairment of Other Current Assets

The following table shows the movement in impairment of prepaid expenses and other current assets as of 31 December 2021G and 30 June 2022G:

Table No. (6.98): Movement in Impairment of Prepaid Expenses and Other Current Assets as of 31 December 2021G and 30 June 2022G

SAR '000	As of 31 December	As of 30 June
	2021G Audited	2022G Reviewed
Balance as of 1 January	2,711	1,111
Provided during the year/period	-	-
Trade receivables written-off during the year/period	(1,601)	-
Balance at the end of year/period	**1,111**	**1,111**

Source: The Group's audited consolidated financial statements for the financial year ended 31 December 2021G and the reviewed consolidated interim financial statements for the six-month period ended 30 June 2022G.

Impairment of other current assets represents the provision on other current assets in compliance with IFRS 9 expected credit loss model. Impairment of other current assets remained stable at SAR 1.1 million as of 30 June 2022G, as no additional impairments were recorded by management in the six-month period ended 30 June 2022G.

6.12.9 Trade Receivables

The following table shows the trade receivables as of 31 December 2021G and 30 June 2022G:

Table No. (6.99): Trade Receivables as of 31 December 2021G and 30 June 2022G

SAR '000	As of 31 December	As of 30 June
	2021G Audited	2022G Reviewed
Trade receivables	112,684	146,103
Less: provision for expected credit losses	(28,520)	(30,826)
Net trade receivables	**84,164**	**115,278**

Source: The Group's audited consolidated financial statements for the financial year ended 31 December 2021G and the reviewed consolidated interim financial statements for the six-month period ended 30 June 2022G.

6.12.9.1 Trade Receivables

The fair value of trade receivables is equal to the book value of such receivables as of 31 December 2021G, 2020G and 2019G, as they fall due within 12 months from the date of the consolidated statement of financial position.

Trade receivables represent receivables from corporate clients and individual customers for manpower services for which performance obligations have been fulfilled and invoices have been issued.

Trade receivables mainly include receivables from:

- **corporate clients,** who usually settle payments upon receipt of invoices as per the contractual agreement, which are typically within 60 days of the date the invoice is issued; and
- **individual customers,** who usually settle their payments to the Group in advance, except in the case of the automatic renewal/extension of the service if the customer is satisfied with the services provided by the Group, in which case the Group facilitates the repayment terms.

Trade receivables increased from SAR 112.7 million as of 31 December 2021G to SAR 146.1 million as of 30 June 2022G, mainly in relation to outstanding receivables from El Seif Engineering Contracting Company amounting to SAR 30.0 million as of 30 June 2022G, compared to SAR 2.3 million as of 31 December 2021G. This is in addition to an increase in outstanding receivables from Afras Trading Company (SAR 6.4 million as of 30 June 2022G, compared to SAR 3.8 million as of 31 December 2021G) and an increase in receivables from Al Majal Company (SAR 7.5 million as of 30 June 2022G, compared to SAR 2.7 million as of 31 December 2021G), in line with an increase in revenue generated from such customers. It should be noted that the total trade receivables as of 31 December 2021G and 30 June 2022G include an amount of SAR 22.0 million secured by bank guarantees, promissory notes and cheques from customers.

6.12.9.2 Provision for Expected Credit Losses

The following table shows the movement in the provision for expected credit losses as of 31 December 2021G and 30 June 2022G:

Table No. (6.100): Movement in the Provision for Expected Credit Losses as of 31 December 2021G and 30 June 2022G

SAR '000	As of 31 December	As of 30 June
	2021G Audited	2022G Reviewed
Balance as of January	22,827	28,520
Provided during the year/period	8,717	2,306
Trade receivables written-off during the year/period	(3,024)	-
Balance at the end of the year/period	**28,520**	**30,826**

Source: The Group's audited consolidated financial statements for the financial year ended 31 December 2021G and the reviewed consolidated interim financial statements for the six-month period ended 30 June 2022G.

The following table shows the ageing of trade receivables as of 31 December 2021G and 30 June 2022G:

Table No. (6.101): Ageing of Trade Receivables as of 31 December 2021G and 30 June 2022G

SAR '000	Less than 60 days	61-90 days	91-120 days	121-150 days	151-240 days	241-420 days	More than 421 days	Total
30 June 2022G	86,941	8,020	2,334	1,176	2,775	4,040	40,817	146,103
31 December 2021G	52,957	6,917	3,105	2,892	3,490	4,983	38,341	112,684

Source: Management information.

The Group applies the simplified IFRS 9 approach to measure expected credit losses, which uses a lifetime expected loss provision for all trade receivables.

Expected credit losses increased from SAR 28.5 million as of 31 December 2021G to SAR 30.8 million as of 30 June 2022G as a result of additional amounts provided during the six-month period ended 30 June 2022G amounting to SAR 2.3 million.

Trade receivables are usually written-off when there is no reasonable expectation of recovery and when trade receivables have been outstanding for more than 720 days. As of 30 June 2022G, the majority of balances (around 65.0 per cent. of the total) were outstanding for less than 90 days.

It is worth noting that trade receivables due for more than 421 days amounted to SAR 40.8 million as of 30 June 2022G, of which SAR 25.0 million relate to "Matic", a subsidiary of Rashid Al-Rashed and Brothers Trading Company, whose payments were delayed due to COVID-19 challenges.

6.12.10 Investments at Fair Value through Profit or Loss

The following table shows the investments at fair value through profit or loss as of 31 December 2021G and 30 June 2022G:

Table No. (6.102): Investments at Fair Value through Profit or Loss as of 31 December 2021G and 30 June 2022G

SAR '000	As of 31 December	As of 30 June
	2021G Audited	2022G Reviewed
Balance 1 January	45,098	30,388
Additions during the year/period	30,000	7,000
Disposals during the year/period	(45,098)	(22,000)
Change in fair value	388	19
Balance at the end of the year/period	**30,388**	**15,407**

Source: The Group's audited consolidated financial statements for the financial year ended 31 December 2021G and the reviewed consolidated interim financial statements for the six-month period ended 30 June 2022G.

Investments at fair value through profit or loss represent term investments in Al-Rajhi Commodities Mudaraba Saudi Riyal Funds.

The balance decreased from SAR 30.4 million as of 31 December 2021G to SAR 15.4 million as of 30 June 2022G, mainly due to disposals of investments at fair value through profit or loss amounting to SAR 22.0 million. This decrease was partly offset by additional investments amounting to SAR 7.0 million.

6.12.11 Cash and Cash Equivalents

The following table shows the cash and cash equivalents as of 31 December 2021G and 30 June 2022G:

Table No. (6.103): Cash and Cash Equivalents as of 31 December 2021G and 30 June 2022G

SAR '000	As of 31 December	As of 30 June
	2021G Audited	2022G Reviewed
Cash in banks	26,612	50,535
Cash on hand	15	128
Total	**26,627**	**50,663**

Source: The Group's audited consolidated financial statements for the financial year ended 31 December 2021G and the reviewed consolidated interim financial statements for the six-month period ended 30 June 2022G.

Cash and cash equivalents consist of cash deposited in banks in current accounts, cheques under collection, and cash on hand.

Cash and cash equivalents increased from SAR 26.6 million as of 31 December 2021G to SAR 50.7 million as of 30 June 2022G, mainly due to an increase in cash in banks from SAR 26.6 million as of 31 December 2021G to SAR 50.5 million as of 30 June 2022G, mainly due to:

- an increase in cash flows generated from operating activities of SAR 43.9 million on the back of net profit before Zakat of SAR 42.7 million. This was offset by changes in working capital (SAR 17.2 million), as a result of an increase in trade receivables and Related Party balances, which was partially compensated for by an increase in trade payables and other current liabilities; and
- an improvement in net cash flows used in financing activities of SAR 16.5 million, as a result of a decrease in dividend distributions to shareholders and lease liability payments.

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6.12.12 Equity

The following table shows the equity as of 31 December 2021G and 30 June 2022G:

Table No. (6.104): Equity as of 31 December 2021G and 30 June 2022G

SAR '000	As of 31 December	As of 30 June
	2021G Audited	2022G Reviewed
Share capital	100,000	150,000
Statutory reserve	27,695	27,695
Consensual reserve	20,000	-
Retained earnings	85,329	69,422
Total equity	**233,024**	**247,116**

Source: The Group's audited consolidated financial statements for the financial year ended 31 December 2021G and the reviewed consolidated interim financial statements for the six-month period ended 30 June 2022G.

Total equity increased from SAR 233.0 million as of 31 December 2021G to SAR 247.1 million as of 30 June 2022G as a result of an increase in share capital from SAR 100.0 million as of 31 December 2021G to SAR 150.0 million as of 30 June 2022G.

6.12.13 Share Capital

The following table shows the share capital as of 31 December 2021G and 30 June 2022G:

Table No. (6.105): Share Capital as of 31 December 2021G and 30 June 2022G

SAR '000	As of 31 December			As of 30 June		
	2021G Audited			2022G Management Information		
Name of Shareholder	Number of shares	Shareholding (%)	Value	Number of shares	Shareholding (%)	Value
Alomaier Trading and Contracting Company	3,420	34.2%	34,197	5,129	34.2%	51,295
Al-Ayuni Investment and Contracting Company	3,420	34.2%	34,197	5,129	34.2%	51,295
Cherry Trading Company	946	9.5%	9,458	1,419	9.5%	14,186
Khalda Trading Group	722	7.2%	7,215	1,082	7.2%	10,823
Almawarid kom Trading Group	666	6.7%	6,664	1,000	6.7%	9,996
Alsaraya Investment Company	520	5.2%	5,202	780	5.2%	7,802
Riyadh Ibrahim Alromaizan	257	2.6%	2,569	385	2.6%	3,853
Ali Muhammad Ali Aljumaah	40	0.4%	400	30	0.2%	300
Abdullah Muhammad Ali Aljumaah	-	-	-	30	0.2%	300
Abdulaziz Saleh Alsowail	10	0.1%	100	15	0.1%	150
Total	**10,000**	**100%**	**100,000**	**15,000**	**100%**	**150,000**

Source: The Group's audited consolidated financial statements for the financial year ended 31 December 2021G and management information for the six-month period ended 30 June 2022G.

Share capital amounted to SAR 100.0 million as of 31 December 2021G, representing 10 million shares at a nominal value of SAR 10 per share. At its meeting held on 30 May 2022G, the General Assembly agreed to increase the share capital of the Company from SAR 100 million to SAR 150 million, through an increase of SAR 50 million, by transferring SAR 20 million from the consensual reserve account and SAR 30 million from the retained earnings account. Accordingly, the Company's share capital amounted to SAR 150 million as of 30 June 2022G, representing 15 million shares with a nominal value of SAR 10 per share.

6.12.14 Statutory Reserve

The following table shows the statutory reserve as of 31 December 2021G and 30 June 2022G:

Table No. (6.106): Statutory Reserve as of 31 December 2021G and 30 June 2022G

SAR '000	As of 31 December	As of 30 June
	2021G Audited	2022G Reviewed
Statutory reserve	27,695	27,695
Total statutory reserve	**27,695**	**27,695**

Source: The Group's audited consolidated financial statements for the financial year ended 31 December 2021G and the reviewed consolidated interim financial statements for the six-month period ended 30 June 2022G.

In accordance with the Group's Bylaws and Saudi Companies Law, the Group is required to transfer 10.0 per cent. of its annual net income to the statutory reserve until the reserve amounts to 30.0 per cent. of the capital, after obtaining approval at the annual General Assembly meeting. This reserve cannot be distributed to the Group's shareholders.

The statutory reserve amounted to SAR 27.7 million as of 31 December 2021G and 30 June 2022G, respectively.

6.12.15 Consensual Reserve

The following table shows the consensual reserve as of 31 December 2021G and 30 June 2022G:

Table No. (6.107): Consensual Reserve as of 31 December 2021G and 30 June 2022G

SAR '000	As of 31 December	As of 30 June
	2021G Audited	2022G Reviewed
Consensual reserve	20,000	-
Total consensual reserve	**20,000**	**-**

Source: The Group's audited consolidated financial statements for the financial year ended 31 December 2021G and the reviewed consolidated interim financial statements for the six-month period ended 30 June 2022G.

The consensual reserve was created by the Group's shareholders at the General Assembly meetings held on 28 July 2020G and 27 June 2021G, in which they agreed to set aside amounts of SAR 7.7 million and SAR 12.3 million of the net profits of financial years 2019G and 2020G, respectively for the contractual reserve. An amount of SAR 20 million was transferred from the consensual reserve account to contribute to increasing the Company's capital from SAR 100 million to SAR 150 million.

6.12.16 Retained Earnings

The following table shows the retained earnings as of 31 December 2021G and 30 June 2022G:

Table No. (6.108): Retained Earnings as of 31 December 2021G and 30 June 2022G

SAR '000	As of 31 December	As of 30 June
	2021G Audited	2022G Reviewed
Retained earnings	85,329	69,422
Total retained earnings	**85,329**	**69,422**

Source: The Group's audited consolidated financial statements for the financial year ended 31 December 2021G and the reviewed consolidated interim financial statements for the six-month period ended 30 June 2022G.

Retained earnings decreased from SAR 85.3 million as of 31 December 2021G to SAR 69.4 million as of 30 June 2022G, due to the transfer of SAR 30 million from the retained earnings account as a contribution to increasing the Company's capital from SAR 100 million to SAR 150 million.

It is worth noting that at its meeting held on 30 May 2022G, the General Assembly approved to pay cash dividends to shareholders for FY ended 31 December 2021G, in a total amount of SAR 20.0 million, to be paid in two equal payments in the financial year ended 31 December 2022G.

6.12.17 Non-Current Liabilities

The following table shows the non-current liabilities as of 31 December 2021G and 30 June 2022G:

Table No. (6.109): Non-Current Liabilities as of 31 December 2021G and 30 June 2022G

SAR '000	As of 31 December	As of 30 June
	2021G Audited	2022G Reviewed
Employee benefit liabilities	27,585	28,847
Lease liabilities	7,295	6,261
Recruitment agent guarantees	1,173	1,330
Total non-current liabilities	**36,053**	**36,439**

Source: The Group's audited consolidated financial statements for the financial year ended 31 December 2021G and the reviewed consolidated interim financial statements for the six-month period ended 30 June 2022G.

Non-current liabilities increased slightly from SAR 36.1 million as of 31 December 2021G to SAR 36.4 million as of 30 June 2022G, mainly due to an increase in employee benefit liabilities from SAR 27.6 million as of 31 December 2021G to SAR 28.8 million as of 30 June 2022G. This was partly offset by a decrease in lease liabilities from SAR 7.3 million as of 31 December 2021G to SAR 6.3 million as of 30 June 2022G.

6.12.18 Employee Benefit Liabilities

The following table shows the employee benefit liabilities as of 31 December 2021G and 30 June 2022G:

Table No. (6.110): Employee Benefit Liabilities as of 31 December 2021G and 30 June 2022G

SAR '000	As of 31 December	As of 30 June
	2021G Audited	2022G Reviewed
Balance as of 1 January	21,726	27,585
Current service cost	10,208	6,190
Interest expenses	242	307
Payments and settlements	(6,634)	(2,888)
Remeasurement loss (profit)	2,043	(2,347)
Balance at the end of the year/period	**27,585**	**28,847**

Source: The Group's audited consolidated financial statements for the financial year ended 31 December 2021G and the reviewed consolidated interim financial statements for the six-month period ended 30 June 2022G.

The following table shows the movement in amounts recognised in the consolidated statement of profit or loss and other comprehensive income related to employee end benefit liabilities as of 31 December 2021G and 30 June 2022G:

Table No. (6.111): Movement in Amounts Recognised in the Consolidated Statement of Profit or Loss and Other Comprehensive Income related to Employee End Benefit Liabilities as of 31 December 2021G and 30 June 2022G

SAR '000	As of 31 December	As of 30 June
	2021G Audited	2022G Reviewed
Current service cost	(10,208)	(6,190)
Interest expenses	(242)	(307)
Total amounts recognised in profit or loss	**(10,450)**	**(6,497)**
Remeasurement		
Gain/(loss) on remeasurement of employee benefit liabilities	(2,043)	2,347

Source: The Group's audited consolidated financial statements for the financial year ended 31 December 2021G and the reviewed consolidated interim financial statements for the six-month period ended 30 June 2022G.

The calculation of end of service benefits is based on the Group's policy in accordance with IAS 19 requirements, assuming future salary growth and using a discount rate with a high employee turnover rate and retirement age.

Employee benefit liabilities increased from SAR 27.6 million as of 31 December 2021G to SAR 28.8 million as of 30 June 2022G in line with an increase in the headcount and number of years of service of employees and changes in actuarial assumptions.

6.12.19 Lease Liabilities

The following table shows the lease liabilities as of 31 December 2021G and 30 June 2022G:

Table No. (6.112): Lease Liabilities as of 31 December 2021G and 30 June 2022G

SAR '000	Lease Liabilities
Liabilities	
As of 31 December 2020G	**41,281**
Additions for the year	6,730
Disposals for the year	(741)
As of 31 December 2021G	**47,269**
Additions for the period	3,621
Disposals for the period	-
As of 30 June 2022G	**50,890**
Repayment	
As of 31 December 2020G	**(16,443)**
Finance cost during the year	1,070
Payments during the year	(12,385)
As of 31 December 2021G	**(27,758)**
Finance cost during the period	471
Payments during the period	(7,125)
As of 30 June 2022G	**(34,412)**
Net book value of liabilities	
As of 31 December 2021G	**19,511**
As of 30 June 2022G	**16,477**

Source: The Group's audited consolidated financial statements for the financial year ended 31 December 2021G and management information for the six-month period ended 30 June 2022G.

The following table shows the lease liabilities as of 31 December 2021G and 30 June 2022G:

Table No. (6.113): Lease Liabilities as of 31 December 2021G and 30 June 2022G

SAR '000	As of 31 December	As of 30 June
	2021G Audited	2022G Reviewed
Lease liabilities - current portion	12,216	10,216
Lease liabilities - non-current portion	7,295	6,261
Total	**19,511**	**16,477**

Source: The Group's audited consolidated financial statements for the financial year ended 31 December 2021G and the reviewed consolidated interim financial statements for the six-month period ended 30 June 2022G.

Lease liabilities relate to the right-of-use of operating lease assets in accordance with IFRS 16, which is effective for annual periods beginning on or after 1 January 2019G.

Lease liabilities decreased from SAR 19.5 million as of 31 December 2021G to SAR 16.5 million as of 30 June 2022G, mainly due to the payment of rental costs during the six-month period ended 30 June 2022G (SAR 7.1 million). This was partially offset by additions amounting to SAR 3.6 million.

6.12.20 Recruitment Agent Guarantees

The following table shows the recruitment agent guarantees as of 31 December 2021G and 30 June 2022G:

Table No. (6.114): Recruitment Agent Guarantees as of 31 December 2021G and 30 June 2022G

SAR '000	As of 31 December	As of 30 June
	2021G Audited	2022G Reviewed
Recruitment agent guarantees	1,173	1,330

Source: The Group's audited consolidated financial statements for the financial year ended 31 December 2021G and the reviewed consolidated interim financial statements for the six-month period ended 30 June 2022G.

Recruitment agent guarantees increased from SAR 1.2 million as of 31 December 2021G to SAR 1.3 million as of 30 June 2022G, due to changes in the number of recruitment agents and the guarantee amounts agreed upon with them, in addition to the amounts used from those guarantees during the financial periods.

6.12.21 Current Liabilities

The following table shows the current liabilities as of 31 December 2021G and 30 June 2022G:

Table No. (6.115): Current Liabilities as of 31 December 2021G and 30 June 2022G

SAR '000	As of 31 December	As of 30 June
	2021G Audited	2022G Reviewed
Trade payables and other current liabilities	108,484	137,166
Retained deposits	7,752	7,998
Lease liabilities	12,216	10,216
Due to Related Parties	728	908
Zakat provision	6,788	3,909
Total current liabilities	**135,968**	**160,196**

Source: The Group's audited consolidated financial statements for the financial year ended 31 December 2021G and the reviewed consolidated interim financial statements for the six-month period ended 30 June 2022G.

Current liabilities increased from SAR 136.0 million as of 31 December 2021G to SAR 160.2 million as of 30 June 2022G, as a result of an increase in trade payables and other current liabilities from SAR 108.5 million as of 31 December 2021G to SAR 137.2 million as of 30 June 2022G. This was partially offset by a decrease in lease liabilities from SAR 12.2 million as of 31 December 2021G to SAR 10.2 million as of 30 June 2022G, as well as a decrease in the Zakat provision from SAR 6.8 million as of 31 December 2021G to SAR 3.9 million as of 30 June 2022G.

6.12.22 Trade Payables and Other Current Liabilities

The following table shows the trade payables and other current liabilities as of 31 December 2021G and 30 June 2022G:

Table No. (6.116): Trade Payables and Other Current Liabilities as of 31 December 2021G and 30 June 2022G

SAR '000	As of 31 December	As of 30 June
	2021G Audited	2022G Reviewed
Accrued vacation and airline tickets	38,653	39,679
Accrued salaries and benefits	23,523	34,729
Contract liabilities	18,706	25,033
Trade payables	10,580	4,847
Financial consideration	256	256
Value-added tax (VAT)	8,377	11,204
Accrued commission	1,406	781
Renumeration and allowances of members and Committees of the Board of Directors	1,516	1,029
Accrued social insurance	1,270	1,704
Due Dividends	-	11,828
Other	4,197	6,076
Total trade payables and other current liabilities	**108,484**	**137,166**

Source: The Group's audited consolidated financial statements for the financial year ended 31 December 2021G and the reviewed consolidated interim financial statements for the six-month period ended 30 June 2022G.

6.12.22.1 Accrued Vacation and Airline Tickets

Employees of the Group's main entity are entitled to paid vacation leave of up to 30-35 days per year in accordance with Saudi Labour Law. Annual vacations range as follows:

- 15 to 21 days per year for regular employees based on their contracts;
- 30 days per year for head office employees; and
- 35 days per year for executive employees.

Air ticket allowance is calculated based on the estimated average price per destination country for non-Saudi employees, multiplied by the number of workers estimated to travel to each country once their contract ends. It should be noted that entitlement to the ticket price is configured on a monthly basis over a period of two years depending on the duration of the contract.

Accrued vacation leave and airline tickets increased from SAR 38.7 million as of 31 December 2021G to SAR 39.7 million as of 30 June 2022G, primarily driven by an increase in the average number of workers available from 15,948 as of 31 December 2021G to 21,685 as of 30 June 2022G.

6.12.22.2 Accrued Salaries and Bonuses

Accrued salaries and bonuses relate to the following:

- workers' salaries for the month of June, related to the timesheets that were submitted by corporate clients in the first few days of July in the subsequent period; and
- employee accrued annual bonuses, which are in the range of one to three times the basic monthly salary for employees, and up to five months for the general manager, depending on the yearly performance review of employees. This calculation excludes selling and marketing employees who receive monthly commissions and any other employees who are subject to the commission regulations.

Accrued salaries and bonuses increased from SAR 23.5 million as of 31 December 2021G to SAR 34.7 million as of 30 June 2022G, in line with an increase in the average number of workers available (5,737), coupled with delays in the settlement of salaries due to delays in the receipt of invoice amounts from some customers.

6.12.22.3 Contract Liabilities

Contract liabilities pertain mainly to deferred revenue - amounts collected in advance from individual customers (Contractual and Hourly Rental) when signing contracts for the provision of manpower services. Such balances are amortised over the duration of the contract.

Contract liabilities increased from SAR 18.7 million as of 31 December 2021G to SAR 25.0 million as of 30 June 2022G, due to an increase in amounts collected in advance from individual customers (SAR 6.2 million) for the provision of manpower services, in line with an increase in revenue and the number of new contracts signed as a result of an increase in the average number of workers available in the Individual Segment – Contractual (SAR 26.4 million).

6.12.22.4 Trade Payables

Trade payables mainly pertain to outstanding payables to recruitment agencies, insurance companies, technology solution suppliers, ticketing and travel agencies, car rental companies and uniform suppliers, among others. Credit terms with local suppliers usually fall in an average range of 30 to 45 days from receipt of invoice. It is worth noting that the Group pays its overseas suppliers in advance in order to secure certain workers. Accordingly, days payable outstanding remained relatively low at an average of 6 days over the historical period, as most of the trade payables were settled to overseas suppliers in advance.

Trade payables decreased from SAR 10.6 million as of 31 December 2021G to SAR 4.8 million as of 30 June 2022G, mainly due to the settlement of payables to Walaa Insurance Company ("Walaa") (SAR 2.9 million), Al Fares International for Travel and Tourism (SAR 1.0 million) and Enjaz Almanar (SAR 456 thousand).

6.12.22.5 Financial Consideration

In the financial year ended 31 December 2017G, the Government announced an increase in expatriate fees effective as of January of the financial year ended 31 December 2018G. Accordingly, the Government sent an invoice to the Group with a total balance of SAR 15.3 million to be paid in 3 instalments. The Group settled two instalments in a total amount of SAR 10.2 million and charged these expatriate fees to its customers and Related Parties through the issuance of debit notes. In the financial year ended 31 December 2019G, the Government announced an exemption from this liability for companies in compliance with the laws and regulations of the MHRSD; accordingly the Group was exempted from this new regulation and, the expatriate fees already paid by the Group on behalf of its customers were refunded by the Government and recorded as a "financial consideration" credit balance under settlement within trade payables and other current liabilities. The management of the Group decided not to record these refunds under other income until after ensuring the settlement of all liabilities related to the workers of the Group seconded to its customers, and accordingly, these amounts were settled at internals, upon the expiration of customer contracts and receipt of all dues or final approval of the balances of continuing customers. As a result, financial consideration decreased from SAR 11.6 million as of 31 December 2019G to SAR 5.0 million as of 31 December 2020G, and then further to SAR 256 thousand as of 31 December 2021G and 30 June 2022G.

The remaining balance as of 30 June 2022G, amounting to SAR 256 thousand, is payable to the MHRSD and relates to an increase in expatriate fees.

6.12.22.6 Value-Added Tax

Value-added tax increased from SAR 8.4 million as of 31 December 2021G to SAR 11.2 million as of 30 June 2022G, as a result of an increase in the Group's revenue from SAR 325.0 million in the six-month period ended 30 June 2021G to SAR 421.8 million in the six-month period ended 30 June 2022G.

6.12.22.7 Accrued Commission

Accrued commission relates mainly to commissions of sales representatives on new contracts won by the Group in the Corporate segment.

Accrued commission decreased from SAR 1.4 million as of 31 December 2021G to SAR 781 thousand as of 30 June 2022G as a result of the payment of accrued collection commissions (SAR 442 thousand), in addition to the payment of sales commissions (SAR 1.4 million). This was partly offset by additional accruals related to collection commissions of SAR 20 thousand per month and sales commissions of SAR 205 thousand per month.

6.12.22.8 Remuneration and Allowances of Members and Committees of the Board of Directors

Remuneration and allowances of members and Committees of the Board of Directors are calculated at a fixed fee of SAR 200 thousand per Board member per year if they attend all of the sessions; otherwise, they are calculated pro-rata based on the total number of attended sessions per year. Remuneration of the Audit Committee is calculated at a fixed fee of SAR 40 thousand per member per year in the financial year ended 31 December 2019G and was increased to SAR

60 thousand per member per year in the financial years ended 31 December 2020G and 2021G, based on the approval of the shareholders' assembly meeting held on 27 June 2021G (accordingly, changes in the remuneration and allowances for members and Committees of the Board of Directors related to 2020G were recorded and settled in 2021G), in addition to an attendance allowance of SAR 3 thousand per member per session.

Remuneration and allowances for members and Committees of the Board of Directors decreased from SAR 1.5 million as of 31 December 2021G to SAR 1.0 million as of 30 June 2022G, as a result of payments made to Board members (SAR 1.5 million). This was partially offset by additional accruals amounting to SAR 1.0 million in the six-month period ended 30 June 2022G.

6.12.22.9 Accrued Social Insurance

Accrued social insurance relates to the General Organisation for Social Insurance and fluctuates depending on:

- changes in the number of employees in the Group; and
- changes in employee salaries.

Accrued social insurance increased from SAR 1.3 million as of 31 December 2021G to SAR 1.7 million as of 30 June 2022G, in line with an increase in the headcount as well as annual increases in basic salaries.

6.12.22.10 Due Dividends

Due dividends amounted to SAR 11.8 million as of 30 June 2022G, as the General Assembly approved the distribution of cash dividends to shareholders for the year ended 31 December 2021G amounting to SAR 20.0 million in two instalments, in June 2022G (SAR 8.2 million) and November 2022G (SAR 11.8 million). Accordingly, management recorded due dividends amounting to SAR 11.8 million as of 30 June 2022G.

6.12.22.11 Other

Other current liabilities increased from SAR 4.2 million as of 31 December 2021G to SAR 6.1 million as of 30 June 2022G mainly due to an increase in sponsorship transfer payments (SAR 609 thousand), in line with an increase in the number of workers whose sponsorship was transferred from the Group to its customers, in addition to an increase in accrued insurance refunds from Walaa Insurance Company (SAR 561 thousand) whereby it repays the Group for workers who left work before the expiry of their medical insurance period, and an increase in accrued utilities expenses (SAR 405 thousand) due to increased consumption.

6.12.23 Retained Deposits

The following table shows the retained deposits as of 31 December 2021G and 30 June 2022G:

Table No. (6.117): Retained Deposits as of 31 December 2021G and 30 June 2022G

SAR '000	As of 31 December	As of 30 June
	2021G Audited	2022G Reviewed
Retained deposits	7,752	7,998
Total retained deposits	**7,752**	**7,998**

Source: The Group's audited consolidated financial statements for the financial year ended 31 December 2021G and the reviewed consolidated interim financial statements for the six-month period ended 30 June 2022G.

Retained deposits increased from SAR 7.8 million as of 31 December 2021G to SAR 8.0 million as of 30 June 2022G as a result of an increase in deposits paid by the Group's corporate clients for the provision of workers.

6.12.24 Amounts Due to Related Parties

The following table shows the amounts due to related parties as of 31 December 2021G and 30 June 2022G:

Table No. (6.118): Amounts Due to Related Parties as of 31 December 2021G and 30 June 2022G

SAR '000	As of 31 December	As of 30 June
	2021G Audited	2022G Reviewed
Khalda Trading Group	728	858
Other Related Parties	-	50
Total amounts due to Related Parties	**728**	**908**

Source: The Group's audited consolidated financial statements for the financial year ended 31 December 2021G and the reviewed consolidated interim financial statements for the six-month period ended 30 June 2022G.

Amounts due to related parties increased slightly from SAR 728 thousand as of 31 December 2021G to SAR 908 thousand as of 30 June 2022G, mainly in relation to fees payable in exchange for management services provided for some of the Group's projects as well as a guarantee received from a Related Party.

6.12.24.1 Khalda Trading Group (a shareholder)

Amounts due to Khalda Trading Group increased from SAR 728 thousand as of 31 December 2021G to SAR 858 thousand as of 30 June 2022G in relation to management services provided for some of the Group's projects.

6.12.24.2 Other Related Parties

The amounts due to other Related Parties amounted to SAR 50 thousand as of 30 June 2022G.

6.12.25 Zakat Provision

The following table shows the Zakat provision as of 31 December 2021G and 30 June 2022G:

Table No. (6.119): Zakat Provision as of 31 December 2021G and 30 June 2022G

SAR '000	As of 31 December	As of 30 June
	2021G Audited	2022G Reviewed
Balance as of January	6,625	6,788
Prior year differences	194	-
Paid during the year/period	(6,626)	(6,584)
Provision for the year/period	6,595	3,705
Balance at the end of the year/period	**6,788**	**3,909**

Source: The Group's audited consolidated financial statements for the financial year ended 31 December 2021G and the reviewed consolidated interim financial statements for the six-month period ended 30 June 2022G.

The Zakat provision decreased from SAR 6.8 million as of 31 December 2021G to SAR 3.9 million as of 30 June 2022G following the payment of Zakat dues for the year 2021G amounting to SAR 6.6 million during the six-month period ended 30 June 2022G. This was partially offset by an increase in Zakat provisions amounting to SAR 3.7 million in relation to the six-month period ended 30 June 2022G.

6.13 Contingent Liabilities and Commitments

The following table shows the contingent liabilities and commitments as of 31 December 2021G and 30 June 2022G:

Table No. (6.120): Contingent Liabilities and Commitments as of 31 December 2021G and 30 June 2022G

SAR '000	As of 31 December	As of 30 June
	2021G Audited	2022G Reviewed
Employee entitlements	45,400	40,900
Licence guarantee letter	10,000	10,000
Total contingent liabilities and commitments	**55,400**	**50,900**

Source: The Group's audited consolidated financial statements for the financial year ended 31 December 2021G and the reviewed consolidated interim financial statements for the six-month period ended 30 June 2022G.

6.13.1 Employee Entitlements

Employee entitlements represent employee benefit obligations, vacation leave and travel tickets borne by some customers on behalf of the Group in accordance with the terms of their contract upon the expiry of the workers' contracts. Such balances amounted to SAR 45.4 million and SAR 40.9 million as of 31 December 2021G and 30 June 2022G, respectively.

6.13.2 Licence Guarantee Letter

Upon its foundation in 2012G, the Group submitted a letter of guarantee to the MHRSD (formerly the Ministry of Labour) for the issuance of a recruitment licence. The letter was issued upon the incorporation of the Company by Al-Ayuni Investment and Contracting Company (a founding shareholder) on behalf of the Group with a total guarantee amount of SAR 10.0 million, through a cash deposit of SAR 5.0 million, settled by the Group with the shareholder. Accordingly, there is a contingent liability of SAR 5 million as of 31 December 2019G, representing the difference between the value of the letter of guarantee submitted to the MHRSD and the deposit held by the Bank.

In March 2020G, the guarantee letter issued by Al-Ayuni facilities was cancelled and replaced by the issuance of a new letter of guarantee with an extended due date until 2034G in favour of the MHRSD from the Group's facilities with a total amount of SAR 10 million, without any cash in return (valid until 2024G). Accordingly, there is a contingent liability of SAR 10 million as of 31 December 2021G and 30 June 2022G, respectively.

6.14 Statement of Cash Flows

The following table shows the statement of cash flows for the financial year ended 31 December 2021G and the six-month period ended 30 June 2022G:

Table No. (6.121): Statement of Cash Flows for the Financial Year Ended 31 December 2021G and the Six-Month Period Ended 30 June 2022G

SAR '000	Financial Year Ended 31 December	Six-Month Period Ended 30 June
	2021G Audited	2022G Reviewed
Cash flows from operating activities		
Net profit before Zakat	62,450	35,450
Adjustments to non-cash items:		
Impairment loss on trade receivables and other current assets	8,717	2,306
Depreciation on property and equipment	1,706	678
Depreciation on right-of-use assets	10,930	6,250
Finance cost – leases	1,070	471
Amortisation of intangible assets	713	339
Gains on investments at FVTPL	(388)	(19)
Gains/(losses) from disposal of property and equipment	2	(31)
Losses from disposal of right-of-use assets	64	-

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SAR '000	Financial Year Ended 31 December	Six-Month Period Ended 30 June
	2021G Audited	2022G Reviewed
Provision for employee benefit liabilities	10,450	6,497
Changes in working capital:		
Trade receivables	(12,121)	(33,419)
Prepayments and other current assets	(51,430)	3,135
Due to and from Related Parties	(18,780)	(7,881)
Used and unused visas and other non-current assets	(20,910)	3,712
Retained deposits	(953)	246
Trade payables and other current liabilities	4,302	16,854
Recruitment agent guarantees	(563)	157
Interest paid	(1,070)	(471)
Zakat paid	(6,626)	6,584
Employee benefit liabilities paid	(6,634)	(2,888)
Net cash flows generated from/(used in) operating activities	**(19,070)**	**24,802**
Cash flows from investing activities		
Acquisition of investments at FVTPL	(30,000)	(7,000)
Proceeds from sale of investments at FVTPL	45,098	22,000
Acquisition of property and equipment	(791)	(757)
Proceeds from sale of property and equipment	8	33
Acquisition of intangible assets	(1,187)	(216)
Net cash flows generated from investing activities	**13,127**	**14,060**
Cash flows from financing activities		
Dividends paid to shareholders	(20,000)	8,172
Payment of lease liabilities	(11,315)	(6,654)
Net cash flows used in financing activities	**(31,315)**	**(14,826)**
Net change in cash and cash equivalents	(37,259)	24,036
Cash and cash equivalents at the beginning of the year/period	63,886	26,627
Cash and cash equivalents at the end of the year/period	**26,627**	**50,663**
Additional non-cash transactions:		
Write-off of debts and customer settlements	4,624	-
Remeasurements of employee benefit liabilities	2,043	2,347
Additions of right-of-use assets under lease liabilities	6,730	3,621
Dividend distributions	-	11,828
Transferred from consensual reserve to share capital	-	(20,000)
Transferred from retained earnings to share capital	-	(30,000)

Source: The Group's audited consolidated financial statements for the financial year ended 31 December 2021G and the reviewed consolidated interim financial statements for the six-month period ended 30 June 2022G.

6.14.1 Net Cash Flows (Used in)/Generated from Operating Activities

Net cash flows (used in)/generated from operating activities increased from negative SAR 19.1 million as of 31 December 2021G to SAR 24.8 million as of 30 June 2022G, following a net profit before Zakat of SAR 42.7 million. This was offset by working capital changes (SAR 17.2 million), as a result of an increase in trade receivables and Related Party balances, which was partially compensated for by an increase in trade payables and other current liabilities.

6.14.2 Net Cash Flows Generated from Investing Activities

Net cash flows generated from investing activities increased from SAR 13.1 million as of 31 December 2021G to SAR 14.1 million as of 30 June 2022G as a result of a decrease in the acquisition of investments at fair value through profit or loss amounting to SAR 23.0 million, coupled with a decrease in proceeds from the sale of investments at fair value through profit or loss amounting to SAR 23.1 million.

6.14.3 Net Cash Flows Used in Financing Activities

Net cash flows used in financing activities improved from negative SAR 31.3 million as of 31 December 2021G to negative SAR 14.8 million as of 30 June 2022G, due to a decrease in dividend distributions to shareholders in the six-month period ended 30 June 2022G. This was accompanied by a decrease in lease liability payments from negative SAR 11.3 million in the financial year ended 31 December 2021G to negative SAR 6.7 million in the six-month period ended 30 June 2022G.

6.15 Management's Discussion and Analysis of Financial Condition and Results of Operations of Musanid Al Marafiq for Maintenance and Cleaning Company

Management's discussion and analysis which follow provide an analytical review of the financial position and operational performance of the results of Musanid Al Marafiq for Maintenance and Cleaning Company for the financial years ended 31 December 2019G, 2020G, and 2021G and for the six-month periods ended 30 June 2021G and 2022G. The financial information presented in this Section is based on the audited consolidated financial statements of Musanid Al Marafiq for Maintenance and Cleaning Company as of and for the financial years ended 31 December 2019G, 2020G and 2021G as well as management information for the six-month periods ended 30 June 2021G and 2022G. The financial statements of Musanid Al Marafiq for Maintenance and Cleaning Company were prepared in accordance with the International Financial Reporting Standards endorsed in the Kingdom and have been audited by the Auditors.

6.15.1 Statement of Comprehensive Income for the Financial Years Ended 31 December 2019G, 2020G and 2021G and the Six-Month Periods Ended 30 June 2021G and 2022G

The following table shows the statement of comprehensive income for the financial years ended 31 December 2019G, 2020G and 2021G and the Six-Month Periods Ended 30 June 2021G and 2022G:

Table No. (6.122): Statement of Comprehensive Income for the Financial Years Ended 31 December 2019G, 2020G and 2021G and the Six-Month Periods Ended 30 June 2021G and 2022G

SAR '000	Financial Years Ended 31 December			CAGR	Six-Month Periods Ended 30 June		Var. for the Period 30 June
	2019G Audited	2020G Audited	2021G Audited	2019G-2021G	2021G Management Information	2022G Management Information	2021G-2022G
Revenue	59,930	52,028	44,357	(14.0%)	22,481	28,710	27.7%
Cost of revenue	(53,069)	(43,953)	(38,679)	(14.6%)	(19,877)	(24,441)	23.0%
Gross profit	**6,861**	**8,074**	**5,678**	**(9.0%)**	**2,603**	**4,268**	**63.9%**
Selling and marketing expenses	(214)	-	-	(100.0%)	-	-	N/A
General and administrative expenses	(848)	(687)	(637)	(13.3%)	(297)	(384)	29.4%
Impairment loss on receivables	(818)	(636)	(1,017)	11.5%	(210)	(147)	(30.1%)
Income from operations	**4,982**	**6,751**	**4,024**	**(10.1%)**	**2,097**	**3,737**	**78.3%**
Other income	755	894	1,035	17.1%	345	161	(53.3%)
Net income before Zakat	**5,737**	**7,645**	**5,059**	**(6.1%)**	**2,442**	**3,899**	**59.7%**
Zakat expense	(253)	(318)	(342)	16.3%	(130)	(210)	61.5%
Net income for the year/ period after Zakat	**5,484**	**7,327**	**4,717**	**(7.3%)**	**2,312**	**3,689**	**59.6%**
Other comprehensive income for the year/period							
Loss on remeasurement of employee benefit liabilities	(30)	(168)	(82)	65.3%	(41)	3	(108.5%)
Total comprehensive income for the year/period	**5,454**	**7,159**	**4,635**	**(7.8%)**	**2,271**	**3,692**	**62.6%**

Source: The Group's audited consolidated financial statements for the financial years ended 31 December 2019G, 2020G and 2021G and management information for the six-month periods ended 30 June 2021G and 2022G.

6.15.1.1 Revenue

The Company provides manpower to its corporate clients and like the Group, it works in several industries, including construction and contracting, hospitals, restaurants and others.

Revenue decreased by 13.2 per cent. from SAR 59.9 million in the financial year ended 31 December 2019G to SAR 52.0 million in the financial year ended 31 December 2020G, mainly driven by a decrease in the average number of workers invoiced during the period, from 952 in the financial year ended 31 December 2019G to 769 in the financial year ended 31 December 2020G. It is worth noting that several industries were directly affected by COVID-19, following the lockdowns and restrictions imposed due to the pandemic, including construction and restaurants.

Revenue decreased by 14.7 per cent., from SAR 52.0 million in the financial year ended 31 December 2020G to SAR 44.4 million in the financial year ended 31 December 2021G, mainly driven by a decrease in the average number of workers invoiced to 643 in the financial year ended 31 December 2021G as a result of travel restrictions and suspension of flights due to COVID-19.

Revenue increased by 27.7 per cent., from SAR 22.5 million in the six-month period ended 30 June 2021G to SAR 28.7 million in the six-month period ended 30 June 2022G, driven by high market demand, coupled with the lifting of travel restrictions that were imposed due to the COVID-19 pandemic in the financial year ended 31 December 2021G, which resulted in an increase in the average number of workers invoiced from 790 in the six-month period ended 30 June 2021G to 1,402 in the six-month period ended 30 June 2022G.

6.15.1.2 Cost of Revenue

Cost of revenue comprised mainly workers' salaries and related costs, including end of service benefits, vacation pay, accommodation, work permit fees, medical insurance, et cetera.

Cost of revenue decreased by 17.2 per cent., from SAR 53.1 million in the financial year ended 31 December 2019G to SAR 44.0 million in the financial year ended 31 December 2020G, primarily driven by the decrease in workers' salaries, following measures taken by management and the Government to overcome the COVID-19 pandemic. The most prominent of these included the Group's exemption from paying basic salaries to unutilised workers between April 2020G and September 2020G, based on the circular of the MHRSD.

Cost of revenue decreased by 12.0 per cent., from SAR 44.0 million in the financial year ended 31 December 2020G to SAR 38.7 million in the financial year ended 31 December 2021G in line with a decrease in the average number of workers available from 773 in the financial year ended 31 December 2020G to 646 in the financial year ended 31 December 2021G, mainly due to the COVID-19 pandemic, which led to lockdowns and travel restrictions.

Cost of revenue increased by 23.0 per cent., from SAR 19.9 million in the six-month period ended 30 June 2021G to SAR 24.4 million in the six-month period ended 30 June 2022G, in line with an increase in the average number of workers available by 77.4 per cent. from 793 in the six-month period ended 30 June 2021G to 1,407 in the six-month period ended 30 June 2022G, as a result of the lifting of travel restrictions that were imposed due to the COVID-19 pandemic in the financial year ended 31 December 2021G, in addition to high market demand.

6.15.1.3 Selling and Marketing Expenses

Selling and marketing expenses consist primarily of employee salaries and related costs and sales commissions.

Selling and marketing expenses decreased from SAR 214 thousand in the financial year ended 31 December 2019G to nil in the financial years ended 31 December 2020G and 2021G and the six-month period ended 30 June 2022G, due to the transfer of sales staff at the end of the financial year ended 31 December 2019G to other departments in the Group, as the Company started relying on the sales department of the Group.

6.15.1.4 General and Administrative Expenses

General and administrative expenses include salaries and other related employee costs, rent, audit fees, professional fees and Government subscription fees, among others.

General and administrative expenses decreased by 19.0 per cent., from SAR 848 thousand in the financial year ended 31 December 2019G to SAR 687 thousand in the financial year ended 31 December 2020G, mainly driven by a decrease in salaries and insurance expenses of SAR 41 thousand and SAR 30 thousand, respectively, following the resignation of the general manager at the end of the financial year ended 31 December 2019G. It is worth noting that the position is still vacant, and the Company is being managed directly by the Group's management.

General and administrative expenses decreased slightly, from SAR 687 thousand in the financial year ended 31 December 2020G to SAR 637 thousand in the financial year ended 31 December 2021G, mainly driven by a decrease in salaries of SAR 70 thousand, in line with a decrease in the number of employees from 4 in the financial year ended 31 December 2020G to 3 in the financial year ended 31 December 2021G. This was partially offset by an increase in Government subscription fees, bonuses and overtime of SAR 25 thousand and SAR 24 thousand, respectively.

General and administrative expenses increased by 29.4 per cent., from SAR 297 thousand in the six-month period ended 30 June 2021G to SAR 384 thousand in the six-month period ended 30 June 2022G, mainly due to annual increments on basic salaries, which resulted in an increase in social insurance costs, employee benefit liabilities and vacation allowances.

6.15.1.5 Impairment Loss on Receivables

Impairment loss on receivables decreased from SAR 818 thousand in the financial year ended 31 December 2019G to SAR 636 thousand in the financial year ended 31 December 2020G following a decrease in the balance and age of receivables from most customers at the end of the financial year ended 31 December 2020G, due to the follow-up carried out by employees with customers, which improved the collection rate and reduced the expected credit loss provision.

Impairment loss on receivables increased from SAR 636 thousand in the financial year ended 31 December 2020G to SAR 1.0 million in the financial year ended 31 December 2021G, as a result of an increase in provisions at the end of the financial year ended 31 December 2021G compared to 2020G, mainly due to an increase in provisions in relation to the customer "Alawwal Bank" amounting to SAR 680 thousand, as a dispute occurred between the Company and this customer regarding the method of calculating end-of-service benefits for workers, due to the fact that the method used by the customer was in violation of the requirements of Saudi Labour Law. Accordingly, the Company has made a provision amounting to SAR 680 thousand until the dispute is resolved within the legal regulatory framework.

Impairment loss on receivables decreased by 30.1 per cent., from SAR 210 thousand in the six-month period ended 30 June 2021G to SAR 147 thousand in the six-month period ended 30 June 2022G, as a result of improved cash collection, coupled with a decrease in customer receivables.

6.15.1.6 Other Income

Other income consists mainly of worker and employee entitlements no longer required. At the end of each financial year, unpaid provisions no longer required in relation to workers who quit, ran away, or whose contracts were terminated prematurely for various reasons, are transferred to other income.

Other income increased from SAR 755 thousand in the financial year ended 31 December 2019G to SAR 894 thousand in the financial year ended 31 December 2020G and then to SAR 1.0 million in the financial year ended 31 December 2021G.

Other income decreased by 53.3 per cent., from SAR 345 thousand in the six-month period ended 30 June 2021G to SAR 161 thousand in the six-month period ended 30 June 2022G, mainly due to the provisions and entitlements no longer required.

6.15.1.7 Zakat Expense

Zakat is calculated according to the regulations and laws of the Zakat, Tax, and Customs Authority in the Kingdom.

Zakat expense increased from SAR 253 thousand in the financial year ended 31 December 2019G to SAR 318 thousand in the financial year ended 31 December 2020G and then to SAR 342 thousand in the financial year ended 31 December 2021G, following an increase in the Company's profits and an increase in revolving equity (which completed a one-year cycle).

Zakat charges increased by 61.5 per cent., from SAR 130 thousand in the six-month period ended 30 June 2021G to SAR 210 thousand in the six-month period ended 30 June 2022G, following an increase in net income before Zakat from SAR 2.4 million to SAR 3.9 million during the two periods, respectively.

6.15.1.8 Loss on Remeasurement of Employee Benefit Liabilities

Remeasurement of employee benefit liabilities relates to actuarial gains or losses resulting from the remeasurement of employee end-of-service benefit obligations by independent actuaries using the projected credit method, in accordance with IAS 19 requirements, and taking into account the provisions of Saudi Labour Law and Group policies.

The balance as of 31 December 2021G was calculated based on an estimated discount rate of 1.15 per cent., a salary growth rate of 2.0 per cent., and a high employee turnover rate of 50.0 per cent.

Remeasurement loss on employee benefit liabilities increased from SAR 30 thousand in the financial year ended 31 December 2019G to SAR 168 thousand in the financial year ended 31 December 2020G, before decreasing to SAR 82 thousand in the financial year ended 31 December 2021G.

Remeasurement loss on employee benefit liabilities improved from a loss of negative SAR 41 thousand in the six-month period ended 30 June 2021G, to a gain of SAR 3 thousand in the six-month period ended 30 June 2022G.

6.15.2 Statement of Financial Position as of 31 December 2019G, 2020G and 2021G, and 30 June 2022G

The following table shows the statement of financial position as of 31 December 2019G, 2020G and 2021G, and 30 June 2022G:

Table No. (6.123): Statement of Financial Position as of 31 December 2019G, 2020G and 2021G, and 30 June 2022G

SAR '000	As of 31 December			As of 30 June
	2019G Audited	2020G Audited	2021G Audited	2022G Management Information
Non-current assets	17	41	29	22
Current assets	15,843	16,717	18,155	21,836
Total assets	**15,861**	**16,758**	**18,184**	**21,859**
Total equity	**7,767**	**9,926**	**9,561**	**13,254**
Non-current liabilities	834	887	1,139	1,366
Current liabilities	7,260	5,946	7,483	7,240
Total liabilities	**8,094**	**6,832**	**8,622**	**8,605**
Total liabilities and equity	**15,861**	**16,758**	**18,184**	**21,859**

Source: The Group's audited consolidated financial statements for the financial years ended 31 December 2019G, 2020G and 2021G and management information for the six-month period ended 30 June 2022G.

6.15.2.1 Non-Current Assets

Non-current assets consist of the Company's property and equipment.

Non-current assets increased from SAR 17 thousand as of 30 December 2019G to SAR 41 thousand as of 30 December 2020G, due to additions to the head office, mainly in relation to electronic equipment (a screen, an attendance machine, network and printers) amounting to SAR 17 thousand, coupled with additions to furniture and fixtures (chairs, a desk and meeting table) amounting to SAR 13 thousand.

Non-current assets decreased to SAR 29 thousand as of 30 December 2021G, due to depreciation charges for the year of SAR 12 thousand, as the Company did not purchase any additional property or equipment during this period.

Non-current assets decreased from SAR 29 thousand as of 31 December 2021G to SAR 22 thousand as of 30 June 2022G, due to depreciation charges for the six-month period ended 30 June 2022G amounting to SAR 6 thousand, as the Company did not purchase any additional property or equipment during this period.

6.15.2.2 Current Assets

Current assets relate to balances due from Related Parties, prepaid expenses and other current assets, trade receivables and cash at bank.

Current assets increased from SAR 15.9 million as of 30 December 2019G to SAR 16.8 million as of 3 December 2020G, mainly driven by an increase in cash in banks amounting to SAR 7.5 million, as a result of:

- improved collection from customers in the financial year ended 31 December 2020G, which resulted in a decrease in trade receivables of SAR 4.3 million; and
- a decrease in prepaid expenses and other current assets following a decrease in residence and work permit fees and prepaid visas of SAR 2.1 million and SAR 661 thousand, respectively, mainly due to the Government's decision to extend work permits of workers free of charge during the three-month period between April 2020G and June 2020G, coupled with a decrease in visa fees in the financial year ended 31 December 2020G due to the lockdown measures imposed by the Government due to COVID-19 pandemic.

Current assets increased to SAR 18.2 million as of 30 December 2021G, following an increase in prepaid expenses and other current assets from SAR 2.6 million to SAR 4.3 million, due to:

- an increase in unbilled fees, from SAR 278 thousand in the financial year ended 31 December 2020G to SAR 2.1 million in the financial year ended 31 December 2021G, as a result of an outstanding balance of SAR 1.9 million in relation to a customer; which was partly offset by
- a decrease in residence and work permit fees, from SAR 9.6 million in the financial year ended 31 December 2020G to SAR 1.2 million in the financial year ended 31 December 2021G, as a result of a decrease in the number of workers available in the financial year ended 31 December 2021G, as previously indicated.

Current assets increased from SAR 18.2 million as of 31 December 2021G to SAR 21.8 million as of 30 June 2022G, due to:

- an increase in trade receivables of SAR 4.7 million, in line with an increase in revenue during the period, which led to an increase in the monthly billing rate of customers;
- an increase in cash and cash equivalents of SAR 1.4 million, following an improvement in cash used in financing activities due to the non-payment of dividends to shareholders; which was partially offset by:
- a decrease in prepaid expenses and other current assets from SAR 4.3 million as of 31 December 2021G to SAR 2.9 million as of 30 June 2022G, as a result of a decrease in residence and work permit fees resulting from a change in the terms of payment of licence fees from annually to quarterly; and
- dues from Related Parties from SAR 908 thousand as of 31 December 2021G to nil as of 30 June 2022G, as a result of the Company's collection of guarantee amounts on behalf of Mawarid.

6.15.2.3 Equity

Equity relates to share capital, the statutory reserve and retained earnings.

Equity increased from SAR 7.8 million as of 31 December 2019G to SAR 9.9 million as of 31 December 2020G, as a result of the Company's registered profits of SAR 7.2 million in the financial year ended 31 December 2020G. This was partly offset by dividend distributions to shareholders amounting to SAR 5.0 million.

Equity decreased to SAR 9.6 million as of 31 December 2021G, following dividend distributions to shareholders amounting to SAR 5.0 million in the financial year ended 31 December 2021G. This was partially offset by the profits of the Company of SAR 4.6 million in the financial year ended 31 December 2021G.

Equity increased from SAR 9.6 million as of 31 December 2021G to SAR 13.3 million as of 30 June 2022G, as a result of the Company's registered profit of SAR 3.7 million in the six-month period ended 30 June 2022G.

6.15.2.4 Non-Current Liabilities

Non-current liabilities relate to employee benefit liabilities.

Non-current liabilities increased from SAR 834 thousand as of 31 December 2019G to SAR 887 thousand as of 31 December 2020G, and then to SAR 1.1 million as of 31 December 2021G, as a result of an increase in employee benefit liabilities.

Non-current liabilities increased from SAR 1.1 million as of 31 December 2021G to SAR 1.4 million as of 30 June 2022G, as a result of an increase in employee benefit liabilities in line with an increase in headcount.

6.15.2.5 Current Liabilities

Current liabilities relate to trade payables and other current liabilities, retained deposits, due to Related Parties and Zakat provision.

Current liabilities decreased from SAR 7.3 million as of 31 December 2019G to SAR 5.9 million as of 31 December 2020G, following a decrease in balances due to Related Parties from SAR 2.2 million to nil, as a result of the settlement of the entire balance. This was partially offset by an increase in:

- trade payables and other current liabilities amounting to SAR 495 thousand, as a result of an increase in accrued end-of-service benefits amounts owed to employees and workers, coupled with an increase in accrued vacations and air tickets; and
- retained deposits of SAR 347 thousand, as a result of an improvement in the collection rate, which meant that the Company did not have to use the retained deposit balances to settle outstanding trade receivables.

Current liabilities increased to SAR 7.5 million as of 31 December 2021G, due to:

- an increase in trade payables and other current liabilities amounting to SAR 1.0 million as a result of an increase in accrued end-of-service balances owed to employees and workers, coupled with an increase in accrued vacations and air tickets; and;
- an increase in retained deposits of SAR 509 thousand.

Current liabilities decreased from SAR 7.5 million as of 31 December 2021G to SAR 7.2 million as of 30 June 2022G, due to:

- a decrease in trade payables and other current liabilities amounting to SAR 541 thousand, following a decrease in accrued salaries and bonuses of SAR 690 thousand;
- a slight decrease in retained deposits of SAR 387 thousand, as a result of a decrease in deposits paid by customers to the Group for the provision of workers; and
- this was partially offset by an increase in the balances due to Almawarid Manpower Company of SAR 812 thousand and an increase in accrued vacation and airline ticket balances of SAR 377 thousand.

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6.15.3 Statement of Cash Flow for the Financial Years Ended 31 December 2019G, 2020G and 2021G and the Six-Month Period Ended 30 June 2022G

The following table shows the statement of cash flow for the financial years ended 31 December 2019G, 2020G and 2021G and the six-month period ended 30 June 2022G:

Table No. (6.124): Statement of Cash Flow for the Financial Years Ended 31 December 2019G, 2020G and 2021G and the Six-Month Period Ended 30 June 2022G

SAR '000	Financial Years Ended 31 December			Six-Month Period Ended 30 June
	2019G Audited	2020G Audited	2021G Audited	2022G Management Information
Net income before Zakat	5,737	7,645	5,059	3,899
Net cash generated from operating activities	86	12,578	5,576	1,365
Net cash used in investing activities	(19)	(30)	-	-
Net cash flows used in financing activities	(3,000)	(5,000)	(5,000)	-
Net change in cash and cash equivalents	**(2,932)**	**7,547**	**576**	**1,365**
Cash and cash equivalents at the beginning of the year	4,292	1,359	8,906	9,483
Cash and cash equivalents at the end of the year/period	**1,359**	**8,906**	**9,483**	**10,847**

Source: The Group's audited consolidated financial statements for the financial years ended 31 December 2019G, 2020G and 2021G and management information for the six-month period ended 30 June 2022G.

6.15.3.1 Net Cash Generated from Operating Activities

Net cash generated from operating activities increased from SAR 86 thousand in the financial year ended 31 December 2019G to SAR 12.6 million in the financial year ended 31 December 2020G, as a result of working capital changes, including an increase in the change in trade receivables from negative SAR 2.9 million to SAR 3.7 million during the same period, coupled with an increase in prepaid expenses and other current assets from negative SAR 1.5 million to SAR 3.5 million. This was partially offset by a decrease in balances due to Related Parties from negative SAR 603 thousand to negative SAR 3.4 million.

Net cash generated from operating activities decreased to SAR 5.6 million in the financial year ended 31 December 2021G, due to a decrease in the change in prepaid expenses and other current assets from SAR 3.5 million to negative SAR 1.7 million during the same period, coupled with the change in trade receivables from SAR 3.7 million to negative SAR 460 thousand. This was partially offset by an increase in balances due to related parties from negative SAR 3.4 million to SAR 233 thousand.

Net cash flow generated from operating activities decreased from SAR 5.6 million as of 31 December 2021G to SAR 1.4 million as of 30 June 2022G, as a result of a decrease in the change in trade receivables from negative SAR 460 thousand as of 31 December 2021G to negative SAR 4.8 million as of 30 June 2022G, as a result of a slowdown in cash collection from customers, in addition to a decrease in the change in trade accounts payable and other current liabilities amounting to negative SAR 1.5 million as of 30 June 2022G, as a result of a decrease in salaries payable to employees amounting to negative SAR 690 thousand as of 30 June 2022G. This was partly offset by an increase in the change in prepaid expenses and other current assets from negative SAR 1.7 million as of 31 December 2021G to SAR 1.4 million as of 30 June 2022G.

6.15.3.2 Net Cash Used in Investing Activities

Net cash used in investing activities decreased further from negative SAR 19 thousand in the financial year ended 31 December 2019G to negative SAR 30 thousand in the financial year ended 31 December 2020G, following additions to property and equipment in the financial year ended 31 December 2020G.

Net cash used in investing activities decreased to nil in the financial year ended 31 December 2021G and the six-month period ended 30 June 2022G, as the Company did not purchase any new property or equipment during this period.

6.15.3.3 Net Cash Used in Financing Activities

Net cash used in financing activities increased from negative SAR 3.0 million in 2019G to negative SAR 5.0 million in 2020G and 2021G, following an increase in dividend distributions to the shareholder pursuant to decisions of the General Assembly meetings held on 30 June 2020G and 2021G, from SAR 3.0 million in the financial year ended 31 December 2019G to SAR 5.0 million in the financial years ended 31 December 2020G and 2021G.

Net cash used in financing activities decreased from negative SAR 5.0 million in 2021G to nil in the six-month period ended 30 June 2022G, due to the non-payment of dividends to shareholders during the six-month period ended 30 June 2022G.

7 DIVIDEND DISTRIBUTION POLICY

Pursuant to Article 110 of the Companies Law, each Shareholder is entitled to the rights attached to the Shares, including, in particular, the right to receive a portion of the declared dividends. The declaration and distribution of dividends will be recommended by the Board of Directors before being approved by the Shareholders at a General Assembly meeting. The Company is under no obligation to declare dividends and any decision to do so will depend on, amongst other things, the Company's historic and anticipated earnings and cash flows, financing and capital requirements and market and general economic conditions, the Company's Zakat position and legal and regulatory considerations. Dividend distribution is subject to the limitations contained in the Bylaws. Dividends will be distributed in Saudi Arabian Riyals.

The distribution of dividends is subject to certain limitations specified in the Company's Bylaws, as Article 50 states that after deducting all general expenses and other costs, the Company's annual net profits shall be allocated as follows:

(a) ten per cent. of the annual net profits shall be set aside to form a statutory reserve. Such setting aside may be discontinued by the Ordinary General Assembly when the statutory reserve totals thirty per cent. of the Company's paid-up capital;

(b) the Ordinary General Assembly may, upon the request of the Board of Directors, set aside a percentage of no less than five per cent. of the net profits to form a voluntary reserve;

(c) the Ordinary General Assembly may resolve to form other reserves to the extent that they serve the Company's interests, or to ensure the distribution of fixed dividends, as far as possible, to the Shareholders; the Ordinary General Assembly may also deduct amounts from the net profits to create social institutions for the Company's employees, or to support existing institutions of such kind; and

The following is a summary of the dividends that the Company has announced and distributed since the beginning of 2019G:

Table No. (7.1): Dividends Declared and Distributed in the Years Ended 31 December 2019G, 2020G and 2021G and the Six-Month Period Ended 30 June 2022G ('SAR'000)

SAR'000	2019G[(1)]	2020G[(2)]	2021G[(3)]	Six-Month Period Ended 30 June 2022G
Declared Dividends for the Year/Period	20,000,000	20,000,000	20,000,000	-
Paid Dividends Throughout the Year/Period	15,000,000	20,000,000	20,000,000	8,172,144
Net Profit for the Year/Period After Zakat	38,574,084	45,856,723	55,660,953	31,745,494
Ratio of Net Income Declared Dividends	51.84%	43.61%	35.93%	-

Source: The Company.

(1) The General Assembly approved the distribution of dividends for the financial year ended 31 December 2019G at its meeting held on 7 Thul-Hijjah 1441H (corresponding to 28 July 2020G).

(2) The General Assembly approved the distribution of dividends for the financial year ended 31 December 2020G at its meeting held on 17 Thul-Hijjah 1442H (corresponding to 27 June 2021G).

(3) The General Assembly approved the distribution of dividends for the financial year ended 31 December 2021G at its meeting held on 29 Shawwal 1443H (corresponding to 30 May 2022G). All such dividends amounting to SAR 20,000,000 were distributed during the year 2022G and as the following: (i) distribution of SAR 8,172,144 as of 30 June 2022G; (ii) distribution of SAR 6,635,428 as of 30 September 2022G; and (iii) distribution of SAR 5,192,428 on 8 Rabi' al-Awwal 1444H (corresponding to 4 October 2022G).

The Shareholders approved the distribution of dividends of SAR 15.0 million in the General Assembly meeting dated 11 Ramadan 1444H (corresponding to 2 April 2023G), to be distributed in April 2023G, provided that the debts owed by the Current Shareholders will be deducted by the Company prior to the distribution of dividends.

Accordingly, the Offer Shares will entitle their holders to receive any dividends declared by the Company after 11 Ramadan 1444H (corresponding to 2 April 2023G). For the avoidance of doubt, the Offer Shares do not entitle their holders to any dividends announced on or prior to 11 Ramadan 1444H (corresponding to 2 April 2023G), including the dividends mentioned above.

8 USE OF PROCEEDS

The total Offering Proceeds are estimated at Two hundred eighty-eight million Riyals (SAR 288,000,000), of which approximately Fifteen million Riyals (SAR 15,000,000) will be applied towards the Offering expenses, which include the fees of the Financial Advisor, the Lead Manager, the Bookrunner, the Underwriter, the Legal Advisor, the Financial Due Diligence Advisor, the Receiving Agents and the Market Study Consultant, as well as marketing, printing and distribution fees and other costs and expenses related to the Offering.

The Net Offering Proceeds of approximately Two hundred seventy-three million Riyals (SAR 273,000,000) will be distributed to the Selling Shareholders pro-rata to the number of Offer Shares that will be sold by each of them in the Offering. The Company will not receive any part of the proceeds from the Offering. The Selling Shareholders will bear all fees, costs and expenses in relation to the Offering on a pro rata basis according to the number of Offer Shares being sold by each Selling Shareholder.

9 CAPITALISATION AND INDEBTEDNESS

Prior to the Offering, the Selling Shareholders owned the entire issued share capital of the Company. Upon completion of the Offering, they will jointly hold 70 per cent. (70%) of the Company's shares.

The following table shows the Company's capitalisation as reflected in the Company's audited consolidated financial statements for the financial years ended 31 December 2019G, 2020G and 2021G and the reviewed consolidated financial statements for the six-month period ended 30 June 2022G. The following table should be read in conjunction with the relevant Financial Statements, including the notes thereto set out in Section 19 (*Financial Statements and Auditors' Report*).

Table No. (9.1): Capitalisation and Indebtedness of the Company

(SAR '000)	2019G (Audited)	2020G (Audited)	2021G (Audited)	Six-Month Period Ended 30 June 2022G (Audited)
Current Portion of Lease Liabilities	7,575	10,930	12,216	10,216
Non-Current Portion of Lease Liabilities	14,501	13,908	7,295	6,261
Due to Related Parties	2,774	724	728	908
Total Loans	**24,850**	**25,562**	**20,239**	**17,385**
Equity				
Capital	100,000	100,000	100,000	150,000
Statutory Reserve	17,568	22,137	27,695	27,694
Consensual Reserve	-	7,714.8	20,000	-
Retained Earnings	52,726	69,555	85,329	69,422
Total Shareholders' Equity	**170,294**	**199,406**	**223,024**	**247,116**
Total Capitalisation (Total Loans + SH Equity)	**195,144**	**224,968**	**253,263**	**264,501**
Total Loans / Total Capitalisation	**12.7%**	**11.4%**	**8.0%**	**6.8%**

Source: The audited consolidated financial statements for the financial years ended 31 December 2019G, 2020G and 2021G, and the reviewed consolidated financial statements for the six-month period ended 30 June 2022G.

The Directors declare that:

(a) neither the Company nor its Subsidiaries have any debt instruments as of the date of this Prospectus; and

(b) subject to any material adverse change in the Company's business, they believe that its existing cash balances and its cash flows will be sufficient to meet its anticipated cash needs for working capital and capital expenditure for at least twelve (12) months following the date of this Prospectus.

10 STATEMENTS BY EXPERTS

All of the Advisors and Auditors, whose names are listed starting on page (vi), have given and, as of the date of this Prospectus, have not withdrawn, their written consent to the publication of their names, addresses, logos and statements attributed to each of them in this Prospectus, and neither they, nor their employees forming part of the team serving the Company, nor any of their relatives, have any shareholding or interest of any kind in the Company or its Subsidiaries as of the date of this Prospectus which would impair their independence. For further details about Market Study Consultant's qualifications, see Section 3 (*Market and Industry Data*).

11 DECLARATIONS

The Directors declare the following:

(a) they have not at any time been declared bankrupt or been subject to bankruptcy proceedings;

(b) none of the companies in which any of the Directors, Senior Executives or the Secretary has been employed, in a managerial or supervisory capacity, was declared bankrupt or insolvent during the past five years;

(c) except as specified in Section 12.9 (*Related Party Contracts and Transactions*), neither they, nor any of the Senior Executives, Secretary, nor their relatives nor affiliates have any material interest in any written or verbal contract or arrangement under consideration or expected to be conducted with the Company and its Subsidiaries as of the date of this Prospectus;

(d) except as otherwise described in Section 5.7 (*Conflicts of Interest*), and Section 12.9 (*Related Party Contracts and Transactions*), neither they nor any of Senior Executives, Secretary, nor their relatives, have any shareholding or interest of any kind in the Company or its Subsidiaries nor in any debt instruments of the Company or its Subsidiaries, and the Company is prohibited from granting a loan to a Director or guaranteeing a loan entered into by a Director;

(e) all of the transactions with Related Parties described in Section 12.9 (*Related Party Contracts and Transactions*), including the determination of the financial consideration for contracts, have been carried out in a systematic and legal manner and on appropriate and fair commercial principles used in transactions with third parties;

(f) no commissions, discounts, brokerages or other non-cash compensation were granted by the Company or its Subsidiaries within the three years immediately preceding the application for the registration and offer of securities in connection with the issue or sale of any securities;

(g) there has been no interruption in the Company's business or that of its Subsidiaries that has or may have significantly affected their financial position during the last 12 months;

(h) there is no intention to introduce any material changes to the nature of the Company's business or that of its Subsidiaries;

(i) the Directors or Chief Executive Officer will not vote on General Assembly resolutions that relate to any transaction or contract in which they have a direct or indirect interest;

(j) there has been no material adverse change in the financial or trading position of the Company or its Subsidiaries in the three years ended 31 December 2019G, 2020G and 2021G or the six-month period ended 30 June 2022G immediately preceding the date of filing the application for registration and the offering of securities that are the subject of this Prospectus and during the period from the end of the period covered in the Auditors' Report to the date of approval of this Prospectus;

(k) as of the date of this Prospectus, the Company does not have any employee share schemes in place for its employees or any other similar arrangement involving the employees in the capital of the Company;

(l) the Company does not have any securities (contractual or otherwise) or assets, the value of which is subject to fluctuation that would adversely and materially affect its financial position;

(m) except as disclosed in Section 2 (*Risk Factors*) and Section 6.4.5 (*Principal Factors Affecting the Group's Operations*), the Company is not aware of any information regarding any governmental, economic, financial, monetary or political policies or any other factors that have materially affected or may materially affect (directly or indirectly) its operations;

(n) except as disclosed in Section 2 (*Risk Factors*) and Section 6.4.5 (*Principal Factors Affecting the Group's Operations*), the Company is not aware of any seasonal information or business cycles related to its business that would affect the Company's operations or financial position];

(o) the statistical information used in Section 3 (*Market and Industry Data*) obtained from third-party sources represents the latest information available from each respective source;

(p) except as stated in Section 2.1.32 (*Risks Related to Failure to Secure Adequate Insurance Coverage*), the Company has insurance policies with sufficient insurance coverage to carry out its activities and it renews its insurance policies regularly to ensure continued insurance coverage;

(q) all of the contracts and agreements which the Company considers to be material or important or which may have an impact on a Subscriber's decision to invest in the Offer Shares have been disclosed. All other material agreements or contracts have been disclosed;

(r) all terms and conditions that may affect the decisions of the Investors to invest in Offer Shares have been disclosed;

(s) as of the date of this Prospectus, there are no material Related Party contracts or transactions that have any material impact on the Company's activities or that of its Subsidiaries, and the Company has no intention to enter into any new agreements with Related Parties, except as specified in Section 12.9 (*Related Party Contracts and Transactions*);

(t) The Selling Shareholders will incur all of the expenses and costs related to the Offering, and such costs will be deducted from the Offering Proceeds, including the fees of the Financial Advisor, the Lead Manager, the Bookrunner, the Underwriter, the Legal Advisor, the Financial Due Diligence Advisor, the Market Study Consultant and the Receiving Agents, as well as marketing, printing and distribution costs and other expenses related to the Offering;

(u) except as disclosed in Section 2.1.35 (*Risks Related to Potential Zakat and Tax Liabilities*), as of the date of this Prospectus, the Company is not involved in any disputes or objections related to ZATCA. The Selling Shareholders, each according to its relevant share, shall incur any additional claims that may be filed by ZATCA against the Company and its Subsidiaries for the preceding years until the date of listing. The relevant Selling Shareholders' undertakings have been given;

(v) they have developed procedures, controls and systems that would enable the Company to meet all the requirements of the relevant laws and regulations, including Companies Law, CML and its implementing regulations (including the Rules on the Offer of Securities and Continuing Obligations), and Listing Rules;

(w) except as disclosed in Section 2.1.32 (*Risks Related to Sponsoring and Employing Non-Saudi Employees*) and Section 5.9 (*Employees*) all of the Company's employees are under its sponsorship

(x) as of the date of this Prospectus, the Shareholders whose names appear in Section 4.8 (*Current Shareholding Structure*) are the legal and beneficial owners, whether direct or indirect owners, of the Shares;

(y) all increases in the share capital of the Company are in compliance with the applicable laws and regulations of the Kingdom;

(z) except as disclosed in Section 2 (*Risk Factors*), and to the best of their knowledge and belief, there are no other material risks that may affect a prospective investor's decision to invest in the Offer Shares;

(aa) except as disclosed in Section 2.1.40 (*Risk Related to Licences and Approvals*), and Section 12.4 (*Government Consents, Licences, and Certificates*), as of the date of this Prospectus, the Company has obtained all necessary licences and permits to carry out its business activities;

(bb) except as disclosed in Section 12.12 (*Litigation*), the Company and its Subsidiaries are not subject to any claims or legal procedures that may individually or as a whole materially affect the business of the Company or its Subsidiaries or their financial position;

(cc) except as disclosed in Section 12.6 (*Financing Agreements*), the Company has not issued any debt instruments, nor does it have any term loans or any other outstanding loans or indebtedness (including bank overdrafts, financial liabilities under acceptance, acceptance credits or purchase commitments);

(dd) the Board of Directors acknowledges that none of the Company's assets are under mortgage, right or charge as of the date of this Prospectus;

(ee) the Company, individually or in association with its Subsidiaries, has working capital sufficient for at least 12 months immediately following the date of this Prospectus;

(ff) no Shares in the Company or in its Subsidiaries are under option;

(gg) the audited consolidated financial statements for the financial years ended 31 December 2019G, 2020G and 2021G, the reviewed and consolidated financial statements for the six-month period ended 30 June 2022G, and the accompanying notes thereto have been prepared in compliance with IFRS endorsed in the Kingdom and other standards and pronouncements issued by SOCPA;

(hh) the financial information appearing in this Prospectus has been extracted from the Company's audited consolidated financial statements, and no material amendments have been made thereto. The financial information appearing in Section 6 (*Management's Discussion and Analysis of Financial Position and Results of Operations*) has been extracted from the Company's audited consolidated financial statements for the financial years ended 31 December 2019G, 2020G and 2021G, and the reviewed consolidated financial statements for the six-month period ended 30 June 2022G. Furthermore, the financial information is presented in a manner consistent with the audited annual financial statements of the Company;

(ii) as of the date of this Prospectus, the Company does not have a policy in connection with research and development for the last three years;

(jj) the Company is capable of preparing the required reports in a timely manner in accordance with the implementing regulations issued by the CMA;

(kk) all necessary approvals have been obtained from lenders to offer 30 per cent. (30%) of the Company shares in order for the Company to be a public joint stock company;

(ll) as of the date of this Prospectus, there have been no breaches of the contractual terms and conditions under the agreements with the providers of all loans, facilities and financing;

(mm) the Company is committed to all of the terms and conditions under the agreements with lenders granting all of the loans, facilities and financing;

(nn) all of the terms and conditions that may affect the decisions of the Subscribers in the Company's shares have been disclosed;

(oo) all of the material facts regarding the Company and its financial performance have been disclosed in this Prospectus, and there are no other facts the omission of which would make any statement herein misleading;

(pp) the Directors acknowledge that the Company does not own any assets outside the Kingdom;

(qq) the Offering does not violate the relevant laws and regulations of the Kingdom;

(rr) the Offering does not violate any of the contracts or agreements to which the Company is a party;

(ss) all material legal information relating to the Company has been disclosed in this Prospectus; and

(tt) the Company's Directors are not to be subject to any legal proceedings or actions that may, individually or collectively, have a material effect on the Company's business, its Subsidiaries or their financial position.

In addition to the above, the Directors confirm that:

(a) this Prospectus contains all of the information required to be included under the Rules on the Offer of Securities and Continuing Obligations, and no facts that may affect the application for registration and offer of securities were omitted from this Prospectus;

(b) the information and data contained in this Prospectus that were obtained from third parties, including information obtained from the Market Study Report prepared by the Market Study Consultant, is reliable and there is no reason for the Company to believe that such information is materially inaccurate;

(c) they have submitted, and will submit, to the CMA all of the documents required under CML and the Rules on the Offer of Securities and Continuing Obligations;

(d) the Company has prepared its internal control policies on sound principles where the Company has implemented a written policy regulating and resolving possible conflicts of interest issues, which include the misuse of the Company's assets and misfeasance due to Related Party transactions. The Company has ensured that its operational and financial policies are sound and that control procedures appropriate for risk management are implemented in accordance with Part 5 of the Corporate Governance Regulations. The Directors review the Company's internal controls on an annual basis;

(e) the internal control, accounting, and information technology systems of the Company are sufficient and adequate;

(f) except as disclosed in Section 12.9 (*Related Party Contracts and Transactions*), there are no conflicts of interest related to the Directors with respect to contracts or transactions entered into with the Company;

(g) as of the date of this Prospectus, none of the Directors has engaged in any activities similar to or competitive with the activities of the Company or its Subsidiaries. The Directors undertake to fulfil this regulatory requirement in the future as per Article 72 of the Companies Law and Chapter 6 of Part 3 of the Corporate Governance Regulations;

(h) unless otherwise approved by the General Assembly, a Director may not have a direct or indirect interest in the transactions and contracts entered into by the Company;

(i) the Directors shall notify the Board of Directors of any direct or indirect interest they may have in the transactions and contracts entered into by the Company, and this notification will be recorded in the minutes of the Board of Directors meeting;

(j) all transactions with Related Parties shall be entered into on an arm's-length basis and all works and contracts with Related Parties shall be subject to a vote in meetings of the Board of Directors and, if required by the Companies Law, the General Assembly. Directors may not vote on any decision related to transactions or contracts with the Company in which they have a direct or indirect interest, whether in the Board of Directors or the General Assembly, in accordance with Article 71 of the Companies Law and Chapter 6 of Part 3 of the Corporate Governance Regulations;

(k) the Directors and the Chief Executive Officer shall not have the right to vote on decisions related to their fees and remuneration;

(l) the Directors and the Chief Executive Officer shall not have the right to vote on a contract or a recommendation in which they have an interest; and

(m) neither the Directors nor any Senior Executive shall obtain a loan from the Company or its Subsidiaries, and the Company shall not guarantee any loan entered into by a Director.

The Directors undertake to:

(a) record all Board of Directors resolutions by means of written minutes of meetings, which shall be signed by the Directors;

(b) disclose the details of any Related Party transactions in accordance with the Companies Law and the Corporate Governance Regulations;

(c) comply with the provisions of Articles 71, 72 and 73 of the Companies Law and Chapter 6 of Part 3 of the Corporate Governance Regulations; and

(d) amend the Company’s Bylaws in the first extraordinary general assembly after listing in accordance with the Corporate Governance Regulations issued by CMA and other applicable laws and regulations.

12 LEGAL INFORMATION

12.1 The Company

Almawarid Manpower Company is a closed joint stock company incorporated by virtue of Ministry of Commerce Resolution No. 336/Q, dated 7 Sha'ban 1433H (corresponding 27 June 2012G), and registered under Commercial Registration 1010343697, dated 12 Sha'ban 1433H (corresponding to 2 July 2012G) issued in Riyadh, Kingdom of Saudi Arabia. The Company's head and registered office is located in Ibn Warqaa Street, ar-Rawdah District, P.O. Box 10370, Riyadh 13211, Kingdom of Saudi Arabia. The current share capital of the Company is one hundred and fifty million Saudi Arabian Riyals (SAR 150,000,000), divided into fifteen million (15,000,000) ordinary shares, with a fully paid nominal value of ten Saudi Arabian Riyals (SAR 10) per share (for further details, see Section 4.7 (*Evolution of Capital*)). According to its main commercial registration certificate, the Company's main activities include recruitment services of labour.

12.2 Ownership Structure

The following table summarises the shareholding structure of the Company pre-and post-Offering:

Table No. (12.1): Shareholding Structure of the Company Pre-and Post-Offering

Shareholder	Shareholding (Pre-Offering)			Shareholding (Post-Offering)		
	Number of Shares	Shareholding (%)[1]	Nominal Value (SAR)	Number of Shares	Shareholding (%)[1]	Nominal Value (SAR)
Alomaier Trading and Contracting Company	5,129,481	34.20%	51,294,810	3,590,637	23.94%	35,906,370
Al-Ayuni Investment and Contracting Company	5,129,481	34.20%	51,294,810	3,590,637	23.94%	35,906,370
Saudi Edarah Company[2]	1,418,625	9.46%	14,186,250	993,037	6.62%	9,930,370
Khalda Trading Group	1,082,250	7.21%	10,822,500	757,575	5.05%	7,575,750
Almawaridkom Trading Group	999,627	6.66%	9,996,270	699,739	4.66%	6,997,390
Alsaraya Investment Company	780,244	5.20%	7,802,440	546,171	3.64%	5,461,710
Riyadh Ibrahim Romaizan Alromaizan	235,292	1.57%	2,352,920	164,704	1.09%	1,647,044
Wathbah Investment Company	150,000	1.00%	1,500,000	105,000	0.7%	1,050,000
Ali Muhammad Ali Aljumaah	30,000	0.20%	300,000	21,000	0.14%	210,000
Abdullah Muhammad Ali Aljumaah	15,000	0.10%	150,000	10,500	0.07%	105,000
Abdulaziz Saleh Mohammed Alsowail	15,000	0.10%	150,000	10,500	0.07%	105,000
Sulaiman Abdullah Sulaiman Alomaier	7,500	0.05%	75,000	5,250	0.04	52,500
Khalid Abdullah Rashid Alothman	7,500	0.05%	75,000	5,250	0.04	52,500
Public	-	-	-	4,500,000	30%	45,000,000
Total	**15,000,000**	**100.00%**	**150,000,000**	**15,000,000**	**100.00%**	**150,000,000**

Source: The Company.

(1) The ownership percentages are rounded.

(2) Saudi Edarah Company holds 2,200 Shares (22.0 per cent.) in Alsaraya Investment Company (which holds a direct ownership stake of 780,244 shares in the Company). As a result, Saudi Edarah Company holds an indirect ownership stake of 171,653 Shares (1.14 per cent.) in the Company.

For further details regarding the Shareholders and the shareholding structure of the Company, see Section 4.8 (*Current Shareholding Structure*).

12.3 The Subsidiaries

The following table sets out the ownership structure of the Company's owned Subsidiaries:

Table No. (12.2): The Subsidiaries

No.	Name of Subsidiary	Country of Incorporation	Direct Ownership (%)	Indirect Ownership (%)	Remaining Ownership
1.	Musanid Al Marafiq for Maintenance and Cleaning Company	Kingdom of Saudi Arabia	100.00%	-	-
2.	Sawaid Recruitment Company	Kingdom of Saudi Arabia	100.00%	-	-

Source: The Company.

12.4 Government Consents, Licenses and Certificates

The Company and its Subsidiaries hold several operational and regulatory licences and certificates issued by the relevant competent authorities and which are periodically renewed. The Directors declare that the Company and its Subsidiaries have obtained all of the licences and certificates necessary to execute their operations in order to engage in the relevant activities, except for certain operational licences expired or not obtained, as disclosed in Table 12.5 (Summary of Operational Licences Obtained by the Company and its Subsidiaries). The following tables list licences and certificates held by the Company and its Subsidiaries as of the date of this Prospectus:

Table No. (12.3): Details of Commercial Registration Certificates Obtained by the Company and its Subsidiaries

Company	Location	Type of Entity	Commercial Registration No.	Registration Date	Expiration Date
Almawarid Manpower Company	Riyadh, Kingdom of Saudi Arabia	Closed joint stock company	1010343697	12 Sha'ban 1433H (corresponding to 2 July 2012G)	27 Rajab 1445H (corresponding to 8 February 2024G)
	Riyadh, Kingdom of Saudi Arabia	Branch	1010369960	25 Jumada al-Ula 1434H (corresponding to 6 April 2013G)	27 Jumada al-Ula 1447H (corresponding to 18 November 2025G)
	Riyadh, Kingdom of Saudi Arabia	Branch	1010369956	27 Jumada al-Ula 1434H (corresponding 8 April 2013G)	27 Jumada al-Ula 1447]H (corresponding 18 November 2025G)
	Abha, Kingdom Saudi Arabia	Branch	5850129737	22 Rabi' al-Thani 1442H (corresponding to 7 December 2020G)	22 Rabi' al-Thani 1445H (corresponding to 6 November 2023G)
	Riyadh, Kingdom of Saudi Arabia	Branch	1010466766	29 Rabi' al-Awwal 1438H (corresponding to 28 December 2016G)	29 Rabi' al-Awwal 1445H (corresponding to 14 October 2023G)
	Al Jubail, Kingdom of Saudi Arabia	Branch	2055024837	20 Jumada al-Ula 1437H (corresponding to 29 February 2016G)	19 Jumada al-Ula 1446H (corresponding to 21 November 2024G)
	Al Khobar, Kingdom of Saudi Arabia	Branch	2051060639	2 Sha'ban1436H (corresponding to 20 May 2015G)	1 Sha'ban1445H (corresponding to 1 February 2024G)
	Riyadh, Kingdom of Saudi Arabia	Branch	1010638704	26 Shawwal 1441H (corresponding to 18 June 2020G)	26 Shawwal 1445H (corresponding to 5 May 2024G)
	Al Madinah Al Munawwarah, Kingdom of Saudi Arabia	Branch	4650081885	3 Rabi' al-Thani 1438H (corresponding to 1 January 2017G)	3 Rabi' al-Thani 1445H (corresponding to 18 October 2023G)
	Buraidah, Kingdom of Saudi Arabia	Branch	1131056623	21 Rabi' al-Thani 1437H (corresponding to 31 January 2016G)	2 Rabi' al-Thani 1445H (corresponding to 17 October 2023G)
	Jeddah, Kingdom of Saudi Arabia	Branch	4030292526	22 Rabi' al-Awwal 1438H (corresponding to 21 December 2016G)	22 Rabi' al-Awwal 1445H (corresponding to 7 October 2023G)

Company	Location	Type of Entity	Commercial Registration No.	Registration Date	Expiration Date
	Ha’il, Kingdom of Saudi Arabia	Branch	3350044313	3 Thul-Hijjah 1437H (corresponding to 4 September 2016G)	3 Thul-Hijjah 1444H (corresponding to 21 June 2023G)
	Unaizah, Kingdom of Saudi Arabia	Branch	1128184135	26 Shawwal 1441H (corresponding to 18 June 2021G)	26 Shawwal 1444H (corresponding to 30 April 2023G)
	Tabuk, Kingdom of Saudi Arabia	Branch	3550143539	28 Rajab 1443H (corresponding to 1 March 2022G)	28 Rajab 1445H (corresponding to 9 April 2024G)
Musanid Al Marafiq for Maintenance and Cleaning Company	Riyadh, Kingdom of Saudi Arabia	Limited liability company	1010995997	12 Jumada al-Alkhirah 1437H (corresponding to 21 March 2016G)	12 Jumada al-Alkhirah 1444H (corresponding to 5 January 2023G)
	Riyadh, Kingdom of Saudi Arabia	Branch	1010754765	29 Rabi’ al-Awwal 1443H (corresponding to 4 November 2021G)	29 Rabi’ al-Awwal 1446H (corresponding to 2 October 2024G)
	Riyadh, Kingdom of Saudi Arabia	Branch	1010754442	28 Rabi’ al-Awwal 1443H (corresponding to 3 November 2021G)	28 Rabi’ al-Awwal 1446H (corresponding to 1 October 2024G)
Sawaid Recruitment Company	Riyadh, Kingdom of Saudi Arabia	Limited liability company	1010601489	29 Safar 1441H (corresponding to 28 October 2019G)	29 Safar 1447H (corresponding to 23 August 2025G)
	Riyadh, Kingdom of Saudi Arabia	Branch	1010677544	15 Jumada al-Ula 1442H (corresponding to 30 December 2020G)	15 Jumada al-Ula 1445H (corresponding to 29 November 2023G)

Source: The Company.

Table No. (12.4): Details of Regulatory Licences and Certificates Obtained by the Company and its Subsidiaries

Company	Issuing Authority	License Number	Purpose	Issue Date	Expiration Date
The Company	MHRSD	SMM / 6	Recruitment Company Licence	5 Muharram 1434H (corresponding to 19 November 2012G)	4 Muharram 1454H (corresponding to 14 April 2032G)
	MHRSD	20002212000028	Certificate of compliance with Saudization requirements	5 Jumada al-Akhirah 1444H (corresponding 29 December 2022G)	7 Ramadan 1444H (corresponding 29 March 2023G)
	MHRSD	20012301001405	Certificate of wage protection	26 Jumada al-Akhirah 1444H (corresponding 19 January 2023G)	28 Sha’ban 1444H (corresponding 20 March 2023G)
	Riyadh Chamber of Commerce and Industry	284112	Chamber of Commerce and Industry membership certificate	12 Sha’ban 1433H (corresponding to 2 July 2012G)	27 Rajab 1445H (corresponding to 8 February 2024G)
	ZATCA	1110016046	Certificate enabling the Company to finalise all processes	24 Ramadan 1443H (corresponding to 25 April 2022G)	10 Shawwal 1444H (corresponding to 30 April 2023G)
	ZATCA	100201025846435	VAT registration certificate	23 Rabi’ al-Thani 1442H (corresponding 8 December 2020G)	N/A
	GOSI	51797020	Certificate of fulfilment of obligations (main branch)	24 Jumada al-Akhirah 1444H (corresponding to 17 January 2023G)	24 Rajab 1444H (corresponding to 15 February 2023G)
	GOSI	51796920	Certificate of fulfilment of obligations (individuals segment branch)	24 Jumada al-Akhirah 1444H (corresponding to 17 January 2023G)	24 Rajab 1444H (corresponding to 15 February 2023G)
	GOSI	51796978	Certificate of fulfilment of obligations (individuals segment branch)	24 Jumada al-Akhirah 1444H (corresponding to 17 January 2023G)	24 Rajab 1444H (corresponding to 15 February 2023G)

Company	Issuing Authority	License Number	Purpose	Issue Date	Expiration Date
Musanid Al Marafiq for Maintenance and Cleaning Company	MHRSD	53998111975402	Certificate of compliance with Saudization requirements	3 Safar 1444H (corresponding to 30 August 2022G)	9 Jumada al-Thani 1444H (corresponding to 2 January 2023G)
	MHRSD	15150083731807	Certificate of compliance with Saudization requirements (branch)	8 Rabi' al-Awwal 1444H (corresponding to 4 October 2022G)	9 Jumada al-Thani 1444H (corresponding to 2 January 2023G)
	MHRSD	20356011438921	Certificate of compliance with Saudization requirements (branch)	8 Rabi' al-Awwal 1444H (corresponding to 4 October 2022G)	9 Jumada al-Thani 1444H (corresponding to 2 January 2023G)
	MHRSD	20012301001761	Certificate of wage protection	2 Rajab 1444H (corresponding to 24 January 2023G)	3 Ramadan 1444H (corresponding 25 March 2023G)
	Riyadh Chamber of Commerce and Industry	346751	Chamber of Commerce and Industry membership certificate	12 Jumada al-Alkhirah 1444H (corresponding to 5 January 2023G)	13 Jumada al-Alkhirah 1437H (corresponding to 22 March 2016G)
	ZATCA	1020232310	Certificate enabling the Company to finalise all processes	8 Shawwal 1443H (corresponding to 9 May 2022G)	10 Shawwal 1444H (corresponding to 30 April 2023G)
	ZATCA	3100584685	VAT registration certificate	23 Safar 1439H (corresponding to 12 November 2017G)	N/A
	GOSI	51799240	Certificate of fulfilment of obligations	24 Jumada al-Akhirah 1444H (corresponding to 17 January 2023G)	24 Rajab 1444H (corresponding to 15 February 2023G)
	GOSI	51799199	Certificate of fulfilment of obligations (branch)	24 Jumada al-Akhirah 1444H (corresponding to 17 January 2023G)	24 Rajab 1444H (corresponding to 15 February 2023G)
	GOSI	51799147	Certificate of fulfilment of obligations (branch)	24 Jumada al-Akhirah 1444H (corresponding to 17 January 2023G)	24 Rajab 1444H (corresponding to 15 February 2023G)
Sawaid Recruitment Company	MHRSD	474	Recruitment Company Licence	14 Ramadan 1442H (corresponding to 26 April 2021G)	13 Ramadan 1444H (corresponding to 4 April 2023G)
	MHRSD	19827610568241	Certificate of compliance with Saudization requirements	7 Rabi' al-Awwal 1444H (corresponding to 3 October 2022G)	8 Jumada al-Thani 1444H (corresponding to 1 January 2023G)
	MHRSD	15683917505300	Certificate of compliance with Saudization requirements	7 Rabi' al-Awwal 1444H (corresponding to 3 October 2022G)	8 Jumada al-Thani 1444H (corresponding to 1 January 2023G)
	MHRSD	20012301001717	Certificate of wage protection	2 Rajab 1444H (corresponding to 24 January 2023G)	3 Ramadan 1444H (corresponding 25 March 2023G)
	MHRSD	20012301001719	Certificate of wage protection	2 Rajab 1444H (corresponding to 24 January 2023G)	3 Ramadan 1444H (corresponding 25 March 2023G)

Company	Issuing Authority	License Number	Purpose	Issue Date	Expiration Date
	Riyadh Chamber of Commerce and Industry	530471	Chamber of Commerce and Industry membership certificate	1 Rabi' al-Awwal 1441H (corresponding to 29 October 2019G)	29 Safar 1447H (corresponding to 23 August 2025G)
	ZATCA	1020224558	Certificate enabling the Company to finalise all processes	28 Ramadan 1443H (corresponding to 29 April 2022G)	10 Shawwal 1444H (corresponding to 30 April 2023G)
	ZATCA	3105033735	VAT registration certificate	9 Thul-Hijjah 1441H (corresponding to 30 July 2020G)	N/A
	GOSI	51798926	Certificate of fulfilment of obligations	24 Jumada al-Akhirah 1444H (corresponding to 17 January 2023G)	24 Rajab 1444H (corresponding to 15 February 2023G)
	GOSI	51798414	Certificate of fulfilment of obligations (branch)	24 Jumada al-Akhirah 1444H (corresponding to 17 January 2023G)	24 Rajab 1444H (corresponding to 15 February 2023G)

Source: The Company.

Table No. (12.5): Summary of Operational Licences Obtained by the Company and its Subsidiaries

Company	Issuing Authority	Licence Number	Purpose	Issue Date	Expiration Date
Company	Riyadh Municipality, Kingdom of Saudi Arabia	40102411476	Engaging in commercial activities	26 Thul-Qi'dah 1439H (corresponding 8 August 2018G)	26 Thul-Qi'dah 1444H (corresponding to 15 June 2023G)
		41032595696	Engaging in commercial activities	3 Rabi' al-Awwal 1441H (corresponding to 31 October 2019G)	3 Rabi' al-Awwal 1446H (corresponding to 6 Ramadan 2024G)
		41113610819	Engaging in commercial activities	24 Thul-Qi'dah 1441H (corresponding to 15 July 2015G)	24 Thul-Qi'dah 1444H (corresponding to 13 June 2023G)
	Eastern Region Municipality, Kingdom of Saudi Arabia	42023968408	Engaging in commercial activities	8 Jumada al-Akhirah 1443H (corresponding to 11 January 2022G)	8 Jumada al-Akhirah 1444H (corresponding to 1 January 2023G)
	Al Madinah Al Munawwarah Municipality, Kingdom of Saudi Arabia	42065228162	Engaging in commercial activities	9 Sha'aban 1442H (corresponding to 27 March 2021G)	9 Sha'aban 1444H (corresponding to 6 March 2023G)
	Al Qassim Municipality, Kingdom of Saudi Arabia	41012570282	Engaging in commercial activities	19 Muharram 1441H (corresponding to 18 September 2019G)	18 Muharram 1445H (corresponding to 5 August 2023G)
		41113612570	Engaging in commercial activities	11 Muharram 1442H (corresponding to 30 August 2020G)	11 Muharram 1445H (corresponding to 29 July 2023G)
	Jeddah Municipality, Kingdom of Saudi Arabia	39111456222	Engaging in commercial activities	3 Safar 1439H (corresponding to 23 October 2017G)	2 Safar 1445H (corresponding to 18 August 2023G)
	Tabuk Municipality, Kingdom of Saudi Arabia	43089454106	Engaging in commercial activities	24 Ramadan 1443H (corresponding to 25 April 2022G)	24 Ramadan 1444H (corresponding to 15 April 2023G)
	Assir Municipality, Kingdom of Saudi Arabia	42055067513	Dormitory licence	10 Sha'aban 1443H (corresponding 13 March 2022G)	10 Sha'aban 1444H (corresponding 2 March 2023G)
	Royal Commission for Jubail and Yanbu, Kingdom of Saudi Arabia	4750	Commercial licence	21 Jumada al-Akhirah 1437H (corresponding to 30 March 2016G)	19 Jumada al-Akhirah 1444H (corresponding to 12 January 2023G)

Company	Issuing Authority	Licence Number	Purpose	Issue Date	Expiration Date
	Ha'il Municipality, Kingdom of Saudi Arabia	40011643419	Engaging in commercial activities	2 Ramadan 1437H (corresponding to 7 June 2016G)	2 Ramadan 1444H (corresponding to 24 March 2023G)
		42075286562	Dormitory licence	24 Shawwal 1443H (corresponding to 25 May 2022G)	24 Shawwal 1444H (corresponding to 14 May 2023G)
	General Directorate of Civil Defense, Kingdom of Saudi Arabia	2-000270038-41	Civil defence licence	11 Jumada al-Ula 1441H (corresponding 6 January 2020G)	11 Jumada al-Ula 1442H (corresponding 26 December 2020G) (1)
		3-000393033-43	Civil defence licence	23 Jumada al-Akhirah 1443H (corresponding to 26 January 2022G)	23 Jumada al-Akhirah 1444H (corresponding to 16 January 2023G)
		1-000611317-42	Civil defence licence	7 Jumada al-Akhirah 1443H (corresponding to 10 January 2022G)	7 Jumada al-Akhirah 1444H (corresponding to 31 December 2022G)
		2-000567161-43	Civil defence licence	14 Jumada al-Akhirah 1443H (corresponding to 17 January 2022G)	14 Jumada al-Akhirah 1444H (corresponding to 7 January 2023G)
		2-000567005-43	Civil defence licence	1 Rajab 1443H (corresponding to 2 February 2022G)	1 Rajab 1444H (corresponding to 23 January 2023G)
		1-000904743-43	Civil defence licence	20 Ramadan 1443H (corresponding to 21 April 2021G)	20 Ramadan 1444H (corresponding to 11 April 2023G)
		2-000684624-44	Civil defence licence	11 Rajab 1444H (corresponding to 2 February 2023G)	11 Rajab 1445H (corresponding to 23 January 2024G)
		1-000985130-44	Civil defence licence	14 Safar 1444H (corresponding to 10 September 2022G)	14 Safar 1445H (corresponding to 30 August 2023G)
		Not Available (2)	Civil defence license	Not Available	Not Available
		Not Available (2)	Civil defence licence	Not Available	Not Available
Musanid Al Marafiq for Maintenance and Cleaning Company	Riyadh Municipality, Kingdom of Saudi Arabia	411236759811	Engaging in commercial activities	7 Muharram 1442H (corresponding to 26 August 2020G)	7 Muharram 1444H (corresponding to 5 August 2022G)
	General Directorate of Civil Defence, Kingdom of Saudi Arabia	1-000585416-42	Civil defence licence	7 Muharram 1442H (corresponding to 26 August 2020G)	7 Muharram 1443H (corresponding to 15 August 2021G) (1)
Sawaid Recruitment Company	Riyadh Municipality, Kingdom of Saudi Arabia	42034230313	Engaging in commercial activities	29 Rabi' al-Thani 1442H (corresponding 14 December 2020G)	29 Rabi' al-Thani 1445H (corresponding 13 November 2023G) (1)
	General Directorate of Civil Defence, Kingdom of Saudi Arabia	Not Available (2)	Civil defence licence	Not Available	Not Available

Source: The Company.

(1) The licence is expired. The Company will not be able to renew the license since the property in which it carries out its activities has become a residential property on the "Ejar" platform. Therefore, the Company is looking for a replacement to avoid being exposed to any possible fines.

(2) The licence is not available. The Company will not be able to obtain the license since the property in which it carries out its activities has become a residential property on the "Ejar" platform. Therefore, the Company is looking for a replacement to avoid being exposed to any possible fines.

12.5 Material Agreements

The Company and its Subsidiaries have entered into a number of agreements for the purpose of their business. The following is a summary of those agreements which the Company considers material or important or which may otherwise influence a Subscriber's decision to invest in the Offer Shares; noting that the Company does not consider any of the business agreements entered into by its Subsidiaries to be material in connection with the same. The Company believes that all such agreements, in addition to the key provisions thereunder, have been included in this Section and that there are no other agreements, which are material in the context of the Company's business, that have not been disclosed. As of the date of this Prospectus, the Company has not breached any of the provisions of the material business agreements during the relevant term of such agreements and it is not aware of any event which, with the passing of time, may become a breach or default under any such agreements. These summaries do not purport to describe all of the applicable provisions of such agreements. For further details on the Company's financing agreements, lease agreements, and insurance policies, see Section 12.6 (*Financing Agreements*), Section 12.8.2 (*Leases*), and Section 12.7 (*Insurance Policies*). The following table sets out the material agreements (except for financing agreements, lease agreements and insurance policies) entered into by the Company for the purposes of its business:

Table No. (12.6): Details of Material Agreements

Name of Agreement	Parties	Brief Description	Term and Renewal Mechanism	Value for the Period(s) Indicated
Agreements with Key Suppliers				
Tourism Services Contract	The Company (as client) and Alshahin Travel and Tourism Agency (as service provider)	The Company entered into a services contract for the purpose of obtaining tourism services and travel tickets from the service provider.	The agreement is for a term of one year commencing on 22 Thul-Hijjah 1436H (corresponding to 5 October 2015G) to 29 Muharram 1438H (corresponding to 30 October 2016G), and is renewable automatically.	SAR 5,847,058.23 (for the financial year ended 31 December 2021G) SAR 3,282,884 (for the six months period ended 30 June 2022G)
Manpower Supply Agreement	The Company (as client) and Staffhouse International Resources (as service provider)	The service provider supplies manpower to the Company and should handle all necessary procedures inside the country of the Philippines for sending workers to the Kingdom.	The agreement is for a term of two years commencing on 17 Thul-Qi'dah 1436H (corresponding to 1 September 2015G) to 10 Thul-Hijjah 1438H (corresponding to 1 September 2017G), and is renewable automatically unless either party notifies the other party of its intention of non-renewal at least two months before the expiration date.	SAR 795,000 (for the financial year ended 31 December 2021G) SAR 88,000 (for the six months period ended 30 June 2022G)
Manpower Supply Agreement	The Company (as client) and PT. RESTU BUNDA SEJATI (as service provider)	The service provider supplies manpower to the Company and should handle all necessary procedures inside the country of Indonesia for sending workers to the Kingdom.	The agreement is for a term of two years commencing on 23 Thul-Qi'dah 1438H (corresponding to 15 August 2017G) to 13 Thul-Hijjah 1440H (corresponding to 14 August 2019G), and is renewable automatically unless either party notifies the other party of its intention of non-renewal at least two months before the expiration date.	SAR 9,600,000 (for the financial year ended 31 December 2021G) SAR 25,700,000 (for the six months period ended 30 June 2022G)
Manpower Supply Agreement	The Company (as client) and Access Partners (as service provider)	The service provider supplies manpower to the Company and should handle all necessary procedures inside the country of India for sending workers to the Kingdom.	The agreement is for a term of two years commencing on 23 Rajab 1441H (corresponding to 18 March 2020G) to 15 Sha'ban 1443H (corresponding to 18 March 2022G), and is renewable automatically unless either party notifies the other party of its intention of non-renewal at least two months before the expiration date.	SAR 807,000 (for the financial year ended 31 December 2021G) SAR 230,000 (for the six months period ended 30 June 2022G)

Name of Agreement	Parties	Brief Description	Term and Renewal Mechanism	Value for the Period(s) Indicated
Manpower Supply Agreement	The Company (as client) and Macro Manpower Limited (as service provider)	The service provider supplies manpower to the Company and should handle all necessary procedures inside the country of Uganda for sending workers to the Kingdom.	The agreement is for a term of two years commencing on 12 Sha'ban 1442H (corresponding to 25 March 2021G) to 3 Ramadan 1444H (corresponding to 25 March 2023G), and is renewable automatically unless either party notifies the other party of its intention of non-renewal at least two months before the expiration date.	SAR 9,800,000 (for the financial year ended 31 December 2021G) SAR 4,800,000 (for the six months period ended 30 June 2022G)
Manpower Supply Agreement	The Company (as client) and Talent Quest Africa Limited (as service provider)	The service provider supplies manpower to the Company and should handle all necessary procedures inside the country of Kenya for sending workers to the Kingdom.	The agreement is for a term of two years commencing on 14 Rabi' al-Thani 1442H (corresponding to 29 November 2020G) to 5 Jumada al-Ula 1444H (corresponding to 28 November 2022G), and is renewable automatically unless either party notifies the other party of its intention of non-renewal at least two months before the expiration date.	SAR 1,000,000 (for the financial year ended 31 December 2021G) SAR zero (for the six months period ended 30 June 2022G)
Agreements with Key Clients				
Manpower Services Agreement	The Company (as service provider) and Kudu Food and Catering Company (as client)	The Company entered into a manpower services agreement for the purpose of providing manpower services to the client. This is in consideration of an amount equal to the costs, expenses, and services constituting and the total remuneration and benefits package of the employee(s), payable to the service provider.	The agreement is for a term of two years commencing on 18 Safar 1439H (corresponding to 7 November 2017G) to 10 Rabi' al-Awwal 1441H (corresponding to 7 November 2019G), automatically renewable for similar terms unless either party notifies the other party of its intention of non-renewal at least 30 days before the expiration date.	SAR 24,877,970 (for the financial year ended 31 December 2021G) SAR 10,582,997 (for the six months period ended 30 June 2022G)
Manpower Services Agreement	The Company (as service provider) and Kudu Food Industries Company (Branch of Kudu Food and Catering Company) (as client)	The Company entered into a manpower services agreement for the purpose of providing manpower services to the client. This is in consideration of an amount equal to the costs, expenses, services constituting and the total remuneration and benefits package of the employee(s), payable to the service provider.	The agreement is for a term of two years commencing on 18 Rajab 1434H (corresponding to 28 May 2013G) to 10 Sha'ban 1436H (corresponding to 28 May 2015G), automatically renewable for similar terms unless either party notifies the other party of its intention of non-renewal at least 30 days before the expiration date.	
Manpower Services Agreement	The Company (as service provider) and Kudu Operation and Maintenance Company (Branch of Kudu Food and Catering Company) (as client)	The Company entered into a manpower services agreement for the purpose of providing manpower services to the client. This is in consideration of an amount equal to the costs, expenses, services constituting and the total remuneration and benefits package of the employee(s), payable to the service provider.	The agreement is for a term of two years commencing on 25 Ramadan 1436H (corresponding to 12 July 2015G) to 18 Shawwal 1438H (corresponding to 12 July 2017G), automatically renewable for similar terms unless either party notifies the other party of its intention of non-renewal at least 30 days before the expiration date.	

Name of Agreement	Parties	Brief Description	Term and Renewal Mechanism	Value for the Period(s) Indicated
Manpower Services Agreement	The Company (as service provider) and Alamar Foods Company (as client)	The Company entered into a manpower services agreement for the purpose of providing manpower services to the client. This is in consideration of an amount equal to the costs, expenses, services constituting and the total remuneration and benefits package of the employee(s), payable to the service provider.	The agreement is for a term of two years commencing on 29 Sha'aban 1434H (corresponding to 9 July 2013G) to 22 Ramadan 1436H (corresponding to 9 July 2015G), automatically renewable for similar terms unless either party notifies the other party of its intention of non-renewal at least 30 days before the expiration date.	SAR 13,898,797 (for the financial year ended 31 December 2021G) SAR 6,312,623 (for the six months period ended 30 June 2022G)
Manpower Services Agreement	The Company (as the service provider) and Almajal Service Master Company (as the client)	The Company entered into a manpower services agreement for the purpose of providing manpower services to the client. This is in consideration of an amount equal to the costs, expenses, services constituting and the total remuneration and benefits package of the employee(s), payable to the service provider.	The agreement is for a term of one year commencing on 18 Jumada al-Alkhirah 1439H (corresponding to 6 March 2018G) to 29 Jumada al-Alkhirah 1440H (corresponding to 6 March 2019G), automatically renewable for similar terms unless either party notifies the other party of its intention of non-renewal at least 30 days before the expiration date.	SAR 26,399,039 (for the financial year ended 31 December 2021G) SAR 12,504,020 (for the six months period ended 30 June 2022G)
Manpower Services Agreement	The Company (as the service provider) and Almajal Service Master Company (as the client)	The Company entered into a manpower services agreement for the purpose of providing manpower services to the client at a 6 per cent. monthly discount on the cost. This is in consideration of an amount equal to the costs, expenses, services constituting and the total remuneration and benefits package of the employee(s), payable to the service provider.	The agreement is for a term of one year commencing on 26 Jumada al-Ula 1440H (corresponding to 1 February 2019G) to 7 Jumada al-Alkhirah 1441H (corresponding to 1 February 2020G), automatically renewable for similar terms unless either party notifies the other party of its intention of non-renewal at least 30 days before the expiration date.	
Manpower Services Agreement	The Company (as the service provider) and Naqel Express Company (as the client)	The Company entered into a manpower services agreement for the purpose of providing manpower services to the client. This is in consideration of an amount equal to the costs, expenses, services constituting and the total remuneration and benefits package of the employee(s), payable to the service provider.	The agreement is for a term of two years commencing on 25 Ramadan 1438H (corresponding to 20 June 2017G) to 17 Shawwal 1440H (corresponding to 20 June 2019G), automatically renewable for similar terms unless either party notifies the other party of its intention of non-renewal at least 30 days before the expiration date.	SAR 29,645,058 (for the financial year ended 31 December 2021G) SAR 11,925,191 (for the six months period ended 30 June 2022G)
Manpower Services Agreement	The Company (as the service provider) and Naqel Express Company (as the client)	The Company entered into a manpower services agreement for the purpose of providing manpower services to the client. This is in consideration of an amount equal to the costs, expenses, services constituting and the total remuneration and benefits package of the employee(s), payable to the service provider.	The agreement is for a term of two years commencing on 1 Jumada al-Ula 1439H (corresponding to 18 January 2018G) to 23 Jumada al-Ula 1441H (corresponding to 18 January 2020G), automatically renewable for similar terms unless either party notifies the other party of its intention of non-renewal at least 30 days before the expiration date.	

Source: The Company.

12.5.1 Agreements with Key Suppliers

12.5.1.1 Tourism Services Contract between the Company and Alshahin Travel and Tourism Agency

The Company (as client) entered into a tourism services agreement with Alshahin Travel and Tourism Agency (as service provider) for the purpose of obtaining tourism services from the service provider. The value of this contract amounted to SAR 5,847,058.23 and SAR 3,282,884 for the financial year ended 31 December 2021G and the six months period ended 30 June 2022G, respectively. The agreement, which shall be valid from 22 Thul-Hijjah 1436H (corresponding to 5 October 2015G) to 29 Muharram 1438H (corresponding to 30 October 2016G) for a term of one year, and is automatically renewable. The agreement shall be governed by the laws of the Kingdom and any dispute arising from the agreement shall be referred to arbitration which shall be conducted in Riyadh, according to Saudi Arbitration Regulations and its implementing rules.

12.5.1.2 Manpower Supply Agreement between the Company and Staffhouse International Resources

The Company (as client) entered into a manpower supply agreement with Staffhouse International Resources (as service provider) for manpower supply and handling all necessary procedures inside the country of the Philippines for sending workers to the Kingdom. The value of this contract amounted to SAR 795,000 and SAR 88,000 for the financial year ended 31 December 2021G and the six months period ended 30 June 2022G, respectively. The agreement is for a term of two years commencing on 17 Thul-Qi'dah 1436H (corresponding to 1 September 2015G) to 10 Thul-Hijjah 1438H (corresponding to 1 September 2017G), and is renewable automatically unless either party notifies the other party of its intention to not renew at least two months before the expiration date.

12.5.1.3 Manpower Supply Agreement between the Company and PT. RESTU BUNDA SEJJATI

The Company (as client) entered into a manpower supply agreement with PT RESTU BUNDA SEJJATI (as service provider) for manpower supply and handling all necessary procedures inside the country of Indonesia for sending workers to the Kingdom. The value of this contract amounted to SAR 9,600,000 and SAR 25,700,000 for the financial year ended 31 December 2021G and the six months period ended 30 June 2022G, respectively. The agreement is for a term of two years commencing on 23 Thul-Qi'dah 1438H (corresponding to 15 August 2017G) to 13 Thul-Hijjah 1440H (corresponding to 14 August 2019G), and is renewable automatically unless either party notifies the other party of its intention to not renew at least two months before the expiration date.

12.5.1.4 Manpower Supply Agreement between the Company and Access Partners

The Company (as client) entered into a manpower supply agreement with Access Partners (as service provider) for manpower supply and handling all necessary procedures inside the country of India for sending workers to the Kingdom. The value of this contract amounted to SAR 807,000 and SAR 230,000 for the financial year ended 31 December 2021G and the six months period ended 30 June 2022G, respectively. The agreement is for a term of two years commencing on 23 Rajab 1441H (corresponding to 18 March 2020G) to 15 Sha'ban 1443H (corresponding to 18 March 2022G), and is renewable automatically unless either party notifies the other party of its intention to not renew at least two months before the expiration date.

12.5.1.5 Manpower Supply Agreement between the Company and Macro Manpower Limited

The Company (as client) entered into a manpower supply agreement with Macro Manpower Limited (as service provider) for manpower supply and handling all necessary procedures inside the country of Uganda for sending workers to the Kingdom. The value of this contract amounted to SAR 9,800,000 and SAR 4,800,000 for the financial year ended 31 December 2021G and the six months period ended 30 June 2022G, respectively. The agreement is for a term of two years commencing on 12 Sha'ban 1442H (corresponding to 25 March 2021G) to 3 Ramadan 1444H (corresponding to 25 March 2023G), and is renewable automatically unless either party notifies the other party of its intention to not renew at least two months before the expiration date.

12.5.1.6 Manpower Supply Agreement between the Company and Talent Quest Africa Limited

The Company (as client) entered into a manpower supply agreement with Talent Quest Africa Limited (as service provider) for manpower supply and handling all necessary procedures inside the country of Kenya for sending workers to the Kingdom. The value of this contract amounted to SAR 1,000,000 and SAR zero for the financial year ended 31 December 2021G and the six months period ended 30 June 2022G, respectively. The agreement is for a term of two years commencing on 14 Rabi' al-Thani 1442H (corresponding to 29 November 2020G) to 5 Jumada al-Ula 1444H (corresponding to 28 November 2022G), and is renewable automatically unless either party notifies the other party of its intention to not renew at least two months before the expiration date.

12.5.2 Agreements with Key Clients

12.5.2.1 Manpower Services Agreements between the Company and Kudu Food and Catering Company

The Company entered into three agreements with Kudu Food and Catering Company and its branches. The total revenues resulting from the agreements with Kudu Food and Catering Company and its branches amounted to SAR 24,877,970 and SAR 10,582,997 for the financial year ended 31 December 2021G and the six months period ended 30 June 2022G, respectively. The following are the details of such agreements:

(a) Manpower Services Agreement between the Company and Kudu Food and Catering Company

The Company (as service provider) entered into a manpower services agreement with Kudu Food and Catering Company (as client) for the purpose of providing manpower services to the client. This is in consideration of an amount equal to the costs, expenses, services constituting and the total remuneration and benefits package of the employee(s), payable to the service provider. The agreement is for a term of two years commencing on 18 Safar 1439H (corresponding to 7 November 2017G) to 10 Rabi' al-Awwal 1441H (corresponding to 7 November 2019G), and is automatically renewable for similar terms unless either party notifies the other party of its intention to not renew at least 30 days before the expiration date. The agreement shall be governed by the laws of the Kingdom and any dispute arising from the agreement shall be referred to competent courts in Riyadh.

(b) Manpower Services Agreement between the Company and Kudu Food Industries Company (Branch of Kudu Food and Catering Company)

The Company (as service provider) entered into a manpower services agreement with Kudu Food Industries Company (Branch of Kudu Food and Catering Company) (as client) for the purpose of providing manpower services to the client. This is in consideration of an amount equal to the costs, expenses, services constituting and the total remuneration and benefits package of the employee(s), payable to the service provider. The agreement is for a term of two years commencing on 18 Rajab 1434H (corresponding to 28 May 2013G) to 10 Sha'ban 1436H (corresponding to 28 May 2015G), automatically renewable for similar terms unless either party notifies the other party of its intention to not renew at least 30 days before the expiration date. The agreement shall be governed by the laws of the Kingdom and any dispute arising from the agreement shall be referred to competent courts in Riyadh.

(c) Manpower Services Agreement between the Company and Kudu Operation and Maintenance Company (Branch of Kudu Food and Catering Company)

The Company (as service provider) entered into a manpower services agreement with Kudu Operation and Maintenance Company (Branch of Kudu Food and Catering Company) (as client) for the purpose of providing manpower services to the client. This is in consideration of an amount equal to the costs, expenses, services constituting and the total remuneration and benefits package of the employee(s), payable to the service provider. The agreement is for a term of two years commencing on 25 Ramadan 1436H (corresponding to 12 July 2015G) to 18 Shawwal 1438H (corresponding to 12 July 2017G), and is automatically renewable for similar terms unless either party notifies the other party of its intention to not renew at least 30 days before the expiration date. The agreement shall be governed by the laws of the Kingdom and any dispute arising from the agreement shall be referred to competent courts in Riyadh.

12.5.2.2 Manpower Services Agreement between the Company and Alamar Foods Company

The Company (as service provider) entered into a manpower services agreement with Alamar Foods Company (as client) for the purpose of providing manpower services to the client. This is in consideration of an amount equal to the costs, expenses, services constituting and the total remuneration and benefits package of the employee(s), payable to the service provider. The revenues resulting from this agreement amounted to SAR 13,898,797 and SAR 6,312,623 for the financial year ended 31 December 2021G and the six months period ended 30 June 2022G, respectively. The agreement is for a term of two years commencing on 29 Sha'aban 1434H (corresponding to 9 July 2013G) to 22 Ramadan 1436H (corresponding to 9 July 2015G), and is automatically renewable for similar terms unless either party notifies the other party of its intention to not renew at least 30 days before the expiration date. The agreement shall be governed by the laws of the Kingdom and any dispute arising from the agreement shall be referred to competent courts in Riyadh.

12.5.2.3 Manpower Services Agreements between the Company and Almajal Service Master Company

The Company entered into two agreements with Almajal Service Master Company. The total revenues resulting from the agreements with Almajal Service Master Company amounted to SAR 26,399,039 and SAR 12,504,020 for the financial year ended 31 December 2021G and the six months period ended 30 June 2022G, respectively. The following are the details of such agreements:

(a) Manpower Services Agreement between the Company and Almajal Service Master Company

The Company (as service provider) entered into a manpower services agreement with Almajal Service Master Company (as client) for the purpose of providing manpower services to the client. This is in consideration of an amount equal to the costs, expenses, services constituting and the total remuneration and benefits package of the employee(s), payable to the service provider. The agreement is for a term of one year commencing on 18 Jumada al-Alkhirah 1439H (corresponding to 6 March 2018G) to 29 Jumada al-Alkhirah 1440H (corresponding to 6 March 2019G), and is automatically renewable for similar terms unless either party notifies the other party of its intention to not renew at least 30 days before the expiration date. The agreement shall be governed by the laws of the Kingdom and any dispute arising from the agreement shall be referred to competent courts in Riyadh.

(b) Manpower Services Agreement between the Company and Almajal Service Master Company

The Company (as service provider) entered into a manpower services agreement with Almajal Service Master Company (as client) for the purpose of providing manpower services to the client at a 6.0 per cent. Monthly discount on the cost. This is in consideration of an amount equal to the costs, expenses, services constituting and the total remuneration and benefits package of the employee(s), payable to the service provider. The agreement is for a term of one year commencing on 26 Jumada al-Ula 1440H (corresponding to 1 February 2019G) to 7 Jumada al-Alkhirah 1441H (corresponding to 1 February 2020G), and is automatically renewable for similar terms unless either party notifies the other party of its intention not to renew at least 30 days before the expiration date. The agreement shall be governed by the laws of the Kingdom and any dispute arising from the agreement shall be referred to competent courts in the defendant country of residence.

12.5.2.4 Manpower Services Agreements between the Company and Naqel Express Company

The Company entered into two agreements with Naqel Express Company. The total revenues resulting from the agreements with Naqel Express Company amounted to SAR 29,645,058 and SAR 11,925,191 for the financial year ended 31 December 2021G and the six months period ended 30 June 2022G, respectively. The following are the details of such agreements:

(a) Manpower Services Agreement between the Company and Naqel Express Company

The Company (as service provider) entered into a manpower services agreement with Naqel Express Company (as client) for the purpose of providing manpower services to the client. This is in consideration of an amount equal to the costs, expenses, services constituting and the total remuneration and benefits package of the employee(s), payable to the service provider. The agreement is for a term of two years commencing on 25 Ramadan 1438H (corresponding to 20 June 2017G) to 17 Shawwal 1440H (corresponding to 20 June 2019G), and is automatically renewable for similar terms unless either party notifies the other party of its intention to not renew at least 30 days before the expiration date. The agreement shall be governed by the laws of the Kingdom and any dispute arising from the agreement shall be referred to competent courts in Riyadh.

(b) Manpower Services Agreement between the Company and Naqel Express Company

The Company (as service provider) entered into a manpower services agreement with Naqel Express Company (as client) for the purpose of providing manpower services to the client. This is in consideration of an amount equal to the costs, expenses, services constituting and the total remuneration and benefits package of the employee(s), payable to the service provider. The agreement is for a term of two years commencing on 1 Jumada al-Ula 1439H (corresponding to 18 January 2018G) to 23 Jumada al-Ula 1441H (corresponding to 18 January 2020G), and is automatically renewable for similar terms unless either party notifies the other party of its intention to not renew at least 30 days before the expiration date. The agreement shall be governed by the laws of the Kingdom and any dispute arising from the agreement shall be referred to competent courts in Riyadh.

12.6 Financing Agreements

The Company entered into one financing agreement with Riyad Bank related to its business. Moreover, Riyad Bank has issued a latter of guarantee on 26 Jumada al-Ula 1441H (corresponding to 22 January 2022G in favour of the MHRSD for the purpose of enabling the Company to issue the MHRSD licence. The letter covers an amount of no more than ten million Saudi Arabian Riyals (SAR 10,000,000). The guarantee shall be valid until 4 Muharram 1446H (corresponding to 10 July 2024G). In addition, Riyad Bank issued a letter of guarantee on 28 Muharram 1442H (corresponding to 16 September 2020G in favour of the MHRSD for the purpose of enabling Sawaid Recruitment Company to issue the MHRSD licence. The letter covers an amount of no more than three hundred thousand Saudi Arabian Riyals (SAR 300,000). The guarantee shall be valid until 12 Rabi' al-Awwal 1446H (corresponding to 15 September 2024G).

The following is a summary of the financing agreement which the Company considers material or important or which may otherwise influence a Subscriber's decision with respect to the Offer Shares. As of the date of this Prospectus, the Company has not breached any of provisions of the financing agreement during the relevant term of such agreement, and it is not aware of any event which with the passing of time may become a breach or default under such financing agreement. This summary includes only the material provisions, not all of the applicable provisions of such agreement, and cannot be considered as an alternative to the terms and conditions of such agreement.

The financing agreement to which the Company is a party includes provisions that require the submission of a prior notification or obtaining prior written consent in connection with any change of control or change in the ownership structure of the Company, or when offering the Company's Shares for public subscription. The Company, in this regard, obtained the consent required from the financer.

The following table sets out the financing agreement entered into by the Company for the purposes of its business:

Table No. (12.7): Details of the Financing Agreement Concluded with Riyad Bank

Lender and Borrower	Type of Financing	Availability Period	Financing Amount
Riyad Bank (as the lender) and the Company (as the borrower)	Islamic Financing Agreement	The loan availability period runs from 7 Rabi' al-Awwal 1443H (corresponding to 13 October 2021G) until 10 Rabi' al-Thani 1446H (corresponding to 13 October 2024G).	SAR 36,000,000

Source: The Company.

12.6.1 Islamic Financing Agreement with Riyad Bank

The Company concluded an Islamic financing agreement with Riyad Bank on 7 Rabi' al-Awwal 1443H (corresponding to 13 October 2021G), whereby Riyad Bank agreed to provide the Company with credit facilities amounting to SAR 36,000,000. The credit facilities consist of:

- *Tawarruq* facility amounting to SAR 10,000,000 for the purpose of financing governmental payments at a profit rate of 2.0 per cent. over SAIBOR;
- *Tawarruq* facility amounting to SAR 10,000,000 for the purpose of financing invoices at a profit rate of 2.0 per cent. over SAIBOR;
- *Tawarruq* facility amounting to SAR 5,000,000 for the purpose of financing medical insurance payments at a profit rate of 2.0 per cent. over SAIBOR; and
- SAR 11,000,000 facilities for issuing letters of guarantee for the purpose of issuing the MHRSD licences for the Company and Sawaid Recruitment Company with a commission rate equivalent to the standard Saudi Central Bank (SAMA) tariff rate, and additional commission at 0.25 per cent.

The agreement was concluded on 7 Rabi' al-Awwal 1443H (corresponding to 13 October 2021G) and the facilities shall remain available until 10 Rabi' al-Thani 1446H (corresponding to 13 October 2024G). The Company considers the agreement to be in line with prevailing market practices.

The guarantees provided under this agreement are as follows:

- a promissory note of SAR 36,750,000 provided by the Company in favour of Riyad Bank, and an alternate guarantee provided by Alomaier Trading and Contracting Company and Al-Ayuni Investment and Contracting Company;
- joint and several guarantees of SAR 36,000,000 provided by Alomaier Trading and Contracting Company and Al-Ayuni Investment and Contracting Company in favour of Riyad Bank; and
- the right of Riyad Bank to ask for any guarantee from the Company from time to time.

The main financial and non- financial covenants given by the Company under the agreement include the following:

- an undertaking to notify Riyad Bank of any change in the ownership/management of the business;

The agreement is governed by the laws of the Kingdom and any disputes arising from it shall be referred to the competent authorities in the Kingdom.

Pursuant to a letter dated 24 Ramadan 1443H (corresponding to 25 April 2022G), Riyad Bank consented to the Offering.

12.7 Insurance Policies

The Company and its Subsidiaries maintain insurance policies covering different types of risks they may be exposed to. These insurance policies have been concluded with several insurers. The following table sets out the key particulars of the insurance policies held by the Company and its Subsidiaries:

Table No. (12.8): Details of Insurance Policies

Policy No.	Types of Insurance Coverage	Insurer and Insured	Validity	Maximum Insurance Coverage
WALAA-MED-F-07-R0	Medical Insurance	Wala'a Cooperative Insurance Company (as insurer) and Almawarid Manpower Company (as the insured)	29 Safar 1444H (corresponding to 25 September 2022G) to 9 Rabi' al-Awwal 1445H (corresponding to 24 September 2023G)	SAR 500,000
P0721-CCC-BCRO-E1/ R1/14134448/E4	Motor Comprehensive Insurance	Al Rajhi Takaful (as insurer) and Almawarid Manpower Company (as the insured)	3 Muharram 1444H (corresponding to 1 August 2022G) to 13 Muharram 1445H (corresponding to 31 July 2023G)	SAR 380,000
P0721-CCC-BCRO-14134448	Motor Comprehensive Insurance	Al Rajhi Takaful (as insurer) and Almawarid Manpower Company (as the insured)	3 Muharram 1444H (corresponding to 1 August 2022G) to 13 Muharram 1445H (corresponding to 31 July 2023G)	Total sum insured: SAR 1,045,000 Third party liability: SAR 10,000,000
22001437	Medical Insurance	Wala'a Cooperative Insurance Company (as insurer) and Musanid Al Marafiq for Maintenance and Cleaning Company (as the insured)	29 Safar 1444H (corresponding to 25 September 2022G) to 9 Rabi' al-Thani 1445H (corresponding to 24 September 2023G)	SAR 500,000
22001438	Medical Insurance	Wala'a Cooperative Insurance Company (as insurer) and Musanid Al Marafiq for Maintenance and Cleaning Company (as the insured)	29 Safar 1444H (corresponding to 25 September 2022G) to 9 Rabi' al-Thani 1445H (corresponding to 24 September 2023G)	SAR 500,000
22001439	Medical Insurance	Wala'a Cooperative Insurance Company (as insurer) and Sawaid Recruitment Company (as the insured)	29 Safar 1444H (corresponding to 25 September 2022G) to 9 Rabi' al-Thani 1445H (corresponding to 24 September 2023G)	SAR 500,000

Source: The Company.

12.8 Real Estate

12.8.1 Title Deeds

As of the date of this Prospectus, while the Company's subsidiaries do not own any real estate, the Company owns the following title deeds:

Table No. (12.9): Details of Title Deeds Owned by the Company

Owner	Title Deed Particulars	Location	Description and Purpose	Rights of Third Parties/ Disputes
Almawarid Manpower Company	Title deed number 798594000106 dated 3 Thul-Qi'dah 1441H (corresponding to 24 June 2020G)	Ar-Rawdah District, Riyadh, Kingdom of Saudi Arabia	Plot of land with a total size of 1,187.59 sqm, for the purpose of using the land for establishing the Company's head office.	N/A

Source: The Company.

12.8.2 Leases

As of the date of this Prospectus, the Company and its Subsidiaries have entered various lease agreements in connection with their business. The Company and its Subsidiaries, being the lessee in these agreements, ensures to pay the rental amounts as specified in each agreement and generally does not have the right to assign or sublease the agreements in whole or in part to any third party. The leasing term varies for every lease agreement, generally falling between six months to five years; some agreements provide for automatic renewal. Some of the agreements allow either party to terminate the agreement by providing prior notice of not less than one month before the expiry of the agreement. The Board of Directors of the Company declare that there are no material leases on which the Company or its Subsidiaries relies in its operations. The following table shows the details of lease agreements entered into by the Company and its Subsidiaries:

Table No. (12.10): Details of Lease Agreements Entered into by the Company and its Subsidiaries

No.	The Parties	Property Location	Size of Leased Premises (Sqm)	Rent	Term of Lease/ Renewal Mechanism	Right to Terminate/ Post Termination Procedures	Purpose	Subleasing/ Assignment
1	Almawarid Manpower Company (as the lessee) and Anan Iskan Development Company Ltd (as the lessor)	Anan Iskan Ishraqa 1 Compound, Riyadh Industrial City 2, Riyadh, Kingdom of Saudi Arabia	Varies depending on the number of units, which changes on a daily basis.	SAR 721,235 as six months down payment. SAR 88,848 monthly.	two years starting from 30 Ramadan 1443H (corresponding to 1 May 2022G) to 10 Sha'ban 1444H (corresponding to 30 April 2023G). The agreement may be renewed by executing a new lease agreement between the parties.	The lessee has the right to terminate the lease with immediate effect by providing 30 days' notice in writing to the lessor.	Workers' Accommodation.	The lessee may not sublease or assign any portion of the premises without prior written approval from the lessor.
2	Almawarid Manpower Company (as the lessee) and Nawal Hamad Hindi Alshulawi (as the lessor)	Prince Nasser bin Abdulaziz Street, Ar Rawdah District, Riyadh, Kingdom of Saudi Arabia.	36 sqm.	SAR 15,000 annually.	One year starting from 20 Jumada al-Akhirah 1443H (corresponding to 23 January 2022G) to 30 Jumada al-Akhirah 1443H (corresponding to 22 January 2023G). The agreement may be renewed by executing a new lease agreement between the parties.	The lessor has the right to terminate the lease with immediate effect if the lessee is bankrupt or insolvent. The affected party has the right to terminate the lease with immediate effect by notice in writing if the other party has breached one of its obligations under this agreement and fails to remedy such breach within 15 days of its receipt of a written notice from the affected party to do so.	Office	The lessee may not sublease or assign any portion of the premises.

No.	The Parties	Property Location	Size of Leased Premises (Sqm)	Rent	Term of Lease/ Renewal Mechanism	Right to Terminate/ Post Termination Procedures	Purpose	Subleasing/ Assignment
3	Almawarid Manpower Company (as the lessee) and Waleed Saud Mutlaq Alotaibi (as the lessor)	Saad Ibn Abi Waqqas Street, An Nasim Al Gharbi District, Riyadh, Kingdom of Saudi Arabia.	810 sqm.	SAR 85,000 every six months.	One year starting from 5 Ramadan 1443H (corresponding to 6 April 2022G) to 14 Ramadan 1444H (corresponding to 5 April 2023G). The agreement may be renewed by executing a new lease agreement between the parties.	The affected party has the right to terminate the lease with immediate effect by notice in writing if the other party has breached one of its obligations under this agreement and fails to remedy such breach within 15 days of its receipt of a written notice from the affected party to do so.	Workers' Accommodation	The lessee may not sublease or assign any portion of the premises.
4	Almawarid Manpower Company (as the lessee) and Habib Abdullah Habib Alotaibi (as the lessor)	Ar Rayyan District, Riyadh, Kingdom of Saudi Arabia.	2,170 sqm.	SAR 225,000 every six months.	Two years starting from 5 Safar 1444H (corresponding to 1 September 2022G) to 27 Safar 1446H (corresponding to 31 August 2024G). The agreement may be renewed by executing a new lease agreement between the parties.	The affected party has the right to terminate the lease with immediate effect by notice in writing if the other party has breached one of its obligations under this agreement and fails to remedy such breach within 15 days of its receipt of a written notice from the affected party to do so.	Workers' Accommodation	The lessee may not sublease or assign any portion of the premises.
5	Almawarid Manpower Company (as the lessee) and Abdulaziz Khulaif Zeyad Alresheedi (as the lessor)	Alnour District, Dammam, Kingdom of Saudi Arabia.	730 sqm.	SAR 74,998 every six months.	One year starting from 3 Muharram 1444H (Corresponding to 1 August 2022G) to 13 Muharram 1445H (corresponding to 31 July 2023G). The agreement may be renewed by executing a new lease agreement between the parties.	The affected party has the right to terminate the lease with immediate effect by notice in writing if the other party has breached one of its obligations under this agreement and fails to remedy such breach within 15 days of its receipt of a written notice from the affected party to do so.	Workers' accommodation	The lessee may not sublease or assign any portion of the premises.

No.	The Parties	Property Location	Size of Leased Premises (Sqm)	Rent	Term of Lease/ Renewal Mechanism	Right to Terminate/ Post Termination Procedures	Purpose	Subleasing/ Assignment
6	Almawarid Manpower Company (as the lessee) and Bandar Khalid Abdullah Aldebeyan (as the lessor)	Hafsa Bint Omar Street, Ar Rawdah District, Riyadh, Kingdom of Saudi Arabia.	125 sqm.	SAR 15,600 every six months.	One year starting from 22 Rabi' al-Awwal 1444H (corresponding to 18 October 2022G) to 2 Rabi' al-Thani 1445H (corresponding to 17 October 2023G). The agreement may be renewed by executing a new lease agreement between the parties.	The affected party has the right to terminate the lease with immediate effect by notice in writing if the other party has breached one of its obligations under this agreement and fails to remedy such breach within 15 days of its receipt of a written notice from the affected party to do so.	Workers' accommodation	The lessee shall not assign its right under the agreement or sublease the leased premises.
7	Almawarid Manpower Company (as the lessee) and Fahad Mohammed Abdullah Alghufaili (as the lessor)	Zamil Alsaleem Road, Ar Rayyan district, Unaizah, Al Qassim Province, Kingdom of Saudi Arabia.	54 sqm.	SAR 30,000 annually.	One year starting from 20 Rajab 1443H (corresponding to 20 February 2022G) to 28 Rajab 1444H (corresponding to 19 February 2023G). The agreement may be renewed by executing a new lease agreement between the parties.	The affected party has the right to terminate the lease with immediate effect by notice in writing if the other party has breached one of its obligations under this agreement and fails to remedy such breach within 15 days of its receipt of a written notice from the affected party to do so.	Showroom	The lessee shall not assign its right under the agreement or sublease the leased premises.
8	Almawarid Manpower Company (as the lessee) and Saleh Ali Abdullah Alsudais (as the lessor)	Prince Nasser Ibn Abdulaziz Street, Ar Rawdah District, Riyadh, Kingdom of Saudi Arabia.	1600 sqm.	SAR 250,000 annually.	One year starting from 18 Ramadan 1440H (corresponding to 19 April 2022G) to 27 Ramadan 1444H (corresponding to 18 April 2023G). The agreement is automatically renewable for a similar term, unless either party notifies the other party of its intention for non-renewal 60 days prior to the end of the term.	The affected party has the right to terminate the lease with immediate effect by notice in writing if the other party has breached one of its obligations under this agreement and fails to remedy such breach within 15 days of its receipt of a written notice from the affected party to do so.	Workers' accommodation	The lessee shall not assign its right under the agreement or sublease the leased premises.

No.	The Parties	Property Location	Size of Leased Premises (Sqm)	Rent	Term of Lease/ Renewal Mechanism	Right to Terminate/ Post Termination Procedures	Purpose	Subleasing/ Assignment
9	Almawarid Manpower Company (as the lessee) and Khalid Bin Fahad Bin Abdullah Mubaireek (as the lessor) (1)	Northern Ring Road, Altaawun District, Riyadh, Kingdom of Saudi Arabia.	190 sqm.	SAR 95,337 every six months.	Five years starting from 2 Shawwal 1440H (corresponding to 5 June 2019G) to 27 Thul-Qi'dah 1445H (corresponding to 4 June 2024G). The lease agreement may be renewed by executing a new lease agreement between the parties.	Both parties may terminate the agreement by providing 30 days prior written notice. The affected party has the right to terminate the lease with immediate effect by notice in writing if the other party has breached one of his obligations under this agreement.	Showroom	The lessee may not sublease or assign any portion of the premises without prior written approval from the lessor.
10	Almawarid Manpower Company (as the lessee) and Qabd Real estate Real estate Establishment (as the lessor)	King Abdullah Road, Alsafra District, Buraidah, Al Qassim Province, Kingdom of Saudi Arabia.	132 sqm.	SAR 60,500 annually.	One year starting from 15 Rajab 1443H (corresponding to 16 February 2022G) to 24 Rajab 1444H (corresponding to 15 February 2023G). The lease agreement may be renewed by executing a new lease agreement between the parties.	The affected party has the right to terminate the lease with immediate effect by notice in writing if the other party has breached one of its obligations under this agreement and fails to remedy such breach within 15 days of its receipt of a written notice from the affected party to do so.	Sales branch	The lessee may not sublease or assign any portion of the premises without prior written approval from the lessor.
11	Almawarid Manpower Company (as the lessee) and Maher Mohammaed Hammad Alblowi (as the lessor)	Prince Mamdouh Ibn Abdulaziz Street, Almurouj District, Tabuk, Kingdom of Saudi Arabia.	70 sqm.	SAR 20,000 every six months.	One year starting from 29 Jumada al-Akhirah 1443H (corresponding to 1 February 2022G) to 9 Rajab 1444H (corresponding to 31 January 2023G). The agreement may be renewed by executing a new lease agreement between the parties.	The affected party has the right to terminate the lease with immediate effect by notice in writing if the other party has breached one of its obligations under this agreement and fails to remedy such breach within 15 days of its receipt of a written notice from the affected party to do so.	Sales Branch	The lessee shall not assign its right under the agreement or sublease the leased premises.

No.	The Parties	Property Location	Size of Leased Premises (Sqm)	Rent	Term of Lease/ Renewal Mechanism	Right to Terminate/ Post Termination Procedures	Purpose	Subleasing/ Assignment
12	Almawarid Manpower Company (as the lessee) and Al Kifah Holding Company (as the lessor)	King Faisal Road, Alkornish District, Al Khobar, Kingdom of Saudi Arabia.	265.5 sqm.	SAR 186,190 annually.	One year starting from 7 Jumada al-Ula 1444H (corresponding to 1 December 2022G) to 16 Jumada al-Ula 1445H (corresponding to 30 November 2023G). The agreement may be renewed by executing a new lease agreement between the parties.	The lessor has the right to terminate the lease with immediate effect if the lessee is bankrupt or insolvent. The affected party has the right to terminate the lease with immediate effect by notice in writing if the other party has breached one of its obligations under this agreement and fails to remedy such breach within 15 days of its receipt of a written notice from the affected party to do so.	Showroom	The lessee shall not assign its right under the agreement or sublease the leased premises.
13	Almawarid Manpower Company (as the lessee) and Zahwa Fahad Alabdullah Albuyodh (as the lessor)	Om Almo'mneen Alsaida A'sha Street, Hail, Kingdom of Saudi Arabia	40 sqm.	SAR 23,000 every six months.	One year starting from 28 Jumada al-Ula 1443H (corresponding to 1 January 2022G) to 7 Jumada al-Akhirah 1444H (corresponding to 31 December 2022G). The agreement may be renewed by executing a new lease agreement between the parties.	The lessor has the right to terminate the lease with immediate effect if the lessee is bankrupt or insolvent. The affected party has the right to terminate the lease with immediate effect by notice in writing if the other party has breached one of its obligations under this agreement and fails to remedy such breach within 15 days of its receipt of a written notice from the affected party to do so.	Showroom	The lessee shall not assign its right under the agreement or sublease the leased premises.

No.	The Parties	Property Location	Size of Leased Premises (Sqm)	Rent	Term of Lease/ Renewal Mechanism	Right to Terminate/ Post Termination Procedures	Purpose	Subleasing/ Assignment
14	Almawarid Manpower Company (as the lessee) and Suleiman Mohammed Al-Jarboa Endowment Foundation (as the lessor)	King Abdullah Branch Road, Aloraidh District, Almadinah Al Munawara, Kingdom of Saudi Arabia.	105 sqm.	SAR 25,000 every six months.	One year starting from 28 Jumada al-Ula 1444H (corresponding to 1 January 2022G) to 7 Jumada al-Akhirah 1444H (corresponding to 31 December 2022G). The agreement may be renewed by executing a new lease agreement between the parties.	The lessor has the right to terminate the lease with immediate effect if the lessee is bankrupt or insolvent. The affected party has the right to terminate the lease with immediate effect by notice in writing if the other party has breached one of its obligations under this agreement and fails to remedy such breach within 15 days of its receipt of a written notice from the affected party to do so.	Showroom	The lessee shall not assign its right under the agreement or sublease the leased premises.
15	Almawarid Manpower Company (as the lessee) and Mohammed Bin Abdullah Bin Merai Alqahtani (as the lessor)	Al Nour District, Dammam, Kingdom of Saudi Arabia.	1,680 sqm.	SAR 125,000 every six months.	One year starting from 16 Thul-Hijjah 1443H (corresponding to 15 July 2022G) to 26 Thul-Hijjah 1444H (corresponding to 14 July 2023G.) The agreement may be renewed by executing a new lease agreement between the parties.	The affected party has the right to terminate the lease with immediate effect by notice in writing if the other party has breached one of its obligations under this agreement and fails to remedy such breach within 15 days of its receipt of a written notice from the affected party to do so.	Workers' accommodation	The lessee shall not assign its right under the agreement or sublease the leased premises.

No.	The Parties	Property Location	Size of Leased Premises (Sqm)	Rent	Term of Lease/ Renewal Mechanism	Right to Terminate/ Post Termination Procedures	Purpose	Subleasing/ Assignment
16	Almawarid Manpower Company (as the lessee) and Hussain Ahmad Hussain Al Abdullah (as the lessor)	Almahalla District, Abha, Kingdom of Saudi Arabia.	1,316 sqm.	SAR 220,000 annually.	Three years starting on 6 Rajab 1441H (corresponding to 1 March 2020G) to 8 Sha'ban 1444H (corresponding to 28 February 2023G). The agreement may be renewed by executing a new lease agreement between the parties.	The affected party has the right to terminate the lease with immediate effect by notice in writing if the other party has breached one of its obligations under this agreement and fails to remedy such breach within 15 days of its receipt of a written notice from the affected party to do so.	Workers' accommodation	The lessee shall not assign its right under the agreement or sublease the leased premises.
17	Almawarid Manpower Company (as the lessee) and Qimam Gharbiya Construction Company (as the lessor)	Alkornaiche, Al Jubail Industrial, Kingdom of Saudi Arabia.	100 sqm.	SAR 33,000 every six months.	One year starting from 20 Jumada al-Ula 1444H (corresponding to 14 December 2022G) to 29 Jumada al-Ula 1445H (corresponding to 13 December 2023G). The agreement may be renewed by executing a new lease agreement between the parties.	The affected party has the right to terminate the lease with immediate effect by notice in writing if the other party has breached one of its obligations under this agreement and fails to remedy such breach within 15 days of its receipt of a written notice from the affected party to do so., or if the lessee is bankrupt or insolvent.	Office	The lessee shall not assign its right under the agreement or sublease the leased premises.

No.	The Parties	Property Location	Size of Leased Premises (Sqm)	Rent	Term of Lease/ Renewal Mechanism	Right to Terminate/ Post Termination Procedures	Purpose	Subleasing/ Assignment
18	Almawarid Manpower Company (as the lessee) and Adnan Bin Maatoog Bin Hussain Alaskar (as the lessor)	Alharith Bin Shuraih Street, Dammam, Eastern Province, Kingdom of Saudi Arabia.	2,240 sqm.	SAR 350,000 annually.	One year starting from 7 Rabi' al-Thani 1444H (corresponding to 1 November 2022G) to 16 Rabi' al-Thani 1445H (corresponding to 31 October 2023G). The agreement is automatically renewable for a similar term, unless either party notifies the other party of its intention for non-renewal 60 days prior to the end of the term.	The affected party has the right to terminate the lease with immediate effect by notice in writing if the other party has breached one of its obligations under this agreement and fails to remedy such breach within 15 days of its receipt of a written notice from the affected party to do so.	Workers' accommodation	The lessee shall not assign its right under the agreement or sublease the leased premises.
19	Almawarid Manpower Company (as the lessee) and Mohammed Abdullah Nasser Albarrak (as the lessor)	Hafsa Bint Omar Street, Al Rawda district, Riyadh, Kingdom of Saudi Arabia.	1,887 sqm.	SAR 189,000 every six months.	One year starting from 4 Shawwal 1443H (corresponding to 5 May 2022G) to 14 Shawwal 1444H (corresponding to 4 May 2023G). The agreement may be renewed by executing a new lease agreement between the parties.	The affected party has the right to terminate the lease with immediate effect by notice in writing if the other party has breached one of its obligations under this agreement and fails to remedy such breach within 15 days of its receipt of a written notice from the affected party to do so.	Worker's Accommodation	The lessee shall not assign its right under the agreement or sublease the leased premises.

No.	The Parties	Property Location	Size of Leased Premises (Sqm)	Rent	Term of Lease/ Renewal Mechanism	Right to Terminate/ Post Termination Procedures	Purpose	Subleasing/ Assignment
20	Almawarid Manpower Company (as the lessee) and Sultan Bin Abdullah Bin Menahy Almenahy (as the lessor)	Hamad Ibn Ibraheem Al Dawood Street, As Suwaidi Al Gharabi District, Riyadh, Kingdom of Saudi Arabia.	1,637 sqm.	SAR 140,000 every six months.	Three years starting from 23 Rabi' al-Thani 1444H (corresponding to 17 November 2022G) to 25 Jumada al-Ula 1447H (corresponding to 16 November 2025G). The agreement may be renewed by executing a new lease agreement between the parties.	The affected party has the right to terminate the lease with immediate effect by notice in writing if the other party has breached one of its obligations under this agreement and fails to remedy such breach within 15 days of its receipt of a written notice from the affected party to do so.	Workers' accommodation	The lessee shall not assign its right under the agreement or sublease the leased premises.
21	Almawarid Manpower Company (as the lessee) and Mohammed Bin Mesaad Bin Ateeg Almohammady (as the lessor)	Abdullah Ibn Rabee Street, Almadinah Almunawarah, Kingdom of Saudi Arabia.	1,392.96 sqm.	SAR 150,000 every six months.	Three years starting from 24 Muharram 1443H (corresponding to 1 September 2021G) to 27 Safar 1446H (corresponding to 31 August 2024G). The agreement may be renewed by executing a new lease agreement between the parties.	The affected party has the right to terminate the lease with immediate effect by notice in writing if the other party has breached one of its obligations under this agreement and fails to remedy such breach within 15 days of its receipt of a written notice from the affected party to do so.	Workers' accommodation	The lessee shall not assign its right under the agreement or sublease the leased premises.

No.	The Parties	Property Location	Size of Leased Premises (Sqm)	Rent	Term of Lease/ Renewal Mechanism	Right to Terminate/ Post Termination Procedures	Purpose	Subleasing/ Assignment
22	Almawarid Manpower Company (as the lessee) and Raed Saleh Mohammed Alkhalifa (as the lessor)	Altanseeq Street, Almunaseya District, Riyadh, Kingdom of Saudi Arabia.	1670 sqm.	SAR 300,006 annually.	Three years starting from 6 Jumada al-Ula 1441H (corresponding to 1 January 2020G) to 7 Jumada al-Akhirah 1444H (corresponding to 31 December 2022G). The agreement may be renewed by executing a new lease agreement between the parties.	The affected party has the right to terminate the lease with immediate effect by notice in writing if the other party has breached one of its obligations under this agreement and fails to remedy such breach within 15 days of its receipt of a written notice from the affected party to do so.	Workers' accommodation	The lessee shall not assign its right under the agreement or sublease the leased premises.
23	Almawarid Manpower Company (as the lessee) and Al-Qadi Group Holding Company Closed Joint Stock (as the lessor)	King Abdulaziz Road, Aldelea District, Unaizah, Al Qassim Province, Kingdom of Saudi Arabia.	2396 sqm.	SAR 160,000 annually.	One year starting from 29 Jumada al-Akhirah 1443H (corresponding to 1 February 2022G) to 9 Rajab1444H (corresponding to 31 January 2023G). The agreement may be renewed by executing a new lease agreement between the parties.	The affected party has the right to terminate the lease with immediate effect by notice in writing if the other party has breached one of its obligations under this agreement and fails to remedy such breach within 15 days of its receipt of a written notice from the affected party to do so.	Workers' accommodation	The lessee shall not assign its right under the agreement or sublease the leased premises.

No.	The Parties	Property Location	Size of Leased Premises (Sqm)	Rent	Term of Lease/ Renewal Mechanism	Right to Terminate/ Post Termination Procedures	Purpose	Subleasing/ Assignment
24	Almawarid Manpower Company (as the lessee) and Mohammed Zameem Jobair Alsuwat (as the lessor)	Aloreez District, Almadinah Almunawarah, Kingdom of Saudi Arabia.	612 sqm.	SAR 140,000 every six months.	One year starting from 19 Safar 1444H (corresponding to 15 September 2022G) to 29 Safar 1445H (corresponding to 14 September 2023G). The agreement may be renewed by executing a new lease agreement between the parties.	The affected party has the right to terminate the lease with immediate effect by notice in writing if the other party has breached one of its obligations under this agreement and fails to remedy such breach within 15 days of its receipt of a written notice from the affected party to do so, or if the lessee is bankrupt or insolvent.	Workers' accommodation	The lessee shall not assign its right under the agreement or sublease the leased premises.
25	Almawarid Manpower Company (as the lessee) and Mohammad Khalid Khalaf Alali (as the lessor)	Alwseeta District, Hail, Kingdom of Saudi Arabia.	500 sqm.	SAR 60,000 every six months.	One year starting from 5 Rabi' al-Awwal 1445H (corresponding to 1 October 2022G) to 15 Rabi' al-Awwal 1445H (corresponding to 30 September 2023G). The agreement may be renewed by executing a new lease agreement between the parties.	The affected party has the right to terminate the lease with immediate effect by notice in writing if the other party has breached one of its obligations under this agreement and fails to remedy such breach within 15 days of its receipt of a written notice from the affected party to do so. or in case of the insolvency of bankruptcy of the lessee.	Workers' accommodation	The lessee shall not assign its right under the agreement or sublease the leased premises.

No.	The Parties	Property Location	Size of Leased Premises (Sqm)	Rent	Term of Lease/ Renewal Mechanism	Right to Terminate/ Post Termination Procedures	Purpose	Subleasing/ Assignment
26	Almawarid Manpower Company (as the lessee) and Yahya Abdullah Mahdali (as the lessor)	Bani Sar Street, Albawadi District, Jeddah, Kingdom of Saudi Arabia.	1,911 sqm.	SAR 216,000 every six months.	One year starting from 7 Jumada al-Ula 1444H (corresponding to 1 December 2022G) to 16 Jumada al-Ula 1445H (corresponding to 30 November 2023G). The agreement is automatically renewable for a similar term, unless either party notifies the other party of its intention for non-renewal two months prior to the end of the term.	The affected party has the right to terminate the lease with immediate effect by notice in writing if the other party has breached one of its obligations under this agreement and fails to remedy such breach within 15 days of its receipt of a written notice from the affected party to do so.	Workers' accommodation	The lessee shall not assign its right under the agreement or sublease the leased premises.
27	Almawarid Manpower Company (as the lessee) and Ahmad Salem Mohammed Alamri (as the lessor)	Alqadesia District, Tabuk, Kingdom of Saudi Arabia	2,100 sqm.	SAR 115,000 every six months.	Three years starting from 29 Jumada al-Akhirah 1443H (corresponding to 1 February 2022G) to 1 Sha'ban 1446H (corresponding to 31 January 2025G). The agreement may be renewed by executing a new lease agreement between the parties.	The affected party has the right to terminate the lease with immediate effect by notice in writing if the other party has breached one of its obligations under this agreement and fails to remedy such breach within 15 days of its receipt of a written notice from the affected party to do so.	Workers' accommodation	The lessee shall not assign its right under the agreement or sublease the leased premises.

No.	The Parties	Property Location	Size of Leased Premises (Sqm)	Rent	Term of Lease/ Renewal Mechanism	Right to Terminate/ Post Termination Procedures	Purpose	Subleasing/ Assignment
28	Almawarid Manpower Company (as the lessee) and Mansour Bin Mohammed Funais Alkhanfary Alqahtani (as the lessor)	Aljeera Street, Alnarjis District, Riyadh, Kingdom of Saudi Arabia	902.02 sqm.	SAR 200,000 every six months.	Six months starting from 5 Safar 1444H (corresponding to 1 September 2022G) to 15 Safar 1445H (corresponding to 31 August 2023G). The agreement may be renewed by executing a new lease agreement between the parties.	The affected party has the right to terminate the lease with immediate effect by notice in writing if the other party has breached one of its obligations under this agreement and fails to remedy such breach within 15 days of its receipt of a written notice from the affected party to do so.	Workers' accommodation	The lessee shall not assign its right under the agreement or sublease the leased premises.
29	Almawarid Manpower Company (as the lessee) and Mohammed Dhaifallah Hamad Alnufaie (as the lessor)	AlRemah, Riyadh, Kingdom of Saudi Arabia	680 sqm.	SAR 70,000 every six months.	One year starting from 3 Muharram 1444H (corresponding to 1 August 2022G) to 13 Muharram 1445H (corresponding to 31 July 2023G). The agreement may be renewed by executing a new lease agreement between the parties.	The affected party has the right to terminate the lease with immediate effect by notice in writing if the other party has breached one of its obligations under this agreement and fails to remedy such breach within 15 days of its receipt of a written notice from the affected party to do so.	Workers' accommodation	The lessee shall not assign its right under the agreement or sublease the leased premises.
30	Almawarid Manpower Company (as the lessee) and Abdulmohsen Bin Musaad Bin Abdulmohsen Alsudairy (as the lessor)	Rabea Alharthy Street, Alrawabi District, Riyadh, Kingdom of Saudi Arabia.	1610 sqm.	SAR 150,000 every six months.	Five years starting from 21 Thul-Hijjah1439H (corresponding to 1 September 2018G) to 16 Safar 1445H (corresponding to 1 September 2023G). The agreement may be renewed by executing a new lease agreement between the parties.	The Lessee may terminate the agreement by providing 30 days prior written notice. The affected party has the right to terminate the lease with immediate effect by notice in writing if the other party has breached one of its obligations under this agreement.	Workers' accommodation	With the written consent of the lessor.

No.	The Parties	Property Location	Size of Leased Premises (Sqm)	Rent	Term of Lease/ Renewal Mechanism	Right to Terminate/ Post Termination Procedures	Purpose	Subleasing/ Assignment
31	Almawarid Manpower Company (as the lessee) and Majed Bin Ahmad Bin Mohammed Aldainy (as the lessor)	Almadinah Almunawwarah Road, Jeddah, Kingdom of Saudi Arabia.	125 sqm.	SAR 130,000 annually.	One year starting from 5 Safar 1444H (corresponding 1 September 2022G) to 15 Safar 1445H (corresponding to 31 August 2023G). The agreement is automatically renewable for a similar term, unless either party notifies the other party of its intention for non-renewal three months prior to the end of the term.	The affected party has the right to terminate the lease with immediate effect by notice in writing if the other party has breached one of its obligations under this agreement and fails to remedy such breach within 15 days of its receipt of a written notice from the affected party to do so.	Showroom	With the written consent of the lessor.
32	Musanid Al Marafiq for Maintenance and Cleaning Company (as the lessee) and Nasser Marzooq Jabir Al-Solaie (as the lessor)	Abi al-Darda Street, Ar Rawdah District, Riyadh, Kingdom of Saudi Arabia	250 sqm.	SAR 13,750 every six months.	One year starting from 3 Muharram 1444H (corresponding to 1 August 2022G) to 13 Muharram 1445H (corresponding to 31 July 2023G). The agreement may be renewed by executing a new lease agreement between the parties.	N/A	Office	N/A
33	Sawaid Recruitment Company (as the lessee) and Nasser Marzooq Jabir Al-Solaie (as the lessor)	Abi al-Darda Street, Ar Rawdah District, Riyadh, Kingdom of Saudi Arabia	250 sqm.	SAR 13,750 every six months.	One year starting from 3 Muharram 1444H (corresponding to 1 August 2022G) to 13 Muharram 1445H (corresponding to 31 July 2023G). The agreement may be renewed by executing a new lease agreement between the parties.	N/A	Office	N/A

Source: The Company.

(1) The agreement is not registered in Ejar platform.

12.9 Related Party Contracts and Transactions

The total value of the Company and its Subsidiaries' transactions and agreements with Related Parties was SAR 129.1 million, SAR 109.3 million, SAR 99.8 million and SAR 53.2 million for the financial years ended 31 December 2019G, 2020G and 2021G, and the six-month period ended 30 June 2022G, respectively. This Section provides a summary for these transactions and agreements. The Company's Directors declare that none of the contracts with Related Parties described in this Section contains any preferential conditions and all have been carried out in an appropriate commercial manner. The General Assembly approved all transactions and contracts with Related Parties which include an interest of the members of the Board of Directors during its meeting on 29 Shawwal 1443H (corresponding to 30 May 2022G), in compliance with Article 71 of the Companies Law.

12.9.1 Manpower Services Agreement between the Company and Alomaier Trading and Contracting Company

The Company (as service provider) entered into a manpower services agreement with Alomaier Trading and Contracting Company (as client) for providing manpower services to the client. This is in consideration of a monthly compensation, payable to the service provider. The revenues resulting from this agreement amounted to SAR 79,603 and SAR 27,930 for the financial year ended 31 December 2021G and the six months period ended 30 June 2022G, respectively. The agreement was concluded on 14 Muharram 1439H (corresponding to 4 October 2017G) for a term of two years, and is automatically renewable for similar terms unless either party notifies the other party of its intention to not renew at least 30 days before the expiration date. The agreement shall be governed by the laws of the Kingdom and any dispute arising from the agreement shall be referred to competent courts in Riyadh.

This is a Related Party agreement, as the Vice Chairman, Abdullah Ibrahim Mohammed Alomaier, has an interest in this agreement as the chairman and shareholder of Alomaier Trading and Contracting Company. As a result, this agreement and such interest were presented to and approved by the Company's General Assembly in the meeting dated 29 Shawwal 1443H (corresponding 30 May 2022G), for the purpose of Article 71 of the Companies Law.

12.9.2 Manpower Services Agreement between the Company and Alomaier Trading and Contracting Company

The Company (as service provider) entered into a manpower services agreement with Alomaier Trading and Contracting Company (as client) for providing manpower services to the client. This is in consideration of a monthly compensation, payable to the service provider. The revenues resulting from this agreement amounted to SAR 3,679,478 and SAR 1,384,638 for the financial year ended 31 December 2021G and the six months period ended 30 June 2022G, respectively. The agreement was concluded on 2 Rabi' al-Thani 1439H (corresponding to 20 December 2017G) for a term of two years, and is automatically renewable for similar terms unless either party notifies the other party of its intention to not renew at least 30 days before the expiration date. The agreement shall be governed by the laws of the Kingdom and any dispute arising from the agreement shall be referred to competent courts in Riyadh.

This is a Related Party agreement, as the Vice Chairman, Abdullah Ibrahim Mohammed Alomaier, has an interest in this agreement as the chairman and shareholder of Alomaier Trading and Contracting Company. As a result, this agreement and such interest were presented to and approved by the Company's General Assembly in the meeting dated 29 Shawwal 1443H (corresponding 30 May 2022G), for the purpose of Article 71 of the Companies Law.

12.9.3 Manpower Services Agreement between the Company and Khalda Trading Group

The Company (as service provider) entered into a manpower services agreement with Khalda Trading Group (as client) for providing manpower services to the client. This is in consideration of a monthly compensation, payable to the service provider. The revenues resulting from this agreement amounted to SAR 216,802 and SAR 107,100 for the financial year ended 31 December 2021G and the six months period ended 30 June 2022G, respectively. The agreement was concluded on 22 Ramadan 1440H (corresponding to 27 May 2019G) for a term of two years, and is automatically renewable for similar terms unless either party notifies the other party of its intention to not renew at least 30 days before the expiration date. The agreement shall be governed by the laws of the Kingdom and any dispute arising from the agreement shall be referred to competent courts in Riyadh.

This is a Related Party agreement, as the Director, Tariq Ali Mohammed Alawaji, has an interest in this agreement as the general manager and shareholder of Khalda Trading Group. As a result, this agreement and such interest were presented to and approved by the Company's General Assembly in the meeting dated 29 Shawwal 1443H (corresponding 30 May 2022G), for the purpose of Article 71 of the Companies Law.

12.9.4 Manpower Services Agreement between the Company and Khalda Trading Group

The Company (as service provider) entered into a manpower services agreement with Khalda Trading Group (as client) for providing manpower services to the client. This is in consideration of a monthly compensation, payable to the service provider. The revenues resulting from this agreement amounted to SAR 88,939 and SAR 30,618 for the financial year ended 31 December 2021G and the six months period ended 30 June 2022G, respectively. The agreement was concluded on 13

Jumada al-Alkhirah 1435H (corresponding to 13 April 2014G) for a term of two years, and is automatically renewable for similar terms unless either party notifies the other party of its intention to not renew at least 30 days before the expiration date. The agreement shall be governed by the laws of the Kingdom and any dispute arising from the agreement shall be referred to competent courts in Riyadh.

This is a Related Party agreement, as the Director, Tariq Ali Mohammed Alawaji, has an interest in this agreement as the general manager and shareholder of Khalda Trading Group. As a result, this agreement and such interest were presented to and approved by the Company's General Assembly in the meeting dated 29 Shawwal 1443H (corresponding 30 May 2022G), for the purpose of Article 71 of the Companies Law.

12.9.5 Manpower Services Agreement between the Company and Khalda Trading Group

The Company (as service provider) entered into a manpower services agreement with Khalda Trading Group (as client) for providing manpower services to the client. This is in consideration of a monthly compensation, payable to the service provider. The revenues resulting from this agreement amounted to SAR 63,389 and SAR 29,027 for the financial year ended 31 December 2021G and the six months period ended 30 June 2022G, respectively. The agreement was concluded on 7 Jumada al-Alkhirah 1434H (corresponding to 17 April 2013G) for a term of two years, and is automatically renewable for similar terms unless either party notifies the other party of its intention to not renew at least 30 days before the expiration date. The agreement shall be governed by the laws of the Kingdom and any dispute arising from the agreement shall be referred to competent courts in Riyadh.

This is a Related Party agreement, as the Director, Tariq Ali Mohammed Alawaji, has an interest in this agreement as the general manager and shareholder of Khalda Trading Group. As a result, this agreement and such interest were presented to and approved by the Company's General Assembly in the meeting dated 29 Shawwal 1443H (corresponding 30 May 2022G), for the purpose of Article 71 of the Companies Law.

12.9.6 Manpower Services Agreement between the Company and Cherry Trading Company

The Company (as service provider) entered into a manpower services agreement with Cherry Trading Company (as client) for providing manpower services to the client. This is in consideration of a monthly compensation, payable to the service provider. The revenues resulting from this agreement amounted to SAR 48,707 and SAR 32,002 for the financial year ended 31 December 2021G and the six months period ended 30 June 2022G, respectively. The agreement was concluded on 28 Jumada al-Ula 1436H (corresponding to 19 March 2015G) for a term of two years. Either party may terminate the agreement by providing one month prior written notice. The agreement shall be governed by the laws of the Kingdom and any dispute arising from the agreement shall be referred to competent courts in Riyadh.

This is a Related Party agreement, as the Vice Chairman, Abdullah Ibrahim Mohammed Alomaier, has an interest in this agreement as the brother of the chief executive officer of Cherry Trading Company. As a result, this agreement and such interest were presented to and approved by the Company's General Assembly in the meeting dated 29 Shawwal 1443H (corresponding 30 May 2022G), for the purpose of Article 71 of the Companies Law.

12.9.7 Manpower Services Agreement between the Company and Al-Ayuni Investment and Contracting Company

The Company (as service provider) entered into a manpower services agreement with Al-Ayuni Investment and Contracting Company (as client) for providing manpower services to the client. This is in consideration of a monthly compensation, payable to the service provider. The revenues resulting from this agreement amounted to SAR 5,170,211 and SAR 5,425,651 for the financial year ended 31 December 2021G and the six months period ended 30 June 2022G, respectively. The agreement was concluded on 19 Rabi' al-Thani 1441H (corresponding to 16 December 2019G) for a term of one year, and is automatically renewable for similar terms unless either party notifies the other party of its intention to not renew at least 30 days before the expiration date. The agreement shall be governed by the laws of the Kingdom and any dispute arising from the agreement shall be referred to competent courts in Riyadh.

This is a Related Party agreement, as the Director, Ahmad Mohammed Saleh Aleisa, has an interest in this agreement as a director in Al-Ayuni Investment and Contracting Company. As a result, this agreement and such interest were presented to and approved by the Company's General Assembly in the meeting dated 29 Shawwal 1443H (corresponding 30 May 2022G), for the purpose of Article 71 of the Companies Law.

12.9.8 Manpower Services Agreement between the Company and Al-Ayuni Investment and Contracting Company

The Company (as service provider) entered into a manpower services agreement with Al-Ayuni Investment and Contracting Company (as client) for providing manpower services to the client. This is in consideration of a monthly compensation, payable to the service provider. The revenues resulting from this agreement amounted to SAR 16,297,501 and SAR 15,997,854 for the financial year ended 31 December 2021G and the six months period ended 30 June 2022G, respectively. The agreement was concluded on 14 Muharram 1437H (corresponding to 27 October 2015G) for a term of two years, and is automatically renewable for similar terms unless either party notifies the other party of its intention to not renew at least two months before the expiration date. The agreement shall be governed by the laws of the Kingdom and any dispute arising from the agreement shall be referred to competent courts in Riyadh.

This is a Related Party agreement, as the Director, Ahmad Mohammed Saleh Aleisa, has an interest in this agreement as a director in Al-Ayuni Investment and Contracting Company. As a result, this agreement and such interest were presented to and approved by the Company's General Assembly in the meeting dated 29 Shawwal 1443H (corresponding 30 May 2022G), for the purpose of Article 71 of the Companies Law.

12.9.9 Manpower Services Agreement between the Company and Rekaz Stone Factory branch of Rakaz Global Corporate Investment Company

The Company (as service provider) entered into a manpower services agreement with Rekaz Stone Factory branch of Rakaz Global Corporate Investment Company (as client) for providing manpower services to the client. This is in consideration of a monthly compensation, payable to the service provider. The revenues resulting from this agreement amounted to SAR 402,116 and SAR 57,131 for the financial year ended 31 December 2021G and the six months period ended 30 June 2022G, respectively. The agreement was concluded on 26 Rabi' al-Thani 1438H (corresponding to 24 January 2017G) for a term of two years, and is automatically renewable for similar terms unless either party notifies the other party of its intention to not renew at least 30 days before the expiration date. The agreement shall be governed by the laws of the Kingdom and any dispute arising from the agreement shall be referred to competent courts in Riyadh.

This is a Related Party agreement, as the Vice Chairman, Abdullah Ibrahim Mohammed Alomaier, has an interest in this agreement as the brother of the owner of Safwat Al-Itqan for Trading and Contracting Company, of which Rekaz Stone Factory branch of Rakaz Global Corporate Investment is an affiliate. As a result, this agreement and such interest were presented to and approved by the Company's General Assembly in the meeting dated 29 Shawwal 1443H (corresponding 30 May 2022G), for the purpose of Article 71 of the Companies Law.

12.9.10 Manpower Services Agreement between the Company and Manar Altarbiyah for Operation and Maintenance

The Company (as service provider) entered into a manpower services agreement with Manar Altarbiyah for Operation and Maintenance (as client) for providing manpower services to the client. This is in consideration of a monthly compensation, payable to the service provider. The revenues resulting from this agreement amounted to SAR 225,226 and SAR 136,426 for the financial year ended 31 December 2021G and the six months period ended 30 June 2022G, respectively. The agreement was concluded on 30 Rajab 1439H (corresponding to 16 April 2018G) for a term of two years, and is automatically renewable for similar terms unless either party notifies the other party of its intention to not renew at least 30 days before the expiration date. The agreement shall be governed by the laws of the Kingdom and any dispute arising from the agreement shall be referred to competent courts in Riyadh.

This is a Related Party agreement, as the Vice Chairman, Abdullah Ibrahim Mohammed Alomaier, has an interest in this agreement as a shareholder of Manar Altarbiyah for Operation and Maintenance. As a result, this agreement and such interest were presented to and approved by the Company's General Assembly in the meeting dated 29 Shawwal 1443H (corresponding 30 May 2022G), for the purpose of Article 71 of the Companies Law.

12.9.11 Manpower Services Agreement between the Company and Safwat Al-Itqan for Trading and Contracting Company

The Company (as service provider) entered into a manpower services agreement with Safwat Al-Itqan for Trading and Contracting Company (as client) for providing manpower services to the client. This is in consideration of a monthly compensation, payable to the service provider. The revenues resulting from this agreement amounted to SAR 610,922 and SAR 219,196 for the financial year ended 31 December 2021G and the six months period ended 30 June 2022G, respectively. The agreement was concluded on 15 Muharram 1440H (corresponding to 25 September 2018G) for a term of two years, and is automatically renewable for similar terms unless either party notifies the other party of its intention to not renew at least 30 days before the expiration date. The agreement shall be governed by the laws of the Kingdom and any dispute arising from the agreement shall be referred to competent courts in Riyadh.

This is a Related Party agreement, as the Vice Chairman, Abdullah Ibrahim Mohammed Alomaier, has an interest in this agreement as the brother of the owner of Safwat Al-Itqan for Trading and Contracting Company. As a result, this agreement and such interest were presented to and approved by the Company's General Assembly in the meeting dated 29 Shawwal 1443H (corresponding 30 May 2022G), for the purpose of Article 71 of the Companies Law.

12.9.12 Manpower Services Agreement between the Company and Almawarid Establishment for Operation

The Company (as service provider) entered into a manpower services agreement with Almawarid Establishment for Operation (as client) for the purpose of providing manpower services to the client. This is in consideration of a monthly compensation, payable to the service provider. The revenues resulting from this agreement amounted to SAR 1,268,693 and SAR 529,603 for the financial year ended 31 December 2021G and the six months period ended 30 June 2022G, respectively.

The agreement is for a term of two years commencing on 12 Thul-Qi'dah 1436H (corresponding to 27 August 2015G), and is automatically renewable for similar terms unless either party notifies the other party of its intention to not renew at least 30 days before the expiration date. The agreement shall be governed by the laws of the Kingdom and any dispute arising from the agreement shall be referred to competent courts in Riyadh.

This is a Related Party agreement, as the client is an affiliate of the Company, in accordance with the Corporate Governance Regulations. However, this agreement does not require the approval of the Company's General Assembly as it does not involve any direct or indirect interest of any of the Directors.

12.9.13 Manpower Services Agreement between the Company and Almawarid Establishment for Operation

The Company (as service provider) entered into a manpower services agreement with Almawarid Establishment for Operation (as client) for the purpose of providing manpower services to the client. This is in consideration of a monthly compensation, payable to the service provider. The revenues resulting from this agreement amounted to SAR 68,791,334 and SAR 24,958,539 for the financial year ended 31 December 2021G and the six months period ended 30 June 2022G, respectively. The agreement is for a term of two years commencing on 7 Rabi' al-Awwal 1436H (corresponding to 29 December 2014G), and is automatically renewable for similar terms unless either party notifies the other party of its intention to not renew at least 30 days before the expiration date. The agreement shall be governed by the laws of the Kingdom and any dispute arising from the agreement shall be referred to competent courts in Riyadh.

This is a Related Party agreement, as the client is an affiliate of the Company, in accordance with the Corporate Governance Regulations. However, this agreement does not require the approval of the Company's General Assembly as it does not involve any direct or indirect interest of any of the Directors.

12.9.14 Manpower Services Agreement between the Company and Gulf Address Real Estate Investment Company

The Company (as service provider) entered into a manpower services agreement with Address Gulf Real Estate Investment Company (as client) for providing manpower services to the client. This is in consideration of a monthly compensation, payable to the service provider. The revenues resulting from this agreement amounted to SAR 124,559 and SAR 0 for the financial year ended 31 December 2021G and the six months period ended 30 June 2022G, respectively. The agreement was concluded on 23 Thul-Qi'dah 1439H (corresponding to 5 August 2018G) for a term of two years, and is automatically renewable for similar terms unless either party notifies the other party of its intention to not renew at least 30 days before the expiration date. The agreement was terminated in October 2021G. The agreement shall be governed by the laws of the Kingdom and any dispute arising from the agreement shall be referred to competent courts in Riyadh.

This is a Related Party agreement, as the Vice Chairman, Abdullah Ibrahim Mohammed Alomaier, has an interest in this agreement as a substantial shareholder of Gulf Address Real Estate Investment Company. As a result, this agreement and such interest were presented to and approved by the Company's General Assembly in the meeting dated 29 Shawwal 1443H (corresponding 30 May 2022G), for the purpose of Article 71 of the Companies Law.

12.9.15 Manpower Services Agreement between the Company and Musanid Al Marafiq for Maintenance and Cleaning Company

The Company (as service provider) entered into a manpower services agreement with Musanid Al Marafiq for Maintenance and Cleaning Company (as client) for providing manpower services to the client. This is in consideration of a monthly compensation, payable to the service provider. The revenues resulting from this agreement amounted to SAR 22,746,151 and SAR 10,253,063 for the financial year ended 31 December 2021G and the six months period ended 30 June 2022G, respectively. The agreement was concluded on 23 Thul-Qi'dah 1439H (corresponding to 5 August 2018G) for a term of two years, and is automatically renewable for similar terms unless either party notifies the other party of its intention to not renew at least 30 days before the expiration date. The agreement shall be governed by the laws of the Kingdom and any dispute arising from the agreement shall be referred to competent courts in Riyadh.

This is a Related Party agreement as the client is an affiliate of the Company, in accordance with the Corporate Governance Regulations. However, this agreement does not require the approval of the Company's General Assembly as it does not involve any direct or indirect interest of any of the Directors, given that the affiliate, Musanid Al Marafiq for Maintenance and Cleaning Company, is a wholly owned subsidiary of the Company.

12.10 Conflicts of Interest

As of the date of this Prospectus, the Directors confirm that they do not have any conflicts of interest in relation to contracts and/or transactions entered into with the Company except as disclosed in Section 12.9 (*Related Party Contracts and Transactions*), and none of them has been engaged in any activities similar to, or competing with, the Company's activities.

12.11 Intellectual Property

12.11.1 Trademarks

The Company has registered a number of trademarks on which it relies as a brand for its businesses. The Company relies on these trademarks to ensure the success of its businesses and support its competitive position in the market. Therefore, if the Company fails to protect its trademarks or any of the businesses are forced to take legal action necessary to protect the same, this may have an adverse effect on its ability to use them, which would affect its businesses and results of operations (for further details on risks related to the trademarks, see Section 2.1.34 (*Risks Related to Protection of Intellectual Property Rights*)).

All of the Company's trademarks are registered under its name. The following table sets out certain key particulars of the Company's trademarks:

Table No. (12.11): Details of Registered Trademarks

Country of Registration	Description of Trademark	Validity/ Expiration Date	Category	Logo
Kingdom of Saudi Arabia	The two phrases "Hemmah" and "همة" in Arabic and Latin letters, the Arabic phrase is above the Latin letters. Next to them is an incomplete wall clock, and an abstract drawing of a man and a woman, in orange and grey (dark and light).	Registered on 25 Thul-Hijjah 1439H (corresponding to 5 September 2018G) valid until 22 Ramadan 1449H (corresponding to 18 February 2028G).	45	همة Hemmah
Kingdom of Saudi Arabia	The two phrases "Hemah" and "همة" in Arabic and Latin letters, the Arabic phrase is above the Latin letters. The two words are in red, and next to them is a geometrical shape in red.	Registered on 12 Rajab 1443H (corresponding to 13 February 2022G) valid until 9 Jumada al-Ula 1453H (corresponding to 28 August 2031G).	45	همة hemah
Kingdom of Saudi Arabia	The two phrases "Al Mawarid" and "الموارد" in Latin and Arabic letters, the Arabic phrase is above and in dark grey, while the Latin phrase is below and in light grey. Next to them is a distinctive geometric shape of two doors similar to each other with two different sizes in yellow.	Registered on 7 Shawwal 1443H (corresponding to 8 May 2022G) valid until 2 Rajab 1453H (corresponding to 19 October 2031G).	45	الموارد للقوى البشرية Al Mawarid manpower

Source: The Company.

12.11.2 The Company's Other Intellectual Properties

The Company owns a number of internet domains registered under its name. The following table sets out the details of the internet domains registered under the Company's name:

Table No. (12.12): Details of Internet Domain Names

Internet Domain Name	Expiration Date
mawaridmanpower.com	20 Rajab 1445H (corresponding to 1 February 2024G)
mawarid.com.sa	22 Rajab 1448H (corresponding to 31 December 2026G)
hemmah.com.sa	9 Thul-Hijjah 1445H (corresponding to 9 June 2024G)
hemmah.sa	9 Thul-Hijjah 1445H (corresponding to 9 June 2024G)
hemah.sa	8 Ramadan 1448H (corresponding to 15 February 2027G)
sawaidsa.com	2 Safar 1445H (corresponding to 18 August 2023G)
musanedmawarid.com	18 Shawwal 1444H (corresponding to 8 May 2023G)

Source: The Company.

12.12 Litigation

The following are the details of the outstanding claims and cases initiated by the Company and filed against it as of the date of this Prospectus:

12.12.1 Collection Cases

The Company confirmed that there are 463 pending litigation cases initiated by the Group against previous customers (individuals sector) in the ordinary course of business and that are of a collective nature with a total disputed amount of SAR 4,465,954.

12.12.2 Substantial Cases Initiated by the Company Against its Previous Clients

12.12.2.1 The Company v a Former Client

The Company (as plaintiff) has initiated a claim in the General Court in Riyadh, the Kingdom, under case number 353248824 in 1443H against a former client (as defendant) with respect to an amount of SAR 550,887 in relation to the failure to pay the price of manpower services provided by the Company. The relevant court is reviewing the claim.

12.12.2.2 The Company v a Former Client

The Company (as plaintiff) initiated a claim in the Enforcement Court in Riyadh, the Kingdom, under case number 4001401517 in 1440H against a former client (as defendant) with respect to an amount of SAR 605,291 in relation to the enforcement of a promissory note issued by the defendant to guarantee the price of manpower services provided by the Company according to the manpower services agreement concluded between the parties. The relevant court has granted the defendant with an extension period to pay. The credit balance has been written off in the balance sheet for the financial year ended 31 December 2021G.

12.12.2.3 The Company v a Former Client

The Company (as plaintiff) initiated a claim in the Enforcement Court in Riyadh, the Kingdom, under case number 3901329186 in 1439H against a former client (as defendant) with respect to an amount of SAR 536,446 in relation to enforce the promissory note issued by the defendant to guarantee the price of manpower services provided by the Company according to the manpower services agreement concluded between the parties. The relevant court is reviewing the claim.

12.12.2.4 The Company v a Former Client

The Company (as plaintiff) initiated a claim in the General Court in Riyadh, the Kingdom, under case number 401027790 in 1440H against a former client (as defendant) with respect to an amount of SAR 2,658,453 in relation to the failure to pay the price of manpower services provided by the Company according to the manpower services agreement concluded between the parties. The relevant court is currently reviewing the claim and the date of the next hearing is set to be on 27 Sha'ban 1444H (corresponding to 19 March 2023G).

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12.12.2.5 The Company v a Former Client

The Company (as plaintiff) initiated a claim in the General Court in Riyadh, the Kingdom, under case number 421094832 in 1442H against a former client (as defendant) with respect to an amount of SAR 1,417,453 in relation to the failure to pay the price of manpower services provided by the Company. The relevant court is reviewing the Claim, and the date of the first hearing has yet to be scheduled.

12.12.2.6 The Company v a Former Client

The Company (as plaintiff) initiated a claim in the Criminal Court in Riyadh, the Kingdom, under case number 421609559 in 1442H against a former client (as defendant) with respect to an amount of SAR 1,116,397.30 in relation to the failure to pay the price of manpower services provided by the Company according to the manpower services agreement concluded between the parties. The relevant court is reviewing the Claim, and the date of the next hearing is yet to be scheduled.

12.12.2.7 The Company v a Former Client

The Company (as plaintiff) initiated a claim in the General Court in Riyadh, the Kingdom, under case number 431701336 in 1442H against a former client (as defendant) with respect to an amount of SAR 1,065,052 in relation to the failure to pay the price of manpower services provided by the Company according to the manpower services agreement concluded between the parties. The relevant court is reviewing the Claim, and the date of the next hearing is yet to be scheduled.

12.12.2.8 The Company v a Former Client

The Company (as plaintiff) initiated a claim in the General Court in Riyadh, the Kingdom, under case number 431679785 in 1443H against a former client (as defendant) with respect to an amount of SAR 1,065,052 in relation to the failure to pay the price of manpower services provided by the Company according to the manpower services agreement concluded between the parties. The relevant court ruled in favour of the Company and the decision was submitted to the Enforcement Court.

12.12.2.9 The Company v a Former Client

The Company (as plaintiff) initiated a claim in the General Court in Riyadh, the Kingdom, under case number 431710262 in 1443H against a former client (as defendant) with respect to an amount of SAR 1,001,651 in relation to the failure to pay the price of manpower services provided by the Company according to the manpower services agreement concluded between the parties. The relevant court ruled in favour of the Company on 21 Rabi' al-Thani 1444H (corresponding to 15 November 2022G). The decision became final due to the passage of the prescribed legal period without the defendant's objection. During the case, the defendant announced the opening of liquidation procedure, and the Company was included in the list of creditors and a vote was made on SAR 1,001,651 as the amount of indebtedness. The list of accepted creditors was issued through the bankruptcy trustee.

12.12.2.10 The Company v a Former Client

The Company (as plaintiff) initiated a claim in the General Court in Riyadh, the Kingdom, under case number 431703580 in 1443H against a former client (as defendant) with respect to an amount of SAR 877,860 in relation to the failure to pay the price of manpower services provided by the Company according to the manpower services agreement concluded between the parties. A verdict was rendered in favour of the Company and has not been submitted to the Enforcement Court because the defendant is committed to paying in instalments.

12.12.2.11 The Company v a Former Client

The Company (as plaintiff) initiated a claim in the General Court in Riyadh, the Kingdom, under case number 421433463 in 1442H against a former client (as defendant) with respect to an amount of SAR 940,843 in relation to the failure to pay the price of manpower services provided by the Company according to the manpower services agreement concluded between the parties. A verdict was issued rejecting the claim of non-jurisdiction. The plaintiff has filed a complaint to the Supreme Court and the hearing is set to be on 15 Rajab 1444H (corresponding to 6 February 2023G).

12.12.2.12 The Company v a Former Client

The Company (as plaintiff) initiated a claim in the General Court in Riyadh, the Kingdom, under case number 421612621 in 1442H against a former client (as defendant) with respect to an amount of SAR 932,267 in relation to the failure to pay the price of manpower services provided by the Company according to the manpower services agreement concluded between the parties. A verdict was rendered for lack of jurisdiction and the Company submitted an objection to the verdict.

12.12.2.13 The Company v a Former Client

The Company (as plaintiff) initiated a claim in the General Court in Riyadh, the Kingdom, under case number 421224462 in 1442H against a former client (as defendant) with respect to an amount of SAR 579,078 in relation to the failure to pay the price of manpower services provided by the Company according to the manpower services agreement concluded between the parties. The case has been temporarily suspended until the defendant's address can be located.

12.12.2.14 The Company v a Former Client

The Company (as plaintiff) initiated a claim in the General Court in Riyadh, the Kingdom, under case number 421095245 in 1442H against a former client (as defendant) with respect to an amount of SAR 755,619 in relation to the failure to pay the price of manpower services provided by the Company according to the manpower services agreement concluded between the parties. A verdict was issued rejecting the claim of non-jurisdiction. The plaintiff has initiated the same the claim in the Commercial Court, and the date of the next hearing is yet to be scheduled.

12.12.2.15 The Company v a Former Client

The Company (as plaintiff) initiated a claim in the Commercial Court in Riyadh, the Kingdom, under case number 439128807 in 1443H against a former client (as defendant) with respect to an amount of SAR 666,357 in relation to the failure to pay the price of manpower services provided by the Company according to the manpower services agreement concluded between the parties. The relevant court is reviewing the claim, and the date of the first hearing has yet to be scheduled.

12.12.2.16 The Company v a Former Client

The Company (as plaintiff) initiated a claim in the Commercial Court in Riyadh, the Kingdom, under case number 439021763 in 1443H against a former client (as defendant) with respect to an amount of SAR 595,634 in relation to the failure to pay the price of manpower services provided by the Company according to the manpower services agreement concluded between the parties. A verdict was rendered ordering the defendant to pay SAR 540,147 to the plaintiff and to also pay SAR 15,800.8 in respect to expert fees for the expert on Khabeer Platform previously paid by the Company. The defendant objected to the decision.

12.12.2.17 The Company v a Former Client

The Company (as plaintiff) initiated a claim in the Commercial Court in Riyadh, the Kingdom, under case number 439021765 in 1443H against a former client (as defendant) with respect to an amount of SAR 443,616 in relation to the failure to pay the price of manpower services provided by the Company according to the manpower services agreement concluded between the parties. A verdict was issued requiring the defendant to pay SAR 418,750. The plaintiff has initiated another claim for the remaining amount and the date of the next hearing is yet to be scheduled. The debt balance was executed in the list of financial for the fiscal year ended 31 December 2021G.

12.12.3 Labour Cases Initiated Against the Company

A total of 132 pending lawsuits related to labour disputes have been initiated by previous employees against the Company. The total amount of the disputes is around SAR 865,095. All of these cases are being litigated and overseen by the competent labour tribunals and courts. It should be noted that the amount of such claims and compensations can be recovered from the relevant customers according to the terms of the contract between them and the Company.

12.12.4 Cases Initiated Against the Company

Except as disclosed in Section 12.12.3 (*Labour Cases Initiated Against the Company*), no cases have been initiated against the Company as of the date of this Prospectus. However, one case was initiated against Musanid Al Marafiq for Maintenance and Cleaning Company. The following are the details of such case:

12.12.4.1 Former Client v Musanid Al Marafiq for Maintenance and Cleaning Company

Former client (as plaintiff) initiated a claim in the Commercial Court in Riyadh, the Kingdom, under case number 42145753 in 1443H against the Company's subsidiary, Musanid Al Marafiq for Maintenance and Cleaning Company (as defendant) with respect to an amount of SAR 89,594.05. in relation to the Company's failure to provide manpower services according to the manpower services agreement concluded between the parties. The relevant court is reviewing the claim, and the date of the first hearing has yet to be scheduled.

12.12.5 Zakat and Tax Disputes and Claims

12.12.5.1 The Company v ZATCA

The Company (as plaintiff) has initiated a claim with the General Secretariat of Zakat, Tax and Customs Committees against the decision of ZATCA (as defendant) to reject objections from the Company on the re-evaluation of the Company's VAT returns for the period starting from May 2018G to December 2019G with VAT discrepancies amounting to SAR 21,955,089.

On March 2021G, after ZATCA rejected all objections submitted by the Company, the Company amended the other declarations submitted for the periods from January 2020G to February 2021G and amended the calculation method to be applied on the total invoice from March 2021G and beyond until the determination of the dispute with ZATCA once and for all, in order to spare the Group potential fines that may be imposed upon it when the declarations are checked by ZATCA in the future. Tax discrepancies resulting from the modification of these declarations amounted to SAR 26,489,954. Therefore, total VAT discrepancies for all periods from May 2018G to February 2021G amounted to SAR 48,445,043. On

October 2021G, the General Secretariat of Zakat, Tax and Customs Committees issued a preliminary ruling in favour of the Company reversing ZATCA's decision to re-evaluate VAT returns submitted by the Company, and ZATCA appealed the decision. on 26 Jumada al-Ula 1444H (corresponding to 20 December 2022G), the General Secretariat of Zakat, Tax and Customs Committees informed the Company's tax advisor that ZATCA has withdrawn its appeal to the General Secretariat of Zakat, Tax and Customs Committees' verdict.

Accordingly, the ruling became final and the decision of ZATCA, which obliges the Company to pay the VAT discrepancies was overturned. As a result, the Company recovered part of the amounts of tax discrepancies paid to ZATCA with an amount of SAR 45,012,675, as the Company received from ZATCA an amount of SAR 18,523,971 on 22 Rajab 1444H (corresponding to 13 February 2023G), and an amount of SAR 26,488,704 on 24 Sha'ban 1444H (corresponding to 16 March 2023G).

12.13 Bylaws

12.13.1 Name of the Company

The name of the Company is "Almawarid Manpower Company", a Saudi closed joint stock company.

12.13.2 Objects of the Company

The Company's objects are:

- activities of providing employees for the client's business for limited periods;
- recruitment services of domestic labour;
- temporary employment agency activities for home services; and
- activities of households as employers of domestic personnel outside the home.

12.13.3 Participation

The Company may establish companies (limited liability or closed joint stock companies) provided that the capital thereof is not less than five million (SAR 5,000,000) It may own shares in other existing companies or merge therewith. It also has the right to participate with others in the establishment of joint stock or limited liability companies after satisfying the requirements of the regulations and instructions in this regard. The Company may also dispose of such interest or Shares, provided that it does not include any brokerage.

12.13.4 Head Office of the Company

The head office of the Company is in the city of Riyadh, Kingdom of Saudi Arabia. The Company may establish branches, offices or agencies for the Company within or outside the Kingdom by a resolution of the Board of Directors.

12.13.5 Duration of the Company

The term of the Company shall be ninety-nine (99) years commencing from the date of its due registration in the commercial register as a joint stock company. The term of the Company may always be extended by a resolution issued by the Extraordinary General Assembly at least one year prior to the expiration of its term.

12.13.6 Company's Share Capital

The Company's Share capital shall be one hundred and fifty million Saudi Riyals (SAR 150,000,000) SAR, divided into fifteen million (15,000,000) Shares, with an equal nominal value of ten Saudi Riyals (SAR 10) each, all of which are ordinary Shares.

12.13.7 Capital Subscription

The Shareholders have subscribed to all of the Company's Shares, amounting to fifteen million (15,000,000) Shares with a value amounting to one hundred and fifty million Saudi Riyals (SAR 150,000,000).

12.13.8 Preferred Shares

The Extraordinary General Assembly of the Company, in accordance with the principles laid down by the competent authority, may issue preferred Shares and purchase the same, or convert regular Shares to preferred Shares, or convert preferred Shares to regular Shares. Such preferred Shares do not confer the right to vote in the General Assemblies of the Shareholders; but rather entitle their owners the right to obtain a higher percentage of the net profits after setting aside the statutory reserve contribution.

12.13.9 Issuing Sukuk and bonds

Pursuant to the Capital Market's Law, the Company may issue debt instruments or financing instruments.

The Company may only issue debt instruments or financing instruments convertible into Shares after passing a resolution from the Extraordinary General Assembly that stipulates the maximum number of Shares that may be issued against these instruments, whether such instruments are issued at the same time, through a series of issue processes or through one or more programmes for issuing the debt instruments or financing instruments. The Board of Directors shall issue, without the need for a new approval by this meeting, new Shares against these instruments, the holders of which will be able to convert after the expiry of the period for the request for conversion specified for the holders of these instruments.

The Board of Directors shall take the necessary actions to amend the Bylaws regarding the number of issued Shares and the capital.

12.13.10 Unpaid Value of Shares

Shareholders shall pay the value of the Shares on the dates set for such payment. If a Shareholder defaults in payment when it becomes due, the Board of Directors may, after giving notice to a Shareholder through a registered letter sent to the address specified in the Shareholders' register, sell the Shares at a public auction or the stock exchange, as the case may be, in accordance with the Applicable Law.

The Company shall recover from the proceeds of the sale the amounts that are due to it and shall refund the balance to the Shareholder. If the proceeds of the sale fall short of amounts due, the Company shall have a claim on the entirety of the unpaid balance from the defaulting Shareholder's personal assets.

The defaulting Shareholder may, up to the date of sale, pay the due amount plus all of the expenses incurred by the Company in this regard.

The Company shall cancel the Shares sold in accordance with the provisions of this Article and give the purchaser new Shares bearing the serial numbers of the cancelled Shares and make a notation to this effect in the Shareholders' register, together with the name of the new holder.

12.13.11 Share Issuance

The Shares shall be classified as nominal Shares and may not be issued at less than their nominal value. However, the Shares may be issued at a value higher than their nominal value, in which case the difference in value shall be added as a separate item in the Shareholders' equity. A Share shall be indivisible vis à vis the Company. In the event that a Share is owned by several persons, they shall select one person from amongst themselves to exercise, on their behalf, the rights pertaining to such Share, and they shall be jointly responsible for the obligations arising from the ownership of such Share.

12.13.12 Trading of Shares

Shares subscribed to by the founders may not be tradable except upon the publication of the financial statements for two consecutive financial years from the date of the Company's incorporation, provided that each year is not less than twelve (12) months. The certificates for such Shares shall be marked with an indication of their class, the date of the Company's incorporation and the restriction period for trading.

During the lock-up period, Shares owned by a founder may be transferred to another founder in accordance with the provisions governing the sale of rights, or from the heirs of a deceased founder to a third party, or to a third party in the event of an enforcement against the property of an insolvent or bankrupt founder, without prejudice to other founders' rights of first refusal.

The provisions of this Article shall apply to such Shares that are subscribed by the founders in the event of a capital increase prior to the expiration of the lock-up period.

12.13.13 Shareholders' Register

The Shares shall be transferred by registration in the Shareholders' register maintained or outsourced by the Company, which shall contain the names of the Shareholders, their nationalities, their occupations, their domicile and address, the serial numbers of the Shares and the paid-up value of such Shares. The transfer of title to a Share shall not be effective vis à vis the Company or any third party except from the date of such recording in the said register.

12.13.14 Share Certificates

The Company shall issue Share certificates that includes serial numbers, signed and stamped with the Company's seal by the Chairman of the Board or any Director who has been delegated with such authority by the Board. The Share certificate includes, in particular, the number and date of the ministerial resolution issued authorising the incorporation of the Company and the number and date of the ministerial resolution announcing the due incorporation of the Company as a closed joint stock company. In addition, the Share certificate shall also reflect the value of the capital, the number of Shares distributed, the nominal value of the Share, the paid amount, a brief description of the Company's object, details of the Company's head office, and its term. Shares may have coupons with serial numbers and including the share number attached thereto.

12.13.15 Increase of Share Capital

The Extraordinary General Assembly may resolve to increase the Company's capital, provided that the authorized capital has been paid up in full, unless the unpaid amount of the authorized capital is allocated for Shares issued in exchange for converting debt instruments or financing instruments into Shares and the period specified for conversion has not yet expired.

In all cases, the Extraordinary General Assembly shall allocate the issued Shares when increasing the Company's capital or any part thereof for the employees of the Company or for any other subsidiary company thereof. It is not permissible for the Shareholders to exercise their pre-emptive rights when the Company issues Shares to its employees.

At the time of the issuance of the Extraordinary General Assembly's resolution approving the increase of the Company's capital, the Shareholders shall have the priority to subscribe to the newly issued Shares in exchange for cash contributions. They shall be notified of their pre-emptive rights to subscribe to the newly issued Shares by the publication of a notification in a daily newspaper or by registered mail that states such capital increase, the terms of the offering, its duration, and the start and end dates of the subscription.

A Shareholder may sell or assign its pre-emptive rights during the period from the date of the Extraordinary General Assembly Resolution approving the capital increase until the subscription closing date, in accordance with the Applicable Law.

Notwithstanding the point mentioned above, the newly issued Shares shall be allotted to the holders of pre-emptive rights who have expressed an interest in subscribing thereto, in proportion to the capital increase, provided that their allotment does not exceed the number of the recently issued Shares they have applied for. The remaining newly issued Shares shall be allotted to the pre-emptive right holders who have asked for more than their proportionate stake, in proportion to their pre-emptive rights resulting from the capital increase. Any remaining newly issued Shares shall be offered to third parties, unless otherwise decided by the Extraordinary General Assembly decides or provided under the Capital Markets Law.

12.13.16 Decrease of Share Capital

The Extraordinary General Assembly may resolve to decrease the Company's capital if it exceeds the Company's needs or if the Company suffers losses. In the latter case alone, the capital may be decreased to less than the limit stipulated in Article 54 of the Companies Law. Such resolution shall be issued only after receiving a special report prepared by the auditor on the reasons for such reduction, the obligations to be fulfilled by the Company and the impact of the reduction on such obligations.

If the Extraordinary General Assembly has resolved to reduce the capital due to the fact that the capital is in excess of the Company's needs, the Company's creditors must be invited to express their objection to such a reduction within sixty (60) days from the date of publication of the resolution related to the reduction in a daily newspaper published in the locality of the head office of the Company. If any creditor objects and presents to the Company evidentiary documents within the period set above; the Company shall pay such debt, if already due, or present an adequate guarantee of payment if the debt is payable at a future date.

12.13.17 Board of Directors

The Company shall be managed by a Board of Directors consisting of seven (7) members to be elected by the Ordinary General Assembly for a term not exceeding three years. As an exception, the membership of the first board of directors shall be five years.

12.13.18 Membership Termination

Membership in the Board of Directors shall cease upon the expiry of the term of office or if the membership is terminated in accordance with the Applicable Law. However, the Ordinary General Assembly may, at any time, remove any or all of the Directors, without prejudice to the right of a removed Director to hold the Company liable if the removal is made without acceptable justification or at an improper time. A Director may resign, provided that such resignation is made at a proper time; otherwise, such Director shall be liable towards the Company for damages resulting from such resignation.

12.13.19 Board Vacancy

In the event that a position of Director becomes vacant, the Board may appoint a temporary Director. Such temporary Director(s) must have sufficient experience and qualifications to fill the vacancy at the Board's discretion. The competent authority shall be informed within five (5) days of the appointment and it shall be submitted to the earliest General Assembly. The new Director shall complete the unexpired term of his predecessor. Where the conditions required for holding the

Board of Directors meeting are not satisfied because the number of Directors falls below the minimum prescribed in the Regulations or in these Bylaws, the remaining Directors must call the General Assembly to convene within sixty (60) days to elect the required number of Directors.

12.13.20 Powers and Duties of the Board

Except for the competencies reserved to the General Assembly, the Board of Directors shall be vested with the fullest and broadest powers to manage and supervise the Company business and affairs, and to set policies and charters which achieve the Company's objectives inside the Kingdom and outside. Such powers may include, but are not limited to the following:

- **in relation to achieving the Company's objectives:** adopting the Company's strategy, business plan and organizational structure, approving the Company's internal policies and approving its plans, operational budgets, annual capital budgets and others;
- all powers and authorities in relation to the management of the Company and the conduct of its affairs inside and outside the Kingdom, and signing on behalf of the Company, receiving and delivering all documents, instruments and financial dues, and representing the Company in front of government agencies and others;
- **in relation to governmental ministries:** following up with: the Ministry of Interior, the Ministry of Foreign Affairs, the Ministry of Commerce, the Ministry of Finance, the Ministry of Environment, Water and Agriculture, the MHRSD, the Ministry of Municipal, Rural Affairs and Housing, the Ministry of Energy, the Ministry of Industry and Mineral Resources, the Ministry of Transport and all of their branches and departments;
- **in relation to governmental authorities:** following up with: the Control and Anti-Corruption Commission (Nazaha), Public Prosecution, the Ministry of Investment, the General Authority for Competition, the Saudi Human Resources Development Fund and all of their branches and departments, and signing their contracts;
- **in relation to security agencies:** following up with the Principality, the Division of Enforcement of Judgments, the Police Departments and all of their branches and departments;
- **in relation to municipalities:** opening stores, obtaining licences, renewing licences, cancelling licences, following up with all relevant authorities and signing and completing all necessary procedures;
- **in relation to governmental institutions:** following up with the Saudi Central Bank, the Technical and Vocational Training Corporation, the Saudi Ports Authority, the Public Pension Agency and the General Organization for Social Insurance and all of the relevant authorities, and signing and completing all necessary procedures;
- **in relation to passports:** extracting residence permits, renewing residence permits, applying for exit-return visas, applying for final exit visas, transferring and updating data, adjusting occupations, extracting data disclosures, following up with the Migration Department and Saudi Ports Authority, registering electronic services and receiving passwords;
- **in relation to labour offices:** extracting visas, cancelling visas, transferring sponsorship, adjusting occupations, updating workers' data, reporting labour escapes, cancellation of labour escape reports, extraction of work permits, completion of employment procedures at the General Organization for Social Insurance, following up with the department of employment, adding or removing Saudi employees, receiving Saudization certificates, opening and renewing and cancelling main and sub-files, extracting data disclosures, following up with the private offices department for recruitment, activating electronic gateways and upgrading to the second level;
- **in relation to real-estate:** selling and mortgaging land, real estate, and Company assets, including the Company's branches and headquarters, subject to the following conditions;

  a. the Board of Directors shall set out the reasons and justifications for the sale in its sale resolution;
  b. the sale shall be for an equivalent value;
  c. the sale shall be immediate, except in cases of necessity and after obtaining sufficient guarantees; and
  d. such disposal shall not result in the suspension of the Company's activities or the imposition of other obligations.

Subject to the above conditions, the Board shall have the right to purchase, accept transfer of ownership, and pay the consideration, mortgage and redemption, and obtain title deeds, merge title deeds, distribute, sort and receive title deeds, request updating and entering it into the electronic systems, issue replacement title deeds for lost or damaged ones, amend the owner's name, national ID number, modify borders, lengths, areas, part numbers, charts, deeds, their dates and neighbourhood names, follow up with notaries to inquire about real estate properties, and authenticate copies of the deeds; follow up with all relevant authorities, complete all necessary procedures and sign documents required by such procedures, sign, renew and terminate lease agreements, register, manage and conduct all necessary procedures related to the rental process through the related electronic services.

- **in relation to companies:** signing the articles of association and its amendments, signing shareholders' resolutions, appointing and removing board members and amending management clauses, entering into existing companies, setting, increasing and decreasing the capital, selling and purchasing shares and stock on behalf of the Company, and paying and receiving the amounts thereof, assigning and accepting the assignment of shares and capital, transferring shares, stocks and bonds, opening and closing bank accounts for the Company, signing agreements, amending the articles of association and its amendments, registering the Company, registering commercial agencies and trademarks, assigning and cancelling trademarks, to attend general and conversion assemblies, issuing the Company's files, opening new branches, cancelling the articles of association or its amendments, signing articles of association and its amendments before the notary public, registering and renewing the chamber of commerce certificate, following up with the Capital Market Authority, and publishing the Company's articles of association (including its amendments and extracts) and Bylaws;

- **in relation to commercial registrations:** following up with the commercial registrations department, issuing, renewing, managing, cancelling and amending the commercial registration, following up with all relevant authorities and signing and completing all necessary procedures;
- **in relation to contracts and signing on behalf of the Company:** concluding and cancelling contracts with the Company's employees and advisors, estimating their wages and benefits, and other terms and conditions. Issuing and renewing residence permits, following up with the competent authorities to issue exit and re-entry and final exit visas, transferring sponsorship to and from the Company, updating data, modifying professions, settlements, assigning employees, and reporting on employee escapes, cancelling escape reports, cancelling exit and re- entry and final exit visas, issuing replacement travel visas for damaged or lost ones, extracting the extension of visit visas, adding dependents, completing procedures for deceased employees and extracting employee data sheets (printouts). Following up with the Department of Deportation and Expatriates, extracting return scenes, extracting visas, receiving visa compensation, extracting and renewing work permits, ending employment procedures with social insurance, reviewing the computer management in the workforce to cancel employment, adding employment, adding and deleting Saudi nationals, receiving Saudization certificates, opening, renewing and cancelling basic and subsidiary files, recruiting employees from abroad, receiving and handing them over, following up with all relevant authorities and signing and completing all necessary procedures;
- **in relation to banks:** following up with all banks, the Real Estate Development Fund, the Agricultural Development Fund, the Industrial Development Fund, the Ministry of Finance, other government funds and all relevant authorities, and signing and completing all necessary procedures;
- **in relation to loans:** approving loans and other credit facilities for any period, including loans for periods exceeding three (3) years, from Government funds and financing institutions, commercial banks, finance houses, credit companies, and any other loan agencies, and authorizing the signing of any related loan and mortgage agreements and redemptions and loans whose term exceeds three years, subject to the following conditions:

  a. the amount of loans during the Company's financial year shall not exceed 100.0 per cent. of the Company's capital;
  b. Board of Directors should determine in its resolution the details regarding the use and repayment of the loan; and
  c. to take into account the terms of the loan and the guarantees provided with it in order to avoid damage the Company, its Shareholders and the general guarantees.

- **in relation to the Company's financial matters:** approving the discharge of Company's debtors of their obligations in a manner serving the Company's benefits, subject to the following conditions:

  a. the discharge must be executed after one full year from the date of the debt's entitlement;
  b. the amount of discharge shall be specified; and
  c. discharge is a right of the Board of Directors and it may not be delegated.

- approving or rejecting acquisition transactions;
- making decisions in connection with the Company's social contributions; and
- the Board of Directors shall have the right to delegate the authorities within its powers to any one or more of the Directors, the management team or others to exercise such authorities or to carry out specific procedures or actions, and to terminate such authorization or delegation fully or partially.

12.13.21 Remuneration of the Directors

The annual remuneration of the Directors shall be two hundred thousand (SAR 200,000) divided according to the number of meetings attended, in addition to remuneration for membership in Board committees. In all cases, the total amount of compensation may not exceed the amounts determined in the Companies Law, its implementing regulations and the rules set out by the competent authority. The Board of Directors' report to the Ordinary General Assembly must include a comprehensive statement of all of the amounts received by Directors during the financial year as remuneration, expenses and other benefits, as well as all of the amounts received by the Directors in their capacity as officers and executives of the Company, and in consideration of technical, administrative and advisory services. It must also include the number of sessions and meetings of the Board attended by each Director.

12.13.22 The Authorities of the Chairman, Deputy Chairman, Chief Executive Officer and Secretary

The Board of Directors shall appoint from amongst its members a Chairman and a Deputy Chairman (the "Deputy Chairman"). The chairman or his deputy, in the absence of the chairman, shall have the power to call the Board to meet and chair the Board meetings and Ordinary and Extraordinary General Assembly meetings. The Board of Directors may appoint a Managing Director or a Chief Executive Officer from among the Board members or others. The Board of Directors shall determine by their decision the salaries and remuneration of the Chairman, the Deputy Chairman and the Managing Director, in addition to their remuneration as members of the Board of Directors, all of which is subject to the approval of the General Assembly.

No member may concurrently assume the position of Chairman and be appointed to any other executive position in the Company.

The Chairman shall have the following authorities:

- all of the powers and authorities in relation to the management of the Company and the conduct of its affairs inside and outside the Kingdom, as well as signing on behalf of the Company, receiving and delivering all documents, instruments and financial dues, and representing the Company in front of government agencies and others;
- **in relation to governmental ministries:** following up with: the Ministry of Interior, the Ministry of Foreign Affairs, the Ministry of Commerce, the Ministry of Finance, the Ministry of Environment, Water and Agriculture, the MHRSD, the Ministry of Municipal, Rural Affairs and Housing, the Ministry of Energy, the Ministry of Industry and Mineral Resources, the Ministry of Transport and all of their branches and departments;
- **in relation to governmental authorities:** following up with the Control and Anti-Corruption Commission (Nazaha), Public Prosecution, the Ministry of Investment, the General Authority for Competition and the Saudi Human Resources Development Fund and all of their branches and departments, and signing their contracts;
- **in relation to security agencies:** following up with the Principality, the Division of Enforcement of Judgments, the Police Departments all of their branches and departments;
- **in relation to municipalities:** opening stores, obtaining licences, renewing licences, cancelling licences, following up with all relevant authorities and signing and completing all necessary procedures;
- **in relation to governmental institutions:** following up with the Saudi Central Bank, the Technical and Vocational Training Corporation, the Saudi Ports Authority, the Public Pension Agency and the General Organization for Social Insurance, following up with all relevant authorities and signing and completing all necessary procedures;
- **in relation to passports:** extracting residence permits, renewing residence permits, applying for exit-return visas and final exit visas, transferring and updating data, adjusting occupations, extracting data disclosures, following up with the Migration Department and the Saudi Ports Authority, registering in electronic services and receiving passwords;
- **in relation to labour offices:** extracting visas, cancelling visas, transferring sponsorship, adjusting occupations, updating workers' data, reporting labour escapes, cancelling labour escape reports, extracting work permits, completing employment procedures at the General Organization for Social Insurance, following up with the department of employment, adding or removing Saudi employees, receiving Saudization certificates, opening and renewing and cancelling main and sub-files, extracting data disclosure, following up with the private offices department for recruitment, activating electronic gateways and upgrading to the second level;
- **in relation to commercial registrations:** following up with the commercial registrations department, issuing, renewing, managing, cancelling and amending the commercial registration, following up with all of the relevant authorities, and signing and completing all necessary procedures;
- **in relation to contracts and signing on behalf of the Company:** concluding and cancelling contracts with the Company's employees and advisors, estimating their wages and benefits, and other terms and conditions. Issuing and renewing residence permits, following up with the competent authorities to issue exit and re-entry and final exit visas, transferring of sponsorship to and from the Company, updating data, modifying professions, settling and assigning employees, and reporting on employee escapes, cancelling escape reports, cancelling exit and re- entry and final exit visas, issuing replacement travel visas for damaged or lost ones, extracting the extension of visit visas, adding dependents, completing procedures for deceased employees, and extracting employee data sheets (printouts). Following up with the Department of Deportation and Expatriates, extracting return scenes, extracting visas, receiving visa compensation, extracting and renewing work permits, ending employment procedures with social insurance, reviewing computer management in the workforce to cancel employment, or add employment, adding and removing Saudi nationals, receiving Saudization certificates, opening, renewing and cancelling basic and subsidiary files, recruiting employees from abroad, receiving and handing over, following up with all relevant authorities, and sign and completing all necessary procedures;

- **in relation to litigation:** initiating claims and lawsuits, litigating, defending, attending hearings and responding thereto, making declarations, denials, settlements and assignments, discharging, requesting the performance of oaths and making counter requests and rejections thereof, calling witnesses and appealing thereof and answering, misbelieving and modifying, challenging for fraud, requesting and removing travel bans, requesting the enforcement of Article 230 of the Civil Procedures' Law, requesting the enforcement of judiciary judgments and accepting and appealing them, completing everything required to attend hearings and to receive checks and judgments in relation to all cases before the different types of courts;
- **in relation to banks:** following up with all banks, the Real Estate Development Fund, the Agricultural Development Fund, the Industrial Development Fund, the Ministry of Finance, other government funds and all relevant authorities, signing and completing all necessary procedures; and
- the Chairman shall have the right to delegate any or all authorities in this paragraph to the Directors, any member of the Executive Management or any other person.

The Chief Executive Officer shall have the following authorities:

- managing the daily business of the Company and all of the powers and authorities in relation to the management of the Company and the conduct of its affairs inside and outside the Kingdom;
- **in relation to governmental ministries:** following up with the Ministry of Interior, the Ministry of Foreign Affairs, the Ministry of Commerce, the Ministry of Finance, the Ministry of Environment, Water and Agriculture, the MHRSD, the Ministry of Municipal, Rural Affairs and Housing, the Ministry of Energy, the Ministry of Industry and Mineral Resources, the Ministry of Transport, and all of their branches and departments;
- **In relation to governmental authorities:** following up with: the Control and Anti-Corruption Commission (Nazaha), Public Prosecution, the Ministry of Investment, the General Authority for Competition, the Saudi Human Resources Development Fund and all of their branches and departments, and signing their contracts;
- **in relation to security agencies:** following up with the Principality, the Division of the Enforcement of Judgments, the Police Departments all of their branches and departments;
- **In relation to municipalities:** opening stores, obtaining licences, renewing licences, cancelling licences, following up with all relevant authorities, and signing and completing all necessary procedures;
- **in relation to governmental institutions:** following up with the Saudi Central Bank, the Technical and Vocational Training Corporation, the Saudi Ports Authority, the Public Pension Agency, the General Organization for Social Insurance, and all relevant authorities, and signing and completing all necessary procedures;
- **in relation to passports:** extracting residence permits, renewing residence permits, applying for exit-return visas and final exit visas, transferring and updating data, adjusting occupations, extracting data disclosure, following up with the Migration Department and the Saudi Ports Authority, registering in electronic services and receiving passwords;
- **in relation to labour offices:** extracting visas, cancelling visas, transferring sponsorship, adjusting occupations, updating workers' data, reporting labour escapes and cancelling labour escape reports, extracting work permits, completing employment procedures at the General Organization for Social Insurance, following up with the Department of Employment, adding or removing Saudi employees, receiving Saudization certificates, opening and renewing and cancelling main and sub-files, extracting data disclosure, follow up with the private offices department for recruitment, activating electronic gateways, and upgrading to the second level;
- **in relation to commercial registrations:** following up with the commercial registrations department, to issue, renew, manage, cancel and amend the commercial registration, following up with all relevant authorities, and signing and completing all necessary procedures;
- **in relation to contracts and signing on behalf of the Company:** concluding and cancelling contracts with the Company's employees and advisors, estimating their wages and benefits, and other terms and conditions. Issuing and renewing residence permits, following up with the competent authorities to issue exit and re-entry and final exit visas, transferring sponsorship to and from the Company, updating data, modifying professions, settling, assigning employees, reporting on employee escapes and cancelling escape reports, cancelling exit, re-entry and final exit visas, issuing replacement travel visas for damaged or lost ones, extracting the extension of visit visas, adding dependents, completing procedures for deceased employees, and extracting employee data sheets (printouts). Following up with the Department of Deportation and Expatriates, extracting return scenes, extracting visas, receiving visa compensation, extracting and renewing work permits, ending employment procedures with social insurance, reviewing the computer management in the workforce to cancel employment, or add employment, adding and removing Saudi nationals, receiving Saudization certificates, opening, renewing and cancelling basic and subsidiary files, recruiting employees from abroad, receiving and handing over, following up with all relevant authorities, and signing and completing all necessary procedures;
- **in relation to the General Traffic Department:** issuing and renewing of driving licences, issuing and renewing of car registration documents and issuing vehicle registration plates; and
- the Chief Executive Officer shall have the right to delegate any or all authorities in this paragraph to any member of the Company or any other person.

The Board shall appoint a Secretary from the Directors or others and determine his/her responsibilities and compensation. The Secretary shall be responsible for documenting the Board meetings and preparing all minutes. The term of the Chairman, the Deputy Chairman, and the Secretary (if the Secretary is a Board member) shall not exceed the term of their respective membership on the Board; however, they may be re-appointed. The Board may, at all times, remove any or all of them without prejudice to their right to compensation if such removal was due to illegitimate reason or at an inappropriate time.

12.13.23 Board Meetings

The Board shall meet at least two (2) times per year upon the invitation of its Chairman, such invitation shall be written and delivered personally, by mail, fax, or e-mail. The Chairman shall invite the Board to meet when requested by at least two (2) Directors.

12.13.24 Quorum and Representation

A meeting of the Board shall be valid only if attended by a minimum of four (4) Directors. A Director may delegate another Director to attend Board meetings by proxy, however, such delegation shall be made according to the following:

- a Director may not be a delegate for more than one Director at the same meeting;
- such delegation shall be made in writing; and
- the delegate may not vote on resolutions which the principal is prohibited from voting on, in accordance with the Applicable Law.

Other than in relation to Supermajority Board Matters, resolutions of the Board shall be adopted by the majority vote of the Directors present or represented by proxy. In the event of a tie vote on resolutions that do not relate to Supermajority Board Matters, the Chairman will have the casting vote.

The Board may adopt resolutions to be presented to Directors separately unless a Director requests in writing that a physical Board meeting take place for the deliberation of the relevant resolutions. Any such resolutions shall be presented to the Board at its first meeting to follow for endorsement.

12.13.25 Deliberations of the Board

Deliberations and resolutions of the Board shall be recorded in minutes in both Arabic and English and signed by the Chairman, the present Directors and the Secretary. Such minutes shall be recorded in a special register signed by the Chairman and the Secretary.

12.13.26 Conflicts of Interest

The Director must declare to the Board any personal interests that any member may have in the transactions made for the account of the Company. Such declaration shall be noted in the minutes of the meeting and the relevant Director shall not participate in the deliberation or voting on such resolution.

12.13.27 Board Committees

The Board of Directors may form a number of committees according to the Company's need and according to its circumstances to carry out tasks determined by the Board of Directors from time to time.

The formation of the committees of the Board of Directors must be in accordance with general procedures set by the Board of Directors, which include determining the responsibilities of the committee, the duration of its work, the powers granted to it during this period, and how the Board of Directors monitors it. The committee shall inform the Board of Directors of its work, the results it has achieved and the decisions it has taken. The Board of Directors must follow up with the committees regularly to verify that they are carrying out the tasks assigned to them. In addition, the Board of Directors must approve all of the Board committees' charters. The Board of Directors shall determine the remuneration of the committees members after obtaining approval by the General Assembly and by issuing a resolution.

12.13.28 Shareholders Assemblies

Each Shareholder shall have the right to attend the Constituent Assembly and all other General Assembly meetings, and may authorize another person, other than a Director or an employee of the Company, to attend the General Assembly on his/her behalf as a proxy.

12.13.29 Constituent Assembly

The Shareholders shall call for a constituent Assembly, to be held within 45 days from the date of the resolution of the Ministry of Commerce authorizing the incorporation of the Company. To be validly constituted, the constituent Assembly must be attended by Shareholders representing at least half (1/2) of the Company's capital. If such quorum is not achieved:

- a call shall be made for a second meeting to be held at least 15 days after the date of the call; or
- a second meeting can be convened after one hour from the end of the first meeting, provided that the invitation for the first meeting mentioned the possibility of having a second meeting.

The constituent Assembly shall have the competencies stated in Article 63 of the Companies Law.

12.13.30 The Authorities of the Constituent Assembly

The constituent Assembly shall have the competencies stated in Article 63 of the Companies Law.

12.13.31 The Authorities of the Ordinary General Assembly

Except for matters falling within the powers of the Extraordinary General Assembly, the Ordinary General Assembly shall be competent to deal with all other matters related to the Company and shall be convened at least once a year during the first six months following the end of the Company's financial year. Other Ordinary General Assembly meetings may be called upon when necessary.

12.13.32 The Authorities of the Extraordinary General Assembly

The Extraordinary General Assembly shall be competent to amend the provisions of the Bylaws, to the extent permitted under the law. Furthermore, it shall be empowered to adopt resolutions in matters within the jurisdiction of the Ordinary General Assembly under the same conditions and manners as prescribed for the latter.

12.13.33 Manner of Convening Assemblies

Ordinary and Extraordinary General Assemblies are convened at the invitation of the Board of Directors. The Board shall convene a meeting of the Ordinary General Assembly if requested to do so by the Company's external auditors, the Audit Committee or by a number of Shareholders representing at least 5.0 per cent. of the Company's capital. The external auditors may convene the General Assembly if the Board has not called for a General Assembly meeting within 30 days from the date of the external auditor's request.

The call for a General Assembly meeting shall be published in a daily newspaper distributed in the locality of the head office of the Company, at least 21 days prior to the date set for the meeting. Nevertheless, a notice sent by registered mail to all Shareholders on the mentioned date shall suffice. A copy of both the invitation and the agenda shall be sent to the Ministry of Commerce within the period specified for publication.

12.13.34 Record of Attendance

Shareholders wishing to attend Ordinary or Extraordinary General Assemblies must register their names at the Company's head office ahead of the scheduled General Assembly meeting.

12.13.35 Quorum of the Ordinary General Assembly

A meeting of the Ordinary General Assembly shall not be valid unless attended by Shareholders representing at least 25 per cent. of the Company's Share capital. If such quorum cannot be attained at the first meeting:

- a second meeting shall be convened after one hour from the end of the first meeting, provided that the invitation for the first meeting mentioned the possibility of having a second meeting; or
- a notice shall be published in the manner prescribed in Article 34 of the Bylaws to convene a second meeting within 30 days from the date of the last convened meeting.

In any case, the second meeting shall be deemed valid irrespective of the number of Shares represented therein.

12.13.36 Quorum of the Extraordinary General Assembly

A meeting of the Extraordinary General Assembly shall not be valid unless attended by Shareholders representing at least 50 per cent. of the Company's Share capital. If such quorum cannot be attained at the first meeting:

- a second meeting shall be convened after one hour from the end of the first meeting, provided that the invitation for the first meeting mentioned the possibility of having a second meeting; or
- a notice shall be published in the manner prescribed in Article 34 of the Bylaws to convene a second meeting within 30 days from the date of the last convened meeting.

The second meeting shall be deemed valid if attended by Shareholders representing at least 25 per cent. of the Company's Share capital. If the required quorum has not been achieved in the second meeting, there shall be an invitation for a third meeting in accordance with Article 34 of the Company's Bylaws and the third meeting shall be deemed valid irrespective of the number of Shares represented therein.

12.13.37 Voting Rights

Each Shareholder shall have one (1) vote for every Share he/she represents at the constituent General Assembly. Cumulative voting shall be used for the election of Directors.

12.13.38 Resolutions

Resolutions of the constituent General Assembly and the Ordinary General Assembly shall be adopted by an absolute majority of the Shares represented at the meeting.

Resolutions of the Extraordinary General Assembly shall be adopted by a majority vote of two thirds (2/3) of the Shares represented at the meeting. However, if the resolution to be adopted is related to increasing or reducing the capital, extending the Company's term, dissolving the Company prior to the expiry of the term specified under the Bylaws or merging the Company with another company or establishment, such resolution shall be valid only if adopted by a majority vote of three quarters (3/4) of the Shares represented at the meeting.

12.13.39 Deliberations at Assemblies

Each Shareholder shall have the right to discuss the items listed in the agenda of a General Assembly, and to address questions to the Directors and the auditor in respect thereof. The Directors or the auditor shall answer Shareholders' questions to an extent that would not jeopardize the Company's interests. If a Shareholder deems that the answer to his/her question is unsatisfactory, such Shareholder may refer this issue to the General Assembly whose decision shall be conclusive in this respect.

12.13.40 Proceedings of the General Assembly

The General Assembly meetings shall be presided over by the Chairman or, in his absence, the Deputy Chairman or, in the absence of both the Chairman and the Deputy Chairman, any other Director delegated by the Board for such task. Minutes shall be recorded for the meeting and shall include the names of the Shareholders present, in person or represented by proxy, the number of Shares held by each Shareholder, the number of votes attached to such Shares, the resolutions adopted at the meeting, the number of votes assenting or dissenting to such resolutions and a comprehensive summary of the discussions that took place during the meeting. Such minutes shall be regularly recorded after each meeting in a special register that shall be signed by the Chairman, the Secretary and the vote-counter.

12.13.41 Audit Committee

The Audit Committee shall be formed by a resolution of the Ordinary General Assembly and shall consist of at least three (3) members, provided that the members are not executive Directors, from the Shareholders or otherwise. The resolution shall also determine the Audit Committee's responsibilities and procedures as well as the remuneration of its members.

12.13.42 Quorum of the Audit Committee

Meetings of the Audit Committee shall be valid if attended by a majority of the members of the Audit Committee, and its resolutions shall be adopted by a majority of votes present. In the event of a tie vote, the chairman of the Audit Committee shall have the casting vote.

12.13.43 The Authorities of the Audit Committee

The Audit Committee is competent to supervise Company's business and shall have access to the Company's records and documents and may request clarifications or statements from the Directors or members of executive management. It may also request the Board to invite the Company's General Assembly to convene if its business is hindered by the Board of Directors or if the Company suffers serious damage or loss.

12.13.44 The Audit Committee's Reports

The Audit Committee shall review the Company's financial statements and the auditor's reports and notes, and shall provide its opinion thereon, if any. The committee shall also prepare a report of its opinion on the efficiency of the Company's internal control system and any other activities falling within its powers. The Board of Directors shall place a sufficient number of copies of such report at the head office of the Company at least twenty-one (21) days prior to the date set for convening the General Assembly in order to provide any Shareholder with a copy thereof. The auditor's report shall be read at the General Assembly meeting.

12.13.45 The Auditor

The Company shall have one or more external auditors licenced to practice in the Kingdom. The Ordinary General Assembly may appoint the external auditors annually and determine his remuneration and the duration of work. The Ordinary General Assembly may change the external auditor at any time without prejudice to his rights to compensation if such change was due to illegitimate reasons or at an inappropriate time or without acceptable justification.

12.13.46 The Authorities of the Auditor

The external auditor(s) shall have access, at all times, to the Company's books, records and any other documents, and may request information and clarification as it deems necessary to verify Company's assets and liabilities. The Chairman shall enable the auditor to perform its duties. The auditor shall report to the Board of Directors any difficulties encountered in the performance of its duties. If the Board of Directors fails to facilitate the auditor's work, the auditor shall request the Board of Directors to invite the Ordinary General Assembly to consider the matter.

12.13.47 Financial Year

The Company's financial year shall commence on 1 January and expire on 31 December of each year, provided that the first financial year commences on the date of its due registration in the commercial register as a joint stock company and expires on 31 December of the following year.

12.13.48 Financial Documents

The Board of Directors shall prepare the financial statements of the Company at the end of each financial year together with a report of its business and financial position for the ended financial year. This report shall include the proposed method for distributing profits. The Board of Directors shall place such documents at the disposal of the auditor at least forty five (45) days prior to the date set for convening the General Assembly.

(a) The Chairman, the CEO and the CFO shall sign the documents referred to in Paragraph (a) of this Article. A copy thereof shall be placed in the Company's head office at the disposal of the Shareholders at least twenty-one (21) days prior to the General Assembly meeting.

(b) The Chairman shall provide the Shareholders with the financial statements of the Company, the Board of Directors' report and the auditor's report unless these reports are published in a daily newspaper that is distributed in the locality of the head office of the Company. In addition, the Chairman shall send a copy of these documents to the Ministry of Commerce within the required period as specified in the Companies Law.

12.13.49 Distribution of Dividends

The Company's annual net profits shall be allocated as follows:

- 10.0 per cent. of the net profits shall be set aside to form a statutory reserve. Such setting aside may be discontinued by the Ordinary General Assembly when the statutory reserve totals 30.0 per cent. of the Company's paid-up capital;
- the Ordinary General Assembly may, at the request of the Board of Directors, set aside five per cent. of the net profits to form a voluntary reserve;
- the Ordinary General Assembly may resolve to form other reserves to the extent that they serve the Company's interests, or to ensure the distribution of fixed dividends, as far as possible, to the Shareholders; and
- the Ordinary General Assembly may also deduct amounts from the net profits to create social institutions for the Company's employees, or to support existing institutions of such kind.

12.13.50 Entitlement to Dividends

Shareholders shall be entitled to their share of dividends pursuant to the General Assembly resolution adopted in this regard. Such resolution shall specify the entitlement date and distribution date. Shareholders registered in the Shareholders' register shall be entitled to their share of dividends at the end of the entitlement date.

12.13.51 Distribution of Dividends for Preferred Stocks

If no dividend is distributed for any fiscal year, dividends may be distributed for the following years only after payment of the percentage specified in accordance with the provisions of Article (114) of Companies Law for holders of preferred shares for that year.

If the Company fails to pay the percentage specified in accordance with the provisions of Article (114) of Companies Law of dividends for a period of (3) three consecutive years, the special assembly of the owners of these shares, convened in accordance with the provisions of Article (89) of Companies Law may decide either to attend meetings of the Company's

General Assembly and to participate in the voting, or to appoint representatives to the Board of Directors commensurate with their equity values until the Company is able to pay all preferred dividends allocated to the holders of such shares for prior years.

12.13.52 Company Losses

If Company losses amount to half (1/2) of its paid up capital, at any time during the financial year, any of the officers of the Company or the auditor must, upon becoming aware of such losses, inform the Chairman of the Board of Directors. The Chairman of the Board of Directors shall then immediately inform the members of the Board of Directors. Within 15 days of such notification, the Board of Directors shall call for an Extraordinary General Assembly meeting to be held within (45) days from the date on which the Board was notified of the losses. The Extraordinary General Assembly must resolve whether to increase or decrease the capital of the Company in accordance with the provisions of the Companies Law, to the extent that it brings the losses below half (1/2) of the Company's paid up capital, or to dissolve the Company before the expiry of its term as stated in these Bylaws.

The Company shall be considered dissolved by force of law if the General Assembly is not held within the term specified in the above paragraph, or if the General Assembly is convened but fails to reach a resolution on this matter, or if the General Assembly resolves to increase the capital in accordance with the conditions specified in the above paragraph but the capital increase is not fully subscribed for within 90 days from the date on which the General Assembly adopted the resolution to increase the capital.

12.13.53 Disputes

Each Shareholder has the right to file a liability claim against members of the Board of Directors on behalf of the Company if a wrongful act committed by them is of a nature to affect him/her personally, provided that the Company still has the right to bring such action. The Shareholder shall notify the Company of his/her intention to file such claim.

The Company may be charged with the expenses incurred by the shareholder's lawsuit against the Company provided that:

(a) he/she raise the claim in good faith;

(b) he/she provides the Company with the reason for filing the lawsuit and does not receive a reply within 30 days;

(c) it is in the interest of the Company to raise such a claim, in accordance with the provision of article 79 of the Companies Law; and

(d) the lawsuit must be based on a valid basis.

12.13.54 Dissolution and Winding up of the Company

Upon its dissolution, the Company, shall enter a liquidation phase during which it shall retain its legal personality to the extent necessary for the liquidation. The resolution for voluntary liquidation may only be adopted by the Extraordinary General Assembly. The liquidation resolution shall appoint a liquidator and determine its powers, fees, restrictions to its powers and the period required for the liquidation process, provided that the period for voluntary liquidation period does not exceed five (5) years and may not be extended without a judicial order. The authority of the Board of Directors shall cease upon the Company's approval of its liquidation, provided, however, that the Board of Directors shall remain responsible for the management of the Company and shall be deemed the liquidator vis-à-vis third parties until the liquidator is appointed. The General Assembly shall continue to exist during the liquidation period and shall exercise its powers to the extent that they do not conflict with the powers of the liquidator.

12.14 Share Description

12.14.1 Ordinary Shares

The Shares shall be nominal Shares and may not be issued at less than their nominal value. However, the Shares may be issued at a value higher than their nominal value, in which case the difference in value shall be added to the statutory reserve, even if such reserve has reached its maximum limit. Each share shall be indivisible vis-à-vis the Company. In the event that a Share is owned by several persons, they shall select one person from amongst themselves to exercise, on their behalf, the rights pertaining to such Share, and they shall be jointly responsible for the obligations arising from the ownership of such Share.

12.14.2 Repurchase of Shares

According to Article 112 of the Companies Law, a company may buy its shares in accordance with the rules set by the competent authority, provided that the Shares purchased by the Company do not entitle it to votes in the Shareholders' assemblies.

12.14.3 Rights of Ordinary Shareholders

Pursuant to Article 110 of the Companies Law, Shares confer on the Shareholder all rights attached to the Shares, in particular the right to receive a share of the profits to be distributed, to receive a share of the Company's assets surplus upon liquidation, to attend the General Assemblies, to participate in its deliberations, to vote on its resolutions, to dispose of the shares, to request access to the Company's books and documents, to monitor the work of the Board of Directors, to file a claim of responsibility against the Directors, and to challenge the validity of the resolutions of the General Assembly in accordance with the conditions and restrictions contained in the Companies Law and the Bylaws.

Each Shareholder shall have the right to discuss the matters stated in the agenda of the General Assembly and direct related questions to the Directors and the external auditors. The Board of Directors or the external auditors shall answer the questions of the Shareholders to the extent that it does not put the interests of the Company at risk. If a Shareholder is not satisfied with the answer, he/she may refer the issue to the General Assembly whose resolution shall be binding in this regard.

12.14.4 Voting Rights

A General Assembly duly convened shall be deemed to represent all of the Shareholders and shall be held in the city where the Company's Head Office is located. Each Subscriber, regardless of the number of his/her shares, shall have the right to attend the Constituent Assembly, whether in person or by proxy.

Each Shareholder shall have a vote for every Share represented by him/her in the constituent General Assembly, and each Shareholder shall have a vote for every share represented by him/her in the General Assemblies. The cumulative voting method shall be used in electing the Directors in accordance with the Corporate Governance Regulations issued by the CMA and any amendments thereto made from time to time.

12.15 Representations Related to Legal Information

The Directors declare the following:

- the issue does not violate the relevant laws and regulations of the Kingdom;
- the issue does not violate any of the contracts or agreements to which the Company is a party;
- all material legal information related to the Company has been disclosed in the Prospectus;
- except as disclosed in Section 12.12 (*Litigation*), the Company and its Subsidiaries are not parties to any existing disputes or legal procedures that may jointly and severally have a material impact on the operations or financial position of the Company or its Subsidiaries; and
- the Company's Directors shall not be subject to any legal proceedings or actions that may, individually or collectively, have a material effect on the business or financial position of the Company or its Subsidiaries.

12.15.1 Amendment to the Rights of Shareholders

Shareholders' rights related to receiving a share of the dividends to be distributed, receiving a share of the Company's surplus assets upon liquidation, attending the General Assemblies, participating in its deliberations, voting on its resolutions, disposing of Shares, requesting access to the Company's books and documents, monitoring the work of the Board of Directors, filing a claim of responsibility against the Directors, and challenging the validity of the resolutions of the General Assembly (under the conditions and restrictions set out in the Companies Law and the Bylaws) are granted under the Companies Law and therefore may not be amended.

13 UNDERWRITING

The Underwriter (Aljazira Capital) has undertaken to fully underwrite the Offering of four million, five hundred thousand (4,500,000) Offer Shares pursuant to the underwriting agreement (the "Underwriting Agreement") entered into with the Company and the Selling Shareholders, subject to certain conditions. The name and address of the Underwriter are set out below:

13.1 Aljazira Capital

Aljazira Capital (Aljazira Capital)
King Fahad Branch Road, Arrahmaniyyah
P.O. Box 20438
Riyadh 11455
Kingdom of Saudi Arabia
Tel: +966 (11) 225 6000
Fax: +966 (11) 225 6182
Website: www.aljaziracapital.com.sa
E-mail: ipo@aljaziracapital.com.sa

The principal terms of the Underwriting Agreement are set out below:

13.2 Summary of Underwriting Arrangements

Under the terms and subject to the conditions contained in the Underwriting Agreement:

(a) The Selling Shareholders undertake to the Underwriter that, on the first Business Day after the allocation of the Offer Shares following the end of the Offering Period, they shall:

(i) sell and allocate the Offer Shares to any Individual Investor or Participating Party whose application for Offer Shares has been accepted by the Receiving Agents; and

(ii) sell and allocate to the Underwriter the Offer Shares that have not been subscribed by the Individual Investors or Participating Parties pursuant to the Offering.

(b) The Underwriter undertakes to the Selling Shareholders that at the date of allocation, it will purchase any Offer Shares that have not been subscribed by the Individual Investors or Participating Parties, in accordance with what is mentioned below:

Table No. (13.1): Underwritten Shares

Underwriter	Number of Offer Shares to be Underwritten	Percentage of Offer Shares Underwritten
Aljazira Capital	4,500,000	100.00%

source: The Company.

(1) Percentages are rounded.

The Company and Selling Shareholders have committed to satisfy all of the provisions of the Underwriting Agreement.

13.3 Underwriting Costs

The Selling Shareholders will pay to the Underwriter an underwriting fee based on the total value of the Offering. Moreover, the Selling Shareholders have agreed on behalf of the Company to pay the Underwriter's costs and expenses in connection with the Offering.

14 EXPENSES

The Selling Shareholders will be responsible for all costs and expenses associated with the Offering, which are estimated at approximately Fifteen million Riyals (SAR 15,000,000), on a pro rata basis according to the number of Offer Shares being sold by each Selling Shareholder. This figure includes the fees of the Financial Advisor, the Lead Manager, the Bookrunner, the Underwriter, the Legal Advisor, the Financial Due Diligence Advisor, the Market Study Consultant and the Receiving Agents, the Board of Directors and the Employees working on the Offering project as well as marketing, printing and distribution fees and other costs and expenses related to the Offering. The Offering expenses will be deducted from the Offering Proceeds. The Company will not be responsible for payment of the Offering expenses.

15 UNDERTAKINGS FOLLOWING ADMISSION

Following the Admission, the Company undertakes to:

(a) complete Form 8 (related to compliance with the Corporate Governance Regulations) and, in the event that the Company does not comply with any of the requirements of the Corporate Governance Regulations, to explain the reasons for such non-compliance;

(b) provide the CMA with the date on which the first General Assembly will be held following Admission so that a representative thereof may attend;

(c) submit transactions and contracts in which a Director has a direct or indirect interest for authorisation by General Assembly (in accordance with the Companies Law and Corporate Governance Regulations) and renew such authorisation on an annual basis, provided that the interested Director shall be prohibited from voting on the relevant resolution (whether in the Board or the General Assembly) (for further details regarding Related Party contracts and transactions, see Section 12.9 (*Related Party Contracts and Transactions*);

(d) disclose material developments related to the Company and the projects set out in Section 4 (*Business Description*);

(e) comply with all of the mandatory provisions of the Rules on the Offer of Securities and Continuing Obligations, the Listing Rules and the Corporate Governance Regulations immediately upon Admission; and

(f) adoption of competition business standards at the next meeting of the General Assembly, in accordance with the recommendation of the company's Board of Directors issued on 6 Jumada al-Akhirah 1444H (corresponding to 30 November 2022G).

Similarly, following the Admission, the Directors undertake to:

(a) record all Board of Directors resolutions by means of written minutes of meetings, which shall be signed by the Chairman and the Secretary; and

(b) disclose the details of any Related Party transactions in accordance with the Companies Law and the Corporate Governance Regulations.

16 WAIVERS

The Company has not applied to the CMA for any waivers from any of its regulatory requirements.

17 SUBSCRIPTION TERMS AND CONDITIONS

The Company has made an application to the CMA for the registration and offer of the Shares under the Rules on the Offer of Securities and Continuing Obligations, and an application for the listing of the Shares on the Exchange in accordance with the Listing Rules.

All Subscribers must carefully read the subscription terms and conditions before completing the Subscription Application Form. Signing the Subscription Application Form and delivering it to a Bookrunner or to the Receiving Agents, as applicable, shall be deemed as the acceptance and approval of the subscription terms and conditions.

17.1 Subscription to Offer Shares

The Offering will consist of four million, five hundred thousand (4,500,000) Offer Shares with a fully paid nominal value of ten Saudi Arabian Riyals (SAR 10) per share at an Offer Price of Sixty-four Riyals (SAR 64) per Offer Share. The Offer Shares represent 30 per cent. (30%) of the Company's share capital with a total value of Two hundred eighty-eight million Riyals (SAR 288,000,000). The CMA also has the right to suspend the Offering if, at any time after its approval of this Prospectus and before registration and admission to listing of the Shares on the Exchange, a material adverse change has occurred in respect of the Company's operations.

The Offering is restricted to the following groups of Investors:

Tranche (A): Participating Parties

Comprising the parties permitted to participate in the book-building process as specified under the Book-Building Instructions, including investment funds, companies, Qualified Foreign Investors, GCC Corporate Investors and certain other Foreign Investors pursuant to swap agreements. Participating Entities will provisionally be allocated four million five hundred thousand (4,500,000) Offer Shares, representing 100 per cent. of Offer Shares. The final allocation for the Participating Entities will be made upon the expiry of Individual Investors' subscription period, using the discretionary allocation mechanism. As a result, some of the Participating Entities may not be allocated any Offer Shares. If there is sufficient demand by Individual Investors, the Bookrunner, in coordination with the Company shall have the right to reduce the previously allocated Offer Shares to Participating Entities to four million and fifty thousand (4,050,000) Offer Shares, representing 90 per cent. of the total Offer Shares.

Tranche (B): Individual Investors

Comprising Saudi Arabian natural persons, including any Saudi female divorcee or widow with minor children from a marriage to a non-Saudi person who can subscribe for her own benefit or in the names of her minor children, on the condition that she proves that she is a divorcee or widow and the mother of her minor Saudi Arabian children, as well as any non-Saudi natural persons resident in the Kingdom or GCC natural persons, in each case who have a bank account with one of the Receiving Agents who are entitled to open an investment account with a Capital Market Institution. A subscription for Offer Shares made by a person in the name of his divorced wife shall be deemed invalid and the applicant shall be subject to the sanctions prescribed by law. If a duplicate subscription is made, the second subscription will be considered void and only the first subscription will be accepted. A maximum of four hundred and fifty thousand (450,000) Offer Shares, representing ten per cent. of the total Offer Shares shall be allocated to Individual Investors. If the Individual Investors do not subscribe in full to the Offer Shares allocated to them, the Bookrunner in coordination with the Company may reduce the number of Offer Shares allocated to Individual Investors in proportion to the number of Offer Shares subscribed by them.

17.2 Book-Building and Subscription by Participating Parties

(a) The Company, the Selling Shareholders and the Financial Advisor determine the price range for the purposes of book-building, which will be made available to all Participating Parties, without any restriction.

(b) Each of the Participating Parties shall submit a Bidding Participation Application during the book-building period. The Participating Entities may change or cancel their Bidding Participation Application at any time during the book-building period, provided that such change is made by submitting an amended or additional Bidding Participation Application, where applicable, prior to the conclusion of fixing the Offer Price, which precedes the commencement of the Offering Period. The number of Offer Shares to be subscribed by each Participating Entity shall neither be less than 100,000 Offer Shares nor more than 749,999 Offer Shares, and in relation only to public investment funds, without exceeding the maximum amount specified for each participating fund that is determined in accordance with Book-Building Instructions. The number of requested shares shall be subject to allocation. The Bookrunner will inform the Participating Entities of the Offer Price and the number of Offer Shares provisionally allocated to them, using the discretionary allocation mechanism. As a result, some of the Participating Entities may not be allocated any Offer Shares. Subscriptions by the Participating Entities shall commence during the Offering Period, which also includes the Individual Investors, according to the subscription terms and conditions detailed in the Subscription Application Forms.

(c) After book-building for the Participating Entities is completed, the Bookrunner will announce the coverage percentage for the Participating Entities.

(d) The Bookrunner and the Company will have the power to determine the Offer Price based on the supply and demand for the Offer Shares, provided that it does not exceed the price set out in the Underwriting Agreement and provided that the Offer Price is in accordance with the tick size applied by Tadawul.

17.3 Subscription by Individual Investors

Each Individual Investor shall subscribe for a minimum of 10 Offer Shares and a maximum of two hundred and fifty thousand (250,000) ordinary Shares. Changes to or withdrawals of the subscription application shall not be permitted once the Subscription Application Form has been submitted.

Subscription Application Forms will be provided during the Offering Period by the Receiving Agents. They shall be completed in accordance with the instructions mentioned below. Individual Investors can subscribe through the Internet, ATMs or other electronic channels of the Receiving Agents, provided that, the following requirements are satisfied:

a. the Individual Investor has a bank account at the Receiving Agent;

b. the personal information or data of the Individual Investor has not changed since his/her subscription in a recent initial public offering; and

c. the Individual Investors who are not Saudi or GCC natural persons have an account at one of the Capital Market Institutions which offer such services.

A signed Subscription Application Form represents a legally binding agreement between the Selling Shareholders and the relevant Individual Investor submitting the application to the Receiving Agents.

Individual Investors may obtain a copy of this Prospectus from the websites of the Company (www.mawarid.com.sa), the CMA (www.cma.org.sa) or the Financial Advisor (www.aljaziracapital.com.sa), and the Subscription Application Forms from the websites of the following Receiving Agents providing such service:

Bank AlJazira King Abdulaziz Road PO Box 6277, Jeddah 21442 Kingdom of Saudi Arabia Tel: +966 (12) 609 8888 Fax: +966 (12) 609 8881 Website: www.baj.com.sa Email: info@baj.com.sa	
Alrajhi Bank King Fahad Road PO Box 28, Riyadh 11411 Kingdom of Saudi Arabia Tel: +966 (11) 828 2515 Fax: +966 (11) 279 8190 Website: www.alrajhibank.com.sa Email: contactcenter1@alrajhibank.com.sa	

The Receiving Agents will commence receiving Subscription Application Forms through the internet, ATMs, or other electronic channels of the Receiving Agents that offer any or all such services to its customers, beginning on Sunday, 8 Thul-Qi'dah 1444H (corresponding to 28 May 2023G) until the end of Tuesday, 10 Thul-Qi'dah 1444H (corresponding to 30 May 2023G). Once the Subscription Application Form is signed and submitted, the relevant Receiving Agent receiving it will stamp it and provide the Individual Investor with a copy of the completed Subscription Application Form (if applicable). If the information provided in the Subscription Application Form is incomplete or inaccurate, or not stamped by the Receiving Agent, the Subscription Application Form will be considered void. The Individual Investors do not have the right to claim any compensation for damages incurred due to such cancellation.

Each Individual Investor is required to specify the number of Offer Shares applied for in the Subscription Application Form, and the total subscription amount will be equal to the number of Offer Shares applied for multiplied by the Offer Price of Sixty-four Riyals (SAR 64) per Offer Share.

Subscriptions by Individual Investors for less than 10 Offer Shares or fractional Shares will not be accepted. Increments are to be made in multiples of such minimum number, while the maximum number of Offer Shares to be applied for is (250,000) Offer Shares.

Subscription Application Forms for Individual Investors must be submitted during the Offering Period and accompanied (where applicable) by the following documents (the Receiving Agents will verify all copies against the originals and will return the originals to the relevant Individual Investor):

(a) the original and copy of the Individual Investor's national civil identification card (in case of individuals, including Saudi and other GCC natural persons);

(b) the original and copy of the family civil identification card (when subscribing on behalf of family members);

(c) the original and copy of a power of attorney (when subscribing on behalf of others);

(d) the original and copy of certificate of guardianship (when subscribing on behalf of orphans);

(e) the original and copy of the divorce certificate (when subscribing on behalf of the children of a divorced Saudi woman);

(f) the original and copy of the death certificate (when subscribing on behalf of the children of a widowed Saudi woman); and

(g) the original and copy of the birth certificate (when subscribing on behalf of the children of a divorced or widowed Saudi woman).

Powers of attorney are only allowed for family members (parents and children only). In the event that an application is made on behalf of an Individual Investor (parents and children only), the name of the person signing on behalf of the Individual Investor should be stated in the Subscription Application Form, accompanied by a valid original and a copy of the power of attorney. The power of attorney must be notarised by a notary public for the Individual Investors residing in the Kingdom and must be legalised through a Saudi embassy or consulate in the relevant country for the Individual Investors residing outside the Kingdom. The concerned official of the Receiving Agents shall match the copy with the original version and return the original version to the Individual Investor.

One Subscription Application Form should be completed for each primary Individual Investor applying for himself/herself and members appearing on his family identification card if the family members apply for the same number of Offer Shares as the primary Individual Investor. In this case:

(a) all Offer Shares allocated to the primary Individual Investor and dependent Individual Investors will be registered in the primary Individual Investor's name;

(b) the primary Individual Investor will receive any refund in respect of amounts not allocated and paid for by himself/herself or dependent Individual Investors; and

(c) the primary Individual Investor will receive all dividends distributed in respect of the Offer Shares allocated to himself/herself and dependent Individual Investors (in the event the Shares are not sold or transferred).

Separate Subscription Application Forms must be used if:

(a) the Offer Shares to be allocated are to be registered in a name other than the name of the primary Individual Investor;

(b) dependent Individual Investors intend to apply for a different number of Offer Shares than the primary Individual Investor; or

(c) the wife subscribes in her name, adding allocated Offer Shares to her account (she must complete a separate Subscription Application Form from the Subscription Application Form completed by the relevant primary Individual Investor). In the latter case, applications made by husbands on behalf of their spouses will be cancelled and the independent application of the wives will be processed by the Receiving Agent.

A Saudi female divorcee or widow who has minor children from a marriage to a non-Saudi husband can subscribe on behalf of those children provided she submits proof of motherhood. A subscription for Offer Shares made by a person in the name of his divorced wife shall be deemed invalid and the applicant shall be subject to the sanctions prescribed by law. If the primary Individual Investor subscribes for himself and his family members who are registered in the family identification card, and a family member subscribes for a separate subscription application, only the request of the family member who has submitted a separate application from the request of the primary Individual Investor will be cancelled.

During the Offering Period, only a valid Iqama will be an acceptable form of identification for non-Saudi dependents. Passports or birth certificates will not be accepted. Non-Saudi dependents can only be included as dependents with their mother and cannot subscribe as primary Individual Investors. The maximum age for non-Saudi dependents to be included with their mother is 18. Any documents issued by a foreign government must be legalised through a Saudi embassy or consulate in the relevant country.

Each Individual Investor agrees to subscribe for and purchase the number of Offer Shares specified in his/her Subscription Application Form for an amount equal to the number of Offer Shares applied for multiplied by the Offer Price of Sixty-four Riyals (SAR 64) per Offer Share. Each Individual Investor shall acquire the number of Offer Shares allocated to him/her upon:

(a) delivery by the Individual Investor of the Subscription Application Form to the Receiving Agents; and

(b) payment in full by the Individual Investor to the Receiving Agents of the total value of the Offer Shares subscribed for.

The total value of the Offer Shares subscribed for must be paid in full with the Receiving Agents by authorizing a debit of the Individual Investor's account held with the Receiving Agents to whom the Subscription Application Form is being submitted. The Offer Shares ownership transfer will be valid only from the time such transfer is recorded in the Company's share register and the Shares have commenced trading on the Exchange.

If a submitted Subscription Application Form is not in compliance with the terms and conditions of the Offer, the Company shall have the right to reject it in full or in part. The Individual Investor must accept any number of Offer Shares allocated to him/her unless the allocated shares exceed the number of Offer Shares applied for.

17.4 Allocation and Refunds

The Lead Manager and the Receiving Agents shall open and operate escrow accounts for the purpose of depositing and holding the subscription amounts which it receives from the Participating Entities and the Receiving Agents. The Receiving Agents shall deposit all amounts received from the Subscribers into the escrow accounts mentioned above.

The Lead Manager and Receiving Agents, as applicable, shall notify the Subscribers of the final number of Offer Shares allocated together with the amounts to be refunded. Excess subscription monies, if any, will be refunded to the Subscribers in whole without any deductions or fees and will be deposited in the Subscribers' accounts specified in the Subscription Application Forms. The announcement of the final allocation will be made no later than Monday, 16 Thul-Qi'dah 1444H (corresponding to 5 June 2023G) and refunds will be processed no later than Tuesday, 17 Thul-Qi'dah 1444H (corresponding to 6 June 2023G) (for further details, see "*Key Dates and Subscription Procedures*", page (xiii), and Section 17 (*Subscription Terms and Conditions*)). Subscribing Individual Investors should communicate with the Lead Manager or the branch of the Receiving Agent where they submitted their Subscription Application Form, as applicable, for any further information.

17.4.1 Allocation of Offer Shares to Participating Entities

After completion of the Individual Investors' subscription process, the final allocation of the Offer Shares to the Participating Entities will be made via the Bookrunner, as the Bookrunner deems appropriate, in coordination with the Issuer, using the discretionary allocation mechanism. As a result, some of the Participating Entities may not be allocated any Offer Shares. The number of Offer Shares to be initially allocated to the Participating Entities is four million, five hundred thousand (4,500,000) ordinary Shares, representing 100 per cent. of the Offer Shares. If there is sufficient demand from the Individual Investors subscribing to the Offer Shares, the Bookrunner, in coordination with the Issuer, shall have the right to reduce the number of Offer Shares allocated to the Participating Entities to a minimum of four million and fifty thousand (4,050,000) ordinary Shares, representing 90 per cent. of the Offer Shares after the completion of the Individual Investors' subscription process.

17.4.2 Allocation of Offer Shares to Individual Investors

There will be an allocation of a maximum of four hundred and fifty thousand (450,000) Offer Shares, representing 10.0 per cent. of the Offer Shares, to Individual Investors. The minimum allocation per Individual Investor is 10 Offer Shares and the maximum allocation per Individual Investor is two hundred and fifty thousand (250,000) Offer Shares. The balance of the Offer Shares (if available) will be allocated on a pro-rata basis of the percentage of the offer shares applied for by each individual investor to the number of Offer Shares applied for by each Individual Investor. If the number of Individual Investors exceeds 45,000 Individual Investors, the Company will not guarantee the minimum allocation. The Offer Shares will be allocated at the discretion of the Lead Manager in coordination with the Company. Excess subscription monies, if any, will be refunded to the Individual Investors without any charge or withholding by the Receiving Agents.

17.5 Circumstances Where Trading and Listing May be Suspended or Cancelled

17.5.1 Power to Suspend Trading or Cancel Listing

(a) The CMA may suspend trading in the listed securities or cancel the listing at any time as it deems fit, in any of the following circumstances:

(i) the CMA considers it necessary for the protection of investors or the maintenance of an orderly market;

(ii) the issuer fails, in a manner which the CMA considers material, to comply with the CML, its implementing regulations or the Listing Rules;

(iii) the issuer fails to duly pay any fees due to the CMA or the Exchange or any fines due to the CMA;

(iv) if it considers that the issuer or its business, the level of its operations or its assets are no longer suitable for the continued listing of its securities on the Exchange;

(v) when a reverse takeover announcement does not contain sufficient information about the proposed transaction. If the issuer announces sufficient information regarding the target and the CMA is satisfied, following the issuer's announcement, that there will be sufficient information available for the public about the proposed transaction of the reverse takeover, the CMA may decide not to suspend trading at this stage;

(vi) when information about the proposed transaction of reverse takeover is leaked and the issuer cannot accurately assess its financial position and the Exchange cannot be informed accordingly;

(vii) when an application for the financial restructuring of the issuer in case of its accumulated losses reaching 50 per cent. or more of its capital is registered with the court under the Bankruptcy Law;

(viii) when the request for liquidation procedure or the administrative liquidation of the issuer is registered with the court under the Bankruptcy Law;

(ix) upon the issuance of a final judgment closing the financial restructuring and initiating the liquidation procedure or the administrative liquidation procedure of the issuer in court under the Bankruptcy Law; or

(x) upon the issuance of a final judgment initiating the liquidation procedure or the administrative liquidation procedure of the issuer in court under the Bankruptcy Law.

(b) The lifting of trading suspension under paragraph (a) above is subject to the following:

(i) the issuer adequately addressing the conditions that led to the suspension and the lack of the need to continue the suspension for the protection of investors;

(ii) the lifting the suspension is unlikely to affect the normal activity of the Exchange;

(iii) the issuer complies with any other conditions that the CMA may require;

(iv) upon the issuance of a final judgment initiating financial restructuring for the issuer under the Bankruptcy Law, unless it was suspended from its activities by the relevant competent authority, if the suspension is made in accordance with paragraph (a)((vii)) above; and

(v) upon the issuance of a final judgment rejecting the commencement of liquidation procedure or administrative liquidation of the issuer under the Bankruptcy Law, unless the issuer was suspended from its activities by the relevant competent authority, if the suspension is made in accordance with paragraph (a)((viii)) above.

(c) The Exchange shall suspend the trading of securities of the Company in any of the following cases:

(i) if the issuer does not comply with the deadlines for the disclosure of its periodic financial information within the periods specified in accordance with applicable implementing regulations;

(ii) if the external auditor's report on the financial statements of the issuer contains an adverse opinion or an abstention from expressing opinion;

(iii) if the liquidity requirements in Part 2 of the Listing Rules are not satisfied after listing after the time limit set by the Exchange for the issuer to rectify its conditions, unless the CMA agrees otherwise; or

(iv) upon the issuance of a resolution by an Extraordinary General Assembly of the issuer to reduce its capital for the two trading days following the issuance of such resolution.

(d) The Exchange shall remove the suspension referred to in subparagraphs ((i)) and ((ii)) of paragraph (c) above after one trading session has passed after the cause of suspension ceases to exist. In the event that the issuer's shares are available for trading outside the platform, the Exchange shall remove the suspension within a period of not more than five trading sessions after the cause of suspension ceases to exist.

(e) The Exchange may at any time propose to the CMA to suspend the trading of any listed security or cancel its listing where, in its opinion, it is likely that any of the above circumstances of paragraph (a) above are to occur.

(f) The issuer whose securities are subject to a trading suspension must continue to comply with the Capital Market Law, its implementing regulations and the Listing Rules.

(g) If the listing suspension continues for six (6) months with no appropriate procedure made by the issuer to correct such suspension, the CMA may cancel the listing.

(h) Upon the issuer's completion of a reverse takeover, the issuer's shares shall be de-listed. If the issuer wishes to re-list its shares, it must submit a new application for the registration and admission to listing in accordance with the requirements stipulated in the Rules on the Offer of Securities and Continuing Obligations.

(i) This paragraph shall not prejudice the suspension of trading and the cancellation of listing resulting from the losses of the issuer pursuant to the relevant implementing regulations of the CML and the Listing Rules.

17.5.2 Voluntary Cancellation of Listing

(a) After its shares have been listed on the Exchange, an issuer may not cancel the listing without the prior approval of the CMA. To obtain CMA approval, the issuer must submit a cancellation application to the CMA along with a simultaneous notice to the Exchange. The application must include the following:

(i) the specific reasons for the request for cancellation;

(ii) a copy of the disclosure described in paragraph (d) below;

(iii) a copy of the relevant documentation and a copy of all related communication to shareholders if the cancellation is to take place as a result of a takeover or another corporate action by the issuer; and

(iv) the names and contact information of the financial advisor and legal advisor appointed according to the Rules on the Offer of Securities and Continuing Obligations.

(b) The CMA may, at its discretion, approve or reject the cancellation request.

(c) The issuer must obtain the consent of the Extraordinary General Assembly to the cancellation of the listing after obtaining CMA approval.

(d) Where cancellation is made at the issuer's request, it must disclose it to the public as soon as possible. The disclosure must include the reason for the cancellation, the nature of the event resulting in the cancellation, and the extent to which it affects the issuer's activities.

17.5.3 Temporary Trading Suspension

(a) An issuer may request from the Exchange a temporary trading suspension of its securities upon the occurrence of an event during trading hours which requires immediate disclosure under the CML, its implementing regulations or the Listing Rules, and where the issuer cannot maintain the confidentiality of this information until the end of the trading period. The Exchange shall suspend the trading of the securities of that issuer immediately upon receiving such request.

(b) When trading is temporarily suspended at the issuer's request, the issuer must disclose to the public as soon as possible the reason for the suspension, the nature of the event that caused it, the anticipated length of the suspension and the extent to which it affects the issuer's activities.

(c) The CMA may impose a temporary trading suspension without a request from the issuer where the CMA becomes aware of information or circumstances affecting the issuer's activities which the CMA considers would be likely to interrupt the operation of the Exchange or the protection of investors. If its securities are subject to temporary trading suspension, the issuer must continue to comply with the CML, its implementing regulations and the Listing Rules.

(d) The Exchange may propose to the CMA to exercise its powers in accordance with paragraph (c) above if it becomes aware of information or circumstances affecting the issuer's activities which would be likely to interrupt the operation of the Exchange or the protection of investors.

(e) A temporary trading suspension will be lifted following the elapse of the period referred to in the disclosure specified in paragraph (b) above in this Section, unless the CMA or the Exchange decides otherwise.

17.5.4 Re-Registering and Listing After Cancellation of Listing

After the cancellation of listing of an issuer's securities, if the issuer wishes to re-list such securities, it must submit new applications in accordance with the procedures set out in the Rules on the Offer of Securities and Continuing Obligations and the Listing Rules.

17.6 Approvals and Decisions Under Which the Shares Are Offered

The following are the decisions and approvals under which the Offer Shares are publicly offered:

(a) the Company's Board of Directors' resolution recommending the Offering issued on 18 Shawwal 1443H (corresponding to 19 May 2022G);

(b) the Company's General Assembly resolution approving the Offering issued on 29 Shawwal 1443H (corresponding to 30 May 2022G);

(c) (a) the CMA's approval of the Shares Offering issued on 2 Jumada al-Akhirah 1444H (corresponding to 26 December 2022G); and

(d) the conditional approval of Tadawul to list the Shares on 30 Rabi' al-Thani 1444H (corresponding to 24 November 2022G).

17.7 Lock-Up Period

The Substantial Shareholders specified in Table 4.26 (Details of Shareholders Directly Holding Five per cent. or More of the Ordinary Shares in the Company as of the Date of this Prospectus) may not dispose of any of their Shares for a period of six (6) months from the date on which trading of the Shares commences on the Exchange.

17.8 Acknowledgments and Declarations by Subscribers

By completing and delivering the Subscription Application Form, each Subscriber:

(a) agrees to subscribe to the number of Offer Shares specified in the Subscription Application Form;

(b) warrants that he/she has read this Prospectus and has understood all of its content;

(c) accepts the Bylaws and all Offering instructions and terms mentioned in this Prospectus and the Subscription Application Form, and subscribes to the Offer Shares accordingly;

(d) declares that neither he/she nor any of his/her family members included in the Subscription Application Form have previously subscribed for any Shares and that the Company has the right to reject any or all duplicate applications;

(e) accepts the number of Offer Shares allocated to him/her (to the maximum of the amount subscribed for) as per the Subscription Application Form and all other subscription instructions and terms mentioned in this Prospectus and the Subscription Application Form;

(f) warrants not to cancel or amend the Subscription Application Form after submitting it to the Receiving Agents or any of the Bookrunner, as applicable; and

(g) retains his/her right to sue the Company for damages caused directly by incorrect or incomplete information contained in this Prospectus, or by omitting major information that should have been part of this Prospectus and could affect his/her decision to purchase the Shares.

For further details on the allocation process, see Section 17.4 (*Allocation and Refunds*).

17.9 Shares' Record and Trading Arrangements

Tadawul shall keep a Shareholders' Register containing the names, nationalities, addresses, professions of the Shareholders, the Shares held by them and the amounts paid for these Shares.

17.10 Saudi Exchange (Tadawul)

In 1990G, full electronic trading in the Kingdom equities was introduced. Tadawul was founded in 2001G as the successor to the Electronic Securities Information System. Trading in shares occurs on the "Tadawul" system through a fully integrated trading system covering the entire trading process from the execution of the trade transaction through its settlement. Trading occurs on each Business Day of the week between 10:00 a.m. and 3:00 p.m. from Sunday to Thursday, during which orders are executed. However, orders can be entered, amended or cancelled from 9:30 a.m. to 10:00 a.m. at other times. Such times change during the month of Ramadan and are announced by the Tadawul Management. Transactions take place through the automatic matching of orders. Each valid order is accepted and generated according to the price level. In general, market orders (orders placed at best price) are executed first, followed by limit orders (orders placed at a price limit), provided that, if several orders are generated at the same price, they are executed according to the time of entry. Tadawul distributes a comprehensive range of information through various channels, including, in particular, the "Tadawul" website and the "Tadawul" Information Link, which supplies trading data in real time to information providers such as Reuters. Exchange transactions are settled on a T+2 basis, meaning that share ownership is transferred two working days after the trade transaction is executed.

Listed companies are required to disclose all material decisions and information that are important for the investors via Tadawul. Surveillance and monitoring are the responsibility of Tadawul, as the operator of the market, to ensure fair trading and an orderly market.

17.11 Securities Depository Centre (Edaa)

Securities Depository Centre Company (Edaa) was established in 2016G as a closed joint stock company in accordance with the Saudi Companies Law issued by Royal Decree No. M/3 dated 28 Muharram 1437H (corresponding to 10 November 2015G), with a capital of SAR 400,000,000 divided into 40,000,000 shares, with a nominal value of SAR 10 per share, and is fully owned by the Exchange.

The establishment was based on the CMA's approval of Tadawul's Board of Directors request in relation to the conversion of the Securities Depository Centre into a joint stock company in accordance with the Capital Market Law issued by Royal Decree No. M/30 dated 2 Jumada al-Akhirah 1424H (2 July 2003G).

The activities of Edaa are to conduct businesses related to depositing, registering, transferring, settling and clearing securities, and recording any ownership restrictions on the deposited securities. Further, it deposits and manages the records of the issuers of securities, and organises issuers' general assemblies, including remote voting services (e-Voting), reporting, notifications, and information, as well as providing other related services that Edaa may provide in accordance with the CML and its implementing regulations.

17.12 Trading of Company's Shares

Trading of the Shares is expected to commence on Tadawul after the finalisation of the allocation process and the announcement of the start date of trading by Tadawul. Following the Admission, Saudi natural persons, non-Saudi natural persons holding valid residence permits in the Kingdom, GCC natural persons, companies, banks, and investment funds will be permitted to trade in the Offer Shares once they are traded on the Exchange. Moreover, Qualified Foreign Investors will be permitted to trade in the Shares in accordance with the QFI Rules. Foreign Investors will also have the right to invest indirectly to acquire economic benefits in the Shares by entering into swap agreements with Capital Market Institutions to acquire, hold and trade in the Shares on the Exchange on behalf of such Foreign Investor. It should be noted that Capital Market Institutions shall be deemed the legal owners of the Shares under the swap agreements.

Furthermore, Shares may only be traded after the allocated Offer Shares have been credited to Subscribers' accounts at Tadawul, the Company has been registered in the Main Market and its Shares have been listed on the Exchange. Pre-trading in Shares is strictly prohibited and Subscribers entering into any pre-trading activities will be acting at their own risk. The Company and the Selling Shareholders shall have no legal responsibility in connection with pre-trading activities.

17.13 Miscellaneous

The Subscription Application Form and all related terms, conditions, provisions, covenants and undertakings shall be binding upon and inure to the benefit of their parties and their respective successors, permitted assigns, executors, administrators and heirs; provided that, neither the Subscription Application Form nor any of the rights, interests or obligations arising pursuant thereto shall be assigned or delegated by any of the parties to the subscription without the prior written consent of the other party.

These instructions and conditions and the receipt of any Subscription Application Forms or related contracts shall be governed, construed and enforced in accordance with the laws of the Kingdom.

This Prospectus has been released in both Arabic and English languages and the Arabic version is the only one approved by the CMA. In the event of a discrepancy between the English and the Arabic texts, the Arabic text of this Prospectus shall prevail.

The distribution of this Prospectus and the sale of the Offer Shares in any country other than the Kingdom are expressly prohibited, except for certain GCC investors, Qualified Foreign Investors, foreign strategic investors and/or certain other Foreign Investors through swap agreements, taking into account the relevant rules and instructions. The Offering does not constitute an offer to sell, or a solicitation of an offer to buy, securities in any jurisdiction in which such offer or solicitation would be unlawful. All recipients of this Prospectus must inform themselves of any regulatory restrictions relevant to the Offering and the sale of Offer Shares and to observe all such restrictions.

Subject to the requirements of the Rules on the Offer of Securities and Continuing Obligations and the Listing Rules, the Company must submit a supplementary prospectus to the CMA if, at any time after the publication of this Prospectus and before completion of the Offering, the Company becomes aware of: (i) a significant change in any material information contained in this Prospectus or any document required under the Rules on the Offer of Securities and Continuing Obligations or the Listing Rules; or (ii) the occurrence of additional significant matters which would have been required to be included in this Prospectus. Except in the aforementioned circumstances, the Company does not intend to update or otherwise revise any industry or market information or forward-looking statements in this Prospectus, whether as a result of new information, future events or otherwise. As a result of the aforementioned and other risks, uncertainties and assumptions, the expectations of future events and circumstances set forth in this Prospectus may not occur as expected by the Company or may not occur at all. Consequently, the prospective investors should consider all forward-looking statements in light of these explanations and should not place undue reliance on them.

18 DOCUMENTS AVAILABLE FOR INSPECTION

The following documents will be available for inspection at the Company's head office on Ibn Warqaa Street, al-Rawdah District, P.O. Box 10370, Riyadh 13211, Kingdom of Saudi Arabia, between 9:00 a.m. and 5:00 p.m. from Thursday, 22 Ramadan 1444H (corresponding to 13 April 2023G) until Tuesday, 10 Thul-Qi'dah 1444H (corresponding to 30 May 2023G) for a period of not less than 20 days prior to the end of the Offering Period:

- the CMA announcement of the approval of the Offering;
- the Company's Board of Directors' resolution approving the Offering, dated 18 Shawwal 1443H (corresponding to 19 May 2022G);
- the Company General Assembly's approval of the Offering, dated 29 Shawwal 1443H (corresponding to 30 May 2022G);
- the Company's Bylaws;
- the Company's (and its Subsidiaries) articles of association, and amendments thereto;
- the Company's (and its Subsidiaries) commercial registration certificate issued by the MoC;
- the audited consolidated financial statements of the Company and its Subsidiaries for the financial years ended 31 December 2019G, 2020G, 2021G and 2022G, and the reviewed consolidated financial statements for the six-month period ended 30 June 2022G;
- the market study report prepared by the Market Study Consultant;
- all other reports, letters, documents, value and data assessments prepared by any expert, including any part thereof mentioned in this Prospectus;
- The contracts and agreements disclosed in Section 12.9 (*Related Party Contracts and Transactions*); and
- letters of consent from:
  a. the Financial Advisor, Lead Manager, Bookrunner and Underwriter (Aljazira Capital) for the inclusion of its name, logo, and statements in this Prospectus;
  b. the Auditors (KPMG Professional Services) for the inclusion herein of their names and logos, along with the audit reports on the consolidated financial statements of the Company for the financial years ended 31 December 2019G, 2020G and 2021G and the six-month period ended 30 June 2022G;
  c. the Financial Due Diligence Advisor (PricewaterhouseCoopers Public Accountants) for the inclusion of its name, logo and statements in this Prospectus;
  d. the Market Study Consultant (Arthur D. Little Saudi Arabia) for the inclusion of its name, logo and statements, in this Prospectus; and
  e. the Legal Advisor (Zeyad Yousef AlSalloum and Yazeed Abdulrahman AlToaimi Company for Legal Services and Consultation), for the inclusion of its name, logo and statements, in this Prospectus; and
- the Underwriting Agreement.

19 FINANCIAL STATEMENTS AND AUDITORS' REPORT

This Section contains the audited consolidated financial statements of the Company for the financial years ended 31 December 2019G, 2020G, 2021G and 2022G, the reviewed consolidated financial statements for the six-month period ended 30 June 2022G and the accompanying notes thereto, which have been prepared in accordance with IFRS as endorsed in the Kingdom and other standards and pronouncements endorsed by SOCPA, and audited by the Auditors.

AL-MAWARID RECRUITMENT COMPANY
(A Saudi Closed Joint Stock Company)
CONSOLIDATED FINANCIAL STATEMENTS
For the year ended 31 December 2019
together with the
INDEPENDENT AUDITOR'S REPORT

AL-MAWARID RECRUTMENT COMPANY
(A Saudi Closed Joint Stock Company)
CONSOLIDATED FINANCIAL STATEMENTS
For the year ended 31 December 2019

KPMG Professional Services
Riyadh Front, Airport Road
P. O. Box 92876
Riyadh 11663
Kingdom of Saudi Arabia
Commercial Registration No 1010425494

Headquarters in Riyadh

كي بي إم جي للاستشارات المهنية
واجهة الرياض، طريق المطار
صندوق بريد ٩٢٨٧٦
الرياض ١١٦٦٣
المملكة العربية السعودية
سجل تجاري رقم ١٠١٠٤٢٥٤٩٤

المركز الرئيسي في الرياض

Independent Auditor's Report

To the Shareholders of AL-Mawarid Recruitment Company

Opinion

We have audited the consolidated financial statements of **AL-Mawarid Recruitment Company** – a Saudi Closed Joint Stock Company ("the Company") and its subsidiaries ("the Group"), which comprise the consolidated statement of financial position as at 31 December 2019, the consolidated statements of profit or loss and other comprehensive income, changes in equity and cash flows for the year then ended, and notes to the consolidated financial statements, comprising significant accounting policies and other explanatory information.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at 31 December 2019, 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).

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 are independent of the Group in accordance with the professional code of conduct and ethics that are endorsed in the Kingdom of Saudi Arabia that are relevant to our audit of the consolidated financial statements, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Matter

The financial statements of the Group for the year ended 31 December 2018 have been audited by another auditor who expressed an unmodified opinion on those financial statements on 30 June 2019.

Responsibilities of Management and Those Charge with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRS that are endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements issued by SOCPA, the applicable requirements of the Regulations for Companies, 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, the Audit Committee, are responsible for overseeing the Group's financial reporting process.

KPMG

Independent Auditor's Report

To the Shareholders of AL-Mawarid Recruitment Company

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 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 skepticism 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.
- 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, then 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.

Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance 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 of AL-Mawarid Recruitment Company ("the Company") and its subsidiaries ("the Group").

KPMG Professional Services

Kholoud Adnan Mousa Altumbakti
License Number: 421

Riyadh, 10 Dhul Qadah 1441H
Corresponding to: 1 July 2020

كي بي إم جي للاستشارات المهنية
Lic No. 46
C.R. 1010425494
R: 1
KPMG
ترخيص رقم ٤٦
KPMG Professional Services

AL-MAWARID RECRUITMENT COMPANY
(A Saudi Closed Joint Stock Company)
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As at 31 December 2019
(All amounts in Saudi Riyals unless otherwise stated)

	Note	As at 31 December 2019	As at 31 December 2018
ASSETS			
Non-current assets			
Used and unused visas	6	**15,779,080**	13,115,979
License guarantee letter	7	**5,000,000**	5,000,000
Intangible assets	8	**1,140,888**	1,511,567
Property and equipment	9	**13,317,321**	13,577,744
Right-of-use assets	10	**23,384,294**	-
Total non-current assets		**58,621,583**	33,205,290
Current assets			
Due from related parties	11	**42,517,559**	44,899,594
Prepayments and other receivables	12	**92,093,656**	68,371,627
Trade receivables	13	**106,233,411**	76,407,046
Investments at fair value through profit or loss	14	**16,018,708**	15,648,474
Cash and cash equivalents	15	**26,951,427**	36,542,640
Total current assets		**283,814,761**	241,869,381
Total assets		**342,436,344**	275,074,671
EQUITY AND LIABILITIES			
Equity			
Share capital	16	**100,000,000**	100,000,000
Statutory reserve	17	**17,567,913**	13,713,527
Retained earnings		**52,726,381**	30,833,624
Total equity		**170,294,294**	144,547,151
Liabilities			
Non-current liabilities			
Employees' benefits obligations	19	**18,607,908**	14,367,877
Lease liabilities – non current portion	10	**14,500,566**	-
Recruitment agents guarantees		**1,471,303**	1,584,740
Total non-current liabilities		**34,579,777**	15,952,617
Current liabilities			
Trade payables, accruals and others	20	**112,822,996**	91,968,528
Retained deposits		**10,020,536**	13,505,375
Lease liabilities - current portion	10	**7,575,405**	-
Due to related parties	11	**2,773,520**	5,471,407
Provision for Zakat	21	**4,369,816**	3,629,593
Total current liabilities		**137,562,273**	114,574,903
Total liabilities		**172,142,050**	130,527,520
Total equity and liabilities		**342,436,344**	275,074,671

The accompanying notes (1) through (29) form an integral part of these consolidated financial statements.

AL-MAWARID RECRUITMENT COMPANY
(A Saudi Closed Joint Stock Company)
CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
For the year ended 31 December 2019
(All amounts in Saudi Riyals unless otherwise stated)

		Year ended 31 December	
	Note	**2019**	2018
Revenue		**716,004,723**	494,466,681
Cost of revenue		**(643,933,501)**	(449,130,897)
Gross profit		**72,071,222**	45,335,784
Selling and marketing expenses	*22*	**(8,077,477)**	(6,874,063)
General and administrative expenses	*23*	**(20,044,285)**	(19,199,807)
Impairment loss of trade and other receivables		**(6,184,089)**	(3,682,813)
Other income	*24*	**5,177,527**	2,072,548
Profit from operations		**42,942,898**	17,651,649
Zakat charge	*21*	**(4,368,814)**	(3,680,055)
Net income For the year		**38,574,084**	13,971,594
Other comprehensive income for the year			
Remeasurement gain of employees benefit obligations	*19*	**2,173,059**	995,852
Total comprehensive income for the year		**40,747,143**	14,967,446
Earnings per share:	*26*		
Profit from operations		**4,29**	1,77
Net income for the year		**3,86**	1,40

The accompanying notes (1) through (29) form an integral part of these consolidated financial statements.

AL-MAWARID RECRUITMENT COMPANY
(A Saudi Closed Joint Stock Company)
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
For the year ended 31 December 2019
(All amounts in Saudi Riyals unless otherwise stated)

	Note	*Share capital*	*Statutory reserve*	*Retained earnings*	*Total*
Balance at 1 January 2018		100,000,000	12,320,374	32,259,331	144,579,705
Net income for the year		-	-	13,971,594	13,971,594
Other comprehensive income for the year		-	-	995,852	995,852
Total comprehensive income for the year		-	-	14,967,446	14,967,446
Transferred to statutory reserve	*17*	-	1,393,153	(1,393,153)	-
Dividend paid to shareholders	*18*	-	-	(15,000,000)	(15,000,000)
Balance at 31 December 2018 and 1 January 2019		**100,000,000**	**13,713,527**	**30,833,624**	**144,547,151**
Net income for the year		**-**	**-**	**38,574,084**	**38,574,084**
Other comprehensive income for the year		**-**	**-**	**2,173,059**	**2,173,059**
Total comprehensive income for the year		**-**	**-**	**40,747,143**	**40,747,143**
Transferred to statutory reserve	*17*	**-**	**3,854,386**	**(3,854,386)**	**-**
Dividend paid to shareholders	*18*	**-**	**-**	**(15,000,000)**	**(15,000,000)**
Balance at 31 December 2019		**100,000,000**	**17,567,913**	**52,726,381**	**170,294,294**

The accompanying notes (1) through (29) form an integral part of these consolidated financial statements.

AL-MAWARID RECRUITMENT COMPANY
(A Saudi Closed Joint Stock Company)
CONSOLIDATED STATEMENT OF CASH FLOWS
For the year ended 31 December 2019
(All amounts in Saudi Riyals unless otherwise stated)

	For the year ended 31 December	
	2019	2018
Cash flows from operating activities		
Net Profit before zakat	**42,942,898**	17,651,649
Adjustments for non-cash items:		
Impairment loss of trade and other receivables	**6,184,089**	3,682,813
Provision for financial claims	**750,000**	-
Depreciation on property and equipment	**1,879,948**	2,047,133
Depreciation of right-of-use assets	**5,440,902**	-
Finance costs - leases	**923,858**	-
Amortization of intangible assets	**589,554**	657,387
Gains on investments at fair value through profit or loss	**(473,815)**	(660,593)
Loss from disposal of property and equipment	**23,713**	200,615
Provision for employees benefits obligations	**10,883,794**	8,453,907
Changes in working capital:		
Trade receivables	**(34,019,316)**	(5,706,174)
Prepayments and other receivables	**(25,713,167)**	(28,948,497)
Due from and to related parties	**(315,852)**	(11,847,197)
Used and unused visas	**(2,663,101)**	(5,777,316)
Retained deposits	**(3,484,839)**	(2,196,532)
Trade payables, accruals and others	**20,104,468**	25,800,794
Recruitment agents guarantees	**(113,437)**	25,905
Cash generated from operating activities	**22,939,697**	**3,383,894**
Zakat paid	**(3,628,591)**	(4,956,659)
Employees benefits obligations paid	**(4,470,704)**	(6,108,715)
Net cash flows generated from/(used in) operating activities	**14,840,402**	(7,681,480)
Cash flows from investing activities		
Payments made to purchase investments at fair value through profit or loss	**(21,000,000)**	-
Proceeds from disposal of investment at FVTPL	**21,103,581**	16,218,835
Payments to purchase property and equipment	**(1,668,054)**	(5,199,355)
Proceed from sale of property and equipment	**24,816**	-
Payments to purchase intangible assets	**(218,875)**	(249,000)
Net cash flows (used in)/generated from investing activities	**(1,758,532)**	10,770,480
Cash flows from financing activities		
Dividend paid to shareholders	**(15,000,000)**	(15,000,000)
Additions of right-of-use assets	**(7,673,083)**	-
Net cash flows used in financing activities	**(22,673,083)**	(15,000,000)
Net change in cash and cash equivalents	**(9,591,213)**	(11,911,000)
Cash and cash equivalents at the beginning of the year	**36,542,640**	48,453,640
Cash and cash equivalents at the end of the year	**26,951,427**	36,542,640
Supplemental non-cash information:		
Write-off of debts and settlements of clients	**2,075,808**	17,699,147
Additions of property and equipment with forward payments	**-**	5,282,556
Additions of right-of-use assets against lease liabilities	**28,825,196**	-

The accompanying notes (1) through (29) form an integral part of these consolidated financial statements.

AL-MAWARID RECRUITMENT COMPANY
(A Saudi Closed Joint Stock Company)
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the year ended 31 December 2019
(All amounts in Saudi Riyals unless otherwise stated)

1. GENERAL INFORMATION

AL-Mawarid Recruitment Company ("the Group") is a Saudi Closed Joint Stock Company registered in the Kingdom of Saudi Arabia under Commercial Registration No. 1010343697 issued in the city of Riyadh on 12 Sha'aban 1433H (corresponding to 2 July 2012).

The principal activities of the Group are to provide the activities of recruitment services for domestic workers and temporary employment agencies for domestic services and to provide workers for a limited period in order to compensate or supplement the customer's workforce, under a license Ministry of Labor No. (6 / UMM) dated 5 Muharram 1434H (corresponding to 19 November 2012).

The consolidated financial statements were approved for issuance by the Group's management on 8 Dhul Qi'dah 1441H (corresponding to 29 June 2020).

The Group's head office is located in Riyadh, Al-Rawda District
P O Box 103706 - Riyadh 11616
Kingdom of Saudi Arabia

The accompanying consolidated financial statements include the activities of subsidiaries branches of the Group listed below, which operate under the following sub-commercial registrations:

Branch	CR No.	Date
Riyadh - Al Rawda	1010369960	25 Jumada' I 1434H (corresponding to 6 April 2013)
Riyadh - Al Rabwa	1010369956	7 Jumada' I 1434H (corresponding to 8 April 2013)
Arrar	3450014733	14 Rabi Al Thani 1436H (corresponding to 3 February 2015)
Al Khobar	2051060639	2 Sha'aban 1436H (corresponding to 20 May 2015)
Buraidah	1131056623	21 Rabi Al Thani 1437H (corresponding to 31 January 2016)
Al Jubail	2055024837	20 Jumada' I 1437H (corresponding to 29 February 2016)
Hail	3350044313	3 Dhul-Hijjah 1437H (corresponding to 4 September 2016)
Traif	3451003589	8 Muharram 1438H (corresponding to 9 October 2016)
Qurayat	3452010426	8 Muharram 1438H (corresponding to 9 October 2016)
Rafha	3453005276	8 Muharram 1438H (corresponding to 9 October 2016)
Sakaka	3400019936	10 Muharram 1438H (corresponding to 11 October 2016)
Jeddah	4030292526	22 Rabi' I 1438H (corresponding to 21 December 2016)
Riyadh - Al-Izdihar	1010466766	29 Rabi' I 1438H (corresponding to 28 December 2016)
Riyadh - Jizan	5900035835	4 Jumada' I 1438H (corresponding to 1 February 2017)
Riyadh - Al Rabwa	1010467851	4 Jumada' I 1438H (corresponding to 1 February 2017)
Dammam	2050111318	3 Rabi' II 1438H (corresponding to 21 December 2017)
City	4650081885	3 Rabi' II 1438H (corresponding to 21 December 2017)
Yanbu	4700020149	3 Rabi' II 1438H (corresponding to 21 December 2017)
Khamis Misheet	5855070423	3 Rabi' II 1438H (corresponding to 21 December 2017)
Jaizan	5900035706	3 Rabi' II 1438H (corresponding to 21 December 2017)
Riyadh - As Suwaidi	1010466893	3 Rabi' II 1438H (corresponding to 21 December 2017)

AL-MAWARID RECRUITMENT COMPANY
(A Saudi Closed Joint Stock Company)
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the year ended 31 December 2019
(All amounts in Saudi Riyals unless otherwise stated)

2. BASIS OF PREPARATION

The accompanying consolidated financial statements include the financial statements of the Company and its subsidiary as follows:

Name of subsidiary	Legal entity	Share holding 2019	Share holding 2018
Musanid Almawarid for Operation and Maintenance Company (*)	A Single Shareholder Limited Liability Company	**100%**	100%
Sawaid Recruitment Company (**)	A Single Shareholder Limited Liability Company	**100%**	-

(*) Musanid Almawarid for Operation and Maintenance Company
Musanid Almawarid for Operation and Maintenance Company (a single shareholder limited liability company) is a company registered in Riyadh in the Kingdom of Saudi Arabia under Commercial Registration No. 1010995997 dated 12 Jumada' II 1437H (corresponding to 21 March 2016).

The Company is wholly owned by AL-Mawarid Recruitment Company (the "Parent Company") as at 31 December 2019 and 2018.

The principal activities of the company are the provision of workers for the client's business for limited periods in order to compensate or supplement the client's workforce, and general cleaning of buildings.

(**) Sawaid Recruitment Company
Sawaid Recruitment Company (a single shareholder limited liability company) is a company registered in Riyadh in the Kingdom of Saudi Arabia under Commercial Registration No. 1010601489 dated 29 Safar 1441H (corresponding to 28 October 2019).

The Company is wholly owned by AL-Mawarid Recruitment Company (the "Parent Company") as at 31 December 2019.

The principal activities of the company are the activities of searching for employees for positions, whether by induction or testing, online recruitment agencies, and the provision of other human resources including (providing human resources on a long-term or permanent basis in general).

Statement of compliance
These consolidated financial statements of the Group have been prepared in accordance with in the International Financial Reporting Standards as endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements that are issued by the Saudi Organization for Chartered and Professional Accountants (SOCPA).
The principal accounting policies applied in the preparation of these consolidated financial statements have been consistently applied to all periods presented.

Basis of measurement
These consolidated financial statements have been prepared under the historical cost convention, except for employees' benefits obligations which are recognized using the projected unit credit method, using the accrual basis of accounting and the going concern concept.

Functional and presentation currency
These consolidated financial statements are presented in Saudi Riyals, which is the functional currency of the Group.

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3. NEW STANDARDS AND AMMENDMENT ISSUED

IFRS 16 'Leases'
IFRS 16 "Leases" replaces the following standard and interpretations:
- IAS 17 "Leases".
- IFRIC 4 "Determining whether an Arrangement contains a Lease".
- SIC 15 'Operating Leases-Incentives'.
- SIC 27 "Evaluating the Substance of Transactions Involving the Legal Form of a Lease".

The standard determines the principles of recognition, measurement, presentation and disclosure of leases and requires lessees to recognize leases in accordance with a consolidated accounting framework in the consolidated statement of financial position.

At inception of a contract, the Group assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset,

As a lessee
At the commencement date, the Group shall assess whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for a consideration. To assess whether a contract conveys the right to control the use of an identified asset for a period of time, the Group shall assess whether, throughout the period of use, the customer has both of the following:
(a) the right to obtain substantially all of the economic benefits from use of the identified asset.
(b) The right to direct the use of the identified asset.

The Group shall recognize a right-of-use asset at the commencement date (i.e. the date on which the underlying asset is available for use) and a lease liability at the commencement date. The right-of-use asset is initially measured at cost less accumulated depreciation and impairment and is settled for any remeasurement of a lease liability. The cost of right-of-use asset includes the initial amount of a lease liability adjusted by lease payments made on or before the commencement date, and any initial direct costs incurred and an estimate of costs to be incurred by the lessee in dismantling and removing the underlying asset, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease, less any lease incentives received. The estimated useful life for right-of-use asset based on the lease term.

At the commencement date, a lessee shall measure the lease liability at the present value of the lease payments that are not paid at that date. The Group shall discount lease payments using the interest rate implicit in the lease, if that rate can be readily determined. If that rate cannot be easily determined, the Group should use the incremental borrowing rate.

After the commencement date, a lessee shall measure the lease liability by:
(a) Increasing the carrying amount to reflect interest rate on the lease liability;
(b) Reducing the carrying amount to reflect the lease payments made; and
(c) remeasuring the carrying amount to reflect any reassessment or lease modifications, or to reflect revised in-substance fixed lease payments that are remeasured when there is a change in future lease payments arising from a change in index or a rate, or if there was a change in the Group's estimate of the amount expected to be payable by the lessee under residual value guarantees, or if the Group changed its assessment whether if it will choose the purchase, extension or termination.

Any remeasurement is settled in the lease liability against the carrying amount of right-of-use asset or charged to the consolidated statement of profit or loss and other comprehensive income if the carrying amount of the related asset is Zero.

3. NEW STANDARDS AND AMMENDMENT ISSUED (CONTINUED)

Short-term leases
The Group elected not to recognize right-of-use assets and lease liabilities for the short-term leases for which their terms are 12 months or less. The Group recognizes lease payments associated with those leases as expenses on a straight line basis over the lease term.

As a lessor
When the Group is a lessor, it determines, at the commencement of the lease, whether the lease is a finance lease or operating lease.

To classify each lease, the Group perform overall assessment whether lease transfers all substantially all the risks and rewards incidental to ownership of an underlying asset. If this is the case, then the lease is a finance lease; if not, then it is an operating lease. As part of this assessment, the Group considers specific indicators such as whether the lease term is for the major part of the economic life of the underlying asset.

The initial measurement in case of finance leases: the lessor shall use the interest rate implicit in the lease to measure the net investment in the lease.

At the commencement date, the lease payments included in the measurement of the net investment in the lease comprise the following payments for the right to use the underlying asset during the lease term that are not received at the commencement date:
(a) Fixed payments;
(b) Variable lease payments that depend on an index or a rate;
(c) Any residual value guarantees provided to the lessor by the lessee, a party related to the lessee or a third party unrelated to the lessor that is financially capable of discharging the obligations under the guarantee; and
(c) The exercise price of a purchase option if the lessee is reasonably certain to exercise that option.

Upon subsequent measurement, a lessor shall recognize finance income over the lease term, based on a pattern reflecting a constant periodic rate of return on the lessor's net investment in the lease. The initial measurement in case of operating leases: A lessor shall recognize lease payments from operating leases as income on either a straight-line basis or another systematic basis. The lessor shall apply another systematic basis if that basis is more representative of the pattern in which benefit from the use of the underlying asset is diminished.

Upon subsequent measurement, a lessor shall apply IAS 36 to determine whether an underlying asset subject to an operating lease is impaired and to account for any impairment loss identified. When the Group is an intermediate lessor, it calculates its interest in the head lease and sublease separately. Classification of the sublease is assessed by reference to the right-of-use asset arising from the head lease, rather than by reference to the underlying asset. If the head lease is a short-term lease, the Group applies exemption, the sublease shall be classified as an operating lease.

If the arrangement includes lease and non-lease components, the Group shall allocate the consideration in the contract by applying IFRS 15 for allocation the consideration in the contract.

The Group recognizes lease payments received under operating leases as revenue on a straight-line basis over the lease term as part of "other income", if any.

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4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of consolidation
These consolidated financial statements include the financial statements of the Company and its subsidiary as at 31 December 2019. A subsidiary is an entity controlled by the Group. The Group controls an investee when it is exposed to, or has rights to, variable returns from its involvement with the investee and has the ability to exercise influence over these returns through its power over the investee. Specifically, the Group controls an investee only if the Group meets the following conditions:

- Power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee);
- The right to receive variable returns through its participation in the investee.
- The ability to use its power over the investee to affect its returns.

The Group considers all relevant facts and circumstances when assessing whether it has influence over an investee, including:

- The contractual arrangements with the other vote holders of the investee;
- Rights arising 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. The consolidation of the subsidiary's financial statements begins when the Group obtains control over the subsidiary and ceases when the Group loses control over the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed off during the year are included in the consolidated financial statements from the date the Group gains control over the subsidiary until the date the Group ceases to control the subsidiary.

Profit or loss and other comprehensive income are attributable to the equity holders of the Group's parent company and to the non-controlling interests, if any, even if this results in a deficit for the non-controlling interests. When necessary, adjustments are made to the financial statements of subsidiary to bring their accounting policies into line with the Group's accounting policies. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

A change in the equity interest of a subsidiary, without a loss of control, is accounted for as an equity transaction. If the Group loses control over a subsidiary, it:

- De-recognizes the assets (including goodwill) and liabilities of the subsidiary.
- De-recognizes carrying amount of NCI.
- De-recognizes the cumulative translation differences recorded in equity.
- Recognizes the fair value of the consideration received.
- Recognizes the fair value of any investment retained.
- Recognizes any surplus or deficit in profit or loss.
- The Parent Company's share of items previously recognized in other comprehensive income is reclassified to profit or loss or retained earnings, as appropriate, and should be done when the Group directly derecognizes the related assets or liabilities.

Current and non-current assets and liabilities
The Group presents assets and liabilities in the consolidated statement of financial position based on current/non-current classification. An asset is current when it is:

- Expected to be realized or intended to be sold or consumed in the normal operating cycle;
- It is held primarily for the purpose of trading;
- Expected to be realized within twelve months after the reporting period; or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

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4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Current and non-current assets and liabilities

All other assets are classified as non-current.

A liability is current when:
- It is expected to be settled in the normal operating cycle;
- It is held primarily for the purpose of trading;
- It is due to be settled within twelve months after the reporting period; or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

The Group classifies all other liabilities as non-current liabilities.

Fair value measurement
Fair value is the price that would be received to sell an asset or paid to settle a liability in an orderly transaction between market participants at the measurement date. Fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:
- In the principal market for the asset or liability; or
- In the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or the most advantageous market must be accessible by the Group. 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.
Fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits from the asset’s highest and best use or by selling it to another market participant that would utilize the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure 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. This is disclosed 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: Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable.
Level 3: Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

For assets and liabilities that are recognized in the consolidated financial statements at fair value on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by re-assessing 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. The Group has determined the policies and procedures for both recurring fair value measurement, and for non-recurring measurement.

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4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

At each reporting date, the Group analyzes the changes in the values of assets and liabilities which are required to be re-measured or re-assessed as per the Group's accounting policies. For this analysis, the Group verifies the major inputs applied in the latest valuation by agreeing the information in the valuation computation to contracts and other relevant documents. The Group also compares the change in the fair value for each asset and liability with relevant external sources to determine whether the change is reasonable. 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.

Visas
New visa fees paid to government authorities that have not been used up to the date of the statement of financial position are recorded at cost under non-current assets. The validity of the use of these visas is two years, and if they are not used during them, they are then returned by the government authorities to the Group accounts.

Upon the arrival of the recruited worker, the visa is transferred from the unused visas account to the used visas account.

The visa fees used are amortized in the consolidated statement of profit or loss using the straight-line method over the worker contract period estimated by two-year. The balance that pertains to the next year is recorded under advance visa expenses under current assets, and what is more than the year is recorded under non-current assets.

License guarantee letter
The amount paid to secure long-term guarantee letters is recognized under non-current assets in the consolidated statement of financial position. The account of guarantee letters is closed upon refund of the security deposit or when the guaranteeing party uses this letter.

Intangible assets
Intangible assets acquired separately are measured on initial recognition at cost. Intangible assets acquired in a business combination are stated at their fair values. Intangible assets under development are stated at cost. After initial recognition, intangible assets are carried at cost less any accumulated amortization and any impairment losses, if any. The useful lives of intangible assets are assessed and classified to be either finite or indefinite.

Intangible assets with finite useful lives are amortized over the economic useful lives and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortization period and the amortization method for intangible assets with finite useful lives are reviewed at least at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are considered to modify the amortization period or method, as appropriate, and are treated as changes in accounting estimates. The amortization expense on intangible assets with finite useful lives is recognized in the profit or loss under expenses category in line with the function of intangible assets.

Intangible assets with finite useful lives, representing computer software, are amortized using the straight-line basis over their estimated useful lives estimated by 4 years.

Gains or losses arising from de-recognition of an intangible asset are measured as the difference between the net disposal proceeds and carrying amount of the asset and are recognized in the profit or loss when the asset is derecognized.

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4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Property and equipment
Property and equipment is stated at historical cost, net of accumulated depreciation and accumulated impairment losses, if any. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

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 can be measured reliably. The carrying amount of any component accounted for as a separate asset is derecognized when replaced. Other repairs and maintenance are charged to the profit or loss during the financial period in which they are incurred. Lands are not depreciated as they have no a finite life.

Depreciation of property and equipment is calculated less its estimated residual value to allocate its cost using a straight-line basis over the estimated useful lives of the assets.

Depreciation is charged to the consolidated statement of profit or loss over the following estimated useful lives:

	Number of years
Buildings	33 years
Leasehold improvements	4 years or lease term, whichever is shorter
Motor vehicles	4 years
Office equipment and supplies	4 years
Furniture & fixtures	8 years

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each annual reporting period. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount. Gains and losses on disposals are determined by comparing proceeds with the carrying amount and are recognized in the profit or loss.

Trade receivables
Trade receivables are amounts due from customers for services provided in the ordinary course of business. If these receivables are expected to be collected within one year or less, they are classified as current assets, otherwise they are presented as non-current assets. Trade receivables are recognized initially at fair value and subsequently measured at amortized cost using the effective interest rate method, less provision for impairment.

Cash and cash equivalents
Cash and cash equivalents include cash in hand and demand deposits with banks, as well as other short-term highly liquid investments with original maturities of three months or less that are ready for conversion into known amounts of cash and that are not significantly affected by the risk of change in value. As cash and cash equivalents are also subject to the impairment requirements in IFRS 9, the impairment loss is considered immaterial.

Impairment of financial assets
At each reporting date, the Group assesses whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Group estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or CGU's fair value less costs of disposal and its value in use. The recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or group of assets. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

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4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs of disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used.

Impairment losses of continuing operations are recognized in the consolidated statement of profit or loss in expense categories consistent with the function of the impaired asset.

For assets excluding goodwill, an assessment is made at each reporting date to determine whether there is an indication that previously recognized impairment losses no longer exist or have decreased. If such indication exists, the Group estimates the asset's or CGU's recoverable amount. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognized for the asset in prior years. Such reversal is recognized in the consolidated statement of profit or loss.

Dividends
Dividends are recorded in the consolidated financial statements in the period in which they are approved by the shareholders of the Group.

Foreign currencies transactions
Reporting currency and functional currency
Transactions denominated in foreign currencies are translated to Saudi Riyals at the exchange rates ruling at the date of the transaction. As for the monetary assets and liabilities denominated in foreign currencies, they are translated into Saudi riyals according to the exchange rates prevailing at the date of the consolidated statement of financial position. Profit or loss on the exchange rate differences are included in the consolidated statement of profit or loss for the year.

Employees benefits obligations
The Group has a defined employees' end-of-service benefits scheme in line with the Labor Law in the Kingdom of Saudi Arabia based on the employee's last salary and the number of years of service.

The end-of-service benefits plans are not funded. Consequently, the liability valuations under the plans are performed by an independent actuary based on the projected unit credit method. Costs of such plans initially include the current value of benefits obtained equally for each year of service and the benefits resulting from this obligation related to past employee's service.

Current and past service costs related to post-employment benefits are recognized immediately in the consolidated statement of profit or loss while unwinding of the liability at discount rates used are recorded in consolidated statement of profit or loss. Any changes in net obligation due to the actuarial valuation and changes in assumptions are considered as re-measurement in the statement of other comprehensive income.

The re-measurement of gains and losses arising from adjustments to years of experience and changes in actuarial assumptions are recognized in the period in which they occur directly in other comprehensive income. They are transferred to retained earnings in the consolidated statement of changes in equity in the period in which they occur.

Changes in the present value of the defined benefit obligation resulting from amendments or curtailments in the scheme are recognized immediately in profit or loss as past service costs. End-of-service payments are based primarily on employees' final salaries, allowances, and accumulated years of service, as defined in the Labor Law in the Kingdom of Saudi Arabia.

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4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Retained deposits
Retained deposits less any amounts due accordance with the terms of the contract are stated under current liabilities in the consolidated statement of financial position.

Trade payables
Trade payables are liabilities for payment of services obtained from suppliers in the ordinary course of business. Trade payables are classified as current liabilities if these receivables are due within one year or less, otherwise they are presented as non-current liabilities. Trade payables are recognized initially at fair value and subsequently measured at amortized cost using the effective interest rate method.

Recruitment agents guarantees
Recruitment agents guarantees represent the amounts collected in advance from recruitment agents as cash security in order to comply with the terms and conditions of contracts signed with them. The net retained guarantees is recovered after deducting the amounts due from the supplier upon termination of the contract with the recruitment agent.

Deferred income
Deferred income represent amounts collected in advance from customers when signing contracts for the provision of manpower services. These amounts are recognized in revenue in the Group's consolidated statement of profit or loss when incurred.

Provisions
Provisions are recognized when the Group has a legal obligation (current or constructive) as a result of past events, and it is probable that the matter will require incurring resources to settle the obligation and the value of this obligation can be estimated reliably. If there are a number of similar liabilities, the likelihood that an outflow will be required to settle these liabilities is determined by considering the classification of liabilities as a whole. A provision is recognized even if the probability of an outflow for one of the items included in the same classification is minimal. If the effect of the time value of money is significant, provisions are discounted using the current pre-tax discount rate that reflects current market assessments of the time value of money and the risks associated with the liability.

Revenue recognition
The Group recognizes revenue under IFRS 15 using the following five steps model:

Step 1: Identify the contract with the 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 the performance obligations	A performance obligation is a promise in a contract with a customer to transfer a good or render a 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	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: Recognition of revenue	The Group recognizes revenue (or as) it satisfies a performance obligation by transferring a promised good or performing service to the customer under a contract.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

The activity revenues represent the prices of manpower services provided by the Group to the public and private sectors customers and individuals during the year. Revenue is measured and recognized in accordance with contracts and the accrual principle when providing services to customers. Other income is recognized when earned.

Zakat and taxation

The Group is subject to Zakat in accordance with the regulations of the Zakat, Tax and Customs Authority (ZATCA). Zakat is calculated for each company within the Group separately on the basis of the higher of approximate Zakat base or adjusted income, and charged to profit or loss. Any additional amounts, if any, are recognized when they are determined for payment.

The Group and its subsidiaries withhold taxes on certain transactions with non-resident parties in the KSA, if any as required under Saudi Arabian Income Tax Law.

Financial instruments

Classification and measurement of financial assets and financial liabilities

On initial recognition, a financial asset is classified as measured at: amortized cost; FVOCI – debt investment; FVOCI – equity investment; or FVTPL.

A financial asset is measured at amortized cost if it meets both of the following conditions and is not classified at FVTPL.

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

A debt instrument is measured at FVOCI only if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

On initial recognition of an equity investment that is not held for trading, the Group may irrevocably elect to present subsequent changes in the investment's fair value in OCI. This election is made on an investment by investment basis.

All financial assets not classified as measured at amortized cost or FVOCI as described above are measured at FVTPL. This includes all derivative financial assets.

On initial recognition, the Group may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortized cost or at FVOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

A financial asset (unless it is a trade receivable without a significant financing component that is initially measured at the transaction price) is initially measured at fair value plus, for an item not at FVTPL, transaction costs that are directly attributable to its acquisition.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

The following accounting policies apply to the subsequent measurement of financial assets.

Financial assets at FVTPL	These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognized in profit or loss.
Financial assets at amortized cost	These assets are subsequently measured at amortized cost using the effective interest method. Amortized cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognized in profit or loss. Any gain or loss on derecognition is recognized in profit or loss.
Debt investments at FVOCI	These assets are subsequently measured at fair value. Interest income calculated using the effective interest method, foreign exchange gains and losses and impairment are recognized in profit or loss. Other net gains and losses are recognized in OCI. On derecognition, gains and losses accumulated in OCI are reclassified to profit or loss.
Equity investments at FVOCI	These assets are subsequently measured at fair value. Dividends are recognized as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognized in OCI and are never reclassified to profit or loss.

The Group has no debt investments at FVOCI or equity investments at FVOCI.

Derecognition

Financial assets
A financial asset (or part of a group of similar financial assets) is mainly derecognized (i.e. excluded from the Group's consolidated statement of financial position) in the following cases:
- The rights to receive cash flows from the asset have been expired;
- The Group has transferred its rights to receive cash flows from the asset, or assumed an obligation to pay cash flows received in full without delay to a third party under a "pass" arrangement; (a) substantially transferred all the risks and rewards of the asset; or (b) transferred control over the asset and the Group has neither transferred nor retained substantially the risks and rewards of the financial asset.

Financial liabilities
The Group derecognizes financial liabilities when its contractual obligations are discharged, cancelled or expired. The Group also derecognize financial liabilities when the terms and cash flows of the modified obligation are substantially modified, in which case a new financial liability is recognized based on the modified terms at fair value.

On disposal of a financial liability, the difference between the amortized carrying amount and the amount paid (including any non-cash assets transferred or charged liabilities) is recognized in the consolidated statement of profit or loss.

Impairment of financial assets
The financial assets at amortized cost consist of trade receivables and cash and cash equivalents. Loss provisions are measured on the bases of ECLs over lifetime of a financial instrument: these are ECLs that result from all possible default events over the expected life of a financial instrument.

'The Group measures loss allowances at an amount equal to lifetime ECLs.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort.

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4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

This includes both quantitative and qualitative information and analysis, based on the Group's historical experience and informed credit assessment and including forward-looking information.

Measurement of ECLs
ECLs are a probability-weighted estimate of Group's loss. Credit losses are measured as the present value of all value shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Group expects to receive). ECLs are discounted at the effective interest rate of the financial asset.
For receivables, the Group applies the simplified approach to estimate ECLs.

Impaired financial assets
At each reporting date, the Group assesses whether financial assets carried at amortized cost and debt securities at FVOCI are impaired. A financial asset is impaired when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Presentation of impairment
Loss provisions for financial assets are deducted from the gross carrying amount of the assets.
Impairment losses related to trade receivables, if any, are presented in the consolidated statement of profit or loss under a separate item.

Financial liabilities
Financial liabilities are classified as measured at amortized cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held-for-trading, it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognized in profit or loss. Other financial liabilities are subsequently measured at amortized cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognized in profit or loss. Any gain or loss on derecognition is also recognized in profit or loss.

Contingencies
They are obligations that may arise from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group, or present obligation not recorded because it is not probable that an outflow of resources will be required to settle the obligation. In case the amount of the obligation cannot be measured with sufficient reliability, this amount is not recognized as contingent liabilities but disclosed in the consolidated financial statements.

STANDARDS ISSUED BUT NOT YET EFFECTIVE
A number of new standards are effective for annual periods beginning after 1 January 2020 and earlier adoption is permitted; however, the Group has not early adopted the following new or amended standards in preparing these financial statements.

The following amended standards and interpretations are not expected to have a significant impact on the Group's financial statements:
• Amendments to the References Conceptual Framework in IFRS standards.
• Definition of a business (Amendments to IFRS 3).
• Definition of material (Amendments to IAS 1 and IAS 8).
• IFRS 17 'Insurance contracts'

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4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

CHANGES IN SIGNIFICANT ACCOUNTING POLICIES

The Group has adopted IFRS 16 using the modified retrospective approach at the date of initial application (i.e. 1 January 2019). Under this method, the lease liability is measured based on the remaining lease payments, discounted at the Company's incremental borrowing rate as at the date of the initial application; the book value of the right to use the asset is the amount equal to the book value of the lease liability at the date of the initial application. Any previous lease payments, accruals, or incentives related to a previous operating lease are settled against the right to use the asset on the date of the initial application.

5. SIGNIFICANT ACCOUNTING ESTIMATES AND ASSUMPTIONS

The estimates used by the Group to present these amounts in accordance with IFRS as endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements issued by SOCPA reflect the circumstances at the date of transition to IFRS and as at the end of the earliest reporting period presented.

The preparation of the Group's Consolidated Financial Statements requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in future periods.

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below The Group based its estimates on information available in preparation of consolidated financial statements. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising beyond the control of the Group. These changes are reflected in the assumptions when they occur.

Measurement of ECLs

ECLs are a probability-weighted estimate of credit losses. They are measured as follows:
- financial assets that are not credit-impaired at the reporting date: as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Group expects to receive);
- financial assets that are credit-impaired at the reporting date: as the difference between the gross carrying amount and the present value of estimated future cash flows.

Defined benefit plans

The cost of end of service defined benefit and the present value of the related obligation are determined using actuarial valuations. An actuarial valuation involves making various assumptions which may differ from actual developments in the future. These include the determination of the discount rate, future salary increases, withdrawal before normal retirement age and mortality rates. Due to the complexity of the valuation, the underlying assumptions and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.

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5. SIGNIFICANT ACCOUNTING ESTIMATES AND ASSUMPTIONS (CONTINUED)

The parameter most subject to change is the discount rate. In determining the appropriate discount rate, management considers the interest rates of corporate bonds in currencies consistent with the currencies of the post-employment benefit obligation with at least an 'AA' rating or above, as set by an internationally acknowledged rating agency, and extrapolated as needed along the yield curve to correspond with the expected term of the defined benefit obligation. The underlying bonds are further reviewed for quality. Those having excessive credit spreads are removed from the analysis of bonds on which the discount rate is based, on the basis that they do not represent high quality bonds. The mortality rate is based on publicly available mortality tables for the specific countries. Those mortality tables tend to change only at intervals in response to demographic changes. Future salary increases and are based on expected future inflation rates for the respective countries.

6. USED AND UNUSED VISAS

The unused visas represent the value of the visas paid to government authorities and have not been used until the date of the consolidated statement of financial position. The amounts of the visas are transferred to the used visas upon the arrival of the recruited manpower to the territory of the Kingdom of Saudi Arabia. The movement of the visa balance during the year is as follows:

	31 December 2019	31 December 2018
At the beginning of the year	**17,320,000**	13,190,000
Purchased visas during the year	**25,588,000**	23,892,000
Expired visas refunded during the year	**(2,192,000)**	(2,888,000)
Transferred to used visas	**(21,010,000)**	(16,874,000)
Unused visas as at the end of the year (*)	**19,706,000**	17,320,000
Add: used visas balance - non-current portion (Note 12)	**3,415,080**	2,421,979
Less: unused visas balance - current portion (Note 12)	**(7,342,000)**	(6,626,000)
Used and unused visas as at the end of the year	**15,779,080**	13,115,979
(*) The unused visas were analyzed as follows:		
Unused visas - current portion	**7,342,000**	6,626,000
Unused visas - non-current portion	**12,364,000**	10,694,000

7. LICENSE GUARANTEE LETTER

The license guarantee letter represents the guarantee submitted to the Ministry of Labor against the issuance of the Group's license in the amount of SR 10 million through a cash deposit of SR 5 million. Noting that the guarantee letter is issued by the facilities of Al-Ayuni Investment and Contracting Company (founding shareholder). This letter is valid for a period of 10 years ending in 2022.

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8. INTANGIBLE ASSETS

Intangible assets represent computer software. The movement of the account during 2019 and 2018 is as follows:

	2019	2018
Cost		
At 1 January	**3,055,251**	2,806,251
Additions during the year	**218,875**	249,000
At 31 December	**3,274,126**	3,055,251
Amortization:		
At 1 January	**1,543,684**	886,297
Charged during the year	**589,554**	657,387
At 31 December	**2,133,238**	1,543,684
Net book value:		
At 31 December	**1,140,888**	1,511,567

9. PROPERTY AND EQUIPMENT

2019	1 January 2019	Additions	Disposals	31 December 2019
Cost				
Lands	5,344,155	-	-	5,344,155
Buildings	4,566,501	-	-	4,566,501
Leasehold improvements	2,894,596	280,840	(788,070)	2,387,366
Furniture, fixtures and office equipment	5,787,162	1,387,214	(157,491)	7,016,885
Motor vehicles	3,388,233	-	-	3,388,233
	21,980,647	1,668,054	(945,561)	22,703,140
Accumulated depreciation				
Buildings	41,744	215,964	-	257,708
Leasehold Improvements	2,493,562	279,668	(781,661)	1,991,569
Furniture, fixtures and office equipment	4,026,004	792,428	(115,371)	4,703,061
Motor vehicles	1,841,593	591,888	-	2,433,481
	8,402,903	1,879,948	(897,032)	9,385,819
Net carrying amount	13,577,744			13,317,321

2018	1 January 2018	Additions	Disposals	31 December 2018
Cost				
Lands	-	5,344,155	-	5,344,155
Buildings	-	4,566,501	-	4,566,501
Leasehold Improvements	3,592,249	114,331	(811,984)	2,894,596
Furniture, fixtures and office equipment	5,383,224	428,704	(24,766)	5,787,162
Motor vehicles	3,360,013	28,220	-	3,388,233
	12,335,486	10,481,911	(836,750)	21,980,647
Accumulated depreciation				
Buildings	-	41,744	-	41,744
Leasehold improvements	2,638,867	478,326	(623,631)	2,493,562
Furniture, fixtures and office equipment	3,207,655	830,853	(12,504)	4,026,004
Motor vehicles	1,145,383	696,210	-	1,841,593
	6,991,905	2,047,133	(636,135)	8,402,903
	5,343,581			13,577,744

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9. PROPERTY AND EQUIPMENT (CONTINUED)

Depreciation for the year has been charged as follows:

	2019	2018
Cost of revenue	**1,221,435**	1,336,720
General and administration expenses (Note 23)	**550,658**	578,662
Selling and marketing expenses (Note 22)	**107,855**	131,751
	1,879,948	2,047,133

10 RIGHT-OF-USE ASSETS

The carrying amount of the Group's right-of-use assets and lease liabilities and the changes during the financial year ended 31 December 2019 is as follows:

	Right-of-use assets	**Lease liabilities**
As at 1 January 2019	**11,006,034**	**11,006,034**
Additions	**17,819,162**	**17,819,162**
Depreciation	**(5,440,902)**	**-**
Finance costs	**-**	**923,858**
Payments	**-**	**(7,673,083)**
As at 31 December 2019	**23,384,294**	**22,075,971**
lease liabilities - current portion		**7,575,405**
lease liabilities – non-current portion		**14,500,566**

11. TRANSACTIONS AND BALANCES WITH RELATED PARTIES

Related parties represent key management personnel, members of the board of directors, shareholders of the Group and their associates. Related parties also include business entities in which some members of the board of directors or key management personnel have an interest (other related parties).

Transactions with related parties are carried out in accordance with the terms and conditions approved by the Group's management or the Board of Directors.

The following are the most significant transactions with related parties carried out by the Group:

a) Key management personnel compensation:

	2019	2018
Employees salaries and other short-term benefits	**4,607,396**	4,268,243
Post-employment benefits	**175,229**	447,207
	4,782,625	4,715,450

b) Board of Directors' remuneration and allowances

	2019	2018
Board remunerations	**1,180,000**	960,000
Allowances and compensations for board committees	**167,500**	447,000
	1,347,500	1,407,000

c) Business transactions with related parties
The following table presents amounts of business transactions that carried out with related parties during 2019 and 2018 and the balances due from / to related parties at the end of those years,

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11, TRANSACTIONS AND BALANCES WITH RELATED PARTIES (CONTINUED)

A related party	Nature of transaction	Amount of transactions 2019	Amount of transactions 2018	Balances as at 31 December 2019	Balances as at 31 December 2018
Amounts due from related parties					
Mawarid Group for Trading (a shareholder)	Revenue against rendering labor services	**96,855,331**	87,360,281		
	Cost of labor paid on behalf of shareholder	**13,925,413**	8,240,236	**23,982,311**	28,047,808
Al-Ayuni Investment and Contracting Company (a shareholder)	Revenue against rendering labor services	**25,474,754**	27,644,139		
	Cost of labor paid on behalf of shareholder	**7,159,970**	3,515,298	**14,440,873**	12,334,377
Khalda Enterprises Group (a shareholder)	Revenue against rendering labor services	**135,723**	36,488,508		
	Cost of labor paid on behalf of shareholder	**3,444,821**	6,590,598	**2,931,522**	3,846,692
Other affiliates	Revenue against rendering labor services	**6,596,310**	1,571,352		
	Cost of labor paid on behalf of shareholder	**1,905,594**	1,936,572	**1,162,853**	670,717
				42,517,559	44,899,594
Amounts due to related parties					
Mr., Ibrahim Alomaier and Mr., Naser Alomaier	Purchase of the Group's new headquarters	**-**	9,282,556		
	Payments from the value of the Group's headquarters	**3,000,000**	4,000,000	**2,773,520**	5,282,556
Other affiliates	Revenue against rendering labor services	**188,043**	1,089,413	**-**	188,851
				2,773,520	5,471,407

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12, PREPAYMENTS AND OTHER RECEIVABLES

	31 December 2019	31 December 2018
Residency and work permits fees	**34,337,665**	24,797,400
Recruitment fees	**34,274,825**	22,169,077
Unused visas - current portion	**7,342,000**	6,626,000
Advances to suppliers	**4,301,273**	2,962,529
(Used visas - current portion)*	**9,064,991**	6,173,823
Employees receivables	**1,767,578**	1,902,117
Rent	**104,167**	991,930
Others	**3,612,566**	5,415,022
	94,805,065	71,037,898
Less: impairment of other receivables	**(2,711,409)**	(2,666,271)
	92,093,656	68,371,627

(*) The movement of used visas during the year was as follows:

	31 December 2019	31 December 2018
Balance at the beginning of the year	**8,595,802**	4,571,662
Used visas transferred during the year	**15,598,815**	10,607,517
Amortization during the year	**(11,714,546)**	(6,583,377)
Balance at the end of the year	**12,480,071**	8,595,802
The used visas were analyzed as follows:		
Used visas - current portion	**9,064,991**	6,173,823
Used visas - non-current portion (Note 6)	**3,415,080**	2,421,979

(**) The movement in the impairment of prepaid expenses and other receivables during the year is as follows:

	31 December 2019	31 December 2018
Balance at the beginning of the year	**2,666,271**	4,752,546
Provided during the year	**1,991,138**	-
Receivables written off during the year	**(1,946,000)**	(2,086,275)
Balance at end of the year	**2,711,409**	2,666,271

13, TRADE RECEIVABLES

	31 December 2019	31 December 2018
Trade receivables	**121,224,555**	89,281,047
Less: allowance for expected credit losses	**(14,991,144)**	(12,874,001)
	106,233,411	76,407,046

The fair value of trade receivables equals the carrying value of those receivables as at 31 December 2019 and 2018 because they are due within a period of less than 12 months from the date of the consolidated statement of financial position,

The Group applies the simplified approach in IFRS 9 to measure the expected credit loss which uses a lifetime expected loss allowance for all trade receivables,

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13, TRADE RECEIVABLES (CONTINUED)

Movement in impairment of accounts receivable balances during the year is as follows:

	31 December 2019	31 December 2018
Balance at the beginning of the year	**12,874,001**	26,890,335
Provided during the year	**4,192,951**	3,682,813
Trade receivables written-off during the year	**(2,075,808)**	(17,699,147)
Balance at end of the year	**14,991,144**	12,874,001

Trade receivables are written-off when there is no reasonable expectation of recovery, Indications that there are no reasonable expectations of collection include, among other things, the debtor's failure to agree on a payment plan with the Group and the failure to make contractual payments for a period of more than 720 days,

The balance of trade receivables as at 31 December 2019 includes an amount of SR 17 million secured by bank guarantees, promissory notes and term cheques (2018: SR 12 million),

14 INVESTMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS

The investments at FVTPL represent short-term Murabaha deposits and investments in Al-Rajhi Commodities Murabaha Funds, the value of which as at 31 December 2019 amounted to SR 16,018,708 (2018: SR 15,648,474), The average return on these investments is 2,96% annually,

15, CASH AND CASH EQUIVALENTS

	31 December 2019	31 December 2018
Cash in hand	**295,720**	275,444
Cash at banks	**20,134,212**	36,267,196
Cheques under collection	**6,521,495**	-
	26,951,427	36,542,640

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16, SHARE CAPITAL

As at 31 December 2019, the share capital consists of 10 million shares (2018: 10 million shares) with a nominal value of SR 10 each, During 2019, a group of founding shareholders sold and assigned some of the shares owned by them to the new shareholder, Riyadh bin Ibrahim Al-Rumaizan, The ownership structure of the Group's capital as at the end of 2019 and 2018:

	2019			2018		
Shareholder's name	**Number of shares**	**Shareholding**	**value SR**	Number of shares	Shareholding	value SR
Al Omaier Trading and Works Contracting Company	**3,419,654**	**34,196%**	**34,196,540**	3,525,416	35,254%	35,254,160
Al-Ayuni Investment and Contracting Company	**3,419,654**	**34,196%**	**34,196,540**	3,525,416	35,254%	35,254,160
Shary Trading Company	**945,750**	**9,458%**	**9,457,500**	975,000	9,750%	9,750,000
Khalda Enterprises Group	**721,500**	**7,215%**	**7,215,000**	721,500	7,215%	7,215,000
Mawarid Group for Trading Establishment	**666,418**	**6,664%**	**6,664,180**	666,418	6,664%	6,664,180
Al Saraya Investment Company	**520,163**	**5,202%**	**5,201,630**	536,250	5,363%	5,362,500
Riyadh bin Ibrahim Al-Rumaizan	**256,861**	**2,569%**	**2,568,610**	-	-	-
Global office for manpower recruitment	**40,000**	**0,400%**	**400,000**	40,000	0,400%	400,000
Mohammed Hamad Al Muzaini Recruitment Office	**10,000**	**0,100%**	**100,000**	10,000	0,100%	100,000
	10,000,000	**100%**	**100,000,000**	10,000,000	100%	100,000,000

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17, STATUTORY RESERVE

In accordance with the provisions of the Regulations for Companies in the Kingdom of Saudi Arabia and the Company's By-Laws, the Group is required to set aside 10% of the annual net income to the statutory reserve until this reserve equals 30% of the capital. The statutory reserve is not currently available for distribution to the Group's shareholders,

18, DIVIDENDS

At the Annual General Assembly meeting held on 23 July 2019, the Group's shareholders approved the cash dividends distribution to shareholders for the year 2018 in the amount of SR 15 million at SR 1,5 per share, and it has been paid in full (2018: SR 15 million as a dividends distribution for the year 2017),

19 EMPLOYEES BENEFITS OBLIGATIONS

The Group operates a defined benefit plan in line with the Labour Law requirement in the Kingdom of Saudi Arabia, The amounts paid at the end of service under the plan are calculated on the basis of the employees' last salaries and allowances and the number of their accumulated years of service as on the date of the end of their services, as outlined in the labor law in force in the Kingdom of Saudi Arabia, Employees' end-of-service benefit plans are unfunded, Benefits payment obligations are met when due, The below table outlines the movement of employees' benefits obligations during 2019 and 2018:

	2019	2018
1 January	**14,367,877**	13,018,537
Current service cost	**10,377,285**	8,135,335
Interest expense	**506,509**	318,572
Payments and settlements	**(4,470,704)**	(6,108,715)
Remeasurement	**(2,173,059)**	(995,852)
31 December	**18,607,908**	14,367,877

(a) The amounts recognized in the consolidated statement of profit or loss and other comprehensive income relating to employees' benefits obligations are as follows:

	2019	2018
Current service cost	**10,377,285**	8,135,335
Interest expense	**506,509**	318,572
Total amounts recognized in profit or loss	**10,883,794**	8,453,907
Re-measurement		
Remeasurement gains on employees' benefits obligations	**(2,173,059)**	(995,852)

(b) Key actuarial assumptions

	2019	2018
Discount rate	**2,9%**	3,5%
Salary growth rate	**2,9%**	2%
Morality rate	**0,10%**	0,012%
Employees turnover/resignations	52%	52%
Retirement age	**60 years**	60 years

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19, EMPLOYEES' BENEFITS OBLIGATIONS (CONTINUED)

(c) Sensitivity analysis for actuarial assumptions

The sensitivity analysis is based on a change in an assumption while holding all other assumptions constant, In practical terms, this is not likely to happen, and changes in some assumptions may be linked to each other, When calculating the sensitivity of the defined benefit obligations to significant actuarial assumptions, the same method (present value of the defined benefit obligations calculated with the projected unit credit method at the end of the reporting period) has been applied as when calculating the end-of-service benefits,

A quantitative sensitivity analysis for significant assumptions on the employees' benefits are shown below:

	31 December 2019	31 December 2018
Discount rate		
Increase by 1%	**17,926,254**	13,892,572
Decrease by 1%	**19,351,251**	14,882,577
Expected salary increase		
Increase by 1%	**19,437,389**	14,944,645
Decrease by 1%	**17,832,678**	13,822,610

20 TRADE PAYABLES, ACCRUALS AND OTHERS

	31 December 2019	31 December 2018
Vacations and air tickets	**30,214,309**	27,779,113
Accrued salaries and bonuses	**30,612,529**	23,239,718
Trade payables	**11,169,237**	12,239,657
Deferred revenue	**20,092,445**	17,508,755
Remunerations and allowances for members and committees of the Board of Directors	**1,347,500**	1,260,000
Financial consideration	**11,592,733**	5,021,164
Value Added Tax ("VAT")	**2,021,529**	2,187,044
Provision for claims (*)	**750,000**	-
Others	**5,022,714**	2,733,077
	112,822,996	91,968,528

Trade payables are unsecured and are normally paid within 30 days of recognition, the carrying value of trade payables and other payables approximates their fair value, due to their short-term nature,

(*) The movement of provision claims during the year is as follows:

	31 December 2019	31 December 2018
Balance at the beginning of the year	**-**	-
Provided during the year	**750,000**	-
Balance at end of the year	**750,000**	-

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21, ZAKAT

(a) The Group's consolidated Zakat liabilities consist of Zakat that has been calculated on the basis of the separate financial statements of each individual company,

(b) Provision for Zakat

The movement on provision for Zakat is as follows:

	31 December 2019	31 December 2018
1 January	**3,629,593**	4,906,197
Paid during the year	**(3,628,591)**	(4,956,659)
Provision for the year	**4,368,814**	3,680,055
31 December	**4,369,816**	3,629,593

(c) Status of final assessments
The Company and its subsidiaries filed Zakat returns to the General Authority for Zakat and Tax “GAZT", and obtained a Zakat certificate up to the financial year ended 31 December 2018, Up to the date of these consolidated financial statements, the final zakat assessments have not been finalized by GAZT,

22 SELLING AND MARKETING EXPENSES

	2019	2018
Employees’ salaries and benefits	**5,444,061**	5,639,257
Advertisement and publicity	**1,758,463**	641,181
Selling and marketing expenses	**601,831**	-
Rent	**-**	238,905
Depreciation (Note 9)	**107,855**	131,751
Travel and transport	**93,888**	106,040
Utilities	**24,571**	56,317
Others	**46,808**	60,612
	8,077,477	6,874,063

23, GENERAL AND ADMINISTRATIVE EXPENSES

	2019	2018
Employees’ salaries and benefits	**12,704,202**	12,702,227
Depreciation and amortization (Notes 8 & 9)	**1,140,212**	1,236,050
Remuneration and allowances for board committees (Note 11)	**1,347,500**	1,407,000
Rent	**6,250**	892,637
Professional and consultancy fees	**451,692**	762,007
Technical and other services	**1,063,317**	-
Utilities	**507,341**	414,705
Government and subscriptions fees	**353,963**	429,165
Bank charges	**321,466**	135,371
Repair and maintenance	**165,649**	176,735
Stationery & printing	**145,876**	374,847
Others	**1,836,817**	669,063
	20,044,285	19,199,807

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24 OTHER INCOME

	2019	2018
Refundable government fees	**2,468,371**	-
Support from the Human Resources Development Fund	**-**	873,200
Refundable operating fines	**1,261,350**	609,750
Gains from investments in mutual funds	**473,815**	660,593
Loss on disposal of property and equipment	**(23,713)**	(200,615)
Others	**997,704**	129,620
	5,177,527	2,072,548

25 CONTINGENCIES AND COMMITMENTS

The employees' entitlements, which represent the obligation of employees' benefits and leave and travel tickets allowances, which are borne by some customers on behalf of the Group in accordance with the terms of the contract entered into with them upon the expiry of the workers' contracts amounted to SR 45,3 million as at 31 December 2019 (2018: SR 36,1 million),

As disclosed in note (7), there is a contingent liability of SR 5 million, which represents the difference between the value of the letter of guarantee submitted to the Ministry of Labor and the security deposit withheld by the bank,

26 EARNINGS PER SHARE

Earnings per share are computed by dividing the income from operations and the net income for the year by the weighted average number of outstanding shares of 10 million shares for the two years ended 31 December 2019 and 2018, as follows:

	31 December 2019	31 December 2018
Net income for the year	**38,574,084**	13,971,594
Weighted average number of shares	**10,000,000**	10,000,000
	3,86	1,40

27 RISK MANAGEMENT

The Group is exposed to the following risks by using the financial instruments:

- Market risk
- Credit risk
- Liquidity risk

Risk management is carried out by the senior management under policies approved by the Board of Directors, Senior management identifies and evaluates, when appropriate, financial risks in close co-operation with the Group's operating units,

Financial assets and liabilities are offset and reported net in the consolidated financial statements when the Group has a legally enforceable right to set off the recognized amounts and when the Group intends to settle on a net basis, or to realize the asset and settle the liability simultaneously,

Market risk
Market risk is the risk that changes in market prices such as selling prices of products, profit rates and equity prices will affect the Company's income or the value of its holdings of financial instruments, the objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return,

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27 RISK MANAGEMENT (CONTINUED)

Currency risk
Currency risk is the risk that the value of a financial instruments may fluctuate due to change in foreign exchange rates, The Group transactions are primarily denominated in Saudi Riyals, the management believes that the currency risk is immaterial, as the exchange rate of the USD is fixed against the SAR, therefore, the currency exchange risk is immaterial,

Credit risk
Credit risk is the risk that a party will not be able to meet its obligations to a financial instrument, causing financial losses to the other party, Financial assets that are subject to credit risk are limited to cash and cash equivalents, trade receivables and other current assets, The Group only deals with high credit ratings financial institutions to limit the Group's exposure to credit risk, The Group has put in place an approval process so that credit limits are applied to customers, The management also continuously monitors exposure to credit risks towards customers and creates a provision against doubtful balances which is based on customer profile and previous payment dates, Existing customers' receivables are monitored on a regular basis,

Cash and cash equivalents
Cash and cash equivalents are placed with banks with high credit ratings, The Group regularly updates its cash flows,

The total maximum exposure to credit risk in the Group as at the reporting date is as follows:

Financial assets	**31 December 2019**	31 December 2018
Trade and other accounts receivable	**106,233,411**	76,407,046
Investments at fair value through profit or loss	**16,018,708**	15,648,474
Cash and cash equivalents	**26,951,427**	36,542,640
	149,203,546	128,598,160

Commission rate risk
It is the exposure to various risks associated with the effect of fluctuations in the prevailing interest rates on the Group's financial position and cash flows, The Group's commission rate risk arises principally from loans and investments at fair value through profit or loss which are at floating commission rates and are subject to re-pricing on a regular basis. The management monitors these changes in commission rates,

The Group periodically analyzes the commission rate risk, taking into account any rescheduling of loans, it also calculates the financial impact on profits and losses by increasing/decreasing the commission rate by a certain percentage, this analysis is performed on liabilities that bear commission,

Liquidity risk
Liquidity risk is the risk that the Group will encounter difficulty in raising funds to meet commitments associated with financial instruments, Liquidity risk may result from the inability to sell a financial asset quickly and for an amount close to its fair value, Liquidity risk is managed by monitoring it periodically to ensure the availability of sufficient funds through available banking facilities to meet any future commitments,

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27 RISK MANAGEMENT (CONTINUED)

The Group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its obligations as and when they fall due under normal and abnormal conditions without incurring unacceptable losses or risking damage to the Group's reputation, For this purpose, the Group has maintained credit limits with various commercial banks in order to meet its liquidity requirements, As of 31 December 2019, the Group has an unused bank financing facilities of SR 50 million (31 December 2018: SR 50 million) to manage short and long-term liquidity requirements,

The contractual maturities of the remaining financial liabilities as at 31 December 2019 and 2018 are listed below, these amounts are total and undiscounted and include contractual commission payments, excluding the effect of set-off agreements:

31 December 2019

Financial liabilities	Carrying value	Less than 1 year
Retained deposits	**10,020,536**	10,020,536
Trade payables, accruals and others	**31,261,682**	31,261,682
	41,282,218	41,282,218

31 December 2018

Financial liabilities	Carrying value	Less than 1 year
Retained deposits	**13,505,375**	13,505,375
Trade payables, accruals and others	**29,748,412**	29,748,412
Due to related parties - other affiliates	**188,851**	188,851
	43,442,638	43,442,638

Fair value measurement of financial instruments
Fair value represents the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at a measurement date, As the accompanying consolidated financial statements are prepared under the historical cost method, differences may arise between the book values and the fair value estimates, Management believes that the fair value of the Group’s financial assets and liabilities are not materially different from their carrying values,

Financial assets

	31 December 2019	31 December 2018
Financial assets at amortized cost:		
Trade and other accounts receivable	**106,233,411**	76,407,046
Cash and cash equivalents	**26,951,427**	36,542,640
Total financial assets at amortized cost	**133,184,838**	112,949,686

	31 December 2019	31 December 2018
Financial assets at FVTPL		
Investments at fair value through profit or loss	**16,018,708**	15,648,474
Total financial assets at FVTPL	**16,018,708**	15,648,474

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27 RISK MANAGEMENT (CONTINUED)

Financial liabilities

	31 December 2019	31 December 2018
Financial liabilities at amortized cost:		
Retained deposits	**10,020,536**	13,505,375
Trade payables, accruals and others	**31,261,682**	29,748,412
Due to related parties - other affiliates	**-**	188,851
Total financial liabilities at amortized cost	**41,282,218**	43,442,638
Current portion of financial liabilities	**41,282,218**	43,442,638
Non-current portion of financial liabilities	**-**	-
Total financial liabilities	**41,282,218**	43,442,638

CAPITAL MANAGEMENT RISKS

When managing capital, the Group aims to ensure the Group's ability to continue as a going concern in order to be able to continue providing returns to shareholders and maintain a strong core capital to support the sustainable development of its business,

The Group manages its capital structure by monitoring returns on net assets and makes adjustments to them in light of changes that arise from economic conditions, For the purpose of maintaining or adjusting the capital structure, the Group may adjust the amount of dividends paid to shareholders or may issue new shares,

28 SUBSEQUENT EVENTS

Subsequent to the date of the consolidated financial statements and at the beginning of 2020, the Coronavirus (COVID-19) was discovered in China and abroad, causing disruption in the economic and commercial sectors in general and the human resources sector in particular, The Ministry of Human Resources and Social Development in the Kingdom of Saudi Arabia has taken precautions to combat this virus, The Group considers that this virus has no effect on the consolidated financial statements in practice, but it may have a subsequent effect that cannot be determined up to the issuance date of the consolidated financial statements,

29 APPROVAL OF THE CONSOLIDATED FINANCIAL STATEMENTS

The consolidated financial statements have been approved for issuance by the Board of Directors on 8 Dhul Qi’dah 1441H (corresponding to 29 June 2020),

ALMAWARID MANPOWER COMPANY
(A Saudi Closed Joint Stock Company)
Consolidated Financial Statements
For the year ended 31 December 2020
together with the
Independent Auditor's Report

ALMAWARID MANPOWER COMPANY
(A Saudi Closed Joint Stock Company)
Consolidated Financial Statements
For the year ended 31 December 2020

KPMG Professional Services
Riyadh Front, Airport Road
P. O. Box 92876
Riyadh 11663
Kingdom of Saudi Arabia
Headquarter

Commercial Registration No. 10104245494

كي بي إم جي للاستشارات المهنية
واجهة الرياض، طريق المطار
صندوق بريد 92876
الرياض 11663
المملكة العربية السعودية
المركز الرئيسي

سجل تجاري رقم 10104245494

Independent Auditor's Report

To the Shareholders of Mawarid Manpower Company

Opinion

We have audited the consolidated financial statements of Mawarid Manpower Company – a Saudi Closed Joint Stock Company ("the Company") and its subsidiaries ("the Group"), which comprise the consolidated statement of financial position as at 31 December 2020, the statements (consolidated statements of) profit or loss and other comprehensive income, changes in equity and cash flows for the year then ended, and notes to the consolidated financial statements, comprising significant accounting policies and other explanatory information.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at 31 December 2020, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards 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).

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 are independent of the Group in accordance with the professional code of conduct and ethics that are endorsed in the Kingdom of Saudi Arabia that are relevant to our audit of the consolidated financial statements, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and Those Charge with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRS that are endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements issued by SOCPA, the applicable requirements of the Regulations for Companies, 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, the Audit Committee, are responsible for overseeing the Group's financial reporting process.

KPMG

Independent Auditor's Report (Continued)

To the Shareholders of Mawarid Manpower Company

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 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 skepticism 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.
- 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, then 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.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance 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 of Mawarid Manpower Company ("the Company") and its subsidiaries.

KPMG Professional Services

Kholoud Adnan Mousa Altumbakti
License Number. 421

Riyadh, on: 25 shawwal 1442
Corresponding to: 6 June 2021

ALMAWARID MANPOWER COMPANY
(A Saudi Closed Joint Stock Company)
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As at 31 December 2020
(All amounts in Saudi Riyals unless otherwise stated)

	Note	31 December 2020	31 December 2019
ASSETS			
Non-current assets			
Used and unused visas	6	**18,295,000**	15,779,080
License guarantee letter	7	**-**	5,000,000
Intangible assets	8	**1,312,309**	1,140,888
Property and equipment	9	**12,559,844**	13,317,321
Right-of-use assets	10	**25,450,410**	23,384,294
Total non-current assets		**57,617,563**	58,621,583
Current assets			
Due from related parties	11	**32,882,442**	42,517,559
Prepayments and other current assets	12	**86,974,206**	92,093,656
Trade receivables	13	**80,760,000**	106,233,411
Investments at FVTPL	14	**45,097,903**	16,018,708
Cash and cash equivalents	15	**63,885,734**	26,951,427
Total current assets		**309,600,285**	283,814,761
Total assets		**367,217,848**	342,436,344
EQUITY AND LIABILITIES			
Equity			
Share capital	16	**100,000,000**	100,000,000
Statutory reserve	17	**22,136,746**	17,567,913
Contractual reserve	17	**7,714,817**	-
Retained earnings		**69,554,505**	52,726,381
Total equity		**199,406,068**	170,294,294
Liabilities			
Non-current liabilities			
Employees' benefits liabilities	19	**21,725,880**	18,607,908
Lease liabilities	10	**13,907,506**	14,500,566
Recruitment agents' guarantees		**1,736,098**	1,471,303
Total non-current liabilities		**37,369,484**	34,579,777
Current liabilities			
Trade payables and other current liabilities	20	**104,181,718**	112,822,996
Retained deposits		**8,705,216**	10,020,536
Lease liabilities	10	**10,930,443**	7,575,405
Due to related parties	11	**-**	2,773,520
Provision for Zakat	21	**6,624,919**	4,369,816
Total current liabilities		**130,442,296**	137,562,273
Total liabilities		**167,811,780**	172,142,050
Total equity and liabilities		**367,217,848**	342,436,344

The accompanying notes (1) through (29) form an integral part of these consolidated financial statements.

ALMAWARID MANPOWER COMPANY
(A Saudi Closed Joint Stock Company)
CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
For the year ended 31 December 2020
(All amounts in Saudi Riyals unless otherwise stated)

		Year ended 31 December	
	Note	**2020**	2019
Revenue		**686,656,308**	716,004,723
Cost of revenue		**(605,185,330)**	(643,933,501)
Gross profit		**81,470,978**	72,071,222
Selling and marketing expenses	22	**(7,080,571)**	(8,077,477)
General and administrative expenses	23	**(19,211,351)**	(20,044,285)
Impairment loss on trade and other receivables	12, 13	**(7,835,899)**	(6,184,089)
Other income	24	**5,167,382**	5,177,527
Income from operations before Zakat		**52,510,539**	42,942,898
Zakat charge	21	**(6,653,816)**	(4,368,814)
Net income for the year after Zakat		**45,856,723**	38,574,084
Other comprehensive income:			
Items that will not be reclassified subsequently to profit or loss:			
Remeasurement gains on employees' benefits liabilities	19	**3,255,051**	2,173,059
Total comprehensive income for the year		**49,111,774**	40,747,143
Basic & diluted earnings per share from net income for the year	25	**4,59**	3,86

The accompanying notes (1) through (29) form an integral part of these consolidated financial statements.

ALMAWARID MANPOWER COMPANY
(A Saudi Closed Joint Stock Company)
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
For the year ended 31 December 2020
(All amounts in Saudi Riyals unless otherwise stated)

	Note	Share capital	Statutory reserve	Contractual reserve	Retained earnings	Total
Balance at 1 January 2019		**100,000,000**	**13,713,527**	**-**	**30,833,624**	**144,547,151**
Net income for the year		-	-	-	38,574,084	38,574,084
Other comprehensive income for the year		-	-	-	2,173,059	2,173,059
Total comprehensive income for the year		-	-	-	40,747,143	40,747,143
Transfer to statutory reserve	17	-	3,854,386	-	(3,854,386)	-
Dividend paid to shareholders	18	-	-	-	(15,000,000)	(15,000,000)
Balance at 31 December 2019 and 1 January 2020		**100,000,000**	**17,567,913**	**-**	**52,726,381**	**170,294,294**
Net income for the year		-	-	-	45,856,723	45,856,723
Other comprehensive income for the year		-	-	-	3,255,051	3,255,051
Total comprehensive income for the year		-	-	-	49,111,774	49,111,774
Transfer to statutory reserve	17	-	4,568,833	-	(4,568,833)	-
Dividend paid to shareholders	18	-	-	-	(20,000,000)	(20,000,000)
Transferred to contractual reserve	18	-	-	7,714,817	(7,714,817)	-
Balance at 31 December 2020		**100,000,000**	**22,136,746**	**7,714,817**	**69,554,505**	**199,406,068**

The accompanying notes (1) through (29) form an integral part of these consolidated financial statements.

ALMAWARID MANPOWER COMPANY
(A Saudi Closed Joint Stock Company)
CONSOLIDATED STATEMENT OF CASH FLOWS
For the year ended 31 December 2020
(All amounts in Saudi Riyals unless otherwise stated)

	Notes	For the year ended 31 December	
		2020	2019
Cash flows from operating activities			
Net income before zakat		**52,510,539**	42,942,898
Adjustments for non-cash items:			
Impairment loss on trade and other receivables	(12, 13)	**7,835,899**	6,184,089
Provision for financial claims		**-**	750,000
Depreciation on property and equipment	(9)	**1,817,804**	1,879,948
Depreciation of right-of-use assets	(10)	**10,389,224**	5,440,902
Finance costs - leases	(10)	**1,458,777**	923,858
Amortization of intangible assets	(8)	**563,654**	589,554
Gains on investments at FVTPL		**(316,883)**	(473,815)
(Gains) / losses from disposal of property and equipment		**(29,850)**	23,713
Provision for employees' benefits liabilities	(19)	**11,771,936**	10,883,794
Changes in working capital:			
Trade receivables		**17,637,512**	(34,019,316)
Prepayments and other current assets		**5,119,450**	(25,713,167)
Due from and to related parties		**6,861,597**	(315,852)
Used and unused visas		**(2,515,920)**	(2,663,101)
License guarantee letter		**5,000,000**	-
Retained deposits		**(1,315,320)**	(3,484,839)
Trade payables and other current liabilities		**(8,641,278)**	20,104,468
Recruitment agents guarantees		**264,795**	(113,437)
Zakat paid		**(4,398,713)**	(3,628,591)
Employees benefits obligation paid		**(5,398,913)**	(4,470,704)
Net cash flow from operating activities		**98,614,310**	14,840,402
Cash flows from investing activities			
Payments to acquire investments at FVTPL		**(46,116,611)**	(21,000,000)
Proceeds from disposal of investment at FVTPL		**17,354,299**	21,103,581
Payments made to purchases of property and equipment	(9)	**(1,060,327)**	(1,668,054)
Proceed from sale of property and equipment		**29,850**	24,816
Payments to purchase intangible assets	(8)	**(735,075)**	(218,875)
Net cash flows used in investing activities		**(30.527.864)**	(1,758,532)
Cash flows from financing activities			
Dividend paid to shareholders		**(20,000,000)**	(15,000,000)
Right-of-use assets payments		**(11,152,139)**	(7,673,083)
Net cash flows used in financing activities		**(31,152,139)**	(22,673,083)
Net change in cash and cash equivalents		**36,934,307**	(9,591,213)
Cash and cash equivalents at the beginning of the year	(15)	**26,951,427**	36,542,640
Cash and cash equivalents at the end of the year	(15)	**63,885,734**	26,951,427
Supplemental non-cash information:			
Write-off of debts and settlements of clients		**-**	2,075,808
Additions of right-of-use assets under lease liabilities	(10)	**12,694,202**	28,825,196

The accompanying notes (1) through (29) form an integral part of these consolidated financial statements.

ALMAWARID MANPOWER COMPANY
(A Saudi Closed Joint Stock Company)
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the year ended 31 December 2020
(All amounts in Saudi Riyals unless otherwise stated)

1. GENERAL INFORMATION

AL-Mawarid Manpower Company (formerly known as AL-Mawarid Recruitment Company), as the Company's name has been modified during the year 2020, is a Saudi Closed Joint Stock Company registered in the Kingdom of Saudi Arabia under Commercial Registration No. 1010343697 issued in the city of Riyadh on 12 Sha'aban 1433H (corresponding to 2 July 2012).

The principal activities of the Company and its subsidiaries (the "Group") are to provide the activities of recruitment services for domestic workers and temporary employment agencies for domestic services and to provide workers for a limited period in order to compensate or supplement the customer's workforce, under a license Ministry of Labor No. (6 / UMM) dated 5 Muharram 1434H (corresponding to 19 November 2012).

The consolidated financial statements were approved for issuance by the Group's management on 22 Shawwal 1442H (corresponding to 3 June 2021).

The headquarter of the Group is located in the city of Riyadh, Al-Rawda District, P.O. Box 120058-11679, Riyadh - Kingdom of Saudi Arabia.

The accompanying consolidated financial statements include the activities of subsidiaries branches of the Group listed below, which operate under the following sub-commercial registrations:

Branch	CR No.	Date
Riyadh - domestic workers	1010369956	7 Jumada' I 1434H (corresponding 8 April 2013)
Riyadh - expatriate workers	1010369960	25 Jumada' I 1434H (corresponding 6 April 2013)
Arrar	3450014733	14 Rabi' II 1436H (corresponding to 3 February 2015)
Al Khobar	2051060639	2 Sha'aban1436H (corresponding to 20 May 2015)
Buraidah	1131056623	21 Rabi' II 1437H (corresponding to 31 January 2016)
Al Jubail	2055024837	20 Jumada' I 1437H (corresponding to 29 February 2016)
Hail	3350044313	3 Dhul-Hijjah 1437H (corresponding to 4 September 2016)
Traif	3451003589	8 Muharram 1438H (corresponding to 9 October 2016)
Qurayat	3452010426	8 Muharram 1438H (corresponding to 9 October 2016)
Rafha	3453005276	8 Muharram 1438H (corresponding to 9 October 2016)
Sakaka	3400019936	10 Muharram 1438H (corresponding to 11 October 2016)
Jeddah	4030292526	22 Rabi' I 1438H (corresponding to 21 December 2016)
Riyadh - Al Taawun	1010466766	29 Rabi' I 1438H (corresponding to 28 December 2016)
Riyadh - As Suwaidi	1010466893	3 Rabi' II 1438H (corresponding to 21 December 2017)
Dammam	2050111318	3 Rabi' II 1438H (corresponding to 21 December 2017)
Al Madinah Al Monawarah	4650081885	3 Rabi' II 1438H (corresponding to 21 December 2017)
Yanbu	4700020149	3 Rabi' II 1438H (corresponding to 21 December 2017)
Khamis Misheet	5855070423	3 Rabi' II 1438H (corresponding to 21 December 2017)
Jaizan	5900035706	3 Rabi' II 1438H (corresponding to 21 December 2017)
Riyadh - Al Rabwa	1010467851	4 Jumada' I 1438H (corresponding 1 February 2018)
Riyadh - Al Rawda	1010638704	26 Shawwal 1441H (corresponding to 17 June 2020)
Uniza	1128184335	26 Shawwal 1441H (corresponding to 17 June 2020)

ALMAWARID MANPOWER COMPANY
(A Saudi Closed Joint Stock Company)
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the year ended 31 December 2020
(All amounts in Saudi Riyals unless otherwise stated)

2. BASIS OF PREPARATION

The accompanying consolidated financial statements include the financial statements of the Company and its subsidiary as follows:

		Shareholding	
Name of a subsidiary	**Legal entity**	**2020**	2019
Musanid Almawarid for Operation and Maintenance Company (*)	A Single Shareholder Limited Liability Company	**100%**	100%
Sawaid Manpower Company (**)	A Single Shareholder Limited Liability Company	**100%**	100%

(*) Musanid Almawarid for Operation and Maintenance Company
Musanid Almawarid for Operation and Maintenance Company (a single shareholder limited liability company) is a company registered in Riyadh in the Kingdom of Saudi Arabia under Commercial Registration No. 1010995997 dated 12 Jumada' II 1437H (corresponding to 21 March 2016).

The subsidiary is wholly owned by AL-Mawarid Manpower Company (the "Parent Company") as at 31 December 2020 and 2019.

The principal activities of the subsidiary are the provision of workers for the client's business for limited periods in order to compensate or supplement the client's workforce, and general cleaning of buildings.

(**) **Sawaid Manpower Company**
Sawaid Manpower Company (a single shareholder limited liability company) is a company registered in Riyadh in the Kingdom of Saudi Arabia under Commercial Registration No. 1010601489 dated 29 Safar 1441H (corresponding to 28 October 2019).

The subsidiary is wholly owned by AL-Mawarid Manpower Company (the "Parent Company") as at 31 December 2020 and 2019.

The principal activities of the subsidiary are the activities of searching for employees for positions, whether by induction or testing, online recruitment agencies, and the provision of other human resources (including providing human resources on a long-term or permanent basis in general).

Statement of compliance
These consolidated financial statements of the Group have been prepared in accordance with the International Financial Reporting Standards as endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements that are issued by the Saudi Organization for Chartered and Professional Accountants (SOCPA).

The principal accounting policies applied in the preparation of these consolidated financial statements have been consistently applied to all periods presented.

Basis of measurement
These consolidated financial statements have been prepared under the historical cost convention, except for employees' benefits liabilities which are recognized using the projected unit credit method, using the accrual basis of accounting and the going concern concept.

Functional and presentation currency
These financial statements are presented in Saudi Riyals (SR) which is the Group's functional and presentation currency.

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3. GOING CONCERN

The consolidated financial statements have been prepared on a going concern basis which the management consider to be appropriate for the following reasons:

Management has prepared cash flow forecast for a period of not less than 12 months from the date of these consolidated financial statements which indicates that, bearing in mind a reasonable expectation, the Group will have sufficient cash, through cash generation, to meet its liabilities as they fall due for that period. The Group's cash flow forecast implies that profitability and cash flow will continue to increase in line with previous years as a result of revenue from operations. The Group revenue includes revenue from contracts with customers, a significant proportion of which is generated from existing customers.

As at 31 December 2020, the net current assets in the Group's statement of financial position amounted to SR 179 million (2019: SR 146 million), including contractual liabilities of SR 21 million (compared to SR 20 million in 2019). The net assets amounted to SR 199 million (compared to SR 170 million in 2019), including a cash balance of SR 64 million (2019:SR 27 million).

Taking the above into consideration, along with the Group's forecast profitability, cash flow from existing contracts, anticipated future growth and the Group's current cash balance, the management is confident that the Group will have sufficient funds to continue meeting its liabilities as they fall due for at least 12 months from the date of these consolidated financial statements, therefore, the consolidated financial statements have been prepared on a going concern basis.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of consolidation

These consolidated financial statements include the financial statements of the Company and its subsidiary as at 31 December 2020.

A subsidiary is an entity controlled by the Group. The Group controls an investee when it is exposed to, or has rights to, variable returns from its involvement with the investee and has the ability to exercise influence over these returns through its power over the investee.

Specifically, the Group controls an investee only if the Group meets the following conditions:

- Power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee);
- The right to receive variable returns through its participation in the investee.
- The ability to use its power over the investee to affect its returns.

The Group considers all relevant facts and circumstances when assessing whether it has influence over an investee, including:

- The contractual arrangements with the other vote holders of the investee;
- Rights arising 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. The consolidation of the subsidiary's financial statements begins when the Group obtains control over the subsidiary and ceases when the Group loses control over the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed off during the year are included in the consolidated financial statements from the date the Group gains control over the subsidiary until the date the Group ceases to control the subsidiary.

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4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Basis of consolidation (continued)

Profit or loss and other comprehensive income are attributable to the equity holders of the Group's parent company and to the non-controlling interests, if any, even if this results in a deficit for the non-controlling interests. When necessary, adjustments are made to the financial statements of subsidiary to bring their accounting policies into line with the Group's accounting policies.

All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

A change in the equity interest of a subsidiary, without a loss of control, is accounted for as an equity transaction. If the Group loses control over a subsidiary, it:

- De-recognizes the assets (including goodwill) and liabilities of the subsidiary.
- De-recognizes carrying amount of NCI.
- De-recognizes the cumulative translation differences recorded in equity.
- Recognizes the fair value of the consideration received.
- Recognizes the fair value of any investment retained.
- Recognizes any surplus or deficit in profit or loss.
- The Parent Company's share of items previously recognized in other comprehensive income is reclassified to profit or loss or retained earnings, as appropriate, and should be done when the Group directly derecognizes the related assets or liabilities.

Current and non-current assets and liabilities
The Group presents assets and liabilities in the consolidated statement of financial position based on current/non-current classification.

An asset is current when it is:

- Expected to be realized or intended to be sold or consumed in the normal operating cycle;
- It is held primarily for the purpose of trading;
- Expected to be realized within twelve months after the reporting period; or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

The Group classifies all other assets as non-current.

A liability is current when:

- It is expected to be settled in the normal operating cycle;
- It is held primarily for the purpose of trading;
- It is due to be settled within twelve months after the reporting period; or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

The Group classifies all other liabilities as non-current liabilities.

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4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Fair value measurement

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

In the principal market for the asset or liability, or

In the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or the most advantageous market must be accessible by the Group. 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.

Fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits from the asset's highest and best use or by selling it to another market participant that would utilize the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure 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. This is disclosed 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: Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable.

Level 3: Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

For assets and liabilities that are recognized in the consolidated financial statements at fair value on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by re-assessing 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. The Group has determined the policies and procedures for both recurring fair value measurement, and for non-recurring measurement.

At each reporting date, the Group analyzes the changes in the values of assets and liabilities which are required to be re-measured or re-assessed as per the Group's accounting policies. For this analysis, the Group verifies the major inputs applied in the latest valuation by agreeing the information in the valuation computation to contracts and other relevant documents.

The Group also compares the change in the fair value for each asset and liability with relevant external sources to determine whether the change is reasonable.

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.

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4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Visas

New visa fees paid to government authorities that have not been used up to the date of the statement of financial position are recorded at cost under non-current assets.

The validity of the use of these visas is two years, and if they are not used during that period, they are then reimbursed by the government authorities to the Group's accounts.

Upon the arrival of the recruited worker, the visa is transferred from the unused visas account to the used visas account.

The visa fees used are amortized in the consolidated statement of profit or loss using the straight-line method over the worker contract period estimated by two-year.

The balance that pertains to the next year is recorded under advance visa expenses under current assets, and what is more than the year is recorded under non-current assets.

License guarantee letter

The amount paid to secure long-term guarantee letters is recognized under non-current assets in the consolidated statement of financial position. The account of guarantee letters is closed upon refund of the security deposit or when the guaranteeing party uses this letter.

Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. Intangible assets acquired in a business combination are stated at their fair values. Intangible assets under development are stated at cost.

After initial recognition, intangible assets are carried at cost less any accumulated amortization and any impairment losses, if any. The useful lives of intangible assets are assessed and classified to be either finite or indefinite.

Intangible assets with finite useful lives are amortized over the economic useful lives and assessed for impairment whenever there is an indication that the intangible asset may be impaired.

The amortization period and the amortization method for intangible assets with finite useful lives are reviewed at least at the end of each reporting period.

Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are considered to modify the amortization period or method, as appropriate, and are treated as changes in accounting estimates.

The amortization expense on intangible assets with finite useful lives is recognized in the profit or loss under expenses category in line with the function of intangible assets.

Intangible assets with finite useful lives, representing computer software, are amortized using the straight-line basis over their estimated useful lives estimated by 4 years.

Gains or losses arising from de-recognition of an intangible asset are measured as the difference between the net disposal proceeds and carrying amount of the asset and are recognized in the profit or loss when the asset is derecognized.

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4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Property and equipment

Property and equipment is stated at historical cost, net of accumulated depreciation and accumulated impairment losses, if any. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

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 can be measured reliably.

The carrying amount of any component accounted for as a separate asset is derecognized when replaced. Other repairs and maintenance are charged to the profit or loss during the financial period in which they are incurred. Lands are not depreciated as they do not have a finite life.

Depreciation of property and equipment is calculated less its estimated residual value to allocate its cost using a straight-line basis over the estimated useful lives of the assets.

Depreciation is charged to the consolidated statement of profit or loss over the following estimated useful lives:

	Number of years
Buildings	20 years
Leasehold improvements	4 years or lease term, whichever is shorter
Motor vehicles	4 years
Office equipment and supplies	4 years
Furniture & fixtures	8 years

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each annual reporting period. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount. Gains and losses on disposals are determined by comparing proceeds with the carrying amount and are recognized in the profit or loss.

Trade receivables

Trade receivables are amounts due from customers for services provided in the ordinary course of business. If these receivables are expected to be collected within one year or less, they are classified as current assets, otherwise they are presented as non-current assets. Trade receivables are recognized initially at fair value and subsequently measured at amortized cost using the effective interest rate method, less provision for impairment.

Cash and cash equivalents

Cash and cash equivalents include cash in hand and demand deposits with banks, as well as other short-term highly liquid investments with original maturities of three months or less that are ready for conversion into known amounts of cash and that are not significantly affected by the risk of change in value.

As cash and cash equivalents are also subject to the impairment requirements in IFRS 9, the impairment loss is considered immaterial.

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4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Impairment of financial assets

At each reporting date, the Group assesses whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Group estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or CGU's fair value less costs of disposal and its value in use.

The recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or group of assets.

When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.
In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

In determining fair value less costs of disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used.

Impairment losses of continuing operations are recognized in the consolidated statement of profit or loss in expense categories consistent with the function of the impaired asset.

For assets excluding goodwill, an assessment is made at each reporting date to determine whether there is an indication that previously recognized impairment losses no longer exist or have decreased.

If such indication exists, the Group estimates the asset's or CGU's recoverable amount. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognized for the asset in prior years. Such reversal is recognized in the consolidated statement of profit or loss.

Dividends

Dividends are recorded in the consolidated financial statements in the period in which they are approved by the shareholders of the Group.

Foreign currencies transactions

Reporting currency and functional currency

Transactions denominated in foreign currencies are translated to Saudi Riyals at the exchange rates ruling at the date of the transaction.

As for the monetary assets and liabilities denominated in foreign currencies, they are translated into Saudi riyals according to the exchange rates prevailing at the date of the consolidated statement of financial position.

Profit or loss on the exchange rate differences are included in the consolidated statement of profit or loss for the year.

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4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Employees' benefits liabilities

The Group has a defined employees' end-of-service benefits scheme in line with the Labor Law in the Kingdom of Saudi Arabia based on the employee's last salary and the number of years of service.

The end-of-service benefits plans are not funded. Consequently, the liability valuations under the plans are performed by an independent actuary based on the projected unit credit method.

Costs of such plans initially include the current value of benefits obtained equally for each year of service and the benefits resulting from this obligation related to past employee's service.

Current and past service costs related to post-employment benefits are recognized immediately in the consolidated statement of profit or loss while unwinding of the liability at discount rates used are recorded in consolidated statement of profit or loss.

Any changes in net obligation due to the actuarial valuation and changes in assumptions are considered as re-measurement in the statement of other comprehensive income.

The re-measurement of gains and losses arising from adjustments to years of experience and changes in actuarial assumptions are recognized in the period in which they occur directly in other comprehensive income.

They are transferred to retained earnings in the consolidated statement of changes in equity in the period in which they occur.

Changes in the present value of the defined benefit obligation resulting from amendments or curtailments in the scheme are recognized immediately in profit or loss as past service costs.

End-of-service payments are based primarily on employees' final salaries, allowances, and accumulated years of service, as defined in the Labor Law in the Kingdom of Saudi Arabia.

Retained deposits

Retained deposits less any amounts due accordance with the terms of the contract are stated under current liabilities in the consolidated statement of financial position.

Trade payables

Trade payables are liabilities for payment of services obtained from suppliers in the ordinary course of business. Trade payables are classified as current liabilities if these receivables are due within one year or less, otherwise they are presented as non-current liabilities. Trade payables are recognized initially at fair value and subsequently measured at amortized cost using the effective interest rate method.

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4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Recruitment agents' guarantees

Recruitment agents' guarantees represent the amounts collected in advance from recruitment agents as cash security in order to comply with the terms and conditions of contracts signed with them. The net retained guarantees is recovered after deducting the amounts due from the supplier upon termination of the contract with the recruitment agent.

Contract liabilities

Contract liabilities represent amounts collected in advance from customers when signing contracts for the provision of manpower services. These amounts are recognized in revenue in the Group's consolidated statement of profit or loss when incurred.

Provisions

Provisions are recognized when the Group has a legal obligation (current or constructive) as a result of past events, and it is probable that the matter will require incurring resources to settle the obligation and the value of this obligation can be estimated reliably.

If there are a number of similar liabilities, the likelihood that an outflow will be required to settle these liabilities is determined by considering the classification of liabilities as a whole.

A provision is recognized even if the probability of an outflow for one of the items included in the same classification is minimal.

If the effect of the time value of money is significant, provisions are discounted using the current pre-tax discount rate that reflects current market assessments of the time value of money and the risks associated with the liability.

Revenue recognition

The Group recognizes revenue under IFRS 15 using the following five steps model:

Step 1: Identify the contract with the 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 the performance obligations	A performance obligation is a promise in a contract with a customer to transfer a good or render a 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	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: Recognition of revenue	The Group recognizes revenue (or as) it satisfies a performance obligation by transferring a promised good or performing service to the customer under a contract.

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4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

The activity revenues represent the prices of manpower services provided by the Group to the public and private sectors customers and individuals during the year.

Revenue is measured and recognized in accordance with contracts and the accrual principle when providing services to customers. Other income is recognized when earned.

Zakat and taxation

The Group is subject to Zakat in accordance with the regulations of the Zakat, Tax and Customs Authority (ZTCA).

Zakat is calculated for each company within the Group separately on the basis of the higher of approximate Zakat base or adjusted income, and charged to profit or loss.

Any additional amounts, if any, are recognized when they are determined for payment.

The Group withholds taxes on certain transactions with non-resident parties in the KSA, if any as required under Saudi Arabian Income Tax Law.

Financial instruments

Classification and measurement of financial assets and financial liabilities

On initial recognition, a financial asset is classified as measured at: amortized cost; FVOCI – debt investment; FVOCI – equity investment; or FVTPL.

A financial asset is measured at amortized cost if it meets both of the following conditions and is not classified at FVTPL.

- It is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- Its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

A debt instrument is measured at FVOCI only if it meets both of the following conditions and is not designated as at FVTPL:

- It is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- Its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

On initial recognition of an equity investment that is not held for trading, the Group may irrevocably elect to present subsequent changes in the investment's fair value in OCI. This election is made on an investment by investment basis.

All financial assets not classified as measured at amortized cost or FVOCI as described above are measured at FVTPL. This includes all derivative financial assets.

On initial recognition, the Group may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortized cost or at FVOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

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4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

A financial asset (unless it is a trade receivable without a significant financing component that is initially measured at the transaction price) is initially measured at fair value plus, for an item not at FVTPL, transaction costs that are directly attributable to its acquisition.
The following accounting policies apply to the subsequent measurement of financial assets.

Financial assets at FVTPL	These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognized in profit or loss.
Financial assets at amortized cost	These assets are subsequently measured at amortized cost using the effective interest method. Amortized cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognized in profit or loss. Any gain or loss on derecognition is recognized in profit or loss.
Debt investments at FVOCI	These assets are subsequently measured at fair value. Interest income calculated using the effective interest method, foreign exchange gains and losses and impairment are recognized in profit or loss. Other net gains and losses are recognized in OCI. On derecognition, gains and losses accumulated in OCI are reclassified to profit or loss.
Equity investments at FVOCI	These assets are subsequently measured at fair value. Dividends are recognized as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognized in OCI and are never reclassified to profit or loss.

The Group has no debt investments at FVOCI or equity investments at FVOCI.

Derecognition
Financial assets
A financial asset (or part of a group of similar financial assets) is mainly derecognized (i.e. excluded from the Group's consolidated statement of financial position) in the following cases:

- The rights to receive cash flows from the asset have been expired;
- The Group has transferred its rights to receive cash flows from the asset, or assumed an obligation to pay cash flows received in full without delay to a third party under a "pass" arrangement; (a) substantially transferred all the risks and rewards of the asset; or (b) transferred control over the asset and the Group has neither transferred nor retained substantially the risks and rewards of the financial asset.

Financial liabilities

The Group derecognizes financial liabilities when its contractual obligations are discharged, cancelled or expired. The Group also derecognize financial liabilities when the terms and cash flows of the modified obligation are substantially modified, in which case a new financial liability is recognized based on the modified terms at fair value.

On disposal of a financial liability, the difference between the amortized carrying amount and the amount paid (including any non-cash assets transferred or charged liabilities) is recognized in the consolidated statement of profit or loss.

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4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Impairment of financial assets

The financial assets at amortized cost consist of trade receivables and cash and cash equivalents.

Loss provisions are measured on the bases of Expected Credit Losses ("ECLs") over lifetime of a financial instrument: these are ECLs that result from all possible default events over the expected life of a financial instrument.

'The Group measures loss allowances at an amount equal to lifetime ECLs.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort.

This includes both quantitative and qualitative information and analysis, based on the Group's historical experience and informed credit assessment and including forward-looking information.

Measurement of ECLs

ECLs are a probability-weighted estimate of Group's loss. Credit losses are measured as the present value of all value shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Group expects to receive). ECLs are discounted at the effective interest rate of the financial asset.

For receivables, the Group applies the simplified approach to estimate ECLs.

Impaired financial assets

At each reporting date, the Group assesses whether financial assets carried at amortized cost and debt securities at FVOCI are impaired. A financial asset is impaired when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Presentation of impairment

Loss provisions for financial assets are deducted from the gross carrying amount of the assets.

Impairment losses related to trade receivables, if any, are presented in the consolidated statement of profit or loss under a separate item.

Financial liabilities

Financial liabilities are classified as measured at amortized cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held-for-trading, it is a derivative or it is designated as such on initial recognition.

Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognized in profit or loss.

Other financial liabilities are subsequently measured at amortized cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognized in profit or loss. Any gain or loss on derecognition is also recognized in profit or loss.

Contingent liabilities

They are liabilities that may arise from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group, or present obligation not recorded because it is not probable that an outflow of resources will be required to settle the obligation. In case the amount of the obligation cannot be measured with sufficient reliability, this amount is not recognized as contingent liabilities but disclosed in the consolidated financial statements.

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4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

New standards and amendments issued and not adopted

Following are the standards and amendments that were issued but not yet effective.

The Group does not expect to have a material impact on the financial statements if the below standards and amendments are adopted.

New standards and amendments	Effective for annual periods beginning on or after
Classification of obligations (Amendments to IAS 1 "presentation of financial statements")	1 January 2022
Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendments to IFRS 10 and IAS 28)	Available for optional adoption / effective date deferred indefinitely

5. SIGNIFICANT ACCOUNTING ESTIMATES AND ASSUMPTIONS

The estimates used by the Group to present these amounts in accordance with IFRS as endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements issued by SOCPA reflect the circumstances at the date of transition to IFRS and as at the end of the earliest reporting period presented.

The preparation of the Group's Consolidated Financial Statements requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures, and the disclosure of contingent liabilities.

Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in future periods.

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below.

The Group based its estimates on information available in preparation of consolidated financial statements. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising beyond the control of the Group. These changes are reflected in the assumptions when they occur.

Measurement of ECLs
ECLs are a probability-weighted estimate of credit losses. They are measured as follows:

financial assets that are not credit-impaired at the reporting date: as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Group expects to receive);

financial assets that are credit-impaired at the reporting date: as the difference between the gross carrying amount and the present value of estimated future cash flows.

Defined benefit plans
The cost of end of service defined benefit and the present value of the related obligation are determined using actuarial valuations. An actuarial valuation involves making various assumptions which may differ from actual developments in the future. These include the determination of the discount rate, future salary increases, withdrawal before normal retirement age and mortality rates. Due to the complexity of the valuation, the underlying assumptions and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions.

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5. SIGNIFICANT ACCOUNTING ESTIMATES AND ASSUMPTIONS (CONTINUED)

Defined benefit plans (continued)

All assumptions are reviewed at each reporting date.

The parameter most subject to change is the discount rate. In determining the appropriate discount rate, management considers the interest rates of corporate bonds in currencies consistent with the currencies of the post-employment benefit obligation with at least an 'AA' rating or above, as set by an internationally acknowledged rating agency, and extrapolated as needed along the yield curve to correspond with the expected term of the defined benefit obligation.

The underlying bonds are further reviewed for quality.

Those having excessive credit spreads are removed from the analysis of bonds on which the discount rate is based, on the basis that they do not represent high quality bonds.

The mortality rate is based on publicly available mortality tables for the specific countries. Those mortality tables tend to change only at intervals in response to demographic changes.

Future salary increases and are based on expected future inflation rates for the respective countries.

Impairment of accounts receivable

These are disclosed in Note (4) - Financial Instruments.

6. USED AND UNUSED VISAS

The unused visas represent the value of the visas paid to government authorities and have not been used until the date of the statement of financial position.

The amounts of the visas are transferred to the used visas upon the arrival of the recruited manpower to the territory of the Kingdom of Saudi Arabia.

The movement of the visa balance during the year is as follows:

	31 December 2020	31 December 2019
At the beginning of the year	**19,706,000**	17,320,000
Purchased visas during the year	**12,486,000**	25,588,000
Expired visas refunded during the year	**(986,000)**	(2,192,000)
Transferred to used visas	**(5,864,000)**	(21,010,000)
Unused visas as at the end of the year (*)	**25,342,000**	19,706,000
Add: used visas balance - non-current portion *(Note 12)*	**1,377,000**	3,415,080
Less: unused visas balance - current portion *(Note 12)*	**(8,424,000)**	(7,342,000)
Used and unused visas as at the end of the year	**18,295,000**	15,779,080
(*) The unused visas were analyzed as follows:		
Unused visas - current portion	**8,424,000**	7,342,000
Unused visas - non-current portion	**16,918,000**	12,364,000

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7. LICENSE GUARANTEE LETTER

Upon its formation, the Group has submitted a guarantee letter to the Ministry of Human Resources and Social Development (formerly the Ministry of Labor) to issue a recruitment license. The letter was issued by Al-Ayuni Investment and Contracting Company (a shareholder) on behalf of the Group. The value of the guarantee is SR 10 million through a cash deposit of SR 5 million.

During March 2020, the guarantee letter issued by Al-Ayouni company facilities was canceled and replaced by the issuance of a new guarantee letter submitted to the Ministry of Human Resources and Social Development from the Group's facilities without cash cover, and it is valid until 11 July 2024.

8. INTANGIBLE ASSETS

Intangible assets represent computer software. The movement of the account during 2020 and 2019 is as follows:

	2020	2019
Cost		
At 1 January	**3,274,126**	3,055,251
Additions during the year	**735,075**	218,875
At 31 December	**4,009,201**	3,274,126
Amortization:		
At 1 January	**2,133,238**	1,543,684
Charged during the year *(Note 23)*	**563,654**	589,554
At 31 December	**2,696,892**	2,133,238
Net book value:		
At 31 December	**1,312,309**	1,140,888

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9. PROPERTY AND EQUIPMENT

Cost	Land	Buildings	Leasehold improvements	Furniture, fixtures and office equipment	Motor vehicles	Total
As at 1 January 2019	5,344,155	4,566,501	2,894,596	5,787,162	3,388,233	**21,980,647**
Additions during the year	-	-	280,840	1,387,214	-	**1,668,054**
Disposals during the year	-	-	(788,070)	(157,491)	-	**(945,561)**
As at 31 December 2019	**5,344,155**	**4,566,501**	**2,387,366**	**7,016,885**	**3,388,233**	**22,703,140**
Additions during the year	-	-	107,957	607,370	345,000	**1,060,327**
Disposals during the year	-	-	-	-	(155,500)	**(155,500)**
As at 31 December 2020	**5,344,155**	**4,566,501**	**2,495,323**	**7,624,255**	**3,577,733**	**23,607,967**
Accumulated depreciation						
As at 1 January 2019	-	41,744	2,493,562	4,026,004	1,841,593	**8,402,903**
Charge for the year	-	215,964	279,668	792,428	591,888	**1,879,948**
Disposals during the year	-	-	(781,661)	(115,371)	-	**(897,032)**
As at 31 December 2019	**-**	**257,708**	**1,991,569**	**4,703,061**	**2,433,481**	**9,385,819**
Charge for the year	-	215,964	169,330	874,100	558,410	**1,817,804**
Disposals during the year	-	-	-	-	(155,500)	**(155,500)**
As at 31 December 2020	**-**	**473,672**	**2,160,899**	**5,577,161**	**2,836,391**	**11,048,123**
Net book value						
As at 31 December 2020	**5,344,155**	**4,092,829**	**334,424**	**2,047,094**	**741,342**	**12,559,844**
As at 31 December 2019	**5,344,155**	**4,308,793**	**395,797**	**2,313,824**	**954,752**	**13,317,321**
As at 1 January 2019	**5,344,155**	**4,524,757**	**401,034**	**1,761,158**	**1,546,640**	**13,577,744**

Depreciation for the year has been charged as follows:

	2020	2019
Cost of revenue	**1,183,712**	1,221,435
General and administration expenses *(Note 23)*	**535,948**	550,658
Selling and marketing expenses *(Note 22)*	**98,144**	107,855
	1,817,804	1,879,948

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10. RIGHT-OF-USE ASSETS

	Right-of-use assets	Leases liabilities
Right-of-use assets and liabilities		
As at 1 January 2019	**11,006,034**	**11,006,034**
Additions during the year	**17,819,162**	**17,819,162**
As at 31 December 2019	**28,825,196**	**28,825,196**
Additions during the year	**12,694,202**	**12,694,202**
Disposals during the year	**(238,862)**	**(238,862)**
As at 31 December 2020	**41,280,536**	**41,280,536**
Depreciation and repayment		
As at 1 January 2019	-	-
Depreciation for the year	**(5,440,902)**	-
Finance costs during the year	-	**923,858**
Payments during the year	-	**(7,673,083)**
As at 31 December 2019	**(5,440,902)**	**(6,749,225)**
Depreciation for the year	**(10,389,224)**	-
Finance costs during the year	-	**1,458,777**
Payments during the year	-	**(11,152,139)**
As at 31 December 2020	**(15,830,126)**	**(16,442,587)**
Net book value of right-of-assets/liabilities		
As at 31 December 2020	**25,450,410**	**24,837,949**
As at 31 December 2019	23,384,294	22,075,971

Lease liabilities have been presented in the statement of financial position as follows:

	31 December 2020	31 December 2019
Lease liabilities - current portion	**10,930,443**	7,575,405
Lease liabilities – non-current portion	**13,907,506**	14,500,566

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11. TRANSACTIONS AND BALANCES WITH RELATED PARTIES

Related parties represent key management personnel, members of the board of directors, shareholders of the Group and their associates. Related parties also include business entities in which some members of the board of directors or key management personnel have an interest (other related parties).

Transactions with related parties are carried out in accordance with the terms and conditions approved by the Group's management or the Board of Directors.

The following are the most significant transactions with related parties carried out by the Group:

a) **Key management personnel compensation:**

	2020	2019
Employees' salaries and other short-term benefits	**4,986,171**	4,607,396
Post-employment benefits	**225,219**	175,229
	5,211,390	4,782,625

b) **Board of Directors' remuneration and allowances**

	2020	2019
Board remunerations	**1,200,000**	1,180,000
Allowances and compensations for board committees	**162,000**	165,000
	1,362,000	1,345,000

c) **Business transactions with related parties**

The following table presents amounts of business transactions that carried out with related parties during 2020 and 2019 and the balances due from / to related parties at the end of those years.

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11. TRANSACTIONS AND BALANCES WITH RELATED PARTIES (CONTINUED)

A related party	Nature of transaction	Amount of transactions			
		2020	2019	**2020**	2019
Amounts due from related parties					
	Revenue against rendering labor services	**80,223,981**	96,855,331		
Mawarid Group for Trading (a shareholder)	Cost of labor paid on behalf of shareholder	**8,302,764**	13,925,413	**18,450,703**	23,982,311
	Revenue against rendering labor services	**20,728,360**	25,474,754		
Al-Ayuni Investment and Contracting Company (a shareholder)	Cost of labor paid on behalf of shareholder	**4,164,248**	7,159,970	**11,969,481**	14,440,873
	Revenue against rendering labor services	**249,756**	135,723		
Khalda Enterprises Group (a shareholder)	Cost of labor paid on behalf of shareholder	**2,115,351**	3,444,821	**1,872,903**	2,931,522
	Revenue against rendering labor services	**8,049,090**	6,596,310		
Other affiliates	Cost of labor paid on behalf of shareholder	**2,992,690**	1,905,594	**589,355**	1,162,853
				32,882,442	42,517,559
Amounts due to related parties					
Mr. Ibrahim Alomaier and Mr. Naser Alomaier	Payments from the value of the Group's administrative headquarters	**3,000,000**	3,000,000	**-**	2,773,520
				-	2,773,520

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12. PREPAYMENTS AND OTHER CURRENT ASSETS

	31 December 2020	31 December 2019
Residency and work permits fees	**29,015,897**	34,337,665
Recruitment fees	**15,753,183**	34,274,825
Unused visas - current portion *(Note 6)*	**8,424,000**	7,342,000
Advances to suppliers	**5,057,609**	4,301,273
Used visas - current portion **	**4,008,724**	9,064,991
Employees receivables	**1,236,591**	1,767,578
Rent	**1,735,908**	104,167
others *	**24,453,703**	3,612,566
	89,685,615	94,805,065
Less: impairment of other current liabilities ***	**(2,711,409)**	(2,711,409)
	86,974,206	92,093,656

(*) Other receivables include an amount of SR 22,097,165 paid to Zakat, Tax and Customs Authority (ZTCA) and represents the value of VAT differences for the years 2018 and 2019. The dispute mainly relates to recalculation of the ZTCA VAT on salaries and government fees for the workers outsourced their services to the Group's customers, when examining the Group's accounts.

In the management's opinion, this matter contradicts what was stated in the guideline for applying VAT on employee benefits and the ZTCA's directive to the Group at the beginning of the implementation of the mechanism for excluding government salaries and fees from being subject to the VAT. The Group has objected to this assessment in March 2021. The Group received the decision of the ZTCA to reject the Group's objection to the final assessment of the VAT.

The Group has submitted a memorandum of grievance against the decision of the ZTCA to the tax committees, and is awaiting a date for the sessions. It also issued debit notes to clients for their own part of VAT differences.

(**) The movement of visas during the year was as follows:

	31 December 2020	31 December 2019
Balance at 1 January	**12,480,071**	8,595,802
Used visas transferred during the year	**5,916,418**	15,598,815
Amortization during the year	**(13,010,765)**	(11,714,546)
Balance at 31 December	**5,385,724**	12,480,071
The used visas were analyzed as follows:		
Used visas - current portion	**4,008,724**	9,064,991
Used visas - non-current portion (Note 6)	**1,377,000**	3,415,080

(***) The movement in the impairment of prepaid expenses and other current assets during the year is as follows:

	31 December 2020	31 December 2019
Balance at 1 January	**2,711,409**	2,666,271
Provided during the year	-	1,991,138
Receivables written off during the year	-	(1,946,000)
Balance at 31 December	**2,711,409**	2,711,409

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13. TRADE RECEIVABLES

	31 December 2020	31 December 2019
Trade receivables	**103,587,043**	121,224,555
Less: allowance for expected credit losses	**(22,827,043)**	(14,991,144)
	80,760,000	106,233,411

The fair value of trade receivables equals the carrying value of those receivables as at 31 December 2020 and 2019 because they are due within a period of less than 12 months from the date of the consolidated statement of financial position.

The Group applies the simplified approach in IFRS 9 to measure the expected credit loss which uses a lifetime expected loss allowance for all trade receivables.

Movement in impairment of accounts receivable balances during the year is as follows:

	31 December 2020	31 December 2019
Balance at 1 January	**14,991,144**	12,874,001
Provided during the year	**7,835,899**	4,192,951
Trade receivables written-off during the year	**-**	(2,075,808)
Balance at 31 December	**22,827,043**	14,991,144

Trade receivables are written-off when there is no reasonable expectation of recovery. Indications that there are no reasonable expectations of collection include, among other things, the debtor's failure to agree on a payment plan with the Group and the failure to make contractual payments for a period of more than 720 days.

The balance of trade receivables as at 31 December 2020 includes an amount of SR 20 million secured by bank guarantees, promissory notes and term cheques (2019: SR 20 million).

14. INVESTMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS "FVTPL"

The investments at FVTPL represent short-term Murabaha deposits and investments in Al-Rajhi Commodities Murabaha Funds, the value of which as at 31 December 2020 amounted to SR 45,097,903 (2019: SR 16,018,708).

The average return on these investments during the year 2020 is 1.2% on average annually (2019: 2.96% on average annually).

15. CASH AND CASH EQUIVALENTS

	31 December 2020	31 December 2019
Cash at banks	**59,865,965**	20,134,212
Cheques under collection	**3,897,543**	6,521,495
Cash in hand	**122,226**	295,720
	63,885,734	26,951,427

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16. SHARE CAPITAL

As at 31 December 2020, the share capital consists of 10 million shares (2019: 10 million shares) with a nominal value of SR 10 each. The ownership structure of the Company's capital as at the end of 2020 and 2019:

Shareholder's name	Number of shares	Shareholding	value SR
Al Omaier Trading and Contracting Company	3,419,654	34,196%	34,196,540
Al-Ayuni Investment and Contracting Company	3,419,654	34,196%	34,196,540
Shary Trading Company	945,750	9,458%	9,457,500
Khalda Enterprises Group	721,500	7,215%	7,215,000
Mawarid Group for Trading Establishment	666,418	6,664%	6,664,180
Al Saraya Investment Company	520,163	5,202%	5,201,630
Riyadh bin Ibrahim Al-Romaizan	256,861	2,569%	2,568,610
Global office for manpower recruitment	40,000	0,400%	400,000
Mohammed Hamad Al Muzaini Recruitment Office	10,000	0,100%	100,000
	10,000,000	**100%**	**100,000,000**

17. RESERVES

17.1 Statutory reserve

In accordance with the provisions of the Regulations for Companies in the Kingdom of Saudi Arabia and the Company's By-Laws, the Company is required to set aside 10% of the annual net income to the statutory reserve until this reserve equals 30% of the capital.

This reserve is not available for distribution to the shareholders of the Company currently.

17.2 Contractual reserve

The shareholders of the Company, at the General Assembly meeting held on 28 July 2020, agreed to set aside 20% of the net income for the year 2019 to the contractual reserve.

18. DIVIDENDS

At the General Assembly meeting held on 28 July 2020, the Company's shareholders approved the cash dividends distribution to shareholders for the year 2019 in the amount of SR 20 million at SR 2 per share, and it has been paid in full (2019: SR 15 million as a dividends distribution for the year 2018). The Board of Directors recommendation to create a contractual reserve at 20% of the income for 2019 in the amount of SR 7,714,817, has been approved.

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19. EMPLOYEES BENEFITS LIABILITIES

The Group operates a defined benefit plan in line with the Labour Law requirement in the Kingdom of Saudi Arabia.

The amounts paid at the end of service under the plan are calculated on the basis of the employees' last salaries and allowances and the number of their accumulated years of service as on the date of the end of their services, as outlined in the labor law in force in the Kingdom of Saudi Arabia.

Employees' end-of-service benefit plans are unfunded. Benefits payment liabilities are met when due.

The below table outlines the movement of employees' benefits liabilities during 2020 and 2019:

	2020	2019
Balance at 1 January	**18,607,908**	14,367,877
Current service cost	**11,247,705**	10,377,285
Interest expense	**524,231**	506,509
Payments and settlements	**(5,398,913)**	(4,470,704)
Remeasurement	**(3,255,051)**	(2,173,059)
Balance at 31 December	**21,725,880**	18,607,908

(a) The amounts recognized in the consolidated statement of profit or loss and other comprehensive income relating to employees' benefits liabilities are as follows:

	2020	2019
Current service cost	**11,247,705**	10,377,285
Interest expense	**524,231**	506,509
Total amounts recognized in profit or loss	**11,771,936**	10,883,794
Re-measurement		
Remeasurement gains on employees' benefits liabilities	**(3,255,051)**	(2,173,059)

(b) Key actuarial assumptions

	2020	2019
Discount rate	**1,3%**	2,9%
Salary growth rate	**1,3%**	2,9%
Morality rate	**0,10%**	0,10%
Employees turnover/resignations	**50%**	52%
Retirement age	**60 years**	60 years

(c) Sensitivity analysis for actuarial assumptions

The sensitivity analysis is based on a change in an assumption while holding all other assumptions constant. In practical terms, this is not likely to happen, and changes in some assumptions may be linked to each other.

When calculating the sensitivity of the defined benefit obligations to significant actuarial assumptions, the same method (present value of the defined benefit obligations calculated with the projected unit credit method at the end of the reporting period) has been applied as when calculating the end-of-service benefits.

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19. EMPLOYEES BENEFITS LIABILITIES (CONTINUED)

A quantitative sensitivity analysis for significant assumptions on the employees' benefits are shown below:

	31 December 2020	31 December 2019
Discount rate		
Increase by 1%	**20,827,489**	17,926,254
Decrease by 1%	**22,461,703**	19,351,251
Expected salary increase		
Increase by 1%	**22,563,450**	19,437,389
Decrease by 1%	**20,717,064**	17,832,678

20. TRADE PAYABLES AND OTHER CURRENT LIABILITIES

	31 December 2020	31 December 2019
Vacations and air tickets	**36,276,924**	30,214,309
Accrued salaries and bonuses	**21,727,714**	30,615,029
Contract liabilities	**21,486,810**	20,092,445
Trade payables	**8,798,026**	11,169,237
Financial consideration	**4,983,894**	11,592,733
Value Added Tax ("VAT")	**4,071,571**	2,021,529
Accrued commission	**1,853,234**	1,083,224
Remunerations and allowances for members and committees of the Board of Directors	**1,362,000**	1,345,000
Accrued social insurance	**890,899**	1,032,052
Provision for claims (*)	**478,708**	750,000
Others	**2,251,938**	2,907,438
	104,181,718	112,822,996

Trade payables are unsecured and are normally paid within 30 days of recognition. The carrying value of trade payables and other current liabilities approximates their fair value, due to their short-term nature.

(*) The movement of provision claims during the year is as follows:

	31 December 2020	31 December 2019
Balance at 1 January	**750,000**	-
Provided during the year	**-**	750,000
Provisions no longer required	**(271,292)**	-
Balance at 31 December	**478,708**	750,000

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21. ZAKAT

(a) The Group's consolidated Zakat liabilities consist of Zakat that has been calculated on the basis of the separate financial statements of each individual company.

(b) Provision for Zakat
The movement on provision for Zakat is as follows:

	31 December 2020	31 December 2019
Balance at 1 January	**4,369,816**	3,629,593
Prior year differences	**29,984**	-
Paid during the year	**(4,398,713)**	(3,628,591)
Provision for the year	**5,627,321**	4,368,814
	5,628,408	4,369,816
Zakat assessment differences	**996,511**	-
Balance at 31 December	**6,624,919**	4,369,816

(c) Status of final assessments

The Company and its subsidiaries filed Zakat returns to the Zakat, Tax and Customs Authority "ZTCA", and obtained a Zakat certificate until the end of the fiscal year ended 31 December 2019.
During 2021, the Company received the final assessments for the years 2015 to 2018 with Zakat differences totaling SR 2,069,020. An amount of SR 994,329 has been approved and paid by the Company, and it objected to the rest of the claim. Up to the date of issuance of these financial statements, the objection submitted by the Company has not been resolved, nor has the final assessment for 2019 been received.

During 2020, the subsidiary (Musanid Almawarid for Operation and Maintenance Company) has received the Zakat assessment for the year 2018 with a Zakat difference of SR 72,780. An amount of SR 2,182 was approved and paid, and it objected to the rest of the claim. ZTCA rejected the subsidiary's objection, and accordingly the Group escalated to the tax committees. Up to the date of issuance of these financial statements, the escalation submitted by the Group has not been resolved, nor has the final assessment for 2019 been received.

22. SELLING AND MARKETING EXPENSES

	2020	2019
Employees' salaries and benefits	**4,351,382**	5,444,061
Advertisement and publicity	**1,488,069**	1,758,463
Selling and marketing expenses	**1,070,098**	601,831
Depreciation *(Note 9)*	**98,144**	107,855
Travel and transport	**44,554**	93,888
Utilities	**14,482**	24,571
Others	**13,842**	46,808
	7,080,571	8,077,477

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23. GENERAL AND ADMINISTRATIVE EXPENSES

	2020	2019
Employees' salaries and benefits	**12,456,692**	12,706,702
Remuneration and allowances for board committees (Note 11)	**1,362,000**	1,345,000
Depreciation and amortization *(Notes 8 & 9)*	**1,099,602**	1,140,212
Professional and consultancy fees	**639,110**	451,692
Technical and other services	**432,534**	1,063,317
Utilities	**492,750**	507,341
Government and subscriptions fees	**219,518**	353,963
Bank charges	**385,338**	165,649
Repair and maintenance	**153,904**	145,876
Stationery & printing	**877,691**	691,665
Provision for financial claims	**-**	750,000
Others	**1,092,212**	722,868
	19,211,351	20,044,285

24 OTHER INCOME

	2020	2019
Refundable government fees	**2,577,898**	2,468,371
Provisions and entitlements no longer required	**1,165,221**	755,405
Revenues from labor accommodation canteens	**482,639**	-
Gains from investments in mutual funds	**316,883**	473,815
Support from the Human Resources Development Fund	**301,322**	-
Refundable operating fines	**-**	1,261,350
(Gain)/loss from disposal of property and equipment	**29,850**	(23,713)
Others	**293,569**	242,299
	5,167,382	5,177,527

25. BASIC & DILUTED EARNINGS PER SHARE FROM NET INCOME FOR THE YEAR

Basic and diluted earnings per share are computed by dividing the net income for the year by the weighted average number of outstanding shares of 10 million shares for the two years ended 31 December 2020 and 2019, as follows:

	31 December 2020	31 December 2019
Net income for the year	**45,856,723**	38,574,084
Weighted average number of shares	**10,000,000**	10,000,000
Basic & diluted earnings per share from net income for the year	**4,59**	3,86

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26. CONTINGENT LIABILITIES AND COMMITMENTS

The employees' entitlements, which represent the obligation of employees' benefits and leave and travel tickets allowances, which are borne by some customers on behalf of the Group in accordance with the terms of the contract entered into with them upon the expiry of the workers' contracts amounted to SR 44,5 million as at 31 December 2020 (2019: SR 48,5 million).

A commercial bank, under the facility agreement signed with it, has issued a guarantee letter on behalf of the Company in favor of the Ministry of Human Resources and Social Development, which is a guarantee letter to issue a license in the amount of SR 10 million *(Note 7)*.

27. RISK MANAGEMENT

The Group is exposed to the following risks by using the financial instruments:

- Market risk
- Credit risk
- Liquidity risk

Risk management is carried out by the senior management under policies approved by the Board of Directors. Senior management identifies and evaluates, when appropriate, financial risks in close co-operation with the Group's operating units.

Financial assets and liabilities are offset and reported net in the consolidated financial statements when the Group has a legally enforceable right to set off the recognized amounts and when the Group intends to settle on a net basis, or to realize the asset and settle the liability simultaneously.

Market risk

Market risk is the risk that changes in market prices such as selling prices of products, profit rates and equity prices will affect the Company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return.

Currency risk

Currency risk is the risk that the value of a financial instruments may fluctuate due to change in foreign exchange rates. The Group transactions are primarily denominated in Saudi Riyals. The management believes that the currency risk is immaterial, as the exchange rate of the USD is fixed against the SAR, therefore, the currency exchange risk is immaterial.

Credit risk

Credit risk is the risk that a party will not be able to meet its obligations to a financial instrument, causing financial losses to the other party.

Financial assets that are subject to credit risk are limited to cash and cash equivalents, trade receivables and other current assets.

The Group only deals with high credit ratings financial institutions to limit the Group's exposure to credit risk.

The Group has put in place an approval process so that credit limits are applied to customers.

ALMAWARID MANPOWER COMPANY
(A Saudi Closed Joint Stock Company)
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the year ended 31 December 2020
(All amounts in Saudi Riyals unless otherwise stated)

27. RISK MANAGEMENT (CONTINUED)

The management also continuously monitors exposure to credit risks towards customers and creates a provision against doubtful balances which is based on customer profile and previous payment dates. Existing customers' receivables are monitored on a regular basis.

Cash and cash equivalents

Cash and cash equivalents are placed with banks with high credit ratings. The Group regularly updates its cash flows.

The total maximum exposure to credit risk in the Group as at the reporting date is as follows:

Financial assets	**31 December 2020**	31 December 2019
Trade and other current assets	**80,760,000**	106,233,411
Investments at FVTPL	**45,097,903**	16,018,708
Cash and cash equivalents	**63,885,734**	26,951,427
	189,743,637	149,203,546

Commission rate risk

It is the exposure to various risks associated with the effect of fluctuations in the prevailing interest rates on the Group's financial position and cash flows.

The Group's commission rate risk arises principally from loans and investments at fair value through profit or loss which are at floating commission rates and are subject to re-pricing on a regular basis. The management monitors these changes in commission rates.

The Group periodically analyzes the commission rate risk, taking into account any rescheduling of loans. It also calculates the financial impact on profits and losses by increasing/decreasing the commission rate by a certain percentage. This analysis is performed on liabilities that bear commission.

Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in raising funds to meet commitments associated with financial instruments.

Liquidity risk may result from the inability to sell a financial asset quickly and for an amount close to its fair value.

Liquidity risk is managed by monitoring it periodically to ensure the availability of sufficient funds through available banking facilities to meet any future liabilities.

The Group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its obligations as and when they fall due under normal and abnormal conditions without incurring unacceptable losses or risking damage to the Group's reputation.

For this purpose, the Group has maintained credit limits with various commercial banks in order to meet its liquidity requirements. As of 31 December 2020, the Group has an unused bank financing facilities of SR 26 million (31 December 2019: SR 36 million) to manage short and long-term liquidity requirements.

ALMAWARID MANPOWER COMPANY
(A Saudi Closed Joint Stock Company)
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the year ended 31 December 2020
(All amounts in Saudi Riyals unless otherwise stated)

27. RISK MANAGEMENT (CONTINUED)

Liquidity risk

The contractual maturities of the remaining financial liabilities as at 31 December 2020 and 2019 are listed below. These amounts are total and undiscounted and include contractual payments, excluding the effect of set-off agreements:

31 December 2020

Financial liabilities	**Carrying value**	**Less than 1 year**
Retained deposits	**8,705,216**	**8,705,216**
Trade payables and other current liabilities	**30,284,836**	**30,284,836**
	38,990,052	**38,990,052**

31 December 2019

Financial liabilities	**Carrying value**	**Less than 1 year**
Retained deposits	10,020,536	10,020,536
Trade payables and other current liabilities	31,261,682	31,261,682
	41,282,218	41,282,218

Fair value measurement of financial instruments

Fair value represents the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at a measurement date.

As the accompanying consolidated financial statements are prepared under the historical cost method, differences may arise between the book values and the fair value estimates.

Management believes that the fair value of the Group's financial assets and liabilities are not materially different from their carrying values.

Financial assets

	31 December 2020	31 December 2019
Financial assets at amortized cost:		
Trade receivables and other current assets	**80,760,000**	106,233,411
Cash and cash equivalents	**63,885,734**	26,951,427
Total financial assets at amortized cost	**144,645,734**	133,184,838

	31 December 2020	31 December 2019
Financial assets at FVTPL		
Investments at FVTPL	**45,097,903**	16,018,708
Total financial assets at FVTPL	**45,097,903**	16,018,708

ALMAWARID MANPOWER COMPANY
(A Saudi Closed Joint Stock Company)
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the year ended 31 December 2020
(All amounts in Saudi Riyals unless otherwise stated)

27. RISK MANAGEMENT (CONTINUED)

Financial liabilities

	31 December 2020	31 December 2019
Financial liabilities at amortized cost:		
Retained deposits	**8,705,216**	10,020,536
Trade payables and other current liabilities	**31,261,682**	31,261,682
Total financial liabilities at amortized cost	**39,966,898**	41,282,218
Current portion of financial liabilities	**39,966,898**	41,282,218
Non-current portion of financial liabilities	**-**	-
Total financial liabilities	**39,966,898**	41,282,218

Capital management risks

When managing capital, the Group aims to ensure the Group's ability to continue as a going concern in order to be able to continue providing returns to shareholders and maintain a strong core capital to support the sustainable development of its business.

The Group manages its capital structure by monitoring returns on net assets and makes adjustments to them in light of changes that arise from economic conditions.

For the purpose of maintaining or adjusting the capital structure, the Group may adjust the amount of dividends paid to shareholders or may issue new shares.

28 SIGNIFICANT EVENTS

The existence of novel coronavirus (Covid-19) was confirmed in early 2020 and has spread globally including the Kingdom of Saudi Arabia, causing disruptions to many businesses and economic activities. However, the Group continued to operate while considering the health and safety of its workforce. The management of the Group is currently monitoring the impact of the coronavirus on the Group’s operation, cash flows and financial position.

Management believes, based on their assessment, that the Group has sufficient liquidity available to continue to meet its financial commitments as and when they fall due.

29 APPROVAL OF THE CONSOLIDATED FINANCIAL STATEMENTS

The consolidated financial statements were approved for issuance by the Board of Directors on 22 Shawwal 1442H (corresponding to 3 June 2021).

ALMAWARID MANPOWER COMPANY
(A Saudi Closed Joint Stock Company)
CONSOLIDATED FINANCIAL STATEMENTS
For the year ended 31 December 2021
together with the
INDEPENDENT AUDITOR'S REPORT

ALMAWARID MANPOWER COMPANY
(A Saudi Closed Joint Stock Company)
CONSOLIDATED FINANCIAL STATEMENTS
For the year ended 31 December 2021

KPMG Professional Services
Riyadh Front, Airport Road
P. O. Box 92876
Riyadh 11663
Kingdom of Saudi Arabia
Commercial Registration No 1010425494

Headquarters in Riyadh

كي بي إم جي للاستشارات المهنية
واجهة الرياض، طريق المطار
صندوق بريد ٩٢٨٧٦
الرياض ١١٦٦٣
المملكة العربية السعودية
سجل تجاري رقم ١٠١٠٤٢٥٤٩٤

المركز الرئيسي في الرياض

Independent Auditor's Report

To the Shareholders of Al-Mawarid Manpower Company (Saudi Joint Stock Company)

Opinion

We have audited the consolidated financial statements of Al-Mawarid Manpower Company ("the Company") and its subsidiaries ("the Group"), which comprise the consolidated statement of financial position as at 31 December 2021, the consolidated statements of profit or loss and other comprehensive income, changes in equity and cash flows for the year then ended, and notes to the consolidated financial statements, comprising significant accounting policies and other explanatory information.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at 31 December 2021, 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 (SOCPA).

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 are independent of the Group in accordance with the professional code of conduct and ethics that are endorsed in the Kingdom of Saudi Arabia that are relevant to our audit of the consolidated financial statements, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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.

Independent Auditor's Report (Continued)

To the Shareholders of Al Mawarid Manpower Company (Saudi Joint Stock Company)

Key Audit Matter (continued)	
Revenue recognition – See note (4-20) to the consolidated financial statements for the accounting policy relating to revenue recognition and note (21) to the consolidated financial statements for the related disclosures.	
The key audit matter	**How the matter was addressed in our audit**
During the year ended 31 December 2021, the Group recognised total revenue of SR 664 million (2020: SR 687 million). Revenue from manpower services is recognized over the time and a point in time depending on when the performance obligations are satisfied as per the agreement with the customers. This is dependent on the appropriate assessment of the respective contracts to assess whether the criteria to measure the progress of revenue as per IFRS 15 'Revenue from Contracts with Customers' is met. Furthermore, Revenue is one of the Group's key performance indicators giving rise to an inherent risk revenue recognition is significant to our audit as the Group might inappropriately account for revenue to overstate profits to meet targets or expectations.	Among other things, our procedures included the following: • Evaluating the Group's revenue recognition policy; • Testing a sample of revenue transactions made during the year and inspecting underlying supporting documentation; • Testing a sample of sales credit notes transactions post year-end, to assess that the revenue is recorded in the correct period; and • Considering the adequacy of the related disclosures made by the management in the Group's consolidated financial statements.

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Independent Auditor's Report (Continued)

To the Shareholders of Al Mawarid Manpower Company (Saudi Joint Stock Company)

Key Audit Matter (continued)

Allowance for expected credit loss on trade receivables – See note (4-23) to the consolidated financial statements for the accounting policy relating to trade receivables and note (10) to the consolidated financial statements for the related disclosures.

The key audit matter	How the matter was addressed in our audit
As at 31 December 2021, the Group recognised an allowance of expected credit loss on trade receivables of SR 8.7 million (2020: SR 7.8 million). The total allowance of expected credit loss on trade receivables of SR 28.5 million (2020: SR 22.8 million) The Group's allowance for expected credit loss on trade receivables are based on management's estimate of the lifetime expected credit losses to be incurred, which is estimated by taking into account the credit loss experience, ageing of trade receivables, customers' repayment history and customers' financial position and an assessment of both the current and forward-looking factors specific to the debtors and the economic environment. All of which involves a significant degree of judgment and complexities. Due to significance of trade receivables and the involvement of significant degree of judgments in the expected credit loss calculation, we have identified this as a key audit matter. Furthermore, such allowance is inherently subjective and requires significant management judgement, which increases the risk of error or potential management bias.	Our audit procedures to assess allowance of expected credit loss on trade receivables included the following: • Assessing the design and implementation of management's key controls relating to credit control, debt collection and estimation of expected credit losses; • Assessing, on a sample basis, whether items in the trade debtors' ageing report were classified within the appropriate ageing bracket by comparing individual items in the report with underlying documentation, which included sales invoices and services delivery notes; • Obtaining an understanding of the key parameters and assumptions of the expected credit loss model adopted by the management, including historical default data and management's estimated loss rates; • Involved specialist to assist in evaluating the judgments and estimates; • Assessing the reasonableness of management's loss allowance estimates by examining the information used by management to form such judgements, including testing the accuracy of the historical default data and evaluating whether the historical loss rates are appropriately adjusted based on current economic conditions and forward-looking information; • Inspecting, on a sample basis, cash receipts from customers subsequent to the financial year end relating to trade receivables balances as at 31 December 2021 with bank statements and relevant remittance documentation; and • Considering the adequacy of the related disclosures made by the management in the Group's consolidated financial statements.

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Independent Auditor's Report (Continued)

To the Shareholders of Al Mawarid Manpower Company (Saudi Joint Stock Company)

Other Information

Management is responsible for the other information. The other information comprises the information included in the annual report but does not include the consolidated financial statements and our auditor's report thereon. The annual report 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 when it becomes available 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 annual report, when made available to us, if we conclude that there is a material misstatement therein, 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 IFRS that are endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements issued by SOCPA, the applicable requirements of the Regulations for Companies and 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, the Audit Committee, 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 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.

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Independent Auditor's Report (Continued)

To the Shareholders of Al Mawarid Manpower Company (Saudi Joint Stock Company)

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements (Continued)

- 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.
- 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, then 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.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance 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 of Almawarid Manpower Company and its subsidiaries.

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

From the matters communicated with 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.

KPMG Professional Services

Kholoud Adnan Mousa Altumbakti
License No.: 421

Riyadh, 21 Shawwal 1443H
Corresponding to: 22 May 2022

KPMG Professional Services

ALMAWARID MANPOWER COMPANY
(A Saudi Closed Joint Stock Company)
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2021
(All amounts in Saudi Riyals unless otherwise stated)

	Note	**As at 31 December** **2021**	2020
ASSETS			
Non-current assets			
Property and equipment	*6*	**11,635,201**	12,559,844
Intangible assets	*7*	**1,786,656**	1,312,309
Right-of-use assets	*8*	**20,444,531**	25,450,410
Used and unused visas and other non-current assets	*9*	**41,444,235**	20,534,036
Total non-current assets		**75,310,623**	59,856,599
Current assets			
Trade receivables	*10*	**84,164,341**	80,760,000
Prepayments and other current assets	*11*	**136,164,976**	84,735,170
Due from related parties	*12*	**52,390,288**	33,606,602
Investments at FVTPL	*13*	**30,387,909**	45,097,903
Cash and cash equivalents	*14*	**26,627,152**	63,885,734
Total current assets		**329,734,666**	308,085,409
Total assets		**405,045,289**	367,942,008
EQUITY AND LIABILITIES			
Equity			
Share capital	*15*	**100,000,000**	100,000,000
Statutory reserve	*16*	**27,694,675**	22,136,746
Contractual reserve	*16*	**20,000,000**	7,714,817
Retained earnings		**85,329,447**	69,554,505
Total equity		**233,024,122**	199,406,068
Liabilities			
Non-current liabilities			
Employees end of service benefits	*18*	**27,584,798**	21,725,880
Lease liabilities	*8*	**7,295,091**	13,907,506
Recruitment agents' guarantees		**1,172,976**	1,736,098
Total non-current liabilities		**36,052,865**	37,369,484
Current liabilities			
Trade payables and other current liabilities	*19*	**108,483,866**	104,181,718
Retained deposits		**7,752,265**	8,705,216
Lease liabilities	*8*	**12,216,023**	10,930,443
Due to related parties	*12*	**728,187**	724,160
Provision for Zakat	*20*	**6,787,961**	6,624,919
Total current liabilities		**135,968,302**	131,166,456
Total liabilities		**172,021,167**	168,535,940
Total equity and liabilities		**405,045,289**	367,942,008

The accompanying notes (1) through (31) form an integral part of these consolidated financial statements.

ALMAWARID MANPOWER COMPANY
(A Saudi Closed Joint Stock Company)
CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMEBER 2021
(All amounts in Saudi Riyals unless otherwise stated)

		For the year ended 31 December	
	Note	**2021**	2020
Revenue	*21*	**663,723,149**	686,656,308
Cost of revenue	*22*	**(566,863,723)**	(605,185,330)
Gross profit		**96,859,426**	81,470,978
Selling and marketing expenses	*23*	**(6,803,825)**	(7,080,571)
General and administrative expenses	*24*	**(23,286,850)**	(19,211,351)
Impairment loss on trade and other receivables	*10*	**(8,716,746)**	(7,835,899)
Other income	*25*	**4,397,926**	5,167,382
Profit from operations before Zakat		**62,449,931**	52,510,539
Zakat charge	*20*	**(6,788,978)**	(6,653,816)
Profit for the year after Zakat		**55,660,953**	45,856,723
Other comprehensive income:			
Items that will not be reclassified subsequently to profit or loss:			
Remeasurement (loss) gains on Employees end of service benefits	*18*	**(2,042,899)**	3,255,051
Total comprehensive income for the year		**53,618,054**	49,111,774
Earnings per share			
Basic & diluted earnings per share	*26*	**5.57**	4.59

The accompanying notes (1) through (31) form an integral part of these consolidated financial statements.

ALMAWARID MANPOWER COMPANY
(A Saudi Closed Joint Stock Company)
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
For the year ended 31 December 2021
(All amounts in Saudi Riyals unless otherwise stated)

	Note	Share capital	Statutory reserve	Contractual reserve	Retained earnings	Total
Balance at 1 January 2020		100,000,000	17,567,913	--	52,726,381	170,294,294
Net profit for the year		--	--	--	45,856,723	45,856,723
Other comprehensive income for the year		--	--	--	3,255,051	3,255,051
Total comprehensive income for the year		--	--	--	49,111,774	49,111,774
Transfer to statutory reserve	*16*	--	4,568,833	--	(4,568,833)	--
Transferred to contractual reserve	*16*	--	--	7,714,817	(7,714,817)	--
Dividend paid to shareholders	*17*	--	--	--	(20,000,000)	(20,000,000)
Balance at 31 December 2020 and 1 January 2021		**100,000,000**	**22,136,746**	**7,714,817**	**69,554,505**	**199,406,068**
Net profit for the year		--	--	--	**55,660,953**	**55,660,953**
Other comprehensive loss for the year		--	--	--	**(2,042,899)**	**(2,042,899)**
Total comprehensive income for the year		--	--	--	**53,618,054**	**53,618,054**
Transfer to statutory reserve	*16*	--	**5,557,929**	--	**(5,557,929)**	--
Transferred to contractual reserve	*16*	--	--	**12,285,183**	**(12,285,183)**	--
Dividend paid to shareholders	*17*	--	--	--	**(20,000,000)**	**(20,000,000)**
Balance at 31 December 2021		**100,000,000**	**27,694,675**	**20,000,000**	**85,329,447**	**233,024,122**

The accompanying notes (1) through (31) form an integral part of these consolidated financial statements.

ALMAWARID MANPOWER COMPANY
(A Saudi Closed Joint Stock Company)
CONSOLIDATED STATEMENT OF CASH FLOWS
For the year ended 31 December 2021
(All amounts in Saudi Riyals unless otherwise stated)

	Notes	For the year ended 31 December 2021	2020
Cash flows from operating activities			
Net profit before zakat		**62,449,931**	52,510,539
Adjustments for non-cash items:			
Depreciation on property and equipment	6	**1,706,375**	1,817,804
Losses /(Gains) from disposal of property and equipment		**1,884**	(29,850)
Amortization of intangible assets	7	**712,948**	563,654
Depreciation of right-of-use assets	8	**10,930,219**	10,389,224
Finance costs - leases	8	**1,069,639**	1,458,777
(Gains) / losses from disposal of Right of Use Assets		**64,313**	-
Impairment loss on trade and other receivables	10	**8,716,746**	7,835,899
Gains on investments at FVTPL		**(387,909)**	(316,883)
Provision for Employees end of service benefits	18	**10,450,269**	11,771,936
		95,714,415	86,001,100
Changes in working capital:			
Used and unused visas and other non-current assets		**(20,910,199)**	(2,515,920)
License guarantee letter		**-**	5,000,000
Trade receivables		**(12,121,087)**	17,637,512
Prepayments and other current assets		**(51,429,806)**	5,119,450
Due from and to related parties		**(18,779,660)**	6,861,597
Recruitment agents guarantees		**(563,122)**	264,795
Trade payables and other current liabilities		**4,302,148**	(8,641,278)
Retained deposits		**(952,951)**	(1,315,320)
Employees end of service benefits paid	18	**(6,634,250)**	(5,398,913)
Interest paid		**(1,069,639)**	(1,458,777)
Zakat paid	20	**(6,625,936)**	(4,398,713)
Net cash flow (used in) / from operating activities		**(19,070,087)**	97,155,533
Cash flows from investing activities			
Acquisition of property and equipment	6	**(791,245)**	(1,060,327)
Proceed from sale of property and equipment		**7,630**	29,850
Acquisition of intangible assets	7	**(1,187,295)**	(735,075)
Acquisition of investments at FVTPL		**(30,000,000)**	(46,116,611)
Proceeds from sale of investment at FVTPL		**45,097,903**	17,354,299
Net cash flows from (used in) investing activities		**13,126,993**	(30,527,864)
Cash flows from financing activities			
Dividend paid to shareholders		**(20,000,000)**	(20,000,000)
Payment of lease liabilities		**(11,315,488)**	(9,693,362)
Net cash flows (used in) financing activities		**(31,315,488)**	(29,693,362)
Net change in cash and cash equivalents		**(37,258,582)**	36,934,307
Cash and cash equivalents at the beginning of the year	14	**63,885,734**	26,951,427
Cash and cash equivalents at the end of the year	14	**26,627,152**	63,885,734
Non-cash transactions:			
Write-off of debts and settlements of clients	10&11	**4,624,388**	-
Re-measurements of Employees end of service benefits	18	**2,042,899**	(3,255,051)
Additions of right-of-use assets under lease liabilities	8	**6,729,773**	12,694,202

The accompanying notes (1) through (31) form an integral part of these consolidated financial statements.

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1. GENERAL INFORMATION

AL-Mawarid Manpower Company (formerly known as AL-Mawarid Recruitment Company), as the Company's name has been modified during the year 2020, is a Saudi Closed Joint Stock Company registered in the Kingdom of Saudi Arabia under Commercial Registration No. 1010343697 issued in the city of Riyadh on 12 Sha'aban 1433H (corresponding to 2 July 2012).

The principal activities of the Company and its subsidiaries (the "Group") are to provide the activities of recruitment services for domestic workers and temporary employment agencies for domestic services and expatriate labor services, under a license Ministry of Labor No. (6 / UMM) dated 5 Muharram 1434H (corresponding to 19 November 2012), in addition to providing a Saudi Manpower services.

The consolidated financial statements were approved for issuance by the board of directors on 18 Shawwal 1443H (corresponding to 19 May 2022).

The headquarter of the Group is located in the city of Riyadh, Al-Rawda District, P.O. Box 120058-11679, Riyadh - Kingdom of Saudi Arabia.

The accompanying consolidated financial statements include the activities of subsidiaries branches of the Group listed below, which operate under the following sub-commercial registrations:

Branch	**CR No.**	**Date**
Riyadh - domestic workers	1010369956	7 Jumada' I 1434H (corresponding 8 April 2013)
Riyadh - expatriate workers	1010369960	25 Jumada' I 1434H (corresponding 6 April 2013)
Al Khobar	2051060639	2 Sha'aban1436H (corresponding to 20 May 2015)
Buraidah	1131056623	21 Rabi' II 1437H (corresponding to 31 January 2016)
Al Jubail	2055024837	20 Jumada' I 1437H (corresponding to 29 February 2016)
Hail	3350044313	3 Dhul-Hijjah 1437H (corresponding to 4 September 2016)
Jeddah	4030292526	22 Rabi' I 1438H (corresponding to 21 December 2016)
Riyadh - Al Taawun	1010466766	29 Rabi' I 1438H (corresponding to 28 December 2016)
Dammam	2050111318	3 Rabi' II 1438H (corresponding to 21 December 2017)
Al Madinah Al Monawarah	4650081885	3 Rabi' II 1438H (corresponding to 21 December 2017)
Riyadh - Al Rawda	1010638704	26 Shawwal 1441H (corresponding to 17 June 2020)
Uniza	1128184335	26 Shawwal 1441H (corresponding to 17 June 2020)
Abha	5850129737	22 Rabi' II 1442H (corresponding to 7 December 2020)

2. BASIS OF PREPARATION

a) Basis of consolidation

The accompanying consolidated financial statements include the financial statements of the Company and its subsidiaries as follows:

<u>Name of a subsidiary</u>	<u>Legal entity</u>	**Shareholding** <u>**2021**</u>	<u>2020</u>
Musanid Almawarid for Operation and Maintenance Company (*)	A Single Shareholder Limited Liability Company	**100%**	100%
Sawaid Manpower Company (**)	A Single Shareholder Limited Liability Company	**100%**	100%

(*) <u>Musanid Almawarid for Operation and Maintenance Company</u>
Musanid Almawarid for Operation and Maintenance Company (a single shareholder limited liability company) is a company registered in Riyadh in the Kingdom of Saudi Arabia under Commercial Registration No. 1010995997 dated 12 Jumada' II 1437H (corresponding to 21 March 2016).

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2. BASIS OF PREPARATION (CONTINUED)

The subsidiary is wholly owned by AL-Mawarid Manpower Company (the "Parent Company") as at 31 December 2021 and 2020.

The principal activities of the subsidiary are the provision of workers for the client's business for limited periods in order to compensate or supplement the client's workforce, and general cleaning of buildings.

(**) **Sawaid Manpower Company**
Sawaid Manpower Company (a single shareholder limited liability company) is a company registered in Riyadh in the Kingdom of Saudi Arabia under Commercial Registration No. 1010601489 dated 29 Safar 1441H (corresponding to 28 October 2019).

The subsidiary is wholly owned by AL-Mawarid Manpower Company (the "Parent Company") as at 31 December 2021 and 2020.

The principal activities of the subsidiary are the activities of searching for employees for positions, whether by induction or testing, online recruitment agencies, and the provision of other human resources (including providing human resources on a long-term or permanent basis in general).

b) Statement of compliance
These consolidated financial statements of the Group have been prepared in accordance with the International Financial Reporting Standards as endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements that are issued by the Saudi Organization for Chartered and Professional (SOCPA).

The principal accounting policies applied in the preparation of these consolidated financial statements have been consistently applied to all periods presented.

c) Basis of measurement
These consolidated financial statements have been prepared under the historical cost convention, except for employees' benefits liabilities which are recognized using the projected unit credit method, using the accrual basis of accounting and the going concern concept.

d) Functional and presentation currency
These financial statements are presented in Saudi Riyals (SR) which is the Group's functional and presentation currency.

3. GOING CONCERN

The consolidated financial statements have been prepared on a going concern basis which the management consider to be appropriate for the following reasons:

Management has prepared cash flows forecast for a period of not less than 12 months from the date of these consolidated financial statements which indicates that, bearing in mind a reasonable expectation, the Group will have sufficient cash, through cash generation, to meet its liabilities as they fall due for that period. The Group's cash flow forecast implies that profitability and cash flow will continue to increase in line with previous years as a result of revenue from operations. The Group revenue includes revenue from contracts with customers, a significant proportion of which is generated from existing customers.

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3. GOING CONCERN (CONTINUED)

Taking the above into consideration, along with the Group's forecast profitability, cash flow from existing contracts, anticipated future growth and the Group's current cash balance, the management is confident that the Group will have sufficient funds to continue meeting its liabilities as they fall due for at least 12 months from the date of these consolidated financial statements, therefore, the consolidated financial statements have been prepared on a going concern basis.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

4.1 Basis of consolidation

Business Combinations
The Group accounts for business combinations using the acquisition method when acquiring a set of activities and assets that meet the definition of a business and control is transferred to the Group.

When determining whether a specific set of activities and assets is a business, the Group assesses whether the set of assets and activities acquired included at least an input and substantive process and whether the acquired set has the ability to produce an output.

The Group applies the "Concentration test" that allows for a simplified assessment of whether the acquired set of activities and assets is not a business. The test is satisfied if the fair values of total assets acquired are materially concentrated in a single identifiable asset or a set of similar identifiable assets.

The consideration transferred in the acquisition is generally measured at the fair value of the identifiable net assets acquired. Any goodwill is tested for impairment loss annually.

Any gain from purchasing at a preferential rate is recognized in profit or loss immediately.

Transaction cost are expensed when incurred, unless they relate to the issuance of debt securities or financial securities.

The consideration transferred does not include amounts related to settlement of transactions arising from prior relationships. These amounts are usually recognized in profit and loss.

Any contingent consideration is measured at fair value at the date of acquisition. If there is an obligation to pay a contingent consideration that meets the definition of financial instrument is classified as equity, then it is not remeasured, and the settlement is recognized in equity.

Otherwise, any other contingent consideration is measured at fair value at the reporting date and subsequent changes in fair value are recognized in profit or loss.

Subsidiaries
Subsidiaries are companies over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns arising from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the companies.

The financial statements of subsidiaries are included in the consolidated financial statements of the Group from the effective date that control commences until the date that control ceases.

Non-controlling interest "NCI"
NCI are measured based on their share of the acquirer`s identifiable net assets at the date of acquisition.
Changes in the Group`s equity in a subsidiary that do not entail in loss of control are recognized as equity transactions.

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4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Loss of control
Upon loss of control, the group derecognizes the assets and liabilities of the subsidiary, the non-controlling interests and the other components of equity relating to the subsidiary.

Any profit or loss arising from loss of control is recognized in the consolidated statement of profit or loss. If the Group retains any interest in the previous subsidiary, then such interest is measured at fair value at the date when control is lost.

Transactions eliminated on consolidation
Intra-group balances and transactions, and any unrealized income and expenses arising from intragroup transactions, are eliminated in preparing the consolidated financial statements.

Unrealized profits arising from transactions with equity- accounted investees are eliminated to the extent of the Group`s interest in the investee.

Unrealized losses are eliminated in the same way as unrealized profits, but only to the extent that there is no evidence of impairment.

4.2 Current and non-current assets and liabilities
The Group presents assets and liabilities in the consolidated statement of financial position based on current/non-current classification.

An asset is current when it is:
- Expected to be realized or intended to be sold or consumed in the normal operating cycle;
- It is held primarily for the purpose of trading.
- Expected to be realized within twelve months after the reporting period; or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

The Group classifies all other assets as non-current.

A liability is current when:
- It is expected to be settled in the normal operating cycle;
- It is held primarily for the purpose of trading.
- It is due to be settled within twelve months after the reporting period; or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

The Group classifies all other liabilities as non-current liabilities.

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

In the principal market for the asset or liability, or

In the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or the most advantageous market must be accessible by the Group. 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.

Fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits from the asset’s highest and best use or by selling it to another market participant that would utilize the asset in its highest and best use.

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4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure 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. This is disclosed 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: Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable.
Level 3: Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

For assets and liabilities that are recognized in the consolidated financial statements at fair value on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by re-assessing 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. The Group has determined the policies and procedures for both recurring fair value measurement, and for non-recurring measurement.

At each reporting date, the Group analyzes the changes in the values of assets and liabilities which are required to be re-measured or re-assessed as per the Group's accounting policies. For this analysis, the Group verifies the major inputs applied in the latest valuation by agreeing the information in the valuation computation to contracts and other relevant documents.

The Group also compares the change in the fair value for each asset and liability with relevant external sources to determine whether the change is reasonable.

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.

4.4 Visas and recruitment costs

Purchased visas represent the amounts paid to the government authorities against issuing manpower visas and are recorded at cost as available visa. Cost comprises all the purchase cost paid to the government authorities for securing the manpower visas.

The validity of the use of these visas is two years, and if they are not used during that period, they are then reimbursed by the government authorities to the Group's accounts.

Upon the arrival of the recruited worker, the visa is transferred from the unused visas account to the used visas account.

The visa fees used are amortized in the consolidated statement of profit or loss using the straight-line method over the worker contract period estimated by two-year.

The balance that pertains to the next year is recorded under advance visa expenses under current assets, and what is more than the year is recorded under non-current assets.

Recruitment costs represent the amount paid to recruitment agencies in connection with services obtained. These costs are amortized at the time of visa activation in the consolidated statement of profit or loss over two years in line with the employment contract period.

The amount of unamortized balance of used visas and recruitment costs are written off directly in the consolidated statement of profit or loss in case of termination of the contract or occurrence of anything that prevents the continuation of the service.

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4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

4.5 Residency and work permit fees

Residency and work permit fees are amortized in the consolidated statement of profit or loss over one year in line with the validity of such permits.

4.6 Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. Intangible assets acquired in a business combination are stated at their fair values. Intangible assets under development are stated at cost.

After initial recognition, intangible assets are carried at cost less any accumulated amortization and any impairment losses, if any. The useful lives of intangible assets are assessed and classified to be either finite or indefinite.

Intangible assets with finite useful lives are amortized over the economic useful lives and assessed for impairment whenever there is an indication that the intangible asset may be impaired.

The amortization period and the amortization method for intangible assets with finite useful lives are reviewed at least at the end of each reporting period.

Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are considered to modify the amortization period or method, as appropriate, and are treated as changes in accounting estimates.

The amortization expense on intangible assets with finite useful lives is recognized in the profit or loss under expenses category in line with the function of intangible assets.

Intangible assets with finite useful lives, representing computer software, are amortized using the straight-line basis over their estimated useful lives estimated by 4 years.

Gains or losses arising from de-recognition of an intangible asset are measured as the difference between the net disposal proceeds and carrying amount of the asset and are recognized in the profit or loss when the asset is derecognized.

4.7 Property and equipment

Property and equipment is stated at historical cost, net of accumulated depreciation and accumulated impairment losses, if any. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

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 can be measured reliably.

The carrying amount of any component accounted for as a separate asset is derecognized when replaced. Other repairs and maintenance are charged to the profit or loss during the financial period in which they are incurred. Lands are not depreciated as they do not have a finite life.

Depreciation of property and equipment is calculated less its estimated residual value to allocate its cost using a straight-line basis over the estimated useful lives of the assets.

Depreciation is charged to the consolidated statement of profit or loss over the following estimated useful lives:

	Number of years
Buildings	20 years
Leasehold improvements	4 years or lease term, whichever is shorter
Motor vehicles	4 years
Office equipment and supplies	4 years
Furniture & fixtures	8 years

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each annual reporting period. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount. Gains and losses on disposals are determined by comparing proceeds with the carrying amount and are recognized in the profit or loss.

4.8 Leases

At inception of a contract, the Group assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease, if the contract conveys the right to control the use of an identified asset for a period in exchange for specific consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Group assesses whether:

The contract involves the use of an identified asset – this may be specified explicitly or implicitly and should be physically distinct or represent substantially all the capacity of a physically distinct asset. If the supplier has a substantive substitution right, then the asset is not identified.

the Group has the right to obtain substantially all the economic benefits from use of the asset throughout the period of use; and

the Group has the right to direct the use of the asset. The Group has this right when it has the decision-making rights that are most relevant to changing how and for what purpose the asset is used. In rare cases where the decision about how and for what purpose the asset is used is predetermined, the Group has the right to direct the use of the asset if either:

– the Group has the right to operate the asset; or
– the Group designed the asset in a way that predetermines how and for what purpose it will be used.

Right-of-use assets ("ROU")

The Group recognizes a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The estimated useful lives of right-of-use assets are determined on the same basis as those of property and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

Lease liability

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined.

Lease payments included in the measurement of the lease liability comprise the following:
– fixed payments, including in-substance fixed payments;
– variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
– amounts expected to be payable under a residual value guarantee; and
– the exercise price under a purchase option that the Group is reasonably certain to exercise, lease payments in an optional renewal period if the Group is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless the Group is reasonably certain not to terminate early.

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4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Lease liability (continued)

The lease liability is measured at amortized cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee or if the Company changes its assessment of whether it will exercise a purchase, extension or termination option.

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use assets or is recorded in profit or loss if the carrying amount of the right-of-use assets has been reduced to zero.

The Group has presented separately the right-of-use assets and the lease liabilities in the Consolidated statement of financial position.

4.9 Trade receivables

Trade receivables are amounts due from customers for services provided in the ordinary course of business. If these receivables are expected to be collected within one year or less, they are classified as current assets, otherwise they are presented as non-current assets. Trade receivables are recognized initially at fair value and subsequently measured at amortized cost using the effective interest rate method, less provision for impairment.

4.10 Cash and cash equivalents

Cash and cash equivalents include cash in hand and demand deposits with banks, as well as other short-term highly liquid investments with original maturities of three months or less that are ready for conversion into known amounts of cash and that are not significantly affected by the risk of change in value.

4.11 Impairment of financial assets

At each reporting date, the Group assesses whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Group estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or CGU's fair value less costs of disposal and its value in use.

The recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or group of assets.

When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

In determining fair value less costs of disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used.

Impairment losses of continuing operations are recognized in the consolidated statement of profit or loss in expense categories consistent with the function of the impaired asset.

For assets excluding goodwill, an assessment is made at each reporting date to determine whether there is an indication that previously recognized impairment losses no longer exist or have decreased.

If such indication exists, the Group estimates the asset's or CGU's recoverable amount. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognized for the asset in prior years. Such reversal is recognized in the consolidated statement of profit or loss.

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4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

4.12 Dividends

Dividends are recorded in the consolidated financial statements in the period in which they are approved by the shareholders of the Group.

4.13 Foreign currencies transactions

Reporting currency and functional currency

Transactions denominated in foreign currencies are translated to Saudi Riyals at the exchange rates ruling at the date of the transaction.

As for the monetary assets and liabilities denominated in foreign currencies, they are translated into Saudi riyals according to the exchange rates prevailing at the date of the consolidated statement of financial position.

Profit or loss on the exchange rate differences are included in the consolidated statement of profit or loss for the year.

4.14 Employees end of service benefits

The Group has a defined employees' end-of-service benefits scheme in line with the Labor Law in the Kingdom of Saudi Arabia based on the employee's last salary and the number of years of service.

The end-of-service benefits plans are not funded. Consequently, the liability valuations under the plans are performed by an independent actuary based on the projected unit credit method.

Costs of such plans initially include the current value of benefits obtained equally for each year of service and the benefits resulting from this obligation related to past employee's service.

Current and past service costs related to post-employment benefits are recognized immediately in the consolidated statement of profit or loss while unwinding of the liability at discount rates used are recorded in consolidated statement of profit or loss.

Any changes in net obligation due to the actuarial valuation and changes in assumptions are considered as re-measurement in the statement of other comprehensive income.

The re-measurement of gains and losses arising from adjustments to years of experience and changes in actuarial assumptions are recognized in the period in which they occur directly in other comprehensive income.

They are transferred to retained earnings in the consolidated statement of changes in equity in the period in which they occur.

Changes in the present value of the defined benefit obligation resulting from amendments or curtailments in the scheme are recognized immediately in profit or loss as past service costs.

End-of-service payments are based primarily on employees' final salaries, allowances, and accumulated years of service, as defined in the Labor Law in the Kingdom of Saudi Arabia.

4.15 Retained deposits

Retained deposits less any amounts due accordance with the terms of the contract are stated under current liabilities in the consolidated statement of financial position.

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4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

4.16 Trade payables

Trade payables are liabilities for payment of services obtained from suppliers in the ordinary course of business. Trade payables are classified as current liabilities if these payables are due within one year or less, otherwise they are presented as non-current liabilities. Trade payables are recognized initially at fair value and subsequently measured at amortized cost using the effective interest rate method.

4.17 Recruitment agents' guarantees

Recruitment agents' guarantees represent the amounts collected in advance from recruitment agents as cash security in order to comply with the terms and conditions of contracts signed with them. The net retained guarantees is recovered after deducting the amounts due from the supplier upon termination of the contract with the recruitment agent.

4.18 Contract liabilities

Contract liabilities represent amounts collected in advance from customers when signing contracts for the provision of manpower services. These amounts are recognized in revenue in the Group's consolidated statement of profit or loss when incurred.

4.19 Provisions

Provisions are recognized when the Group has a legal obligation (current or constructive) as a result of past events, and it is probable that the matter will require incurring resources to settle the obligation and the value of this obligation can be estimated reliably.

If there are a number of similar liabilities, the likelihood that an outflow will be required to settle these liabilities is determined by considering the classification of liabilities.

A provision is recognized even if the probability of an outflow for one of the items included in the same classification is minimal.

If the effect of the time value of money is significant, provisions are discounted using the current pre-tax discount rate that reflects current market assessments of the time value of money and the risks associated with the liability.

4.20 Revenue recognition

The Group recognizes revenue by providing manpower services to the public and private sectors customers and individuals in line with the requirements of IFRS 15.

Revenue is measured based on consideration specified in a contract with a customer and excludes amounts collected on behalf of third parties. Contract revenues are recognized based on manpower services provided to the customers (the services represent the performance obligations of the contract) over the terms of these agreements.

Contract costs

Contract costs are recognized as an expense unless the Group has a reasonable expectation to recover these costs from its customers and in cases where these costs are recoverable from the customers. The Group amortize these costs, if any, on a systematic basis, consistent with the transfer to the customer of the services.

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4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

4.20 Revenue recognition (continued)

Contract costs (continued)
The Group recognizes contract costs if:
- The costs relate directly to a contract or to an anticipated contract that the Group can specifically identify.
- The costs generate or enhance resources of the Group that will be used in satisfying (or in continuing to satisfy) performance obligations in the future.
- The incremental costs of obtaining a contract with a customer is expected to be recovered.
- Those costs would not have incurred if the contract had not been obtained or if an anticipated contract has not been identified by the Group.
- The costs that directly relates to a contract (or a specific anticipated contract) includes:
  a) direct labor.
  b) allocation costs that directly relate to the contract or to contract activities.
  c) costs that are explicitly chargeable to the customer under the contract; and
  d) other costs that are incurred only because the entity entered the contract.

Measuring progress towards satisfaction of performance obligation

Type of service	Nature and timing of satisfaction of performance obligations, including significant payment terms	Revenue recognition policies
Corporate revenue	Corporate revenue relates to providing manpower services to corporate customers. Customers obtain control of services when such services are rendered and have been accepted. Invoices are generated and the performance obligation (rendering of services) is satisfied over time of the contractual arrangement.	Revenue is recognized over time as the services are provided.
Individual revenue	Manpower services provided to individual customers are covered under this stream. Customers obtain control of services when they are rendered and have been accepted. Invoices are generated and the performance obligation (rendering of services) is satisfied over time of the contractual arrangement.	Revenue is recognized over time as the services are provided.
Hourly revenue	Such revenue stream relates to providing manpower services for few hours in a particular day. Customers obtain control of services when such services are rendered and have been accepted. Invoices are generated and the performance obligation (rendering of services) is satisfied at that particular point of time.	Revenue is recognized at point of time as the services are provided.

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4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

4.20 Revenue recognition (continued)

Contract assets and liabilities
When either party to a contract has performed, an entity shall present the contract in the consolidated statement of financial position as a contract asset or a contract liability, depending on the relationship between the entity's performance and the customer's payment. A contract asset is an entity's right to consideration in exchange for services that the entity has transferred to a customer. A contract liability is an entity's obligation to transfer services to a customer for which the entity has received consideration (or an amount of consideration is due) from the customer.

Presentation and disclosure requirements
The Group disaggregated revenue recognized from contracts with customers into categories that depict how the nature, amount, timing and uncertainty of revenue and cash flows are affected by economic factors.

4.21 Other income
Other income is recognized when earned.

4.22 Zakat and taxation
The Group is subject to Zakat in accordance with the regulations of the Zakat, Tax and Customs Authority (ZATCA).

Zakat is calculated for each company within the Group separately on the basis of the higher of approximate Zakat base or adjusted income, and charged to profit or loss.

Any additional amounts, if any, are recognized when they are determined for payment.

The Group withholds taxes on certain transactions with non-resident parties in the KSA, if any as required under Saudi Arabian Income Tax Law.

4.23 Financial instruments

Classification and measurement of financial assets and financial liabilities
On initial recognition, a financial asset is classified as measured at: amortized cost; FVOCI – debt investment; FVOCI – equity investment; or FVTPL.

A financial asset is measured at amortized cost if it meets both of the following conditions and is not classified at FVTPL.
- It is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- Its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

A debt instrument is measured at FVOCI only if it meets both of the following conditions and is not designated as at FVTPL:
- It is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- Its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

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4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

4.23 Financial instruments (continued)

On initial recognition of an equity investment that is not held for trading, the Group may irrevocably elect to present subsequent changes in the investment's fair value in OCI. This election is made on an investment-by-investment basis.

All financial assets not classified as measured at amortized cost or FVOCI as described above are measured at FVTPL. This includes all derivative financial assets.

On initial recognition, the Group may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortized cost or at FVOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

A financial asset (unless it is a trade receivable without a significant financing component that is initially measured at the transaction price) is initially measured at fair value plus, for an item not at FVTPL, transaction costs that are directly attributable to its acquisition.

The following accounting policies apply to the subsequent measurement of financial assets.

Financial assets at FVTPL	These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognized in profit or loss.
Financial assets at amortized cost	These assets are subsequently measured at amortized cost using the effective interest method. Amortized cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognized in profit or loss. Any gain or loss on derecognition is recognized in profit or loss.
Debt investments at FVOCI	These assets are subsequently measured at fair value. Interest income calculated using the effective interest method, foreign exchange gains and losses and impairment are recognized in profit or loss. Other net gains and losses are recognized in OCI. On derecognition, gains and losses accumulated in OCI are reclassified to profit or loss.
Equity investments at FVOCI	These assets are subsequently measured at fair value. Dividends are recognized as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognized in OCI and are never reclassified to profit or loss.

The Group has no debt investments at FVOCI or equity investments at FVOCI.

Derecognition

Financial assets
A financial asset (or part of a group of similar financial assets) is mainly derecognized (i.e. excluded from the Group's consolidated statement of financial position) in the following cases:

- The rights to receive cash flows from the asset have been expired.
- The Group has transferred its rights to receive cash flows from the asset, or assumed an obligation to pay cash flows received in full without delay to a third party under a "pass" arrangement; (a) substantially transferred all the risks and rewards of the asset; or (b) transferred control over the asset and the Group has neither transferred nor retained substantially the risks and rewards of the financial asset.

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4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

4.23 Financial instruments (continued)

Financial liabilities
The Group derecognizes financial liabilities when its contractual obligations are discharged, cancelled, or expired. The Group also derecognize financial liabilities when the terms and cash flows of the modified obligation are substantially modified, in which case a new financial liability is recognized based on the modified terms at fair value.

On disposal of a financial liability, the difference between the amortized carrying amount and the amount paid (including any non-cash assets transferred or charged liabilities) is recognized in the consolidated statement of profit or loss.

Impairment of financial assets
The financial assets at amortized cost consist of trade receivables and cash and cash equivalents. Loss provisions are measured on the bases of Expected Credit Losses ("ECLs") over lifetime of a financial instrument: these are ECLs that result from all possible default events over the expected life of a financial instrument.

'The Group measures loss allowances at an amount equal to lifetime ECLs.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort.

This includes both quantitative and qualitative information and analysis, based on the Group's historical experience and informed credit assessment and including forward-looking information.

Expected credit loss ("ECL") assessment for accounts receivables
The Group applies IFRS 9 simplified approach for measuring ECL, which uses a lifetime expected loss allowance. The method is applied for assessing an allowance against:
- financial assets measured at amortized cost; and
- contract assets

The expected loss rates are based on the payment profiles of receivables before each reported period and corresponding historical credit losses experienced within this period. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables. The Group has identified Gross Domestic Product ("GDP") of KSA (the country in which it renders the services) to be the most relevant factor, and accordingly adjusts the historical loss rates based on expected changes in these factors.
The expected loss approach breaks the total loss amount modelling into following parts: probability of default ("PD"), loss given default ("LGD"), exposure at default ("EAD"). These are briefly described below:
- LGD: This is an estimate of the loss arising on default. It is based on the difference between the contractual cash flows due and those that the lender would expect to receive, including from any collateral. It is usually expressed as a percentage of the EAD
- PD: the likelihood of a default over a particular time horizon
- EAD: This is an estimate of the exposure at a future default date, taking into account expected changes in the exposure after the reporting date, including repayments of principal and interest, and expected drawdowns on committed facilities.

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4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

4.23 Financial instruments (continued)

Credit-impaired financial assets
At each reporting date, the Group assesses whether financial assets carried at amortized cost are credit impaired. A financial asset is "credit impaired" when one or more events that have a detrimental impact on the estimated future cash flows of the financial assets have occurred.

Evidence that a financial asset is a credit impaired includes:
- Significant financial difficulties faced by the Group`s customers;
- A breach of contract such as a default or past due event;
- Rescheduling of financing by the group on terms that are not favorable to the group;
- Imminent bankruptcy or other financial reorganization of the customer;
- The absence of an active market for that financial instrument due to financial difficulties.

Presentation of allowance for ECL in the consolidated statement of financial position
Impairment losses in financial assets measured at amortized cost are deducted from the gross carrying amount of the assets.

Write-off
Financial assets are written off (either partially or in full) when the group has no reasonable expectations of recovery. The group also performs an individual assessment of each customer in order to determine the value and timing of write-offs, based on whether there are reasonable expectations of recovery.

However, financial assets that are written off are still subject to enforcement activities in order to comply with the group`s procedures for recovery of amounts due.
In the event that the amount to be written off exceeds the accumulated loss allowance, the difference is initially considered as an additions to the provision that is applied to the gross carring amount.
Any subsequent recoveries are credited to other income.

Impaired financial assets
At each reporting date, the Group assesses whether financial assets carried at amortized cost and debt securities at FVOCI are impaired. A financial asset is impaired when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Presentation of impairment
Loss provisions for financial assets are deducted from the gross carrying amount of the assets.
Impairment losses related to trade receivables, if any, are presented in the consolidated statement of profit or loss under a separate item.

Financial liabilities
Financial liabilities are classified as measured at amortized cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held-for-trading, it is a derivative or it is designated as such on initial recognition.

Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognized in profit or loss.

Other financial liabilities are subsequently measured at amortized cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognized in profit or loss. Any gain or loss on derecognition is also recognized in profit or loss.

4.24 Contingent liabilities
They are liabilities that may arise from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group, or present obligation not recorded because it is not probable that an outflow of resources will be required to settle the obligation. In case the amount of the obligation cannot be measured with sufficient reliability, this amount is not recognized as contingent liabilities but disclosed in the consolidated financial statements.

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4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

4.25 NEW STANDARDS OR AMENDMENTS FOR 2021 ISSUED AND FORTHCOMING REQUIREMENT

The following are a number of standards, amendments and interpretations of standards that were issued by the IASB as at 31 August 2021.

New currently effective requirements:

Effective Date	New standards and amendments
1 January 2021	Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 – Interest rate reform - second phase.
1 April 2021	COVID-19-Related Rent Concessions beyond 30 June 2021 (Amendment to IFRS 16)

Management assessed the financial impact and there is no impact on the consolidated financial statements as at 31 December 2021.

Forthcoming Requirement:
The below pronouncements are effective for subsequent annual periods and earlier application is permitted. The Group has not early adopted the new or amended standards in preparing these financial statements. The impact of these standards on the Group is not expected to be material when the below standards and amendments are applied.

The following are a number of standards, amendments and interpretations of standards that were issued by the IASB in 2021 .

New requirements that will be applied subsequently:

Effective for annual periods beginning on or after	New standards and amendments
1 January 2022	A number of narrow-scope amendments to IFRS 3, IFRS 16 and some annual improvements on IFRS 1, IFRS 9, IFRS 41 and IFRS 16
1 January 2022	Onerous Contracts – Cost of Fulfilling a Contract Amendments to IAS 37)).
	Annual Amendments to IFRSs (2018 - 2020 Cycle).
	Property, Plant and Equipment: Proceeds before Intended Use (Amendments to IAS 16).
	Reference to the Conceptual Framework (Amendments to IFRS 3).
1 January 2023	Classification of liabilities as current/non-current-Amendments to IAS 1
	IFRS 17 – Insurance Contracts
	Definition of accounting estimate – amendments to IAS 8
	Disclosure of accounting policies – amendments to IAS 1 and IFRS practice statement 2
	Deferred Tax related to Assets and liabilities arising from a Single transaction (Amendments to IAS 12)
Available for optional adoption/Effective date deferred indefinitely	Sale or contribution of assets between the investor and its associate or joint venture (Amendments to IFRS 10 and IAS 28).

The management estimated that the application of the new standards and amendments has no significant impact on the consolidated financial statements of the Group as at 31 December 2021.

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5. SIGNIFICANT ACCOUNTING ESTIMATES AND ASSUMPTIONS

The estimates used by the Group to present these amounts in accordance with IFRS as endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements issued by SOCPA reflect the circumstances at the date of transition to IFRS and as at the end of the earliest reporting period presented.

The preparation of the Group's Consolidated Financial Statements requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures, and the disclosure of contingent liabilities.

Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in future periods.

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below.

The Group based its estimates on information available in preparation of consolidated financial statements. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising beyond the control of the Group. These changes are reflected in the assumptions when they occur.

Measurement of ECLs
ECLs are a probability-weighted estimate of credit losses. They are measured as follows:

- financial assets that are not credit-impaired at the reporting date: as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Group expects to receive);
- financial assets that are credit-impaired at the reporting date: as the difference between the gross carrying amount and the present value of estimated future cash flows.

Defined benefit plans
The cost of end of service defined benefit and the present value of the related obligation are determined using actuarial valuations. An actuarial valuation involves making various assumptions which may differ from actual developments in the future. These include the determination of the discount rate, future salary increases, withdrawal before normal retirement age and mortality rates. Due to the complexity of the valuation, the underlying assumptions and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions.

All assumptions are reviewed at each reporting date.

The parameter most subject to change is the discount rate. In determining the appropriate discount rate, management considers the interest rates of corporate bonds in currencies consistent with the currencies of the post-employment benefit obligation with at least an 'AA' rating or above, as set by an internationally acknowledged rating agency, and extrapolated as needed along the yield curve to correspond with the expected term of the defined benefit obligation.

The underlying bonds are further reviewed for quality.

Those having excessive credit spreads are removed from the analysis of bonds on which the discount rate is based, on the basis that they do not represent high quality bonds.

The mortality rate is based on publicly available mortality tables for the specific countries. Those mortality tables tend to change only at intervals in response to demographic changes.

Future salary increases and are based on expected future inflation rates for the respective countries.

Impairment of accounts receivable
These are disclosed in Note (4) - Financial Instruments.

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6. PROPERTY AND EQUIPMENT

Cost	Land	Buildings	Leasehold improvements	Furniture, fixtures and office equipment	Motor vehicles	Total
As at 1 January 2020	5,344,155	4,566,501	2,387,366	7,016,885	3,388,233	**22,703,140**
Additions during the year	-	-	107,957	607,370	345,000	**1,060,327**
Disposals during the year	-	-	-	-	(155,500)	**(155,500)**
As at 31 December 2020	**5,344,155**	**4,566,501**	**2,495,323**	**7,624,255**	**3,577,733**	**23,607,967**
Additions during the year	-	-	85,905	705,340	-	**791,245**
Disposals during the year	-	-	-	(1,169,666)	(59,149)	**(1,228,815)**
As at 31 December 2021	**5,344,155**	**4,566,501**	**2,581,228**	**7,159,929**	**3,518,584**	**23,170,397**
Accumulated depreciation						
As at 1 January 2020	-	257,708	1,991,569	4,703,061	2,433,481	**9,385,819**
Charge for the year	-	215,964	169,330	874,100	558,410	**1,817,804**
Disposals during the year	-	-	-	-	(155,500)	**(155,500)**
As at 31 December 2020	**-**	**473,672**	**2,160,899**	**5,577,161**	**2,836,391**	**11,048,123**
Charge for the year	-	226,264	146,461	835,670	497,980	**1,706,375**
Disposals during the year	-	-	-	(1,160,153)	(59,149)	**(1,219,302)**
As at 31 December 2021	**-**	**699,936**	**2,307,360**	**5,252,678**	**3,275,222**	**11,535,196**
Net book value						
As at 31 December 2021	**5,344,155**	**3,866,565**	**273,868**	**1,907,251**	**243,362**	**11,635,201**
As at 31 December 2020	**5,344,155**	**4,092,829**	**334,424**	**2,047,094**	**741,342**	**12,559,844**

Depreciation for the year has been allocated as follows:

	2021	2020
Cost of revenue *(Note 22)*	**1,031,806**	1,183,712
General and administration expenses *(Note 24)*	**638,704**	535,948
Selling and marketing expenses *(Note 23)*	**35,865**	98,144
	1,706,375	1,817,804

As at 31 December 2021, Property and Equipment include fully depreciated assets with an original cost of SR 5,607,808 and they are still in use and the management does not expect to achieve substantial future economic benefits from these assets.

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7. INTANGIBLE ASSETS

Intangible assets represent computer software, application and website. Movement in the balances during 2021 and 2020 is as follows:

	Computer Software	Other intangible assets	Total
Cost			
At 1 January 2020	3,274,126	-	3,274,126
Additions during the year	191,325	543,750	735,075
At 31 December 2020	**3,465,451**	**543,750**	**4,009,201**
Additions during the year	**949,495**	**237,800**	**1,187,295**
At 31 December 2021	**4,414,946**	**781,550**	**5,196,496**
Accumulated amortization:			
At 1 January 2020	2,133,238	-	2,133,238
Amortization during the year	563,654	-	563,654
At 31 December 2020	**2,696,892**	**-**	**2,696,892**
Amortization during the year	**568,026**	**144,922**	**712,948**
At 31 December 2021	**3,264,918**	**144,922**	**3,409,840**
Net book value:			
At 31 December 2021	**1,150,028**	**636,628**	**1,786,656**
At 31 December 2020	**768,559**	**543,750**	1,312,309

Amortization for the year has been allocated as follows:

	2021	2020
Cost of revenue *(Note 22)*	**34,564**	-
General and administration expenses *(Note 24)*	**443,702**	563,654
Selling and marketing expenses *(Note 23)*	**234,682**	-
	712,948	563,654

8. LEASES

A. Right of use

Right of use assets relates to leased Vehicles and building. It is amortized on a straight-line basis over the lease term as shown below:

	Lease terms
Vehicles	4 Years
Building	3-5 Years

Movement of right of use assets per class is shown below:

	Vehicles	**Building**	**Total**
Cost			
As at 1 January 2020	**18,347,137**	**10,478,060**	**28,825,197**
Additions during the year	**7,439,872**	**5,254,330**	**12,694,202**
Disposals during the year	**(103,727)**	**(135,136)**	**(238,863)**
As at 31 December 2020 and at 1 January 2021	**25,683,282**	**15,597,254**	**41,280,536**
Additions during the year	**2,709,592**	**4,020,181**	**6,729,773**
Disposals during the year	**(1,942,404)**	**-**	**(1,942,404)**
As at 31 December 2021	**26,450,470**	**19,617,435**	**46,067,905**

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8. LEASES (CONTINUED)

	Vehicles	Building	Total
Accumulated depreciation			
As at 1 January 2020	**(3,453,036)**	**(1,987,866)**	**(5,440,902)**
Depreciation for the year	**(6,484,731)**	**(3,904,493)**	**(10,389,224)**
As at 31 December 2020 and at 1 January 2021	**(9,937,767)**	**(5,892,359)**	**(15,830,126)**
Depreciation for the year	**(6,325,104)**	**(4,605,115)**	**(10,930,219)**
Disposals during the year	**1,136,971**	**-**	**1,136,971**
As at 31 December 2021	**(15,125,900)**	**(10,497,474)**	**(25,623,374)**
Net book value			
As at 31 December 2021	**11,324,570**	**9,119,961**	**20,444,531**
As at 31 December 2020	15,745,515	9,704,895	25,450,410

B. Lease liabilities

	31 December 2021	31 December 2020
As at 1 January	**24,837,949**	22,075,971
Additions during the year	**6,729,773**	12,694,202
Disposals during the year	**(741,120)**	(238,862)
Finance costs during the year	**1,069,639**	1,458,777
Payments during the year	**(12,385,127)**	(11,152,139)
As at 31 December	**19,511,114**	24,837,949

Lease liabilities have been presented in the statement of financial position as follows:	**31 December 2021**	31 December 2020
Lease liabilities - current portion	**12,216,023**	10,930,443
Lease liabilities – non-current portion	**7,295,091**	13,907,506

Lease liabilities have been discounted using a discount rate 5%

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9. USED AND UNUSED VISAS AND OTHER NON-CURRENT ASSETS

The unused visas represent the value of the visas paid to ministry of labor and have not been used until the date of the statement of financial position.

The amounts of the visas are transferred to the used visas upon the arrival of the recruited manpower to the territory of the Kingdom of Saudi Arabia.

The movement of the visa balance during the year is as follows:

	31 December 2021	31 December 2020
At the beginning of the year	**25,342,000**	19,706,000
Purchased visas during the year	**22,894,000**	12,486,000
Expired visas refunded during the year	**(2,996,000)**	(986,000)
Transferred to used visas	**(17,456,000)**	(5,864,000)
Unused visas as at the end of the year (*)	**27,784,000**	25,342,000
Add: used visas balance - non-current portion *(Note 11)*	**6,731,000**	1,377,000
Less: unused visas balance - current portion *(Note 11)*	**(10,206,000)**	(8,424,000)
Used and unused visas as at the end of the year	**24,309,000**	18,295,000
Add: Recruitment fees – non-current portion	**17,135,235**	2,239,036
	41,444,235	20,534,036

(*) The unused visas were analyzed as follows:		
Unused visas - current portion	**10,206,000**	8,424,000
Unused visas - non-current portion	**17,578,000**	16,918,000

10. TRADE RECEIVABLES

	31 December 2021	31 December 2020
Trade receivables	**112,684,252**	103,587,043
Less: allowance for expected credit losses	**(28,519,911)**	(22,827,043)
	84,164,341	80,760,000

The Group applies the simplified approach in IFRS 9 to measure the expected credit loss which uses a lifetime expected loss allowance for all trade receivables.

Movement in impairment of accounts receivable balances during the year is as follows:

	31 December 2021	31 December 2020
Balance at 1 January	**22,827,043**	14,991,144
Provided during the year	**8,716,746**	7,835,899
Trade receivables written-off during the year	**(3,023,878)**	-
Balance at 31 December	**28,519,911**	22,827,043

Trade receivables are written-off when there is no reasonable expectation of recovery. Indications that there are no reasonable expectations of collection include, among other things, the debtor's failure to agree on a payment plan with the Group and the failure to make contractual payments.

The balance of trade receivables as at 31 December 2021 includes an amount of SR 22 million secured by bank guarantees, promissory notes and term cheques (2020: SR 20 million).

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11. PREPAYMENTS AND OTHER CURRENT ASSETS

	31 December 2021	31 December 2020
Due from Zakat, Tax and custom Authority *	**45,623,027**	21,955,089
Residency and work permit fees	**35,333,145**	29,015,897
Recruitment fees – current portion	**24,616,216**	13,514,147
Unused visas - current portion *(Note 9)*	**10,206,000**	8,424,000
Advances to suppliers	**3,409,313**	5,057,609
Used visas - current portion **	**5,320,614**	4,008,724
Advances to employees	**4,315,444**	1,236,591
Prepaid other expenses	**2,557,028**	1,735,908
others	**5,895,088**	2,498,614
	137,275,875	87,446,579
Less: impairment of other current assets ***	**(1,110,899)**	(2,711,409)
	136,164,976	84,735,170

(*) During the month of December 2020, the Zakat, Tax and Customs Authority (ZATCA) re-evaluated the VAT returns submitted by the company for the periods from May 2018 to December 2019 with a VAT difference of SR 21,955,089. The dispute mainly relates to recalculation of the ZTCA VAT on salaries and government fees for the workers outsourced their services to the Group's customers, in violation of the value-added tax regulations, the implementing regulations and the guideline for applying the VAT on employee benefits. The company's management paid the total tax differences to benefit from the ZATCA's initiative to exempt from the fines that existed at that time, and submitted objections to all periods to the ZATCA with all evidence and support, and even correspondence with the ZATCA in particular, which supported the validity of the VAT returns submitted by the company.

In March 2021, the company received the ZATCA's decision to reject the objections submitted for the above-mentioned differences, so the company's management took a decision to amend the VAT returns for the periods from January 2020 to February 2021 and pay the tax differences totaling SR 26,489,954, to take advantage of the initiative to exempt from fines in order to spare the company any risks that may result when the dispute is finally resolved, noting that the company paid fines for the months of December 2020 and January 2021, for being outside the scope of the ZATCA's initiative to exempt from fines, with a total amount of SR 325,918.

The company filed a grievance against the ZATCA's decision with the General Secretariat of the Tax Committees (GSTC) and issued debit notes to its customers and related parties to VAT differences related to the workers seconded to them for all the periods referred to above for a total amount of SR 48,445,043 so that they can deduct the amounts that It belongs to them in their VAT returns, and the company has also changed the method of calculating the VAT to include the salaries of seconded workers and any other items included in the invoices as of March 2021 until the dispute is settled.

Certain clients have paid the VAT differences related to the labor they work for totaling SR 3,147,934, and others have requested to postpone the payment until the dispute is finally decided upon by the GSTC, relying on the validity of the invoices received from the company for the mentioned periods and that they were correct in accordance with the VAT regulations, VAT implementing regulation and the VAT guides.

On October 28, 2021, the session set by the GSTC was attended by representatives of the company and its tax advisor. After hearing the two parties to the dispute, the committee's decision at the end of the session was in the interest of the company, as the ZATCA's decision to re-evaluate the returns submitted by the company was cancelled.

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11. PREPAYMENTS AND OTHER CURRENT ASSETS (CONTINUED)

On 12 January, 1 February and 6 February of 2022, the company have been received a formal decision from GSTC for all cases (20 months).

ZATCA appealed the GSTC's decisions, and on February 13, and March 1, 2022, the company received notifications from GSTC and gave the company a period of 45 working days to submit a memorandum of response to the ZATCA's appeal. The company has already submitted a response memorandum in mid of April 2022

On the date of issuing these financial statements, the company is waiting for a hearing seating by the GSTC, and the management believes that this dispute will not have any negative impact on the company.

(**) The movement of balance of visas during the year was as follows:

	31 December 2021	31 December 2020
Balance at 1 January	**5,385,724**	12,480,071
Used visas transferred during the year	**17,900,512**	5,916,418
Amortization during the year	**(11,234,622)**	(13,010,765)
Balance at 31 December	**12,051,614**	5,385,724
The used visas were analyzed as follows:		
Used visas - current portion	**5,320,614**	4,008,724
Used visas - non-current portion (Note 9)	**6,731,000**	1,377,000

(***) The movement in the impairment of prepaid expenses and other current assets during the year is as follows:

	31 December 2021	31 December 2020
Balance at 1 January	**2,711,409**	2,711,409
Receivables written off during the year	**(1,600,510)**	-
Balance at 31 December	**1,110,899**	2,711,409

12. TRANSACTIONS AND BALANCES WITH RELATED PARTIES

Related parties represent key management personnel, members of the board of directors, shareholders of the Group and their associates. Related parties also include business entities in which some members of the board of directors or key management personnel have an interest (other related parties).

Transactions with related parties are carried out in accordance with the terms and conditions approved by the Group's management or the Board of Directors.

The following are the most significant transactions with related parties carried out by the Group:

a) Key management personnel compensation:

	2021	2020
Employees' salaries and other short-term benefits	**7,353,892**	5,729,690
Post-employment benefits	**279,266**	225,219
	7,633,158	5,954,909

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12. TRANSACTIONS AND BALANCES WITH RELATED PARTIES (CONTINUED)

b) Board of Directors' remuneration and allowances

	2021	2020
Board remunerations	**1,300,000**	1,200,000
Allowances and compensations for board committees	**92,000**	55,000
	1,392,000	1,255,000

c) Business transactions with related parties

The following table presents amounts of business transactions that carried out with related parties during the year ended 31 December 2021 and 2020 and the balances due from / to related parties at the end of those years.

	Nature of relationship	Nature of transactions	Amounts of transactions **2021**	2020
MawaridKum Group Trading company	A Shareholder	Revenue against rendering labor services	**70,060,027**	80,223,981
		Cost of labor paid on behalf of shareholder	**8,017,665**	8,302,764
Al-Ayuni Investment and Contracting Company	A Shareholder	Revenue against rendering labor services	**21,467,712**	20,728,360
		Cost of labor paid on behalf of shareholder	**6,465,618**	4,164,248
Khalda Group Trading Company	A Shareholder	Revenue against rendering labor services	**369,130**	249,756
		Cost of labor paid on behalf of shareholder	**10,530**	28,115
		Project management fees to the shareholder	**203,580**	447,750
Other related parties	Entities under common control	Revenue against rendering labor services	**7,864,036**	8,049,090
		Cost of labor paid on behalf of shareholder	**2,205,916**	2,992,690

d) Balances of related parties

The following table presents the balances due from / to related parties at 31 December 2021 and 2020.

	31 December 2021	31 December 2020
Due from related parties		
Mawarid Kum Group Trading company	**31,599,562**	21,047,766
Al-Ayuni Investment and Contracting Company	**17,765,186**	11,969,481
Other related parties	**3,025,540**	589,355
	52,390,288	33,606,602
Due to related parties		
Khalda Group Trading Company	**728,187**	724,160
	728,187	724,160

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13. INVESTMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS "FVTPL"

The investments at FVTPL represent investment in units of a mutual fund, namely "Al Rajhi Commodity SAR Fund", the value of which as at 31 December 2021 amounted to SR 30,387,909 (2020: SR 45,097,903). The average return on these investments during the year 2021 is 0,95% on average annually (2020: 1.20% on average annually).

The movement in the investments in FVTPL during the year is as follows:

	31 December 2021	31 December 2020
Balance at 1 January	**45,097,903**	16,018,708
Additions during the year	**30,000,000**	46,116,611
Disposals during the year	**(45,097,903)**	(17,354,299)
Change in fair value	**387,909**	316,883
Balance at 31 December	**30,387,909**	45,097,903

14. CASH AND CASH EQUIVALENTS

	31 December 2021	31 December 2020
Cash at banks	**26,612,348**	63,763,508
Cash in hand	**14,804**	122,226
	26,627,152	63,885,734

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15. SHARE CAPITAL

As at 31 December 2021, the share capital consists of 10 million shares (2020: 10 million shares) with a nominal value of SR 10 each.

During the year 2021, the new shareholder, Mr. Abdulaziz Saleh Al-Suwaiyel, bought all the shares owned by the previous shareholder, Mohammed Hamad Al Muzaini Recruitment Office, with their rights and obligations.

The ownership structure of the Company's capital as at the end of 2021 and 2020:

	31 December 2021			31 December 2020		
Shareholder's name	**Number of shares**	**Shareholding**	**value SR**	Number of shares	Shareholding	value SR
Al Omaier Trading and Contracting Company	**3,419,654**	**34.196%**	**34,196,540**	3,419,654	34.196%	34,196,540
Al-Ayuni Investment and Contracting Company	**3,419,654**	**34.196%**	**34,196,540**	3,419,654	34.196%	34,196,540
Charry Trading Company	**945,750**	**9.458%**	**9,457,500**	945,750	9.458%	9,457,500
Khalda Group Trading Company	**721,500**	**7.215%**	**7,215,000**	721,500	7.215%	7,215,000
Mawaridkum Group Trading Company	**666,418**	**6.664%**	**6,664,180**	666,418	6.664%	6,664,180
Al Saraya Investment Company	**520,163**	**5.202%**	**5,201,630**	520,163	5.202%	5,201,630
Riyadh bin Ibrahim Al-Romaizan	**256,861**	**2.569%**	**2,568,610**	256,861	2.569%	2,568,610
Global office for manpower recruitment	**40,000**	**0.400%**	**400,000**	40,000	0.400%	400,000
Abdulaziz Saleh Al Suwaiyel	**10,000**	**0.100%**	**100,000**	-	-	-
Mohammed Hamad Al Muzaini Recruitment Office	**-**	**-**	**-**	10,000	0.100%	100,000
	10,000,000	**100%**	**100,000,000**	10,000,000	100%	100,000,000

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16. RESERVES

16.1 Statutory reserve

In accordance with the provisions of the Regulations for Companies in the Kingdom of Saudi Arabia and the Company's By-Laws, the Company is required to set aside 10% of the annual net income to the statutory reserve until this reserve equals 30% of the capital.

This reserve is not available for distribution to the shareholders of the Company currently.

16.2 Contractual reserve

The shareholders of the Company, at the General Assembly meeting held on 27 June 2021, agreed to set aside SR 12,285,183 of the net income for the year 2020 to the contractual reserve (2020: SR 7,714,817 of the net income for the year 2019). This reserve created to support the company in unforeseen financial difficulties.

17. DIVIDENDS

At the General Assembly meeting held on 27 June 2021, the Company's shareholders approved the cash dividends distribution to shareholders for the year ended 31 December 2020 in the amount of SR 20 million at SR 2 per share, and it has been paid in full (2020: SR 20 million as a dividends distribution for the year ended 31 December 2019).

18. EMPLOYEES END OF SERVICE BENEFITS

The Group operates a defined benefit plan in line with the Labor Law requirement in the Kingdom of Saudi Arabia.

The amounts paid at the end of service under the plan are calculated on the basis of the employees' last salaries and allowances and the number of their accumulated years of service as on the date of the end of their services, as outlined in the labor law in force in the Kingdom of Saudi Arabia.

Employees' end-of-service benefit plans are unfunded. Benefits payment liabilities are met when due.

The below table outlines the movement of employees' benefits liabilities during 2021 and 2020:

	2021	2020
Balance at 1 January	**21,725,880**	18,607,908
Included in profit or loss		
Current service cost	**10,207,820**	11,247,705
Interest expense	**242,449**	524,231
Payments and settlements	**(6,634,250)**	(5,398,913)
Included in OCI		
Remeasurement loss (Gain)	**2,042,899**	(3,255,051)
Balance at 31 December	**27,584,798**	21,725,880

(a) The amounts recognized in the consolidated statement of profit or loss and other comprehensive income relating to employees' benefits liabilities are as follows:

	2021	2020
Current service cost	**10,207,820**	11,247,705
Interest expense	**242,449**	524,231
Total amounts recognized in profit or loss	**10,450,269**	11,771,936
Re-measurement		
Remeasurement (loss) gains on employees' benefits liabilities	**2,042,899**	(3,255,051)

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18. EMPLOYEES END OF SERVICE BENEFITS (CONTINUED)

(b) Key actuarial assumptions

	2021	2020
Discount rate	**2,3%**	1,3%
Salary growth rate	**1,3%**	1,3%
Morality rate	**0,1%**	0,1%
Employees turnover/resignations	**33%**	50%
Retirement age	**60 years**	60 years

(c) Sensitivity analysis for actuarial assumptions
The sensitivity analysis is based on a change in an assumption while holding all other assumptions constant. In practical terms, this is not likely to happen, and changes in some assumptions may be linked to each other.

When calculating the sensitivity of the defined benefit obligations to significant actuarial assumptions, the same method (present value of the defined benefit obligations calculated with the projected unit credit method at the end of the reporting period) has been applied as when calculating the end-of-service benefits.

A quantitative sensitivity analysis for significant assumptions on the employees' benefits are shown below:

	31 December 2021	31 December 2020
Discount rate		
Increase by 1%	**24,919,911**	20,827,489
Decrease by 1%	**28,056,416**	22,461,703
Expected salary increase		
Increase by 1%	**28,195,709**	22,563,450
Decrease by 1%	**24,768,449**	20,717,064

19. TRADE PAYABLES AND OTHER CURRENT LIABILITIES

	31 December 2021	31 December 2020
Accrued vacations and air tickets	**38,652,747**	36,276,924
Accrued salaries and bonuses	**23,523,185**	21,727,714
Contract liabilities	**18,706,212**	21,486,810
Trade payables	**10,579,820**	8,798,026
Financial consideration	**256,396**	4,983,894
Value Added Tax ("VAT")	**8,377,238**	4,071,571
Accrued commission	**1,405,518**	1,853,234
Remunerations and allowances for members and committees of the Board of Directors	**1,516,000**	1,362,000
Accrued social insurance	**1,269,608**	890,899
Provision for claims (*)	**-**	478,708
Others	**4,197,142**	2,251,938
	108,483,866	104,181,718

Trade payables are unsecured and are normally paid within 30 days of recognition. The carrying value of trade payables and other current liabilities approximates their fair value, due to their short-term nature.

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19. TRADE PAYABLES AND OTHER CURRENT LIABILITIES (CONTINUED)

(*) The movement of provision claims during the year is as follows:

	31 December 2021	31 December 2020
Balance at 1 January	**478,708**	750,000
Claims paid during the year	**(443,000)**	-
Provisions no longer required	**(35,708)**	(271,292)
Balance at 31 December	**-**	478,708

20. ZAKAT

(a) The Group's consolidated Zakat liabilities consist of Zakat that has been calculated on the basis of the separate financial statements of each individual company.

(b) Provision for Zakat

The movement on provision for Zakat is as follows:

	31 December 2021	31 December 2020
Balance at 1 January	**6,624,919**	4,369,816
Prior year differences	**194,007**	29,984
Paid during the year	**(6,625,936)**	(4,398,713)
Provision for the year	**6,594,971**	5,627,321
	6,787,961	5,628,408
Zakat assessment differences	**-**	996,511
Balance at 31 December	**6,787,961**	6,624,919

(c) Status of final assessments
The Company and its subsidiaries filed Zakat returns to the Zakat, Tax and Customs Authority “ZATCA", and obtained a Zakat certificate until the end of the fiscal year ended 31 December 2021.

During 2021, the Company received the final assessments for the years 2015 to 2018 with Zakat differences totaling SR 2,069,020. An amount of SR 994,329 has been approved and paid by the Company, and it objected to the rest of the claim. ZATCA accepted certain items for an amount of SR 502,467 and rejected the objection to items amounting to SR 572,224, and accordingly the Group escalated to the General Secretariat of the Tax Committees “GSTC”. Up to the date of issuance of these financial statements, the escalation submitted by the Group has not been resolved.

On 14 March 2022, the Company received a notification from GSTC stating that the hearing setting is scheduled for 5 June 2022, and the group’s management believes that this dispute will not have a significant impact on the Company. As of the date of issuance of these consolidated financial statements, the final assessment for the years ended 31 December 2019 and 2020 has not been received.

The necessary provisions have been calculated for the items mentioned in the aforementioned zakat assessments and approved by the company for the years that have not yet been assessed.

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20. ZAKAT (CONTINUED)

The subsidiary company, Musanid Almawarid for Operation and Maintenance company have received the final zakat assessment for the year 2018 with zakat differences of SR 72,780, and an amount of SR 2,182 was approved and paid, and the rest of the amount was objected to, but the objection was rejected by ZATCA. The company escalates the grievance against the ZATCA's decision to GSTC. GSTC's decision was issued in support of ZATCA's assessment, based on the fact that the company did not submit the required documents, which is an incorrect reliance. An appeal was submitted to the decision, and the hearing setting is awaited by GSTC. The group's management believes that there will be no significant impact of this dispute on the group.

The subsidiary company, Sawaid Recruitment Company has not received any Zakat assessment from ZATCA, knowing that the first Zakat declaration submitted by the subsidiary is for the year 2020.

21. REVENUES

In the following tables, revenues are disaggregated by type of sector, customer and duration of contracts:

Type of Sector

	2021	2020
Corporate	**433,679,115**	476,273,552
Individuals	**126,899,643**	152,098,515
Hourly "Hemma"	**103,144,391**	58,284,241
	663,723,149	686,656,308

Type of Customer

	2021	2020
Individuals	**230,044,034**	210,382,756
Operation and Maintenance	**96,592,577**	119,806,567
Hospitality	**93,391,065**	88,759,229
Constructions	**62,269,569**	109,137,140
Commercial and services	**60,132,011**	55,453,025
Healthcare	**32,374,020**	21,684,615
Transportation	**29,684,223**	30,602,527
Manufacturing	**24,005,831**	21,368,015
Other	**35,229,819**	29,462,434
	663,723,149	686,656,308

Duration of contracts

	2021	2020
More than one year	**472,625,042**	520,747,678
One year and less	**191,098,107**	165,908,630
	663,723,149	686,656,308

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22. COST OF REVENUES

	2021	2020
Labors' salaries and benefits	**437,984,022**	463,493,470
Government and other direct costs	**101,032,065**	117,542,122
Depreciation of right of use assets	**10,780,072**	8,895,618
Utilities	**3,284,071**	3,227,985
Bank charge	**2,594,862**	1,344,048
Catering expenses	**1,764,225**	1,258,283
Accommodation	**1,420,985**	1,289,822
Depreciation and amortization *(Notes 6 & 7)*	**1,066,370**	1,183,712
Finance cost of leases	**1,068,179**	1,456,171
Operating expenses	**5,868,872**	5,494,099
	566,863,723	605,185,330

23. SELLING AND MARKETING EXPENSES

	2021	2020
Employees' salaries and benefits	**5,022,461**	4,351,382
Advertisement and publicity	**548,614**	1,488,069
Selling and marketing expenses	**838,054**	1,070,098
Depreciation and amortization *(Notes 6 & 7)*	**270,547**	98,144
Travel and transport	**16,695**	44,554
Utilities	**42,914**	14,482
Others	**64,540**	13,842
	6,803,825	7,080,571

24. GENERAL AND ADMINISTRATIVE EXPENSES

	2021	2020
Employees' salaries and benefits	**15,259,743**	12,456,692
Remuneration and allowances for board committees	**1,576,000**	1,362,000
Depreciation and amortization *(Notes 6 & 7)*	**1,082,406**	1,099,602
Professional and consultancy fees	**1,905,501**	563,075
Technical and other services	**1,183,579**	1,143,196
Utilities	**561,090**	492,750
Government and subscriptions fees	**270,161**	219,518
Bank charges	**137,005**	385,338
Repair and maintenance	**101,091**	153,904
Stationery & printing	**303,169**	243,064
Others	**907,105**	1,092,212
	23,286,850	19,211,351

25 OTHER INCOME

	2021	2020
Refundable government fees	**2,010,785**	2,577,898
Provisions and entitlements no longer required	**1,070,760**	1,165,221
Revenues from labor accommodation canteens	**490,363**	482,639
Gains from investments in mutual funds	**387,909**	316,883
Support from the Human Resources Development Fund	**408,522**	301,322
(loss)/ Gain from disposal of property and equipment	**(1,884)**	29,850
Others	**31,471**	293,569
	4,397,926	5,167,382

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26. BASIC & DILUTED EARNINGS PER SHARE

Basic and diluted earnings per share are computed by dividing the net income for the year by the weighted average number of outstanding shares of 10 million shares for the two years ended 31 December 2021 and 2020, as follows:

	31 December 2021	31 December 2020
Net income for the year	**55,660,953**	45,856,723
Weighted average number of shares	**10,000,000**	10,000,000
Basic & diluted earnings per share from net income for the year	**5,57**	4,59

27. SEGMENTS INFORMATION

The operating segment is a component of the Group that:

- Performs activities from which revenues can be realized and expenses may be incurred,
- The results of its operations are constantly analyzed by management in order to make decisions regarding resource allocation and performance evaluation, and
- Financial information is available.

The group has the following three strategic divisions, which are its reported segments. These divisions offer services to different kinds of customer sectors and are managed through different strategies. The following summary describes the operations of each reportable sectors:

- **Corporate sector:** This sector relates to providing an expatriate and Saudi manpower services to companies, whose contracts are for two years.
- **Individual's sector:** This sector relates to providing a domestic labor services to individuals' clients ranging from the duration of their contracts ranges from month to two year.
- **Hourly sector:** This sector relates to the cleaning services provided to individuals' clients on hourly basis / visit, mostly each cleaning visit is four hours.

Major customer
Revenue from one customer of the group`s corporate sector represented approximately 9.72% (2020: 11.82%) of the group`s total revenues.

	2021			
	Corporate Sector	**Individuals Sector**	**Hourly Sector**	**Total**
Revenues	**433,679,115**	**126,899,643**	**103,144,391**	**663,723,149**
Cost of revenues	**(387,748,833)**	**(104,992,808)**	**(74,122,082)**	**(566,863,723)**
Gross Income	**45,930,282**	**21,906,835**	**29,022,309**	**96,859,426**

	2020			
	Corporate Sector	**Individuals Sector**	**Hourly Sector**	**Total**
Revenues	476,273,552	152,098,515	58,284,241	686,656,308
Cost of revenues	(417,611,821)	(123,384,255)	(64,189,254)	(605,185,330)
Gross Income (Loss)	58,661,731	28,714,260	(5,905,013)	81,470,978

Since the Group's activity depend on manpower services and have no direct connection to the Group's assets and liabilities, Therefore, it is not possible and impractical to disclose information pertaining to total assets and total liabilities pertaining to business segments.

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27. SEGMENTS INFORMATION (CONTINUED)

Unallocated income / (expenses)	31 December 2021	31 December 2020
Gross Income	**96,859,426**	81,470,978
Selling and marketing expenses	**(6,803,825)**	(7,080,571)
General and administrative expenses	**(23,286,850)**	(19,211,351)
Impairment loss on trade and other receivables	**(8,716,746)**	(7,835,899)
Other income	**4,397,926**	5,167,382
Profit from operations before Zakat	**62,449,931**	52,510,539
Zakat charge	**(6,788,978)**	(6,653,816)
Profit for the year after Zakat	**55,660,953**	45,856,723

28. CONTINGENT LIABILITIES AND COMMITMENTS

The employees' entitlements, which represent the obligation of employees' benefits and leave and travel tickets allowances, which are borne by some customers on behalf of the Group in accordance with the terms of the contract entered into with them upon the expiry of the workers' contracts amounted to SR 45,4 million as at 31 December 2021 (2020: SR 44,5 million).

A commercial bank, under the facility agreement signed with it, has issued a guarantee letter on behalf of the Group in favor of the Ministry of Human Resources and Social Development, which is a guarantee letter to issue a license in the amount of SR 10 million.

29. RISK MANAGEMENT

The Group is exposed to the following risks by using the financial instruments:
- Market risk
- Credit risk
- Liquidity risk

Risk management is carried out by the senior management under policies approved by the Board of Directors. Senior management identifies and evaluates, when appropriate, financial risks in close co-operation with the Group's operating units.

Financial assets and liabilities are offset and reported net in the consolidated financial statements when the Group has a legally enforceable right to set off the recognized amounts and when the Group intends to settle on a net basis, or to realize the asset and settle the liability simultaneously.

Market risk
Market risk is the risk that changes in market prices such as selling prices of products, profit rates and equity prices will affect the Company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return.

Currency risk
Currency risk is the risk that the value of a financial instruments may fluctuate due to change in foreign exchange rates. The Group transactions are primarily denominated in Saudi Riyals. The management believes that the currency risk is immaterial, as the exchange rate of the USD is fixed against the SAR, therefore, the currency exchange risk is immaterial.

Interest rate risk
Interest rate risk is the exposure to various risk associated with the effect of fluctuations in the prevailing interest rates on the Group's financial position and cash flows. The Group manages interest rate risk by regularly monitoring the interest rate levels of its interest-bearing financial instruments. The Group is not exposed to significant interest sensitivity risk.

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29. RISK MANAGEMENT (CONTINUED)

Credit risk

Credit risk is the risk that a party will not be able to meet its obligations to a financial instrument, causing financial losses to the other party. The Group does not believe that there are significant risks from balances due from related parties.

Financial assets that are subject to credit risk are limited to cash and cash equivalents, trade receivables and other current assets.

The cash and cash equivalents of the Company are deposited in public accounts with local banks with good credit ratings.

The Group only deals with high credit ratings financial institutions to limit the Group's exposure to credit risk.

The Group has put in place an approval process so that credit limits are applied to customers.

The management also continuously monitors exposure to credit risks towards customers and creates a provision against doubtful balances which is based on customer profile and previous payment dates. Existing customers' receivables are monitored on a regular basis.

At 31 December 2021, the exposure to credit risk for trade receivables was as follows:

	31 December 2021	31 December 2020
Trade receivables	**112,684,252**	103,587,043
Less: Allowance for expected credit losses	**(28,519,911)**	(22,827,043)
	84,164,341	80,760,000

The following table provides information about the exposure to credit risk and ECL for trade receivables as of 31 December 2021:

	Weighted average loss rate	**Gross carrying amount**	**Loss allowance**
Current (Not past due)	1.97%	52,956,978	1,045,660
1-30 Days past due	3.45%	6,916,763	238,520
31-60 Days past due	5.01%	3,104,623	155,512
61-90 Days past due	6.82%	2,892,183	197,363
91-180 Days past due	13.62%	3,490,226	475,408
181-360 Days past due	30.62%	4,982,761	1,525,653
More than 360 days past due	61.76%	38,340,718	23,678,351
Specific loss allowance	-	-	1,203,444
		112,684,252	**28,519,911**

The total maximum exposure to credit risk in the Group as at the reporting date is as follows:

	31 December 2021	31 December 2020
Investments at FVTPL	**30,387,909**	45,097,903
Cash and cash equivalents	**26,627,152**	63,885,734
Due from related parties	**52,390,288**	33,606,602
Prepayments and other current assets	**133,607,948**	82,999,262
	243,013,297	225,589,501

ALMAWARID MANPOWER COMPANY
(A Saudi Closed Joint Stock Company)
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
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(All amounts in Saudi Riyals unless otherwise stated)

29. RISK MANAGEMENT (CONTINUED)

Commission rate risk

It is the exposure to various risks associated with the effect of fluctuations in the prevailing interest rates on the Group's financial position and cash flows.

The Group's commission rate risk arises principally from loans and investments at fair value through profit or loss which are at floating commission rates and are subject to re-pricing on a regular basis. The management monitors these changes in commission rates.

The Group periodically analyzes the commission rate risk, taking into account any rescheduling of loans. It also calculates the financial impact on profits and losses by increasing/decreasing the commission rate by a certain percentage. This analysis is performed on liabilities that bear commission.

Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in raising funds to meet commitments associated with financial instruments.

Liquidity risk may result from the inability to sell a financial asset quickly and for an amount close to its fair value.

Liquidity risk is managed by monitoring it periodically to ensure the availability of sufficient funds through available banking facilities to meet any future liabilities.

The Group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its obligations as and when they fall due under normal and abnormal conditions without incurring unacceptable losses or risking damage to the Group's reputation.

For this purpose, the Group has maintained credit limits with various commercial banks in order to meet its liquidity requirements. As of 31 December 2021, the Group has an unused bank financing facility of SR 26 million (31 December 2020: SR 26 million) to manage short and long-term liquidity requirements.

The contractual maturities of the remaining financial liabilities as at 31 December 2021 and 2020 are listed below. These amounts are total and undiscounted and include contractual payments, excluding the effect of set-off agreements:

31 December 2021

		Contractual cash flow			
Financial liabilities	**Carrying value**	**Less than 1 Year**	**More than 1 to 3 Year**	**More than 3 to 5 Year**	**Total**
Retained deposits	**7,752,265**	**7,752,265**	**-**	**-**	**7,752,265**
Trade payables and Contract liabilities	**29,286,032**	**29,286,032**	**-**	**-**	**29,286,032**
Lease liability	**19,511,114**	**12,216,023**	**7,295,091**	**-**	**19,511,114**
	56,549,411	**49,254,320**	**7,295,091**	**-**	**56,549,411**

31 December 2020

		Contractual cash flow			
Financial liabilities	Carrying value	Less than 1 Year	More than 1 to 3 Year	More than 3 to 5 Year	Total
Retained deposits	8,705,216	8,705,216	-	-	8,705,216
Trade payables and Contract liabilities	30,284,836	30,284,836	-	-	30,284,836
Lease liability	24,837,949	10,930,443	13,907,506	-	24,837,949
	63,828,001	49,920,495	13,907,506	-	63,828,001

ALMAWARID MANPOWER COMPANY
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29. RISK MANAGEMENT (CONTINUED)

Fair value measurement of financial instruments
Fair value represents the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at a measurement date.

As the accompanying consolidated financial statements are prepared under the historical cost method, differences may arise between the book values and the fair value estimates.

Management believes that the fair value of the Group's financial assets and liabilities are not materially different from their carrying values.

Financial assets

	31 December 2021	31 December 2020
Financial assets at amortized cost:		
Trade receivables and other current assets	**84,164,341**	80,760,000
Cash and cash equivalents	**26,627,152**	63,885,734
Total financial assets at amortized cost	**110,791,493**	144,645,734

The following table present the group`s financial instruments measured at fair value at 31 December 2021 and 2020

	Level 1 SR	**Level 2 SR**	**Level 3 SR**	**Total SR**
31 December 2021				
Investments at FVTPL	**30,387,909**	**-**	**-**	**30,387,909**
31 December 2020				
Investments at FVTPL	45,097,903	-	-	45,097,903

Financial liabilities

	31 December 2021	31 December 2020
Financial liabilities at amortized cost:		
Retained deposits	**7,752,265**	8,705,216
Trade payables and other current liabilities	**29,286,033**	31,261,682
Total financial liabilities at amortized cost	**37,038,298**	39,966,898
Current portion of financial liabilities	**37,038,298**	39,966,898
Non-current portion of financial liabilities	**-**	-
Total financial liabilities	**37,038,298**	39,966,898

Capital management risks
When managing capital, the Group aims to ensure the Group's ability to continue as a going concern in order to be able to continue providing returns to shareholders and maintain a strong core capital to support the sustainable development of its business.

The Group manages its capital structure by monitoring returns on net assets and makes adjustments to them in light of changes that arise from economic conditions.

For the purpose of maintaining or adjusting the capital structure, the Group may adjust the amount of dividends paid to shareholders or may issue new shares.

ALMAWARID MANPOWER COMPANY
(A Saudi Closed Joint Stock Company)
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
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30. IMPACT OF COVID 19

The Coronavirus ("COVID-19") pandemic continues to disrupt global markets as many geographies are experiencing issues due to identification of multiple new variants of these infections. Despite having previously controlled the outbreak through aggressive precautionary measures. The Government of the Kingdom of Saudi Arabia, however, managed to successfully control the outbreak to date.

As with any forecasts, the projections and likelihoods of occurrence are underpinned by significant judgement and uncertainty and therefore, the actual outcomes may be different to those projected

The management of the Group is currently monitoring the impact of the coronavirus on the Group's operation, cash flows and financial position.

Management believes, based on their assessment, that the Group has sufficient liquidity available to continue to meet its financial commitments as and when they fall due.

31. APPROVAL OF THE CONSOLIDATED FINANCIAL STATEMENTS

The consolidated financial statements were approved for issuance by the Board of Directors on 18 Shawwal 1443H (corresponding to 19 May 2022).

AL MAWARID MANPOWER COMPANY

(A Saudi Closed Joint Stock Company)

Condensed Consolidated Interim Financial Statements (Unaudited)

For the three-month and six-month period ended 30 June 2022

Together with the

Independent auditor's review report

AL MAWARID MANPOWER COMPANY
(A Saudi Closed Joint Stock Company)
Condensed Consolidated Interim Financial Statements (Unaudited)
Together with the Independent auditor's review report
For the three-month and six-month period ended 30 June 2022

KPMG

KPMG Professional Services
Riyadh Front, Airport Road
P. O. Box 92876
Riyadh 11663
Kingdom of Saudi Arabia
Commercial Registration No 1010425494

Headquarters in Riyadh

كي بي إم جي للاستشارات المهنية
واجهة الرياض، طريق المطار
صندوق بريد ٩٢٨٧٦
الرياض ١١٦٦٣
المملكة العربية السعودية
سجل تجاري رقم ١٠١٠٤٢٥٤٩٤

المركز الرئيسي في الرياض

Independent auditor's report on review of condensed consolidated interim financial statements

To the Shareholders of Al Mawarid Manpower Company

Introduction

We have reviewed the accompanying 30 June 2022 condensed consolidated interim financial statements of **AL Mawarid Manpower Company** ("the Company") and its subsidiaries (together referred to as "the Group") which comprises:

- The condensed consolidated statement of financial position as at 30 June 2022;
- The condensed consolidated statement of profit or loss and other comprehensive income for the three-month and six-month period ended 30 June 2022;
- The condensed consolidated statement of changes in equity for the six-month period ended 30 June 2022;
- The condensed consolidated statement of cash flows for the six-month period ended 30 June 2022; and
- The notes to the condensed consolidated financial statements.

Management is responsible for the preparation and presentation of these condensed consolidated interim financial statements in accordance with IAS 34 Interim Financial Reporting that is 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 Standards on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" that is endorsed in the Kingdom of Saudi Arabia. A review of interim financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with the International Standards on Auditing that are 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 30 June 2022 condensed consolidated interim financial statements of **Al Mawarid Manpower Company** ("the Company") and its subsidiaries (together referred to as "the Group") are not prepared, in all material respects, in accordance with IAS 34, 'Interim Financial Reporting' that is endorsed in the Kingdom of Saudi Arabia.

KPMG Professional Services

كي بي إم جي للاستشارات المهنية
Lic No. 46
C.R. 1010425494
R: 2
KPMG
KPMG Professional Services

Fahad Mubark Aldossari
License No. 469

Riyadh: On 15 Rabe` Alawwal 1444H
Corresponding to: 11 October 2022

AL MAWARID MANPOWER COMPANY
(A Saudi Closed Joint Stock Company)
CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As at 30 June 2022
(All amounts in Saudi Riyal unless otherwise stated)

	Note	30 June 2022 (Unaudited)	31 December 2021 (Audited)
Assets			
Non-current assets			
Property and equipment	12	**11,711,658**	11,635,201
Intangible assets		**1,663,882**	1,786,656
Right of use assets		**17,814,820**	20,444,531
Used and unused visas and other non-current assets	13	**37,732,256**	41,444,235
Total non-current assets		**68,922,616**	75,310,623
Current assets			
Trade receivables	14	**115,277,579**	84,164,341
Prepayments and other current assets	15	**133,029,778**	136,164,976
Due from related parties	16	**60,450,994**	52,390,288
Investments at fair value through profit or loss	17	**15,407,203**	30,387,909
Cash and cash equivalents	18	**50,663,088**	26,627,152
Total current assets		**374,828,642**	329,734,666
Total assets		**443,751,258**	405,045,289
EQUITY AND LIABILITIES			
EQUITY			
Share capital	19	**150,000,000**	100,000,000
Statutory reserve		**27,694,675**	27,694,675
Contractual reserve		**-**	20,000,000
Retained earnings		**69,421,800**	85,329,447
Total equity		**247,116,475**	233,024,122
Liabilities			
Non-current liabilities			
Employees end of service benefits	10	**28,847,112**	27,584,798
Lease liabilities		**6,261,446**	7,295,091
Recruitment agents` guarantees		**1,330,128**	1,172,976
Total Non-current liabilities		**36,438,686**	36,052,865
Current Liabilities			
Trade payables and other current liabilities	20	**137,166,108**	108,483,866
Retained deposits		**7,997,769**	7,752,265
Lease liabilities		**10,216,044**	12,216,023
Due to related parties	16	**907,618**	728,187
Provision for Zakat	11	**3,908,558**	6,787,961
Total current liabilities		**160,196,097**	135,968,302
Total liabilities		**196,634,783**	172,021,167
Total equity and liabilities		**443,751,258**	405,045,289

The accompanying notes from (1) through (24) form an integral part of these condensed consolidated interim financial statements

AL MAWARID MANPOWER COMPANY
(A Saudi Closed Joint Stock Company)
CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
For the three-month and six-month period ended 30 June 2022
(All amounts in Saudi Riyal unless otherwise stated)

		For three-month period ended 30 June		**For six-month period ended 30 June**	
	Notes	**2022 (Unaudited)**	2021 (Unaudited)	**2022 (Unaudited)**	2021 (Unaudited)
Revenue	*7*	**233,414,434**	164,850,459	**421,840,892**	324,980,141
Cost of revenue	*8*	**(201,504,218)**	(141,167,826)	**(365,922,165)**	(276,211,488)
Gross Profit		**31,910,216**	23,682,633	**55,918,727**	48,768,653
Selling and marketing expenses		**(2,815,178)**	(1,541,098)	**(5,499,619)**	(3,159,685)
General and administrative expenses		**(6,982,584)**	(5,649,946)	**(13,499,192)**	(10,918,338)
Impairment loss on trade receivables	*14*	**(1,652,534)**	(2,006,420)	**(2,305,908)**	(4,059,851)
Other income		**269,150**	740,121	**836,082**	1,015,154
Profit from operations before Zakat		**20,729,070**	15,225,290	**35,450,090**	31,645,933
Zakat expense		**(1,920,600)**	(1,656,884)	**(3,704,596)**	(3,495,194)
Profit for the period after Zakat		**18,808,470**	13,568,406	**31,745,494**	28,150,739
Other comrehensive income:					
Items that will not be reclassified subsequently to profit or Loss:					
Remeasurement (loss) gains on employees' benefits liabilities		**1,557,730**	(501,137)	**2,346,859**	(1,063,735)
Total comprehensive income for the period		**20,366,200**	13,067,269	**34,092,353**	27,087,004
Earnings per share:					
Basic & diluted earning per share	*9*	**1.61**	1.36	**2.93**	2.82

The accompanying notes from (1) through (24) form an integral part of these condensed consolidated interim financial statements

AL MAWARID MANPOWER COMPANY
(A Saudi Closed Joint Stock Company)
CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
For the six-month period ended 30 June 2022
(All amounts in Saudi Riyal unless otherwise stated)

	Share Capital	Statutory Reserve	Contractual Reserve	Retained Earnings	Total
Balance at 01 January 2021 (audited)	100,000,000	22,136,746	7,714,817	69,554,505	199,406,068
Net profit for the period (unaudited)	-	-	-	28,150,739	28,150,739
Other comprehensive income for the period (unaudited)	-	-	-	(1,063,735)	(1,063,735)
Total comprehensive income for the period (unaudited)	-	-	-	27,087,004	27,087,004
Transferred to contractual reserves	-	-	12,285,183	(12,285,183)	-
Dividends to shareholders	-	-	-	(20,000,000)	(20,000,000)
Balance at 30 June 2021 (unaudited)	100,000,000	22,136,746	20,000,000	64,356,326	206,493,072
Balance at 01 January 2022 (audited)	**100,000,000**	**27,694,675**	**20,000,000**	**85,329,447**	**233,024,122**
Net profit for the period (unaudited)	**-**	**-**	**-**	**31,745,494**	**31,745,494**
Other comprehensive income for the period (unaudited)	**-**	**-**	**-**	**2,346,859**	**2,346,859**
Total comprehensive income for the period (unaudited)	**-**	**-**	**-**	**34,092,353**	**34,092,353**
Increase in share capital (Note 19)	**50,000,000**	**-**	**(20,000,000)**	**(30,000,000)**	**-**
Dividends to shareholders	**-**	**-**	**-**	**(20,000,000)**	**(20,000,000)**
Balance at 30 June 2022 (unaudited)	**150,000,000**	**27,694,675**	**-**	**69,421,800**	**247,116,475**

The accompanying notes from (1) through (24) form an integral part of these condensed consolidated interim financial statements

AL MAWARID MANPOWER COMPANY
(A Saudi Closed Joint Stock Company)
CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
For the six-month period ended 30 June 2022
(All amounts in Saudi Riyal unless otherwise stated)

	Note	30 June 2022 (Unaudited)	30 June 2021 (Unaudited)
Cash flows from operating activities			
Net income before Zakat		**35,450,090**	31,645,933
Adjustments for non-cash items:			
Depreciation on property and equipment		**678,349**	880,796
(Gain) on disposal of property and equipment		**(30,793)**	-
Amortisation of intangibles assets		**338,674**	367,359
Depreciation on right of use assets		**6,250,417**	5,223,083
Finance costs - leases		**471,083**	560,077
Losses from disposal of right of use assets		**-**	75,858
Impairment loss on trade receivables	*14*	**2,305,908**	4,059,851
Gains on investments at FVTPL	*17*	**(19,294)**	(193,816)
Provision for Employees end of service benefits	*10*	**6,496,709**	4,925,856
		51,941,143	47,544,997
Changes in working capital:			
Used and unused visas and other non-current assets		**3,711,979**	(3,929,659)
Trade receivables		**(33,419,146)**	499,789
Prepayments and other current assets		**3,135,198**	(26,321,799)
Due from and to related parties		**(7,881,275)**	(5,051,541)
Recruitment agents guarantees		**157,152**	(465,078)
Trade payables and other current liabilities		**16,854,386**	1,808,864
Retained deposits		**245,504**	(20,141)
Employees end of service benefits paid	*10*	**(2,887,536)**	(3,267,563)
Interest paid		**(471,083)**	(560,077)
Zakat paid	*11*	**(6,583,999)**	(6,625,936)
Net cash flows generated from operating activities		**24,802,323**	3,611,856
Cash flows from investing activities			
Acquisition of property and equipment		**(757,305)**	(341,057)
Proceed from sale of property and equipment		**33,292**	-
Acquisition of intangible assets		**(215,900)**	(379,147)
Acquisition of investments at FVTPL	*17*	**(7,000,000)**	(20,000,000)
Proceeds from sale of investments at FVTPL	*17*	**22,000,000**	25,097,902
Net cash flows generated from investing activities		**14,060,087**	4,377,698
Cash flows from financing activities			
Dividends paid to shareholders		**(8,172,144)**	-
Payment of lease liabilities		**(6,654,330)**	(5,142,260)
Net cash flows (used in) financing activities		**(14,826,474)**	(5,142,260)
Net change in cash and cash equivalents		**24,035,936**	2,847,294
Cash and cash equivalents at the beginning of the period		**26,627,152**	63,885,734
Cash and cash equivalents at the end of the period		**50,663,088**	66,733,028
Non-cash transactions:			
Write-off of debts and customer's settlements		**-**	4,069,952
Remeasurement of Employees end of service benefits		**2,346,859**	(1,063,735)
Additions of right-of-use assets under lease liabilities		**3,620,706**	-
Dividends		**11,827,856**	20,000,000
Transfer from contractual reserve to capital increase		**(20,000,000)**	-
Transfer from retained earning to capital increase		**(30,000,000)**	-

The accompanying notes from (1) through (24) form an integral part of these condensed consolidated interim financial statements

AL MAWARID MANPOWER COMPANY
(A Saudi Closed Joint Stock Company)
CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
For the six-month period ended 30 June 2022
(All amounts in Saudi Riyal unless otherwise stated)

1. GENERAL INFORMATION

AL-Mawarid Manpower Company is a Saudi Closed Joint Stock Company registered in the Kingdom of Saudi Arabia under Commercial Registration No. 1010343697 issued in Riyadh on 12 Sha'aban 1433H (corresponding to 2 July 2012).

The principal activities of the Company and its subsidiaries (the "Group") are to provide the activities of recruitment services for domestic workers and temporary employment agencies for domestic services and expatriate labor services, under a license Ministry of Labor No. (6 /UMM) dated 5 Muharram 1434H (corresponding to 19 November 2012), in addition to providing a Saudi Manpower service.

The headquarter of the Group is located in Riyadh, Al-Rawda District, P.O. Box 120058, Riyadh 11679, Kingdom of Saudi Arabia.

The accompanying condensed consolidated interim financial statements include the branches of the Group listed below which operate under the following sub-commercial registrations:

Branch	CR No.	Date
Riyadh - domestic workers	1010369956	7 Jumada' I 1434H (corresponding 8 April 2013)
Riyadh - expatriate workers	1010369960	25 Jumada' I 1434H (corresponding 6 April 2013)
Khobar	2051060639	2 Sha'ban 1436H (corresponding to 20 May 2015)
Buraidah	1131056623	21 Rabi' II 1437H (corresponding to 31 January 2016)
Al Jubail	2055024837	20 Jumada' I 1437H (corresponding to 29 February 2016)
Hail	3350044313	3 Dhul-Hijjah 1437H (corresponding to 4 September 2016)
Jeddah	4030292526	22 Rabi' I 1438H (corresponding to 21 December 2016)
Riyadh - Al Taawun	1010466766	29 Rabi' I 1438H (corresponding to 28 December 2016)
Al Madinah Al Monawarah	4650081885	3 Rabi' II 1438H (corresponding to 21 December 2017)
Riyadh - Al Rawda	1010638704	26 Shawwal 1441H (corresponding to 17 June 2020)
Onayzah	1128184335	26 Shawwal 1441H (corresponding to 17 June 2020)
Abha	5850129737	22 Rabi' II 1442H (corresponding to 7 December 2020)
Tabouk	3550143539	28 Rajab 1443H (corresponding to 1 March 2022)

The condensed consolidated interim financial statements for the six months ended 30 June 2022 include the financial position and results of the operations of the Company and its subsidiaries (all referred to as the "Group") as explained below:

		Share holding	
Subsidiary's name	**Legal Entity**	**2022**	2021
Musanid Al Marafiq for Maintenance and Cleaning (Formerly Musanid Almawarid for Operation and Maintenance Company)	(A Single Member Limited Liability Company)	**100%**	100%
Sawaid Manpower Company	(A Single Member Limited Liability Company)	**100%**	100%

According to the Company's by-laws, the financial year of the Company begins on 1st January and ends on 31st December of each Gregorian year. The financial year of the subsidiaries begins on 1st January and ends on 31st December of each Gregorian year.

AL MAWARID MANPOWER COMPANY
(A Saudi Closed Joint Stock Company)
CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
For the six-month period ended 30 June 2022
(All amounts in Saudi Riyal unless otherwise stated)

2. BASIS OF PREPARATION

These condensed consolidated interim financial statements for the six-month period ended 30 June 2022 have been prepared in accordance with the International Accounting Standard 34 "Interim Financial Reporting" as endorsed in Kingdom of Saudi Arabia and other standards and pronouncements that are issued by Saudi Organization for Chartered and Professional Accountants ("SOCPA").

The condensed consolidated interim financial statements should be read in conjunction with the Group's annual consolidated financial statements as at 31 December 2021 ("last annual consolidated financial statements"). These condensed consolidated interim financial statements do not include all of information and disclosures required to prepare a full set of financial statements prepared under IFRS. However, selected accounting policies and explanatory notes are included to explain events and transactions that are significant to understand the changes in the Group's financial position and performance since the latest annual financial statements.

At the present time, there is no statutory requirement for the external auditor to review the condensed consolidated interim financial statements, but the group prepares and review the condensed consolidated interim financial statements only for use by management to know the business result for the quarterly periods and the quarterly financial position.

These condensed consolidated interim financial statements have been approved for issuance by the Board of Directors on 24 August 2022 (corresponding to: 26 Muharm 1444H).

a. Basis of measurement

These condensed consolidated interim financial statements have been prepared on historical cost basis except for employees' benefits obligations that are measured at the present value of future obligations using the projected unit credit method and the financial investments that are measured at the fair value. Further, condensed consolidated interim financial statements have been prepared using the accrual basis of accounting and the going concern concept.

b. Functional and presentation currency

These condensed consolidated interim financial statements have been presented in Saudi Riyal ("SAR"), which is the Group's functional and presentation currency.

3. USE OF JUDGMENT AND ESTIMATES

In preparing these condensed consolidated interim financial statements, management has made judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of revenues, costs, assets and liabilities. Actual results may differ from these estimates.

The significant estimates made by the management when applying the Group's accounting policies and the significant sources of uncertainties of the estimates were similar to those shown in the Group's last annual consolidated financial statements.

Fair value measurment

A number of the Group's accounting policies require the measurement of fair values for financial and non-financial assets and liabilities.

The Group has an established control framework with respect to the measurement of fair values. This includes a valuation team that has overall responsibility for overseeing all significant fair value measurements, including Level 3 fair values.

The valuation team regularly reviews significant unobservable input and adjustments to the evaluation. If third party information, such as broker quotes or pricing services, is used to measure fair values, then the valuation team assesses the evidence obtained from the third parties to support the conclusion that these valuations meet the requirements of IFRS, including the level in the fair value hierarchy in which the valuations should be classified.

When measuring the fair value of an asset or a liability, the Group uses observable market data as far as possible. Fair values are categorized into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

- Level 1: Quoted (unadjusted) market prices in active markets for assets or liabilities.
- Level 2: Inputs other than quoted prices included in Level 1, which are observable inputs for an asset or liability, either directly (such as prices) or indirectly (derived from prices).
- Level 3: Inputs for assets or liabilities not based on observable market data (unobservable inputs).

AL MAWARID MANPOWER COMPANY
(A Saudi Closed Joint Stock Company)
CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
For the six-month period ended 30 June 2022
(All amounts in Saudi Riyal unless otherwise stated)

3. USE OF JUDGMENT AND ESTIMATES (CONTINUED)

Fair value measurment (continued)

If the inputs used to measure the fair value of the assets and liabilities fall within different levels in the fair value hierarchy, then the fair value is categorized as a whole using the lowest level of the fair value hierarchy inputs that are significant to the measurement as a whole.
The Group recognizes transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred.

4. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies used when preparing these condensed consolidated interim financial statements are in line with what is stated in the notes to the consolidated financial statements of the Group for the year ended 31 December 2021. With the exception of applying the amendments and interpretations in effect as of 1 January 2022, as mentioned in Note (5/a).
The principal accounting policies have been consistently applied to all periods presented in these condensed consolidated interim financial statements.

5. NEW STANDARDS OR AMENDMENTS EFFECTIVE IN 2022 AND SUBSEQUENT YEARS

The following are a number of standards, amendments and interpretations of standards that were issued by the IASB on 20 March 2022.

a) New currently effective requirements:

Effective date	New Standards and Amendments
1 April 2021	COVID-19-Related Rent Concessions beyond 30 June 2021 (Amendment to IFRS 16)
1 January 2022	Onerous Contracts – Cost of Fulfilling a Contract (amendments to IAS 37).
	Annual Improvements to IFRSs (2018 - 2020).
	Property, Plant and Equipment: Proceeds Before Intended Use (Amendments to IAS 16)
	Reference to conceptual framework (amendments to IFRS 3).

Management conducted a financial impact assessment and found that there was no impact on the condensed consolidated interim financial statements as at 30 June 2022.

b) New requirements that will be applied subsequently:

Effective date	New Standards and Amendments
1 January 2023	Classification of liabilities as current/non-current (Amendments to IAS 1).
	IFRS 17 Insurance contract
	Definition of accounting estimates (Amendments to IAS 8).
	Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2).
	Deferred Tax related to Assets and Liabilities arising from a single transaction (Amendments to IAS 12).
Available for optional adoption/effective date deferred indefinitely	Sale or contribution of assets between the investor and its associate or joint venture (Amendments to IFRS 10 and IAS 28).

Management will evaluate the financial impact of the new standards and amendments and it expects that the new standards and amendments will not have an impact on the group's financial statements.

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6. SEGMENTS INFORMATION

The operating segment is a component of the Group that:
• Performs activities from which revenue can be realized and expenses may be incurred,
• The results of its operations are constantly analyzed by management in order to make decisions regarding resource allocation and performance evaluation, and
• For which financial information is available.
The group has the following three strategic divisions, which are its reported segments. These segments provide services to different kinds of customer segments and are managed through different strategies. The following summary describes the operations of each reportable sectors:
• **Corporate sector:** This sector relates to providing an expatriate and Saudi manpower services to companies, whose contracts are for two years.
• **Individual's sector:** This sector relates to providing domestic labor services to individuals' clients ranging from the duration of their contracts ranges from month to two years.
• **Hourly sector:** This sector relates to the cleaning services provided to individuals' clients by hour/visit, mostly each cleaning visit is four hours.

	For the three-month period ended 30 June 2022 (unaudited)			
	Corporate Sector	**Individuals Sector**	**Hourly Sector**	**Total**
Revenue	**152,415,303**	**50,010,495**	**30,988,636**	**233,414,434**
Cost of revenue	**(135,127,639)**	**(44,981,206)**	**(21,395,373)**	**(201,504,218)**
Gross profit	**17,287,664**	**5,029,289**	**9,593,263**	**31,910,216**

	For the three-month period ended 30 June 2021 (unaudited)			
	Corporate Sector	**Individuals Sector**	**Hourly Sector**	**Total**
Revenue	107,045,965	31,332,662	26,471,832	164,850,459
Cost of revenue	(97,313,240)	(26,131,141)	(17,723,445)	(141,167,826)
Gross profit	9,732,725	5,201,521	8,748,387	23,682,633

	For the six-month period ended 30 June 2022 (unaudited)			
	Corporate Sector	**Individuals Sector**	**Hourly Sector**	**Total**
Revenue	**273,776,965**	**90,174,505**	**57,889,422**	**421,840,892**
Cost of revenue	**(244,908,626)**	**(78,375,281)**	**(42,638,258)**	**(365,922,165)**
Gross profit	**28,868,339**	**11,799,224**	**15,251,164**	**55,918,727**

	For the six-month period ended 30 June 2021 (unaudited)			
	Corporate Sector	**Individuals Sector**	**Hourly Sector**	**Total**
Revenue	209,235,413	63,792,458	51,952,270	324,980,141
Cost of revenue	(187,863,503)	(52,828,880)	(35,519,105)	(276,211,488)
Gross profit	21,371,910	10,963,578	16,433,165	48,768,653

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6. SEGMENTS INFORMATION (CONTINUED)

Since the Group's activities depend on manpower services and have no direct connection to the Group's assets and liabilities, therefore, it is not possible and impractical to disclose information pertaining to total assets and liabilities pertaining to business segments.

	For three-month period ended 30 June		For six-month period ended 30 June	
	2022	2021	**2022**	2021
Unallocated income / (expenses)	**(Unaudited)**	(Unaudited)	**(Unaudited)**	(Unaudited)
Gross profit	**31,910,216**	23,682,633	**55,918,727**	48,768,653
Selling and marketing expenses	**(2,815,178)**	(1,541,098)	**(5,499,619)**	(3,159,685)
General and administrative expenses	**(6,982,584)**	(5,649,946)	**(13,499,192)**	(10,918,338)
Impairment loss on trade receivables	**(1,652,534)**	(2,006,420)	**(2,305,908)**	(4,059,851)
Other income	**269,150**	740,121	**836,082**	1,015,154
Profit from operations before Zakat	**20,729,070**	15,225,290	**35,450,090**	31,645,933
Zakat expense	**(1,920,600)**	(1,656,884)	**(3,704,596)**	(3,495,194)
Profit for the period after Zakat	**18,808,470**	13,568,406	**31,745,494**	28,150,739

7. REVENUE

In the following tables, revenues are disaggregated by type of sector, customer and duration of contracts during the three and six months periods ended 30 June 2022 and 2021:

Type of Sector	For the three month period ended 30 June		For the six month period ended 30 June	
	2022	2021	**2022**	2021
	(Unaudited)	(Unaudited)	**(Unaudited)**	(Unaudited)
Corporate	**152,415,303**	107,045,965	**273,776,965**	209,235,413
Individuals	**50,010,495**	31,332,662	**90,174,505**	63,792,458
Hourly “Hemma”	**30,988,636**	26,471,832	**57,889,422**	51,952,270
	233,414,434	164,850,459	**421,840,892**	324,980,141

Type of customers	For the three month period ended 30 June		For the six month period ended 30 June	
	2022	2021	**2022**	2021
	(Unaudited)	(Unaudited)	**(Unaudited)**	(Unaudited)
Retail	**80,999,131**	57,804,494	**148,063,927**	115,744,728
Operation & Maintenance	**24,649,359**	25,565,389	**47,333,540**	50,279,643
Hospitality	**27,454,065**	23,916,742	**53,676,580**	47,212,482
Construction	**52,155,623**	17,715,488	**78,895,029**	36,281,535
Commercial and services	**18,220,480**	14,827,438	**34,942,870**	28,561,146
Healthcare	**12,492,397**	7,392,441	**24,693,115**	12,739,386
Transportation	**7,529,210**	8,133,564	**14,141,803**	15,517,557
Manufacturing	**9,449,129**	9,306,104	**19,134,857**	18,303,495
Other	**465,040**	188,799	**959,171**	340,169
	233,414,434	164,850,459	**421,840,892**	324,980,141

Duration of contracts	For the three month period ended 30 June		For the six month period ended 30 June	
	2022	2021	**2022**	2021
	(Unaudited)	(Unaudited)	**(Unaudited)**	(Unaudited)
More than 1 year	**162,877,235**	116,924,448	**294,227,254**	229,822,487
One year and less	**70,537,199**	47,926,011	**127,613,638**	95,157,654
	233,414,434	164,850,459	**421,840,892**	324,980,141

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8. COST OF REVENUE

	For the three month period ended 30 June		For the six month period ended 30 June	
	2022 (Unaudited)	2021 (Unaudited)	**2022 (Unaudited)**	2021 (Unaudited)
Salaries and benefits	**146,205,618**	108,847,105	**268,654,245**	215,562,858
Government and other direct costs	**47,046,283**	25,848,734	**80,297,329**	47,764,910
Depreciation on right of use assets	**3,128,249**	2,558,337	**6,191,753**	5,168,603
Utilities	**1,010,657**	860,683	**2,103,122**	1,681,257
Bank charges	**811,327**	584,115	**1,633,790**	1,335,736
Catering expenses	**588,670**	400,095	**1,484,971**	664,693
Accommodation	**415,925**	363,313	**1,075,419**	593,699
Depreciation and amortization	**211,855**	276,569	**404,715**	551,748
Finance cost of leases	**232,908**	259,887	**469,444**	559,200
Operating expenses	**1,852,726**	1,168,988	**3,607,377**	2,328,784
	201,504,218	141,167,826	**365,922,165**	276,211,488

9. BASIC AND DILUTED EARNINGS PER SHARE

Basic and diluted earnings per share are computed by dividing the net profit for the period by the weighted average number of outstanding shares for the period ended 30 June 2022 and 2021, as follows:

	For the three-month period ended 30 June		For the six-month period ended 30 June	
	2022	2021	**2022**	2021
Net profit for the period	**18,808,470**	13,568,406	**31,745,494**	28,150,739
Weighted average number of shares	**11,666,667**	10,000,000	**10,833,333**	10,000,000
Basic & diluted earnings per share from net income of the period	**1,61**	1,36	**2,93**	2,82

10. EMPLOYEES END OF SERVICES BENEFITS

The Group operates a defined benefit plan in line with the Labor Law requirement in the Kingdom of Saudi Arabia.

The amounts paid at the end of service under the plan are calculated on the basis of the employees' last salaries and allowances and the number of their accumulated years of service as on the date of the end of their services, as outlined in the labor law in force in the Kingdom of Saudi Arabia.

Employees' end-of-service benefit plans are unfunded. Benefits payment liabilities are met when due.

The below table outlines the movement of employees end of service benefits during the period/ year ended 30 June 2022 and 31 December 2021:

	30 June 2022 (Unaudited)	31 December 2021 (Audited)
Balance at beginning of the period / year	**27,584,798**	21,725,880
Included in profit or loss		
Current service cost	**6,189,543**	10,207,820
Interest expense	**307,166**	242,449
Payments and settlements	**(2,887,536)**	(6,634,250)
Included in other comprehensive income		
Remeasurement (gains) losses	**(2,346,859)**	2,042,899
Balance at end of period / year	**28,847,112**	27,584,798

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11. PROVISION FOR ZAKAT

(a) The Group's consolidated Zakat liabilities consist of Zakat that has been calculated on the basis of the separate interim financial statements of each individual company.

(b) Provision for Zakat

The movement in Zakat provision is as follows:

	30 June 2022 (Unaudited)	31 December 2021 (Audited)
Balance at beginning of the period / year	**6,787,961**	6,624,919
Prior year differences	**-**	194,007
Amounts paid during the period / year	**(6,583,999)**	(6,625,936)
Provision for the period / year	**3,704,596**	6,594,971
Balance at end of period / year	**3,908,558**	6,787,961

(c) Status of final assessments

The Company and its subsidiaries filed Zakat returns to the Zakat, Tax and Customs Authority "ZATCA", and obtained a Zakat certificate until the end of the fiscal year ended 31 December 2021.

During 2021, the Company received the final assessments for the years 2015 to 2018 with Zakat differences totaling SR 2,069,020. An amount of SR 994,329 has been approved and paid by the Company, and it objected to the rest of the claim. ZATCA accepted certain items for an amount of SR 502,467 and rejected the objection to other items for a total amount of SR 572,224, and accordingly the Group escalated the dispute to the General Secretariat of the Tax Committees "GSTC".

On 5 June 2022, the session set by the GSTC was attended by representatives of the Company and its tax advisor. The decision was issued at the end of the session approving some of the escalation items and rejecting others. The formal decisions have been received on 25 July 2022 and the memorandum of appeal were submitted to the appeal committee on August 21, 2022 and the management waiting for the hearing. The Group's management believes that there will be no significant impact of this dispute on the Group. As of the date of issuance of these condensed consolidated interim financial statements, the final assessment for the years ended 31 December 2019, 2020, and 2021 has not been received.

The necessary provisions have been calculated for the items mentioned in the aforementioned Zakat assessments and approved by the Company, for the years for which the Zakat assessment has not yet been made.

The subsidiary company, Musanid Al Marafiq for Maintenance and Cleaning (formerly Musanid Almawarid for Operation and Maintenance Company) has received the final zakat assessment for the year 2018 with zakat differences of SR 72,780, and an amount of SR 2,182 was approved and paid, and the rest of the amount was objected to, but the objection was rejected by ZATCA. Therefore, the Company escalated the grievance against the ZATCA's decision to GSTC. GSTC's decision was issued in support of ZATCA's assessment, based on the fact that the company did not submit the required documents, which is an incorrect reliance. An appeal was submitted to the decision, and the hearing setting is awaited by GSTC. The Group's management believes that there will be no significant impact of this dispute on the Group. On 17 July 2022 the sudsidiary has received the final zakat assessment for the year 2020 with zakat difference of SR 8,097 which was approved and paid by the managment.

The subsidiary company, Sawaid Manpower Company has not received any Zakat assessment from ZATCA, knowing that the first Zakat declaration submitted by the subsidiary is for the year 2020.

12. PROPERTY AND EQUIPMENT

As at 30 June 2022, the cost of property and equipment was SR 22,1 million (31 December 2021: SR 23,17 million), and the accumulated depreciation was SR 10,39 million (31 December 2021: SR 11,53 million).
As at 30 June 2022, the net book value of property and equipment was 11,71 million (31 December 2021: SR 11,63 million).

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13. USED AND UNUSED VISAS AND OTHER NON-CURRENT ASSETS

The unused visas represent the value of the visas paid to ministry of labor and have not been used until the date of condensed consolidated interim statement of financial position.

The amounts of the visas are transferred to the used visas upon the arrival of the recruited manpower to the territory of the Kingdom of Saudi Arabia.

The movement of the visa balance during the period/ year is as follows:

	30 June 2022 (Unaudited)	31 December 2021 (Audited)
At beginning of the period / year	**27,784,000**	25,342,000
Purchased visas during the period / year	**22,550,000**	22,894,000
Expired visas refunded during the period / year	**(7,214,000)**	(2,996,000)
Transferred to used visas during the period / year	**(18,656,000)**	(17,456,000)
Unused visas as at the end of the period / year (*)	**24,464,000**	27,784,000
Add: used visas balance - non-current portion (Note 15)	**3,999,631**	6,731,000
Less: unused visas balance - current portion (Note 15)	**(9,645,000)**	(10,206,000)
Used and unused visas as at the end of the period / year	**18,818,631**	24,309,000
Add: Recruitment fees – non-current portion	**18,913,625**	17,135,235
	37,732,256	41,444,235

(*) The unused visas were analyzed as follows:

Unused visas - current portion	**9,645,000**	10,206,000
Unused visas - non-current portion	**14,819,000**	17,578,000

14. TRADE RECEIVABLES

	30 June 2022 (Unaudited)	31 December 2021 (Audited)
Trade receivables	**146,103,398**	112,684,252
Less: Allowance for expected credit losses	**(30,825,819)**	(28,519,911)
	115,277,579	84,164,341

The Group applies the simplified approach in IFRS 9 to measure the expected credit loss which uses a lifetime expected loss allowance for all trade receivables.

Movement in impairment of accounts receivable balances during the period / year is as follows:

	30 June 2022 (Unaudited)	31 December 2021 (Audited)
Balance at beginning of the period / year	**28,519,911**	22,827,043
Provided during the period / year	**2,305,908**	8,716,746
Trade receivables written-off during the period / year	**-**	(3,023,878)
Balance at end of period / year	**30,825,819**	28,519,911

Trade receivables are written-off when there is no reasonable expectation of recovery. Indications that there are no reasonable expectations of collection include, among other things, the debtor's failure to agree on a payment plan with the Group and the failure to make contractual payments.

The balance of trade receivables as at 30 June 2022 includes an amount of SR 22 million secured by bank guarantees, promissory notes and term cheques (31 December 2021: SR 22 million).

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15. PREPAYMENTS AND OTHER CURRENT ASSETS

	30 June 2022 (Unaudited)	31 December 2021 (Audited)
Due from Zakat, Tax and custom Authority *	**42,794,761**	45,623,027
Residency and work permit fees	**15,372,929**	35,333,145
Recruitment fees – current portion	**36,656,725**	24,616,216
Unused visas - current portion (Note 13)	**9,645,000**	10,206,000
Advances to suppliers	**5,309,984**	3,409,313
Used visas - current portion **	**9,212,753**	5,320,614
Advances to employees	**2,501,751**	4,315,444
Prepaid other expenses	**4,244,083**	2,557,028
Other	**8,402,691**	5,895,088
	134,140,677	137,275,875
Less: impairment of other current assets ***	**(1,110,899)**	(1,110,899)
	133,029,778	136,164,976

(*) Due from Zakat, Tax and custom Authority

During the month of December 2020, the Zakat, Tax and Customs Authority (ZATCA) re-evaluated the VAT returns submitted by the company for the periods from May 2018 to December 2019 with a VAT difference of SR 21,955,089. The dispute mainly relates to recalculation of VAT on salaries and government fees for the workers whose services are sourced to the Group's customers, in violation of the Law, the implementing regulations and the guideline for applying the VAT on employee benefits. The Company's management paid the total tax differences to benefit from the ZATCA's initiative to exempt from the fines that existed at that time, and submitted objections to all mentioned periods to the ZATCA with all evidence and supporting documents on which the Company relied in the application, including the correspondence with the ZATCA in particular, which supported the validity of the VAT returns submitted by the company.

In March 2021, the Company received ZATCA's decision to reject the objections submitted for the above-mentioned tax differences, so the Company's management took a decision to amend the VAT returns for the periods from January 2020 to February 2021 and pay the tax differences that resulted in totaling SR 26,489,954, to take advantage of the initiative to exempt from fines in order to spare the company any risks that may result when the dispute is finally resolved, noting that the company paid fines for the months of December 2020 and January 2021, for being outside the scope of the ZATCA's initiative to exempt from fines, with a total amount of SR 325,918.

The company filed a grievance against the ZATCA's decision with the General Secretariat of the Tax Committees (GSTC) and issued debit notes to its customers and related parties to VAT differences related to the workers seconded to them for all the periods referred to above for a total amount of SR 48,445,043 so that they can deduct the amounts that it belongs to them in their VAT returns, and the Company has also changed the method of calculating the VAT to include the salaries of seconded workers and any other items included in the invoices as of March 2021 until the dispute is finally settled and ZATCA is notified of that.

Certain clients have paid the VAT differences related to the workers seconded to them and working under their management totaling up to 31 March 2022 an amount of SR 5,302,305, while others have requested to postpone the payment until the dispute is finally settled by the GSTC, relying on the validity of the invoices received from the Company for the mentioned periods and that they were correct in accordance with the Law, VAT regulations and guidelines for implementing VAT.

On October 28, 2021, the session set by the GSTC was attended by representatives of the Company and its tax advisor. After hearing the two parties to the dispute, the GSTC's decision at the end of the session was in the interest of the Company, as the ZATCA's decision to re-evaluate the returns submitted by the Company was cancelled.

On 12 January, 1 February and 6 February of 2022, the company have been received formal decisions from GSTC for all cases filed before it (20 months). ZATCA appealed the GSTC's decisions.

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15. PREPAYMENTS AND OTHER CURRENT ASSETS (CONTINUED)

(*) Due from Zakat, Tax and custom Authority (continued)

On 13 February, and 1 March 2022, the Company received notifications from GSTC regarding ZATCA's appeal and gave the Company a period of 45 working days to submit a memorandum of response to the ZATCA's appeal. The Company has already submitted a memorandum of response in mid-April 2022.

The GSTC set a date for a hearing in the ZATCA's appeal to one of the appealed cases, on 16 January 2023. The management believes that this dispute will not have any negative impact on the Group.

(**) The movement of balance of visas during the period/ year is as follows:

	30 June 2022 (Unaudited)	31 December 2021 (Audited)
Balance at beginning of the period / year	**12,051,614**	5,385,724
Used visas transferred during the period / year	**19,093,650**	17,900,512
Amortization during the period / year	**(17,932,880)**	(11,234,622)
Balance at end of period / year	**13,212,384**	12,051,614
The used visas were analyzed as follows:		
Used visas - current portion	**9,212,753**	5,320,614
Used visas - non-current portion (Note 13)	**3,999,631**	6,731,000

(***) The movement in the impairment of prepayments and other current assets during the period / year is as follows:

	30 June 2022 (Unaudited)	31 December 2021 (Audited)
Balance at beginning of the period / year	**1,110,899**	2,711,409
Other current assets written off during the period /year	**-**	(1,600,510)
Balance at end of period / year	**1,110,899**	1,110,899

16. TRANSACTIONS AND BALANCES WITH RELATED PARTIES

Related parties represent key management personnel, members of the board of directors, shareholders of the Group and their associates. Related parties also include business entities in which some members of the board of directors or key management personnel have an interest (other related parties). Transactions with related parties are carried out in accordance with the terms and conditions approved by the Group's management or the Board of Directors.

The following are the most significant transactions with related parties carried out by the Group for the six-month periods ended 30 June 2022 and 2021:

a) Key management personnel compensation:

	30 June 2022 (Unaudited)	30 June 2021 (Unaudited)
Employees' salaries and other short-term benefits	**4,057,444**	3,657,360
Post-employment benefits	**160,378**	113,917
	4,217,822	3,771,277

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16. TRANSACTIONS AND BALANCES WITH RELATED PARTIES (CONTINUED)

b) Board of Directors' remuneration and allowances

	30 June 2022 (Unaudited)	30 June 2021 (Unaudited)
Board remunerations	**650,000**	650,000
Allowances and compensations for members of board committees	**36,000**	46,000
	686,000	696,000

c) Business transactions with related parties

The following table presents amounts of business transactions that carried out with related parties during six months periods ended 30 June 2022 and 2021:

Name of the related party	**Nature of relationship**	**Nature of transactions**	**Amounts of transactions for the six months period ended 30 June**	
			2022 (Unaudited)	2021 (Unaudited)
Mawaridkum Group Trading Company	A shareholder	Revenue against rendering labor services	**25,488,142**	32,872,060
		Cost of labor paid on behalf of shareholder	**5,443,123**	4,707,767
Al-Ayuni Investment and Contracting Company	A shareholder	Revenue against rendering labor services	**21,423,505**	9,446,644
		Cost of labor paid on behalf of shareholder	**5,362,829**	1,398,215
Khalda Group Trading Company	A shareholder	Revenue against rendering labor services	**166,744**	162,872
		Project management fees to the shareholder	**67,672**	115,389
Other related parties	Entities under common control	Revenue against rendering labor services	**6,145,121**	3,103,769
		Cost of labor paid on behalf of shareholder	**1,115,360**	532,369

d) Related party balances

The following table presents the balances due from / to related parties as at 30 June 2022 and 31 December 2021:

	3 June 2022 (Unaudited)	31 December 2021 (Audited)
Due from related parties		
Mawaridkum Group Trading Company	**35,079,503**	31,599,562
Al-Ayuni Investment and Contracting Company	**19,712,212**	17,765,186
Other related parties	**5,659,279**	3,025,540
	60,450,994	52,390,288
Due to related parties		
Khalda Group Trading Company	**857,618**	728,187
Other related parties	**50,000**	-
	907,618	728,187

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17. INVESTMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS

	30 June 2022 (Unaudited)	31 December 2021 (Audited)
Al Rajhi Commodities Mudaraba Fund - SAR	**8,472,214**	30,387,909
Al Rajhi Multi Asset Conservative Fund	**6,934,989**	-
	15,407,203	30,387,909

The movement in the investments in FVTPL during the period / year is as follows:

	Al Rajhi Commodities Mudaraba Fund - SAR	**Al Rajhi Multi Asset Conservative Fund**	**30 June 2022 (Unaudited)**	31 December 2021 (Audited)
Balance at start of the period / year	**30,387,909**	**-**	**30,387,909**	45,097,903
Additions during the period / year	**-**	**7,000,000**	**7,000,000**	30,000,000
Disposal during the period / year	**(22,000,000)**	**-**	**(22,000,000)**	(45,097,903)
Fair value change	**84,305**	**(65,011)**	**19,294**	387,909
Balance at end of period / year	**8,472,214**	**6,934,989**	**15,407,203**	30,387,909

18. CASH AND CASH EQUIVALENTS

	30 June 2022 (Unaudited)	31 December 2021 (Audited)
Cash at banks	**50,534,962**	26,612,348
Cash in hand	**128,126**	14,804
	50,663,088	26,627,152

19. SHARE CAPITAL

As at 30 June 2022, the Company's share capital consists of 15 million shares (31 December 2021: 10 million shares) with a nominal value of SR 10 each.

The Extraordinary General Assembly, in its meeting held on 30 May 2022, approved to increase the capital of Al Mawarid Manpower Company from SR 100 million to SR 150 million, an increase of SR 50 million through the transfer of SR 20 million from the contractual reserve and SR 30 million from the retained earnings.

AL MAWARID MANPOWER COMPANY
(A Saudi Closed Joint Stock Company)
CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
For the six-month period ended 30 June 2022
(All amounts in Saudi Riyal unless otherwise stated)

20. TRADE PAYABLES AND OTHER CURRENT LIABILITIES

	30 June 2022 (Unaudited)	31 December 2021 (Audited)
Accrued vacations and air tickets	**39,679,342**	38,652,747
Accrued salaries and bonuses	**34,728,761**	23,523,185
Contract liabilities	**25,032,797**	18,706,212
Dividend payable	**11,827,856**	-
Trade payables	**4,847,046**	10,579,820
Financial consideration	**256,396**	256,396
Value Added Tax (VAT)	**11,203,887**	8,377,238
Commissions payable	**780,702**	1,405,518
Remunerations and allowances for members and committees of the Board of Directors	**1,029,167**	1,516,000
Accrued GOSI	**1,704,363**	1,269,608
Other	**6,075,791**	4,197,142
	137,166,108	108,483,866

Trade payables are unsecured and are normally paid within 30 days of recognition. The carrying value of trade payables and other current liabilities approximates their fair value, due to their short-term nature.

21. CONTINGENT LIABILITIES AND COMMITMENTS

The employees' entitlements, which represent the obligation of employees' benefits and leave and travel tickets allowances, which are borne by some customers on behalf of the Group in accordance with the terms of the contracts entered into with them upon the expiry of the workers' contracts amounted to SR 40.9 million as at 30 June 2022 (31 December 2021: SR 45,4 million).

A Commercial Bank, under the facility agreement signed with it, has issued a guarantee letter on behalf of the Group in favor of the Ministry of Human Resources and Social Development, which is a guarantee letter to issue the Company's license in the amount of SR 10 million.

22. RISK MANAGEMENT

The Group has exposure to the following risks arising from financial instruments:
- Market risk
- Credit risk;
- Liquidity risk

Risk management is carried out by the senior management under policies approved by the Board of Directors. Senior management identifies and evaluates, when appropriate, financial risks in close co-operation with the Group's operating units.

Financial assets and liabilities are offset and reported net in the condensed consolidated interim financial statements when the Group has a legally enforceable right to set off the recognized amounts and when the Group intends to settle on a net basis, or to realize the asset and settle the liability simultaneously.

Market risk
Market risk is the risk that changes in market prices such as selling prices of products, profit rates and equity prices will affect the Company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters while optimizing the return.

Currency risk
Currency risk is the risk that a financial instrument will fluctuate due to changes in foreign exchange rates. The Group transactions are primarily denominated in Saudi Riyals. The management believes that the currency risk is immaterial, as the exchange rate of the USD is fixed against the SAR, therefore, the currency exchange risk is immaterial.

AL MAWARID MANPOWER COMPANY
(A Saudi Closed Joint Stock Company)
CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
For the six-month period ended 30 June 2022
(All amounts in Saudi Riyal unless otherwise stated)

22. RISK MANAGEMENT (CONTINUED)

Interest rate risk

Interest rate risk is the exposure to various risks associated with the effect of fluctuations in the prevailing interest rates on the Group's financial position and cash flows. The Group manages interest rate risk by regularly monitoring the interest rate levels of its interest-bearing financial instruments. The Group is not exposed to significant interest sensitivity risk.

Credit risk

Credit risk is the risk that a party will not be able to meet its obligations to a financial instrument, causing financial losses to the other party. The Group does not believe that there are significant risks from balances due from related parties.

Financial assets that are subject to credit risk are limited to cash and cash equivalents, trade receivables and other current assets.

The cash and cash equivalents of the Group are deposited in public accounts with local banks with good credit ratings.

The Group only deals with high credit ratings financial institutions to limit the Group's exposure to credit risk.

The Group has put in place an approval process so that credit limits are applied to customers.

The management also continuously monitors exposure to credit risks towards customers and creates a provision against doubtful balances which is based on customer profile and previous payment dates. Existing customers' receivables are monitored on a regular basis.

At 30 June 2022, the exposure to credit risk for trade receivables is as follows:

	30 June 2022 (Unaudited)	31 December 2021 (Audited)
Trade receivables	**146,103,398**	112,684,252
Less: Allowance for expected credit losses	**(30,825,819)**	(28,519,911)
	115,277,579	84,164,341

The following table provides information about the exposure to credit risk and ECLs for trade receivables as at 30 June 2022,

	Weighted-average loss rate	**Total carrying value**	**Loss allowance**
Current (not past due)	1.97%	86,941,357	1,716,698
Past due 1-30 days	3.45%	8,019,839	276,559
Past due 31-60 days	5.01%	2,334,201	116,921
Past due 61-90 days	6.82%	1,176,018	80,252
Past due 91-180 days	13.62%	2,774,262	377,886
Past due 181-360 days	30.62%	4,040,267	1,237,075
More than 360 days past due	61.76%	40,817,454	25,207,927
Specific loss allowance	--	--	1,812,501
		146,103,398	**30,825,819**

AL MAWARID MANPOWER COMPANY
(A Saudi Closed Joint Stock Company)
CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
For the six-month period ended 30 June 2022
(All amounts in Saudi Riyal unless otherwise stated)

22. RISK MANAGEMENT (CONTINUED)

The total maximum exposure to credit risk in the Group as at the reporting date is as follows:

	30 June 2022 (Unaudited)	31 December 2021 (Audited)
Investments at FVTPL	**15,407,203**	30,387,909
Cash and cash equivalents	**50,663,088**	26,627,152
Due from related parties	**60,450,994**	52,390,288
Prepayments and other current assets	**128,785,695**	133,607,948
	255,306,980	243,013,297

Commission rate risk

It is the exposure to various risks associated with the effect of fluctuations in the prevailing interest rates on the Group's financial position and cash flows.

The Group's commission rate risk arises principally from loans and investments at fair value through profit or loss which are at floating commission rates and are subject to re-pricing on a regular basis. The management monitors these changes in commission rates.

The Group periodically analyzes the commission rate risk, taking into account any rescheduling of loans. It also calculates the financial impact on profits and losses by increasing/decreasing the commission rate by a certain percentage. This analysis is performed on liabilities that bear commission.

Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in raising funds to meet commitments associated with financial instruments.

Liquidity risk may result from the inability to sell a financial asset quickly and for an amount close to its fair value.

Liquidity risk is managed by monitoring it periodically to ensure the availability of sufficient funds through available banking facilities to meet any future liabilities.

The Group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its obligations as and when they fall due under normal and abnormal conditions without incurring unacceptable losses or risking damage to the Group's reputation.

For this purpose, the Group has maintained credit limits with various commercial banks in order to meet its liquidity requirements. As at 30 June 2022, the Group has an unused bank financing facility of SR 26 million (31 December 2021: SR 26 million) to manage short and long-term liquidity requirements.

The following are the contractual maturities of the remaining financial liabilities as at 30 June 2022 and 31 December 2021.These amounts are total and undiscounted and include contractual payments, excluding the effect of set-off agreements:

30 June 2022 (Unaudited)

		Contractual cash flows			
Financial Liabilities	**Carrying amount**	**Less than 1 year**	**More than 1 to 3 year**	**More than 3 to 5 year**	**Total**
Retained deposits	**7,997,769**	**7,997,769**	**-**	**-**	**7,997,769**
Trade payables and Contract liabilities	**29,879,843**	**29,879,843**	**-**	**-**	**29,879,843**
Due to related parties	**907,618**	**907,618**	**-**	**-**	**907,618**
Lease liabilities	**16,477,490**	**10,216,044**	**6,261,446**	**-**	**16,477,490**
	55,262,720	**49,001,274**	**6,261,446**	**-**	**55,262,720**

AL MAWARID MANPOWER COMPANY
(A Saudi Closed Joint Stock Company)
CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
For the six-month period ended 30 June 2022
(All amounts in Saudi Riyal unless otherwise stated)

22. RISK MANAGEMENT (CONTINUED)

31 December 2021 (Audited)

		Contractual cash flows			
Financial Liabilities	Carrying amount	Less than 1 year	More than 1 to 3 Year	More than 3 to 5 Year	Total
Retained deposits	7,752,265	7,752,265	-	-	7,752,265
Trade payables and Contract liabilities	29,286,032	29,286,032	-	-	29,286,032
Due to related parties	728,187	728,187	-	-	728,187
Lease liabilities	19,511,114	12,216,023	7,295,091	-	19,511,114
	57,277,598	49,982,507	7,295,091	-	57,277,598

Fair value measurement of financial instruments

Fair value represents the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at a measurement date.

As the accompanying condensed consolidated interim financial statements have been prepared under the historical cost method, difference may arise between the book values and the fair value estimates.

Management believes that the fair value of the Group's financial assets and liabilities are not materially different from their carrying values.

a) Assets which are measured at fair value :

The following table presents the Group's financial instruments measured at fair value at 30 June 2022 and 31 December 2021:

30 June 2022 (Unaudited)	**Level 1**	**Level 2**	**Level 3**	**Total**
Investments at FVTPL	**15,407,203**	**-**	**-**	**15,407,203**
31 December 2021 (Audited)				
Investments at FVTPL	30,387,909	-	-	30,387,909

There was no transfer between the levels of fair value hierarchy during the period.

b) Assets and liabilities which are not measured at fair value :

The following are financial assets and financial liabilities that are not measured at fair value because their carrying amount reasonably approximates their fair value.

Financial assets

	30 June 2022 (Unaudited)	31 December 2021 (Audited)
Financial assets at amortised cost:		
Trade receivables	**115,277,579**	84,164,341
Cash and cash equivalents	**50,663,088**	26,627,152
Total financial assets at amortized cost	**165,940,667**	110,791,493

AL MAWARID MANPOWER COMPANY
(A Saudi Closed Joint Stock Company)
CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
For the six-month period ended 30 June 2022
(All amounts in Saudi Riyal unless otherwise stated)

22. RISK MANAGEMENT (CONTINUED)

Financial Liabilities

	30 June 2022 (Unaudited)	31 December 2021 (Audited)
Financial liabilities at amortized cost:		
Retained deposits	**7,997,769**	7,752,265
Trade payables and contract liabilities	**29,879,843**	29,286,032
Lease liabilities	**16,477,490**	19,511,114
Total financial liabilities at amortized cost	**54,355,102**	56,549,411
Current portion of financial liabilities	**48,093,656**	49,254,320
Non-current portion of financial liabilities	**6,261,446**	7,295,091
Total Financial Liabilities	**54,355,102**	56,549,411

Capital management risk

When managing capital, the Group aims to ensure the Group's ability to continue as a going concern in order to be able to continue providing returns to shareholders and maintain a strong core capital to support the sustainable development of its business.

The Group manages its capital structure by monitoring returns on net assets and makes adjustments to them in light of changes that arise from economic conditions.

For the purpose of maintaining or adjusting the capital structure, the Group may adjust the amount of dividends paid to shareholders or may issue new shares.

23. SIGNIFICANT EVENTS

- **Company's share offering**
  The Extraordinary General Assembly, in its meeting held on May 30, 2022, approved to issue 30% of the company’s shares in an initial public offering by submitting an application for registration and offering of securities with the Capital Market Authority and a request for listing with the Saudi Stock Exchange Company, Tadawul

  On July 5, 2022, the prospectus file of the group have been uploaded on the portals of the Capital Market Authority and Tadawul, and the file is still being studied and reviewed by the two mentioned bodies.

- **Dividends distribution**
  The General Assembly, in its meeting held on 30 May 2022, approved to pay cash dividends to the shareholders for the year ended 31 December 2021 in the amount of SR 20 million, representing SR 2 per share.

24. APPROVAL OF THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

These condensed consolidated interim financial statements have been approved for issuance by the Board of Directors on 24 August 2022 (corresponding to: 26 Muharm 1444H).

ALMAWARID MANPOWER COMPANY
(A Saudi Closed Joint Stock Company)

Consolidated Financial Statements
For the year ended 31 December 2022
With Independent auditors' report

Al Mawarid Manpower Company
(A Saudi Closed Joint Stock Company)
Consolidated Financial Statements
For the year ended 31 December 2022

KPMG

KPMG Professional Services
Riyadh Front, Airport Road
P. O. Box 92876
Riyadh 11663
Kingdom of Saudi Arabia
Commercial Registration No. 1010425494

Headquarters in Riyadh

كي بي إم جي للاستشارات المهنية
واجهة الرياض، طريق المطار
صندوق بريد ٩٢٨٧٦
الرياض ١١٦٦٣
المملكة العربية السعودية
سجل تجاري رقم ١٠١٠٤٢٥٤٩٤

المركز الرئيسي في الرياض

Independent Auditor's Report

To the Shareholders of Al Mawarid Manpower Company (Saudi Closed Joint Stock Company)

Opinion

We have audited the consolidated financial statements of Al Mawarid Manpower Company ("the Company") and its subsidiaries ("the Group"), which comprise the consolidated statement of financial position as at 31 December 2022، the consolidated statements of profit or loss and other comprehensive income, changes in equity and cash flows for the year then ended, and notes to the consolidated financial statements, comprising significant accounting policies and other explanatory information.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at 31 December 2022, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with 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 (SOCPA).

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) 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 are independent of the Group in accordance with the International Code of Ethics for Professional Accountants (including International Independence Standards), that is endorsed in the Kingdom of Saudi Arabia, that are relevant to our audit of the consolidated financial statements, and we have fulfilled our other ethical responsibilities in accordance with the Code's requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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.

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Independent Auditor's Report (continued)

To the Shareholders of Al Mawarid Manpower Company (Saudi Closed Joint Stock Company)

Key Audit Matters (continued)

Revenue recognition – see note (4-20) to the consolidated financial statements for the accounting policy relating to revenue recognition and note (21) to the consolidated financial statements for the related disclosures.

Key audit matter	How the matter was addressed in our audit
During the year ended 31 December 2022, the Group recognized total revenue of SR 945 million (2021: SR 664 million). Revenue from manpower services is recognized over the time and a point in time depending on when the performance obligations are satisfied as per the agreement with the customers. This is dependent on the appropriate assessment of the respective contracts to assess whether the criteria to measure the recognition of revenue as per IFRS 15 'Revenue from Contracts with Customers' is met. Furthermore, Revenue is one of the Group's key performance indicators giving rise to an inherent risk revenue recognition is significant to our audit as the Group might inappropriately account for revenue to overstate profits to meet targets or expectations	Among other things, our procedures included the following: • Assessing the design and implementation of management's key controls relating to revenue recognition; • Assessing the appropriateness of the Group's revenue recognition accounting policies by considering the requirements of relevant accounting standards; • Testing a sample of revenue transactions made during the year and inspecting underlying supporting documentation; • Testing a sample of revenue credit notes transactions post year-end, to assess that the revenue is recorded in the correct period; and • Considering the adequacy of the related disclosures made by the management in the Group's consolidated financial statements.

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Independent Auditor's Report (continued)

To the Shareholders of Al Mawarid Manpower Company (Saudi Closed Joint Stock Company)

Key Audit Matters (continued)

Allowance of expected credit loss on trade receivables – see note (4.23) and (5) to the consolidated financial statements for the accounting policies and estimates relating to trade receivables, and note (10) to the consolidated financial statements for the related disclosures.

Key audit matter	How the matter was addressed in our audit
As at 31 December 2022, the Group recognized an allowance of expected credit loss on trade receivables of SR 2.4 million (2021: SR 8.7 million). The total allowance of expected credit losses on trade receivables of SR 28.8 million (2021: SR 28.5 million). The Group applies the simplified approach in calculating expected credit losses on trade receivables, which is based on management's estimate of the lifetime expected credit losses to be incurred, which is estimated by taking into account the credit losses experience, ageing of trade receivables, customers' repayment history and customers' financial position and an assessment of both the current and forward-looking factors specific to the debtors and the economic environment. All of which involves a significant degree of judgment and complexities. Due to significance of trade receivables and the involvement of significant degree of judgments in the expected credit losses calculation, we have identified this as a key audit matter. Furthermore, such allowance is inherently subjective and requires significant management judgement, which increases the risk of error or potential management bias.	Among other things, our procedures included the following: • Assessing the design and implementation of management's key controls relating to credit control, debt collection and estimation of expected credit losses; • Assessing, on a sample basis, whether items in the trade debtors' ageing report were classified within the appropriate ageing bracket by comparing individual items in the report with underlying documentation, which included revenue invoices and services delivery notes; • Obtaining an understanding of the key parameters and assumptions of the expected credit losses model adopted by the management, including historical default data and management's estimated loss rates; • Involved specialist to assist in evaluating the judgments and estimates; • Assessing the reasonableness of allowance for credit losses estimates by examining the information used by management to form such judgments, including probability of default testing using historical payment data and assessing whether they have been appropriately adjusted based on current economic conditions and forward-looking information; • Inspecting, on a sample basis, cash receipts from customers subsequent to the financial year end relating to trade receivables balances as at 31 December 2022 with bank statements and relevant remittance documentation; and • Considering the adequacy of the related disclosures made by the management in the Group's consolidated financial statements.

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Independent Auditor's Report (continued)

To the Shareholders of Al Mawarid Manpower Company (Saudi Closed Joint Stock Company)

Other Information

Management is responsible for the other information. The other information comprises the information included in the annual report but does not include the consolidated financial statements and our auditor's report thereon. The annual report 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 when it becomes available 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 annual report, when made available to us, if we conclude that there is a material misstatement therein, 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 IFRS that are endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements issued by SOCPA, the applicable requirements of the Regulations for Companies, 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, the Audit Committee, is 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 (ISAs) 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 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.

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Independent Auditor's Report (continued)

To the Shareholders of Al Mawarid Manpower Company (Saudi Closed Joint Stock Company)

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements (continued)

- 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.
- 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, then 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.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance 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 of Al Mawarid Manpower Company and its subsidiaries.

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 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.

KPMG Professional Services

كي بي إم جي للاستشارات المهنية
Lic No. 46
C.R. 1010425494
R: 1.
KPMG
ترخيص رقم ٤٦
س.ت ١٠١٠٤٢٥٤٩٤
KPMG Professional Services

Fahad Mubark Al Dossari
License No: 469

Riyadh, 20 Ramadan 1444H
Corresponding to: 11 April 2023

Al Mawarid Manpower Company
(A Saudi Closed Joint Stock Company)
Consolidated Statement of Financial Position
As at 31 December 2022
(All amounts are expressed in Saudi Riyal unless otherwise stated)

	Note	As at 31 December 2022	2021
Assets			
Non-current assets			
Property and equipment	*6*	**13,290,668**	11,635,201
Intangible assets	*7*	**1,374,037**	1,786,656
Right of use assets	*8*	**22,607,698**	20,444,531
Used and unused visas and other non-current assets	*9*	**46,603,184**	41,444,235
Financial investments at FVTPL	*13*	**4,027,500**	-
Total non-current assets		**87,903,087**	75,310,623
Current assets			
Trade receivables	*10*	**130,646,621**	84,164,341
Prepayments and other current assets	*11*	**150,513,813**	136,164,976
Due from related parties	*12*	**79,654,109**	52,390,288
Financial investments at FVTPL	*13*	**-**	30,387,909
Cash and cash equivalents	*14*	**55,380,958**	26,627,152
Total current assets		**416,195,501**	329,734,666
Total assets		**504,098,588**	405,045,289
Equity and liabilities			
Equity			
Share capital	*15*	**150,000,000**	100,000,000
Statutory reserve	*16*	**35,293,412**	27,694,675
Contractual reserve	*16*	**-**	20,000,000
Retained earnings		**107,772,290**	85,329,447
Total equity		**293,065,702**	233,024,122
Liabilities			
Non-current liabilities			
Employees' benefits liabilities	*18*	**25,602,457**	27,584,798
Lease liabilities	*8*	**10,157,893**	7,295,091
Recruitment agents guarantees		**1,178,329**	1,172,976
Total Non-current liabilities		**36,938,679**	36,052,865
Current liabilities			
Trade payables and other current liabilities	*19*	**147,905,112**	108,483,866
Retained deposits		**7,014,634**	7,752,265
Lease liabilities	*8*	**10,670,935**	12,216,023
Due to related parties	*12*	**40,180**	728,187
Provision for Zakat	*20*	**8,463,346**	6,787,961
Total current liabilities		**174,094,207**	135,968,302
Total liabilities		**211,032,886**	172,021,167
Total equity and liabilities		**504,098,588**	405,045,289

The accompanying notes 1 to 32 form an integral part of these consolidated financial statements.

Al Mawarid Manpower Company
(A Saudi Closed Joint Stock Company)
Consolidated statement of profit or loss and other comprehensive income
For the year ended 31 December 2022
(All amounts are expressed in Saudi Riyal unless otherwise stated)

		For the year ended 31 December	
	Note	**2022**	2021
Revenue	*21*	**944,729,376**	663,723,149
Cost of revenue	*22*	**(817,091,395)**	(566,863,723)
Gross profit		**127,637,981**	96,859,426
Selling and marketing expenses	*23*	**(13,271,013)**	(6,803,825)
General and administrative expenses	*24*	**(29,609,156)**	(23,286,850)
Impairment loss of trade receivables and other current assets	*10-11*	**(3,330,469)**	(8,716,746)
Other income	*25*	**2,827,509**	4,397,926
Profit from operations before Zakat		**84,254,852**	62,449,931
Zakat expense	*20*	**(8,267,481)**	(6,788,978)
Profit for the year after Zakat		**75,987,371**	55,660,953
Other comprehensive income:			
Items that will not be reclassified subsequently to profit or loss:			
Remeasurement gains (losses) on employees' defined benefit obligations	*18*	**4,054,209**	(2,042,899)
Total comprehensive income for the year		**80,041,580**	53,618,054
Earnings per share			
Basic and diluted earnings per share	*26*	**5,07**	3,71

The accompanying notes 1 to 32 form an integral part of these consolidated financial statements.

Al Mawarid Manpower Company
(A Saudi Closed Joint Stock Company)
Consolidated Statement of Changes in Equity
For the year ended 31 December 2022
(All amounts are expressed in Saudi Riyal unless otherwise stated)

	Note	Share capital	Statutory reserve	Contractual reserve	Retained earnings	Total
Balance at 1 January 2021		100,000,000	22,136,746	7,714,817	69,554,505	199,406,068
Net income for the year		-	-	-	55,660,953	55,660,953
Other comprehensive loss for the year		-	-	-	(2,042,899)	(2,042,899)
Total comprehensive income for the year		-	-	-	53,618,054	53,618,054
Transfer to statutory reserve	*16*	-	5,557,929	-	(5,557,929)	-
Transferred to contractual reserve	*16*	-	-	12,285,183	(12,285,183)	-
Dividend paid to shareholders	*17*	-	-	-	(20,000,000)	(20,000,000)
Balance at 31 December 2021 and 1 January 2022		**100,000,000**	**27,694,675**	**20,000,000**	**85,329,447**	**233,024,122**
Net income for the year		-	-	-	**75,987,371**	**75,987,371**
Other comprehensive income for the year		-	-	-	**4,054,209**	**4,054,209**
Total comprehensive income for the year	*15*	-	-	-	**80,041,580**	**80,041,580**
Increase of share capital		**50,000,000**	-	**(20,000,000)**	**(30,000,000)**	-
Transfer to statutory reserve	*16*	-	**7,598,737**	-	**(7,598,737)**	-
Dividend paid to shareholders	*17*	-	-	-	**(20,000,000)**	**(20,000,000)**
Balance at 31 December 2022		**150,000,000**	**35,293,412**	-	**107,772,290**	**293,065,702**

The accompanying notes 1 to 32 form an integral part of these consolidated financial statements.

Al Mawarid Manpower Company
(A Saudi Closed Joint Stock Company)
Consolidated statement of cash flows
For the year ended 31 December 2022
(All amounts are expressed in Saudi Riyal unless otherwise stated)

	Note	**For the year ended 31 December**	
		2022	2021
Cash flow from operating activities			
Net profit before Zakat		**84,254,852**	62,449,931
Adjustments for non-cash items:			
Depreciation on property and equipment	*6*	**1,492,477**	1,706,375
(Gain) / Loss on disposal of property and equipment	*25*	**(54,976)**	1,884
Amortization of intangible assets	*7*	**654,969**	712,948
Depreciation on right of-use of assets	*8*	**13,179,710**	10,930,219
Finance costs - leases	*8*	**1,035,503**	1,069,639
(Gains) / losses from disposal of Right of Use Assets		**(4,536)**	64,313
Impairment loss of trade receivables and other current assets	*10-11*	**3,330,469**	8,716,746
Profits from financial investments at FVTPL	*25*	**(147,113)**	(387,909)
Provision for employees' benefits liabilities	*18*	**8,074,190**	10,450,269
		111,815,545	95,714,415
Changes in working capital:			
Used and unused visas and other non-current assets		**(5,158,949)**	(20,910,199)
Trade receivables		**(48,890,533)**	(12,121,087)
Prepayments and other current assets		**(15,271,053)**	(51,429,806)
Due from / to related parties		**(27,951,828)**	(18,779,660)
Recruitment agents guarantees		**5,353**	(563,122)
Trade payables and other current liabilities		**39,421,246**	4,302,148
Retained deposits		**(737,631)**	(952,951)
Employees' benefits liabilities paid	*18*	**(6,002,322)**	(6,634,250)
Interest paid		**(1,035,503)**	(1,069,639)
Zakat paid	*20*	**(6,592,096)**	(6,625,936)
Net cash generated from/(used in) operating activities		**39,602,229**	(19,070,087)
Cash flows from investing activities			
Payments for purchase of property and equipment	*6*	**(3,204,523)**	(791,245)
Proceeds from disposals of property and equipment		**111,555**	7,630
Payments for purchase of intangible assets	*7*	**(242,350)**	(1,187,295)
Payments for purchase of financial investments at FVTPL	*13*	**(17,000,000)**	(30,000,000)
Proceeds from sale of financial investments at FVTPL	*13*	**43,507,522**	45,097,903
Net cash flows generated from investing activities		**23,172,204**	13,126,993
Cash flows from financing activities			
Dividend paid to shareholders		**(20,000,000)**	(20,000,000)
Payment of lease liabilities without finance expenses	*8*	**(14,020,627)**	(11,315,488)
Net cash flows used in financing activities		**(34,020,627)**	(31,315,488)
Net change in cash and cash equivalents		**28,753,806**	(37,258,582)
Cash and cash equivalents at beginning of the year	*14*	**26,627,152**	63,885,734
Cash and cash equivalents at end of the year	*14*	**55,380,958**	26,627,152
Non-cash transactions:			
Write-off of debts and settlement of trade receivables and other current assets	*10-11*	**3,032,943**	4,624,388
Remeasurement of employees' benefits liabilities	*18*	**4,054,209**	2,042,899
Additions of right-of-use assets under lease liabilities	*8*	**15,392,571**	6,729,773
Disposals of right-of-use assets under lease liabilities		**(54,230)**	(741,120)
Transferred from contractual reserve to capital increase		**(20,000,000)**	-
Transferred from retained earnings to capital increase		**(30,000,000)**	-

The accompanying notes 1 to 32 form an integral part of these consolidated financial statements.

Al Mawarid Manpower Company
(A Saudi Closed Joint Stock Company)
Notes to the consolidated financial statements
For the year ended 31 December 2022

1. General information

Al Mawarid Manpower Company is a Saudi Closed Joint Stock Company registered in the Kingdom of Saudi Arabia under Commercial Registration No. 1010343697 issued in the city of Riyadh on 12 Sha'aban 1433H (corresponding to 2 July 2012).

The principal activities of the Company and its subsidiaries (the "Group") are to provide the activities of recruitment services for domestic workers and temporary employment agencies for domestic services and expatriate labor services, under a license Ministry of Labor No. (6 /UMM) dated 5 Muharram 1434H (corresponding to 19 November 2012), in addition to providing a Saudi Manpower service.

These consolidated financial statements were approved for issuance by the board of directors on 18 Ramadan 1444H (corresponding to 9 April 2023).

The headquarter of the Group is located in the city of Riyadh, Al-Rawda District, P.O. Box 120058-11679, Riyadh - Kingdom of Saudi Arabia.

The accompanying consolidated financial statements include the activities of subsidiaries and branches of the Group listed below, which operate under the following sub-commercial registrations:

Branch	CR No.	Date
Riyadh - domestic workers	1010369956	27 Jumada' I 1434H (corresponding 8 April 2013)
Riyadh - expatriate workers	1010369960	25 Jumada' I 1434H (corresponding 6 April 2013)
Al Khobar	2051060639	2 Sha'aban1436H (corresponding to 20 May 2015)
Buraidah	1131056623	21 Rabi' II 1437H (corresponding to 31 January 2016)
Al Jubail	2055024837	20 Jumada' I 1437H (corresponding to 29 February 2016)
Hail	3350044313	3 Dhul-Hijjah 1437H (corresponding to 4 September 2016)
Jeddah	4030292526	22 Rabi' I 1438H (corresponding to 21 December 2016)
Riyadh - Al Taawun	1010466766	29 Rabi' I 1438H (corresponding to 28 December 2016)
Al Madinah Al Monawarah	4650081885	3 Rabi' II 1438H (corresponding to 21 December 2017)
Riyadh - Al Rawda	1010638704	26 Shawwal 1441H (corresponding to 17 June 2020)
Uniza	1128184135	26 Shawwal 1441H (corresponding to 17 June 2020)
Abha	5850129737	22 Rabi' II 1442H (corresponding to 7 December 2020)
Tabouk	3550143539	28 Rajab 1443H (corresponding to 1 March 2022)
Al Ahsa	2031110814	13 Rabi' I 1444H (corresponding to 9 October 2022)

2. Basis of preparation

a) Basis of consolidation

The accompanying consolidated financial statements include the financial statements of the Company and its subsidiaries as follow:

Subsidiary's name	Legal Entity	% of ownership 2022	2021
Musanid Al Marafiq for Maintenance and Cleaning (formerly, Musanid Almawarid for Operation and Maintenance Company)(*)	(A single Member Limited Liability Company)	**100%**	100%
Sawaid Manpower Company (**)	(A single Member Limited Liability Company)	**100%**	100%

Al Mawarid Manpower Company
(A Saudi Closed Joint Stock Company)
Notes to the consolidated financial statements
For the year ended 31 December 2022

2. Basis of preparation (continued)

a) Basis of consolidation (continued)

(*) Musanid Al Marafiq for Maintenance and Cleaning

Musanid Al Marafiq for Maintenance and Cleaning (formerly Musanid Almawarid for Operation and Maintenance Company) (a single shareholder limited liability company) is a company registered in Riyadh in the Kingdom of Saudi Arabia under Commercial Registration No. 1010995997 dated 12 Jumada' II 1437H (corresponding to 21 March 2016).

The subsidiary is wholly owned by Al Mawarid Manpower Company (the "Parent Company") as at 31 December 2022 and 2021.

The principal activities of the subsidiary are the provision of workers for the client's business for limited periods in order to compensate or supplement the client's workforce, and general cleaning of buildings.

(**) **Sawaid Manpower Company**

Sawaid Manpower Company (a single shareholder limited liability company) is a company registered in Riyadh in the Kingdom of Saudi Arabia under Commercial Registration No. 1010601489 dated 29 Safar 1441H (corresponding to 28 October 2019).

The subsidiary is wholly owned by Al Mawarid Manpower Company (the "Parent Company") as at 31 December 2022 and 2021.

The principal activities of the subsidiary are the activities of searching for employees for positions, whether by induction or testing, online recruitment agencies, and the provision of other human resources (including providing human resources on a long-term or permanent basis in general).

b) Statement of compliance

These consolidated financial statements of the Group have been prepared in accordance with the International Financial Reporting Standards as endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements that are issued by the Saudi Organization for Chartered and Professional (SOCPA).

The principal accounting policies applied in the preparation of these consolidated financial statements have been consistently applied to all periods presented.

c) Basis of measurement

These consolidated financial statements have been prepared under the historical cost convention, except for employees' benefits liabilities which are recognized using the projected unit credit method, as well as financial investments at fair value through profit or loss are measured at fair value, the accrual basis of accounting and the going concern concept.

d) Functional and presentation currency

These financial statements are presented in Saudi Riyals (SR) which is the Group's functional and presentation currency.

Al Mawarid Manpower Company
(A Saudi Closed Joint Stock Company)
Notes to the consolidated financial statements
For the year ended 31 December 2022

3. Going concern

The consolidated financial statements have been prepared on a going concern basis which the management consider to be appropriate for the following reasons:

Management has prepared cash flows forecast for a period of not less than 12 months from the date of these consolidated financial statements which indicates that, bearing in mind a reasonable expectation, the Group will have sufficient cash, through cash generation, to meet its liabilities as they fall due for that period. The Group's cash flow forecast implies that profitability and cash flow will continue to increase in line with previous years as a result of revenue from operations. The Group revenue includes revenue from contracts with customers, a significant proportion of which is generated from existing customers.

Taking the above into consideration, along with the Group's forecast profitability, cash flow from existing contracts, anticipated future growth and the Group's current cash balance, the management is confident that the Group will have sufficient funds to continue meeting its liabilities as they fall due for at least 12 months from the date of these consolidated financial statements, therefore, the consolidated financial statements have been prepared on a going concern basis.

4. Summary of significant accounting policies

4-1 Basis of consolidation

Business Combinations
The Group accounts for business combinations using the acquisition method when acquiring a set of activities and assets that meet the definition of a business and control is transferred to the Group.

When determining whether a specific set of activities and assets is a business, the Group assesses whether the set of assets and activities acquired included at least an input and substantive process and whether the acquired set has the ability to produce an output.

The Group applies the "Concentration test" that allows for a simplified assessment of whether the acquired set of activities and assets is not a business. The test is satisfied if the fair values of total assets acquired are materially concentrated in a single identifiable asset or a set of similar identifiable assets.

The consideration transferred in the acquisition is generally measured at the fair value of the identifiable net assets acquired. Any goodwill is tested for impairment loss annually.

Any gain from purchasing at a preferential rate is recognized in profit or loss immediately.

Transaction cost are expensed when incurred, unless they relate to the issuance of debt securities or financial securities.

The consideration transferred does not include amounts related to settlement of transactions arising from prior relationships. These amounts are usually recognized in profit and loss.

Al Mawarid Manpower Company
(A Saudi Closed Joint Stock Company)
Notes to the consolidated financial statements
For the year ended 31 December 2022

4. Summary of significant accounting polices (continued)

4.1 Basis of consolidation (continued)

Any contingent consideration is measured at fair value at the date of acquisition. If there is an obligation to pay a contingent consideration that meets the definition of financial instrument is classified as equity, then it is not remeasured, and the settlement is recognized in equity.

Otherwise, any other contingent consideration is measured at fair value at the reporting date and subsequent changes in fair value are recognized in profit or loss.

Subsidiaries

Subsidiaries are companies over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns resulted from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity.

The financial statements of the subsidiaries are prepared for the same reporting year as that of the Parent company, using accounting policies consistent with the Company's financial policies.

The financial statements of subsidiaries are included in the consolidated financial statements of the Group from the effective date that control commences until the date that control ceases.

Non-controlling interest "NCI"

NCI are measured based on their share of the acquirer`s identifiable net assets at the date of acquisition.
Changes in the Group's equity in a subsidiary that do not entail in loss of control are recognized as equity transactions.

Loss of control

Upon loss of control, the group derecognizes the assets and liabilities of the subsidiary, the non-controlling interests and the other components of equity relating to the subsidiary.

Any profit or loss arising from loss of control is recognized in the consolidated statement of profit or loss. If the Group retains any interest in the previous subsidiary, then such interest is measured at fair value at the date when control is lost.

Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealized income and expenses arising from intragroup transactions, are eliminated in preparing the consolidated financial statements.

Unrealized profits arising from transactions with equity- accounted investees are eliminated to the extent of the Group`s interest in the investee.

Unrealized losses are eliminated in the same way as unrealized profits, but only to the extent that there is no evidence of impairment.

Al Mawarid Manpower Company
(A Saudi Closed Joint Stock Company)
Notes to the consolidated financial statements
For the year ended 31 December 2022

4. Summary of significant accounting polices (continued)

4-2 Current and non-current assets and liabilities

The Group presents assets and liabilities in the consolidated statement of financial position based on current/non-current classification.

An asset is current when:
- Expected to be realized or intended to be sold or consumed in the normal operating cycle;
- It is held primarily for the purpose of trading
- Expected to be realized within twelve months after the reporting period; or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

The Group classifies all other assets as non-current.

A liability is current when:
- It is expected to be settled in normal operating cycle;
- It is held primarily for the purpose of trading
- It is due to be settled within twelve months after the reporting period; or
- There is no unconditional right to defer the settlement of the liabilities for at least twelve months after the reporting period.

The Group classifies all other liabilities as non-current liabilities.

4-3 Fair value measurement

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

In the principal market for the asset or liability, or

In the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or the most advantageous market must be accessible by the Group. 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.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits from the asset`s highest and best use or by selling it to another market participant that would utilize the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure 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. This is disclosed 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 : Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable.

Al Mawarid Manpower Company
(A Saudi Closed Joint Stock Company)
Notes to the consolidated financial statements
For the year ended 31 December 2022

4. Summary of significant accounting polices (continued)

4-3 Fair value measurement (continued)

Level 3: Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

For assets and liabilities that are recognized in the consolidated financial statements at fair value on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by re-assessing 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. The Group has determined the policies and procedures for both recurring fair value measurement, and for non-recurring measurement.

At each reporting date, the Group analyzes the changes in the values of assets and liabilities which are required to be re-measured or re-assessed as per the Group's accounting policies. For this analysis, the Group verifies the major inputs applied in the latest valuation by agreeing the information in the valuation computation to contracts and other relevant documents.

The Group also compares the change in the fair value for each asset and liability with relevant external sources to determine whether the change is reasonable.

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.

4-4 Visas and recruitment costs

Purchased visas represent the amounts paid to the government authorities against issuing manpower visas and are recorded at cost as available visa. Cost comprises all the purchase cost paid to the government authorities for securing the manpower visas.

The validity of the use of these visas is two years, and if they are not used during that period, they are then reimbursed by the government authorities to the Group's accounts.

Upon the arrival of the recruited worker, the visa is transferred from the unused visas account to the used visas account.

The visa fees used are amortized in the consolidated statement of profit or loss using the straight-line method over the worker contract period estimated by two-year.

The balance that pertains to the next year is recorded under advance visas expenses under current assets, and what is more than the year is recorded under non-current assets.

Recruitment costs represent the amount paid to recruitment agencies in connection with services obtained. These costs are amortized at the time of visa activation in the consolidated statement of profit or loss over two years in line with the employment contract period.

The amount of unamortized balance of used visas and recruitment costs are written off directly in the consolidated statement of profit or loss in case of termination of the contract or occurrence of anything that prevents the continuation of the service.

4-5 Residency and work permit fees

Residency and work permit fees are amortized in the consolidated statement of profit or loss over one year in line with the validity of such permits.

Al Mawarid Manpower Company
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Notes to the consolidated financial statements
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4. Summary of significant accounting polices (continued)

4-6 Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. Intangible assets acquired in a business combination are stated at their fair values. Intangible assets under development are stated at cost.

After initial recognition, intangible assets are carried at cost less any accumulated amortization and any impairment losses, if any. The useful lives of intangible assets are assessed and classified to be either finite or indefinite.

Intangible assets with finite useful lives are amortized over the economic useful lives and assessed for impairment whenever there is an indication that the intangible asset may be impaired.

The amortization period and the amortization method for intangible assets with finite useful lives are reviewed at least at the end of each reporting period.

Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are considered to modify the amortization period or method, as appropriate, and are treated as changes in accounting estimates.

The amortization expense on intangible assets with finite useful lives is recognized in the profit or loss under expenses category in line with the function of intangible assets.

Intangible assets with finite useful lives, that include computer software, applications and websites are amortized using the straight-line basis over their estimated useful lives estimated by 4 years.

Gains or losses arising from de-recognition of an intangible asset are measured as the difference between the net disposal proceeds and carrying amount of the asset and are recognized in the profit or loss when the asset is disposed.

4-7 Property and equipment

Property and equipment is stated at historical cost, net of accumulated depreciation and accumulated impairment losses, if any. Historical cost includes expenditure that is directly attributable to the acquisition of assets.

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 can be measured reliably.

The carrying amount of any component accounted for as a separate asset is derecognized when replaced. Other repairs and maintenance are charged to the profit or loss during the financial period in which they are incurred. Lands are not depreciated as they do not have a finite life.

Depreciation of property and equipment is calculated less its estimated residual value to allocate its cost using a straight-line basis over the estimated useful lives of the assets.

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4. Summary of significant accounting polices (continued)

4-7 Property and equipment (continued)

Depreciation is charged to the consolidated statement of profit or loss over the following estimated useful lives:

	Number of years
Buildings	20 years
Leasehold improvements	4 years or lease term, whichever is shorter
Motor vehicles	4 years
Office equipment and supplies	4 years
Furniture & fixtures	8 years

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each annual reporting period. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount. Gains and losses on disposals are determined by comparing proceeds with the carrying amount and are recognized in the profit or loss.

4-8 Leases

The Group assesses at contract inception whether a contract is, or contains, a lease. A contract is, or contains, a lease, if the contract conveys the right to control the use of an identified asset for a period in exchange for specific consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Group assesses whether:

The contract involves the use of an identified asset – this may be specified explicitly or implicitly and should be physically distinct or represent substantially all the capacity of a physically distinct asset. If the supplier has a substantive substitution right, then the asset is not identified.

the Group has the right to obtain substantially all the economic benefits from use of the asset throughout the period of use; and

the Group has the right to direct the use of the asset. The Group has this right when it has the decision-making rights that are most relevant to changing how and for what purpose the asset is used. In rare cases where the decision about how and for what purpose the asset is used is predetermined, the Group has the right to direct the use of the asset if either:

–the Group has the right to operate the asset; or
–the Group designed the asset in a way that predetermines how and for what purpose it will be used.

Right-of-use assets
The Group recognized a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

Right-of-use asset is subsequently depreciated using the straight-line method from the lease commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The estimated useful lives of right-of-use assets are determined on the same basis as those of property and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

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4. Summary of significant accounting polices (continued)

4-8 Leases (continued)

Lease liabilities

The lease liabilities are initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined.

Lease payments included in the measurement of the lease liabilities comprise the following:
–fixed payments, including in-substance fixed payments;
–variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
–amounts expected to be payable under a residual value guarantee; and
– the exercise price under a purchase option that the Group is reasonably certain to exercise, lease payments in an optional renewal period if the Group is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless the Group is reasonably certain not to terminate early.

The lease liabilities are measured at amortized cost using the effective interest rate method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee or if the Company changes its assessment of whether it will exercise a purchase, extension or termination option.

When the lease liabilities are remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use assets or is recorded in profit or loss if the carrying amount of the right-of-use assets has been reduced to zero.

The Group has presented separately the right-of-use assets and the lease liabilities in the Consolidated statement of financial position.

4-9 Trade receivables

Trade receivables are amounts due from customers for services provided in the ordinary course of business. If these receivables are expected to be collected within one year or less, they are classified as current assets, otherwise they are presented as non-current assets. Trade receivables are recognized initially at fair value and subsequently measured at amortized cost using the effective interest rate method, less provision for impairment.

4-10 Cash and cash equivalents

Cash and cash equivalents include cash in hand and demand deposits with banks, as well as other short-term highly liquid investments with original maturities of three months or less that are ready for conversion into known amounts of cash and that are not significantly affected by the risk of change in value.

4-11 Impairment of non-financial assets

At each reporting date, the Group assesses whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Group estimates the assets recoverable amount. An asset's recoverable amount is the higher of an asset's or CGU's fair value less costs of disposal and its value in use.

The recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or group of assets.

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4. Summary of significant accounting polices (continued)

4.11 Impairment of non–financial assets (continued)

When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

In determining fair value less costs of disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used.

Impairment losses of continuing operations are recognized in the consolidated statement of profit or loss in expense categories consistent with the function of the impaired asset.

For assets excluding goodwill, an assessment is made at each reporting date to determine whether there is an indication that previously recognized impairment losses no longer exist or have decreased.

If such indication exists, the Group estimates the asset's or CGU's recoverable amount. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognized for the asset in prior years. Such reversal is recognized in the consolidated statement of profit or loss.

4-12 Dividends

Dividends are recorded in the consolidated financial statements in the period in which they are approved by the shareholders of the Group.

4-13 Foreign currency transactions

Reporting currency and functional currency

Transactions denominated in foreign currencies are translated to Saudi Riyal at the exchange rates ruling at the date of the transaction.

As for the monetary assets and liabilities denominated in foreign currencies, they are translated into Saudi riyals according to the exchange rates prevailing at the date of the consolidated statement of financial position.

Profit or loss on the exchange rate differences are included in the consolidated statement of profit or loss for the year.

4-14 Employees' benefits liabilities

The Group has a defined employees' end-of-service benefits scheme in line with the Labor Law in the Kingdom of Saudi Arabia based on the employee's last salary and the number of years of service.

The end-of-service benefits plans are not funded. Consequently, the liability valuations under the plans are performed by an independent actuary based on the projected unit credit method.

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4. Summary of significant accounting polices (continued)

4.14 Employees' benefits liabilities (continued)

Costs of such plans initially include the current value of benefits obtained equally for each year of service and the benefits resulting from this obligation related to past employee's service.

Current and past service costs related to post-employment benefits are recognized immediately in the consolidated statement of profit or loss while unwinding of the liability at discount rates used are recorded in consolidated statement of profit or loss.

Any changes in net obligation due to the actuarial valuation and changes in assumptions are considered as re-measurement in the statement of other comprehensive income.

The re-measurement of gains and losses arising from adjustments to years of experience and changes in actuarial assumptions are recognized in the period in which they occur directly in other comprehensive income.

They are transferred to retained earnings in the consolidated statement of changes in equity in the period in which they occur.

Changes in the present value of the defined benefit obligation resulting from amendments or curtailments in the scheme are recognized immediately in profit or loss as past service costs.

End-of-service payments are based primarily on employees' final salaries, allowances, and accumulated years of service, as defined in the Labor Law in the Kingdom of Saudi Arabia.

4-15 Retained deposits

Retained deposits less any amounts due in accordance with the terms of the contract are stated under current liabilities in the consolidated statement of financial position.

4-16 Trade payables

Trade payables are liabilities for payment of services obtained from suppliers in the ordinary course of business. Trade payables are classified as current liabilities if these payables are due within one year or less, otherwise they are presented as non-current liabilities. Trade payables are recognized initially at fair value and subsequently measured at amortized cost using the effective interest rate method.

4-17 Recruitment agents guarantees

Recruitment agents' guarantees represent the amounts collected in advance from recruitment agents as cash security in order to comply with the terms and conditions of contracts signed with them. The net retained guarantees is recovered after deducting the amounts due from the supplier upon termination of the contract with the recruitment agent.

4-18 Contract liabilities

Contract liabilities represent amounts collected in advance from customers when signing contracts for the provision of manpower services. These amounts are recognized in revenue in the Group's consolidated statement of profit or loss when earned.

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4. Summary of significant accounting polices (continued)

4-19 Provisions

Provisions are recognized when the Group has a legal obligation (current or constructive) as a result of past events, and it is probable that the matter will require incurring resources to settle the obligation and the value of this obligation can be estimated reliably.

If there are a number of similar liabilities, the likelihood that an outflow will be required to settle these liabilities is determined by considering the classification of liabilities.

A provision is recognized even if the probability of an outflow for one of the items included in the same classification is minimal.

If the effect of the time value of money is significant, provisions are discounted using the current pre-tax discount rate that reflects current market assessments of the time value of money and the risks associated with the liability.

4-20 Revenue recognition

The Group recognizes revenue by providing manpower services to the public and private sectors customers and individuals in line with the requirements of IFRS 15.

Revenue is measured on the consideration specified in the contract with a customer and excludes amounts collected on behalf of third parties. Contract revenues are recognized based on manpower services provided to the customers (the services represent the performance obligations of the contract) over the terms of these agreements.

Contract costs

Contract costs are recognized as an expense unless the Group has a reasonable expectation to recover these costs from its customers and in cases where these costs are recoverable from the customers. The Group amortize these costs, if any, on a systematic basis, consistent with the transfer to the customer of the services.

The Group recognizes contract costs if:
- The costs relate directly to a contract or to an anticipated contract that the Group can specifically identify.
- The costs generate or enhance resources of the Group that will be used in satisfying (or in continuing to satisfy) performance obligations in the future.
- The incremental costs of obtaining a contract with a customer is expected to be recovered.
- Those costs would not have incurred if the contract had not been obtained or if an anticipated contract has not been identified by the Group.
- The costs that directly relates to a contract (or a specific anticipated contract) includes:
    a) direct labor.
    b) allocation costs that directly relate to the contract or to contract activities.
    c) costs that are explicitly chargeable to the customer under the contract; and
    d) other costs that are incurred only because the entity entered the contract.

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4. Summary of significant accounting polices (continued)

4-20 Revenue recognition (continued)

Measuring progress towards satisfaction of performance obligation

Type of service	Nature and timing of satisfaction of performance obligations, including significant payment terms	Revenue recognition policies
Corporate revenue	Corporate revenue relates to providing manpower services to corporate customers. Customers obtain control of services when such services are rendered and have been accepted. Invoices are generated and the performance obligation (rendering of services) is satisfied over time of the contractual arrangement.	Revenue is recognized over time as the services are provided.
Individual revenue	Manpower services provided to individual customers are covered under this stream. Customers obtain control of services when such services are rendered and have been accepted. Invoices are generated and the performance obligation (rendering of services) is satisfied over time of the contractual arrangement.	Revenue is recognized over time as the services are provided.
Hourly revenue	Such revenue stream relates to providing manpower services for few hours in a particular day. Customers obtain control of services when such services are rendered and have been accepted. Invoices are generated and the performance obligation (rendering of services) is satisfied at that particular point of time.	Revenue is recognized at point of time as the services are provided.

Contract assets and liabilities

When either party to a contract has performed, an entity shall present the contract in the consolidated statement of financial position as a contract asset or a contract liability, depending on the relationship between the entity's performance and the customer's payment. A contract asset is an entity's right to consideration in exchange for services that the entity has transferred to a customer. A contract liability is an entity's obligation to transfer services to a customer for which the entity has received consideration (or an amount of consideration is due) from the customer.

Presentation and disclosure requirements

The Group disaggregated revenue recognized from contracts with customers into categories that depict how the nature, amount, timing and uncertainty of revenue and cash flows are affected by economic factors.

4-21 Other income

Other income is recognized when earned.

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4. Summary of significant accounting polices (continued)

4-22 Zakat and taxation

The Group is subject to Zakat in accordance with the regulations of the Zakat, Tax and Customs Authority (ZATCA).

Zakat is calculated for each company within the Group separately on the basis of the higher of approximate Zakat base or adjusted income, and charged to profit or loss.

Any additional amounts, if any, are recognized when they are determined for payment.

The Group withholds taxes on certain transactions with non-resident parties in the KSA, if any as required under Saudi Arabian Income Tax Law.

4-23 *Financial instruments*

Classification and measurement of financial assets and financial liabilities

On initial recognition, a financial asset is classified as measured at: amortized cost; FVOCI – debt investment; FVOCI – equity investment; or FVTPL.

A financial asset is measured at amortized cost if it meets both of the following conditions and is not classified at FVTPL.

- It is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- Its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

A debt instrument is measured at FVOCI only if it meets both of the following conditions and is not designated as at FVTPL:

- It is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- Its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

On initial recognition of an equity investment that is not held for trading, the Group may irrevocably elect to present subsequent changes in the investment's fair value in OCI. This selection is made on an investment-by-investment basis.

All financial assets not classified as measured at amortized cost or FVOCI as described above are measured at FVTPL. This includes all derivative financial assets.

On initial recognition, the Group may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortized cost or at FVOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

A financial asset (unless it is a trade receivable without a significant financing component that is initially measured at the transaction price) is initially measured at fair value plus, for an item not at FVTPL, transaction costs that are directly attributable to its acquisition.

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4. Summary of significant accounting polices (continued)

4.23 Financial instruments (continued)

The following accounting policies apply to the subsequent measurement of financial assets:

Financial assets at FVTPL	These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognized in profit or loss.
Financial assets at amortised cost	These assets are subsequently measured at amortized cost using the effective interest method. The amortized cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognized in profit or loss. Any gain or loss on derecognition is recognized in profit or loss.
Debt investments at FVOCI	These assets are subsequently measured at fair value. Interest income calculated using the effective interest method, foreign exchange gains and losses and impairment are recognized in profit or loss. Other net profits and losses are recognized in OCI. On derecognition, gains and losses accumulated in OCI are reclassified to profit or loss.
Equity investment at FVOCI	These assets are subsequently measured at fair value. Dividends are recognized as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognized in OCI and are never reclassified to profit or loss.

The Group has no debt investments at FVOCI or equity investments at FVOCI.

Derecognition
Financial assets

A financial asset (or part of a group of similar financial assets) is mainly derecognized (i.e. excluded from the Group's consolidated statement of financial position) in the following cases:

- The rights to receive cash flows from the asset have been expired.
- The Group has transferred its rights to receive cash flows from the asset, or assumed an obligation to pay cash flows received in full without delay to a third party under a "pass" arrangement; (a) substantially transferred all the risks and rewards of the asset; or (b) transferred control over the asset and the Group has neither transferred nor retained substantially the risks and rewards of the financial asset.

Financial liability

The Group derecognizes financial liabilities when its contractual obligations are discharged, cancelled, or expired. The Group also derecognize financial liabilities when the terms and cash flows of the modified obligation are substantially modified, in which case a new financial liability is recognized based on the modified terms at fair value.

On disposal of a financial liability, the difference between the amortized carrying amount and the amount paid (including any non-cash assets transferred or charged liabilities) is recognized in the consolidated statement of profit or loss.

Impairment of financial assets

The financial assets at amortized cost consist of trade receivables and cash and cash equivalents. Loss provisions are measured on the bases of Expected Credit Losses ("ECLs") over lifetime of a financial instrument: these are ECLs that result from all possible default events over the expected life of a financial instrument.

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4. Summary of significant accounting polices (continued)

4.23 Financial instruments (continued)

The Group measures loss allowances at an amount equal to lifetime ECLs.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the group considers reasonable and supportable information that is relevant and available without undue cost or effort.

This includes both quantitative and qualitative information and analysis, based on the Group's historical experience and informed credit assessment and including forward-looking information.

Expected credit loss ("ECL") assessment for accounts receivables

The Group applies IFRS 9 simplified approach for measuring ECL, which uses a lifetime expected loss allowance. This method is applied for assessing an allowance against:

- Financial assets measured at amortized cost; and
- Contract assets

The expected loss rates are based on the payment profiles of receivables before each reported period and corresponding historical credit losses experienced within this period. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables. The Group has identified Gross Domestic Product ("GDP") of KSA (the country in which it renders the services) to be the most relevant factor, and accordingly adjusts the historical loss rates based on expected changes in these factors.
The expected loss approach breaks the total loss amount modelling into following parts: probability of default ("PD"), loss given default ("LGD"), exposure at default ("EAD"). These are briefly described below:

- loss given default (LGD) - This is an estimate of the loss arising on default. It is based on the difference between the contractual cash flows due and those that the lender would expect to receive, including from any collateral. It is usually expressed as a percentage of the EAD
- PD: the likelihood of a default over a particular time horizon
- EAD: This is an estimate of the exposure at a future default date, taking into account expected changes in the exposure after the reporting date, including repayments of principal and interest, and expected drawdowns on committed facilities.

Credit-impaired financial assets

At each reporting date, the Group assesses whether a financial asset carried at amortized cost is credit-impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of that financial asset have occurred.

Evidence that a financial asset is a credit impaired includes:
- Significant financial difficulties faced by the Group`s customers;
- A breach of contract such as a default or past due event;
- Rescheduling of financing by the group on terms that are not favorable to the group;
- Imminent bankruptcy or other financial reorganization of the customer;
- The absence of an active market for that financial instrument due to financial difficulties.

Presentation of allowance for ECL in the consolidated statement of financial position

Impairment losses in financial assets measured at amortized cost are deducted from the gross carrying amount of the assets.

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4. Summary of significant accounting polices (continued)

4.23 Financial instruments (continued)

Write-off

Financial assets are written off (either partially or in full) when the group has no reasonable expectations of recovery. The group also performs an individual assessment of each customer in order to determine the value and timing of write-offs, based on whether there are reasonable expectations of recovery.

However, financial assets that are written off are still subject to enforcement activities in order to comply with the group`s procedures for recovery of amounts due.

In the event that the amount to be written off exceeds the accumulated loss allowance, the difference is initially considered as an additions to the provision that is applied to the gross carrying amount.
Any subsequent recoveries are credited to other income.

Impaired financial assets

At each reporting date, the Group assesses whether financial assets carried at amortized cost and debt securities at FVOCI are impaired. A financial asset is impaired when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Presentation of impairment

Loss provisions for financial assets are deducted from the gross carrying amount of the assets. Impairment losses related to trade receivables, if any, are presented in the consolidated statement of profit or loss under a separate item.

Financial liability

Financial liabilities are classified as measured at amortised cost or FVTPL. Financial liabilities are classified as at FVTPL if it is classified as held-for-trading, it is a derivative or it is designated as such on initial recognition.

Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognized in profit or loss.

Other financial liabilities are subsequently measured at amortized cost using the effective interest rate method. Interest expense and foreign exchange gains and losses are recognized in profit or loss. Any gain or loss on derecognition is also recognized in profit or loss.

4-24 Contingent liabilities

They are liabilities that may arise from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group, or present obligation not recorded because it is not probable that an outflow of resources will be required to settle the obligation. In case the amount of the obligation cannot be measured with sufficient reliability, this amount is not recognized as contingent liabilities but disclosed in the consolidated financial statements.

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4. Summary of significant accounting polices (continued)

4-25 New standards, interpretations and amendments

The following are a number of standards, amendments and interpretations of standards that were issued by the IASB as at 20 March 2022.

a) Currently effective new standards, interpretations and amendments:

Effective date	Amendments in standards
1 January 2022	Onerous Contracts - Cost of Fulfilling a Contract (Amendments to IAS 37).
	Annual Improvements to IFRS Standards (2018–2020)
	Property, Plant and Equipment: proceeds before intended use (Amendments to IAS 16)
	Reference to the Conceptual Framework (Amendments to IFRS 3).

Management assessed the financial impact and there is no impact on the consolidated financial statements as at 31 December 2022.

b) Standards issued but not adopted

Standards and amendments issued but not yet effective up to the date of issuance of the Group's consolidated financial statements are listed below.

Effective for annual periods beginning on or after	New Standards and Amendments
1 January 2023	Classification of liabilities as current/non-current (Amendments to IAS 1).
	IFRS 17 Insurance Contracts and amendments to IFRS 17 Insurance Contracts.
	Definition of accounting estimate (Amendments to IAS 8).
	Disclosure of Accounting Policies- Amendments to IAS 1 and IFRS Practice Statement 2.
	Deferred Tax related to Assets and Liabilities arising from a Single Transaction (Amendments to IAS 12).
Available for optional adoption/effective date deferred indefinitely	Sale or contribution of assets between the investor and its associate or joint venture (Amendments to IFRS 10 and IAS 28).

Management will assess the financial impact of the new standards and amendments and management expects that they will have no impact on the group's financial statements

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5. Significant accounting estimates and assumptions

The estimates used by the Group to present these amounts in accordance with IFRS as endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements issued by SOCPA reflect the circumstances at the date of transition to IFRS and as at the end of the earliest reporting period presented.

The preparation of the Group's Consolidated Financial Statements requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures, and the disclosure of contingent liabilities.

Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below.

The Group based its estimates on information available in preparation of consolidated financial statements. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising beyond the control of the Group. These changes are reflected in the assumptions when they occur.

Measurement of ECLs

ECLs are a probability-weighted estimate of credit losses. They are measured as follows:

- financial assets that are not credit-impaired at the reporting date: as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Group expects to receive);

- financial assets that are credit-impaired at the reporting date: as the difference between the gross carrying amount and the present value of estimated future cash flows.

Defined benefit plans

The cost of end of service defined benefit and the present value of the related obligation are determined using actuarial valuations. An actuarial valuation involves making various assumptions which may differ from actual developments in the future. These include the determination of the discount rate, future salary increases, withdrawal before normal retirement age and mortality rates. Due to the complexity of the valuation, the underlying assumptions and its long-term nature; a defined benefit obligation is highly sensitive to changes in these assumptions.

All assumptions are reviewed at each reporting date.

The parameter most subject to change is the discount rate. In determining the appropriate discount rate, management considers the interest rates of corporate bonds in currencies consistent with the currencies of the post-employment benefit obligation with at least an 'AA' rating or above, as set by an internationally acknowledged rating agency, and extrapolated as needed along the yield curve to correspond with the expected term of the defined benefit obligation.

The underlying bonds are further reviewed for quality.

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5. Critical accounting estimates and assumptions (continued)

Defined benefit plans (continued)

Those having excessive credit spreads are removed from the analysis of bonds on which the discount rate is based, on the basis that they do not represent high quality bonds.

The mortality rate is based on publicly available mortality tables for the specific countries. Those mortality tables tend to change only at intervals in response to demographic changes.

Future salary increases are based on expected future inflation rates for the respective countries.

Lease's discount rate
The management of the Group uses estimates in determining the incremental borrowing rate in computing the present value of minimum lease payments, as well as the expected lease term in the event of extension options.

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6. Property and equipment

	Land	Buildings	Leasehold Improvements	Furniture, fixtures and office equipment	Motor vehicles	Total
Cost						
As at January 1, 2021	5,344,155	4,566,501	2,495,323	7,624,255	3,577,733	**23,607,967**
Additions during the year	-	-	85,905	705,340	-	**791,245**
Disposals during the year	-	-	-	(1,169,666)	(59,149)	**(1,228,815)**
As at 31 December 2021 and 1 January 2022	**5,344,155**	**4,566,501**	**2,581,228**	**7,159,929**	**3,518,584**	**23,170,397**
Additions during the year	-	170,076	1,039,877	1,994,570	-	**3,204,523**
Disposals during the year	-	-	(1,770,327)	(56,721)	(735,971)	**(2,563,019)**
As at 31 December 2022	**5,344,155**	**4,736,577**	**1,850,778**	**9,097,778**	**2,782,613**	**23,811,901**
Accumulated depreciation						
As at January 1, 2021	-	473,672	2,160,899	5,577,161	2,836,391	**11,048,123**
Charge for the year	-	226,264	146,461	835,670	497,980	**1,706,375**
Disposals during the year	-	-	-	(1,160,153)	(59,149)	**(1,219,302)**
As at 31 December 2021 and 1 January 2022	-	**699,936**	**2,307,360**	**5,252,678**	**3,275,222**	**11,535,196**
Charge for the year	-	229,742	221,513	954,383	86,839	**1,492,477**
Disposals during the year	-	-	(1,729,437)	(41,040)	(735,963)	**(2,506,440)**
As at 31 December 2022	-	**929,678**	**799,436**	**6,166,021**	**2,626,098**	**10,521,233**
Net book value						
As at 31 December 2022	**5,344,155**	**3,806,899**	**1,051,342**	**2,931,757**	**156,515**	**13,290,668**
As at 31 December 2021	5,344,155	3,866,565	273,868	1,907,251	243,362	11,635,201

Depreciation for the year has been allocated as follows:

	31 December 2022	31 December 2021
Cost of revenue *(Note 22)*	**821,638**	1,031,806
General and administration expenses *(Note 24)*	**628,093**	638,704
Selling and marketing expenses (note 23)	**42,746**	35,865
	1,492,477	1,706,375

As at 31 December 2022, property and equipment include fully depreciated assets with an original cost of SR 5,815,627 (31 December 2021: SR 5,607,808) and they are still in use and the management does not expect to achieve substantial future economic benefits from these assets.

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7. Intangible assets

Intangible assets represent computer software, applications and websites. The movements in balances during the year ended 31 December 2022 and 2021 are as follows:

	Computer Software	**Other intangible assets**	**Total**
Cost			
As at January 1, 2021	3,465,451	543,750	**4,009,201**
Additions during the year	949,495	237,800	**1,187,295**
As at 31 December 2021 and 1 January 2022	**4,414,946**	**781,550**	**5,196,496**
Additions during the year	**162,550**	**79,800**	**242,350**
As at 31 December 2022	**4,577,496**	**861,350**	5,438,846
Accumulated amortization:			
As at January 1, 2021	2,696,892	-	**2,696,892**
Amortization during the year	568,026	144,922	**712,948**
As at 31 December 2021 and 1 January 2022	**3,264,918**	**144,922**	**3,409,840**
Amortization during the year	**443,277**	**211,692**	**654,969**
As at 31 December 2022	**3,708,195**	**356,614**	**4,064,809**
Net book value:			
As at 31 December 2022	**869,301**	**504,736**	**1,374,037**
As at 31 December 2021	1,150,028	636,628	1,786,656

Amortization charge for the year is allocated as follows:

	31 December 2022	31 December 2021
Cost of revenue *(Note 22)*	**122,319**	34,564
General and administration expenses *(Note 24)*	**344,430**	443,702
Selling and marketing expenses (note 23)	**188,220**	234,682
	654,969	712,948

8. Leases

a) Right-of-use assets

Right of use assets relates to leased Vehicles and building, and it is amortized on a straight-line basis over the lease term as shown below:

	Lease terms
Vehicles	4 years
Buildings	3 – 5 years

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8. Leases (continued)

a) Right-of-use assets (continued)

Movement of right of use assets per class is shown below:

	Vehicles	**Buildings**	**Total**
Cost			
As at January 1, 2021	25,683,282	15,597,254	**41,280,536**
Additions during the year	2,709,592	4,020,181	**6,729,773**
Disposals during the year	(1,942,404)	-	**(1,942,404)**
As at 31 December 2021 and 1 January 2022	**26,450,470**	**19,617,435**	**46,067,905**
Additions during the year	**5,662,788**	**9,729,783**	**15,392,571**
Disposals during the year	**(255,989)**	**(1,526,220)**	**(1,782,209)**
As at 31 December 2022	**31,857,269**	**27,820,998**	**59,678,267**
Accumulated depreciation			
As at January 1, 2021	(9,937,767)	(5,892,359)	**(15,830,126)**
Depreciation charge for the year	(6,325,104)	(4,605,115)	**(10,930,219)**
Disposals during the year	1,136,971	-	**1,136,971**
As at 31 December 2021 and 1 January 2022	**(15,125,900)**	**(10,497,474)**	**(25,623,374)**
Depreciation charge for the year	**(6,925,315)**	**(6,254,395)**	**(13,179,710)**
Disposals during the year	**242,550**	**1,489,965**	**1,732,515**
As at 31 December 2022	**(21,808,665)**	**(15,261,904)**	**(37,070,569)**
Net book value			
As at 31 December 2022	**10,048,604**	**12,559,094**	**22,607,698**
As at 31 December 2021	11,324,570	9,119,961	20,444,531

Depreciation for the year has been allocated as follows:

	31 December 2022	31 December 2021
Cost of revenue *(Note 22)*	**13,123,783**	10,906,679
General and administration expenses *(Note 24)*	**55,927**	23,540
	13,179,710	10,930,219

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8. Leases (continued)

b) Lease liabilities

	31 December 2022	31 December 2021
As at 1 January	**19,511,114**	24,837,949
Additions during the year	**15,392,571**	6,729,773
Disposals during the year	**(54,230)**	(741,120)
Finance charges during the year	**1,035,503**	1,069,639
Payment made during the year	**(15,056,130)**	(12,385,127)
As at 31 December	**20,828,828**	19,511,114

Lease liabilities have been presented in the statement of financial position as follows:	**31 December 2022**	31 December 2021
Lease liabilities - current portion	**10,670,935**	12,216,023
Lease liabilities – non-current portion	**10,157,893**	7,295,091

Lease liabilities have been discounted using a discount rate 5%

9. Used and unused visas and other non-current assets

The unused visas represent the value of the visas paid to ministry of labor and have not been used until the date of the statement of financial position.

The amounts of the visas are transferred to the used visas upon the arrival of the recruited manpower to the territory of the Kingdom of Saudi Arabia.

The movement of the visa balance during the year is as follows:

	31 December 2022	31 December 2021
As at 1 January	**27,784,000**	25,342,000
Purchased visas during the year	**46,930,000**	22,894,000
Expired visas refunded during the year	**(8,746,000)**	(2,996,000)
Transferred to used visas	**(36,828,000)**	(17,456,000)
Unused visas as at the end of the year (*)	**29,140,000**	27,784,000
Add: used visas balance - non-current portion (note 11)	**4,819,050**	6,731,000
Less: unused visas balance - current portion *(note 11)*	**(11,564,000)**	(10,206,000)
Used and unused visas as at the end of the year	**22,395,050**	24,309,000
Add: Recruitment fees – non-current portion	**24,208,134**	17,135,235
As at 31 December	**46,603,184**	41,444,235

(*) The unused visas were analyzed as follows:

Unused visas - current portion	**11,564,000**	10,206,000
Unused visas - non-current portion	**17,576,000**	17,578,000

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10. Trade receivables

	31 December 2022	31 December 2021
Trade receivables	**159,456,663**	112,684,252
Less: Allowance for expected credit losses	**(28,810,042)**	(28,519,911)
	130,646,621	84,164,341

The Group applies the simplified approach in IFRS 9 to measure the expected credit loss which uses a lifetime expected loss allowance for all trade receivables.

Movement in impairment of accounts receivable balances during the year is as follows:

	31 December 2022	31 December 2021
As at 1 January	**28,519,911**	22,827,043
Provided during the Year	**2,408,253**	8,716,746
Trade receivables written-off during the year	**(2,118,122)**	(3,023,878)
As at 31 December	**28,810,042**	28,519,911

Trade receivables are written-off when there is no reasonable expectation of recovery. Indications that there are no reasonable expectations of collection include, among other things, the debtor's failure to agree on a payment plan with the Group and the failure to make contractual payments.

The balance of trade receivables as at 31 December 2022 includes an amount of SR 20 million secured by bank guarantees, promissory notes and term cheques (31 December 2021: SR 22 million).

11. Prepayments and other current assets

	31 December 2022	31 December 2021
Due from Zakat, Tax and customs Authority *	**41,118,707**	45,623,027
Residency and work permit fees	**14,043,987**	35,333,145
Recruitment fees – current portion	**53,330,712**	24,616,216
Unused visas - current portion *(Note 9)*	**11,564,000**	10,206,000
Advances to suppliers	**9,562,258**	3,409,313
Used visas - current portion **	**11,498,802**	5,320,614
Advances to employees	**2,382,940**	4,315,444
Prepaid other expenses	**4,509,395**	2,557,028
Other	**3,621,306**	5,895,088
	151,632,107	137,275,875
Less: impairment of other current assets ***	**(1,118,294)**	(1,110,899)
	150,513,813	136,164,976

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11. Prepaid expenses and other current assets (Continued)

(*) Due from Zakat, Tax and customs Authority ("ZATCA")

During the month of December 2020, the Zakat, Tax and Customs Authority (ZATCA) re-evaluated the VAT returns submitted by the company for the periods from May 2018 to December 2019 with a VAT difference of SR 21,955,089. The dispute mainly relates to recalculation of the ZTCA VAT on salaries and government fees for the workers outsourced their services to the Group's customers, in violation of the value-added tax regulations, the implementing regulations and the guideline for applying the VAT on employee benefits. The Group's management paid the total tax differences to benefit from the ZATCA's initiative to exempt from the fines that existed at that time, and submitted objections to all periods to the ZATCA with all evidence and support, and even correspondence with the ZATCA in particular, which supported the validity of the VAT returns submitted by the Group.

In March 2021, the Group received the ZATCA's decision to reject the objections submitted for the above-mentioned differences, so the Group's management took a decision to amend the VAT returns for the periods from January 2020 to February 2021 and pay the tax differences totaling SR 26,489,954, to take advantage of the initiative to exempt from fines in order to spare the Group any risks that may result when the dispute is finally resolved, noting that the Group paid fines for the months of December 2020 and January 2021, for being outside the scope of the ZATCA's initiative to exempt from fines, with a total amount of SR 325,918.

The Group filed a grievance against the ZATCA's decision with the General Secretariat of the Tax Committees (GSTC) and issued debit notes to its customers and related parties to VAT differences related to the workers seconded to them for all the periods referred to above for a total amount of SR 48,445,043 so that they can deduct the amounts that It belongs to them in their VAT returns, and the Group has also changed the method of calculating the VAT to include the salaries of seconded workers and any other items included in the invoices as of March 2021 until the dispute is finally settled and ZATCA is notified of that.

Certain clients have paid the VAT differences related to the labor they work for totaling SR 7,652,255, and others have requested to postpone the payment until the dispute is finally decided upon by the GSTC, relying on the validity of the invoices received from the Group for the mentioned periods and that they were correct in accordance with the VAT regulations, VAT implementing regulation and the VAT guides.

On October 28, 2021, the session set by the GSTC was attended by representatives of the Group and its tax advisor. After hearing the two parties to the dispute, the committee's decision at the end of the session was in the interest of the Group, as the ZATCA's decision to re-evaluate the returns submitted by the Group was cancelled.

On 12 January, 1 February and 6 February of 2022, the Group have been received formal decisions from GSTC for all cases filed before it (20 months). ZATCA appealed the GSTC's decisions.

During December 2022, a notification was received from GSTC stating that ZATCA had abandoned all existing cases related to the Group and stopped continuing the appeal submitted by it in GSTC's decision issued in October 2021.

During January 2023, ZATCA began to cancel the reassessment of tax returns that previously conducted for the periods referred to above. As at the date of issuance of consolidated financial statements, ZATCA has amended certain returns and refunded an amount of SR 45.01 million to the Group's accounts, and the rest of the returns are being amended and their amounts will be refunded to the Group's accounts amounting to SR 3,7 million. The group issued credit notes in favor of customers to meet the debit notes previously issued to them as indicated above.

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11. Prepaid expenses and other current assets (Continued)

(*) Due from Zakat, Tax and customs Authority ("ZATCA") (continued)

Based on the foregoing, the tax dispute that existed between the Group and ZATCA has been completely resolved in favor of the Group.

(**) Used visas - current portion
The movement of the visa balance during the year is as follows:

	31 December 2022	31 December 2021
As at 1 January	**12,051,614**	5,385,724
Used visas transferred during the year	**37,520,639**	17,900,512
Amortization during the year	**(33,254,401)**	(11,234,622)
As at 31 December	**16,317,852**	12,051,614
The used visas were analyzed as follows:		
Used visas - current portion	**11,498,802**	5,320,614
Used visas - non-current portion (Note 9)	**4,819,050**	6,731,000

(***) The movement in impairment of other current assets during the year is as follows:

	31 December 2022	31 December 2021
As at 1 January	**1,110,899**	2,711,409
Provided during the Year	**922,216**	-
Other current assets written-off during the year	**(914,821)**	(1,600,510)
As at 31 December	**1,118,294**	1,110,899

12. Transactions and balances with related parties

Related parties represent key management personnel, members of the board of directors, shareholders of the Group and their associates. Related parties also include business entities in which some members of the board of directors or key management personnel have an interest (other related parties).

Transactions with related parties and jointly controlled entities are carried out in accordance with the terms and conditions approved by the Group's management or the Board of Directors.

The following are the most significant transactions with related parties carried out by the Group:

a) Key management personnel compensation:

	31 December 2022	31 December 2021
Employees' salaries and other short-term benefits	**8,377,632**	7,353,892
Post-employment benefits	**338,798**	279,266
	8,716,430	7,633,158

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12. Related party transactions and balance (continued)

b) Board of Directors' remuneration and allowances

	31 December 2022	31 December 2021
Board remunerations	**1,340,000**	1,300,000
Allowances and compensations for board committees	**959,000**	92,000
	2,299,000	1,392,000

c) Business transactions with related parties

The following table presents amounts of business transactions that carried out with related parties during the year ended 31 December 2022 and 2021 and the balances due from / to related parties at the end of year:

Name of the related party	**Nature of relationship**	**Nature of transactions**	**Transactions amounts as at 31 December**	
			2022	2021
Mawaridkum Group Trading Company	Shareholder	Revenue against rendering labor services	**47,244,143**	70,060,027
		Cost of labor paid on behalf of shareholder	**1,698,060**	8,017,665
Al-Ayuni Investment and Contracting Company	Shareholder	Revenue against rendering labor services	**59662,923**	21,467,712
		Cost of labor paid on behalf of shareholder	**11,676,747**	6,465,618
Khalda Group Trading Company	Shareholder	Revenue against rendering labor services	**347,891**	369,130
		Cost of labor paid on behalf of shareholder	**156,112**	10,530
		Project management fees to the shareholder	**131,583**	203,580
Other related parties	Entities under common control	Revenue against rendering labor services	**12,024,053**	7,864,036
		Cost of labor paid on behalf of shareholder	**989,578**	2,205,916

Transactions with related parties during the year 2022 also include the amounts of the IPO costs, which the group paid on behalf of the shareholders, amounting to SR 7,4 million.

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12. Related party transactions and balance (continued)

d) Related party balances

The following table presents the balances due from/ to related parties as at 31 December 2022 and 2021:

	31 December 2022	31 December 2021
Due from related parties		
Mawaridkum Group Trading Company	**38,985,848**	31,599,562
Al-Ayuni Investment and Contracting Company	**32,292,336**	17,765,186
Khalda Group Trading Company	**203,566**	-
Other shareholders	**4,099,343**	1,270,853
Other related parties	**4,073,016**	1,754,687
	79,654,109	52,390,288
Due to related parties		
Khalda Group Trading Company	**-**	728,187
Other related parties	**40,180**	-
	40,180	728,187

13. Financial investments at fair value through profit or loss (FVTPL):

Investments in trading funds represent investment in Al Rajhi Commodity Trading Fund and investment in Al Rajhi Multi Asset Conservative Fund and investment in the sukuk of Al-Rajhi Bank. The movement in the investments in FVTPL during the year is as follows:

	31 December 2022	31 December 2021
Balance as at 1 January	**30,387,909**	45,097,903
Additions during the year	**17,000,000**	30,000,000
Disposals during the year	**(43,507,522)**	(45,097,903)
Fair value change	**147,113**	387,909
Balance as at 31 December	**4,027,500**	30,387,909

Financial investments at fair value through profit or loss are presented in the statement of financial position as follows:

Non-current portion	**4,027,500**	-
Current portion	**-**	30,387,909
	4,027,500	30,387,909

14. Cash and cash equivalents

	31 December 2022	31 December 2021
Cash at banks	**55,299,660**	26,612,348
Cash in hand	**81,298**	14,804
	55,380,958	26,627,152

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15. Share capital

As at 31 December 2022, the Company's share capital consists of 15 million shares (31 December 2021: 10 million shares) with a nominal value of SR 10 each.

The Company's General Assembly, in its meeting held on 30 May 2022, approved to increase the capital of Al Mawarid Manpower Company from SR 100 million to SR 150 million, with an increase of SR 50 million. This increase has been funded through transfer of SR 20 million from the contractual reserve account and an amount SR 30 million from the retained earnings account.

16. Reserves

16.1 Statutory reserve

In accordance with the provisions of the Regulations for Companies in the Kingdom of Saudi Arabia and the Company's By-Laws, the Company is required to set aside 10% of the annual net income to the statutory reserve until this reserve equals 30% of the capital.

This reserve is not available for distribution to the shareholders of the Company currently.

16.2 Contractual reserve

The contractual reserve was established under to the approvals of the shareholders General Assembly's meetings held on 27 June 2021 and 28 July 2020, where an amount of SR 12,285,183 and SR 7,714,817 were set aside, respectively, from the realized profits during the years 2020 and 2019, as the balance of reserve at the end of 2021 amounts to SR 20,000,000. During 2022, the entire balance was used to increase the share capital of Al Mawarid Manpower Company (note 15).

17. Dividends

The General Assembly, in its meeting held on 30 May 2022, approved to pay cash dividends to the shareholders for the year ended 31 December 2021 in the amount of SR 20 million, representing SR 2 per share, and it has been paid in full (31 December 2021: SR 20 million as dividends for the year ended 31 December 2020).

18. Employees' benefits liabilities

The Group operates a defined benefit plan in line with the Labor Law requirement in the Kingdom of Saudi Arabia.

The amounts paid at the end of service under the plan are calculated on the basis of the employees' last salaries and allowances and the number of their accumulated years of service as on the date of the end of their services, as outlined in the labor law in force in the Kingdom of Saudi Arabia.

Employees' end-of-service benefit plans are unfunded. Benefits payment liabilities are met when due.

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18. Employees benefits liabilities (continued)

The below table presents the movement of employees' benefits liabilities during the years 2022 and 2021:

	31 December 2022	31 December 2021
As at 1 January	**27,584,798**	21,725,880
Included in profit or loss		
Current service cost	**7,460,156**	10,207,820
Interest expense	**614,034**	242,449
Payments and settlements	**(6,002,322)**	(6,634,250)
Included in other comprehensive income		
Remeasurement (gains)/ losses on employees' benefits liabilities	**(4,054,209)**	2,042,899
As at 31 December	**25,602,457**	27,584,798

(a) The amounts recognized in the consolidated statement of profit or loss and other comprehensive income relating to employees' benefits liabilities are as follows:

	31 December 2022	31 December 2021
Current service cost	**7,460,156**	10,207,820
Interest expense	**614,034**	242,449
Total amounts recognized in profit or loss	**8,074,190**	10,450,269
Re-measurement		
Remeasurement gains/ (losses) on employees' benefits liabilities	**4,054,209**	(2,042,899)

(b) Key actuarial assumptions

	31 December 2022	31 December 2021
Discount rate	4,1%	2,3%
Salary growth rate	3,4%	1,3%
Employees' turnover rate	Moderate	Moderate
Retirement age	60 years	60 years

(c) Sensitivity analysis for actuarial assumptions

The sensitivity analysis is based on a change in an assumption while holding all other assumptions constant. In practical terms, this is not likely to happen, and changes in some assumptions may be linked to each other.

When calculating the sensitivity of the defined benefit obligations to significant actuarial assumptions, the same method (present value of the defined benefit obligations calculated with the projected unit credit method at the end of the reporting period) has been applied as when calculating the end-of-service benefits.

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18. Employees benefits liabilities (continued)

A quantitative sensitivity analysis for significant assumptions on the employees' benefits are shown below:

	31 December 2022	31 December 2021
Discount rate		
Increase by 1%	**24,299,342**	24,919,911
Decrease by 1%	**27,073,675**	28,056,416
Expected salary increase		
Increase by 1%	**27,167,488**	28,195,709
Decrease by 1%	**24,193,119**	24,768,449

19. Trade payables and other current liabilities

	31 December 2022	31 December 2021
Accrued vacations and air tickets	**43,349,923**	38,652,747
Accrued salaries and bonuses	**43,309,023**	23,523,185
Contract liabilities	**26,956,130**	18,706,212
Trade payables	**10,975,265**	10,579,820
Value Added Tax (VAT)	**12,918,889**	8,377,238
Commissions payable	**1,390,719**	1,405,518
Remunerations and allowances for members and committees of the Board of Directors	**1,995,000**	1,516,000
Accrued GOSI	**1,816,691**	1,269,608
Other	**5,193,472**	4,453,538
	147,905,112	108,483,866

Trade payables are unsecured and are normally paid within 30 days of recognition. The carrying value of trade payables and other current liabilities approximates their fair value, due to their short-term nature.

20. Zakat

(a) The Group's consolidated Zakat liabilities consist of Zakat that has been calculated on the basis of the separate financial statements of each individual Company.

(b) Provision for Zakat

The movement in Zakat provision is as follows:

	31 December 2022	31 December 2021
As at 1 January	**6,787,961**	6,624,919
Prior year differences	**8,097**	194,007
Amounts paid during the year	**(6,592,096)**	(6,625,936)
Charge for the year	**8,259,384**	6,594,971
As at 31 December	**8,463,346**	6,787,961

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20. Zakat (continued)

(c) Status of final assessments

The Company and its subsidiaries filed Zakat returns to the Zakat, Tax and Customs Authority "ZATCA", and obtained a Zakat certificate until the end of the fiscal year ended 31 December 2021.

During 2021, Al Mawarid Manpower Company received the final assessments for the years 2015 to 2018 with Zakat differences totaling SR 2,069,020. An amount of SR 994,329 has been approved and paid by the Company, and it objected to the rest of the claim. ZATCA accepted certain items for a total amount of SR 502,467 and rejected the objection to other items for a total amount of SR 572,224, and accordingly the Group escalated the dispute to the General Secretariat of the Tax Committees "GSTC".

On 5 June 2022, the hearing session set by the GSTC was attended by representatives of the Company and its tax advisor. The decision was issued at the end of the hearing session approving some of the escalation items and rejecting others. The official decisions were received on 25 July 2022, and the appeal memorandum was submitted to the Appeal Committee on 21 August 2022. The management is awaiting the hearing session, and the management believes that this dispute will not have a material impact on the Group. As at the date of issuance these consolidated financial statements, the final assessment for the years ended 31 December 2019, 2020 and 2021 has not been received.

The necessary provisions have been calculated for the items mentioned in the aforementioned Zakat assessments and approved by the Company, for the years for which the Zakat assessment has not yet been made.

The subsidiary, Musanid Al Marafiq for Maintenance and Cleaning have received the final zakat assessment for the year 2018 with zakat differences of SR 72,780, and an amount of SR 2,182 was approved and paid, and the rest of the amount was objected to, but the objection was rejected by ZATCA. Therefore, The Company escalates the grievance against the ZATCA's decision to General Secretariat of Zakat, Tax and Customs Committees ("GSTC"). GSTC's decision was issued in support of ZATCA's assessment, based on the fact that the company did not submit the required documents, which is an incorrect reliance. An appeal was submitted to the decision, and the hearing session is awaited by GSTC. The Group's management believes that there will be no significant impact of this dispute on the Group. In 17 July 2022, the subsidiary has received the final zakat assessment for the year 2020 with a Zakat difference of SR 8,097, and the management approved and paid the amount. As of the date of issuance of these consolidated financial statements, the final assessment for the year ended 31 December 2021 has not been received.

The subsidiary, Sawaid Recruitment Company has not received any Zakat assessment from ZATCA, knowing that the first Zakat return submitted by the subsidiary is for the year 2020.

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21. Revenue

In the following tables, revenues are disaggregated by type of sector, customer and duration of contracts:

Type of Sector

	31 December 2022	31 December 2021
Corporate	**619,527,011**	433,679,115
Individual	**203,676,146**	126,899,643
Hourly (Hemma)	**121,526,219**	103,144,391
	944,729,376	663,723,149

Type of customers

	31 December 2022	31 December 2021
Individual	**325,202,365**	230,044,034
Operation and Maintenance	**96,700,817**	101,590,416
Hospitality	**107,882,072**	97,901,621
Construction	**232,113,242**	74,522,804
Commercial and services	**65,951,218**	58,169,176
Health care	**51,574,075**	32,714,883
Transportation	**26,172,692**	30,863,653
Manufacturing	**37,485,080**	36,714,170
Other	**1,647,815**	1,202,392
	944,729,376	663,723,149

Duration of contracts

	31 December 2022	31 December 2021
More than 1 year	**663,392,929**	472,625,042
One year and less	**281,336,447**	191,098,107
	944,729,376	663,723,149

22. Cost of revenue

	31 December 2022	31 December 2021
Employees' salaries and benefits	**599,132,947**	437,984,022
Government and other overhead	**181,231,522**	101,032,065
Depreciation on right of-use assets	**13,123,783**	10,906,679
Utilities	**3,773,453**	3,284,071
Bank charges	**3,552,751**	2,594,862
Catering expenses	**3,532,169**	1,764,225
Accommodation	**1,604,317**	1,420,985
Depreciation and amortization *(Notes 6 & 7)*	**943,957**	1,066,370
Finance cost on lease	**1,031,301**	1,068,179
Other operating expenses	**9,165,195**	5,742,265
	817,091,395	566,863,723

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23. Selling and marketing expenses

	31 December 2022	31 December 2021
Employees' salaries and benefits	**9,472,001**	5,022,461
Advertisement	**2,576,220**	548,614
Selling and marketing expenses	**304,238**	838,054
Depreciation and amortization *(Notes 6 & 7)*	**230,966**	270,547
Utilities	**58,676**	42,914
Travelling and transportation expenses	**41,214**	16,695
Other	**587,698**	64,540
	13,271,013	6,803,825

24. General and administrative expenses

	31 December 2022	31 December 2021
Employees' salaries and benefits	**18,959,805**	15,259,743
Board committees' remuneration and allowances	**2,449,000**	1,576,000
Technical and other services	**2,193,802**	1,183,579
Professional and consultancy fees	**1,231,193**	1,905,501
Depreciation and amortization *(Notes 6 & 7)*	**972,523**	1,082,406
Utilities	**830,200**	561,090
Government and subscriptions fees	**527,926**	270,161
Software and licenses fees	**452,712**	227,612
Repair and maintenance	**364,322**	101,091
Bank charges	**165,651**	137,005
Stationery & printing	**118,555**	75,557
Depreciation on right of-use assets	**55,927**	23,540
Other	**1,287,540**	883,565
	29,609,156	23,286,850

25. Other income

	31 December 2022	31 December 2021
Provisions and entitlements no longer required	**1,017,206**	1,070,760
Revenues from labor accommodation canteens	**666,902**	490,363
Support from the Human Resources Development Fund	**630,448**	408,522
Gains from investments in mutual funds	**147,113**	387,909
Gains / (losses) on disposal of property and equipment	**54,976**	(1,884)
Other	**310,864**	31,471
Refundable government fees	**-**	2,010,785
	2,827,509	4,397,926

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26. Basic and diluted earnings per share

Basic and diluted earnings per share are computed by dividing the net income for the year by the weighted average number of outstanding shares for the two years ended 31 December 2022 and 2021, as follows:

	31 December 2022	31 December 2021
Net income for the year	**75,987,371**	55,660,953
Weighted average number of shares (*)	**15,000,000**	15,000,000
Basic & diluted earnings per share from net income for the year	**5.07**	3.71

(*) Weighted average number of shares for the year ended 31 December 2021 has been modified to become 15,000,000 shares instead of 10,000,000 shares, as the increase in shares resulted from the distribution of bonus shares.

27. Segment information

The operating segment is a component of the Group that:

• Performs activities from which revenue can be realized and expenses may be incurred,
• The results of its operations are constantly analyzed by management in order to make decisions regarding resource allocation and performance evaluation, and
• For which financial information is available.

The group has the following three strategic divisions, which are its reported segments. These segments provide services to different kinds of customer segments and are managed through different strategies. The following summary describes the operations of each reportable segment:

- **Corporate sector:** This sector relates to providing an expatriate and Saudi manpower services to companies, whose contracts are for two years.

- **Individual sector:** This sector relates to providing domestic labor services to individuals` clients ranging from the duration of their contracts ranges from one month to two year.

- **Hourly sector:** This sector relates to the cleaning services provided to individuals' clients by hourly basis/visit, mostly each cleaning visit is four hours.

Major customer
As at 31 December 2022, Revenue from one customer of the corporate sector represented approximately 11.58% (31 December 2021: 9.72%) of the Group`s total revenues.

	31 December 2022			
	Corporate sector	**Individual sector**	**Hourly Sector**	**Total**
Revenue	**619,527,011**	**203,676,146**	**121,526,219**	**944,729,376**
Cost of revenue	**(543,350,799)**	**(183,047,330)**	**(90,693,266)**	**(817,091,395)**
Gross profit	**76,176,212**	**20,628,816**	**30,832,953**	**127,637,981**

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27. Segment information (continued)

	31 December 2021			
	Corporate sector	Individual sector	Hourly Sector	Total
Revenue	433,679,115	126,899,643	103,144,391	663,723,149
Cost of revenue	(387,748,833)	(104,992,808)	(74,122,082)	(566,863,723)
Gross profit	45,930,282	21,906,835	29,022,309	96,859,426

Since the Group's activity depends on manpower services and has no direct connection to the Group's assets and liabilities. Therefore, it is not possible and impractical to disclose information pertaining to total assets and total liabilities pertaining to business segments.

Unallocated income / (expenses)	**31 December 2022**	31 December 2021
Gross profit	**127,637,981**	96,859,426
Selling and marketing expenses	**(13,271,013)**	(6,803,825)
General and administrative expenses	**(29,609,156)**	(23,286,850)
Impairment loss of trade receivables and other current assets	**(3,330,469)**	(8,716,746)
Other income	**2,827,509**	4,397,926
Profit from operations before Zakat	**84,254,852**	62,449,931
Zakat expense	**(8,267,481)**	(6,788,978)
Profit for the year after Zakat	**75,987,371**	55,660,953

28. Contingent liabilities and Commitments

The employees' entitlements, which represent the obligation of employees' benefits and leave and travel tickets allowances, which are borne by some customers on behalf of the Group in accordance with the terms of the contracts entered into with them upon the expiry of the workers' contracts amounted to SR 46,2 million as at 31 December 2022 (31 December 2021: SR 45,4 million).

A commercial bank, under the facility agreement signed with it, has issued a guarantee letter on behalf of the Group in favor of the Ministry of Human Resources and Social Development, which is a guarantee letter to issue the Company's license in the amount of SR 10 million.

29. Risk management

The Group has exposure to the following risks arising from financial instruments:

- Market risk
- credit risk;
- Liquidity risk

Risk management is carried out by senior management under policies approved by the Board of Directors. Senior management identifies and evaluates, when appropriate, financial risks in close co-operation with the Group's operating units.

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29. Risk management (continued)

Financial assets and liabilities are offset and reported net in the consolidated financial statements when the Group has a legally enforceable right to set off the recognized amounts and when the Group intends to settle on a net basis, or to realize the asset and settle the liability simultaneously.

Market risk

Market risk is the risk that changes in market prices such as selling prices of products, profit rates and equity prices will affect the Company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters while optimizing the return.

Currency risk

Currency risk is the risk that a financial instrument will fluctuate due to changes in foreign exchange rates. The Group transactions are primarily denominated in Saudi Riyals. The management believes that the currency risk is immaterial, as the exchange rate of the USD is fixed against the SAR, therefore, the currency exchange risk is immaterial.

Interest rate risk

Interest rate risk is the exposure to various risks associated with the effect of fluctuations in the prevailing interest rates on the Group's financial position and cash flows. The Group manages interest rate risk by regularly monitoring the interest rate levels of its interest-bearing financial instruments. The Group is not exposed to significant interest sensitivity risk.

Credit risk

Credit risk is the risk that a party will not be able to meet its obligations to a financial instrument, causing financial losses to the other party. The Group does not believe that there are significant risks from balances due from related parties.

Financial assets that are subject to credit risk are limited to cash and cash equivalents, trade receivables and other current assets.

The cash and cash equivalents of the Group are deposited in public accounts with local banks with good credit ratings.

The Group only deals with high credit ratings financial institutions to limit the Group's exposure to credit risk.

The Group has put in place an approval process so that credit limits are applied to customers.

The management also continuously monitors exposure to credit risks towards customers and creates a provision against doubtful balances which is based on customer profile and previous payment dates. Existing customers' receivables are monitored on a regular basis.

As at 31 December 2022 and 2021, the exposure to credit risk for trade receivables was as follows:

	31 December 2022	31 December 2021
Trade receivables	**159,456,663**	112,684,252
Less: Allowance for expected credit losses	**(28,810,042)**	(28,519,911)
	130,646,621	84,164,341

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29. Risk management (continued)

Credit risk (continued)

The following table provides information about the exposure to credit risk and ECLs for trade receivables as at 31 December 2022 and 2021.

31 December 2022	Weighted-average loss rate	Total carrying value	Loss allowance
Current (not past due)	1.97%	101,241,870	1,994,465
1-30 days past due	3.45%	7,796,889	268,993
31-60 days past due	5.01%	3,351,839	167,927
61-90 days past due	6.82%	1,533,916	104,613
91-180 days past due	13.62%	5,390,437	734,178
181-360 days past due	30.62%	4,260,843	1,304,670
More than 360 days past due	61.76%	35,880,869	22,160,025
Specific loss allowance	-	-	2,075,171
		159,456,663	**28,810,042**

31 December 2021	Weighted-average loss rate	Total carrying value	Loss allowance
Current (not past due)	1.97%	52,956,978	1,045,660
1-30 days past due	3.45%	6,916,763	238,520
31-60 days past due	5.01%	3,104,623	155,512
61-90 days past due	6.82%	2,892,183	197,363
91-180 days past due	13.62%	3,490,226	475,408
181-360 days past due	30.62%	4,982,761	1,525,653
More than 360 days past due	61.76%	38,340,718	23,678,351
Specific loss allowance	-	-	1,203,444
		112,684,252	**28,519,911**

The total maximum exposure to credit risk in the Group as at the reporting date is as follows:

	31 December 2022	31 December 2021
Financial investments at FVTPL	**4,027,500**	30,387,909
Cash and cash equivalents	**55,380,958**	26,627,152
Due from related parties	**79,654,109**	52,390,288
Trade receivables	**130,646,621**	84,164,341
Prepayments and other current assets	**146,004,418**	133,607,948
	415,713,606	327,177,638

Commission rate risk

It is the exposure to various risks associated with the effect of fluctuations in the prevailing interest rates on the Group's financial position and cash flows.

The Group's commission rate risk arises principally from loans and investments at fair value through profit or loss which are at floating commission rates and are subject to re-pricing on a regular basis. The management monitors these changes in commission rates.

The Group periodically analyzes the commission rate risk, taking into account any rescheduling of loans. It also calculates the financial impact on profits and losses by increasing/decreasing the commission rate by a certain percentage. This analysis is performed on liabilities that bear commission.

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29. Risk management (continued)

Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in raising funds to meet commitments associated with financial instruments.

Liquidity risk may result from the inability to sell a financial asset quickly and for an amount close to its fair value.

Liquidity risk is managed by monitoring it periodically to ensure the availability of sufficient funds through available banking facilities to meet any future liabilities.

The Group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its obligations as and when they fall due under normal and abnormal conditions without incurring unacceptable losses or risking damage to the Group's reputation.

For this purpose, the Group has maintained credit limits with various commercial banks in order to meet its liquidity requirements. As at 31 December 2022, the Group has an unused bank financing facility of SR 26 million (31 December 2021: SR 26 million) to manage short and long-term liquidity requirements.

The following are the contractual maturities of the remaining financial liabilities as at 31 December 2022 and 2021. These amounts are total and undiscounted and include contractual payments, excluding the effect of set-off agreements:

31 December 2022

		Contractual cash flows			
Financial liabilities	**Carrying amount**	**Less than 1 year**	**More than 1 year to 3 years**	**More than 3 years to 5 years**	**Total**
Retained deposits	**7,014,634**	**7,014,634**	**-**	**-**	**7,014,634**
Trade payables and other current liabilities	**147,905,112**	**147,905,112**	**-**	**-**	**147,905,112**
Due to related parties	**40,180**	**40,180**	**-**	**-**	**40,180**
Lease liabilities	**20,828,828**	**10,670,935**	**10,157,893**	**-**	**20,828,828**
Recruitment agents guarantees	**1,178,329**	**-**	**1,178,329**	**-**	**1,178,329**
	176,967,083	**165,630,861**	**11,336,222**	**-**	**176,967,083**

31 December 2021

		Contractual cash flows			
Financial liabilities	Carrying Amount	Less than 1 year	More than 1 year to 3 years	More than 3 years to 5 years	Total
Retained deposits	7,752,265	7,752,265	-	-	7,752,265
Trade payables and other current liabilities	108,483,866	108,483,866	-	-	108,483,866
Due to related parties	728,187	728,187			728,187
Lease liabilities	19,511,114	12,216,023	7,295,091	-	19,511,114
Recruitment agents guarantees	1,172,976	-	1,172,976	-	1,172,976
	137,648,408	129,180,341	8,468,067	-	137,648,408

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29. Risk management (continued)

Fair value measurement of financial instruments

Fair value represents the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at a measurement date.

As the accompanying consolidated financial statements are prepared under the historical cost method, differences may arise between the book values and the fair value estimates.

The following table presents the Group's financial instruments measured at fair value as at 31 December 2022 and 2021:

31 December 2022	Level 1 SAR	Level 2 SAR	Level 3 SAR	Total SAR
Financial investments at FVTPL	**4,027,500**	-	-	4,027,500
31 December 2021				
Financial investments at FVTPL	30,387,909	-	-	30,387,909

Financial assets and liabilities not measured at fair value

Management believes that the fair values of the Group's financial assets and liabilities are not materially different from their carrying values.

Financial assets

	31 December 2022	31 December 2021
Financial assets at amortised cost:		
Trade receivables	**159,456,663**	112,684,252
Cash and cash equivalents	**55,380,958**	26,627,152
Total financial assets at amortized cost	**214,837,621**	139,311,404

Financial liabilities

	31 December 2022	31 December 2021
Financial liabilities at amortized cost:		
Retained deposits	**7,014,634**	7,752,265
Recruitment agents guarantees	**1,178,329**	1,172,976
Trade payables and other current liabilities	**147,905,112**	108,483,866
Lease liabilities	**20,828,828**	19,511,114
Total financial liabilities at amortized cost	**176,926,903**	136,920,221
Current portion of financial liabilities	**165,590,681**	128,452,154
Non-current portion of financial liabilities	**11,336,222**	8,468,067
Total Financial Liability	**176,926,903**	136,920,221

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29. Risk management (continued)

Capital management risk

When managing capital, the Group aims to ensure the Group's ability to continue as a going concern in order to be able to continue providing returns to shareholders and maintain a strong core capital to support the sustainable development of its business.

The Group manages its capital structure by monitoring returns on net assets and makes adjustments to them in light of changes that arise from economic conditions.

For the purpose of maintaining or adjusting the capital structure, the Group may adjust the amount of dividends paid to shareholders or may issue new shares.

	31 December 2022	31 December 2021
Total liabilities	**211,032,886**	172,021,167
Less: cash and cash equivalents	**(55,380,958)**	(26,627,152)
Adjusted net debt	**155,651,928**	145,394,015
Total equity	**293,065,702**	233,024,122
Adjusted net debt ratio from equity	**0,53**	0,62

30. Significant events

- **Offering Group's shares**

The General Assembly, in its meeting held on 30 May 2022, agreed to offer 30% of the Group's shares in an initial public offering by submitting a request for registration and offering of securities with the Capital Market Authority and a request for listing with the Saudi Stock Exchange Company (Tadawul).

On 5 July 2022, the Group's prospectus was uploaded to CMA and Tadawul portals.

On 26 December 2022, the Board of the Capital Market Authority decided to approve the Group's request to register the Group's shares and offer 4,5 million shares for public subscription in the principal market, representing 30% of the total shares of the Group. The prospectus will be published in sufficient time before the subscription commencement date. It also indicated that its approval of the request is considered valid for a period of 6 months from the date of CMA's Board decision (i.e, up to 25 June 2023), and the approval is considered void if the offering and listing of the Group's shares are not completed within this period.

31. Subsequent events

- The new Companies Law issued by Royal Decree M/132 on 1/12/1443H (corresponding to 30 June 2022) (hereinafter referred to "The Law") entered into force on 26/6/1444H (corresponding to 19 January 2023). For certain provisions of the law, full compliance with them is expected no later than two years from 26/6/1444H (corresponding to 19 January 2023). The management is currently evaluating the impact of the new Companies Law and amending the Company's by-laws for any changes to align the Articles with the provisions of the law (if any). Thereafter, the Company shall present its by-laws to the shareholders in the extraordinary/annual general assembly meeting for their ratification.

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31. Subsequent events

- The General Assembly, in its meeting held on 2 April 2023, approved to pay cash dividends to the shareholders as a first payment for the year ended 31 December 2022 in the amount of SR 15 million, representing SR 1 per share due to the shareholders registered with the group on the date of the assembly, and it was paid in full in April 2023.

- Other than the above, the Group's management believes that there have been no material subsequent events.

32. Approval of the consolidated financial statements

These consolidated financial statements were approved by the Board of Directors for issuance on 18 Ramadan 1444H (corresponding to 9 April 2023).

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Musanid almarafiq for O&M

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